

**SELF-REPORTED ANTICIPATED
IMPACTS OF PROPOSED 2002
AND 2003 MONROE COUNTY
BUDGET CUTS
ROCHESTER HUMAN SERVICE
ORGANIZATIONS**

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August, 2002
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*Research to drive informed decisions.
Expertise to create effective solutions.*

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SUMMARY

The United Way funds programs across nearly 80 human services agencies in Monroe County, and is concerned about the impact of proposed Monroe County budget cuts on these agencies and their clients. CGR was asked to conduct a survey of the agencies in conjunction with the United Way, in order to gain a sense of the agencies' perceptions of the possible impact of the proposed cuts on their organizations, individual programs, and clients.

The survey was designed to gather agency staff *perceptions* of the impact of proposed cuts. CGR did not validate the cut amounts indicated by agency respondents, nor did CGR validate or attempt to quantify independently the possible impacts of the cuts on the community.

A total of 73 human services agencies responded to the survey, and provided information on 43 programs facing 2002 cuts, and 78 programs facing 2003 cuts. Nearly two-thirds of responding organizations (63%) indicated that they anticipate they will face Monroe County funding budget cuts in either 2002 or 2003.

- The survey asked organizations to give an overall sense of how each program would be impacted by the proposed cuts in each year. For the fourth quarter 2002 anticipated cuts, 30% indicate they will be greatly impacted, and for 2003, 64% indicate they will be greatly impacted.

- Respondents cumulatively indicated a total potential budgetary impact of nearly \$725,000 in 2002, and an additional \$5,900,000 in 2003.
- In addition, 24 organizations indicated they face a loss of matched funding sources, with an average of \$149,715 at risk per organization. This total of \$3.6 million in potential lost matching funds is in addition to the \$6.6 million in anticipated lost County funding for 2002 and 2003.
- Of the 70 programs that provided information on whether they are threatened with elimination due to the proposed cuts, 17 (24%) indicated that the program is not threatened at all, while 20 (29%) indicated the program is greatly threatened.
- When asked whether demand for the programs facing potential cuts has changed over the last year, two-thirds indicated that demand has increased, with an average increase of 27%.
- Of the 43 programs providing information for 2002, the average number of clients who could lose services is estimated at 2,801, or an average of 31% of clients in each program. Cumulatively, all organizations responding to the survey believe that a total of 120,449 clients could lose services in 2002 (24,691 excluding Lifeline). Further, an average of 43% of clients in each program could face reduced services (a total of 6,147). For 2003, the percentages are higher, with 61% of clients estimated to lose services on average (a total of 1,800 people), and 73% of clients estimated to see reduced services (a total of 1,405 people).
- Among the programs providing information, approximately five serve children, 20 serve youth, 10 serve the elderly, 15 serve those with disabilities or other health concerns, and five serve homeless populations.
- Nearly half of responding organizations facing cuts (46%) indicated they anticipated a substantial impact on client

outcomes as a result of the proposed County cuts. Nearly two-thirds (63%) indicated there would be a substantial impact on waiting lists.

- Among the 40 organizations that face cuts and provided information on staffing, 40% indicated they would cut staff as a result of the 2002 cuts, and estimated an average of 2.6 FTEs (full-time equivalents) per organization. In 2003, 71% anticipate staff reductions, with an average of 4.5 FTEs.
- Among those organizations providing information on possible staff reductions, they report a total of 36 likely 2002 layoffs, and an additional 108 layoffs in 2003.
- Fifteen organizations that face cuts and provided information on investments (38% of those providing information) indicated they have made substantial recent infrastructure or capital investments based on anticipated county funding.
- Agencies also reported a number of potential increased social and economic costs that could occur as result of the proposed cuts.

CGR and the United Way hope that this survey and analysis are useful to the community and its leaders in making thoughtful, informed decisions about how to address the County budget deficit.

Contributing Staff

Katharine Hernberg, Student Intern, provided data entry assistance.

Marilyn Klotz compiled information on cost-savings analyses of preventive programs.

Patricia Malgieri, CGR President, and Don Pryor, Director of Human Services Analysis, provided counsel and review.

ACKNOWLEDGEMENTS

CGR would like to thank the United Way of Greater Rochester for their leadership in gathering data to inform the difficult decisions surrounding the Monroe County budget crisis.

We would also like to thank the 73 organizations that took the time to respond to our survey quickly and comprehensively.

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INTRODUCTION

In early August of this year, Monroe County began to inform human services agencies of impending cuts in their anticipated County funding for the fourth quarter (October-December) of 2002. These cuts do not require Legislative approval. Some agencies have been given preliminary information about proposed 2003 cuts as well, cuts which would require Legislative approval and would be put to vote this fall.

The United Way funds programs nearly 80 human services agencies in Monroe County, and became concerned about the impact of possible County cuts on these agencies and their clients. CGR was asked to conduct a survey of the agencies in conjunction with the United Way, in order to gain a sense of the agencies' perceptions of the possible impact of the proposed cuts on their organizations, individual programs, and clients.

The survey was designed to gather agency staff *perceptions* of the impact of the proposed cuts. CGR did not validate the cut amounts indicated by agency respondents, nor did CGR validate or attempt to quantify independently the possible impacts of the cuts on the community.

This report summarizes the survey findings, and discusses agency perceptions about the potential impact of the proposed cuts on the community. The survey instrument is included in the Appendix.

SELF-REPORTED ANTICIPATED FUNDING CUTS AND IMPLICATIONS FOR PROGRAMS

A total of 73 human service agencies responded to the survey. Of those, 46, or 63%, indicated that they anticipate they will face Monroe County funding budget cuts in either 2002 or 2003.

**Will Your Organization be Affected
by Proposed County Budget Cuts?**

Total Organizations	73	100%
Yes	46	63%
No	27	37%

**Organizations
provided information
about 43 programs
expected to receive
2002 cuts, and 78
programs expected to
receive 2003 cuts**

**Reported sum of
\$725,000 in 2002 cuts,
and an additional \$5.9
million in 2003 cuts**

Many organizations responding to the survey administer multiple programs, each of which may face different funding cut scenarios. Respondents were asked to provide information on up to three of their programs facing the biggest cuts. They were permitted to add additional programs on additional sheets, and two organizations did so. Respondents provided information on between one and four programs each, for a total of 81 programs. Among the 46 organizations indicating they anticipate cuts, 43 programs will receive 2002 cuts, and 78 programs will receive 2003 cuts.

2002 anticipated cuts are estimated to range from \$328 to \$93,400, while 2003 anticipated cuts are estimated to range from \$1,314 to \$480,730. The 2002 cuts are for the fourth quarter only, while the 2003 cuts are for the entire calendar year. The average estimated cut for 2002 is \$16,858 (median is \$8,474), for a total estimated cut of \$725,000 among all programs for which we received completed surveys. For 2003, the average estimated cut is \$75,614 (median is \$31,655), for a total cumulative cut of \$5.9 million. Several organizations indicated that they believed their programs would receive County cuts, but did not know the amount. Those programs are not included in the table and data below.

Questions 3 & 4: Amount of Proposed Cuts (if any)

	Proposed 2002 (4th Quarter) cuts	Proposed 2003 cuts
Programs Reporting Estimate of Cuts	43	78
Smallest estimated cut	\$328	\$1,314
Largest estimated cut	\$93,400	\$480,730
Sum of estimated cuts	\$724,893	\$5,897,928
Average estimated cut	\$16,858	\$75,614
Median estimated cut	\$8,474	\$31,655

Note: Several additional programs reported they believed they would receive cuts, but had no knowledge of the amount.

Overall Perceived Impact of Proposed Cuts on Programs

The survey asked organizations to give an overall sense of how each program would be impacted by the proposed cuts in each year. Organizations are more concerned about the 2003 program cuts than the 2002 program cuts, but many organizations are concerned about both years. For the fourth quarter 2002 anticipated cuts, 31% of the programs indicated they will be impacted slightly or not at all by the cuts, while 30% indicate they will be greatly impacted.

For 2003, only 11% of the programs indicate they will be impacted slightly or not at all, while 64% indicate they will be impacted greatly.

Questions 6 & 7: How Will This Program be Impacted by the Proposed 2002 and 2003 Cuts?

	2002		2003	
	<u>Programs</u>	<u>Percentage</u>	<u>Programs</u>	<u>Percentage</u>
Total Programs	40	100%	73	100%
Not at all	1	3%	3	4%
Slightly	11	28%	5	7%
Moderately	15	38%	16	22%
Greatly	12	30%	47	64%
Don't Know	1	3%	2	3%

Anticipated Loss of Matched Funding Dollars

\$3.6 million in matched funds in jeopardy

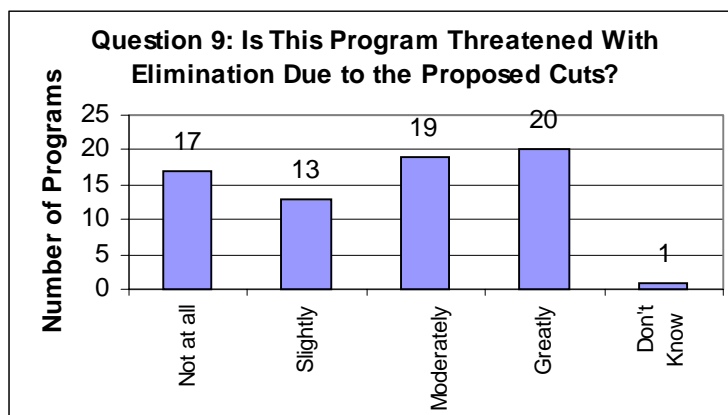
Some programs face not only the proposed County budget cuts, but also face a loss of matched state, federal, or private dollars due to the loss of a local match. Many of these are dollars brought into the Rochester community from elsewhere, but are contingent on local dollars for the match. Of the 24 organizations that indicated they face a loss of matched funding sources, the amount of possible lost funding ranged from \$6,000 to \$1,403,000, with an average of \$149,715. In total, almost \$3.6 million in matched funds is perceived to be in jeopardy, in addition to the \$6.6 million in proposed 2002 and 2003 County cuts.

Question 10: If Proposed County Budget Cuts Endanger Other Funding Sources, Indicate Amount

Number of Organizations Responding	24
Smallest Anticipated Matched Fund Loss	\$6,000
Largest Anticipated Matched Fund Loss	\$1,403,000
Sum of all Anticipated Matched Fund Losses	\$3,593,158
Average Anticipated Matched Fund Loss	\$149,715

Programs Facing Elimination

When asked whether programs facing cuts were threatened with elimination due to the loss of funding, responses varied substantially. Of the 70 programs that indicated estimated cuts and provided information on the threat of elimination, 17 (24%) indicated that the program is not threatened at all, while 39 (56%) indicated that the program is at least moderately threatened, including 20 (29%) who indicated the program is greatly threatened.



CLIENT IMPACT

In addition to questions regarding the impact of proposed cuts on programs, the survey also asked organizations about their perceptions of the potential impact on clients.

Change in Program Demand Over Last Year

When asked whether demand for the programs facing potential cuts has changed over the last year, two-thirds indicated that demand has increased, while the remainder indicated that demand has remained the same. No programs reported decreased demand.

Among those programs reporting increased demand, the average increase was 26% (median was 15%), with a range from 2% to 125%.

Question 5: How Has Demand for This Program Changed in the Last Year?		
	<u>Programs</u>	<u>Percentage</u>
Total Programs	75	100%
Increased	50	67%
Stayed the same	25	33%
Decreased	0	0%
 If Demand has Increased, by What Percent?		
Total Programs Providing Information	39	
Lowest Increase	2%	
Greatest Increase	125%	
Average Increase	26%	
Median Increase	15%	

Impact of Cuts on Client Services

The survey asked about the number and percent of clients expected to either lose services or face reduced services due to the cuts.

Some organizations indicated that although their programs face cuts, none of their clients will lose services. Others reported that all of their clients will either see reduced or lost services. While the survey asked programs to anticipate the impact of 2002 cuts on clients, we believe many individuals completing the survey may have indicated 2003 impacts instead. Where these responses were labeled 2003, or if the program was facing only 2003 cuts, we analyzed them as such. However, in some cases respondents could have accidentally indicated 2003 when the survey asked for 2002. So the year of impact may or may not be entirely accurate in the data presented below. However, whether the clients begin to face a change in services in the fourth quarter of 2002 or starting in the first quarter of 2003 is not a substantial time difference; the results are still useful in providing a sense of the magnitude of proposed cuts.

Of the 43 programs providing information for 2002, a total of 120,449 clients (or nearly 25,000, excluding Lifeline) could lose services.

As many as 26,491 (plus 95,758 Lifeline clients) could lose services over the next 15 months, and 7,552 could see reduced services

Further, a total of 6,147 clients could see reduced services in all programs. The proportion of clients estimated to either lose or face reduced services ranges from 0% to 100% on a program-by-program basis. These 2002 figures are likely to continue into 2003. In addition, some respondents provided additional data for the 2003 calendar year; they indicated that cumulatively a total of 1,800 clients could lose services, and 1,405 could see reduced services. If the 2002 and 2003 figures are summed, it is possible that as many as 26,491 (plus 95,758 Lifeline clients) could lose services over the next year, and 7,552 could see reduced services.

Some proportion of these clients is likely served by multiple programs and are therefore double-counted in these figures.

Question 8: How Many Clients do you Expect Will Lose Services or Experience Reduced Services Due to the Proposed Cuts?

	Number of Programs Providing Information	Minimum	Maximum	Sum	Median	Mean
2002						
Number of clients who could lose services*	43	0	95,758	120,449	20	2,801
Percent of clients who could lose services	37	0%	100%		13%	31%
Number of clients who could see reduced services	31	0	2,746	6,147	0	198
Percent of clients who could see reduced services	19	0%	100%		14%	43%
2003						
Number of clients who could lose services	7	15	750	1,800	130	257
Percent of clients who could lose services	8	20%	100%		50%	61%
Number of clients who could see reduced services	7	0	400	1,405	221	201
Percent of clients who could see reduced services	7	0%	100%		80%	73%

*Lifeline answers nearly 100,000 calls per year. If Lifeline's figure are removed from the calculation, the sum of clients anticipated to lose services in 2002 is 24,691.

Types of Clients Currently Served by Programs

The survey asked respondents to provide a one-sentence summary of the types of clients served by each program facing cuts. A number of programs facing cuts serve children, youth, the elderly, disabled, or homeless populations throughout the county. Some programs serve multiple populations, but the discussion below provides a sense of the types of individuals and families served by programs facing County budget cuts in either 2002 or 2003.

Children

A small number of the programs facing cuts (approximately five) serve young children. Selected programs indicated they serve the following:

- Pre-school children at risk of school failure;
- Pre-school children with language, learning, and behavior problems in at-risk families; or
- Abused children at risk for foster care placement.

Older Youth

Approximately 20 programs indicate that they serve youth populations. Selected programs serve the following types of individuals (pre-teen through 21):

- Teen parents with infants at risk of foster care;
- Youth ages 10 to 16 with special education needs;
- Middle school students at risk of drop-out or foster care placement;
- Single minority teen moms without a high school degree;
- Sexually active teens and young adults;
- Youth 12 to 21 years of age, at risk for HS dropout or failure; or
- Teen girls with violent behavior, among others.

Elderly

Approximately ten programs facing proposed cuts serve the elderly population in the Monroe County community. Programs provide services to the following:

- Frail, homebound elderly, in their early 80s with poor nutrition;
- Adults 60 and older who are victims of abuse, typically with income less than \$15,000/year; or
- Adults 60 and older who reside within the Inner Loop, and are frail, isolated, and have no families.

Disabilities or Health Concerns

Approximately ten programs indicated that they serve persons with physical or mental health problems, and an additional five programs serve persons with substance abuse problems. Examples of the types of persons served are as follows:

- People and families affected by mental health issues;
- Mentally retarded adults, in poverty and unemployed;
- Heavy users of chemical dependency system;
- Pregnant women not receiving prenatal care, with medical and psychiatric problems;
- People with MS, ages 20 to 60 years and their families; or
- Low-income families with substance abuse, and children at risk for foster care.

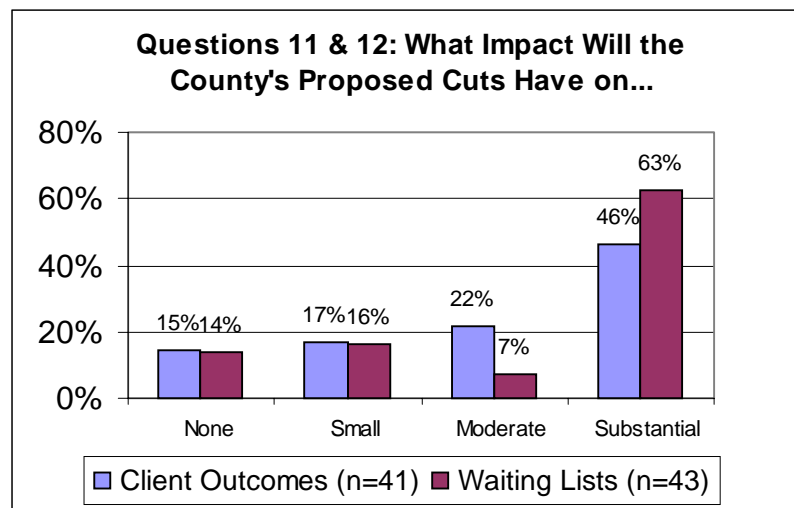
Homeless

Approximately five programs serve the homeless population. They provide services to homeless men, women and children facing substance abuse, mental health problems, and low education levels.

Client Outcomes and Waiting Lists

The survey asked organizations about the anticipated overall impact of the proposed cuts on client outcomes and waiting lists. Of the 41 organizations that responded to the question about client outcomes, 15% indicated there would be no impact, while 46% indicated they anticipated a substantial impact. Of the 43

organizations that responded to the question about waiting lists, 14% indicated there would be no impact, while nearly two-thirds (63%) indicated there would be a substantial impact on waiting lists.



IMPACT ON OVERALL ORGANIZATION

Staff Reductions

Organizations were asked whether they anticipated organization-wide staff reductions as a result of either the 2002 or 2003 proposed County cuts. Among the 40 organizations that provided information, 40% indicated they would cut staff as a result of the 2002 cuts, and estimated an average of 2.6 FTEs (full-time equivalents) per organization, with a range of less than one to a high of seven. For 2003, the estimates increase. Of the 41 organizations providing information, 71% anticipate staff reductions, with an average of 4.5 FTEs, and a high of 13.5 FTEs.

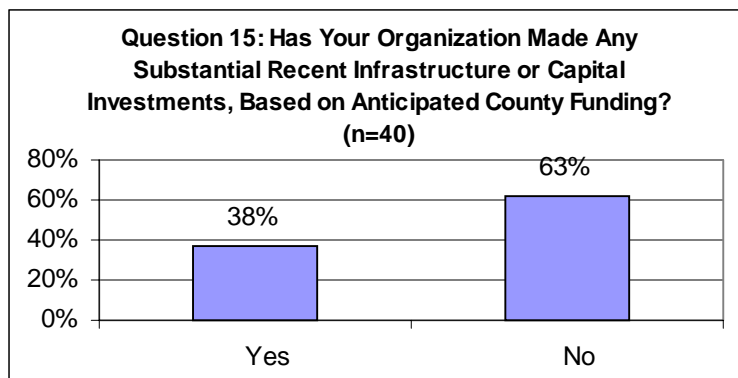
Among those organizations providing information on possible staff reductions, these figures total to 36 possible 2002 layoffs, and an additional 108 2003 layoffs, for an overall total of an estimated 144 FTEs as a result of proposed 2002 and 2003 County budget cuts.

Question 14: Do You Anticipate Organization-Wide Staff Reductions as a Result of...

	<u>Organizations</u>	<u>Percentage</u>		
<i>Proposed 2002 County Cuts?</i>				
Total Organizations	40	100%		
Yes	16	40%		
No	24	60%		
<i>Proposed 2003 County Cuts?</i>				
Total Organizations	41	100%		
Yes	29	71%		
No	12	29%		
<i>If yes, how many FTEs do you anticipate will be cut?</i>				
	<u>Organizations</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
2002	14	0.3	7.0	2.6
2003	24	0.7	13.5	4.5

Investments Based on Anticipated County Funding

Fifteen organizations (38% of those providing information) indicated they have made substantial recent infrastructure or capital investments based on anticipated County funding.



Most organizations with recent investments had leased new space, completed renovations, or expanded their facilities. Several others had made computer hardware or software purchases or upgrades.

IMPACT ON THE COMMUNITY-AT-LARGE

Agencies were asked to comment on short- and long-term economic and human costs of the proposed cuts on the community-at-large.

Some respondents indicated that their programs simply must continue—agencies feel they cannot close their doors one day a week, feed people less, etc. These agencies indicated that they will be forced to find funding elsewhere, and are hopeful they will be able to.

Some programs indicate that the County funding cuts are so severe, their programs will have no alternative but to close.

Several organizations indicated that demands for their programs are increasing, and some programs are in the midst of expansion plans, such as additional service sites or increasing capacity in other ways.

Human Costs

Many respondents listed social problems likely to increase as a result of the proposed cuts. Problems expected to increase follow, with those mentioned more frequently at the top of the list:

- Foster care admissions were by far the most often mentioned concern. Agencies are concerned that more children will be admitted to foster care, which has both human implications for the child and family, and also direct economic implications for the Monroe County government and taxpayers throughout the County;
- Homelessness--one agency indicated that last year the homeless population increased by 30%, and that there has been an increase every year for the last 10 years;

- Drug addicted or low birth weight babies;
- Jail admissions and street violence;
- Substance abuse;
- Unemployment;
- Domestic violence;
- School dropouts;
- Teen and high-risk pregnancies;
- Emergency department visits;
- Mental illness;
- Juvenile delinquency; and
- Child protective allegations.

Economic Costs

The economic costs to the community-at-large are difficult to quantify with certainty. However, several organizations gave examples of how the proposed County cuts could impact the community economically.

Loss of Matched Funds

First, some organizations indicated that the County cuts present a “double whammy” due to the loss of matched funds. The issue of matched funds is discussed in more detail earlier in the report.

Prevention Reduces Long Term Costs

Some agencies stressed the impact on preventive services. One agency indicated that incarceration of a single person could cost the community as much as \$85,000 per year. Further, given the proposed increase in County jail positions in the proposed budget, one agency believes it “is bad business and morally and ethically wrong to invest dollars in law enforcement to deal with the effects of cutting preventive services and shelter services and other services.”

An agency that provides preventive services to children to prevent out-of-home placements indicated that while preventive services

cost \$2,100 per child per year, out-of-home placement can cost \$22,000 to \$84,000 annually.

An agency that serves the elderly indicated that its mental health counseling for elderly persons costs \$60 per person per year, and states that this service would be much more expensive in a mental health clinic.

People could be more likely to use costly emergency services, due to a lack of access to less costly preventive services or lack of redirection to less-intensive lower cost services.

To the extent that the proposed Monroe County cuts were to preventive services, the community may want to consider national studies on the cost-benefit of preventive services. Please see Appendix B for a summary.

Increased Dependence on Public Assistance

Third, in addition to some specific dollar examples above, several respondents indicated that without support services in place, people may be less likely to leave welfare. Individuals will be less employable and therefore more dependent on government assistance. One agency pointed out that under welfare reform, New York State counties' proportion of costs for Safety Net for individuals and families increases once they reach their five-year time limit.

Increases in poor birth outcomes could lead to increased Medicaid costs. If seniors lose services necessary to live independently, many could become dependent on Medicaid for long-term care residential services, at increased costs to Monroe County.

County Compliance with State Regulations

One respondent indicated that the County could face lawsuits if the County Department of Social Services becomes out of compliance with state regulations on staff-to-client ratios. Some County DSS casework is contracted out to not-for-profit agencies.

Quality of Life Issues

Finally, some respondents indicated concern about the general decrease in quality of life that could result from the proposed cuts—not only for city residents but for all in the community. Respondents indicated that the cuts could adversely affect our ability to attract new residents, and could also lead to increased flight from the city into the suburbs.

CONCLUSION

The County is facing a substantial budget deficit for both fourth quarter 2002 and for calendar year 2003. In order to close the deficit, the County must increase revenues, through property taxes or sales taxes, or decrease expenses, such as the contributions made to human service agencies, or some combination of the two. People of different political persuasions, people with different life experiences, and people with different socio-economic circumstances will all have different opinions on how to close the deficit.

The survey upon which this analysis was based was intended to solicit the perceptions of human service agencies facing County budget cuts. Other organizations, such as cultural and arts institutions, are also facing cuts, but were not surveyed as part of this effort. As the community and in particular the Monroe County leadership determine how to best close the budget deficit, the issues discussed in this report raise issues that could help to inform the debate.

- Some survey respondents asked whether Monroe County residents want to live in a community that does not provide the set of human services currently in place.
 - As an example, Lifeline answers a life threatening call every 43 minutes. Does our community wish to eliminate such a service?
- How much value do we place on prevention; is an ounce of prevention worth a pound of cure to this community?
- If foster care placements, Medicaid claims, and cash assistance needs increase as a result of the drop in human service supports, how much will the community and its taxpayers save in the long run?

CGR and the United Way hope that this survey and analysis are useful to the community and its leaders in making thoughtful,

informed decisions about how to address the County budget deficits.

APPENDIX A: NATIONAL STUDIES ON COST-BENEFIT OF PREVENTIVE SERVICES

The RAND Corporation conducted a number of studies on the cost-benefit of preventive services in the 1990s. The RAND studies are based on rigorous longitudinal evaluations of selected pilot programs, most notably a first-time parent education program in Elmira, NY and the Perry Pre-school program in Ypsilanti, MI. Both programs had valid control groups, tracked participants over a multi-year period (19 years and 27 years, respectively) and collected data on quantifiable outcomes. RAND was able to use these data to create a model to project reduced welfare expenditures, reduced incarceration, increased employment and improved health outcomes, all of which could be linked to the preventive services intervention.

The RAND studies concluded that in the Elmira program savings ultimately exceeded costs by a 4 to 1 margin. In the Perry Pre-school program, Barnett (1993) concludes that savings exceeded costs by 7 to 1. In both cases, the savings from the programs continued to accumulate long after the intervention had ended.

RAND cautions that the results are a conservative estimate because not all social benefits (such as reduced child abuse and neglect) were converted to monetary values in the analysis; therefore, the results are likely to underestimate the total cost savings of the programs.

Beyond these rigorous, econometric studies, other efforts have been made to quantify the cost-savings associated with child and family preventive services:

- Research in California found that every dollar spent on prevention resulted in \$1.40 savings in juvenile justice and law enforcement costs.
- An Allegheny County (Pittsburgh, PA) “cost-of-failure” study found that investing \$18.5 million in preventive services would be cost effective if it reduced negative outcomes by as little as 5%.
- Kidsource.com cites a Tennessee study showing that for \$1 spent on prevention, there is \$7 in cost-savings after 3 years.

Preventive services can also reduce costs in the arenas of chemical dependency and mental illness.

- A two-year study by the State of California found that savings to tax payers of preventive services were 7 times the cost of treatment for addicts.
- The National Institute on Drug Abuse reports that one year of methadone or heroin treatment costs \$3,500, compared to \$39,600 for a year of incarceration and \$43,200 in costs associated with untreated addiction.

APPENDIX B: SURVEY INSTRUMENT