

Age 21 Benefit-Cost Analysis of the Chicago Child-Parent Centers

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Benefit-Cost Analysis Benefit Categories

- School Remedial Services
 - *Reduced Costs of Special Education Services*
 - *Reduced Expenditures for Extra Schooling for Retained Students*
- Child Welfare System
 - *Reduced Treatment and Administrative Costs*
 - *Cost savings to Victims*
- Juvenile Court and Treatment Costs
 - *Reduced Administrative Costs*
 - *Reduced Costs of Juvenile Treatment*
 - *Savings to Crime Victims*

Benefit Categories (cont.)

- Adult Courts and Treatments
 - *Reduced Administrative Costs*
 - *Reduced Costs of Treatment*
 - *Savings to Crime Victims*
- Life Time Earnings Capacity (Projected from HS Completion)
 - *Increased Earnings Through Age 65*
 - *Increased Tax Revenues to Governments*

Program Costs Per Participant vs. Selected Yearly Costs (1998)

- Preschool (\$6,692) vs. Special education, \$7,791
- School-age (\$2,981) vs. Juvenile institution, \$32,237
- Extended (\$10,000) vs. Child welfare services, \$9,492

Cost-Benefit Analysis

Overview

- Benefits to Participants, the Public, Society, and Government Savings
- Translating Estimated Effect Sizes to Monetary Values

Procedures and Examples

1. Define benefit categories
(Example: Reduced special ed services)
2. Estimate the program effect
(Example: .70 fewer years in special ed)
3. Estimate program benefits in \$\$
(Example: \$7,285 for one year of services)

Procedures and Examples (cont.)

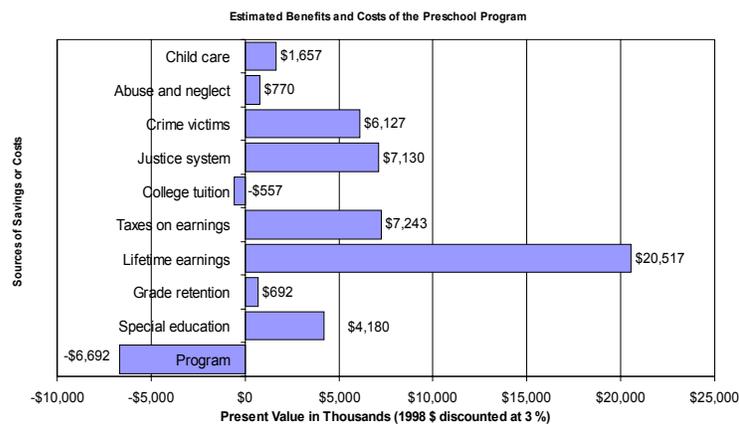
4. Convert to 1998 dollars
(Example: \$7,791 (i.e., adjust for inflation))

5. Estimate benefit at the time of program entry
(age 3) using an annual discount rate of 3%
(Example: \$5,971)

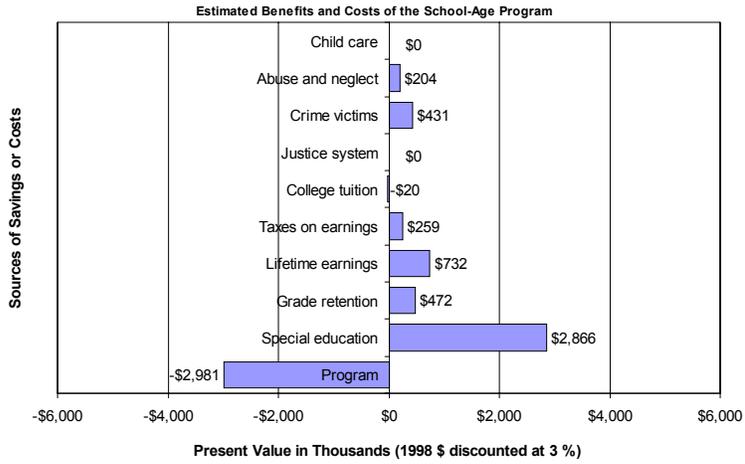
This is the Present Value of Benefits in 1998
dollars.

The Program Economic Benefit Per Participant is
 $.7 (5,971) = \$4,180$.

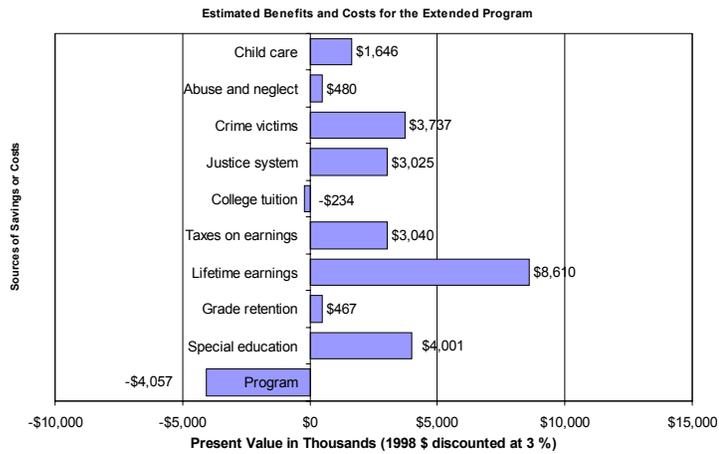
Benefits and Costs for Three Measures of CPC Program Participation



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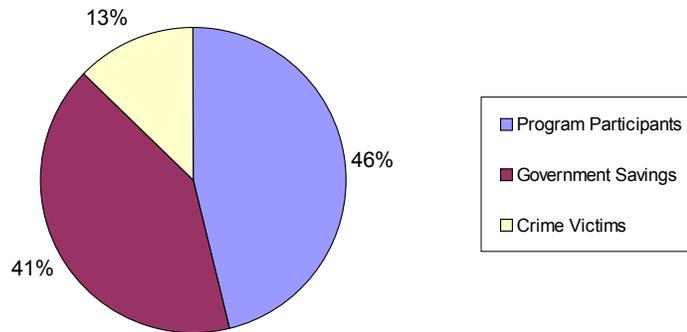


Benefits and Costs for Three Measures of CPC Program Participation

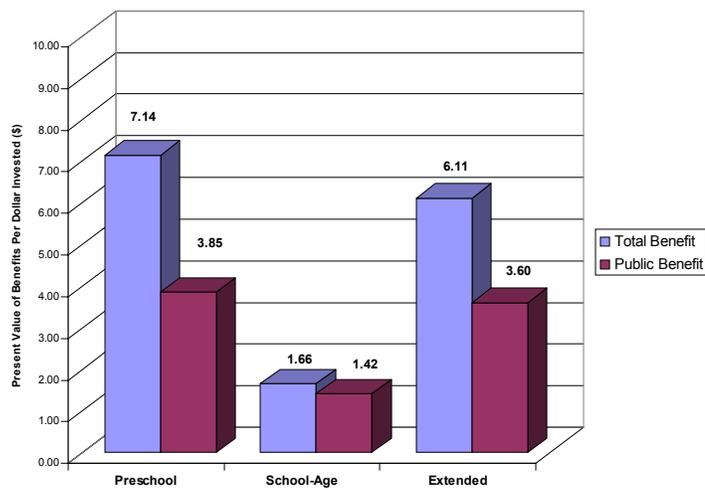


Sources of Societal Savings for CPC Preschool and CPC Extended Participation

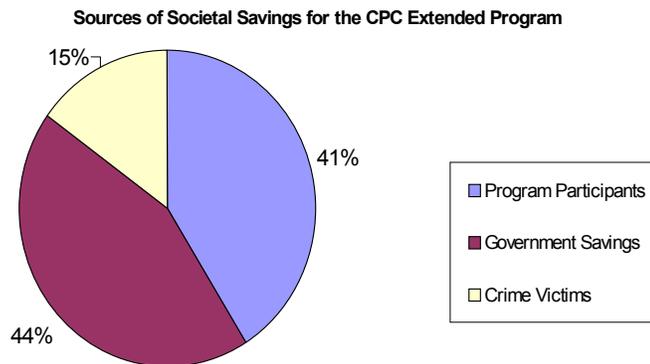
Sources of Societal Savings for the CPC Preschool Program



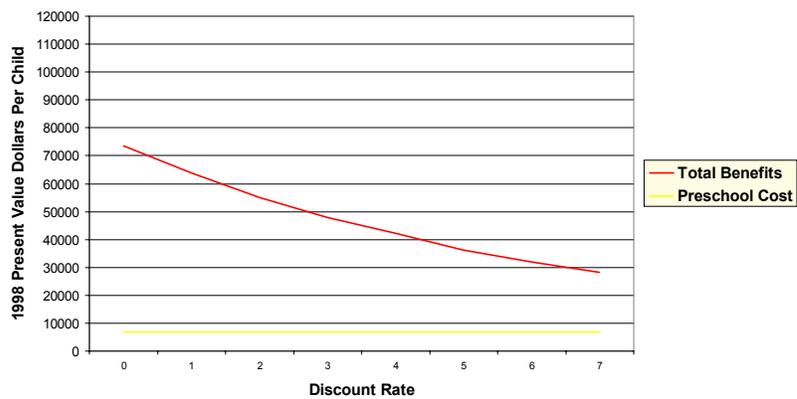
Benefit to Cost Ratios for 3 Measures of Participation



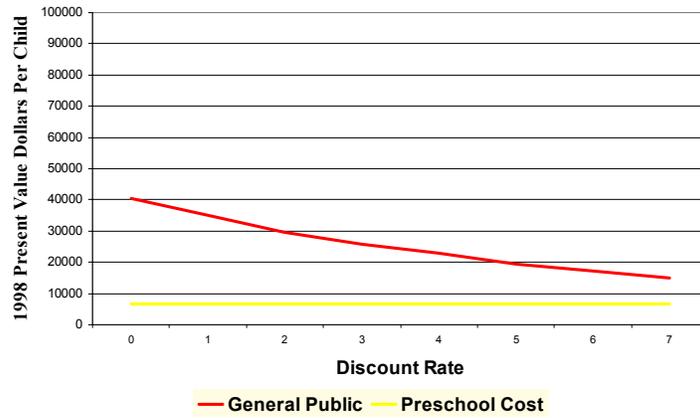
Sources of Societal Savings for CPC Preschool and CPC Extended Participation



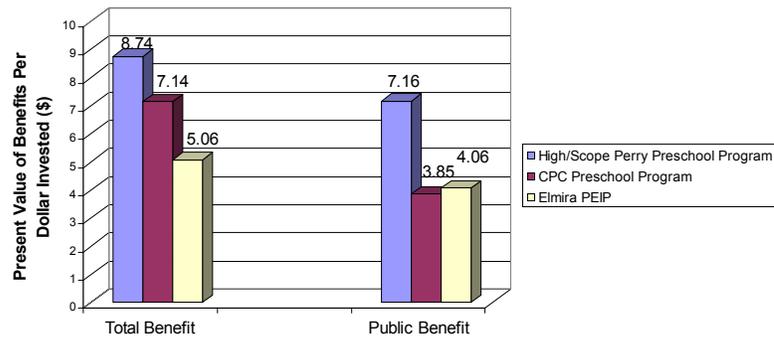
Sensitivity of Estimated Total Benefits and Cost of the Preschool Program



Sensitivity of Estimated General Public Benefits (Taxpayers and Crime Victims) and Cost of the Preschool Program



Benefit to Cost Ratio for 3 Intervention Programs



Notes: 1) High/Scope Perry Preschool cost benefit amounts are in 1992 dollars; discounted at 3%. Benefits include averted intangible crime victim costs. 2) Chicago Child Parent Center (CPC) cost benefit amounts are in 1998 dollars; discounted at 3%. 3) Elmira PEIP cost benefit amounts are in 1996 dollars; discounted at 4%.

Implications of Chicago Study

- Early childhood programs are among the most effective preventive interventions. Evidence of benefit-cost analysis suggests the long-term payoff of such approaches.
- Length of program participation can matter as much as timing. Services should better reflect this principle.
- Implement intensive parent programs through staffed parent-resource rooms and emphasis on personal development and school participation.

Implications of Chicago Study (cont.)

- Focus enrichment on school readiness, especially language and literacy skills through relatively structured, activity-based approaches.
- Focus school-age programs on school organization and instructional resources through such elements as reduced class sizes and child-teacher ratios, and instructional coordination.
- Study the strengths and limitations of universal access to early care and education programs. Quality and effectiveness will depend on success in
 - A. Coordinating services
 - B. Recruiting and keeping well-trained staff
 - C. Tailoring services to the needs of families.

For more information about the Chicago
Longitudinal Study, contact:

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