Using Integrated Data Systems for Benefit-Cost Analysis and Program Outcomes in Los Angeles County:
The General Relief Housing Subsidy Project:

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Over the past decade, Los Angeles County has become increasingly receptive to the use of evidence-based research as a means to making informed policy decisions.

This study utilized the County’s Integrated Data Systems (IDS) to conduct a benefit-cost analysis and an outcome evaluation of a rental subsidy program for homeless participants in the General Relief (GR) program.
Pilot Details

- Pilot implemented in July, 2006;
- A voluntary program;
- Serves a revolving total of 900 General Relief recipients;
- The study population included 900 recipients participants who participated in the pilot from 2006 through 2008.
- Pilot participants were separated into three categories:
  - Employable/GROW GR Recipients;
  - GR Recipients Potentially Eligible for SSI;
  - Chronically Homeless GR Recipients;
Background: Pilot Details

- Pilot participants agreeing to pay $136 from their monthly GR grants towards rent (or $115 for shared housing situations) receive a rental subsidy of up to $300 per month, as well as enhanced case management that facilitates access to needed services from departments such as Health Services, Mental Health and Public Health.

- The pilot project was implemented in six service districts.

- Propensity score matching used to construct a control group who did not participate in the program.
Pilot Rationale

“...to test whether assisting the homeless GR population with a rent subsidy and coordinating access to other necessary services reduces homelessness, increases employment and/or increases receipt of SSI benefits, and yields cost savings for Los Angeles County.”
Areas Evaluated

The Evaluation analyzes participant outcomes in the following areas:

- Employment;
- Supplemental Security Income (SSI) Eligibility;
- Homelessness Prevention;

The evaluation also analyzed cost savings:

- Cost savings yielded through pilot participation;
- Patterns of participant entry into and exit from the pilot program.
SSI Eligibility Outcomes

Policy Research Questions:

- How does participation in the Pilot Project affect the likelihood that potentially eligible GR recipients will actually gain eligibility for SSI benefits?

- How does participation affect the length of time it takes GR recipients to make an application and gain eligibility?
SSI Eligibility Outcomes

- The pilot project increases the probability both that potentially SSI-eligible GR recipients will make SSI applications and that they actually gain eligibility for these benefits.

- This is especially important because when disabled GR recipients are approved for SSI benefits, the $221 monthly GR grant they receive is replaced by an SSI monthly grant of as much as $821. SSI further represents an important means of cost avoidance for the County insofar as SSI recipients are additionally entitled to Medi-Cal benefits, which provide comprehensive medical care.
SSI Eligibility Outcomes

- While 85 percent of the GR recipients in the potentially SSI-eligible pilot group submitted SSI applications during the observation period, only one-third of the control group recipients were able to submit applications during their observation period.

- Roughly one-third of the applications from both the pilot and control groups were still pending at the end of their respective observation periods. However, while the approval rate was almost 50 percent for applications coming from the pilot group, the approval rate was only 25 percent for the control group.
SSI Eligibility Outcomes

- Almost half (49 percent) of the official decisions made on SSI applications coming from the pilot group of disabled GR recipients were approved. Additionally, the ratio of approval to denial was higher for applications made after entry into the pilot (60 percent) than it was for applications made before entry into the pilot (42 percent).

- Regression analysis revealed that pilot group participants were 2.5 times more likely than control group participants to be approved for SSI.
Cost Savings

Research Question

➢ To what extent does pilot participation yield significant service cost offsets?

Los Angeles County incurs substantial costs when homeless persons cycle repeatedly through hospitals, jails and treatment programs for mental health and substance abuse issues. The evaluation examines the extent to which the pilot program offsets the need for these services, thereby yielding cost savings.
Cost Savings

- A comparison of annualized first-year figures for the pilot and control groups indicates that service utilization costs are three times lower for pilot participants. The largest differences are in inpatient health service costs and public health costs, which are mostly residential drug abuse treatment charges.

- The total annualized service utilization cost for 900 pilot participants after their first year in the pilot was $5.2 million, as compared with the $14.5 million it cost to provide services over the same period of time to 900 GR recipients who did not participate in the pilot.
Cost Savings

- After deducting the annual pilot budget of $4.2 million from the gross savings of $9.3 million yielded through participation in the pilot, the net savings are over $5 million for the 900 pilot participants at the end of their year in the pilot.

- There are no pilot program costs in the second year since participants are assumed to stay in the pilot for one year. For this reason, the second-year savings for pilot participants (over $6 million) are simply derived by subtracting their annualized second-year service costs ($4.9 million) from the annualized second-year service costs incurred by the 900 GR recipients in the control group who did not participate in the pilot ($11 million).
Cost Savings

- The projected total annualized service costs for the 900 pilot participants is $4.9 million for the year after they exit the pilot. This figure is significant because it indicates that their service costs drop even further after they leave the pilot.

- The cost avoidance analysis for the potentially SSI-eligible pilot population is especially noteworthy. Using a number of (conservative assumptions, and factoring in the medical and programmatic reimbursements SSI eligibility makes possible, the evaluation projects that, if the pilot program were extended to 900 potentially SSI-eligible pilot participants, the service cost savings over two years would be over $19 million.
The Importance of Integrated Data Systems in the Current Fiscal Environment

- The evaluation showed that the GR Housing Subsidy Pilot Project is a program that generates significant cost savings for the County. The program will be expanded to provide housing subsidies to 10,000 homeless GR recipients by 2014.

- Our experience in Los Angeles demonstrates that the use of IDS provides a compelling mechanism to provide evidence-based policy responses to complex problems in governance.
The Importance of Integrated Data Systems in the Current Fiscal Environment

- Without the use of IDS it would be difficult, if not impossible to answer important program outcomes questions on the cost efficiency of social programs.

- This analysis has made full use of the unique capacity of the County’s IDS to provide answers to policy makers.
The Importance of Integrated Data Systems in the Current Fiscal Environment

- In the context of the fiscal challenges faced by government, there is a need for IDS-data driven decisions to make efficient use of public resources.

- The Los Angeles experience using IDS to drive policy decisions demonstrates that government agencies have much to gain in the formulation of fiscally responsible program policies.
The Importance of Integrated Data Systems in the Current Fiscal Environment

- Like many other localities, Los Angeles County is currently faced with a difficult combination of rising caseloads and declining revenues. Within this context, the effective service delivery and cost savings made possible by the use of IDS for purposes of both benefit-cost analysis and service provision, has become critical.
THANK YOU

A copy of the full report can be accessed at:

http://ceo.lacounty.gov/SIB/res.htm

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