



## OFFICE OF THE STATE COMPTROLLER

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### Cost-Effective Investments in Children at Risk

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#### Executive Summary

Programs focused on children who are at risk of becoming delinquent have demonstrated effectiveness in preventing young people from ever entering the juvenile justice system. Despite solid evidence of the effectiveness of such early identification and intervention, New York State relies on an approach to at-risk youth that begins when children have already entered the correctional system.

Prevention is cost-effective. Keeping children from encountering the juvenile justice system saves on the staggering costs of incarceration (estimated at \$210,000 per person or a total of \$350 million annually), and even greater costs to victims and communities.<sup>1</sup>

A change in approach is needed for New York to provide the most successful and cost-effective programs for our at-risk children. In order to maximize the use of limited taxpayer dollars, funding decisions must be based on an evaluation of program effectiveness, not simply on past budget decisions.

An evidence-based approach to assessing programs makes economic sense. Identifying successful programs that help at-risk children in their early years will enable the State to leverage its resources efficiently, saving the taxpayers significant amounts of money. In addition, such an approach can establish a more fine-grained and flexible understanding of the risks children face, allowing the State to invest in the programs that are most effective in preventing children from ever committing crimes.

In the State Fiscal Year (SFY) 2011-12 Executive Budget, the Governor has proposed several measures to reform the State's juvenile justice system, including redesigning key State programs and moving towards community-based programs designed to address the needs of at-risk children.

#### Early Intervention

Early interventions that reduce crime and teenage pregnancy, and promote school and workforce productivity, have higher benefit-cost ratios and rates of return than other, later interventions. A nurse home visitation program in Elmira, New York, for example, resulted in fewer arrests and convictions for children, and helped to reduce child abuse and neglect among poor unmarried mothers. Nurse home visitation programs are associated with a

\$17,200 lifetime return per youth and save \$2.88 for every dollar spent, while other types of home visitation programs produce a \$6,000 lifetime return and save \$2.24 per dollar spent.<sup>2</sup> The rates of return for such early interventions are much higher than for later interventions. In fact, waiting to invest until a child reaches adolescence has been shown to be 40 percent more costly.<sup>3</sup>

Juvenile delinquency prevention requires better coordination among multiple government agencies in identifying at-risk children. Risk factors for juvenile delinquency span issues dealt with by various government agencies. While child abuse and neglect are the most notable risk factors, other factors include poverty, educational failure, truancy, crime and drugs in the neighborhood, broken homes, weak social ties and substance use.<sup>4</sup> While these risk factors may operate indirectly, they also combine in powerful ways.

Therefore, emphasis should be placed on assessing the programs designed to help at-risk children in their early years and funding those programs strategically. Such an approach will more effectively utilize the State's limited resources, save taxpayer money and provide the opportunity to redirect at-risk children to nonviolent futures.

## **A Cost-Effective Approach**

Since early family environments are major predictors of crime, children from affected homes need emotional and intellectual support, and cognitive stimulation, long before their formal schooling begins. In addition to home visitation programs, other strategies that have been found to mitigate risk effectively include pre-kindergarten programs, drug and alcohol treatment programs for pregnant women, programs to assist mentally ill parents and improved access to health care.<sup>5</sup>

The costs of failing to intervene early are enormous, since juvenile delinquents are at risk of becoming repeat offenders. Child abuse and neglect increase future delinquency and adult criminality overall by 29 percent.<sup>6</sup> The cost of one career criminal has been estimated between \$2.0 million and \$2.7 million (2004 dollars). The largest component of that cost is borne by crime victims in the form of lost productivity, medical and mental health care, property loss and damage, and reduced quality of life. Taxpayers pay for additional police and fire services, as well as social and victim services. In fact, the aggregate costs of crime borne by victims in the U.S. were estimated at \$460 billion in 2003. Criminal justice costs are also substantial.<sup>7</sup>

The risks of recidivism are age-sensitive, as are effective investment strategies for children. Studies indicate that addressing risk factors during childhood can reduce the rates of juvenile violence and incarceration, accordingly reducing the costs to society. The value of early investment is further magnified when programs are proven to divert children from ever encountering the juvenile justice system.

If, for example, New York spends \$500,000 on a crime prevention program and only one child who would otherwise have become a career criminal is diverted from that path, the program would have generated total present-value benefits of \$1.5 million to \$2.2 million.<sup>8</sup> In other words, just one success would provide a rate of return of three to four times the

total investment in the program. Evidence-based research has identified a number of promising programs, documenting the cost-effectiveness and success of each in preventing at-risk children from becoming delinquent. The Washington State Institute for Public Policy has analyzed juvenile justice programs and quantified how well they actually worked, thereby providing policy makers with the data to make decisions that save money and reduce crime.

In New York City, a number of agencies working with children already engaged with the juvenile justice system have developed programs to decrease the placement of juveniles in State-run facilities. As a result of its programs to provide alternatives to detention and incarceration, New York City reduced the number of children placed in facilities operated by the Office of Children and Family Services (OCFS) by 30 percent during the six years ending March 2008. Moreover, several of the City's programs that offer community-based alternatives to incarceration have recorded recidivism rates under 20 percent, as compared to a 75 percent re-arrest rate (within three years) for those released from OCFS facilities.<sup>9</sup>

Although a return on investment (ROI) analysis is most often associated with private business models, the State could effectively use this approach to examine the ROI of each child or youth program in which it invests. Doing so will protect taxpayer dollars as well as ensure the greatest benefit to New York's children. As the State continues to address the current fiscal situation, measuring outcomes becomes increasingly important. The focus must change from simply documenting the numbers of children "served" by a program to measuring the impact of the program and demonstrating if the program has met its goals. In order to provide accountability, program outcomes must be measurable.

## **Agency Coordination**

Program funding decisions should be based on program effectiveness in reaching particular goals and on a benefit-cost analysis, not simply on past budget decisions. The State's limited program resources must be maximized by developing evidence-based policies, drawing on models that have proven effective in studies and incorporating standardized performance measures and periodic program evaluations.

The diverse needs of at-risk children do not align with any one agency. For this reason, significant improvements in coordination among State agencies are necessary. All agencies must become aware of the programs with the strongest results in diverting children from paths that lead to juvenile delinquency. Furthermore, agencies must become adept at matching the at-risk children they identify with proven prevention programs, even when a different agency oversees the appropriate program.

## **Conclusion**

Adopting an evidence-based approach to investing in at-risk children in their early years is the key to an effective transformation of the system. Policy makers need to draw on the extensive available research on risk factors, the costs of delinquency and crime, and the costs and benefits of programs aimed at prevention. They must promote continuing

research and innovation. Better coordination among government agencies is necessary to realize the full benefits of this new approach. Identifying what works and allocating resources strategically should be top priorities in today's economic climate.

## End Notes

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<sup>1</sup> New York State Task Force on Transforming Juvenile Justice. *Charting a New Course: A Blueprint for Transforming Juvenile Justice in New York State*. December 2009. [www.vera.org/download?file=2944/Charting-a-new-course-A-blueprint-for-transforming-juvenile-justice-in-New-York-State.pdf](http://www.vera.org/download?file=2944/Charting-a-new-course-A-blueprint-for-transforming-juvenile-justice-in-New-York-State.pdf) New York State Office of Children and Family Services (OCFS). "Selected Characteristics of Youth Entering and Leaving OCFS Custody Jan. 08-Mar. 08 or In Custody on March 31, 2008 and the Same Periods Last Year." At age 16, an incarcerated youth may be transferred to an adult prison in New York State at the discretion of a judge.

<sup>2</sup> Aos, Steve, et al. "Benefits and Costs of Prevention and Early Intervention Programs for Youth." Washington State Institute for Public Policy. Sept. 17, 2004. [www.wsipp.wa.gov](http://www.wsipp.wa.gov).

<sup>3</sup> Heckman, James. "Investing in Disadvantaged Young Children is Good Economics and Good Public Policy." Paper presented Nov. 19, 2007 at Springfield, Massachusetts: 9-10.

<sup>4</sup> New York State Division of Criminal Justice Services, *Youth Violence Reduction Strategy: Goals and Guiding Principles*, March 2004. [www.criminaljustice.state.ny.us/osp/downloads/guidingprinciplesfinalcombined2feb04.pdf](http://www.criminaljustice.state.ny.us/osp/downloads/guidingprinciplesfinalcombined2feb04.pdf) citing Surgeon General's Report 2001, US Department of Health and Human Services; New York State Division of Criminal Justice Services. *Three-Year Comprehensive State Plan for the Juvenile Justice & Delinquency Prevention Formula Grant Program*. 2006-08: 36-39. [www.criminaljustice.state.ny.us/ofpa/pdfdocs/jjstateplan07.pdf](http://www.criminaljustice.state.ny.us/ofpa/pdfdocs/jjstateplan07.pdf) .

<sup>5</sup> Wiley, Meredith, et al. "Prevent Child Abuse and Neglect." New York Law Enforcement. Fight Crime: Invest in Kids New York. 2007. [www.fightcrime.org/reports/pacanreport.pdf](http://www.fightcrime.org/reports/pacanreport.pdf) ; Kimberly DuMont, et al. "Healthy Families New York (HFNY) Randomized Trial: Impacts on Parenting After the First Two Years." June 2006.

<sup>6</sup> Widom, Cathy S. and Michael G. Maxfield. "An Update on the 'Cycle of Violence.'" National Institute of Justice Research Brief. Feb. 2001. [www.ncjrs.gov/pdffiles1/nij/184894.pdf](http://www.ncjrs.gov/pdffiles1/nij/184894.pdf)

<sup>7</sup> Cohen, Mark A. *The Costs of Crime and Justice*. New York: Routledge, Taylor and Francis Group, 2005. Cohen updates his original 1997 cost estimates of a career criminal published in "The Monetary Value of Saving a High-Risk Youth," *Journal of Quantitative Criminology* 14.1 (1998): 5-33. The estimate of future savings has been discounted to present value. As noted by Cohen, applying a higher discount rate would reduce the projected benefits.

<sup>8</sup> Subtracting the cost of the program from the savings in prevented social costs of a single career criminal as estimated by Cohen, 2005.

<sup>9</sup> Taylor, Andrea. "Changing the Legacy of Juvenile Justice in New York State." *The Wagner Review* XVI (2008-09): 13-20; New York State Task Force on Transforming Juvenile Justice; New York State Office of Children and Family Services (OCFS).