**PUBPOL 517 – Winter 2018**

**Week 1 Quiz Section**

**Benefit-Cost Analysis**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Person** | **Status Quo** | **Plan 1** | **Plan 2** | **Plan 3** | **Plan 4** |
| A | 0 | 150 | 350 | 100 | -50 |
| B | 0 | 150 | -100 | 100 | 650 |
| C | 0 | 150 | 200 | 300 | -50 |
| Total | 0 | 450 | 450 | 500 | 550 |

Discount Rate is 10%

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Period | Benefit | Cost | B - C | PV Ben | PV Cost | NPV |
| 0 | 400 | 150 |  |  |  |  |
| 1 | 300 | 150 |  |  |  |  |
| 2 | 200 | 150 |  |  |  |  |
| 3 | 100 | 150 |  |  |  |  |
| 4 | 0 | 500 |  |  |  |  |
| Total | 1000 | 1100 |  |  |  |  |
| IRR | 6% |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Period | Benefit | Cost | B-C | NPV |
| 0 | 0 | 450 |  |  |
| 1 | 0 | 100 |  |  |
| 2 | 0 | 100 |  |  |
| 3 | 800 | 100 |  |  |
| Total | 800 | 750 |  |  |
| IRR | 3% |  |  |  |

Discount Rate is 7%