

**SPR 13TH ANNUAL MEETING
PRECONFERENCE #2
MAY 24, 2005
8:30 AM – 5:00 PM**

Title

Benefit-Cost Analysis of Prevention and Early Intervention Programs: Methods to Monetize Outcomes and Costs

Presenter

Steve Aos, Associate Director, Washington State Institute for Public Policy
PO Box 40999
Olympia, WA 98504-0999
Email: saos@wsipp.wa.gov
Phone: (360) 586-2740; Fax(360) 586-2793
Website: www.wsipp.wa.gov

Steve Aos is an economist and the Associate Director of the Washington State Institute for Public Policy, an applied research group working for the Washington State legislature. He has 28 years of experience in conducting benefit-cost analyses in a number of public policy areas, as well as in the private sector. His current work focuses on identifying and evaluating the costs and benefits of programs and policies for reducing crime, improving educational outcomes, reducing substance abuse and tobacco use, lowering teen pregnancy, and reducing child abuse and neglect. He is the lead author of the Washington State Institute for Public Policy's nationally recognized work on the benefits and costs of prevention and early intervention programs for youth.¹ He also has many years of experience in energy economics and public utility regulatory policy. Previously, he worked for the Washington State Office of Financial Management, Seattle City Light, the Northwest Power Planning Council, the Washington Utilities and Transportation Commission, and he has run his own consulting firm where he wrote a newsletter on Washington State's economy. He received his BA from California State University and his MS from the University of California, Irvine.

Description

This all-day workshop will describe a set of economic procedures to attach monetary values to a number of important outcomes frequently evaluated in prevention and early intervention research. The workshop will also describe methods to calculate the costs of programs. Together, these two elements—monetized benefits and program costs—can describe the economic return from a program. Since public policy decision making involves choosing among competing options, and since there are many ways to perform benefit-cost analysis, the importance of conducting an internally-consistent approach to benefit-cost analysis will be stressed. Discussion will also be directed to the limitations in the current state of the science in conducting benefit-cost analyses of prevention programs, as well as profitable avenues for future research.

Objectives

¹ S. Aos, R. Lieb, J. Mayfield, M. Miller, & A. Pennucci. (2004) *Benefits and costs of prevention and early intervention programs for youth*. Olympia: Washington State Institute for Public Policy. <http://www.wsipp.wa.gov/rptfiles/04-07-3901.pdf>

Participants in this workshop can learn about a set of concepts typically used in benefit-cost analyses and can gain knowledge of some practical analytical procedures to conduct a comparative benefit-cost analysis of prevention and early intervention programs. Topics will include the following.

- ✓ Net present value: the general economic framework used to summarize investments, including the economic concepts of time-preference and opportunity costs, and a discussion of net present value from the perspectives of different stakeholders.
- ✓ Effect size: how the common metric of outcome based evaluations and meta-analyses can become a key ingredient in quantifying the monetary benefits of prevention or early intervention programs.
- ✓ Monetizing program outcomes: practical procedures to place a value on the effect-size outcomes of prevention and early intervention programs, including the valuation of:
 - Crime Outcomes
 - Education Outcomes, including test scores, high school graduation, years of education, special education, and grade repetition
 - Substance Abuse and Tobacco Outcomes
 - Child Abuse and Neglect Outcomes
 - Teen Birth Outcomes
- ✓ Procedures to estimate the costs of programs.
- ✓ The limitations of benefit-cost analysis and future directions for research.

Outcomes

Participants will have the opportunity to gain an overall view of how benefit-cost analysis is conducted, as well as some particular procedures to monetize several relevant outcomes.

Career Level & Prerequisites

The workshop will be helpful to all researchers and public policy analysts interested in estimating and interpreting the benefits and costs of prevention and early intervention programs. Those participants with some background in microeconomics, the procedures used to calculate effect sizes, and regression and quantitative analysis will find some of the material easier; none of these areas, however, is required.

Format

The workshop will employ a lecture and question-and-answer format. Most of the discussion will focus on worked-out, on-screen examples of particular prevention and early intervention programs.

Materials/Handouts

Workshop participants will receive a copy of the author's technical appendix that describes the methods in detail. Participants will also receive a set of the PowerPoint slides that accompany the workshop.