

Return on Investment in the Jeremiah Program Summary

The Jeremiah Program works to transform families from poverty to prosperity two generations at a time. It does this by providing single mothers and their children with a safe, affordable place to live, quality early childhood education, empowerment and life skills training, and support for career-track education.

This study consists of a social return on investment (ROI) analysis of Jeremiah Program, comparing the estimated economic value of the outcomes of the program with their associated investments. The study looked at the economic value of both first generational outcomes, those of the participating mothers, and second generational outcomes, the expected outcomes of the participants' children. It looked at the economic value for participants, private funders, taxpayers, and society as a whole.

Findings

The study found positive economic value for participants, private funders, taxpayers, and society as a whole. The benefit-cost ratios show returns of between \$1.66 and \$34.16 for every dollar invested in the program.

The whole society receives a minimum of nearly \$164,000 in net benefits per participant in Jeremiah Program, with a return of \$2.47 per dollar invested. Private funders invest approximately \$63,000 per family during participants' nearly 30 months of stay in the program. This investment generates \$185,486 in benefits and savings, or a return of \$3.93 for every private dollar invested. The investment in the program by participating mothers is relatively low (\$6,575), yet they accrue 81 percent of all benefits generated by the program, amassing \$34.16 for every dollar invested. Taxpayers recover more than the full

amount invested in the program, obtaining a return of \$1.66 per dollar invested.

- First generation outcomes (dollar value per participant):
 - Increased lifetime earnings as a result of additional education (\$213,987)
 - Increased taxes paid by participants (\$27,807)
 - Savings to taxpayers due to reduced use of public assistance (\$8,346)
- Second generation outcomes (dollar value per participant):
 - Savings from reduced use of special education (\$1,439)
 - Increased lifetime earnings (\$19,002)
 - Increased tax revenues (\$2,838)
 - Savings from crime reductions (\$11,549)

The total cost per participant is \$112,057 for a 30-month average stay in Jeremiah Program. We compared the benefits relative to the investment in the program, obtaining a return of \$2.47 per dollar invested for society as a whole, as shown in Figure 1.

These positive returns imply nearly \$16 million in net benefits for society for every 100 graduates of Jeremiah Program. Private funders' investment plays a fundamental role in the generation of these returns. Funders' contributions represent 57 percent of the cost of serving a family, while the benefits of this investment are equivalent to 84 percent of the benefits accrued by society.

continued

These results compare favorably with similar supportive housing ROI studies. It is estimated that supportive housing in Minnesota generates a return to society of \$1.32 per dollar invested. Additionally, taxpayers obtain a return of 1.44 to 1 in public funding for supportive housing (Chase, Da'ar, & Diaz, 2012. *Return on Investment in Supportive Housing in Minnesota*).

The returns shown in Figure 1 are based on conservative assumptions about expected outcomes, such as graduation rates and level of education

achieved; however, if participants achieve outcomes above the expected, actual benefits may be considerably higher. For instance, a student who actually obtains a bachelor's degree and whose child(ren) actually (at least) graduates from high school would generate about \$730,000 in total lifetime benefits for society; the returns for society would be around \$7 for every dollar invested, while the returns for taxpayers would be nearly \$2 per \$1 invested. Private funders could realize a return of about \$11 per every dollar invested in Jeremiah Program.

1. RETURN ON INVESTMENT, JEREMIAH PROGRAM

	Funders	Participants	Taxpayers	Society (Participants + Taxpayers)
Additional personal income from increased educational attainment (after tax)	\$213,987	\$213,987		\$213,987
Additional tax revenues for the state from increased lifetime income			\$27,807	\$27,807
Reduced public assistance payments		(\$8,346)	\$8,346	
Second generation benefits	\$34,828	\$19,002	\$15,826	\$34,828
Total benefits	\$247,815	\$224,643	\$51,978	\$276,621
Total costs	\$63,329	\$6,575	\$31,370	\$112,057*
Net benefit (benefit – cost for each column)	\$185,486	\$218,068	\$20,608	\$164,564
ROI	\$3.93	\$34.16	\$1.66	\$2.47

* Total costs include all costs shown in table (Funders, Participants, and Taxpayers) and costs funded by the program (not shown in the table)

Wilder Research

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451 Lexington Parkway North
Saint Paul, Minnesota 55104
651-280-2700

www.wilderresearch.org



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For more information

This summary presents highlights of the full report *Return on Investment in the Jeremiah Program*. For more information about this report, contact Jose Diaz at Wilder Research, 651-280-2738.

Author: Jose Diaz

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