**BCA Exercise – Fiscal Version**

The High Scope/ Perry Pre-School Program … same description as before.

To test the benefits of the program, 123 students were randomly assigned either to the control group or pre-school treatment group. These 123 students were followed up at age 19, 27 and 40.

The results are given in Table 1.

**Table 1**

**Results per Child**

|  |  |  |
| --- | --- | --- |
|  | Treatment Child | Control Child |
| Program cost per child | $12,380 | $0 |
| Earnings at age 27 | $13,328 | $11,186 |
| Earnings at age 40 | $24,466 | $19,699 |
| Felony count each year ages 19-27 | 0.12 | 0.26 |
| Felony count each year ages 28-40 | 0.05 | 0.07 |
| Misdemeanor count each year ages 19-27 | 0.12 | 0.22 |
| Misdemeanor count each year ages 28-40 | 0.17 | 0.25 |
| Months on welfare each year ages 19-27 | 4.74 | 4.71 |
| Months on welfare each year ages 28-40 | 2.15 | 2.02 |
| HS graduate by age 19 | 67% | 46% |

All dollar amounts are in 2000 dollars. Adapted from Nores et al. (2006).

Perform a fiscal BCA of this program for the state of Michigan.

*Helpful information:*

NBER tax simulator: <http://users.nber.org/~taxsim/taxsim-calc9/index.html>

Benefit transfer shadow prices for felonies and misdemeanors of: sexual assault $267,300; general assault $118,800; robbery, $47,000; larceny/theft $3,900; burglary $7,200 (present values in 2000 dollars at age 18, McCollister et al. (2010)).

**Table 2. Percent distribution of expenditure for the justice system by type of government, fiscal 2012**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **Federal government** | **State governments** | **Local governments** |
|  |  |  |  |
| Total expenditure | 19.6 | 30.5 | 49.9 |
| Police protection | 22.9 | 10.6 | 66.5 |
| Judicial and legal | 25.3 | 36.7 | 38 |
| Corrections | 10.3 | 57.3 | 32.5 |