INTRODUCTION

Since the early 1990’s there has been a move towards an evidence-based criminal justice policy internationally and in the United Kingdom. The development of ‘what works’ programs has provided a model for the evaluation of the effectiveness of current criminal justice interventions on the basis of research evidence. More recently, it has also become necessary to evaluate programs based on their relative costs and benefits, providing information not only on ‘what works’ with ‘which offenders’, but also ‘at what cost’ and with ‘what benefits.’

Evaluating the cost of criminal justice programs is not new to the criminal justice field, since virtually all programs require the support of a funding agency that is likely to request budget information. Government agencies routinely report on annual expenditures on police, courts, prisons, and various program interventions. Until recently, however, there have been few attempts to ask the related question of what these programs are actually buying in terms of crime control or public safety. Such analyses are termed ‘cost-effectiveness’ studies since they ask how much crime reduction (or other social benefit) is obtained per dollar spent. Even fewer studies have gone beyond this question to ask whether the benefits of the program exceed its costs, that is, by conducting a ‘cost-benefit’ study.

The differences between cost-effectiveness and cost-benefit analyses are not well understood. One such definition provided by Barnett and Escobar (1990) suggests that cost-effectiveness is an ‘incomplete’ form of cost-benefit analysis because it fails to assign monetary values to the outcomes involved (i.e., benefits
and/or dis-benefits), but focuses only on the costs (resources) used. A cost-effectiveness study provides information on the cost of $X$ dollars needed to prevent $Y$ crimes. A cost-benefit analysis evaluates both the costs and benefits of a program or intervention, providing a complete analysis of a program or sentencing option in terms of monetary tangible and intangible costs and benefits. The product of such an analysis is a benefit-cost ratio, which provides a single measurement of the monetary benefit derived from one monetary dollar. This is a much more sensitive measure of benefit than simple reconviction data, as it takes into account levels of seriousness of the offense, numbers of offenses in a time period, and in particular takes a victim perspective in terms of costs of an offense to the victim, both tangible and intangible. When these factors are related to the amount of resource required to achieve the benefits of crime averted, the benefit-cost ratio becomes a very powerful measure.

To date, very few studies have attempted to systematically review the literature on the economic costs and benefits of crime control programs. One exception is the recent review conducted by Welsh and Farrington (2000), which examined correctional interventions such as drug treatment, educational programs, and other forms of interventions in the context of corrections. The authors identified only seven published studies that met the criteria of their review. One reason that so few cost-benefit studies have been conducted is the dearth of evidence on the cost of crime, as endured by victims. Tangible costs for victims may be their out-of-pocket losses, such as medical costs or lost wages; however, the largest component of victim costs is the intangible losses such as pain, suffering, and lost quality of life. More recently, there has been a growing body of literature attempting to fill in that gap by estimating intangible losses.

While conducting the current systematic review of the costs and benefits of sentencing, it became evident that there was a need for an economic scale against which to measure the quality of the cost-benefit methodologies applied to the studies. A new rating scale, the Cost-Benefit Validity Scale (Cohen et al., 2002) has therefore been developed to assess the quality of cost-benefit studies and to assist future researchers in structuring their studies so that a valid benefit-cost ratio can be estimated.

The Cost-Benefit Validity Scale (see Figure 1) was developed using an approach similar to the University of Maryland Scientific Methods Scale (SMS; Sherman et al., 1997). The purpose of the scale is to measure the extent to which the methodology employed in a cost-benefit study is sufficiently comprehensive for conclusions to be drawn about a program’s costs and benefits. A higher score on the Cost-Benefit Validity Scale indicates that the cost and benefit information is generally of higher quality and can be used for more policy analysis purposes than a lower number.

**BACKGROUND**

There is an ongoing debate about the effectiveness of sentencing, and in recent years has been of special interest in the UK, where a review of sentencing policy