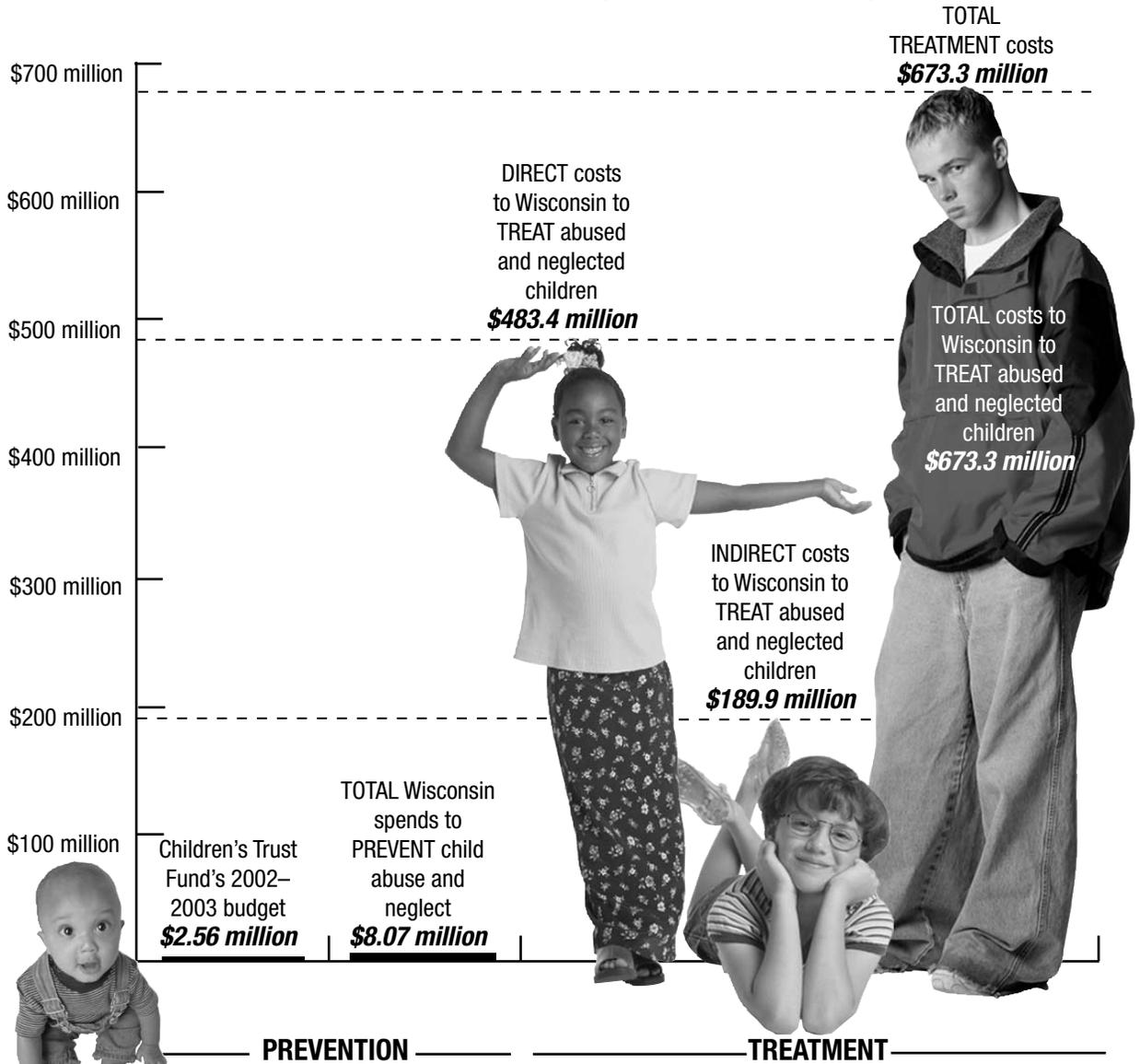


Children's Trust Fund

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Invest in Wisconsin's children now

Wisconsin spends \$8.07 million to protect our children from abuse and neglect and 83 times as much—\$673.3 million—to repair the damage done by abuse and neglect.



Wisconsin spends a total of \$8.07 million each year to prevent child abuse and neglect:

- The **Children's Trust Fund** administered by the **Child Abuse and Neglect Prevention Board** had a \$2.56 million (includes \$340,000 of TANF funds) budget for 2002-03.
- The **Department of Health and Family Services (DHFS)** child abuse and neglect prevention program, commonly called **POCAN**, distributed \$930,405 in grants in 2002.
- **DHFS** allocates \$1.49 million in TANF funds for child abuse neglect and prevention program grant in **Milwaukee County** through **Community Advocates**.
- The **Department of Public Instruction's Even Start** family literacy program received \$3.1 million in 2002-03.

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Dollars and sense



The \$673.3 million band aid

Wisconsin spends \$673.3 million a year repairing the damage done to children by abuse and neglect.

Wisconsin's price tag for helping and protecting abused and neglected children is staggering. And the bills keep rolling in long after the children have grown up, as we pay for special education, law enforcement, juvenile justice, and mental healthcare to deal with the enduring scars of childhood maltreatment.

The Children's Trust Fund estimates that child abuse costs Wisconsin more than \$673.3 million every year or \$1.8 million a day—that's about \$750,000 a day less than the Children's Trust Fund's **annual** \$2.56 million¹ budget.

The following estimated costs are computed using various sources of data on everything from mental healthcare and juvenile justice to the costs of adult prisons and even lost productivity in the workplace. In

all instances we have opted to use **conservative estimates**. We have divided the costs into two categories:

- 1 **Direct**—Costs associated with the immediate needs of abused or neglected children
- 2 **Indirect**—Costs associated with the long-term or secondary effects of child abuse and neglect

Regardless of the economic costs associated with child abuse and neglect, it is impossible to overstate the tragic consequences endured by the children themselves. According to the Wisconsin Department of Health and Family Services, 40,473 children were reported of suspected abuse or neglect in 2003 in Wisconsin. Twelve children died from abuse and neglect. The costs of such human suffering are incalculable.

Direct costs

Estimated Annual Cost

Hospitalization

\$9.4 million

RATIONALE: There were 1,336 children who were found to be the victims of physical abuse in Wisconsin in 2003.² The average cost per inpatient stay at one of Wisconsin's 124 general medical-surgical hospitals in 2000 was \$6,997.³ Calculation: 1,336 x \$6,997

Chronic Health Problems

\$16.8 million

RATIONALE: 30% of maltreated children suffer chronic medical problems.⁴ In Wisconsin in 2003, there were 7,994⁵ substantiated incidences of child maltreatment. The average cost per inpatient stay at one of Wisconsin's 124 general medical-surgical hospitals in 2000 was \$6,997.⁶ Calculations: .30 x 7,994 = 2,398; 2,398 x \$6,997

Mental Health Care System

\$3.1 million

RATIONALE: 7,994 children were the victims of abuse in 2003⁷ in Wisconsin. To keep this a conservative estimate, we will not include the 2,546 neglected children. One of the costs to the mental health care system is counseling. Estimated cost per family for counseling is \$2,860.⁸ One in five abused children receive these services. Calculations: 7,994 - 2,546 = 5,448; 5,448 / 5 = 1,090 x \$2,860

Child Welfare Services

\$452.0 million

RATIONALE: About \$452 million⁹ was spent on child welfare and protective services in Wisconsin in 2002-2003. Counties are primarily responsible for the care and safety of children, including investigating and providing services in child abuse and neglect cases and supervising alternative care for children such as short-term shelter care, foster care, or placement in a group home or residential care center for children and youth. The Department of Health and Family Services (DHFS) distributes state and federal funding for these services to counties (except Milwaukee county) through community aids. This figure does not include administrative costs that DHFS incurs to distribute the funds, to compile required federal reports, and to oversee county child welfare activities.

Law Enforcement

\$0.3 million

RATIONALE: The National Institute of Justice estimates the following costs of police services for each of the following interventions: child sexual abuse (\$56); physical abuse (\$20); and emotional abuse (\$20).¹⁰ Cross referenced against Wisconsin statistics on the substantiated number of each incidents occurring in 2003.¹¹ Calculations: Child sexual abuse—4,076 x \$56 = \$228,256; physical abuse—1,336 x \$20 = \$26,720; and emotional abuse—36 x \$20 = \$720

Judicial System

\$1.8 million

RATIONALE: The estimated cost per initiated court action for each case of child maltreatment is \$1,372.34.¹² About 16% of child abuse victims have court action taken on their behalf. Calculations: 7,994 substantiated cases in Wisconsin¹³ x .16 = 1,279 victims with court action; 1,279 x \$1,372.34

TOTAL DIRECT COSTS

\$483.4 million

(continued on next page)

Indirect costs

Estimated Annual Cost

Special Education

\$5.8 million

RATIONALE: More than 22% of abused children have a learning disorder requiring special education.¹⁴ Total cost per child for learning disorders is \$655 a year. Calculations: $40,473 \times .22 = 8,904$; $8,904 \times \$655$

Mental Health and Health Care

\$1.6 million

RATIONALE: The health care cost per woman related to child abuse and neglect is \$50.¹⁵ The cost for men is more likely to be about half of that amount. Calculations: $22,525 \text{ girls} \times \50 ; $19,140 \text{ boys} \times \25

Juvenile Delinquency

\$21.4 million

RATIONALE: 27% of children who are abused or neglected become delinquents, compared to 17% of children as a whole¹⁶ for a difference of 10%. Cost per year per child for incarceration in Wisconsin is \$26,754.¹⁷ Calculations: $.10 \times 7,994^{18}$ substantiated cases = 799; $799 \times \$26,754$

Lost Productivity to Society

\$61.0 million

RATIONALE: Abused and neglected children grow up to be disproportionately affected by unemployment and underemployment.¹⁹ According to the federal Bureau of Economic Analysis, per capita personal income in Wisconsin was \$28,911 in 2002. Wisconsin's average individual state income tax rate is 4.33%.²⁰ Assuming that an abused child's impairments reduces his or her future earning by as little as 5% to 10%,²¹ lost of productivity is estimated at \$58.5 million to \$1.2 billion. The estimated loss in state income tax revenue is \$2.5 to \$5.1 million. Conservative estimate is used.

Adult Criminality

\$100.1 million

RATIONALE: In 2002-03, the Wisconsin Department of Corrections' budget was \$770.2 million.²² 13% of all violence can be linked to earlier child maltreatment.²³ Calculation: $.13 \times \$770.2 \text{ million}$

TOTAL INDIRECT COSTS

\$189.9 million

TOTAL COST of child abuse and neglect in Wisconsin

\$673.3 million

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Study shows family support centers save 7 times its cost

Study shows centers save society money

A new long-term study conducted by Arthur Reynolds, Ph.D., at the University of Wisconsin-Madison, shows investing in family support will save society money. According to Reynolds, the right combination of educational preparation and family support can save more than seven times what it costs to send a child to a year of an early childhood program.

Reynolds' 17-year-long study of the Chicago Child-Parent Centers was published in May 2001 in the *Journal of the American Medical Association*. It is the longest and most comprehensive study in the field to date, and emphasizes the key role of family support in effective early childhood intervention.

Reynolds projects that in public benefits alone, the child-parent centers has saved more than \$2.6 billion in serving more than 100,000 children since the program began more

than 35 years ago. And his estimate is conservative—focusing on the costs of special education placement, school failure, and juvenile arrests but not including costs associated with welfare services or health care.

When Reynolds translated the results into a cost-benefit analysis, he calculated the total savings—to both the participants and society at

large—at \$7.14 for every dollar spent on the Chicago Child-Parent Centers. In other words, the program saved more than seven times what it cost to implement. Of these dollars saved, about half (\$3.85 for every dollar spent) remained in

the public coffers and the rest was directed to participants and their families through increased earning power. Because a child who participated in the program for 1 to 2 years was so much more likely to graduate from high school, he or she could expect to earn more than \$20,000 a year more than a comparable 20-year-old.

The key to success? Involve parents!

Reynolds' study showed that 3- and 4-year-olds who attended the Child-Parent Centers were substantially better off in life at 20 years of age than children in their socioeconomic group who had attended other early-childhood programs. Basically, an adult who participated as a young child in one of the Chicago's Child-Parent Centers is:

- 40% less likely to have been placed in a special education program
- 40% less likely to have been held back a grade
- 29% more likely to have graduated from high school
- 33% less likely to have been arrested
- 51% less likely to have been a victim of child maltreatment

The main difference between the Child-Parent Centers and other centers? The centers supported parents as well as their children—a defining attribute of family support programs. Helping parents build parenting skills, manage their families, and become involved with their children's school.

Note: Currently, the Children's Trust Fund is supporting Arthur Reynolds' newest preschool research project in Madison.

“By investing in family support, we not only promote the success and health of the young people participating, but also save communities \$4 in remediation costs for every \$1 spent on prevention oriented supports for families.”

—Arthur Reynolds, Ph.D.

University of Wisconsin-Madison

12 deaths from child abuse cost Wisconsin about \$.5 million in lost tax revenue

Twelve children died from abuse and neglect in 2003 in Wisconsin. How do we measure the worth of a human life? How do we measure the loss to society of contributions in the arts, sciences, politics, or business that will never be made?

A Michigan study (Caldwell, 1992) points out that no matter what else they may be, people usually are wage earners and taxpayers during their lifetimes.

In 2002 the average personal income in Wisconsin was \$28,911. The average lifetime participation in the labor force is about 33 years (Daro, 1988). Using these figures, the average Wisconsin resident will earn \$954,063 (almost \$1 million) in a lifetime. This estimate does not take into account the rate of inflation. Wisconsin's average individual state income tax rate is 4.33%, so over the course of a lifetime, an average Wisconsin resident will pay \$41,311 in tax revenue.

Besides the devastating personal losses experienced by the families of the 12 infants and children who died from child abuse in 2003, Wisconsin lost an estimated \$495,732 in tax revenue. (Although this figure represents the loss of tax revenue over a lifetime, we can also interpret it as the per year loss to the State if the rates of tax, abuse, and mortality remain relatively stable.)