



U.S. Department of Health & Human Services

Administration for Children & Families

Cost/Benefit Analysis

for

Child Support Enforcement Systems (CSES)

***Companion Guide 3:
Cost/Benefit Analysis Illustrated
for Child Support Enforcement Systems
revised August 2004***

a presentation of the Office of Child Support Enforcement



Cost-Benefit Analysis In The APD Process

PAPD Feasibility Study – a means to compare alternatives in order to select one

IAPD A plan and process to measure costs/benefits and calculate breakeven

APDU Measures projected and actual costs and benefits each year, explaining variances from original plan, and calculates breakeven



After PRWORA Certification

With a New or Replacement System

- ✓ A new system transfer always requires an IAPD that includes a Feasibility Study, Alternatives Analysis and a Cost-Benefits Analysis (CBA).

CSES Enhancement

- ✓ Can be treated as a continuation of the existing system and thus of the existing APD, with update of existing APD and CBA, or State may opt to open a new APD, and thus a new CBA



Cost-Benefit Analysis: **Cost Elements**

Recurring

- ✓ All costs related to system operations and maintenance (**O&M**): lease and maintenance of site, facility, equipment and software, travel, training, supplies, security, salary and benefits, support services

Non-Recurring

- ✓ All costs related to **System Development**: design, development, testing, conversion, studies, procurement, implementation, new facilities and equipment



Cost-Benefit Analysis: **Benefit Elements**

Quantitative

- ✓ Increased Revenue – i.e., collections (expected to be sufficient for CSE systems to breakeven)
- ✓ Reduced Costs

Qualitative

- ✓ Customer/Client Satisfaction
- ✓ Improved Morale
- ✓ Avoiding Technology Obsolescence, Etc.



Cost-Benefit Analysis: Cost-Benefit Monitoring

- ✓ **Actual costs and benefits must be monitored and reported-on at least yearly**
- ✓ **Costs and Benefits must be measured against the baseline used in the IAPD**
- ✓ **Variances over 10% should be explained by including any supporting documentation**



Cost-Benefit Analysis: The Breakeven Point

- ✓ **Occurs when cumulative benefits from system exceed cumulative costs over same period**
- ✓ **Reported in Annual APDU (AAPDU)**
- ✓ **Verified by OCSE**

- ✓ **Further APDU's are not required when:**
 - **CSES is federally, unconditionally certified,**
 - **All outstanding, significant CSES development is complete, and**
 - **OCSE has verified breakeven data in AAPDU**

Cost-Benefit Analysis: Two Benefit Models

The Functional Model

- ✓ Provides detailed measurements specific to task-level effort
- ✓ Provides insight into specifically where system revenues and cost savings are derived

The Revenue Stream Model (RSM)

- ✓ Provides summary view of project progress toward breakeven
- ✓ Uses summary data required for OCSE Forms; relatively easy to develop, measure, and verify



U.S. Department of Health & Human Services

Administration for Children & Families

Cost/Benefit Analysis

for

Child Support Enforcement Systems (CSES)

The Revenue Stream Model

The *New* Version 4



Revenue Stream Model: **Functional Changes**

- ✓ Added Data Validation
- ✓ Allows Printing of Multiple Years
- ✓ Allows Up to 15 Years of Data
- ✓ Recovers Original Projections
- ✓ No Change to Data Needed
- ✓ No Change in Basic Functionality
- ✓ No Change in Basic Operations
- ✓ Similar Look and Feel

Revenue Stream Model: **Screen Changes**

Main Menu

- ✓ All Years Visible on Menu
- ✓ Print 1 to 15 Separate Benefit Years
- ✓ Print Multiple Copies

Baseline Data Input - New Groupings

- ✓ Project Data
- ✓ Base Year Data
- ✓ Baseline Growth Rates

Revenue Stream Model: **Screen Changes**

Benefit Years

- ✓ All Baseline Data Shows on Screen
- ✓ 'Projected' Changes to 'Actual' Automatically
- ✓ Restores Original Projections
- ✓ Can Now Print from the Input Menu

Chart - Includes New Data

- ✓ Project Data
- ✓ Growth Rates
- ✓ Last Year of Data Entered
- ✓ Offers Breakeven Statistics



Cost-Benefit Analysis: Revenue Stream Model

The RSM Uses Summary Data

- ✓ Annual caseload and collections as identified in APD and OCSE Forms 157 and 34A
- ✓ Net Administrative costs, ADP O&M costs as identified in APD and OCSE Form 396A
- ✓ Total system development/enhancement as identified in IAPD
- ✓ Operational life of system identified in IAPD
- ✓ The year prior to system implementation is used as the RSM Base Year



Revenue Stream Model: **Cost Data**

- ✓ Growth of ***Net Administrative*** operating costs and ADP Operations and Maintenance costs is estimated based on inflation index prior to implementation or on historical data
- ✓ Total system development/enhancement cost is identified from Annual APD Updates
- ✓ The IAPD identifies the system costs that will be tracked in the Revenue Stream Model (RSM)



Revenue Stream Model: **Benefits Data**

- ✓ **Growth of revenue (collections) is estimated by the model based on historical collections data and historical collections growth data leading up to the CSES' implementation**
- ✓ **The IAPD's CBA (Revenue Stream Model) provides the vehicle that will track benefits growth and accumulation automatically**
- ✓ **RSM is automated and can be easily printed for submission in Annual APD Updates**



Revenue Stream Model: **What The RSM Does**

- ✓ **Tracks actual costs and benefits**
- ✓ **Applies growth factors based on historical data or inflation index to project (predict) future costs/benefits**
- ✓ **Amortizes costs of system development/enhancement over the projected system life**
- ✓ **Calculates the proportion of all revenue increases that are attributable to automation**
- ✓ **Projects breakeven point for costs and benefits**



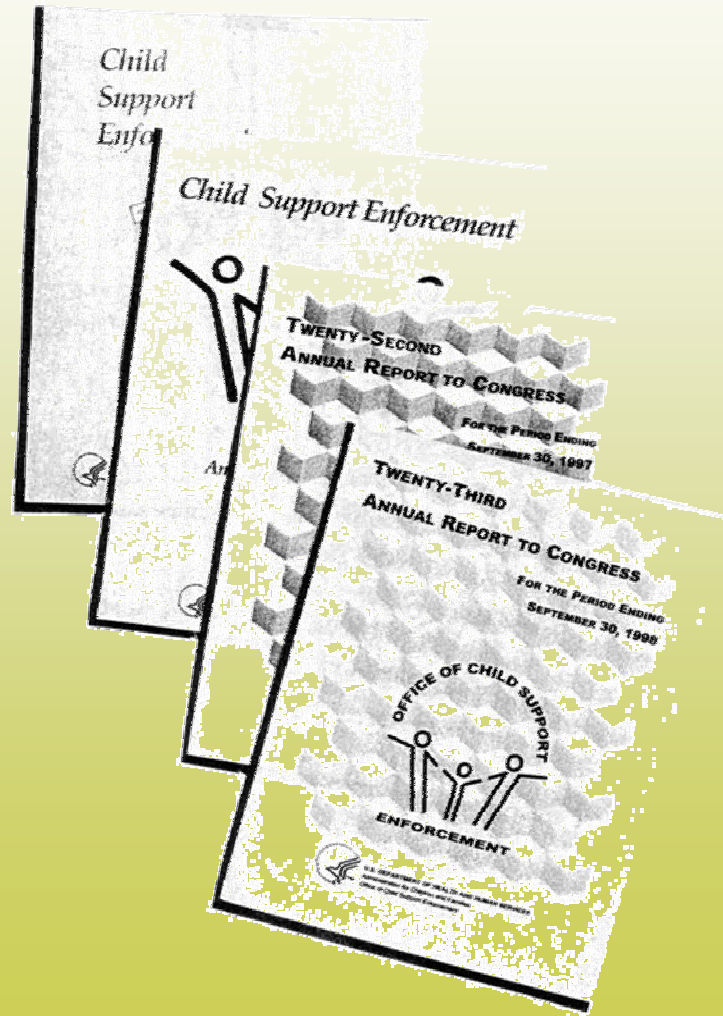
Revenue Stream Model: **Setting Up the RSM**

- ✓ **Project Cost Data**
 - System Development Cost
 - System Life (in Years)
 - Operations and Maintenance for Base Year
- ✓ **Program Caseload, Collections and Net Administrative Cost**
 - Annual Caseload for Base Year
 - Annual Collections for Base Year
- ✓ **Growth Rate Data 3 to 5 Years Prior to Year One of Operation of the CSES (up to and including the Base Year)**



RSM Set Up: Sources for Prior Year Data

Child Support Enforcement
Annual Reports to Congress



RSM Set Up: Sources for Prior Year Data

OCSE Website: <http://www.acf.hhs.gov/programs/cse/>



The screenshot shows the official website of the Office of Child Support Enforcement (OCSE). At the top, it features the U.S. Department of Health & Human Services logo and the Administration for Children & Families name. A navigation bar includes links for Home, Services, Working with ACF, Policy/Planning, About ACF, and ACF News. Below this, the text 'OFFICE OF CHILD SUPPORT ENFORCEMENT' is displayed, followed by a secondary navigation bar with links for OCSE Home, Program Information, News, Publications, Policy, State Links, OCSE Search, and Help. The main content area features a large, colorful graphic of the letters 'OCSE' with cartoon characters. To the right of this graphic is the heading 'Welcome to the Federal Office of Child Support Enforcement Home Page'. Below the heading are three links: 'Questions?', 'What's New', and 'If you are seeing pop-up messages on our site...'. A section titled 'Facts & Descriptions' provides a list of resources, including 'Handbooks and Fact Sheets', 'EPLS / Employer Info / New Hire / Qrtrly Wage & Unemp. Ins.', 'State Systems', 'National Electronic Child Support Resources (NECSRS) - Search', 'Financial Institution Data Match', 'OCSE Tribal Resources', and 'Online Interstate Roster and Referral Guide (IRG)'. On the right side of the page, there is a blue box for the '13th Annual Training Conference' with a link for 'Online Registration'.



[Forms, Reports & Other Resources](#)



RSM Set Up: Sources for Prior Year Data



[OCSE Virtual Library of Training Materials](#)

[Selected ACF/OCSE Forms](#)

OCSE Annual Reports and Statistics

[Child Support Enforcement \(CSE\) FY 2002 Preliminary Data Report](#)

[FY 2001 Annual Statistical Report](#)

[FY 2001 Data Preview Report - September 2002](#)

[Annual Statistical Report For Fiscal Years 1999 and 2000](#)

[2000 Preliminary Statistics, August 2001](#)

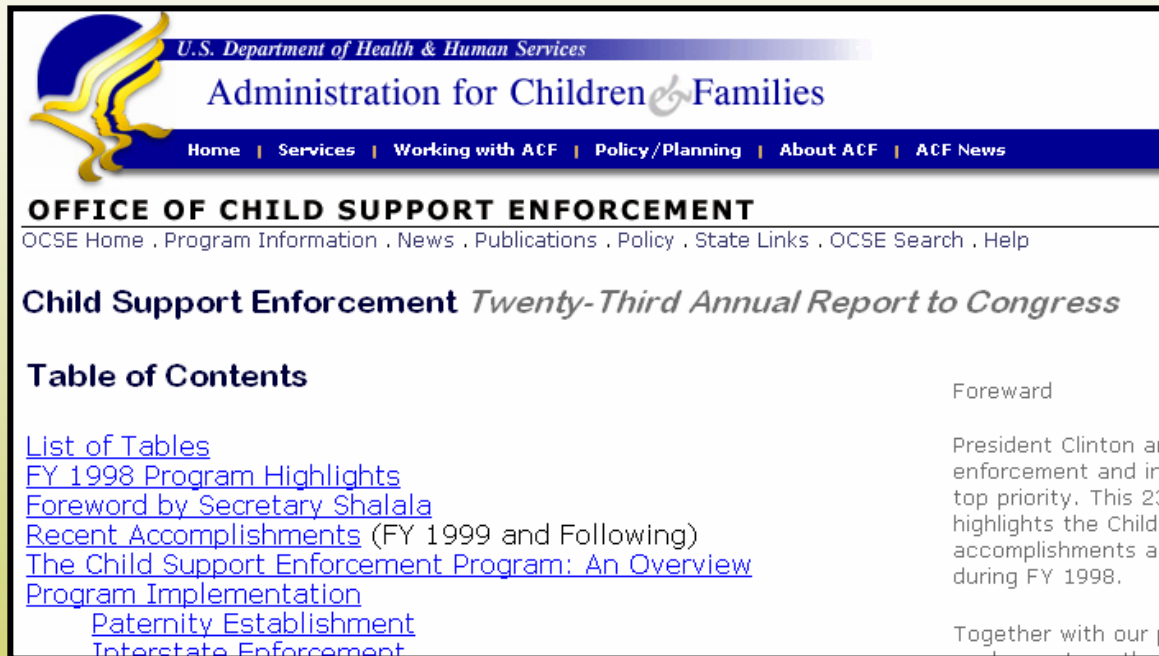
[1999 Statistics, September 2000](#)


[23rd Annual Report](#) [22nd Annual Report](#) [21st Annual Report](#)

[20th Annual Report](#) [19th Annual Report](#) [18th Annual Report](#)



RSM Set Up: Sources for Prior Year Data



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OCSE Home . Program Information . News . Publications . Policy . State Links . OCSE Search . Help

Child Support Enforcement *Twenty-Third Annual Report to Congress*

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FY 1998 Program Highlights	President Clinton announced that child support enforcement and interstate enforcement are a top priority. This 23-page report highlights the Child Support Enforcement Program's accomplishments during FY 1998.
Foreword by Secretary Shalala	
Recent Accomplishments (FY 1999 and Following)	
The Child Support Enforcement Program: An Overview	
Program Implementation	
Paternity Establishment	Together with our partners, we are working to ensure that every child has a father who is actively involved in his or her life.
Interstate Enforcement	

RSM Set Up: Sources for Prior Year Data



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RSM Set Up: Sources for Prior Year Data

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Administration for Children & Families
Office of Child Support Enforcement

TABLE 4
Child Support Enforcement *Twenty-Third Annual Report to Congress*
TOTAL DISTRIBUTED COLLECTIONS FOR FIVE CONSECUTIVE FISCAL YEARS

STATE	1994	1995	1996	1997	1998
ALABAMA	\$127,908,477	\$141,212,499	\$157,887,352	\$170,581,427	\$172,407,203
ALASKA	45,851,252	51,734,216	57,708,433	64,919,032	64,262,422
ARIZONA	77,418,716	93,811,661	113,480,816	132,048,847	144,347,745
ARKANSAS	55,214,883	63,875,135	79,432,115	91,457,022	99,373,428
CALIFORNIA	811,493,194	857,281,903	1,034,409,497	1,174,214,624	1,372,354,157
COLORADO	80,288,154	91,869,504	108,259,298	123,564,692	140,311,116
CONNECTICUT	98,447,867	113,734,197	125,234,393	141,543,436	154,373,662
DELAWARE	29,663,335	31,550,990	35,394,565	38,616,387	42,005,824
DISTRICT OF COLUMBIA	24,078,544	26,040,357	27,791,253	29,906,318	32,715,624
FLORIDA	327,296,405	374,014,543	411,799,338	484,630,121	507,112,518



WASHINGTON	340,488,236	375,257,202	407,002,297	451,730,094	474,432,883
WEST VIRGINIA	54,401,779	72,796,255	84,232,843	98,147,954	109,384,212
WISCONSIN	380,584,443	427,487,251	440,238,715	459,882,115	499,272,091
WYOMING	16,183,772	17,349,792	25,020,548	28,682,650	33,110,055
NATIONWIDE TOTALS	\$9,850,159,410	\$10,827,167,179	\$12,019,789,424	\$13,363,971,702	\$14,347,706,681

SOURCE: FORM OCSE-34 (4/93) LINE 14(A + B + C)

SOURCE: FORM OCSE-34 (4/93) LINE 14(A + B + C)

RSM Set Up: Sources for Prior Year Data

RSM Data Sources –A Desk Reference Tool

Cost Benefit Analysis – Revenue Stream Model						
+ Data Sources by Year, FFY 1991 – FFY 2001						
FFY	Data	Source	Table	Table Name	Data Years	OCSE Form
1991 Sixteenth Annual Report to Congress for the Period Ending September 30, 1991* – or OCSE Forms						
1991	Caseload	AR*	34	Average Annual CSE Caseload ...	1987 – 1991	Before 1991: OCSE 56 Line 4 (A+B+C) 1991: OCSE 156 lines 4 & 5 (A+B+C)
1991	Collections	AR*	4	Total Distributed Collections ...	1987 – 1991	OCSE 34, Line 13 (A + B + C)
1991	Net Admin	131	--	All Other Expenditures (at regular FFP rate)	1991	OCSE 131 (Part 1) Line 9
1991	ADP O&M	131	--	Other ADP Expenditures (at regular FFP rate)	1991	OCSE 131 (Part 1) Line 7
1992 Seventeenth Annual Report to Congress for the Period Ending September 30, 1992* – or OCSE Forms						
1992	Caseload	AR*	32	Average Annual CSE Caseload FY 1992	1992	OCSE 156 lines 4 & 5 (A + B + C)
1992	Collections	AR*	4	Total Distributed Collections for ...	1988 – 1992	OCSE 34, Line 13 (A + B + C)
1992	Net Admin	131	--	All Other Expenditures (at regular FFP rate)	1992	OCSE 131 (Part 1) Line 9
1992	ADP O&M	131	--	Other ADP Expenditures (at regular FFP rate)	1992	OCSE 131 (Part 1) Line 7
1993 Eighteenth Annual Report to Congress for the Period Ending September 30, 1993* – or OCSE Forms						
1993	Caseload	AR*	32	Average CSE Caseload by ... FY 1993	1993	OCSE 156 lines 4 & 5 (A + B + C)
1993	Collections	AR*	4	Total Distributed Collections for ...	1989 – 1993	OCSE 34, Line 13 (A + B + C)
1993	Net Admin	131	--	All Other Expenditures (at regular FFP rate)	1993	OCSE 131 (Part 1) Line 9
1993	ADP O&M	131	--	Other ADP Expenditures (at regular FFP rate)	1993	OCSE 131 (Part 1) Line 7
1994 Nineteenth Annual Report to Congress for the Period Ending September 30, 1994* – or OCSE Forms						
1994	Caseload	AR*	32	Average CSE Caseload by ... FY 1993	1994	OCSE 156 lines 4 & 5 (A + B + C)
1994	Collections	AR*	4	Total Distributed Collections for ...	1990 – 1994	OCSE 34, Line 14 (A + B + C)
1994	Net Admin	131	--	Net Administrative Expenditures	1994	OCSE 131 (Part 1) Line 9
1994	ADP O&M	131	--	Other ADP Expenditures (at regular FFP rate)	1994	OCSE 131 (Part 1) Line 7



RSM Set Up: Growth Rate Data

Growth Data

Calculate Rates Of Growth Of **Net** Program Administrative Costs), System Maintenance and Operations (M&O) Costs, and Caseload and Collections On A Year-to-Year Basis:

- ✓ prior to beneficial use of the system
- ✓ create average using at least 3 prior years
- ✓ use the same years for all calculations



RSM Set Up: Growth Rate Data

Growth Formulas

Caseload and Collections Growth Rates

2002 Caseload Growth Rate = $(2002 \text{ Caseload} - 2001 \text{ Caseload}) / 2001 \text{ Caseload}$

2001 Caseload Growth Rate = $(2001 \text{ Caseload} - 2000 \text{ Caseload}) / 2000 \text{ Caseload}$

2000 Caseload Growth Rate = $(2000 \text{ Caseload} - 1999 \text{ Caseload}) / 1999 \text{ Caseload}$

(3-yr) Caseload Growth Rate =

$((2000 \text{ Growth Rate} + 2001 \text{ Growth Rate} + 2002 \text{ Growth Rate}) / 3) / 100$



RSM Set Up: Growth Rate Data

Growth Formulas

Admin and ADP O & M Growth Rates

2002 Growth Rate = (2002 Inflation Index)

2001 Growth Rate = (2001 Inflation Index)

2000 Growth Rate = (2000 Inflation Index)

(3-yr) Inflation Index Growth Rate =

$((2000 \text{ Growth Rate} + 2001 \text{ Growth Rate} + 2002 \text{ Growth Rate}) / 3) / 100$

RSM Set Up: Growth Rate Data

Growth Parameters

- ✓ Caseload Growth % (3-10%)
- ✓ Collections Growth % (3-10%)
- ✓ Administration Cost Growth % (inflation +/- 2%)
- ✓ Annual ADP Cost Growth % (inflation +/- 1%)
- ✓ Variances outside these parameters need to be explained in APD



Using The Revenue Stream Model

Create an RSM

- ✓ Gather data from OCSE reports and APD's
- ✓ Enter data to RSM data-entry dialogs
- ✓ Print out benefit year worksheets
- ✓ Summarize progress in CBA section narrative

Update RSM data yearly

- ✓ Update RSM with actual prior year caseload and collections data, and administrative and ADP costs
- ✓ Print out benefit year worksheets
- ✓ Summarize progress in CBA section narrative.

RSM Construction and Use: **An Exercise**

Project Data

- ✓ System Development Cost
- ✓ System Life
- ✓ Base Year for RSM

Base Year Data

- ✓ Annual Caseload
- ✓ Annual Collections
- ✓ Net Administration Cost
- ✓ ADP Operations and Maintenance Cost

Growth Data

- ✓ Rates of growth



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Open The Revenue Stream Model Main Menu

Revenue Stream Model Main Menu

View or Enter Data

Baseline Data	FFY
Base Year	1997
Benefit Year 1	1998
Benefit Year 2	1999
Benefit Year 3	2000
Benefit Year 4	2001
Benefit Year 5	2002
Benefit Year 6	2003
Benefit Year 7	2004
Benefit Year 8	2005
Benefit Year 9	2006
Benefit Year 10	2007
Benefit Year 11	2008
Benefit Year 12	2009
Benefit Year 13	2010
Benefit Year 14	2011
Benefit Year 15	2012
RSM Chart	

Print One or More Benefit Years

- Base Year
- Benefit Year 1
- Benefit Year 2
- Benefit Year 3
- Benefit Year 4
- Benefit Year 5
- Benefit Year 6
- Benefit Year 7
- Benefit Year 8
- Benefit Year 9
- Benefit Year 10
- Benefit Year 11
- Benefit Year 12
- Benefit Year 13
- Benefit Year 14
- Benefit Year 15
- RSM Chart

Select All / Clear All

Copies to Print

Save and Close

Close without Saving

Print

Using The Revenue Stream Model



Input Baseline Data

Input Baseline Data

Project Data
Identify State and Project or Scenario
State Name - Project - Year

Base Year (FFY) End Date 9/30/YYYY: 1997

Expected System Life in Years: 0

Total System Development Cost: 0

Base Year Data

Base Year Annual Caseload: 0

Base Year Annual Collections: 0

Base Year Net Admin Cost: 0

Base Year ADP O&M Cost: 0

Baseline Growth Rates (0.05 = 5%)

Growth in Values Prior to Benefit Year 1

Average Caseload Growth Rate: 0

Average Collections Growth Rate: 0

Inflation Index Growth

Net Admin Growth Rate: 0

ADP O&M Growth Rate: 0



Input Baseline Data

Project Data
Identify State and Project or Scenario
NewState - CSES - FFY 1997

Base Year (FFY) End Date 9/30/YYYY: 1997

Expected System Life in Years: 11

Total System Development Cost: 82294578

Base Year Data

Base Year Annual Caseload: 312503

Base Year Annual Collections: 240386560

Base Year Net Admin Cost: 55998417

Base Year ADP O&M Cost: 8664882

Baseline Growth Rates (0.05 = 5%)

Growth in Values Prior to Benefit Year 1

Average Caseload Growth Rate: 0.052

Average Collections Growth Rate: 0.116

Inflation Index Growth

Net Admin Growth Rate: 0.0273

ADP O&M Growth Rate: 0.0273

How The Model Works

Project Data
Identify State and Project or Scenario

Base Year (FFY) End Date 9/30/YYYY

Expected System Life in Years

Total System Development Cost

Base Year Data

Base Year Annual Caseload

Base Year Annual Collections

Base Year Net Admin Cost

Base Year ADP O&M Cost

Baseline Growth Rates (0.05 = 5%)

Growth in Values Prior to Benefit Year 1

Average Caseload Growth Rate

Average Collections Growth Rate

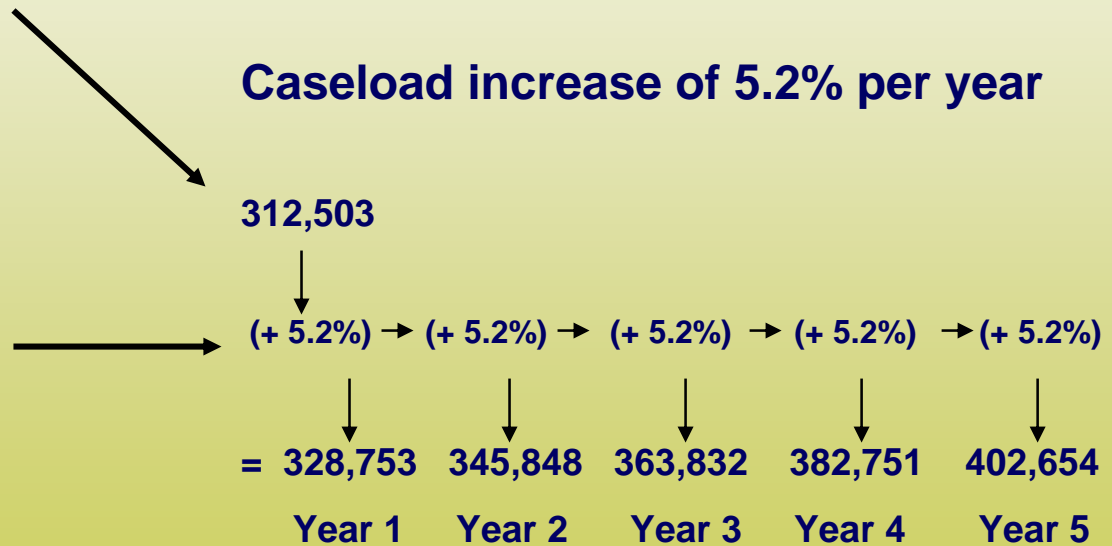
Inflation Index Growth

Net Admin Growth Rate

ADP O&M Growth Rate

1. RSM applies Growth Rates to Base Year values...

Caseload increase of 5.2% per year



How The Model Works

Project Data

Identify State and Project or Scenario

NewState - CSES - FFY 1997

Base Year (FFY) End Date 9/30/YYYY: 1997

Expected System Life in Years: 11

Total System Development Cost: 82294578

Base Year Data

Base Year Annual Caseload: 312503

Base Year Annual Collections: 240386560

Base Year Net Admin Cost: 55998417

Base Year ADP O&M Cost: 8664882

2. RSM projects system costs by ...amortizing Development Cost over the years of system life ...

82,234,576

(divided by)

11 = 7,481,325 amortized amount

How The Model Works

Project Data
Identify State and Project or Scenario

Base Year (FFY) End Date 9/30/YYYY

Expected System Life in Years

Total System Development Cost

Base Year Data

Base Year Annual Caseload

Base Year Annual Collections

Base Year Net Admin Cost

Base Year ADP O&M Cost

Baseline Growth Rates (0.05 = 5%)

Growth in Values Prior to Benefit Year 1

Average Caseload Growth Rate

Average Collections Growth Rate

Inflation Index Growth

Net Admin Growth Rate

ADP O&M Growth Rate

...and calculating each year's
ADP O&M

ADP O&M 8,664,882

Plus growth + 2.73%

8,901,433 Year 1 projection



How The Model Works

The Annual System Cost is the sum of the amortized Development Cost plus the year's O&M.

Development	82,234,576	
	<i>(divided by)</i>	
System Life	11	= 7,481,325 amortized development
	<i>plus</i>	
ADP O&M	<u>8,901,433</u>	projection
Annual System Cost	16,382,207	



How The Model Works

3. RSM calculates benefits in terms of the increase between

240,386,560 Base Year and
268,271,401 Current Year

27,884,841 Collections

	Projected Oct-1998	Projected Oct-1999
Annual Caseload	328,753	345,848
Annual Collections	268,271,401	299,330,884
Annual Admin Costs	57,527,174	59,097,666
Annual ADP Operations & Maintenance Costs	8,301,433	9,144,442
Annual Amortization of System Development Cost	16,302,750	16,625,767
ADP to Admin (%)	22.17%	21.96%
Base Year and Current Year Collection Difference	27,884,841	59,004,324
Benefits Attributed To Automation	6,100,910	12,954,935
Total Accum Annual Costs	91,196,011	100,340,453
Total Accum Annual Benefits	6,100,910	13,135,845
Breakeren Amount		
Breakeren Month		
Breakeren Ratio	6.76%	19.07%
Base Year Notes:		
System Development Cost	02,294,570	
Annual Caseload	312,503	
Annual Collections	240,386,560	
Annual Admin Cost	55,990,417	
Annual ADP O&M Cost	8,664,002	
Base Year	10/01/1997	

How The Model Works

4. The RSM attributes benefits according to the ratio between Net Administrative costs and Annual System costs . . .

	Projected Oct-1998
Annual Caseload	320,753
Annual Collections	260,271,401
Annual Admin Costs	57,527,174
Annual ADP Operations & Maintenance Costs	8,901,433
Annual Amortization of System Development Cost	16,382,758
ADP to Admin (%)	22.17%
Base Year and Current Year Collection Difference	27,884,841
Benefits Attributed To Automation	6,100,910
Total Accum Annual Costs	31,196,011
Total Accum Annual Benefits	6,100,910
Breakeven Amount	
Breakeven Month	
Breakeven Ratio	6.70%

57,527,174

= .2217 or 22.17%

16,382,758

How The Model Works

... and calculates the portion of benefits attributable to automation for each year ...

$$\begin{array}{r}
 22.17\% \\
 \times 27,884,841 \\
 \hline
 6,180,190
 \end{array}$$

	Projected Oct-1998	Projected Oct-1999	Projected Oct-2000
Annual Caseload	328,753	345,848	363,832
Annual Collections	268,271,401	299,390,884	334,120,227
Annual Admin Costs	57,527,174	59,097,666	60,711,032
Annual ADP Operations & Maintenance Costs	8,901,433	9,144,442	9,394,085
Annual Amortization of System Development Cost	16,302,750	16,625,767	16,075,410
ADP to Admin (%)	22.17%	21.96%	21.75%
Base Year and Current Year Collection Difference	27,884,841	59,004,324	93,733,667
Benefits Attributed To Automation	6,180,910	12,954,935	20,387,506
Total Accum Annual Costs	91,196,011	100,340,453	103,734,530
Total Accum Annual Benefits	6,100,910	19,135,045	39,523,351
Breakeven Amount			
Breakeven Month			
Breakeven Ratio	6.76%	19.07%	36.02%



How The Model Works

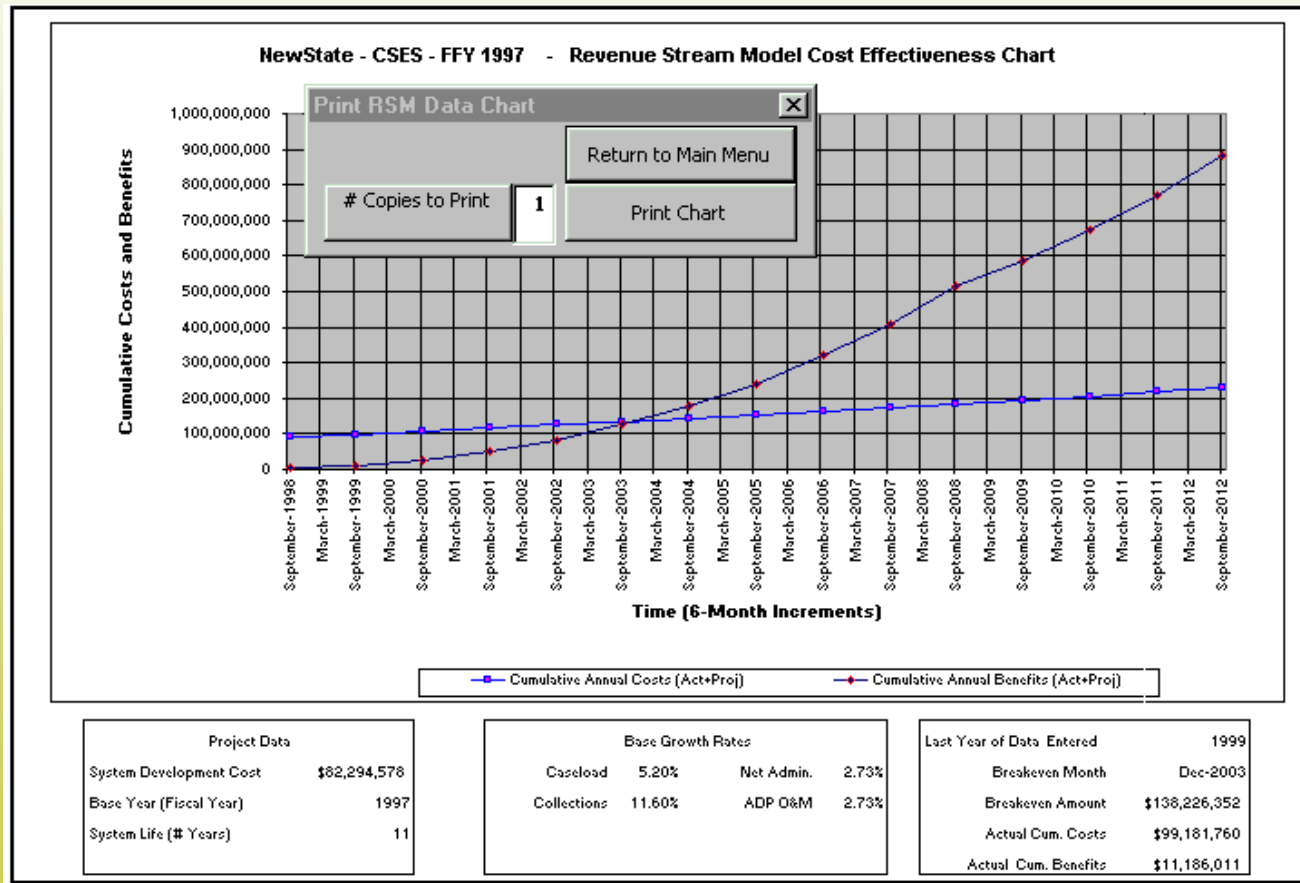
5. The RSM accumulates costs and benefits each year...

	Actual Oct-1998	Projected Oct-1999	Projected Oct-2000	Projected Oct-2001	Projected Oct-2002	Projected Oct-2003	Projected Oct-2004
Annual Caseload	310,015	326,136	343,095	360,936	379,705	399,450	419,195
Annual Collections		280,439,544	312,970,531	349,275,113	389,791,026	435,006,785	485,412,539
Annual Admin Costs	58,987,718	60,598,083	62,252,411	63,951,902	65,697,799	67,491,339	69,333,888
Annual ADP Operations & Maintenance		8,917,885	9,161,343	9,411,448	9,668,381	9,932,328	10,203,285
Annual Amortization of ADP to Admin (%)	21.51%	21.30%	21.09%	20.90%	20.70%	20.51%	20.32%
Base Year and Current Year Benefits Attributed To Automation	2,344,944	8,530,655	15,311,360	22,752,638	30,927,220	39,915,781	49,809,342
Total Accum Annual Costs	90,975,475	99,893,360	109,054,703	118,466,151	128,134,532	138,066,860	148,271,101
Total Accum Annual Benefits	2,344,944	10,875,599	26,186,959	48,939,597	79,866,817	119,782,598	169,590,684
Breakeven Amount						144,686,511	
Breakeven Month						Apr-2004	
Breakeven Ratio	2.58%	10.89%	24.01%	41.31%	62.33%	86.76%	114.87%

... identifying progress toward breakeven as a percentage

How The Model Works

6. The RSM also charts breakeven data automatically.





RSM Yearly Updates: The RSM Update Process

- ✓ Each year, enter data for the prior year
 - Caseload
 - Collections
 - Administrative expenditures (net)
 - ADP Operations and Maintenance
- ✓ Update the total system development cost
- ✓ Print out all RSM Benefit Years to-date and the Chart
- ✓ And update the narrative in CBA Section of APDU



RSM Update Process

Enter data
for the
prior year ...

NewState - CSES - FFY 1997 Cost Benefit Analysis - Revenue Stream Model for Benefit Year 2

	Actual FFY 1998	Actual FFY 1999	Projected FFY 2000	Projected FFY 2001	Projected FFY 2002	Projected FFY 2003	Pro
Annual Caseload	310,015	318,026	334,563	351,960	370,262	389,516	
Annual Collections	251,289,914	274,795,516	306,671,796	342,245,724	381,946,228	426,251,990	
Annual Net Admin	58,987,718	65,840,065	67,637,499	69,484,003	71,380,916	73,329,615	
Annual ADP Ops & Maint (O&M) Costs	8,680,897	8,206,285	8,430,317	8,660,465	8,896,896	9,139,781	
Annual System Cost	16,162,222					16,621,106	
ADP to Admin (%)	27.40%					22.67%	
Base Year and Current Year Collection Difference	10,903,354					185,865,430	
Annual Benefit Attributed To Automation	2,987,443					42,128,805	
Total Accum Annual Costs	90,975,475					134,309,219	
Total Accum Annual Benefits	2,987,443					125,051,795	
Breakeven Amount						138,226,352	
Breakeven Month						Dec-2003	
Breakeven Ratio	3.28%					93.11%	
Baseline Data:							
System Development Cost	82,294,578						
Base Year Caseload	312,503						
Base Year Collections	240,386,560						
Base Year Net Admin Cost	55,998,417						
Base Year ADP O&M Cost	8,664,882						
Base Year FFY End Date	9/30/1997						
Projected Growth Rates							
Caseload Growth (%)	5.20%						
Collections Growth (%)	11.60%						
Net Admin Growth (%)	2.73%						
ADP O&M Growth (%)	2.73%						
System Life	11						
Amortization Rate (%)	9.09%						

Input Benefit Year 2 Data

Input Actual Benefit Year Data

Annual Caseload

Annual Collection

Annual Net Admin

Annual ADP O&M

Restore Original Projections Return to Main Menu

Copies to Print Print Current Year



RSM Update Process

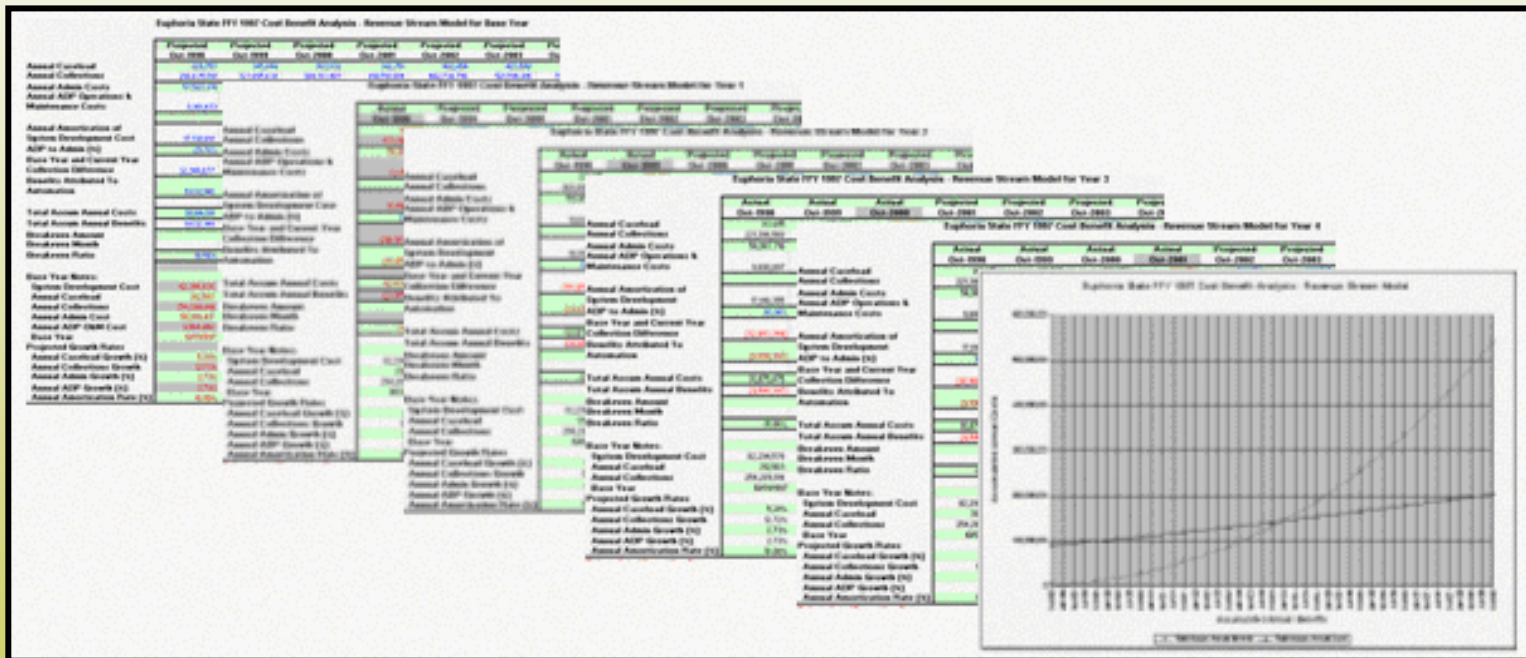
Update the total
system
development
cost



Project Data	
Identify State and Project or Scenario	
NewState - CSES - FFY 1997	
Base Year (FFY) End Date 9/30/YYYY	1997
Expected System Life in Years	11
Total System Development Cost	88856334
Base Year Data	
Base Year Annual Caseload	312503
Base Year Annual Collections	240386560
Base Year Net Admin Cost	55998417
Base Year ADP O&M Cost	8664882

RSM Update Process

Print out all RSM Benefit Years to-date and the Chart





RSM Update Process

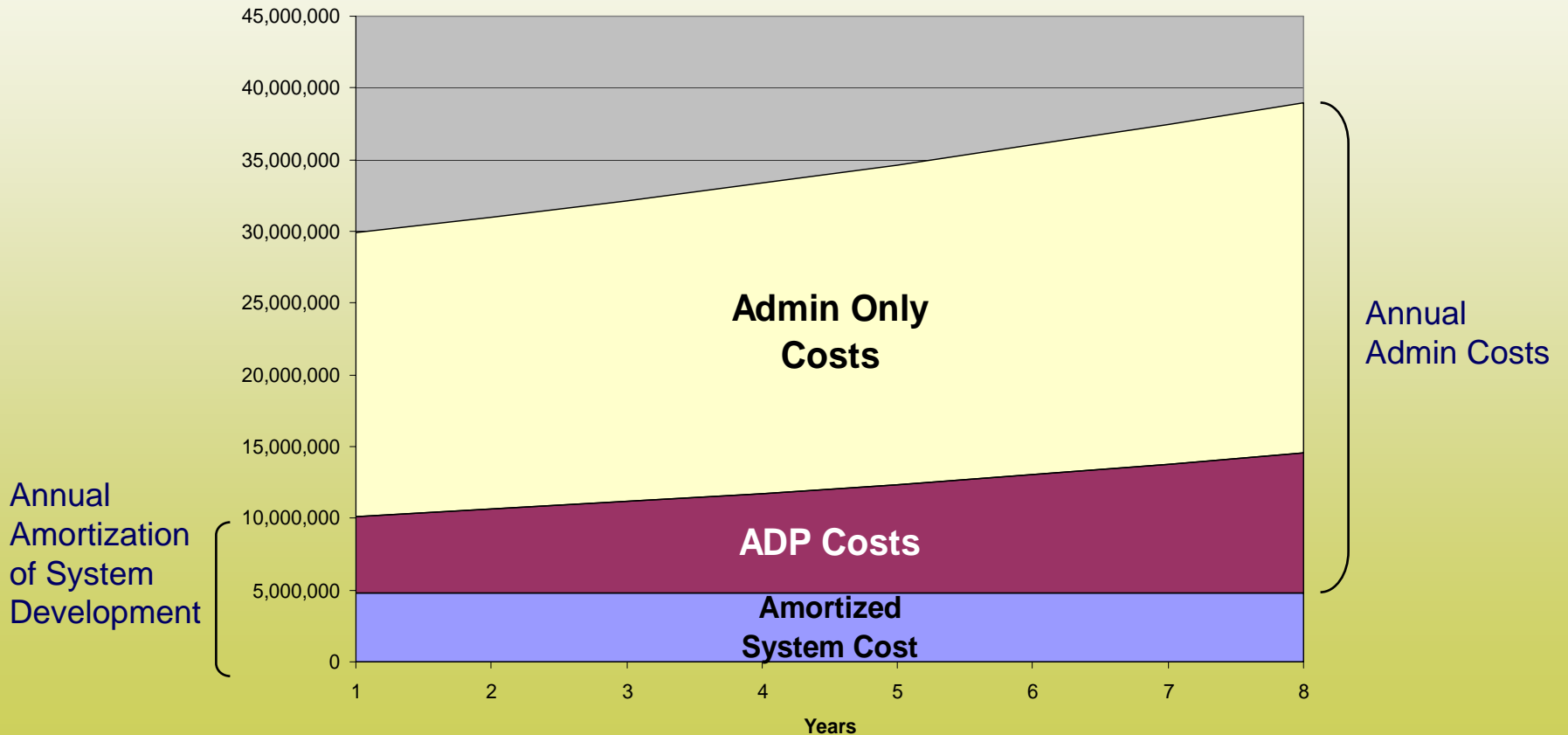
And ...

Update the narrative in the CBA section of the APD with whiz-bang statistics and narratives that describe all the great things the program is achieving since the implementation of the system!!!!

RSM Update Process

Revenue Stream - ADP to Admin Percentage

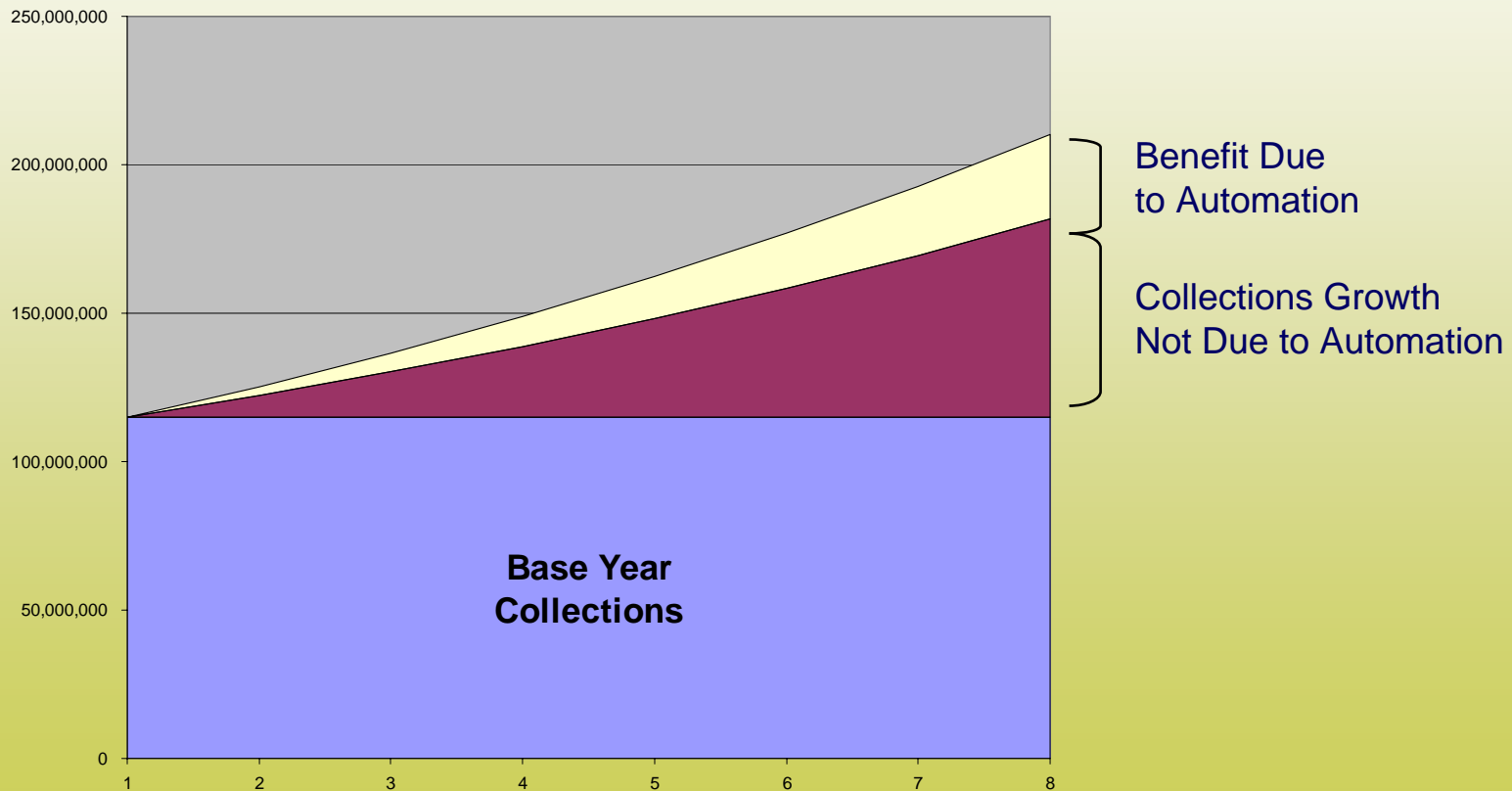
ADP to Admin % = Annual Amortization of System Development/Annual Admin costs



RSM Update Process

Revenue Stream - Benefit Attributed to Automation

Benefit Attributed to Automation = Collection Difference x ADP to Admin %





End of the Session

Questions