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Results First

Targeting Resources at Programs that Work

2012 NALFO Seminar

Gary VanLandingham, Director, Results First
Ashleigh Holand, Senior Associate, Results First

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We need better accountability information...now

- **Our governments face incredible fiscal pressures**
 - **Trillion-dollar federal deficits**
 - **States have faced over \$500 billion in shortfalls since Great Recession**
 - **Local governments face ongoing property value reductions**
- **There is a critical need for better ways to triage spending**

The challenge

- **While members talk about making strategic budget choices, they typically end up doing across-the-board cuts, hoping that agencies sort it out**
- **This hamstringing effective programs while preserving poor ones, leaving critical problems unresolved**
- **There has to be a better way...**

The challenge

- **As we all know, budgets are typically incremental**
 - **There is relatively little discussion of the appropriations base**
 - **Existing programs receive little scrutiny**
 - **Most attention is focused on changes to base; how to allocate new funds or deal with shortfalls (typically through across-the-board reductions)**

Reasons for incremental budgeting

- **It is politically easier**
- **There isn't time to deal with everything**
- **There is limited information available on:**
 - **What programs are in the base**
 - **How much money each receives**
 - **What they are accomplishing**

Limitations of incremental budgeting

- **Three fundamental assumptions:**
 - All programs deserve funding
 - All programs work equally well
 - Revenues are stable
- **These assumptions are no longer viable**

Long history of budgeting reform efforts

- **Over the years, budget reforms have come (and mostly) gone:**
 - **Program-performance budgeting system**
 - **Strategic planning/budgeting**
 - **Zero-based budgeting**
 - **Performance budgeting**
 - **“Rightsizing” and logic mapping**
 - **Statewide performance reviews**
- **None were particularly successful**

Why prior reforms failed

- **Hard to implement**
- **Produced marginally useful information**
- **Required data that didn't exist**
 - **Budget systems don't track programs**
 - **Agencies lack outcome data; report incomplete and self-serving measures**
 - **Measures aren't comparable**
- **Member interest decreased when budget situation improved**

Results First addresses these challenges

- **Produces comparable assessments of programs – return on investment**
- **Uses national research to supplement limited state data on program outcomes**
- **Provides ongoing technical assistance to support implementation**
- **Helps educate members on analysis and its potential use**

Results First approach

- 1. Aggregate best national research to identify evidence-based programs that are effective**
- 2. Estimate programs' impact based on state population characteristics**
- 3. Use state fiscal data to predict total costs and benefits for each program**

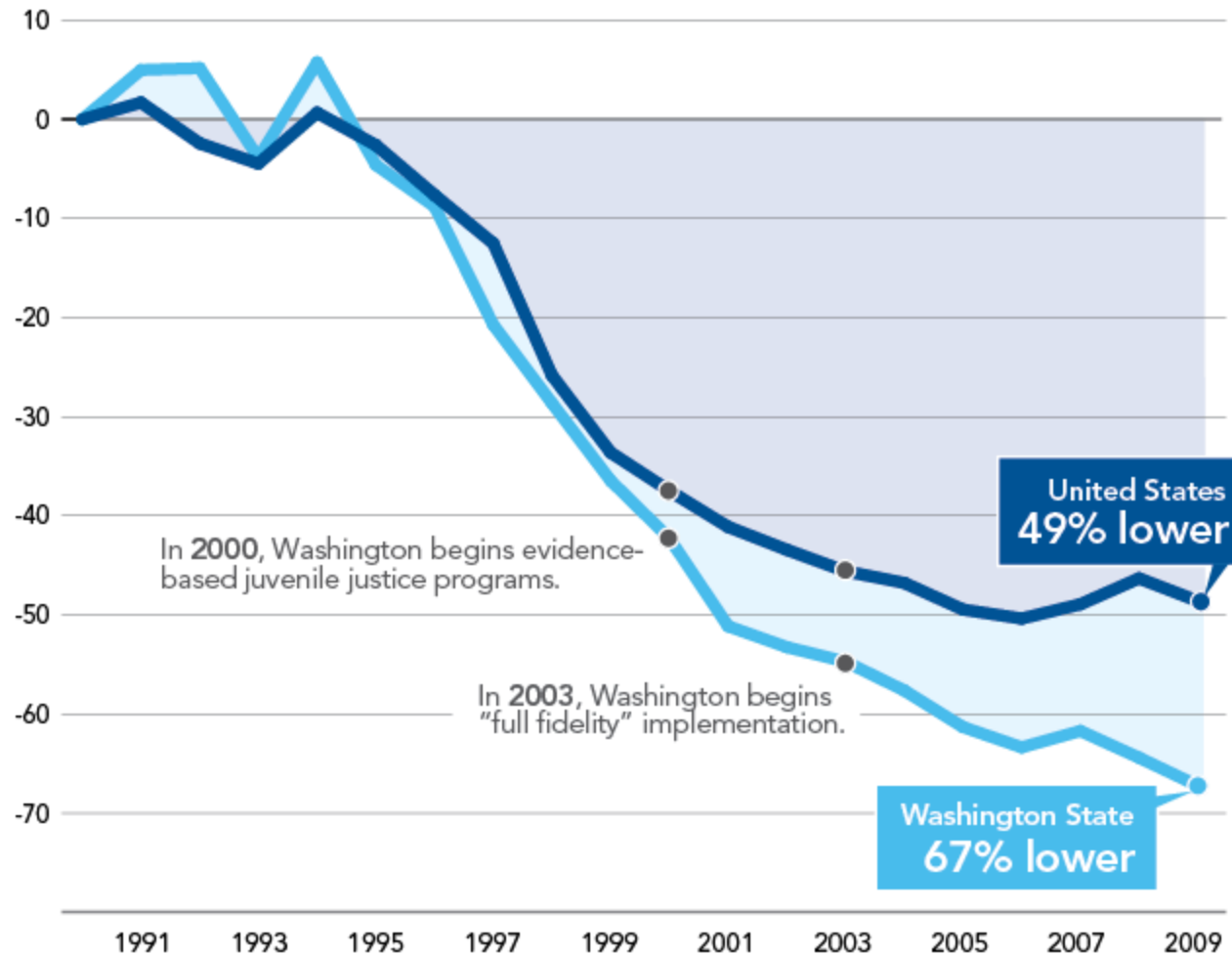
Result: Predicted state-specific return on investment for each program

Long-term success in Washington State

- **Developed by Washington State Institute for Public Policy**
- **Washington has used model for 15+ years to help steer budget decisions, achieving better outcomes at lower costs**
 - **Example: Washington State has been able to lower crime rate AND avoid \$1.3 billion per biennium**

Keeping track of results: juvenile arrest rates

Change since 1990 in the United States and in Washington State



Source: Washington State Institute for Public Policy

Cost-benefit analysis approach

- **Long-standing approach to policy analysis**
- **Widely used in the private sector**
- **Systematic tool for evaluating public policy**
- **Assesses investment options to find the most efficient way to achieve state goals**

Why use cost-benefit analysis?

Strengths:

- Promotes efficient resource use
- Informs policy in powerful way
- Allows comparison between programs

Limitations:

- Requires evidence of program outcomes
- Can be controversy over what costs/benefits to include
- Members consider values other than efficiency...

Focuses on two key questions

What does it cost to achieve a state goal such as reducing crime (and is it worth it)?

How do different programs compare as taxpayers' investments?

Example

Applying cost-benefit analysis to Washington's juvenile justice programs

Are Washington's juvenile programs cost-beneficial?

- **Determine cost of crime**
- **Determine programs' effectiveness in reducing crime**
- **Measure program delivery costs**
- **Predict and monetize program benefits**
- **Compare costs and benefits**

What does crime cost?

- **Taxpayer costs (i.e., government funding of programs to control crime and punish offenders)**
- **Societal costs (i.e., victimization)**
- **Costs vary by crime type**

Taxpayer costs

- **Police**
- **State Attorney/Public Defender**
- **Courts**
- **Diversion programs**
- **Local jail**
- **State prison (security, health care, etc.)**
- **Programs (education/rehabilitation)**
- **Post prison supervision**

Societal costs

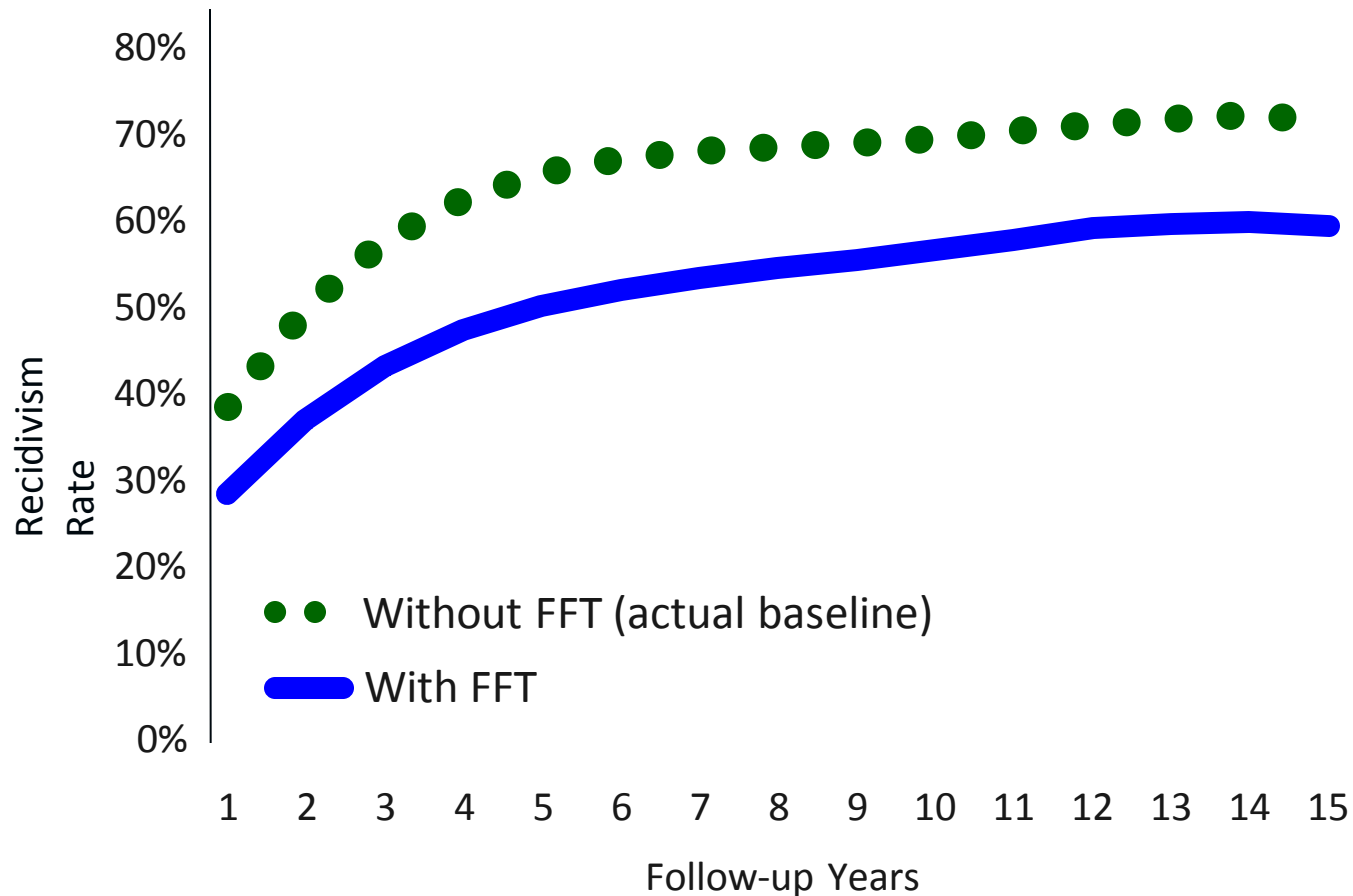
- **Nationwide studies have estimated the costs incurred by crime victims**
- **Tangible costs (e.g., lost wages, health care) and intangible costs (e.g., pain and suffering)**
- **Estimates are based on medical records, insurance claims, and court judgments**
- **Will always be controversial, but are critical to policy decisions**

How effective are programs in reducing crime?

- **Use in-state evaluations and national evaluations of similar programs to determine their effectiveness**
 - **For example, multiple studies of Functional Family Therapy programs show that they reduce recidivism of juvenile offenders by an average of 22%**

Functional Family Therapy evaluations find 22% impact in reducing future crime

Recidivism rates reduced by 22 percent



Predict benefits (in dollars)

Taxpayer benefits (avoided costs):

- Costs per felony conviction
- Average number of convictions avoided per participants
- Other benefits

Victimization benefits (avoided costs):

- Costs per felony conviction
- Average number of convictions avoided per participants

Functional Family Therapy (*Washington State 2010 dollars*)

Benefits Per Family

| | | |
|----------------------------------|----------|----------------------------|
| Reduced crime | \$31,745 | Lower state & victim costs |
| Increased high school graduation | \$5,686 | Increased earnings |
| Reduced health care costs | \$307 | Lower public costs |

Total Benefits Per Family **\$37,739**

Cost Per Family **\$3,190**

Net Present Value **\$34,549**

Benefits Per Dollar of Cost **\$11.86**

Addendum (distribution of benefits)

| | |
|-----------------|---|
| \$3,599 | = Benefits to participant |
| \$8,336 | = Benefits to taxpayers |
| \$21,636 | = Benefits to others (crime victims) |
| \$4,167 | = Other benefits |

Can assess and rank multiple programs in “Consumer Reports” lists

| Policy/Program | Cost | Net Long-term Benefits | Cost/Benefit Ratio |
|----------------------------------|---------|------------------------|--------------------|
| Alternative drug sentencing | \$1,511 | \$26,502 | \$18.57 |
| Correctional education in prison | \$1,102 | \$18,821 | \$18.11 |
| Vocational education in prison | \$1,537 | \$17,547 | \$12.43 |
| Community drug treatment | \$2,102 | \$13,317 | \$7.35 |
| Mental health court | \$2,878 | \$11,352 | \$4.95 |
| Cognitive behavioral therapy | \$217 | \$10,524 | \$49.55 |
| Work release | \$649 | \$5,817 | \$9.97 |
| JUVENILE PROGRAMS | | | |
| Aggression replacement training | \$1,473 | \$66,481 | \$45.50 |
| Drug court | \$3,024 | \$9,713 | \$4.22 |
| Coordination of services | \$386 | \$4,884 | \$13.63 |
| Scared Straight | \$63 | -\$6,095 | 0 |

Source: Washington State Institute for Public Policy

Model can assess growing policy areas

- **Criminal Justice**
- **Child Welfare**
- **Mental Health**
- **Early education**
- **K-12 Education**
- **Prevention**
- **Public Health**
- **Substance Abuse**

The model in action...

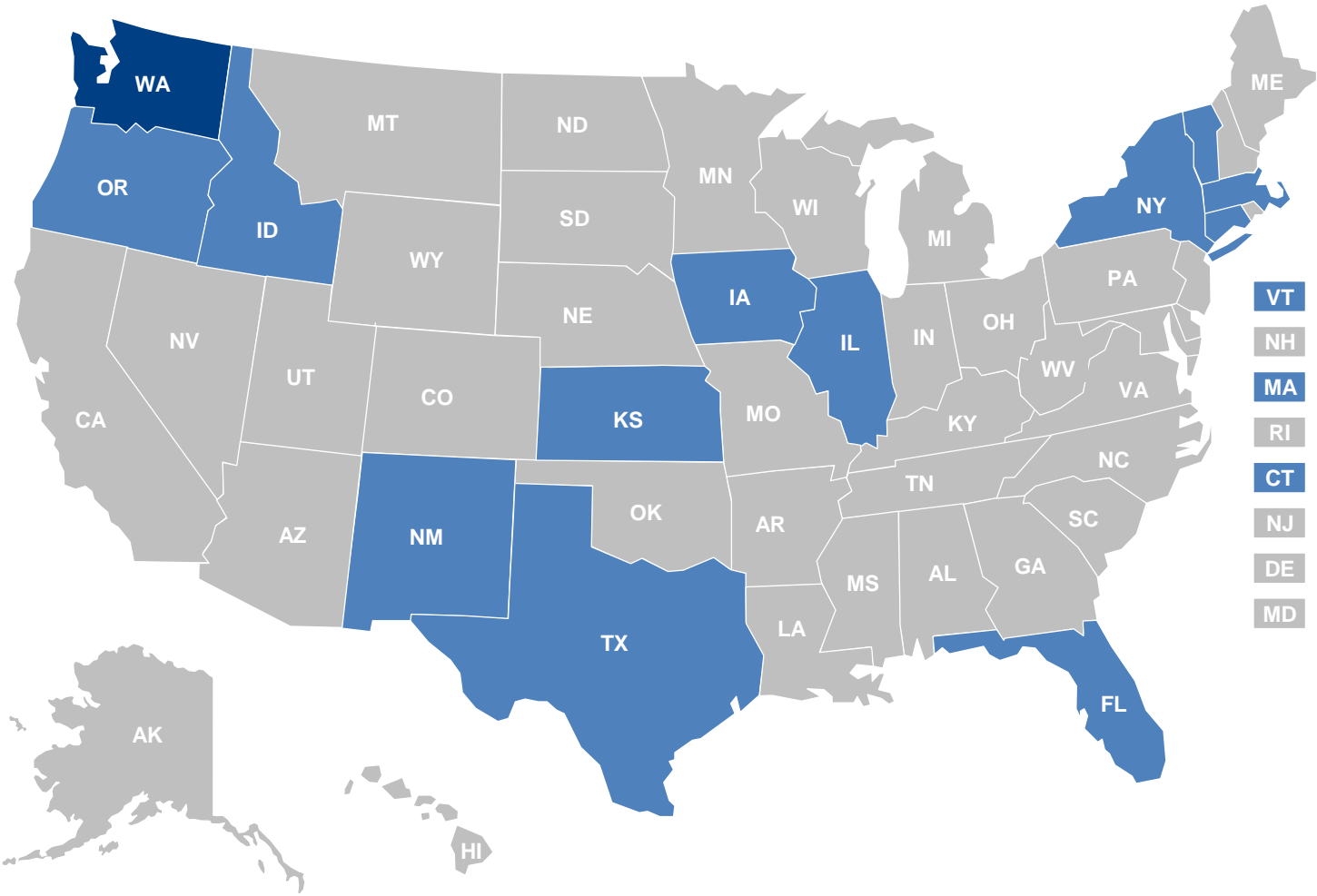
Results First services to states

- **Provide the model software**
- **Train staff in the approach and provide ongoing technical assistance**
- **Help interpret results for policy makers**

Additional services to states

- **Compile and share lessons learned among participating states**
 - **Convenings and case studies**
 - **User Group**
- **Continue to expand and update model**
- **Provide all services free of charge**

Current Results First states



Two key implementation goals

- **Gather and analyze the data needed to operate the model and produce reports**
- **Link the results to the state's budget and policy process so legislators can consider them during the legislative session**

Two teams needed for implementation

- **Policy team**
 - **Includes key policy makers and their staff**
 - **Guides implementation and helps link results to policy and budget process**
- **Staff team**
 - **Includes designated project manager and analysts**
 - **Collects and analyzes data and operates model**

Key requirements for staff teams

- **Viewed as an honest broker**
- **Access to data/technical skills**
- **Access to policy makers**

Placement for current states

- **Executive**
 - **Office of Public Safety (MA, NY, OR);**
 - **Department of Corrections (IA, ID, KS)**
- **Legislative**
 - **Fiscal/Program Evaluation/Research Office (NM, TX, VT)**
- **Hybrids/other entities**
 - **Interagency groups (CT, IL);**
 - **Good government nonprofit (FL)**

Implementation in New York

- **Policy team lead:**
 - **Deputy Secretary to the Governor For Public Safety**
- **Project management:**
 - **Division of Criminal Justice Services–Office of Justice Research and Performance**
- **Staff team: Division of Criminal Justice Services staff**

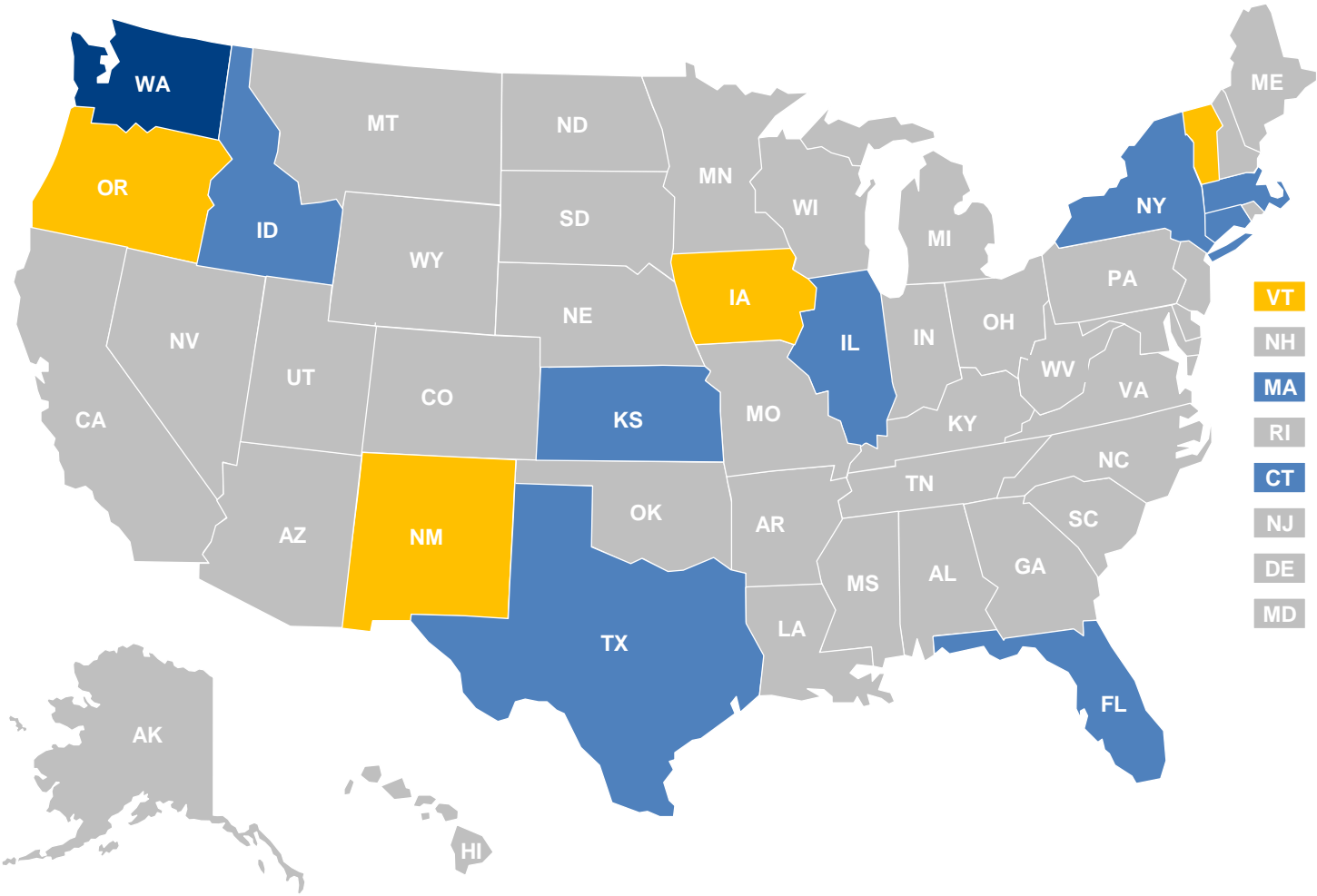
Implementation in New Mexico

- **Policy team:**
 - **Legislative Finance Committee**
- **Project management:**
 - **Legislative Finance Committee**
- **Staff team:**
 - **Legislative Finance Committee program evaluators and fiscal analysts, New Mexico Corrections Department, and New Mexico Sentencing Commission staff**

Implementation in Connecticut

- **Policy team co-chairs:**
 - **Chair of House Appropriations; and**
 - **Under Secretary for Criminal Justice Policy and Planning**
- **Project manager:**
 - **Institute for Municipal and Regional Policy, Central Connecticut State**
- **Staff team: Three subgroups that focus on programs, marginal costs, and recidivism cohorts**

Implementation Update



- VT
- NH
- MA
- RI
- CT
- NJ
- DE
- MD

Iowa: Informing Stakeholders

- ***Return on Investment: Evidence-Based Options to Improve Outcomes (May 2012)***
 - **Cognitive-behavioral programs are the most cost-effective across populations**
 - **Intensive supervision using the RNR model produces a greater return than standard treatment (\$4.07 vs. \$2.78)**
 - **Identify ineffective programs**

Iowa: Informing Policy

- **Programming decisions**
- **DOC budget request for FY2013-14**
- **Modeling mandatory minimum sentencing changes for drug offenses**

New Mexico: Informing Stakeholders

- ***Reducing Recidivism, Cutting Costs and Improving Public Safety in the Incarceration and Supervision of Adult Offenders (June 2012)***
 - **Previous budget cuts targeted proven programs**
 - **Cuts to drug courts cost the state \$1.8m per year**
 - **Cuts to Corrections Industries cost \$1m per year**
 - **Community-based programming may lack model fidelity**

New Mexico: Informing Policy

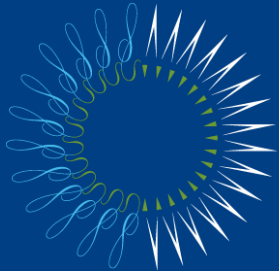
- **Evidence-based programs should receive priority funding**
 - **Drug courts should receive legislative funding and be operated by the Judicial branch**
- **The department should require quality assurance in provider contracts and target funds to proven programs**

For more information

Gary VanLandingham
Director, Results First
gvanlandingham@pewtrusts.org

Ashleigh Holand
Senior Associate, Results First
aholand@pewtrusts.org

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