

Sustainability and Economic Evaluation: Transforming "Is It Cost-Beneficial?" into "Is It Sustainable?"

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cost-benefit analysis

... for post-capitalist contexts ...

cost-benefit analysis

... for capitalist contexts asks ...

Asks the question:

- * "Does the program produce resources (e.g., services, space, energy, resource savings)
- * ... that fully replace, or improve upon, the resources it consumes?"

... capitalist ...

cost-benefit analysis

- * money is the ultimate, best measure of the value of resources
- * program cost:
 - * the monetary value of resources consumed
 - * funder perspective is paramount
- * program outcomes
 - * the important outcomes are monetary ones
 - * ... again from the funder perspective
 - * increased income (human capital) and reduced expenditures for entitlements
- * No limits: the higher the ratio of outcomes to costs the better!

sample quote:

- * "The utilization of a health care programme can be viewed as an investment in a person's human capital."
- * "In measuring the pay-back on this investment the value of the health time produced can be quantified in terms of the person's renewed or increased production in the market-place."
- * "Hence the human capital method places monetary weights on healthy time using market wage rates and the value of the programme is assessed in terms of the present value of future earnings."

- Drummond, Sculpher, Torrance, O'Brien, & Stoddart (2005), *Methods for the Economic Evaluation of Health Care Programmes* (3rd. edition). Oxford, UK: Oxford University Press. pp. 215-216

mal-distribution of resources "in" and resources "out"

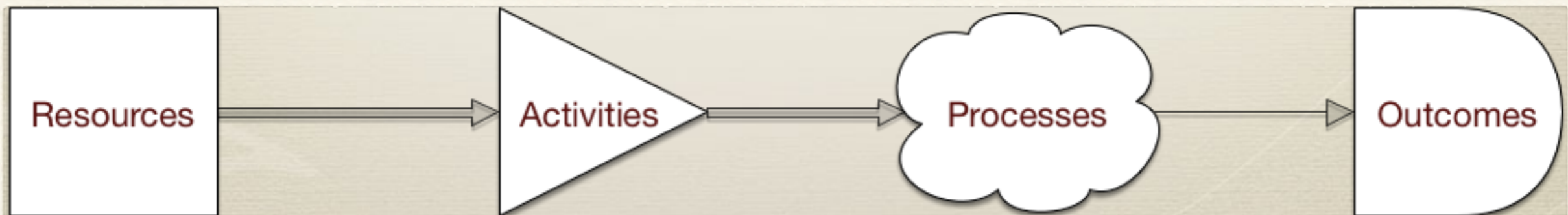
- * either "unfortunate" or "result of differential incentives for productive labor in the market place"
- * resources may be taken from subsets of all individuals
- * resources may be given to, or saved for, a somewhat different subset of individuals

potential dehumanizing effects of traditional cost-benefit analyses

- * the person's experience of participation in the program is irrelevant: cost and profit or savings are all that matters
- * your worth is your future lifetime earnings ...
- * the client's perspective on resources expended, and on resources gained may be ignored by evaluators, decision-makers
- * "willingness to pay" assumes the client
 - * has funds with which to pay
 - * is an informed consumer

Possible Insights ...

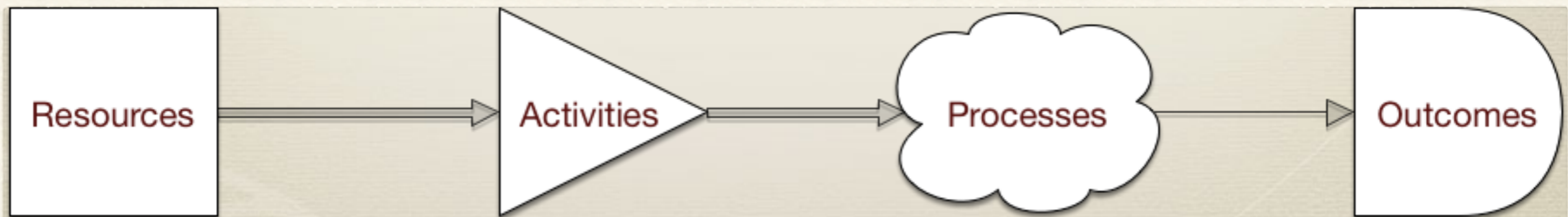
- * Money is simply one way to obtain certain resources, and many not reflect the value of those resources from several perspectives
- * Humans are *people*, not capital
- * Measuring the value of human services in monetary units is like measuring the quality of fruit by its weight alone.
- * Cost-Benefit Analysis becomes transformed into ...
 - * *Resources "In" and Resources "Out"? Not sufficient!*
 - * *part of this model of cost-inclusive evaluation*



cost-benefit analysis

... for post-capitalist contexts ...

- * perspectives of consumer, family and allies, providers, funders, and community are all equally important
- * services should be transparent
- * not just resources "input" and resources "output," but:



cost-benefit analysis

... for post-capitalism contexts asks ...

- * "Does the program produce resources (e.g., services, space, energy, resource savings) that fully replace, or improve upon, the resources it consumes?"
- * How can we distribute more resources more equitably, sooner?
- * For entitlements, people deserve the best services with the fewest resources used, so more people can experience these services.

cost-benefit analysis

... for post-capitalist contexts ...

perspective	resources consumed	resources generated
client & allies	time, energy, transportation	income, contributions in the home, well-being
provider	time, energy, indirect services, transportation	insights, education, income, advancement
funder	funds, time and energy monitoring	funds, power, reduced use of entitlements
community	space, traffic	income to businesses, reduced crime, contributions to the community

Sustainability ...

- * capitalist contexts:

- * generates enough income to fully pay costs
- * ... and provide sufficient profit to justify continued investment
- * tries to increase benefits and reduce costs as much as possible

- * post-capitalist contexts:

- * generates enough resources to balance those consumed
- * focuses on replaceable resources
- * attempts to generate more valuable resources than are consumed if that is possible, and only if this is possible from multiple perspectives
- * seeks harmony, balance of resources "in" and resources "out"

Just semantics? Examples...

- * Cost-Benefit Analysis in capitalist context:
 - * CBA of mammograms, of prostate-specific antibody test
 - * \$ is what matters, \$ "in" and \$ "out"
- * Cost-Benefit Analysis in post-capitalist context:
 - * CBA of mammograms, of prostate-specific antibody test
 - * costs: time, energy, opportunities for other people to receive medical tests, medical services, volunteered time and other resources
 - * outcomes: Quality-Adjusted Life Years for clients, for other people

One person's resource consumed can be another person's resource gained: paraprofessional training at Learning House as an equal exchange of resources ...

	Resources consumed (costs)		Resources produced (benefits)	
	<u>non</u> monetary	monetary	<u>non</u> monetary	monetary
Academia	Time & energy not devoted to teaching and research	\$22,000 per year	Instructors, Training site, Grad school entry, Research site, Publications	\$19,600 per year (tuition)
Community	Time and energy spent teaching & supervising students	\$19,600 per year	3rd party info about clients, Tutoring, Parent engagement, Staff already trained	\$22,000 per year (labor)

What's your example of an evaluation that incorporates sustainability?

examples of sustainability evaluations
of resources "in" and resources "out"

- Presentation slides are in the AEA Public eLibrary now!
- <http://bit.ly/AEAeLibrary>
- file: "Sustainability and Economic Evaluation"

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