

COSTING INTERVENTIONS



WORKSHOP ON STANDARDS FOR BENEFIT-
COST

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THEMES



- 1- INADEQUACY OF MOST COST ANALYSES.
- 2- WHAT METHOD SHOULD BE USED?
- 3- CREATING A CIVIL UNION

WHERE ARE THE COSTS?



- Calipers for Effectiveness; Witching Rods for Costs.
- Costs Ignored Completely.
- Costs Presented: No Source. No Criterion.
- Costs taken from “budget”.
- Accounting department told us. (administered prices?)
- Grant support.

Cost Questions



- What is criterion for determining costs?
- How complete? Does it cover all of the requirements that obtained effects on which benefits are based?
- Does it use comparable prices for comparison (e.g. local vs national)?
- Is constituent information adequate for an observer to replicate results?

INGREDIENTS COST METHOD



- Criterion is economic opportunity cost.
- Use of competitive market prices or shadow prices based on market.
- Goal is to ascertain cost of all resources required to replicate the effectiveness result.

Major Steps



- For each alternative:
 - Description of intervention and theory of action.
 - Specific ingredients or resources that were used to implement intervention (quantity and quality).
 - Documents.
 - Interviews.
 - Observations.
 - Market or shadow prices for all ingredients (based upon opportunity costs).
 - Independent of funding sources.
 - Total costs, marginal costs, average costs (per student)

ESTIMATING COST WORKSHEET



<i>Column 1: Cost Ingredients</i>	<i>Column 2: Total Cost</i>	<i>Column 3: Cost to Program Sponsor</i>	<i>Column 4: Cost to Other Government Agencies</i>	<i>Column 5: Cost to Other Private Organizations</i>	<i>Column 6: Cost to Students and Parents</i>
Personnel ...					
Facilities ...					
Materials and equipment ...					
Other inputs ...					
Required client inputs ...					
Total ingredients cost					
User fees		- ()			+ ()
Cash subsidies		- ()	+ ()	+ ()	
Net costs					

CURRENT STATUS



- Published initially in “Cost-Effectiveness Analysis in Evaluation Research” In *Handbook of Evaluation Research* (1975).
- Many studies produced over four decades:
www.cbcse.org.
- Alpha version of computer platform with user manual, and data bases of prices and other data.
- Seems to be accepted by economists.
- Adopted by Poverty Action Lab (J PAL) at MIT to do cost-effectiveness of its RCT's.

A CIVIL UNION



- 1- Set standard for cost analysis that is equally amorous (rigorous) with both effectiveness and benefits analysis.
- 2- Do cost analysis and effectiveness analysis simultaneously, sharing data for complete evaluation.
- 3- Incorporate a strong ethnographic component which documents intervention process and ingredients. Can also explain differences in site results.
- 4- Avoid retrospective cost analysis in which much information is irretrievably lost.