**Providing Quality Residential Care: A Sound Investment**

The relatively high cost of residential services is an ongoing concern, and has formed the basis for arguments supporting the reduction or elimination of residential services for troubled youth. While it is true that a disproportionate amount of public funds are dedicated to the care and treatment of youth in residential treatment, it is also true that these high-risk youth are the most likely to require public funds (e.g., Temporary Assistance for Needy Families, Supplemental Security Income) in the future due to limited education, underemployment, and criminality. Because quality residential care is expensive, many arguments against residential care are made in economic terms. These arguments tend to focus on cost-savings rather than providing the best program/service to meet the needs of the youth. As such, there has been a movement in recent years to dramatically reduce the amount of time that youth spend in residential care or to close residential care facilities altogether. Based on this economic argument, there has been a shift in policy research towards limiting time in residential care to 6 months or less. However, very little cost-benefit research has been conducted to support this notion, so it is unclear if limiting lengths of stay to 6 months or less has a long-term benefit.

Recently we conducted a study to compare long-term outcomes for youth in Boys Town's residential care programs who were here for 6 months or less with youth who were here for more than 6 months. Based on our previous research, we expect that the youth who were here for more than 6 months will have better outcomes than those who were here for 6 months or less and these better outcomes will be associated with better long-term cost-benefits (e.g., those in the 6 months or more group will be more productive members of society).

**The Study**

We used 24 month follow-up data for former Boys Town youth over 19 years of age at the time of the interview. Nineteen years of age was chosen because we used adult outcomes (e.g., high school graduation, employment) for our cost-benefit calculations (also known as return on investment). This resulted in 1476 eligible participants who left the main campus program (N=1105) or one of the 8 other program sites around the country (N=371) between July 2006 and December 2014. Of the 1476 possible participants, 1172 (79%) completed the survey and 300 (21%) were unable or unwilling to participate. The average participant at the time of the study was a 20-year-old male (61%) Caucasian (46%). The average length of stay in the program was 19 months, with 141 youth staying 6 months or less (M=3.6 months) and 1031 (M=21.7 months) staying more than 6 months.

**24 Month Follow-up Survey**

This 35-item follow-up survey focuses on three domains: Safety (e.g., "Since leaving Boys Town has [youth] been a victim of physical or sexual abuse?"), Permanency (e.g., "Since leaving Boys Town, how many out-of-home placements has [youth] been in?"), and Well-being (e.g., "Has [youth] earned a high school diploma or equivalency?"). Respondents (e.g., parents, relatives, Boys Town staff) were surveyed over the phone by trained interviewers who were not involved in any provision of services. All surveys were administered between July 2008 and January 2017 and took approximately 10 to 15 minutes to complete.

**Family Home Program Return on Investment Tool**

The Family Home Program Return on Investment Tool (ROI tool) consists of six questions pertaining to size and cost of the programs that are being compared. For our study, however, we were not comparing programs, but rather two groups of participants in the same program: 1) youth staying in the program for 6 months or less (<6 month) and 2) youth staying in the program for more than 6 months (>6 month). Questions on the program include number of youth who receive services, average length of stay per youth in the program, cost of one day in the program, and projected growth in enrollment (if applicable). Question responses are used to calculate the potential long-term financial impact of a youth staying in the program for more than 6 months as opposed to 6 months or less.

**Calculating Monetary Costs and Outcomes**

We examined the literature to estimate the long-term governmental impact (e.g., decreased revenue from taxes) and societal impact (e.g., decreased spending at local businesses) of youth who engage in criminal activity, do not finish high school, or do not acquire gainful employment. For example, it is estimated that the lifetime economic impact for an adolescent who does...
Providing Quality Residential Care (cont’d)

not acquire additional schooling or work-based skills after age 16 is $786,136 (e.g. from less tax revenue, increased crime). Using information inputted from the literature, the ROI tool calculated the following outcomes for the <=6 month group vs. >6 month group.

- **Total cost of the program.** The cost per person as well as for the groups being compared.
- **Net Benefit: Projected government fiscal impact.** This includes increased tax revenues and reduced governmental expenditures attributable to improved program outcomes.
- **Net Benefit: Projected societal benefit.** This includes net government fiscal impact benefit plus other monetary society-wide benefits.
- **Net societal cost savings.** This uses the societal impact but also takes into account the difference in program costs between the two groups.
- **Percent of government return on investment.** This calculation projects the percentage of return that will be realized in government benefits as the result of improved outcomes from being in one group relative to the other group.
- **Percent societal return on investment.** This calculation projects the percentage of return that will be realized in societal benefits as the result of improved outcomes from being in one group relative to the other group.

### Results

**Program Costs**

One day in the program, regardless of length of stay, cost $305. The average length of stay for the 141 youth in the <=6 month group was 109 days, resulting in an average cost of $33,245 per person ($305 x 109). As such, the total cost for the <=6 month group was $4,687,545 ($305 x 109 x 141). The average length of stay for the 1031 youth in the >6 month group was 656 days, resulting in an average cost of $200,080 per person ($305 x 656). The total cost for this group was $206,282,480 ($305 x 656 x 1031).

**Net Benefits and Return on Investment**

It is projected that the benefits to society for being in the >6 month group instead of the <=6 month group will be approximately $450 million. This projection comes from increased employment and greater wages resulting from increased high school graduation and decreased recidivism from being in the >6 month group. Likewise, using the same outcomes, the net government fiscal benefit (i.e., increased tax revenues and reduced governmental expenditures) is projected to be approximately $44.7 million. Finally, after taking into account the difference in program costs between the two groups, it is projected that those in the >6 month group will see a 261.2% return in societal benefit and a 25.9% return in government benefits over those in the <=6 month group.

### Conclusions

As expected, youth who were in the program for more than 6 months had better educational, employment, and criminality outcomes than youth that were in the program for 6 months or less. In turn, these outcomes were associated with significantly better estimated societal financial benefit over the long-term. While the youth who were in the program for more than 6 months did have higher treatment costs, the long-term societal and governmental benefits far outweighed these short-term treatment costs.

In summary, preliminary results suggest that more time in program is helpful to obtaining a positive long-term impact on youth behavior. The emotional and behavioral challenges youth experience developed over time, and sufficient time needs to be spent helping them overcome these issues.

This study supports the view that longer lengths of stay in quality residential care can be more cost effective when taking long-term societal returns into account; however, additional research with the ROI tool using rigorous experimental design (i.e., randomized control trial) is needed to strengthen these findings.

**Author contact info:** 531.355.1259 or jay.ringle@boystown.org

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### Projected Return on Investment for Youth who Stayed at Boys Town Longer than 6 Months

<table>
<thead>
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<td>$450 M</td>
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<tr>
<td>Return on Investment</td>
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<td>261%</td>
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**About the Author**

Jay Ringle has worked at the Boys Town National Research Institute for 15 years and has been involved with evaluating and reporting Return on Investment outcomes of the Family Home Program since 2014. Jay is currently a Senior Research Analyst and is involved with several projects including a randomized control trial of the In-Home Family Services Program.