

Hawaii Food Stamp Employment and Training/JOBS Conformance Demonstration: Cost Evaluation Final Report

Dave N. Norris
Christopher T. King

May 1997

Center for the Study
of Human Resources



Lyndon B. Johnson School of Public Affairs
The University of Texas at Austin
107 West 27th Street Austin, TX 78712 (512) 471-7891

This report was prepared with funds provided through Interagency Contract No. DHS-96-SSSSD-4925 from the Hawaii Department of Human Services to the Center for the Study of Human Resources at the University of Texas at Austin. The views expressed here are those of the authors and do not represent the positions of the agency or of The University.

Executive Summary

The Center for the Study of Human Resources (CHR) of the LBJ School of Public Affairs at The University of Texas at Austin conducted a two year evaluation of the Hawaii Food Stamp Employment and Training (FSE&T)/Job Opportunities and Basic Skills (JOBS) Program Conformance Demonstration, known locally as PRIDE, under contract to the Hawaii Department of Human Services (HDHS). The demonstration and the evaluation were sponsored by the Food and Nutrition Service of U.S. Department of Agriculture. The evaluation was designed to assess the impact of the demonstration on participation patterns, service delivery, client outcomes, and costs. The evaluation encompassed the period from January, 1992 to June, 1995. This report presents the results from the cost component of the evaluation.

Cost Analysis

The purpose of the cost analysis is to determine the impact of the demonstration on the costs of administering and providing activity components and support services to FSE&T participants. The analysis addresses Hawaii FSE&T program costs statewide, in the demonstration site on the island of Oahu, and in the comparison site on the island of Hawaii. The study covers a three-year period from the baseline (January 1992 - June 1993) through the demonstration period (January 1994 - June 1995). The last six months of 1993 were excluded since this was a transition period to the demonstration.

The research questions for the cost study were as follows:

1. Was there a significant difference in the cost of the FSE&T demonstration program compared to both the pre-demonstration program and the comparison site program?
2. What were the sources of any identified cost variations?

Due to data limitations, some components of total expenditures could not be disaggregated. For example, support services data were reported by DLIR as an aggregate figure; however, HDHS provided some disaggregated support services data and some aggregated. Therefore, for consistency purposes support services (child care, transportation and work related expenses) are presented as an aggregate figure in this report. Furthermore, the expenditures for various component services were reported in a form such that they could not be identified separately.

Other data limitations may cause accuracy problems in the baseline cost figures. Much of the cost data for this report were obtained from HDHS expenditure sheets for various contracted services by HDHS. However, for four of the FSE&T service contracts which CHR received from HDHS there were no accompanying expenditure sheets to verify that payments were made. Therefore, these contract amounts were excluded from the cost analysis. All of these excluded amounts were for contracts covering some part of the baseline period. As a result, if expenditures were made on these contracts, then excluding them would decrease the baseline cost figures and make the increase in costs due to the demonstration appear larger. This issue is still unresolved.

The cost analysis reveals that the operation of the PRIDE demonstration program on the island of Oahu required a far greater commitment of resources than was required in the pre-demonstration program or in the comparison site on the island of Hawaii. The total costs of the FSE&T program on Oahu quadrupled from the baseline to the demonstration period. The costs of the FSE&T program in the comparison site doubled from the baseline to the demonstration period, but the increase was small relative to the demonstration site.

The increase in FSE&T expenditures statewide was also very large. The total costs almost tripled from the baseline to the demonstration period, and most of the increase was a result of the expenditures in the PRIDE program.

Table A. Food Stamp E&T Total Costs

	Baseline Period	Demonstration Period
Demonstration Site	\$292,009	\$1,367,292
Comparison Site	\$111,327	\$233,439
State	\$818,747	\$2,356,056

The distribution of costs in the two sites was similar. Direct service delivery costs accounted for about 75 to 80 percent of total costs in each site. However, support services accounted for a bigger share in the comparison site, while administrative services accounted for a larger share in the demonstration site. The shares at the state level differed significantly. Administrative costs make up a larger share of costs statewide than they do in the demonstration or comparison sites. Also, direct delivery

costs make up a smaller share of costs statewide than they do in the demonstration or comparison sites.

The primary source of the increased expenditures in the demonstration site was direct service delivery costs which accounted for almost 80 percent of total costs during the demonstration period. Administrative costs rose quite dramatically, but they represented only about 20 percent of total costs. Support services costs actually declined in the demonstration site.

Table B. Cross-Site Total Cost Shares

	Baseline Period	Demonstration Period
Demonstration Site		
Administrative Costs	6%	19%
Direct Delivery Costs	80%	79%
Support Services Costs	14%	2%
Comparison Site		
Administrative Costs	6%	6%
Direct Delivery Costs	82%	75%
Support Services Costs	12%	19%
Statewide		
Administrative Costs	41%	26%
Direct Delivery Costs	44%	70%
Support Services Costs	14%	4%

The cost study conclusion that direct service delivery costs are the source of the increased expenditures in the demonstration site is consistent with the process and implementation findings of increased intensity of service delivery. The PRIDE demonstration increased the intensity and scope of services offered to Food Stamp work registrants, including a detailed assessment of the participants barriers to employment followed by referral to barrier removal services provided by various community organizations specializing in such areas. These intensive services proved to be much more expensive than the previous FSE&T model in an attempt to achieve better outcomes for the program participants.

This increase in the scope and intensity of services is most clearly reflected in the per-participant and per person-month figures in the demonstration site. Both measures showed a dramatic increase from the baseline to the demonstration period. The per person-month cost rose from \$142 in the baseline to \$1,007 in the demonstration period. The per-participant figure increased by even more due to increases in the duration of participation in the demonstration site. It seems clear from the cost study that the more intense focus of resources on each individual was reflected in significantly higher per person-month costs.

The cross-site cost comparison was complicated by the difference in size between the demonstration and comparison sites. Oahu accounted for about 70 percent of Food Stamp cases in the state during the baseline period. As a result, the per-participant and per person-month analysis can provide more insight into the differences in the two sites than can the total cost comparison. The cost per person-month figures were similar between the two sites in the baseline period, \$142 in the demonstration and \$112 in the comparison site. However, during the demonstration period that relationship changed dramatically. On Oahu the cost per person-month rose to \$1,007, while on Hawaii it rose to only \$243. It is in these cost per person-month figures that the increased scope and intensity of services can be seen producing dramatically different cost results.

Table C. Per Person-month Cost

	Baseline Period	Demonstration Period
Demonstration Site	\$142	\$1,007
Comparison Site	\$112	\$243

Conclusion

The PRIDE program on the island of Oahu increased the scope and intensity of its service delivery system in an attempt to better serve the hard-to-serve clients that entered the program as a result of its new targeting model. Particularly, the intensity of assessment services was greatly increased. These intense services and the case management system that supported them required significantly larger program expenditures for each individual client than did the regular FSE&T program. Although the goal of the program was to maximize the employability of these clients, the CHR impact study has discovered very few positive impacts of the demonstration on clients. In light of the cost and impact results from the CHR studies, there seem to be serious

questions about whether the type of FSE&T program model used in Hawaii is worth the higher initial expenditures.