adding costs
to make your evaluation
more impactful
(and better used)

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Washington DC

learning objectives
1. How to recognize, interpret, and use findings from basic analyses of cost, cost-effectiveness, cost-benefit, and cost-utility
2. To design and conduct basic evaluations that include costs of programs as well as the monetary and other universal outcomes resulting from programs and how to communicate findings from cost-inclusive evaluation in simple graphs
3. How to recognize and avoid or recover from pitfalls common in cost-inclusive evaluations, including political and ethical problems
4. How to anticipate, understand, and work with resistance to cost-inclusive evaluation

workshop schedule
12:00 - 12:05 learning objectives
12:05 - 12:30 what a cost study is … or could be
12:30 - 01:00 costs
01:00 - 01:30 cost → effectiveness
01:30 - 01:45 break (15 minutes)
01:45 - 02:15 cost → benefit
02:15 - 02:45 pitfalls & resistance
02:45 - 03:00 questions, answers, evaluation

why cost-inclusive?
“All human endeavors have three things in common:
they consume resources
they involve certain means or processes
and they produce outcomes…
At the very least, what we do, say or think consumes time and yields an outcome of no change at all.”
Evaluating the costs of programs is the missing link between:
- doing a superficial evaluation
- doing an evaluation that gets changes made and funding delivered
Evaluating the monetary outcomes of programs can help, too.

pitfalls in CIE
I’ll show you how to avoid:
- cost studies that are just about “cost”
- cost defined as price
- declaring that outcomes of human services cannot be monetary
- that cost → intervention → outcome relationships can only be understood by economists using complex quantitative analyses

why cost-inclusive evaluation matters

3 evaluators walk into a room ...
important questions:
what are the primary
determinants of the costs and
outcomes in this program?
… techniques and technologies?
… delivery system used?
… other?

is the program an…
entrepreneurial effort?
entitlement?
… to the client?
… to the provider of the service?

… does the program work and
… how much does it cost? …really?
… is it worth it?
… should decision-makers
… maximize outcomes within
resource constraints?
… minimize resources needed to
attain outcomes?
the “cost study”…
cost analysis (CA)
budgets versus expenditures
which is better?
why budgets are more popular
cost feasibility analysis (CFA)
develop an itemized budget
compare to funds, other resources available
why it’s not enough
cost-effectiveness analysis (CEA)

depression (Beck Depression Inventory)

psychotherapy and pharmacotherapy cost calculations

psychopharmacotherapy and pharmacotherapy cost calculations continued …
psychotherapy and pharmacotherapy cost calculations done

<table>
<thead>
<tr>
<th>Resource type</th>
<th>Unit measure</th>
<th>Unit cost</th>
<th>RETT</th>
<th>CT</th>
<th>Fluoxetine (Prex)</th>
<th>RETT</th>
<th>CT</th>
<th>Fluoxetine (Prex)</th>
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<tbody>
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<td>1 hr</td>
<td>$6.13</td>
<td>$3.98</td>
<td>$3.45</td>
<td>$46.99</td>
<td>$44.78</td>
<td>$48.76</td>
<td>$39.85</td>
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<td>$48.76</td>
<td>$39.85</td>
<td>$6.13</td>
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<tr>
<td>Client cost</td>
<td></td>
<td></td>
<td>$289.36</td>
<td>$292.20</td>
<td>$306.30</td>
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<td></td>
<td></td>
</tr>
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</table>

Total cost per treatment = (n) patients × (Healthcare cost + Client cost) = $29,535 + $26,271 = $55,806

Total cost per successful patient = (Healthcare cost + Client cost) = $289.36 + $39.85 = $329.21

Total cost per successful patient = (Total cost per treatment) / n = $55,806 / 42 = $1,329.62

*Note: "n" represents the number of recovered or improved patients (42 for RETT, 39 for CT, and 34 for fluoxetine (Prex)).

25

another type of Cost Study…

activity-based costing (ABC)

<table>
<thead>
<tr>
<th>activities</th>
<th>activity 1</th>
<th>...</th>
<th>activity j</th>
</tr>
</thead>
<tbody>
<tr>
<td>resources</td>
<td>resource 1</td>
<td>...</td>
<td>resource j</td>
</tr>
<tr>
<td>other</td>
<td>...</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

28

cost per depression-free day gained per month

26

deficit quiz

27

why beyond costs and outcomes

28

another type of Cost Study… activity-based costing (ABC)

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pop quiz

30
evaluating costs

re-conceptualizing costs
cost as cumulative value of program ingredients, i.e., types and amounts of resources, e.g.,
  personnel time
  physical plant
  supplies
  used by individual clients, patients, citizens

classic resource valuation (costing) strategies:
what was paid (price)
what someone is willing to pay
what would need to be paid next time (replacement cost)
next best possible use (opportunity cost)
type and amount used (complete cost)

costs typically totaled and reported as:
cost per client
cost per "slot" ... per "bed"
cost per client day
cost per group
... and more, but there’s always “per’s”

perspectives on costs
provider
client/patient/
citizen/consumer
family members
taxpayer
community
policy makers
funders
researcher!
other
perspectives possible!
complete costing:
the value of all it takes to make the program happen, from all perspectives
examples:
- time, energy, effort of skilled providers
- space for meetings, security
- communications services (phones, computers)
- liability insurance
- administration (management, accounting, human resources)

costs (continued)
Money spent to assemble providers, space, and other resources often is called “cost”
This cost typically excludes critical resources such as:
- volunteers’ time
- interns’ (and externs’) time
- under-paid staff member’s time
- space rented at below-market values
- donated food, transportation, and equipment
... but should not.

itemize costs as types & amounts of resources used for each program activity
... to show contribution of volunteered services and donated facilities
fairer comparisons between programs
translate costs to different countries and times
replicate program
improve effectiveness or reduce costs or both

collecting cost data
representative state of program?
program in start-up or wrap-up phase?
*load* in program...
- at or near,
- under, or
- over capacity?

methods for cost data
survey
self-report
observation
computer (e.g., Drug Abuse Treatment Cost Analysis Program, DATCAP)
paper-and-pencil spreadsheets

advice for measuring costs:
ask a representative of each perspective to:
list the activities of the program—what it does
for each activity, list resources invested in each activity by each interest group
in resulting resource → activity table, estimate amount of each resource used for each activity
verify estimates with actual measurements
find unit costs for each resource
multiple amount of resource used by unit cost
construct resource ➔ activity matrices from 3+ perspectives ...

provider
consumer
funder

family researcher
community taxpayers
evaluator

activities (examples)
- Individual Counseling
- Group Counseling
- Acupuncture
- Pharmacotherapy
- Education about HIV and STDs
- Vocational Counseling
- Case Management

resources (examples)
- time and skills of treatment personnel
- administrators and office personnel
- space, furniture, equipment
- transportation
- communication services
- liability insurance
- financing

build resource ➔ activity matrix

<table>
<thead>
<tr>
<th>Program Resources ↓</th>
<th>Individual Counseling</th>
<th>Group Counseling</th>
<th>Ongoing Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Space</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>...</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

measure use of resource by activity

<table>
<thead>
<tr>
<th>Program Resources ↓</th>
<th>Individual Counseling</th>
<th>Group Counseling</th>
<th>Ongoing Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>200 hours</td>
<td>300 hours</td>
<td>40 hours</td>
</tr>
<tr>
<td>Space</td>
<td>300 square feet</td>
<td>600 square feet</td>
<td>60 square feet</td>
</tr>
<tr>
<td>...</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

find unit cost of each resource

<table>
<thead>
<tr>
<th>Resources ↓</th>
<th>Individual Counseling</th>
<th>Group Counseling</th>
<th>Ongoing Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$60/hour</td>
<td>$40/hour</td>
<td>$30/hour</td>
</tr>
<tr>
<td>Space</td>
<td>$40/square foot</td>
<td>$20/square foot</td>
<td>$20/square foot</td>
</tr>
<tr>
<td>...</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### multiply resource use x unit cost

<table>
<thead>
<tr>
<th>Resources</th>
<th>Activities</th>
<th>Individual Counseling</th>
<th>Group Counseling</th>
<th>Ongoing Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>200 hours x $60/hour</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$300</td>
</tr>
<tr>
<td>Space</td>
<td>300 square feet x $40/square foot</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$60</td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
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</tbody>
</table>

### costed resource → activity matrix

<table>
<thead>
<tr>
<th>Resources</th>
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<th>Ongoing Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$300</td>
<td></td>
</tr>
<tr>
<td>Space</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$60</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### sum direct costs of each resource and of each activity

<table>
<thead>
<tr>
<th>Resources</th>
<th>Total of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$50,000</td>
</tr>
<tr>
<td>Space</td>
<td>$30,000</td>
</tr>
<tr>
<td>Administration</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

### apportion administrative services according to direct services

<table>
<thead>
<tr>
<th>Resources</th>
<th>Total of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
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<tr>
<td>Space</td>
<td>$30,000</td>
</tr>
<tr>
<td>Administration</td>
<td>$100,000</td>
</tr>
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</table>

### sum direct and indirect costs for total costs

<table>
<thead>
<tr>
<th>Resources</th>
<th>Total of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$100,000</td>
</tr>
<tr>
<td>Space</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

### measuring costs is not trivial

- not just budgets, not just accounting records
- attempt to measure individual use
- need to collect data on all resources used
  - volunteers’ time
  - interns’, externs’ time
  - under-paid staff member’s time
  - space rented below-market
  - donated food, transportation, equipment
Assessing the value of volunteered and donated resources for Providers, Consumers, & Family Members

Importance
Volunteered and donated resources may exceed the value of paid-for resources in some programs.
Potential unique contributions of volunteered time from:
- mentors
- former clients
- current students
Donated resources can include space, food, equipment...

Measuring Volunteered & Donated Resources can:
- facilitate understanding of why programs do (or don't) work or replicate
- guide dissemination of successful programs in new communities with different resources
- suggest where programs utilizing high amounts of volunteered and donated resources might not be replicable

Time x Cost per unit time = Total Value of Resource

Example
10 hours x $50/hour = $500 of services

Alternatives for estimate cost per unit time:
- Opportunity cost using current pay rate
- Replacement cost

compare reported income to...
... what people in similar occupations earn

http://www.bls.gov/bls/blswage.htm
http://www.homefair.com/real-estate/salary-calculator.asp?cc=1

collecting cost data in multi-site evaluations of COSs
(COS = Consumer Operated Services)

Develop sample spreadsheet
Encourage adaptation and improvement by sympathetic sites
Send to other sites with endorsement by and examples from sympathetic site, and with a brief manual
Allow sites to add their own volunteered and donated resources, and costs per unit that they establish
Get data quarterly on volunteered and donated resources
Incorporating Volunteered & Donated Resources into Total Costs

Volunteered and donated resources can be conceived of as:
something you don’t have to pay for with funds
a monetary demonstration of a program’s ability to mobilize the community to action
a return on monetary resources
Summary: Volunteered and Donated Resources ...

Can be measured ... inexpensively
with little resistance from program staff or sites
Can be important to measure to provide ...
more accurate description of resources used
better replication of program operations in new communities
reveal how resources are really being used
contrast “cash” and replacement value of resources

cost data transformations needed

currency (USD versus others, year of data collection, adjust to last year)
inflation or deflation
present value of delayed costs
cost of living in country, province
value lost when investing taxes in public programs (“deadweight loss”)?

present valuing can make a difference
(discount rate of 5% per year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposal A plain</th>
<th>Proposal A present-valued</th>
<th>Proposal B plain</th>
<th>Proposal B present-valued</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$900,000</td>
<td>$857,143</td>
<td>$500,000</td>
<td>$476,190</td>
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<tr>
<td>2019</td>
<td>$500,000</td>
<td>$453,515</td>
<td>$500,000</td>
<td>$453,515</td>
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<tr>
<td>2020</td>
<td>$100,000</td>
<td>$86,384</td>
<td>$500,000</td>
<td>$431,919</td>
</tr>
<tr>
<td>Total</td>
<td>$1,500,000</td>
<td>$1,397,041</td>
<td>$1,500,000</td>
<td>$1,361,624</td>
</tr>
</tbody>
</table>

online cost calculators

Excel, Numbers, most calculators, but ...

data.bls.gov
wages: [http://www.bls.gov/bls/blswage.htm](http://www.bls.gov/bls/blswage.htm)
net present value, different amounts each year: [http://dailycalculators.com/npv-calculator](http://dailycalculators.com/npv-calculator)

adding outcomes to a "cost study"

cost-effectiveness analysis

CEA
“What does this program accomplish relative to its cost?”
examples:
cost per drug-free day
cost per child prevented from smoking
cost per year of life saved
cost per quality-adjusted life year gained ($/QALYG)
effectiveness:
... outcomes that aren’t money
examples:
reduced bullying and assaults
reduced Emergency Department visits
increased employment (but not earnings)
enhanced health

effectiveness
what most researchers excel at measuring!
best if from the same perspectives as costs
best if same level of specificity as costs (e.g., individual, family)

cost → effectiveness? graph it!
specificity of data:
individual client (person, family)
groupings of individuals
perspective for data:
provider
client
researcher...

Decision-Making with Cost → Effectiveness Graphs

cost → effectiveness regions

graphing cost x outcome relationships

<table>
<thead>
<tr>
<th>Cost (per client)</th>
<th>Effectiveness</th>
</tr>
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<tbody>
<tr>
<td>$6,000</td>
<td>20%</td>
</tr>
<tr>
<td>$7,000</td>
<td>30%</td>
</tr>
<tr>
<td>$8,000</td>
<td>40%</td>
</tr>
<tr>
<td>$9,000</td>
<td>50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost (total)</th>
<th>Effectiveness (ben)</th>
<th>Effectiveness (bad)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000</td>
<td>0.2</td>
<td>0.5</td>
</tr>
<tr>
<td>$3,000</td>
<td>0.4</td>
<td>0.7</td>
</tr>
<tr>
<td>$4,000</td>
<td>0.6</td>
<td>0.9</td>
</tr>
<tr>
<td>$5,000</td>
<td>0.8</td>
<td>1.0</td>
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</tbody>
</table>

Decision-Making with Cost → Effectiveness Graphs

cost → effectiveness regions

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<td>1.0</td>
</tr>
</tbody>
</table>
when outcomes are multiple ...
common in health and other human services, and in most organizations:

examine their mission statements

operational definitions for effectiveness

meetings and instrument testing. For example: “Complaining, Bitching/Crying to Adults” was defined as...

... occurring in the absence of (i.e., at least 5 minutes after) any denial of child-initiated requests. 6N [the behavior] is the critical, verbal expression of dissatisfaction with the present state of affairs. Crying, denoted by tears, and whimpering, are also members of the 6N category. 6N behaviors are usually preceded by “Why...?” as in “Why are we having spinach again?” “I hate Learning House” and “I feel like a dead horse” are also examples of 6N behaviors. 6N is never recorded during family meetings, when complaints and constructive criticism of Learning House and its clients and staff are openly solicited. Minor “tattling,” e.g., “I saw Johnny spill the cat’s milk,” also is a 6N response.

composite indicators

Importance Weights:

Staff discussion made it clear that some of the twenty behaviors were more important to normalize than others. Staff and researchers decided that the relative importance of each behavior could be surveyed, transformed into a number, and incorporated into an overall outcome index that would be made by combining data from all effectiveness variables. The six staff members were asked to independently rate the relative importance of each variable using ten-point scales:

(one of the behaviors) is

much more important

than other behaviors.

The staff responded to this question for each behavior on separate slips of paper, behaviors being ordered randomly.

Figure 3. Mean effectiveness for positive and negative effectiveness variables for each child in two successive groups. Lower case letters indicate specific children. From Yates, Haven, and Thoresen (1999).

Figure 4. Average effectiveness scores for positive and negative effectiveness variables of children who were and were not in the group (dashed lines indicate one standard deviation from normative behavior frequency). From Yates, Haven, and Thoresen (1999).
Outcomes = \( f(\text{Procedures}) \)

comparing different perspectives on cost \( \rightarrow \) effectiveness with graphs
comparing different programs’ outcomes

How do you compare apples and oranges? ... as fruit!

statistical effect sizes
... as a common metric
may still need to weight for importance, depending on the measure(s) for which effect sizes are obtained
“cost per effect size” is a bit abstract
... and where’s the value-ation?

Quality Adjusted Life Years (QALYs)
define QALY
1.00 QALY = 1 year in perfect health
0.60 QALY = 1 year chronically depressed
0.00 QALY = death
measuring QALYs

EQ-5D (EuroQol 5D)
  health-focused, US norms available
  5 items with 3-level ratings of …
  mobility, self-care, daily activities, pain
  & discomfort, anxiety & depression
  visual analog scale 1-100

compare:
Quality Adjusted Life Years
Gained (QALYGs)

QALY Gained compared
no program: 0.3 QALY
program: 0.7 QALY
QALYG for program = 0.7 - 0.3 = 0.4

costs per QALYG

97  98  99

cost-benefit analysis

CBA
“Is the cost of this program justified relative to its outcome?” … “Is this a good investment?”
examples:
  ratio of dollars spent for therapy versus dollars saved in reduced unnecessary use of health services
  net benefit (after subtracting costs) of diversion program for homeless adults (reduced Emergency
  Department visits, days of incarceration)

units for benefits and costs
need to be the same …
but do not have to be monetary …
NNT (Number Needed to Treat … for one person to benefit): David Newman
  “benefit > harm”? “harm” ≤ ?
  antibiotics?
  1 in 4 infections prevented
  1 in 22 lives saved
  http://www.thennt.com

(cost, sorry!)

also consider:
  cost per number needed to treat, i.e.,
  $/NNT
  as a slightly more universal measure of
cost-effectiveness
  (yeah, not cost-benefit … sorry again)

(new, sorry!)

100  101  102
psychological costs

benefits

types of benefits
measurement and monetization strategies

cost-savings
reduced use of health services
reduce “transfer payments” (e.g., income assistance) ...
perspectives
productivity enhancement
employment income
other, better measures of productivity?

convert effectiveness to benefits
to monetize cost-savings benefits
measure number of times each service used
find cost per service use (from program policies, records, other)
multiple service use x cost per service use

monetization strategies for income:
actual income, from self-report or records
estimated income, given profession or hours worked
include value of time volunteered, donated
include any enterprise profit
include health, other benefits

Cost-Savings from Substance Abuse Treatment (NTIES)

• Reduced crime-related costs
• Increased Earnings
• Reduced Health Care Costs
examples for health care...

calculators, lists for cost of illnesses and injuries ... avoided!

e.g., for UK: http://www.hse.gov.uk/statistics/pdf/cost-to-britain.pdf

in CBA, strong incentives to:

under-estimate costs
classic: exclude costs to less powerful interest groups
even over-estimate benefits
ignore negative benefits
... especially to less powerful interest groups

self-report of services, acts, support, earnings

subject to demand characteristics
exacerbated by recall period
nonlinearity makes extrapolating or interpolating both dangerous

ratio: benefits/costs

advantages: simple, memorable, “understandable” problems:
ratios are, essentially, slopes
assumes a linear cost → outcome relationship
discards info on:
diminishing returns
economies of scale
step functions

Cost

Outcome

Constant Ratio (slope) of Cost to Outcome

Decreasing Ratio (slope) of Cost to Outcome
If Benefits < Costs?

net benefit: benefits - costs

... calculated at the individual level

... if possible

Table 4. Mean Net Benefit For All Patients Across Service Utilization and Earned Income Domains, n = 14,595

<table>
<thead>
<tr>
<th>Benefit Domain</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare Utilization</td>
<td>-$4,028.04</td>
<td>$17,220.97</td>
</tr>
<tr>
<td>Criminal Justice</td>
<td>-$1,196.72</td>
<td>$161,290.60</td>
</tr>
<tr>
<td>Economic Assistance</td>
<td>-$3,166.23</td>
<td>$4,728.32</td>
</tr>
<tr>
<td>Earned Income</td>
<td>-$2,395.53</td>
<td>$17,313.09</td>
</tr>
</tbody>
</table>
Return on investment (ROI)

- "how much will we make back on our (societal) investment?"
- whether? or when?

Time to return on investment (TROI)

- like ROI but emphasizing time
- need to adjust benefits & costs for...
  - present value
  - inflation

Social return on investment (SROI)

- CBA with costs and benefits defined comprehensively

Pay for Success

- "Pay for success bonds engage philanthropic and private sector investors to deliver better outcomes"
- "Pay for success bonds can help achieve better outcomes in many program areas"
- "Pay for success bonds support better outcomes for federal, state, and local governments"
ethics, resistance

ethics of cost-inclusive evaluation

possible ethical problems in cost-inclusive evaluation
  bias in funding
  bias in hypotheses
  bias in data collection
  bias in data analyses
  bias in utilization of findings

ethical problems in funding
  by only evaluating "new and innovative," save traditional programs
  focus on some problems, avoid others
  exclude some interest groups
  underfund evaluation to prevent detection of smaller effects but real progress

ethical problems in hypotheses
  give professional providers privileged place in design
  emphasize certain outcomes, ignore others
  measure some costs, ignore others
  cast hypotheses so that values not made explicit for questioning

ethical problems in data collection
  use measures favoring one type of program
  when collecting data on, and valuing, costs
  ignore resources used or underestimate unit costs
  when collect data on, and valuing, outcomes
  value years of life as income earned
  value time according to current payrates
  overgeneralize to different economic systems
ethical problems in data analysis

use statistical analyses unlikely to detect differences in key variables
dismiss qualitative differences by using exclusively quantitative analyses
dismiss quantitative differences by using exclusively qualitative analyses
decline to examine demographic differences in costs and outcomes of programs

ethical problems in utilization of findings

rationalize politically-motivated funding of some programs, unfunding of others justify policy shifts favoring one perspective over another

resistance
to cost-effectiveness and cost-benefit analyses

understanding resistance

is the intervention ... a service? an entitlement?
CIE is “triple-whammy evaluation”
Is it working?
How much does it cost?
Is it “worth it”?
if costs = money, and money’s not mentioned in polite society...

detecting resistance ...

(in fields for which outcome evaluation has become accepted)
write down objections about costs
does the objection still make sense when “outcome” is substituted for “cost”?

outcomes are not important: they don't really matter
outcomes cannot be measured
outcomes should not be measured
outcomes are the same
outcomes are too different
outcomes don’t matter
outcomes matter too much
we don’t need to measure outcomes until we’ve measured costs
"if something works, we’ll find the money to pay for it"

actually offered by a journal manuscript reviewer as a reason to not prioritize cost assessment in research

*I wish I lived in that world!*

also:

assumes that money can procure all resources needed

assumes "omnifiscal" “we”

“It’s simple. You get what you pay for.”

*It’s simple. You get what you pay for.*

"all you care about is (money) (efficiency)"

most people care about money when they…

- try to get paid
- pay taxes
- pay for programs
- have to forego something because they do not have enough money
cost-inclusive evaluation

... may mean balancing outcomes against resources to enhance quality of life for the most of us ...

“OK: let the bean-counters do it.”

“bean counters” implies a focus on costs of “bean counters” implies that only the readily count-able will be assessed

but sometimes the most important variables are ...

the most difficult to measure
dangers of letting any one interest group ...

... define, measure, compare, and interpret findings of cost-inclusive evaluation

“Just tell me what to do.”

not “owning” the process or the data

subtle resistance: not trying to understand

escaping responsibility for decision

not being involved enough to provide the data, funding, needed

bona fide concerns
avoid common pitfalls when measuring resources:
  - distinguish between price and value
  - itemize resources for each activity:
    - types of resources
    - amounts of those resources
    - unit value of those resources

(permits better replication of programs too)

resource value depends on ...
  stakeholder perspective, including ...
    - gender
    - race
    - class
    - age
    - time ... of resource use, of outcome gain
    - geographic location

resources often under-valued:
  - client time
  - in treatment + getting there & back
  - certain types of provider time
  - interns
  - students
  - volunteers
  - provider but not face-to-face w/client

avoid pitfalls when valuing resources produced as ...
  - income produced
    - but what of inequities in income pay rates?
  - social, e.g., health care, resources no longer used
    - ... but still needed?

"Is cost-inclusive evaluation worth it?"

excellent question!
  let's not be hypocritical
  let's collect the data
... just a stage we’re going through – we’re not ready for it yet?

**Stage #1: blissful ignorance:**
- little concern for cost or value-for-money
- assumption: budgetary growth will solve society’s problems

**Stage #2: unbridled criticism** ("resistance")
- reaction against cost constraints imposed by economic realities
- believe that decisions should be made on the basis of need or professional opinion, not cost-effectiveness or cost-benefit

**Stage #3: undiscriminating utilization**
- recognize that economic evaluation has a role to play in resource allocation decisions
- evaluation techniques are underdeveloped
- terms are used inconsistently and design flaws pervade literature

**Stage #4: constructive development**
- evaluation methods become more sophisticated
- adapted to increase their relevance
- cost-inclusive evaluation begin to inform, not dominate, decision-making

**Stage #5: sublime sophistication**
- cost-inclusive evaluations
- widely used
- conducted well
- interpreted appropriately
resources for learning more

US GAO Cost Assessment Guide

Washington State Institute for Public Policy
http://www.wsipp.wa.gov/Reports

websites for cost-inclusive evaluation

Tufts University at their Center for the Evaluation of Value & Risk in Health
https://research.tufts-nemc.org/cear4/default.aspx

Cost, Effectiveness, Benefits, and Economics Topical Interest Group (TIG) of the American Evaluation Association (AEA)
http://comm.eval.org/cebe/home

Cost, Effectiveness, Benefits, and Economics (CEBE)
Sponsoring Cost-Inclusive Evaluation in AEA since 2004

National Institute on Drug Abuse
Measuring and Improving Cost, Cost-Effectiveness, and Cost-Benefit for Substance Abuse Treatment Programs

References for Cost-Inclusive Evaluation


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