

# Working Papers

**COSTS OF IDAS AND OTHER  
CAPITAL-DEVELOPMENT PROGRAMS**

**Guat Tin Ng**

**Working Paper 01-8**

**August 2001**



**Center for Social Development**



**COSTS OF IDAS AND OTHER CAPITAL-DEVELOPMENT PROGRAMS**

**Guat Tin Ng**

**Working Paper  
No. 01-8**

**Center for Social Development  
George Warren Brown School of Social Work  
Washington University in St. Louis  
Campus Box 1196  
One Brookings Drive  
St Louis, MO 63130-4899  
Tel: (314) 935-9718  
Fax: (314) 935-8661  
Email [csd@gwbmail.wustl.edu](mailto:csd@gwbmail.wustl.edu)**

**August 2001**

*Acknowledgements:* I am thankful for help from Jami Curley in collecting data on program costs and for extensive comments from Mark Schreiner. Thanks to Michael Sherraden for conceiving the idea of this paper and for comments.

## ABSTRACT

This paper is an exploratory comparison of the costs of Individual Development Accounts (IDAs) relative to financial-capital programs and human-capital programs. Comparing program costs is informative but fraught with difficulties. A recurring theme is that due to a host of factors, costs vary not only between programs but also between sites in a single program. Notwithstanding the challenges involved, cost studies are important because resources are scarce and decisions must be made about resource allocation.

Individual Development Accounts (IDAs) are matched savings accounts designed to assist the poor accumulate assets. Savings are matched for three purposes: to increase returns on savings, to provide an incentive to save or to save more, and to accumulate greater assets (Schreiner et al., 2001). IDA programs have a social cost because the resources used for matches or for administrative expenses could have been used for something else. As with other programs, the question is not so much how large costs are but whether the program is worth the cost.

There are different approaches to this question. One approach is cost-benefit analysis, which requires estimation of both program costs and benefits accruing to participants and non-participants<sup>1</sup>. The cost-benefit approach checks whether the present value of benefits is greater than the present value of costs. For IDAs, costs have been measured but benefits have not<sup>2</sup>.

Another approach to the usefulness of a program is to measure program impact, whether the benefits for or changes in program participants can be attributed to the program by comparing the changes between those who participated in a program and those who did not<sup>3</sup>. The focus is on the differences between program and non-program participants. A third approach is to measure program outcomes<sup>4</sup>; assessing benefits or effects for program participants only without a comparison group. Findings on savings outcome indicated that IDA participants made an average monthly net deposit<sup>5</sup> of \$25, and with an average match rate of 2:1 the average participant would save \$75 per month and accumulate \$900 per year (Schreiner et al. 2001). Outcome measurement is easier than program impact analysis but it is not possible to attribute the changes in participant behavior or attributes to program participation. Changes may have occurred even without participating in the program. Outputs, which are physical units of service,

---

<sup>1</sup> Fuguitt & Wilcox (1999) define cost-benefit analysis as a decision-making tool involving “systematic identification of program consequences, followed by valuation of social benefits and costs and the application of the appropriate decision criterion” (1999, p. 35). For an example of cost-benefit analysis applied to early-childhood development programs, see Barnett (2000).

<sup>2</sup> Benefits will be measured in the experimental-design component of the American Dream Demonstration (ADD), which is a national demonstration of 14 IDA programs in the United State. ADD is scheduled to operate from 1997 to 2001, with two more years of evaluation, up to 2003.

<sup>3</sup> For examples of program impact analysis, see Freedman et al. (2000), Long et al. (1997), Scrivener et al. (1998), and St Pierre et al. (1997).

<sup>4</sup> Outcomes are “benefits or changes for individuals or populations during or after participation in program activities” - the changes may relate to “behavior, skills, knowledge, attitudes, values, conditions, or other attributes” (United Way of America, 1996b).

<sup>5</sup> Net deposits exclude unmatched withdrawals

are even easier to measure than outcomes<sup>6</sup>. However, programs may generate a lot of activities and not produce the intended outcomes.

This paper compares costs per unit of output for IDA programs with costs per unit of output for financial-capital and human-capital development programs. IDAs are estimated to cost \$1,495 per participant-year or \$125 per participant-month (Schreiner, 2000). Estimates from the American Dream Demonstration (ADD) suggest lower average costs of \$840 per participant-year or \$70 per participant-month (Schreiner et al. 2001). Are these costs high or low? Without a baseline or benchmark the cost figures mean little. The primary purpose of this paper then is to compare cost per unit of output of IDAs with programs that are close enough in intent or operations to get a rough sense of where IDA programs stand in the plethora of capital-development programs. IDA programs are fairly new and even if benefits are unknown, knowledge of costs – and of the implications of costs – is still useful. Program costs matter because resources are scarce. Given budget constraints policy makers should have a keen interest in program costs. This paper presents cost/output figures. It does not, however, make judgments based on those figures about relative program worth. Because outputs are not exactly the same across programs, the subjective judgment of relative worth is left to the reader.

IDA programs currently operate on a small scale even though they were first conceptualized as universal, permanent savings accounts<sup>7</sup>. A secondary purpose of this paper is to review how costs are likely to change when pilot programs scale up. The changes that come with mass implementation matter because they may affect the relative costs and benefits of IDA programs.

This paper is organized as follows. Section 1 explains IDA programs and cost measurement for IDAs. The next two sections describe programs selected for comparison with IDAs. The programs can be broadly categorized as the development of human capital (section 2) and the development of financial capital (section 3). Section 4 compares the costs of the various programs. Section 5 identifies some lessons from large-scale programs for the scale-up of IDA programs, and section 6 provides concluding remarks.

## **1. Individual Development Account Programs<sup>8</sup>**

As part of an asset-building strategy to reduce poverty Sherraden (1991) proposed IDAs as special savings accounts that facilitate asset accumulation for increased self-sufficiency and long-term economic security. IDAs offer matched savings to individuals and are targeted to the poor or near-poor and typically include a financial education component. IDA programs can receive funds from public, non-profit, and/or private sources. The 1996 federal welfare reform allows states to use Temporary Assistance to Needy Families (TANF) to fund IDAs.

The first IDA programs were started by community-based organizations in the 1990s. Currently, there are over 400 community-based IDA programs in operation or being planned. IDA

---

<sup>6</sup> Outputs are “units of service” such as number of training hours, number of meals served, or number of participants (United Way of America, 1996a).

<sup>7</sup> For full discussion of IDAs as universal savings accounts see Sherraden (1991, 2000).

<sup>8</sup> This section draws extensively on Schreiner’s study (2000) of resources used to produce IDAs.

programs often operate as one of many services offered by a community-based organization. As a result, the participants are likely to be associated with and are recruited by the sponsoring organizations. They may also benefit from other community-development, housing and social services provided by these organizations. The implication for cost measurement is that the sharing of staff, facilities, and equipment among various services is possible and the costs of IDAs spread across different services should be identified and separated out.

Across different IDA programs, costs are likely to vary because of economies of scope (cost savings due to providing a range of services), economies of scale (number of IDA accounts served), intensity of financial education (number of hours attended and whether it is mandatory), and investments in publicity and recruitment (whether participants are already known to organization). There are also economies of time in learning with decreasing costs as program experience increases. For example, costs in the ADD decreased from \$118 per participant-month (in 1999) to \$44 per participant-month (in 2000) (Schreiner et al. 2001). In addition, costs vary according to the stage of program development; they may be higher at the start-up stage where enrollment and financial education are concentrated, lower during the savings period, and higher at the end as participants make matched withdrawals. When making cost comparison across programs, it is important to keep in mind that costs also vary across time.

How much resources are used to produce IDAs? Schreiner (2000) analyzed costs at an IDA program run by the Community Action Project of Tulsa County (CAPTC). The CAPTC IDA program, had it been started from scratch as a normal, non-experimental program, would have cost society about “\$750 per enrollment, about \$125 per participant-month, about \$3.40 per net dollar deposited, and about \$0.71 per dollar-month saved”<sup>9</sup> (p. 2). These figures do not count the cost of matches but include the value of non-cash resources, which comprised 36% of all resources used<sup>10</sup>.

How do these costs compare with similar programs? One category of programs that are appropriate for comparison with IDAs is those that provide for development of financial capital such as 401(k) plans, defined-contribution pension plans, and defined-benefit pension plans.

## **2. Development of Financial Capital**

Pension plans are similar to IDAs in that they provide an institutional structure for savings toward a goal. They differ from IDAs in that they are primarily for retirement while IDAs are primarily for home purchase, post-secondary education, or small business. Also, pension funds tend to be larger and older than IDA programs. The resulting program experience and economies of scale should help to reduce program costs.

---

<sup>9</sup> The cost analyses removed costs due to the experimental design implemented at CAPTC and are based on the first 14 months of operation

*Defined-benefit plans* are pension funds initiated and maintained by employers for their employees. Typically employees do not make contributions. Individual accounts are not maintained for each employee. The employer contributes to the entire plan and assumes responsibility for investment gains and losses. The benefits are usually related to the employee's earnings and/or length of service. Until the 1980s, the typical pension fund was a defined-benefit plan<sup>11</sup>.

*Defined-contribution plans* are also pension funds initiated and maintained by employers. Both employers and employees make contributions. Unlike defined-benefit plans, each employee has an individual account and assumes the investment risk. The benefits payable at retirement are based on the amount accumulated in each employee's account, reflecting employer and employee contributions, and investment gains or losses<sup>11</sup>.

*401(k) plans* are defined-contribution plans which offer tax deferment for both employer and employee contributions. 401(k) plans feature portability, employer matching, and self-directed investments (Economic Systems Inc, 1998).

Table 1 compares program features of IDAs, defined-benefit plans, defined-contribution plans, and 401(k) plans.

Another category of programs that is useful for comparison with IDA programs is human-capital programs – such as education, on-the-job training, adult study program, and health care. They are like IDAs in that they aim for the broad goal of improving the well-being of the poor.

### **3. Development of Human Capital**

The discussion in this section represents a spectrum of programs targeted to low-income children, youth, and adults and is limited to programs with published cost data. Programs

#### Targeted to Children and Families

The first group of programs is those targeted to children and their families: Head Start, Comprehensive Child Development Program (CCDP), Even Start Family Literacy (Even Start), and Women, Infants and Children (WIC).

*Head Start.* The most-established and well-known is Head Start. The national program provides comprehensive developmental services for low-income children — ages three to five — and their families. The program, started in 1965, has four major components: education, health, parent involvement, and social services. The budget for FY1999 was \$4.7 billion (Administration for Children and Families, a).

---

<sup>10</sup> Non-cash resource flows include grants in-kind and in-time from federal government, state and local government, private donors, and VISTA volunteers. Non-cash grants also include the value of the time of employees of CAPTC who provide services to IDA programs but their payroll expenses had not been included in the accounting costs.

<sup>11</sup> Based on web site information from American Savings Education Council.

*CCDP.* Through the provision of early and comprehensive services CCDP aims to enhance multiple aspects of child development (physical, social, emotional, and intellectual) and to help low-income families to achieve economic self-sufficiency. Intensive case management is an essential component of this program. CCDP was started in 1989 with an annual budget of \$25 million per year for five years (St Pierre et al. 1997a).

*Even Start.* Also started in 1989 Even Start aims to break the cycle of poverty by improving the educational opportunities of low-income families through integrating three core services: early childhood education, adult education and literacy, and parenting education. The estimated 1997 budget was \$101 million (Abt Associates, 1998).

*WIC.* WIC differs from Headstart, CCDP, and Even Start in that it focuses primarily on health. Established in 1972, it targets low-income, nutritionally at-risk pregnant women, infants, and children up to five years of age and provides them with supplemental nutritious foods, nutrition education, and counseling. It also provides screening and referral to other health, welfare, and social services. Estimated program expenses in FY 1999 were about \$3.9 billion.

### Programs Targeted to Adults

The next group of programs is targeted to adults. Welfare-to-work programs are concerned with moving AFDC/TANF recipients into the workforce, towards self-sufficiency, and away from welfare dependence. To help welfare recipients prepare for and find jobs, welfare-to-work programs provide services in job search, education, and training. They have existed for the past three decades. The time limits on assistance introduced in the 1996 welfare reform legislation, however, underscored the need for more effective strategies to move people quickly into jobs.

*Portland welfare-to-work program.* The Portland welfare-to-work program<sup>12</sup> considered in this paper was strongly employment focused. Although many welfare-to-work programs encouraged participants to take any job, the Portland program encouraged participants to look for “good” jobs — full-time, above minimum wages, with benefits and potential for advancement. Other important program features included: a mixed-service strategy (job search, short-term education, vocational training, work experience, and life-skills training), close monitoring of participation in mandatory activities, and extensive childcare benefits.

Other examples of the welfare-to-work strategy are the Los Angeles Jobs-First GAIN program (GAIN)<sup>13</sup> and the Job Opportunity & Basic Skills Training Program (JOBS).

*GAIN.* Established prior to the federal welfare reform of 1996, GAIN provided an intensive program orientation and included job-search assistance, job development, encouragement to take entry-level jobs and to combine work and welfare in the short term, and relatively strong, enforcement-oriented case management.

---

<sup>12</sup> The Portland welfare-to-work program was the latest evaluation conducted as part of the larger study National Evaluation of welfare-to-work Strategies. Compared to other sites, cost in Portland were in the mid-range.

<sup>13</sup> Los Angeles Jobs-First GAIN was replaced by CalWORKS (California Work Opportunity and Responsibility to Kids) in 1998.

*JOBS (Washington)*. JOBS was created in 1988 to provide education and job skills to AFDC recipients considered able to work or likely to become long-term welfare recipients. It began in Washington State in 1991. Total expenses (federal, state, and local) for FY1995 were \$44.6 million (State of Washington Joint Legislative Audit and Review Committee, 1996).

#### Program targeted to youth

The third category of human-development program is targeted to youth. LEAP, a statewide initiative in Ohio started in 1989, aimed to increase school enrolment and attendance among pregnant teenagers and custodial teen parents on welfare. LEAP operated somewhat like IDAs in that it relied on case management and used financial incentives and disincentives to motivate user participation. Case managers explained program rules, offered guidance, and authorized assistance with childcare and transportation.

Programs selected for comparison with IDAs have been described in some detail to show variation in target groups<sup>14</sup>, start-up date, and program features. These variations have implications for program costs and hence, for comparison across programs.

#### **4. Cost Comparisons**

There are a number of issues to consider in comparing costs among different programs:

*First:* Program outputs vary. Most programs choose to report cost per individual participant (child, youth, or adult). Some programs choose the family as the participant, and yet others choose to differentiate between single parents and members of two-parent families.

*Second:* It is not certain if the units of output reported for the various programs take into account the length of participation in the program. Length of participation varies across programs and across individuals in a given program and affects costs; “participant-month” is a unit of output that better accounts for length of participation<sup>15</sup>.

*Third:* Scale of operation varies tremendously, ranging from 252 for IDAs at CAPTC to 51 million persons for defined-contribution plans. This has implications for economies of scale. Unit costs for the pension funds are based on 63,657 defined-benefit plans and 632,566 defined-contribution plans, which vary in size from 2-9 employees to over 50,000 or more employees<sup>16</sup>. However, 83 percent of these plans cover less than 100 employees so most of them are small. In addition to an average cost, it would have been useful to have a range of unit costs for plans of different sizes. Cost data for some of the human-capital programs are also averages. Averages are less useful where there is a wide range of costs across program sites. This paper presents — when available — a range of program costs.

*Fourth:* The resources used in programs produced different baskets of services. These baskets differ along two important dimensions, comprehensiveness and intensity. Some programs stress

---

<sup>14</sup> For an example of how cost of special education vary according to types of disability, see Barnett (2000).

<sup>15</sup> For examples of how to account for the length of participation in program costs see Greenberg and Appenzeller (1998) and Schreiner (2000).

<sup>16</sup> For this paper, unit costs are calculated using total cost for all the plans divided by total number of participants.



comprehensive coverage that may result in less intensive services, while other programs are narrower in coverage but are more intensive. Differences in program costs may be due to differences in comprehensiveness or intensity. It is not possible to control for this variation with the data at hand.

*Fifth:* Except for IDAs at CAPTC (Schreiner, 2000) it is unknown if the published cost data include the value of non-cash resources. If not, then program costs may be understated, especially if in-kind (goods and services) and in-time (volunteers) donations substantially reduce cash outlay. Greenberg and Appenzeller (1998) suggest that in-kind and in-time donations do not count as program costs because expenses are not incurred by the organizations. But if the program is being considered for replication by other organizations then information on the market value of such donations should be made available.

*Sixth:* Items included in the calculation of program costs also differ. For example, some program costs include support services such as reimbursement for transportation and childcare, but others do not. It is not always clear if all resources used to produce an output have been included in cost measurement.

Given the above issues, the comparisons in this paper intend to provide only a rough sense of the cost of IDAs relative to other programs. All cost figures in tables 2 and 3 have been converted to 2001 dollars. Furthermore, the cost figures do not provide any information about the benefits of the programs; a different picture might emerge if benefits were considered. Depending on the cost per unit of benefit a program with higher costs may have greater or lower value than a program with lower costs.

This paper first compares IDAs with financial-capital programs and then compares IDAs with human-capital programs.

#### Comparison of IDAs and financial-capital programs

Table 2 presents the cost data of IDAs and financial-capital programs. The following observations are made:

*First:* The costs of output of the three non-IDA savings programs are lower than IDAs; less than \$317 per active participant, compared to \$868 and \$1,597 per participant for IDAs. 401(k) plans cost the least, at \$115 per active participant.

*Second:* The wider participation base (between 18 to 45 million persons) probably is an important factor in driving down the unit cost of non-IDA programs. As mentioned earlier, it would be more useful to know the unit costs of a range of sizes of pension plans.

*Third:* The IDA program cost data are from early stage IDA programs and are likely to be lower over time (Sherraden, 2000).

#### Comparison of IDAs and human-capital programs

Table 3 presents the cost data of IDAs and human-capital programs. The following observations are made:

*First:* Cost of IDAs is within the range of human-capital programs, from \$577 per participant for WIC to \$5,826 per family member (or about \$18,000 per family) for CCDP.

*Second:* Only WIC has a wide participation base (7.3 million) and this probably explains its lowest unit cost in this category.

*Third:* CCDP is the most expensive program targeted at children and their families. It is also the most expensive human-capital program reviewed here. Program costs, however, vary widely across sites, ranging from \$3,459 to \$9,749 per family member per year (Administration for Children and Families, b). Costs of Head Start and Even Start are \$5,621 and \$3,919, respectively. Program costs for Even Start also vary widely across sites; Abt Associates (1998) reported that the range was less than \$1,168 to more than \$8,176 per family.

*Fourth:* Among programs targeted at youth and adults, the highest program cost per participant is \$2,480 for Portland welfare-to-work, followed by \$2,348 and \$1,365 for GAIN, \$976 for LEAP, and \$913 for JOBS (Washington). Abt Associates (1998), however, reported that JOBS costs varied widely (between \$100 to \$3,900 per participant) depending on the comprehensiveness of services.

Table 4 provides further comparison of IDAs and the three pension programs in terms of the output costs for each step in the savings program: cost per \$100 contributed, cost per \$100 of average assets held, and cost per \$100 distributed. IDAs cost more per \$100 contributed, \$259 as compared to \$18.11 for defined-benefit plans, \$4.71 for defined-contribution plans, and \$2.98 for 401(k) plans. Cost per \$100 of benefits paid is highest for defined benefit-pension plans (\$6.71) and lowest for 401(k) plans (\$3.95). Cost per \$100 dollar of average assets shows vast differences; \$645 for IDAs and less than a dollar for the other programs. Experience and economies of scale may account for most of the differences; costs for the pension plans are based on 23 to 45 million active participants as contrasted with 252 participants at CAPTC.

## **5. Lessons from large-scale programs**

Large-scale programs currently in operation may provide some useful lessons for the possible scale up of IDAs.

The experience of early childhood education programs suggests that if the level of funding and quality of services provided by large-scale public programs are not the same as that of carefully designed, pilot or demonstration program, the public programs are not likely to produce the same positive outcomes (Center for the Foundation of Children, 1995). Also any program is likely to experience wide variations in implementation (and costs) across sites. This is true regardless of

program scale. Variations in implementation and costs are perhaps unavoidable; even if program goals and activities are the same, implementation may vary in terms of intensity and approach<sup>17</sup>.

Other lessons can be learned from pension plans. A study of fees and expenses at 401(k) plans found that plan size, plan features and investment options, and behavior of plan participants are related to costs of services (Economic Systems, Inc, 1998).

*Plan size.* Plan size matters because of fixed costs; as the number of participants increases, per capita expenses decrease. Plan size is also correlated with plan age; many small plans tend to be new accounts with few assets. If asset levels are low, then per dollar expenses are high. Although plan size is important, the extent of its importance for the costs of IDA programs is unknown.

*Plan features and investment options.* When employers choose to include more elaborate services (for example, allowing their employees to change their investments daily) the administrative costs increase. Also, when employers offer a wide selection of investment options, administrative expenses increase. Similarly, IDA program costs will increase as more financial education is required.

*Behavior of plan participants.* Expenses are incurred for transactions such as withdrawals and loans. When pension plan participants actively direct their investments, the volume of transactions increases. In IDA programs, participants may choose to deposit savings regularly every month or make one deposit every few months; such behavior affects the volume of transactions. Matched and unmatched withdrawals in IDAs also affect transaction expenses.

## **6. Summary and conclusion**

This paper explored how the cost of IDA programs compares with the cost of other capital-development programs. Comparing program costs is informative but fraught with difficulties. A recurring theme is that even if programs produce the same output — and none of the programs discussed here does — they vary in their implementation, and consequently costs vary across sites. Comparison of program costs would be more useful if there were a range of costs available for each program. This is true in particular for IDAs where the range of program costs reflect variation in a host of factors, including number of accounts, participant behavior, staff time, range of services offered, frequency of services, and whether the program is part of a host organization.

The comparative results made in this paper are tentative. For some programs, the cost variation is wide, and as such, costs of different programs overlap. It is difficult to establish where the programs stand in relation to one another except for programs that are notably comprehensive and intensive. Such programs tend to be more costly. Finally, a major cost consideration for growth of IDAs is whether service providers operate more like a financial service organization with minimal staff-participant interaction or more like a social service organization where case management is an important program component (Sherraden, 2000).

---

<sup>17</sup> For an example of how differences in program approach (labor force attachment versus human capital development) affect the costs of welfare-to-work program see Greenberg and Appenzeller, 1998.

## REFERENCES

- Abt Associates Inc. (1998). Analysis of Federal Even Start Expenditures and Select Comparisons. Retrieved August 21, 2000 from [www.abtassociates.com/reports](http://www.abtassociates.com/reports)
- Administration for Children and Families (a). (n.d.) Head start fact sheet. Retrieved 21 August, 2000 from [www.acf.dhhs.gov/programs/opa/facts/headstpr.html](http://www.acf.dhhs.gov/programs/opa/facts/headstpr.html) 1999 Head start fact sheet. Retrieved August 19, 2000 from [http://www2acf.dhhs.gov/programs/hsb/research/99\\_hsf.html](http://www2acf.dhhs.gov/programs/hsb/research/99_hsf.html)
- Administration for Children and Families (b). (n.d.) CCDP process study report (executive summary). Retrieved August 4, 2001 from [http://www.acf.dhhs.gov/programs/core/pubs\\_reports/ccdp/ccprexsm.html](http://www.acf.dhhs.gov/programs/core/pubs_reports/ccdp/ccprexsm.html)
- American Savings Education Council. (n.d.) Definitions of saving and retirement terms. Retrieved August 15, 2000 from <http://www.asec.org/t/erms.html>
- Barnett, W. S. (2000). Economics of early childhood intervention. J. P. Shonkoff & S. J. Meisel (Ed). Handbook of early childhood intervention (2<sup>nd</sup> Ed) Cambridge: Cambridge University Press.
- Center for the Future of Children, The David and Lucile Packard Foundation. (1995). Long-term outcomes of early childhood programs. The Future of Children, 5. (3), 6 - 24.
- Economic Systems Inc. (1998). Study of 401(k) plan fees and expenses. Final report submitted to the Department of Labor, Pension and Welfare Benefits Administration, Washington D.C.
- Food and Nutrition Service United States Department of Agriculture. (2000). Program basis: WIC at a glance. Retrieved August 29, 2000 from <http://fns.usda.gov/wic/CONTENT/glance/basic.htm> WIC program participation and costs (data as on July 25, 2000). Retrieved August 29, 2000 from [www.fns.usda.gov/pd/fssummar.htm](http://www.fns.usda.gov/pd/fssummar.htm)
- Freedman S., Knab J. T., Gennetian, L. A., & Navarro, D. (2000). The Los Angeles Jobs-First GAIN Evaluation: Final Report on a Work First Program in a Major Urban Center (Executive Summary). Retrieved August 26, 2000 from <http://www.mdrc.org/Reports2000/LA-GAIN/LA-GAINExec.Sum.htm>
- Fuguitt, D., & Wilcox, S. J. (1999). Cost-benefit analysis for public sector decision makers. Westport, CT: Quorum Books.
- Greenberg, D. H. & Appenzeller, U. (1998). Cost analysis step by step, A how-to guide for planners and providers of welfare-to-work and other employment and training programs. New York: Manpower Demonstration Research Corporation.
- Long D., Gueron J., Wood R., Fisher R., & Fellerath V. (1997). LEAP: Final Report on Ohio's Welfare Initiative to improve school attendance among teenage parents (Executive Summary). Retrieved Sep 6, 2000 from [http://www.mdrc.org/Reports/LEAP\\_Final?LEAP-ExecSumm.html](http://www.mdrc.org/Reports/LEAP_Final?LEAP-ExecSumm.html)
- Mitchell, O. S. (1996). Administrative costs in public and private retirement systems. Working Paper no. 5734. Cambridge, MA: National Bureau of Economic Research.
- Samwick, A. A. & Skinner, J. (1996). Abandoning the nest egg? 401(k) plans and inadequate pension saving. Working Paper no. 5568. Cambridge, MA: National Bureau of Economic Research.

- Schreiner, M. (2000). Resources used to produce Individual Development Accounts in the first two years of the experimental program of the American Dream Demonstration at the Community Action Project of Tulsa County. St Louis: Center for Social Development, Washington University in St Louis.
- Schreiner, M., Sherraden, M., Clancy, M., Johnson, L., Curley, J., Grinstein-Weiss, M., Zhan, M., and Beverly, S. (2001). Savings and asset accumulation in Individual Development Accounts. Center for Social Development, Washington University in St Louis.
- Scrivener S., Hamilton G., Farrell M., Freedman S., Friedlander D., Mitchell M., Nudelman J., & Schwartz C. (1998). National Evaluation of Welfare-to-Work Strategies, Implementation, participation patterns, costs and two-year impacts of the Portland (Oregon) Welfare-to-Work Program. Retrieved August 24, 2000 from <http://www.mdrc.org/Reports/JOBSPortland/JOBS%20Portland%20ExSum.htm>
- Sherraden, M. (1991). Assets and the poor, a new American welfare policy. New York: M.E. Sharpe, Inc.
- Sherraden, M. (2000). On costs and the future of Individual Development Accounts. Center for Social Development, Washington University in St Louis. <http://gwb.wustl.edu/uders/csd/>.
- St. Pierre R. G., Layzer J. L., Goodson B. D., & Bernstein L. S. (1997). National Impact Evaluation of the Comprehensive Child Development Program (Executive Summary). Retrieved August 21, 2000 from [www.acf.dhhs.gov/programs/rde/ccdp00.html](http://www.acf.dhhs.gov/programs/rde/ccdp00.html)
- State of Washington Joint Legislative Audit and Review Committee. (1996). JOBS Training Program, Report 96-6.
- United States Department of Labor, Pension and Welfare Benefits Administration. (1999). Abstract of 1996 Form 5500 Annual Reports. Private Pension Plan Bulletin no. 9, Winter 1999 – 2000. Washington, DC: United States Government Printing Office. Retrieved August 25, 2000 from <http://www.dol.gov/dol/pwba/public/programs/opr/bullet1996>
- United Way of America. (1996a). Measuring program outcomes: a practical approach, glossary of selected outcome measurement terms. Retrieved August 4, 2001 from <http://national.unitedway.org/outcomes/glossary.htm>
- United Way of America. (1996b). Measuring program outcomes: a practical approach, introduction to outcome measurement (excerpt). Retrieved August 4, 2001 from <http://national.unitedway.org/outcomes/intro.htm>

**Table 1. Comparison of Features of IDAs and Financial-Capital Programs**

<b>Feature</b>	<b>IDAs</b>	<b>401(k) plan</b>	<b>Defined-contribution pension plan</b>	<b>Defined-benefit pension plan</b>
Risk bearer	Individual	Individual	Individual	Employer
Form of subsidy	Explicit match	Implicit tax reduction for employer and individual	Implicit tax reduction for employee and employer	Implicit tax reduction for employer
Source of contribution	Individual, third party, government	Individual, employer	Individual, employer	Employer
Use	Home purchase, post-secondary education, small business	Retirement	Retirement	Retirement
Administrator	Non-government organization	Mutual Fund	Mutual Fund	Mutual Fund or employer
Penalty for early withdrawal	None (no match)	Taxes and excise tax	Taxes and excise tax	Not possible
Account holder	Individual	Individual	Individual	Employer

**Table 2. Costs of IDAs and Financial-Capital Programs**

Program name	Number of participants	Period	Cost per year (in 2001 dollars)	Definition of output
IDA program (at CAPTC)	252 participants <sup>a</sup>	November 1998 through December 1999 <sup>a</sup>	\$1,597 per participant <sup>a</sup>	A participant is an eligible applicant who opens an IDA account.
IDA program (ADD)	2,378 participants <sup>b</sup>	June 1997 through June 2000 <sup>b</sup>	\$868 per participant <sup>b</sup>	
Defined-benefit pension plans <sup>c</sup>	23.2 million active participants	1996	\$317 per active participant	Active participants include any currently employed workers covered who are earning or retaining credited service. Also includes non-vested former employees who have not yet incurred a break in service.
Defined-contribution pension plans <sup>c</sup>	44.6 million active participants	1996	\$160 per active participant	
401(k) plans	18 million participants <sup>d</sup> ; 30.8 million active participants <sup>e</sup>	1992 <sup>d</sup> 1996 <sup>e</sup>	\$6 to \$70 per participant <sup>d</sup> ; \$115 per active participant <sup>e</sup>	

Note. The unit cost for IDA programs take into account the actual or average length of participation of participants. In calculating the unit cost for the other three saving programs it is assumed that all the participants were participating for the whole 12 months.

<sup>a</sup> Schreiner (2000). The cost per participant-year is \$1,495 (in 1999 dollars).

<sup>b</sup> Schreiner et al. (2001). The cost per participant-year is \$840 (in 2000 dollars).

<sup>c</sup> United States Department of Labor, Pension and Welfare Benefits Administration, Tables A1, A4.

<sup>d</sup> Mitchell (1996).

<sup>e</sup> United States Department of Labor, Pension and Welfare Benefits Administration, Tables D3, D7.

**Table 3. Costs of IDAs and Human-Capital Programs**

Program name	Number of participants	Duration of program	Target	Cost per year (2001 dollars)
IDA program (at CAPTC)	252 participants	November 1998 through December 1999 <sup>a</sup>	\$1,597 per participant	A participant is an eligible applicant who opens an IDA account.
IDA program (ADD)	2,378 participants	June 1997 through June 2000 <sup>b</sup>	\$868 per participant	
Head Start <sup>a</sup>	822,316 (FY1998)	Since 1965	Children and their families	\$5,621 child (family)
CCDP <sup>b</sup>	2,213 families (program group)	1989 - 1995	Families	\$17,997 per family or \$5,826 per family member
Even Start <sup>c</sup>	30,000	1995 – 96	Families	\$3,919 per family
WIC <sup>d</sup>	7.3 million (1999)	Since 1974	Children and women	\$577 per participant
Portland Welfare-to-Work <sup>e</sup>	5,547	Early 1993 to mid-1996	Adults	\$2,480 per program participant,  Childcare benefits alone cost \$876 per program participant
GAIN <sup>f</sup>	21,000 (15,683 single parents and 5,048 members of 2-parent families)	1996 to 1998	Adults	For single parents: \$2,348 per program participant,  For members of two-parent families: \$1,365 per program participant
JOBS <sup>g</sup>	57,053 (FY1995)	Since 1991 in Washington	Adults	\$913 per participant
LEAP <sup>h</sup>	3,479 program group members	1990 through 1994	Youth	\$976 per participant



---

<sup>a</sup> Administration for Children and Families, a.

<sup>b</sup> Administration for Children and Families, b, and St Pierre et al. (1997).

<sup>c</sup> Abt Associates Inc (1998). Costs reported are for program year 1995 – 1996 but the program was first authorized in 1988.

<sup>d</sup> Food and Nutrition Service, United States Department of Agriculture (2000).

<sup>e</sup> Scrivener et al. (1998). Evaluation is based on an experimental design but only gross cost for program participants is reported here. The program costs reported in the evaluation report were for a two-year period. The cost figures in this table are the average for a year.

<sup>f</sup> Freedman et al. (2000). The evaluation uses an experimental design but only gross cost for program participants is reported here. The program costs reported in the evaluation report were also for a two-year period. The cost figures in this table are also the average for a year.

<sup>g</sup> State of Washington Joint Legislative Audit and Review Committee (1996).

<sup>h</sup> Long et al. (1997).

**Table 4. Comparison of IDAs and Savings Programs**

<b>Program name (number of participants)</b>	<b>Costs</b>	<b>Contributions/ Deposits<sup>a</sup></b>	<b>Cost per \$100 of contribution</b>	<b>Benefits<sup>b</sup></b>	<b>Cost per \$100 of benefits paid</b>	<b>Average assets</b>	<b>Cost per \$100 of average assets</b>
IDAs (at CAPTC) <sup>c</sup> (252)	\$143,062 (1999 )	\$55,164	\$259	Not available	Not available	\$22,183	\$645
Defined-benefit pension plans <sup>d</sup> (23.2 million)	\$6.5 billion (1996)	\$35.9 billion	\$18.11	\$96.9 billion	\$6.71	\$1,616 billion	\$0.40
Defined -contribution pension plans <sup>d</sup> (44.6 million)	\$6.3 billion (1996)	\$133.7 billion	\$4.71	\$116.5 billion	\$5.41	\$1,542 billion	\$0.41
401(k) plans <sup>e</sup> (30.8 million)	\$3.1 billion (1996)	\$104 billion	\$2.98	\$78.5 billion	\$3.95	\$1,049 billion	\$0.30

<sup>a</sup> Contributions to defined-benefit and defined-contribution plans and 401(k) plans include contributions from employers and employees.

<sup>b</sup> Benefits refer to payments made to plan participants.

<sup>c</sup> Schreiner (2000)

<sup>d</sup> United States Department of Labor, Pension and Welfare Benefits Administration. Tables A3, A4.

<sup>e</sup> United States Department of Labor, Pension and Welfare Benefits Administration. Tables D6, D7.