

Valuing Program Outcomes Relative to Program Costs to Improve Both:

Alternative Forms of Cost-Inclusive Evaluation

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Valuing program outcomes ... *relative to program costs*

- "The cynic ... knows the price of everything and the value of nothing." -- Oscar Wilde's *Lady Windermere's Fan*
- The *value* of a program can be understood as referring not only to outcomes, but also to how those outcomes compare to the types and amounts of resources expended to produce the outcomes.

Major mistakes when evaluating resources consumed

- Limit *perspective*
 - One person's major resource is another person's "too trivial or too difficult to measure"
 - One person's resource consumed can be another person's resource generated
- Limit *context*, including culture and time
 - Price is often situation- and time-specific
 - Nonmonetary resources may be the most essential ones
 - Ignore potential "spillover" effects on other programs' resource expenditures
- Assume all resources can be valued in the same units
- Combine all resources in one number, and claim it represents "cost"

Major mistakes when evaluating outcomes produced

- Limit perspective
 - "transfer payments"
 - client time, travel time and transportation costs
 - lifetime earning increments to evaluate program benefits?
 - assume no differences in lifetime earning potential due to demographic variables such as age, ethnicity, class, or country
 - assume an informed consumer (for willingness to pay)
- Limit context
 - extrapolating across diverse cultures, regions, and time
 - ignore possible additional, distal outcomes, positive and negative, caused by initial outcomes ... only look for the outcomes you expect and want

"value" as comparing ... what you *get* for what you *give up*

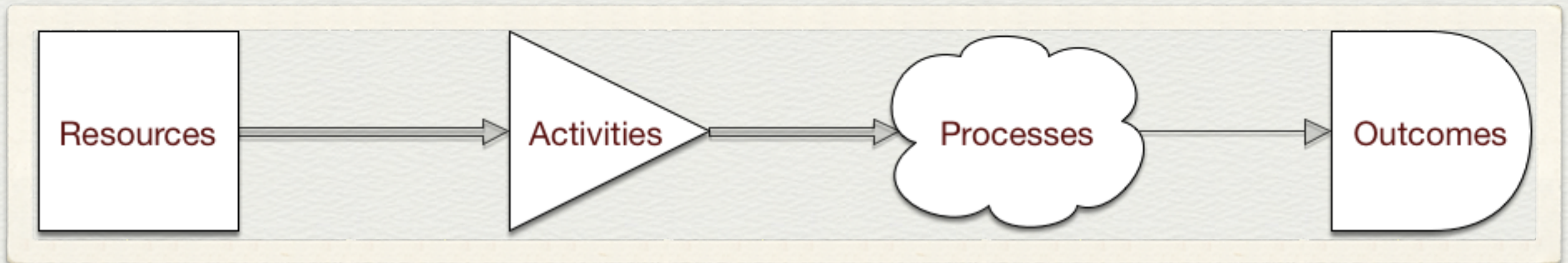
examples of <i>perspectives</i>	examples of what you <i>get</i>	examples of what you <i>give up</i>
client & allies	help, well-being, time	time, money, opportunities
provider	job, education, satisfaction	time, money, opportunities
funder	reduced use of other entitlements	time, money
community	tax income, reduced crime	space, money

- benefit > cost? => "cost-beneficial!"
- ah, but how does one assess "benefit"? ... "cost"?

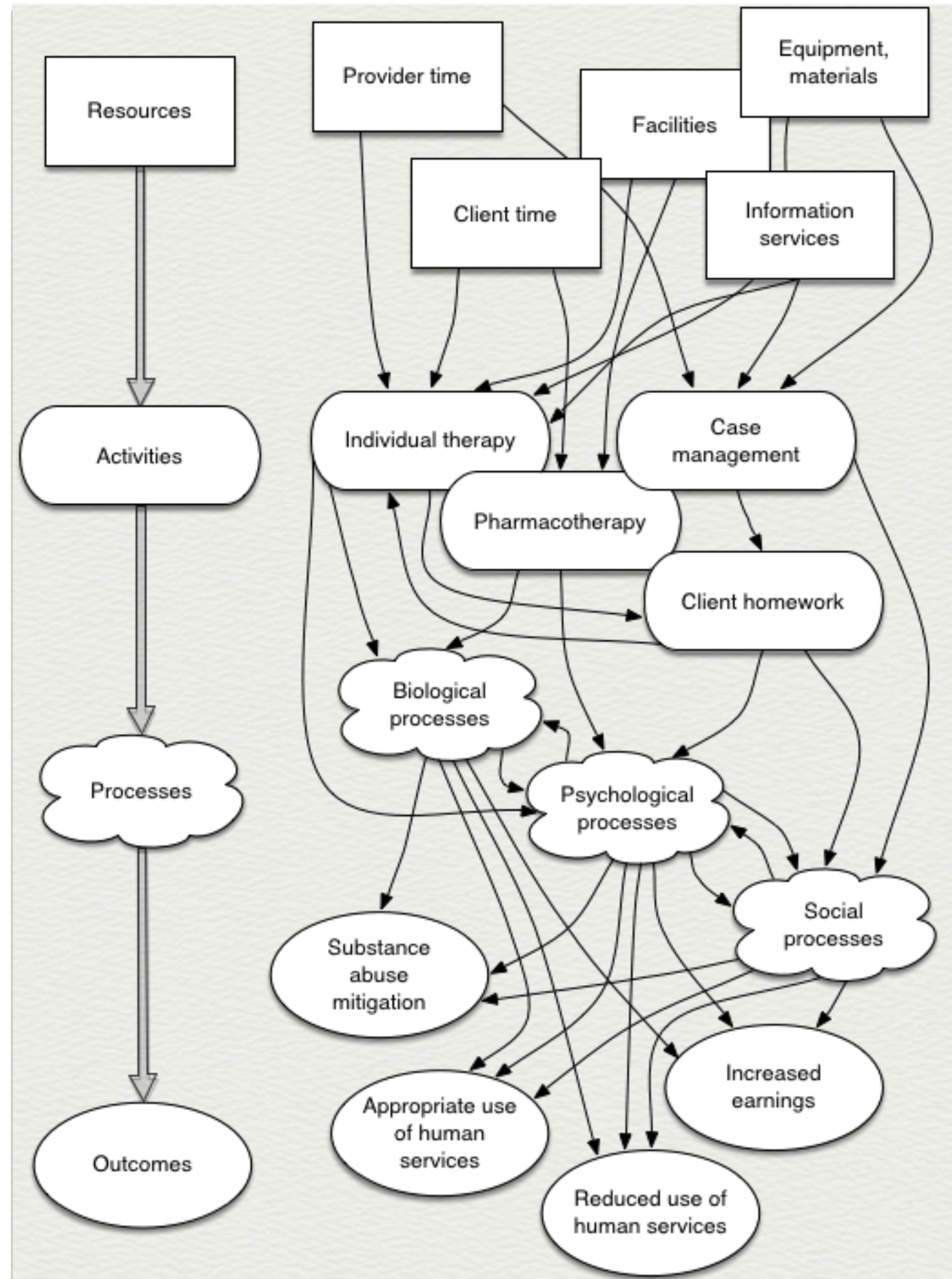
forms of Cost-Inclusive Evaluation

focus	resources consumed	resources generated	name
outcomes	not evaluated	nonmonetary or monetary	"program evaluation"
inputs	monetary	not evaluated	cost analysis
costs of nonmonetary outcomes	monetary	"native" units	cost-effectiveness analysis
costs of nonmonetary outcomes (universal units)	monetary	QALYs, DALYs, HYE	cost-utility analysis
monetary outcomes relative to monetary costs	monetary	monetary	cost-benefit analysis
program & client as well as resources and outcomes	monetary and nonmonetary	monetary and nonmonetary	resource >> activity >> process >> outcome analysis

Opening up the Pandora's Box of the program ... *and the person!*



Psychotherapy:
optimize for
the person,
place,
provider, and
payor.



Toward optimizing program value
with and operations research-based

Resources >> Activities >>
Processes >> Outcomes Analysis.

NIDA Manual Example.

Dorothy Lockwood - Dillard & Brian Yates

Resources

- Direct Service Staff
- Administrative Staff
- Facilities
- Utilities
- Support Staff
- Supplies
- Urine Testing

Procedures

- Group Counseling
- Relapse Prevention
- Individual Counseling
- Case Management

Processes

- ☐ Self-Efficacy Enhancement
- ☐ Skill Acquisition: Relapse
- ☐ Skill Acquisition: for Support
- ☐ Skill Acquisition: for Service
- ☐ Bonding to: Other Addicts, Ex-Offenders
- ☐ Bonding to: Counselors

Outcomes

- ✓ Drug Free
- ✓ Stable Employment
- ✓ Crime Free
- ✓ Compliance with Probation and Parole

Resources -> Procedures Matrix

		Procedures			
		Group Counseling	Relapse Prevention	Individual Counseling	Case Management
Resources	Direct Service Staff (\$2500)	18% = \$612	23% = \$782	23% = \$782	36% = \$1224
	Administrative Staff (\$250)				
	Facilities (\$500 rent)				
	Utilities (\$150)				
	Support Staff (\$500)		50% = \$250		50% = \$250
	Supplies (\$500)	\$100	\$150	\$100	\$150
	Urine Testing (\$1000)		\$1000		
TOTAL Procedure Cost		\$712	\$2182	\$882	\$1624

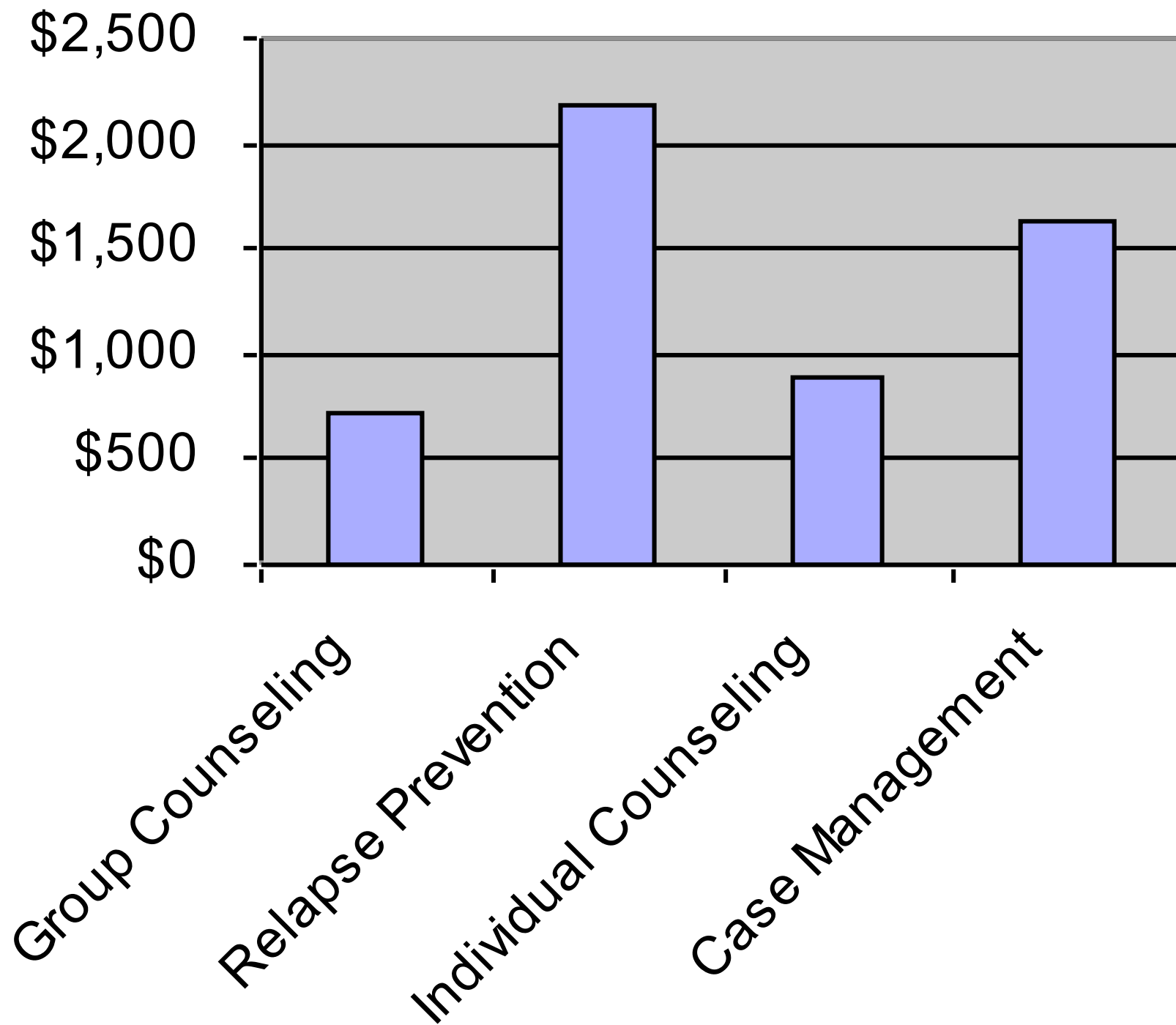
Procedures -> Processes Matrix

		Processes					
		Self-Efficacy Enhancement	Skill Acquisition			Bonding	
			Relapse Prevention	Support Access	Service Access	With Addicts and Ex-Offenders	With Counselors
Procedures	Group Counseling (\$712)	33% = \$237				33% = \$237	33% = \$237
	Relapse Prevention (\$2182)	20% = \$436	20% = \$436	20% = \$436		20% = \$436	20% = \$436
	Individual Counseling (\$882)	50% = \$441					50% = \$441
	Case Management (\$1624)				75% = \$1218	12.5% = \$203	12.5% = \$203
TOTAL Procedure Cost		\$1115	\$436	\$436	\$1218	\$877	\$1318

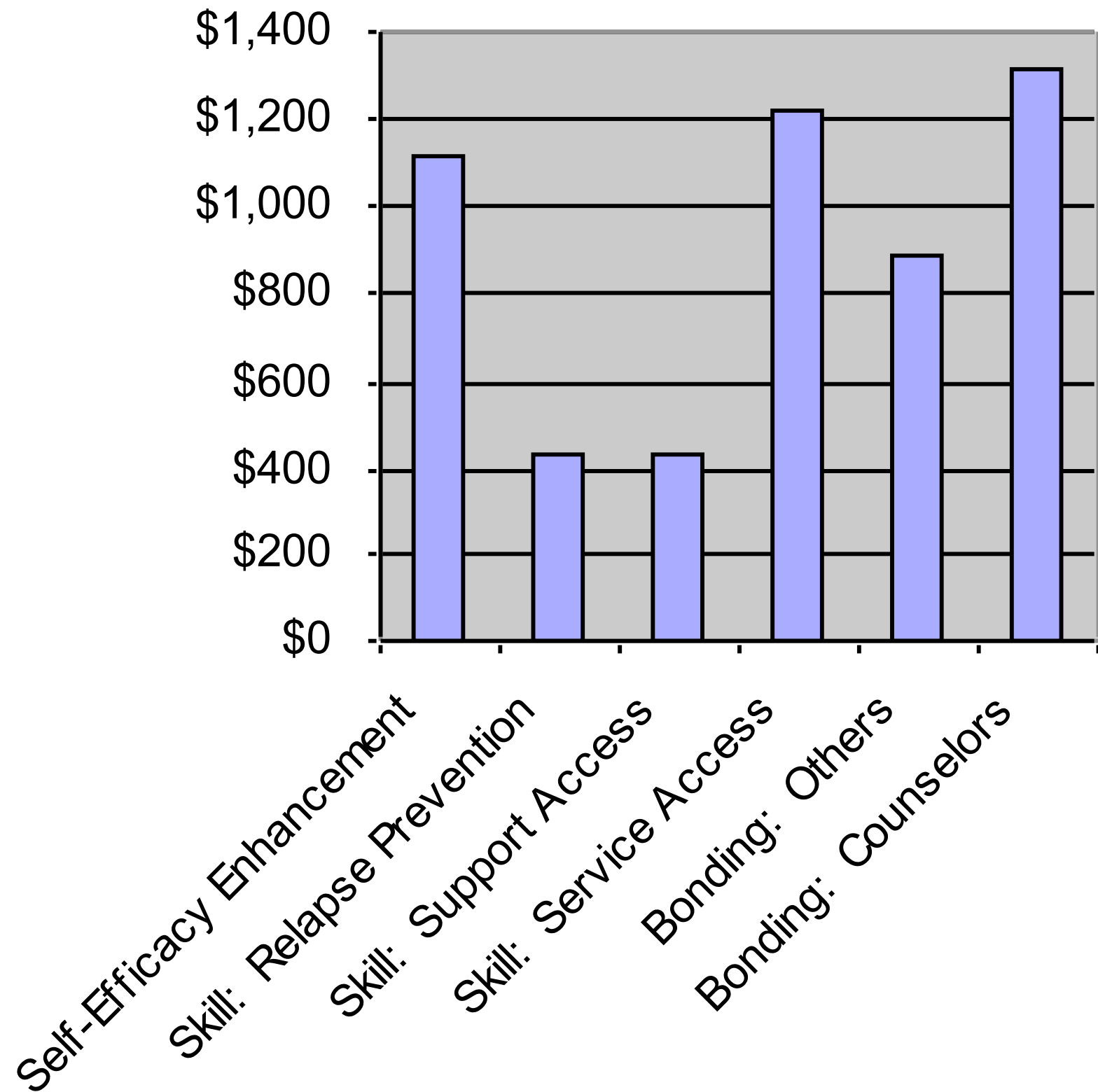
Processes -> Outcomes Matrix

			Outcomes			
			Drug-Free (Complete Drug Abstinence)	Stable Employment	Crime-Free (Avoidance of All Criminal Behavior)	Compliance with Probation and Parole
Processes	Self-Efficacy Enhancement (\$1115)		40% = \$446	20% = \$223	40% = \$446	
	Skill Acquisition	Relapse Prevention (\$436)	100% = \$436			
		Support Access (\$436)	25% = \$109	25% = \$109	25% = \$109	25% = \$109
		Service Access (\$1218)		80% = \$974		20% = \$244
	Bonding	With Addicts and Ex-Offenders (\$877)	32% = \$281	4% = \$34	32% = \$281	32% = \$281
		With Counselors (\$1318)	10% = \$132	40% = \$527	10% = \$132	40% = \$527
	TOTAL Outcome Cost		\$1404	\$1867	\$968	\$1161

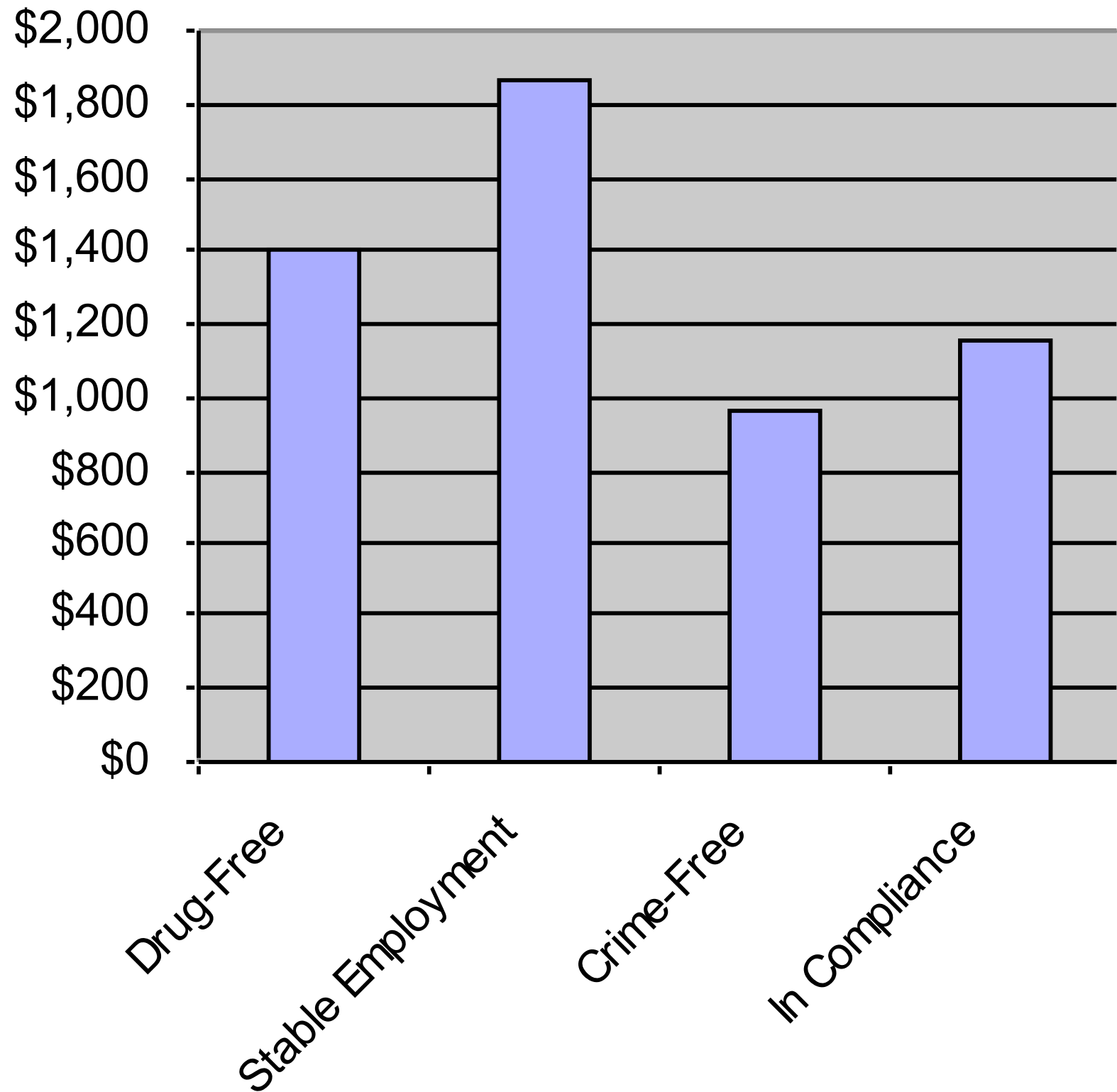
Procedure Costs



Process Change Costs



Outcome Costs



Caveats and Qualifications

- Subjective rather than Objective
- Short-term, not Long-term
- Constructive, rather than Observational
- But...
 - Less Costly!
 - *More Cost-Effective?*

*presentation slides available for download now
AEA Public eLibrary:*

<http://bit.ly/AEAeLibrary>

file: "Valuing and Cost-Inclusive Evaluation"

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