

# Return on Investment to The FATHER Project

*Prepared for Goodwill/Easter Seals  
Minnesota*

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**Prepared by:**

Jose Y. Diaz and Richard Chase

Wilder Research

451 Lexington Parkway North

Saint Paul, Minnesota 55104

651-280-2700

[www.wilderresearch.org](http://www.wilderresearch.org)

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# Summary and discussion

The FATHER Project, a program of Goodwill/Easter Seals Minnesota, strives to empower fathers to overcome barriers that prevent them from supporting their children economically and emotionally. During its 2009 fiscal year (October 2008 – September 2009), the FATHER Project served 380 fathers who faced barriers such as low-income levels, unemployment, the lack of a high school diploma, and involvement in various court systems. Goals of the program focus on enhancing fathers' parenting and employment abilities so that they can more fully support their children both economically and emotionally.

This study is done in two parts. The first consists of a long-term social Return on Investment (ROI) analysis using *actual FATHER Project outcome measures*. Because this is based on actual outcome measures, this portion of the study is referred to as the "Actual ROI." This part of the study is done in four parts. First, we calculate the total cost of the FATHER Project. Next, we describe the extent to which the measureable outcomes have been achieved. Third, we calculate the dollar value of the outcomes for which financial data are available. Last, we analyze and present the benefits relative to the costs.

The second part of the study consists of a "prospective" ROI analysis. The Prospective ROI is based on estimations of economic benefits of the FATHER Project that are difficult to measure because there are not quantitative assessments of the impact of the program on these economic outcomes. Thus their estimation requires the use of indirect economic reasoning and assumptions. Inclusion of these non-measureable benefits provides a more comprehensive understanding of potential economic impacts of the program. This is important because many of the benefits are due to indirect economic impacts such as the value of establishing paternity or improved parental skills of fathers. The FATHER Project contribution to these outcomes has not been established through formal evaluations, thus the economic benefits derived from them cannot be estimated without the use of assumptions and indirect reasoning about the presumed impacts.

## ***Key Findings***

From the Actual ROI, comparing the dollar values of the project's outcomes (the benefits) relative to the project's costs, shows that the FATHER Project produces net economic value to participants, their children, and taxpayers through increased wages, child support payments, and taxes paid.

From the Prospective ROI, the FATHER Project presumably produces other economic benefits, not presently being measured, that can be estimated based on the experience of other research. This prospective assessment provides a more comprehensive picture of the project's potential net benefits and can be used to support the overall value of the FATHER project to participants and society.

### ***Actual ROI benefits***

The analysis shows long-term benefits derived from measureable outcomes achieved by 380 fathers during the 2009 fiscal year that will ultimately reach \$2.7 million. These long-term benefits include the gain in lifetime earnings of fathers, primarily due to making progress toward or attaining a GED.

Specifically, the ROI analysis shows increased income, child support payments, and tax revenue as a result of successful participation in the FATHER Project valued as follows:

- Increased income amounts to \$2.45 million.
- Increased child support payments amount to about \$50,180.
- Increased tax revenue totals more than \$183,000.

Overall, using conservative estimates, the benefits generated by the project outweigh the costs of its operation in the long term, returning \$3.41 for every dollar invested in one year of operation.

### ***Prospective ROI benefits***

The estimated prospective ROI benefits for the same period of operation of the project ultimately will reach nearly \$4.7 million. These potential long-term benefits include the value of establishing paternity, the prevention of criminal activity, improved child development and school readiness, and the value of volunteerism.

- Paternity establishment as it relates to enforcing child support amounts to \$97,000.
- Reduced criminal convictions and recidivism amount to \$1.66 million.
- Increased child literacy and development due to increased participation of fathers in children's lives and improved parenting skills amount to \$45,000.
- Engagement and involvement with early childhood programming amounts to \$2.9 million.

- Increased community involvement and leadership of fathers amount to \$1,860. (Any additional benefits cannot be measured at this time.)

Using conservative estimates, the additional prospective benefits that presumably could be generated by the project outweigh the costs of its operation in the long term, potentially returning another \$6.03 for every dollar invested in one year of operation.

### ***Total return on investment***

The actual and prospective return combined totals an estimated \$9.47 for every dollar invested. This does not include other benefits not currently measurable related to the social and economic benefits to the children of establishing paternity and the benefits to the program and society of volunteerism and leadership by the fathers following their involvement in the FATHER Project.

# Introduction

## *Overview of the FATHER Project*

The FATHER Project (Fostering Actions to Help Earnings and Responsibility) of Goodwill/Easter Seals Minnesota serves low-income, primarily non-custodial fathers to enhance their employment and parenting abilities and life stability so that they can better support their children economically and emotionally and be positively involved with their children.

The FATHER Project provides services directly to participants as well as through partnerships with other organizations. A list of the key collaborating partnering organizations of the FATHER Project is listed in the Appendix. The project directly provides: case management for its participants to coordinate the various services on an individual basis, provided in partnership with CLUES and DIW; individualized support to fathers to establish paternity, reduce child support barriers, and to bolster their child support payment compliance; comprehensive employment services, such as curriculum based readiness training, job clubs, and job placement and retention support; and GED tutoring. In partnership with Parents as Teachers National Center/Meld, the project offers fathers the opportunity to participate in curriculum-based, facilitated parenting support groups, where they learn parenting skills and receive support from other fathers in similar circumstances. The project also provides legal services ranging from consultation to full representation, in partnership with Central Minnesota Legal Services, to help fathers with custody and visitation issues. Finally, the project places special attention on helping fathers to support early childhood development and school readiness through “play and learn” groups and child development services in partnership with Way to Grow and Minneapolis Early Childhood Family Education (ECFE). Additional services, such as mental health services and housing referrals, are provided with the goal of promoting individual life stability for participating fathers.

## *Expected outcomes of the FATHER Project*

The project expects parents and children across two generations to benefit from participation. The parents served will increase or improve their employment and financial stability, and their children will have fathers more fully engaged in their lives financially and emotionally.

Economic stability is evidenced by improved employment and wage rates, number of hours worked, job retention rates, improved educational attainment, volunteerism, and no criminal



convictions. Indicators of parental responsibility and engagement include establishment of paternity, compliance with child support payments and improved parenting skills.

Through its partnership with Way to Grow and Minneapolis Early Childhood Family Education, the project is also expecting that children of the fathers in the project will have age-appropriate cognitive and social-emotional development leading to literacy skills, kindergarten readiness and, ultimately, to completion of high school and a positive life course.

### ***Study purposes, methods, and assumptions***

This study consists of a long-term social Return on Investment (ROI) analysis and a prospective ROI analysis based on presumed but not measured outcomes of the FATHER Project. It also includes potential but non-measurable economic benefits that provide a comprehensive understanding of the possible economic impacts of the program; and a framework for future evaluation and ROI analysis of the FATHER Project.

The long-term social ROI compares the estimated economic value of the benefits of the program with their associated costs based on available outcome data. This part of the study has four steps: first, we enumerate the total costs of the project. Next, we describe the extent to which the measurable outcomes have been achieved. Then we calculate the estimated dollar value of the outcomes for which financial data are available. Last, we analyze the benefits relative to the costs of the project. To assess the changes in income, we employ a comparison group of project participants who did not use employment services from the FATHER Project. This analysis assumes these two groups have similar demographic characteristics and comparable labor force participation based on past wage behavior.

These outcomes are currently measured by the FATHER Project and are part of the actual long-term social ROI analysis:

- Employment status
- Changes in wages and hours worked
- Job placement and retention
- Educational achievement (GED full or partial completion)
- Child support payment compliance and amount

The actual long-term benefits of the FATHER Project in the ROI are:

- Lifetime earnings
- Child support benefits
- Benefits to taxpayers due to increased taxes paid

The prospective ROI estimates the potential dollar value of additional benefits of the FATHER Project using a combination of program data and data from evaluations of similar interventions (based on a review of the research literature). The potential benefits examined in the study are:

- Paternity establishment as it relates to enforcing child support
- Reduced criminal convictions and recidivism
- Increased child literacy and development due to increased participation of fathers in children's lives and improved parenting skills
- Engagement and involvement with early childhood programming (Way to Grow)
- Increased community involvement and leadership of fathers

The potential but non-measurable economic benefits include:

- Other aspects of community involvement and leadership of the fathers
- Other aspects of paternity establishment

In all cases, assumptions about costs, prices, or value of outcomes are made using the most conservative criteria so that the resulting net benefit is always in the lower range of possible values.

The time frame for the analysis is the 2008-2009 fiscal year (October-September). The study uses individual data collected by the FATHER Project and Goodwill-Easter Seals of Minnesota, financial data for the project, and aggregated de-identified wage data provided by the Minnesota Department of Employment and Economic Development.

Table 1 shows the study data elements and the sources of each element.

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**1. FATHER Project study data elements and sources**

<b>Data element</b>	<b>Source</b>
Demographics and program participation	FATHER Project/Goodwill-Easter Seals client data base
Financial costs data	FATHER Project income statements fiscal year 2008-2009
Wage and labor data	Minnesota Department of Employment and Economic Development
Child support benefits	Hennepin County administrative data

# Profile of FATHER Project participants

During the study period, 380 non-custodial fathers participated in the FATHER Project. These fathers reside all over the Twin Cities Metro Area, with approximately 90 percent residing in Hennepin County.

They range in age from 19 to 53, with an average age of 31. The largest group is African American (51%), followed by Hispanic fathers (19%), American Indian (11%), and whites (10%).

At the outset, approximately 45 percent of participants reported not having a competitive job; 43 percent did not hold a high school diploma or a GED; at least 22 percent of fathers were required to provide child support payments, and 36 percent had criminal convictions in the past.

## *Participation in employment and parenting services*

The FATHER Project provides services in three areas: parenting skills development, personal development, and employment/economic stability development. The specific services include:

- Intensive Case Management services (CLUES, The Division of Indian Work, and FATHER Project staff)
- Parenting Groups (peer-based and interactive with children) (CLUES, FATHER Project staff, Way To Grow, Minneapolis ECFE, and Parents as Teachers National Center/Meld)
- Child Support Seminars (Hennepin County Child Support)
- Individual child support services (Hennepin County Child Support)
- Family law seminars and individualized services (Central Minnesota Legal Services)
- Employment Readiness Training classes (FATHER Project)
- Job Clubs (FATHER Project)
- Job Placement/retention Services (FATHER Project)

Table 2 shows the extent of participation in activities to improve employment and parenting skills and behaviors. During fiscal year (FY) 2008-2009, more than half

attended parent training and support groups; more than half attended child support seminars, and nearly a fifth participated in the Play and Learn groups. Also during that time, twenty four percent received assistance with job placement.

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## 2. Participation in FATHER Project employment and parenting services

Service	Number of participants	Percentage of 380 participants
Job placement	91	24%
Child support seminars	212	56%
MELD parenting classes	207	54%
Latino parenting classes	67	18%
Play and Learn groups	81	21%

### *Volunteering in the FATHER project*

Participants in the FATHER Project also have the opportunity to take part in community action projects as part of various leadership development initiatives. These activities are supported mainly by former participants who completed the regular parenting classes. Serving on a volunteer basis, these participants plan, develop, and implement activities that include a Community Action Project, which consists of presentations about the importance of positive, active fathers in the lives of their children, to various audiences in the community. During FY 2008-2009, eight fathers participated in these activities, devoting 310 hours as volunteers. Approximately 211 of these hours were devoted to making presentations about the project to various community and professional groups around the Twin Cities.

# Costs of the FATHER Project

## *Direct costs*

The FATHER Project had an operational budget of \$664,732 for its FY 2008-2009. The actual expenses for the period of study reached \$643,713, with approximately 50 percent of the expenses accrued to labor costs and the other half to other operational and administrative costs. More than \$150,000 of the budget are dedicated to partnerships with other services providers and programs.

Given that 380 individuals (unduplicated) participated during this period, the financial cost per participant is \$1,694.

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### **3. FATHER Project expenses (October 2008 -September 2009)**

All labor & fringe expenses	\$334,613.00
Total non-labor & fringe expenses	\$308,840.00
Depreciation & amortization	\$260.00
<b>TOTAL OPERATING EXPENSES</b>	<b>\$643,713.00</b>

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## *Indirect costs*

There are costs that are not included in the traditional financial statements, called indirect costs or opportunity costs. One example of this kind of cost is the value of the time volunteers spend working for the FATHER Project. The FATHER Project receives volunteer work from individual members of the community and from participants in the program. During the fiscal year 2008-2009, 40 members of the community contributed 2,050 hours of volunteer work. The value of this time is calculated at \$14,863. In addition, FATHER Project participants provided 310 hours of work, and the value of this time rated at a \$7.25 hourly wage is nearly \$2,247.

The value of the time provided by community member volunteers is included as a cost in the ROI estimation. However, because the volunteer hours provided by FATHER Project participants are both an indirect cost and an outcome produced by the project, the dollar value to the project nets out to zero, so these costs will not be considered further as part of the benefit-cost analysis.

## Costs of partnerships

Partnerships between the FATHER Project and other programs and community organizations generate outcomes that may produce economic benefits. However, these partnerships imply exchanges of resources and services that have an economic cost. Thus, the net cost associated with these partnerships needs to be accounted for in the ROI analysis so that the estimated net benefits include the value of the resources used to generate them.

The majority of the partnerships that the FATHER Project has with other organizations are governed by service contracts. The cost of these contracts is included in the budget of the FATHER Project, thus we do not need to itemize them separately from the costs described in the previous section.

There are partnerships that do not imply any direct monetary costs for the FATHER Project. For instance, some partner organizations provide staff time to serve FATHER Project participants such as legal counseling, child support case management, and instructional services to fathers and their children. However, these services do have a cost for the provider organizations that needs to be included in the ROI estimations. The cost of the partnerships is estimated using the value of the time of the staff from other organizations that provided these services to FATHER Project participants. The value of staff time is estimated using conservative assumptions about prevailing wage rates for these types of services.

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#### 4. Indirect costs of partnerships (October 2008-September 2009)

		Median wage rate	Annual cost
Central MN Legal Services: Staff Attorney	16 hours per week	\$150	\$115,200
Hennepin County Child Support: Child Support Enforcement Officers (2 officers, one day each)	16 hours per week	\$27.29	\$20,959
Minneapolis Early Childhood Family Education: ECFE Teacher	3 hours per week	\$37.97	\$5,468
TOTAL INDIRECT COSTS OF PARTNERSHIPS			\$141,627

**Notes:** Assumed 48 weeks of services.

**Source of wage rates:** Central MN Legal Services and National Compensation Survey. National Bureau of labor statistics. Retrieved from: <http://www.bls.gov/ncs/ocs/sp/nobl1436.txt>

## Total costs

Combining the direct and indirect costs totals \$785,340. This amount will be used to calculate the rates of return for the long-term and prospective analysis.

# Actual long-term ROI

The actual long-term ROI compares the estimated economic value of the benefits of the program with their associated costs based on outcome data. It is calculated using only data from outcomes that can be attributed to the intervention of the FATHER Project. The outcome data are monetized using conservative assumptions.

## *Outcomes of the FATHER Project associated with long-term benefits*

This section of the report describes the outcomes based on available income and labor data for the 380 participants (unduplicated) served in the FATHER Project during fiscal year 2008-2009. The data used only includes cases with Social Security numbers and their de-identified wage and work hours data provided by the Minnesota Department of Employment and Economic Development.

### **Employment status, wages, and hours worked**

During the period studied, 181 participants (48%) were employed, and 44 (12%) of these participants had data on job placement which included information on the employer, industry, and job retention. The no-placement group, which consists of participants who did not use employment services from the FATHER Project or received in previous years, is used as a comparison group to assess the impact of the project in terms of wages and salaries. This group of participants without employment services and the group with placement services show similar patterns of job history and wages before participating in the FATHER Project, making the groups comparable in terms of the labor variables. It is worth noting that both groups of fathers were exposed to other services from the FATHER Project, but we can assume that participation in these other services is random across both groups and that the estimates in this report capture the net impact of the job placement services of the FATHER Project.

The average wages earned by the sample of participants with job placement information was \$10,283, compared with \$12,230 for those without job placement during fiscal year 2008-2009. Participants using the job services earned approximately \$1 less per hour on average than participants without placement information. In addition, the placement group worked, on average, 855 hours per year, 22 fewer hours on average than the no-placement group.

These lower wages probably, in part, reflect the job market for those entering during the recession as compared with those already holding jobs. In fact, the low average wage of



the placement group may underestimate the wages earned by these individuals since this group includes cases with only few or no hours worked during part of the study period, these workers with fewer hours worked may drive down the average hours for the whole group and thus generating more conservative results in the benefit-cost analysis.

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**5. Economic stability outcomes of fathers in the FATHER Project**

	During FY 2008-09		
	Average Wages	Average Hourly Wage	Average Hours Worked
Used placement services (N=44)	\$10,283	\$12.38	855
Did not use placement services (N=137)	\$12,230	\$13.32	877

*Source:* Minnesota Department of Employment and Economic Development, own calculations.

Short-term income is determined by the wages earned during the study period. To assess the economic benefit of participation in the FATHER Project first we need to verify how much of the change in wages experienced by the fathers is the result of participating in the FATHER Project and not a consequence of other factors. To achieve this goal we compare the changes in wages of the group of parents who received placement services before and after the date of participation in the project. Then, we compare this difference (gain or loss) in wages to the changes in wages of the group of fathers who did not receive placement services. The difference between these two numbers would be the net gain in wages attributable to participating in the FATHER Project.

Table 6 shows the resulting gains in average wages earned, hourly wage rate, and hours worked due to participation in the FATHER Project. Fathers who received placement services increased their wages nearly \$3,130 during the 2008-09 period compared to fathers who did not receive the placement services. This represents a gain of more than 35 percent in annual income. In addition, participants earned approximately \$1.20 per hour more and worked nearly 84 more hours per quarter after receiving employment services from the FATHER Project.

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**6. Net short term income gains due to job placement assistance by the FATHER Project**

	Used placement services (N=37)	No help with placement (N=137)
<b>Average Wages (quarterly)</b>		
Before participation	2,148.77	3,345.59
After participation	2,755.27	3,169.43
<b>Average Hourly Wage</b>		
Before participation	10.56	13.57
After participation	11.39	13.19
<b>Average Hours Worked</b>		
Before participation	179.72	239.35
After participation	213.10	188.99
<b>Net gain due to participation (quarterly)</b>		
Average wages (quarterly)	782.65	-
Average hourly wage	1.21	-
Average hours worked	83.74	-
Annual average wage gain due to participation	3,130.59	-

There are 91 participants with job placement during FY 2008-2009. The short-term benefit in increased wages for this group is \$284,884.

Note that this estimation is conservative by at least 40 percent since only the wages of fathers who received placement services are included in the calculations of the treated group. This implies that the average wages estimated here do not include the wages of fathers who attended job clubs during this period, but no wage data were available for all these fathers.

**Job retention**

As shown in Table 7, about 77 percent of participants with placement data available reported that they still had a job after 90 days of placement, and 64 percent retained their jobs 180 days after the FATHER Project helped them find a job. However, note that these retention rates are self-reported and may contain reporting errors. Also, we have no comparison group for this measure, so we cannot assess the true impact of the project on retention rates.

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## 7. Job retention rates for fathers in FATHER Project

Job retention	
90 days after placement N=35	180 days after placement N=39
77.1%	64.1%

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*Source:* FATHER Project client data base and [Federal Program report](#).

### **Educational achievement**

Educational attainment is the main determinant of lifetime earnings in the U.S. and developed countries. Furthermore, it has been shown that cognitive skills are positively correlated with higher scores in the subject exams of the GED, and eventually these “partial” academic achievements (i.e., taking and passing only a sub-set of the subject exams) have an incremental effect on the lifetime earnings of the individuals (Tyler, Murnane, & Willett, 2000). The economic impacts of these partial academic achievements may be significant when assessed over the lifetime earnings of an individual.

During the period October 2008 – September 2009, eight participants of the FATHER Project obtained their General Education Diploma (GED). The average age of the group at the time they earned the degree was 26 years old. In addition, seven fathers took and passed at least one of the subject exams of the GED. On average, these fathers were 27 years old at the time.

### **Child support payments**

Complying with child support obligations is a key demonstration of this expected outcome of the project. Since many of the fathers are jobless, and the poor economy-wide conditions affect the ability of parents to comply with this obligation, results of this child support data must be interpreted with caution. Further, FATHER Project participants come from many counties around the metro area; however, this study uses available data from Hennepin County. A great majority of participants (approximately 80%) come from this county, thus we assume that these data are a good representation of the FATHER Project population of participants.

According to Hennepin County administrative data, during the FY 2008-2009, FATHER Project participants paid 51 percent of their child support obligation (Table 8), compared with 70 percent of the total ongoing support that was due in Minnesota (Minnesota Department of Human Services, 2010). In 2009, FATHER Project participants paid in average \$1,222 in child support, while Hennepin County average disbursement per case was \$1,988. The lower payment rate of child support among FATHER Project

participants is explained in part by the high level of unemployment of participants and their lower levels of income. There were 101 new participants enrolled in the child support component of the FATHER Project, 67 percent had at least one child support charging order from Hennepin County, with a total of 128 open cases.

Note that the true impact of the project on the capacity of fathers to pay their child support cannot be determined without sufficient data on their history of payments and/or data on a comparable group of non-participant fathers. Nevertheless, as the fathers are able to find and retain jobs, their ability to comply with their child support obligations also improves.

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**8. Child Support Payments of FATHER Project participants in Hennepin County (FY 2008-2009)**

	<b>Total support due</b>	<b>Total disbursed</b>	<b>Percent</b>
October	\$19,397.50	\$10,801.13	56%
November	\$20,150.23	\$8,266.07	41%
December	\$17,963.00	\$11,539.71	64%
January	\$16,002.00	\$6,414.60	40%
February	\$16,055.00	\$7,232.50	45%
March	\$16,242.00	\$9,913.93	61%
April	\$14,958.00	\$7,949.75	53%
May	\$16,067.32	\$7,496.58	47%
June	\$14,888.50	\$7,033.28	47%
July	\$16,305.71	\$8,384.79	51%
August	\$17,182.10	\$8,025.25	47%
September	\$15,605.00	\$8,422.50	54%
	\$200,816.36	\$101,480.09	51%

***Actual long-term benefits of the FATHER Project***

In this section we estimate the dollar values of the outcomes generated by the FATHER Project. The benefits considered include those for participants and for taxpayers. For participants, benefits are: increased lifetime earnings of fathers due to increased educational attainment, wages, and job retention, and increased amount of child support payments due to improved compliance. Taxpayers benefit from the FATHER Project by the increase in tax revenues due to increased income of the participating fathers.

## **Lifetime earnings**

FATHER Project participants receive services to help them obtain their GEDs, and education is a main determinant of lifetime earnings.

It has been estimated that GED holders earn nearly \$9,500 more annually than non-GED holders (Wilder Research, 2010). Furthermore, according to a study of the impact of cognitive skills on the labor market (Tyler et al., 2000) even partial attainment of a GED, i.e., passing an additional subject test for the GED, can increase lifetime earnings significantly. For the purpose of the estimates presented here, we assume that each additional subject exam passed (of the five subjects: social studies, reading, writing, science, and math) accounts for a one fifth of the gain in lifetime earnings due to a complete GED. That is, we assume that passing a GED subject exam would generate an increase in annual income of approximately \$1,900.

These calculations of increased lifetime earnings use present values based on the age when fathers attained their GED until age 65. During the period October 2008 – September 2009 eight participants obtained their GEDs. The increase in the life time earnings of these fathers due to their new GEDs reaches \$1,112,046. In the same period, seven fathers took and passed at least one GED subject test. The gains in lifetime earnings for these fathers amount up to \$656,505 over the next 30 to 50 years. The total benefit of the FATHER Project due to increased education of the participants is \$1.77 million.

## **Long-term benefits from increased wages and job retention**

At least 10 percent of participants of the FATHER Project see their wages increased each year. In the short term, these benefits due to increased wages reached \$115,832. A proportion of this benefit is generated by increased education of participants, i.e., fathers that obtained their GED that year. Approximately 2 percent of participants earn their GED in a given year; thus the impact due to increased wages needs to be reduced by 20 percent to avoid double counting the educational impacts. After netting out the impact of educational attainment, the annual benefit from increased wages is approximately \$92,665.

Assuming that participation rates and employment impacts of the program would remain constant for the next 10 years, the net present value of the long-term benefits due to increased wages of FATHER Project participants reaches \$682,022.

## **Child-support benefits**

FATHER Project participants paid \$101,480.09 in child support during the period October 2008 – September 2009. This represents 51 percent of the total amount owed during that period. On average, each father paid \$1,207.

A proportion of this amount would have not been paid if the fathers had not received services from the FATHER Project. Since the main determinant of the ability to pay the child support is having a source of income, we can conservatively assume that individuals who obtained jobs because of the help of the FATHER Project would have not been able to comply with their child support payments.

Using available employment and job placement data we estimate that there are approximately 32 fathers with child support obligations that are employed. Among these participants employed, more than half were placed in jobs using the employment services provided by the FATHER Project. That is, approximately 18 fathers are more able to comply with their child support obligations due to the job placement services of the FATHER Project. These participants earn nearly \$3,131 more a year because of the program. Assuming that they devote at least half of this additional income to pay child support, we can attribute approximately \$1,565 of additional child support to the FATHER Project for each of these 18 fathers. That implies a total short-term contribution to child support payments of nearly \$25,490 that can be attributed to one year of job placement services provided by the FATHER Project.

In the long run, it is expected that more educated fathers with higher incomes and better jobs will be able to better comply with their child support obligations and that the amount of child support obligation owed would increase accordingly. Eight participants obtained GEDs during the analyzed period, and seven took and passed at least one subject exam of the GED. We can assume that at least two of these fathers have child support obligations and that they would be more capable to comply with his child support in the long run due to the increase in his income. Assuming that the fathers will pay at least the average annual payment of child support in Hennepin County for at least eight more years ( $\$1,988 \times 8$ ). The benefit of increased education in terms of future child support payments that can be attributed to the FATHER Project is nearly \$32,000. Discounted 6 percent per year, that amounts to \$24,690 in present value.

In addition, parents who improve their parenting skills and are more involved with their children are more likely to comply with child support obligations. However, since there is no outcome data for increased parental skills we use data on participation and assumptions about the potential impact of the parental skills services of the FATHER Project to estimate a prospective economic value of this benefit in the next section.

### **Benefits to taxpayers**

The benefits to taxpayers consist of additional sales and income tax revenues due to increased income of participants in the FATHER Project.

To estimate the long-term additional revenues from income taxes, we applied the marginal tax rate and sales tax incidence rate in Minnesota to the total additional lifetime income due to increased education of participants (\$1,768,151) and increased wages (\$682,022).

The estimated long-term additional revenues from FATHER Project participants are \$131,619 in income tax and \$51,664 in sales tax for a total of \$183,283.

### ***Comparing benefits and costs of the FATHER Project***

In this section we compare the economic value of the outcomes to the actual costs of the project. The benefit-cost ratio indicates the return of every dollar spent in the project. We also consider that the outcomes of the FATHER Project generate benefits that are realized in the short-term as well as benefits that materialize in the long-term over the future life of the fathers. The estimated benefits and total costs of the FATHER Project are shown in Table 9 below.

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#### **9. Comparison of estimated long-term benefits and costs of the FATHER Project**

<b>Benefits</b>	<b>In Millions</b>
Increased income	\$2.45
Child-support benefits	\$.05
Increased taxes	\$.18
Total estimated long-term benefits	\$2.68
Total costs	\$.785
Actual benefit-cost ratio	\$3.41

# Prospective ROI

This section estimates the potential dollar value of additional long-term net benefits of the FATHER Project using a combination of program data, evaluations of similar interventions, and reasonable and conservative assumptions.

## *Value of establishing paternity*

Studies have shown that established paternity is associated with higher and consistent child support payments (Greene & Moore, 2000). Children whose fathers established legal paternity were nearly three times more likely to receive formal child support than children without legal paternity.

At least 14 fathers have established legal paternity during their participation in the FATHER Project during the one-year period addressed in this analysis. The children of these fathers are more likely to receive formal child support. However, we cannot estimate the increase in child support payments due to establishing paternity since there is no control group to assess the real impact of the program on these payments. A more rigorous research design is being discussed by the FATHER Project leaders so that this benefit can be estimated in the future. However, it is known that the Child Support Enforcement Program requires establishing legal paternity to be able to collect child support from fathers. Thus, it is very likely that a high proportion of the 14 fathers who established paternity during their participation in the FATHER Project did so to comply with their child support obligations. Assuming that at least 10 of them now pay child support, and using the average payment per father (\$1,207) and the assumption that they will pay support for at least eight more years, the long-run benefits from establishing paternity reaches \$96,556.

## *Reduced recidivism*

Recidivism is commonly defined as a conviction in a court for any offense following release to the community. Benefits of reduced recidivism are assessed in terms of reduced costs to taxpayers for law enforcement, adjudication, and incarceration, and reduced costs to the victims of crime. The economics literature provides sufficient evidence of the magnitude of the economic costs that recidivism and incarceration impose on society (Aos, Miller, & Drake, 2009). The benefits are usually estimated in terms of present value of crime-related costs avoided over the life-time of an individual participant (Washington State Institute for Public Policy, 2007).



The relevant question for the prospective ROI of the FATHER Project is how many participants who did commit crimes in the past or who might be at-risk for (or predicted to) commit crimes without service intervention stayed out of the criminal justice system because of their involvement in the program. In the absence of data on types and numbers of criminal convictions and incarceration of participants relative to an adequate comparison group, any analysis of the impact of the program on recidivism would be based on assumptions about the prospective impacts of the program.

A recent study conducted by the Washington Institute for Public Policy (Aos et al., 2009) shows that interventions that seek to reduce recidivism produce reductions between 20 and 40 percent in the rate of criminal recidivism. The same study found lifetime benefits of reduced recidivism ranging from \$1,835 to \$75,722 for crime victims and \$1,069 to \$28,713 for taxpayers, depending on the type of crime.

The FATHER Project does not currently collect information about the type of crimes committed by FATHER Project participants or the type of crimes that they will be most likely to commit. Since the cost to victims depends on the type of crime they suffered, we assume, based on national crime data, that 16 percent of the crimes were property or violent crimes. Therefore, we can use the upper amounts in the ranges to estimate the possible benefits for preventing 16 percent of repeat crimes and can use the mid-point amounts in the ranges for the rest (Department of Justice, 2008).

About 36 percent of participants or 137 participants during the fiscal year 2008-2009 have criminal conviction. Assuming a 65 percent rate of recidivism and that the project would reduce this rate by 20 percent, we can assume that about 27 participants would not commit new offenses due to the FATHER Project. Four of these would probably be violent or property crimes. Therefore, crime victims may receive estimated benefits of \$1.2 million in terms of saved costs, and taxpayers would accrue savings in the order of \$457,000 for these estimated 27 participants of the FATHER Project that had a previous criminal conviction and do not commit a new offense because of the influence of the FATHER Project, amounting to \$1.66 million.

### ***Increased parenting skills and participation of fathers in children's lives***

Interventions to increase parenting skills seek to improve knowledge, skills, attitudes, and behavior of parents that are related to early childhood outcomes. An evaluation of the early childhood education components of the FATHER Project (Bischoff, 2010) found that these participants say they had:

1. Increased understanding of their children's developmental stages and health.

2. Improved their parent/child bonds and connections.
3. Become more active teachers of their children.

The FATHER Project evaluation, however, was based on end of project self-reports by participants, not repeated objective measures, and did not link these outcomes with any child outcomes. Consequently, any benefits of these improved parenting skills are presumed or prospective.

Moreover, even though studies of the impact of parenting programs have shown that parent involvement is a positive factor in the development of child literacy and many other aspects of the life of the children, these impacts are difficult to translate into long-term economic outcomes such as life-time income or employment, outcomes that can be used in the ROI estimation (S. Aos, Lieb, Mayfield, M. Miller, & Pennucci, 2004).

While we cannot attach monetary values to the long-term outcomes for children generated by the immediate outcomes of increased parenting skills, we can reasonably assume that fathers who increase their positive connections with their children will be more likely to comply with child support obligations. At least 84 project participants had child support obligations. Since more than half of fathers participated either in child support seminars or activities directed to increase parent's involvement, we can assume that at least 42 out of 84 cases may have changed behaviors due to the child support seminars and that about 50 percent of the annual child support payments made by fathers participating in the program may have been motivated by the FATHER project. However, since we do not have evidence of the effect size of this impact, we need to discount this amount by a reasonable rate; most ROI studies use a discount rate of 50 percent in this kind of situation. Thus, applying a 50 percent discount rate to the presumed impact rate gives a 25 percent rate of impact of the program. Since we already estimated that nearly 19 percent of the child support payments are generated from the effects of increased education and employment, we can attribute a net impact of approximately 6 percent due to increased parent involvement. This is equivalent to \$6,089 annually, and a long-term additional benefit of \$44,816 in net present value over a period of 10 years.

In the next section, the increased involvement and parenting skills are presumed to positively contribute to quantifiable benefits generated by participation in child development programs associated with the FATHER Project.

## ***Engagement and involvement with early childhood programming (Way to Grow)***

The more stable economic conditions of the fathers and improvement in their parenting skills likely may have a positive impact on children's cognitive and social development that would contribute to their school readiness and to an ultimate path of future educational attainment and financial stability. However, because the impacts of the project activities on the fathers' behavior toward their children and the ultimate effect on the children have not been assessed, these benefits at this point are prospective.

The FATHER Project has had a partnership with Minneapolis Early Childhood Family Education and the Way to Grow program for the last 3.5 years. Through these partnerships, the FATHER Project is able to provide "Play and Learn" interactive parent skill-building sessions and home visiting services. The Play and Learn sessions have been popular among fathers in the FATHER Project and have served to connect them with the home visiting, which is the main tool for fathers to learn active parenting skills with a focus on reading, literacy, and health – key skills to improve children's readiness for school.

During the study period, 27 Play and Learn Group sessions were offered, and 24 parents and 57 children attended these sessions. It is estimated that at least 50 percent of the children that participated in the Play and Learn sessions also received individual home visits, which are the core service of the Way to Grow program. Thus, we assume that about 28 children would receive the full impact of the program.

The Way to Grow program claims that 85 percent of its participating children are prepared for kindergarten, compared to 59 percent of children in Minnesota, an impact of 63 percent. Based on the research literature (Kershaw, Anderson, Warburton, & Hertzman, 2009), we estimate that a reduction of 1 percentage point in the proportion of children that are not ready for kindergarten is associated with an increase of 17.9 percent in the proportion of on-time high school graduation. Given the rate of on-time graduation in Minnesota of 50 percent for children of color, the impact of the combined intervention of the Way to Grow and FATHER programs may increase the on-time graduation rate to 88 percent, for a net impact of 38 percent.

Thus, of the 28 children, and 38 percent of them or 11 children will be more likely to graduate from high school on-time. Based on historical estimates, the value in lifetime earnings of high school diplomas is nearly \$263,000 (Wilder Research, 2010). Therefore, these disadvantaged children will receive an additional estimated benefit of nearly \$2.9 million.

It is worth noting that the number of FATHER project participants who receive home visits from Way to Grow have almost tripled in the first semester of 2010. This implies that benefits from this partnership would reach more than 4 million dollars in the fiscal year 2010-2011 if present service rates continue.

### ***Increased community involvement and leadership of parents***

Participants of the FATHER Project are motivated to become more involved with their communities and even engage in leadership activities. But what is the economic value of increased community involvement and leadership of FATHER Project participants?

There are at least two possible economic ramifications of this outcome. First is the value of the time spent working in the community by the parents as volunteers. When this work is done in organizations other than the FATHER Project and it can be reasonably argued that this work was motivated by the involvement of the fathers in the FATHER project, part of the monetary value of this time is a benefit attributable to the FATHER Project. The benefits are estimated using a reasonable wage rate as a measure of the value of time.

The second consequence of increased community involvement is the economic impact that the work of the parents may have on other individuals, the community, or taxpayers. This impact is actually a measure of the impacts of the programs or activities where the FATHER Project parents decide to dedicate their time. Thus, unless there are previous measures of the impacts of these programs obtained from objective evaluations, there is no way to reasonably monetize the impact of the parent's work in these programs. Furthermore, even with objective evaluation data, it is difficult to assess the marginal effect size of the time devoted by the FATHER Project participant to the program's impacts.

Accordingly, for the prospective ROI, we estimate only the value of the time allocated to community volunteerism and leadership work by FATHER Project participants and discount the resulting value using a conservative rate. FATHER Project participants have worked nearly 310 hours as volunteers in the community between October 2008 and September 2010. Given the estimated hourly wage that participants earned on average during the fiscal year 2008-2009 of approximately \$12, and applying a discount rate of 50 percent to account for the assumed net impact of the program, the value of the volunteer time provided by FATHER Project participants reaches approximately \$1,860.

## ***Comparing the prospective benefits and costs of the FATHER Project***

In this section we compare the prospective benefits to the actual costs of the project. The prospective ROI indicates the return of every dollar spent in the project including the benefits based on a combination of program data, evaluations of similar interventions, and reasonable and conservative assumptions estimated in this section. To reiterate, the Prospective ROI includes benefits from outcomes that are not directly measured by the FATHER Project at this time, but that are included to provide a more comprehensive estimate of FATHER Project benefits using existing data. The prospective returns and the total possible returns of the FATHER Project are shown in Table 10 below.

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### **10. Estimated actual and prospective benefits relative to actual costs of the FATHER Project**

	<b>In Millions</b>
<b>Total costs</b>	\$.78
<b>Actual benefits</b>	
Increased income	\$2.45
Child-support benefits	\$.05
Increased taxes	\$.18
<b>Actual benefit-cost ratio</b>	3.41
<b>Prospective benefits</b>	
Value of establishing paternity	\$.097
Reduced recidivism	\$1.66
Increased parenting skills and participation of fathers in children's lives	\$.045
Engagement and involvement with early childhood programming (Way to Grow)	\$2.9
Increased community involvement and leadership of parents	\$.002
<b>Prospective benefit-cost ratio</b>	6.03
<b>Total actual and prospective benefit-cost ratio</b>	9.47

# Other potential non-measurable benefits

## *Increased community involvement and leadership of parents*

A likely larger benefit than the hourly rate that has not been accurately gauged is the potential public relations and fund raising value of this community involvement and leadership.

Another potential benefit is the effects on other fathers and potential fathers the FATHER Project participants have as positive role models.

## *Value of establishing paternity*

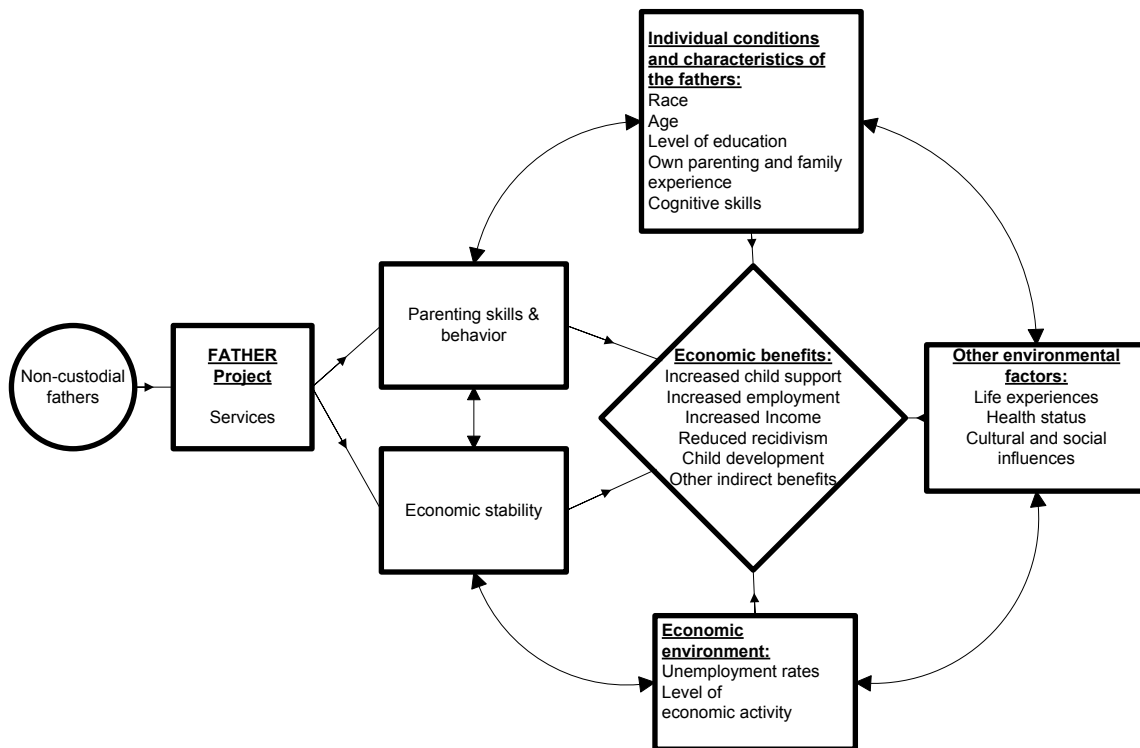
Paternity establishment, in addition to its value for enforcing child support, also provides the child with a legal claim to social security, inheritance, workers' compensation, and veteran's benefits. It also establishes legal parent-child contact and the opportunity to develop a relationship with the child. In addition, studies have shown that established paternity is associated with increased overall safety and organization of the home environment and with the availability of reading material in the home (Greene & Moore, 2000). In the long term, then, the potential value of this relationship is both developmental and monetary (Wattenberg, 1993). The dollar values of these potential benefits, however, have not been fully explored or calculated. The following is a summary of additional positive impacts that can be associated with this outcome, especially because of the provision of legal services to parents.

1. Reduced need for supervised visitation center services. The cost for a two-hour visit at a supervised visitation center is approximately \$60 per parent per visit. By obtaining court-ordered unsupervised PT (COPT), these costs are avoided by both parents, and slots at supervised visitation center are freed up for cases that merit supervision of PT.
2. More efficient use of courts and family court services with involvement of attorney in action for PT. By having an attorney representing at least one party in a court action for establishing parenting time, the amount of court time is reduced. The court can depend on the attorney to draft an order, encourage parties to have realistic expectations of the law in their case, and increase the likelihood of effective mediation of cases (thereby avoiding costly trial proceedings).
3. Reduced recidivism of participants after obtaining COPT. Participants who receive COPT often make greater efforts to stay law-abiding and avoid a return to prison, in order to stay involved in their children's lives. The costs to society of recidivism are high in terms of costs to the justice system and costs to the victims of crime.

# Future Directions: Framework for future evaluation of the FATHER Project

The type of evaluation required to advance the ability to measure the project’s return on investment is especially difficult to implement because the expected outcomes of the program are the result not only of the program intervention but also of a combination of other factors influencing the life of participants. As shown in Figure 11, the impacts of the FATHER Project on economic benefits cannot be established a priori. The services provided by the FATHER Project may have a positive impact on child support payments, employment, and recidivism, but these benefits may also be determined by several other individual and environmental factors.

## 11. FATHER Project logic model of economic benefits



Realistically, however, the goal of a more rigorous evaluation of the FATHER Project would not be to *prove* to what extent participants would have achieved the expected results in the absence of the program. That would require an experimental evaluation with a control group that is beyond the scope of the project. However, it is recommended that the FATHER Project could take these steps to convert the prospective ROI to an actual ROI:

- Routinely collect and document in a relational data base more specific participation, profile, and objective outcome information about individuals before-during-and-after project participation, such as the types of crimes committed (to estimate costs to victims, if any), the level of involvement in each aspect of project services, the amount of child support payments expected and paid by each individual participant (as opposed to relying on aggregate data), the strength and behavioral indicators of the father-child bond, and the ages and developmental status of the children.
- Establish relevant standards of comparison and document a strong statistical relationship between the relevant data elements in order to make claims about what effects can be reasonably attributed to the project, such as the effects of the project activities on economic stability, recidivism, child-development related parenting behaviors, and the ultimate effect on the child's development.



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## Appendix List of partners

- Comunidades Latinas Unidas En Servicio (CLUES)
- The Division of Indian Work (DIW)
- The Minnesota Fathers and Families Network (MFFN)
- Central Minnesota Legal Services
- Minneapolis Public Schools, Adult Basic Education
- Minneapolis Early Childhood Family Education (ECFE)
- Parents as Teachers National Center/Meld
- Project for Pride in Living
- Hennepin County Child Support
- Way To Grow
- African American Family Services