

MODULE 4: VIDEO 4 OUTLINE

SLIDE 1: PRICE ADJUSTMENTS IN COST ANALYSIS: DISCOUNTING AND COMPOUNDING

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SLIDE 2: EXAMPLE ANALYSIS FOR ADJUSTMENTS

- Screenshot of Demo Cost Analyses Page
- Reading Recovery Demo Setup tab

SLIDE 3: TYPES OF ADJUSTMENT TO MAKE DURING THE ANALYSIS STAGE

- Inflation Adjustment
- Amortization
- Discounting/ compounding
- Geographical Adjustment
- Arrow pointing to Discounting/ compounding

SLIDE 4: SELECTING A TIME FRAME AND BASE YEAR

- Graphic of time scale arrow with years 2020, 2021, 2022, 2023, and 2024
- Arrow pointing to year 2022
- Arrow pointing forward between year 2020 to 2022
- Arrow pointing backward between year 2024 to 2022
- Smaller arrow pointing forward between year 2021 and 2022
- Smaller arrow pointing backward between year 2023 and 2022

SLIDE 5: PURPOSE OF DISCOUNTING/ COMPOUNDING TO PRESENT VALUE

- Graphic representing discounting/compounding to present value

SLIDE 6: SIMPLE DISCOUNTING EXAMPLE

- 100 divided by $(1+0.05)^5$ equals \$78.35

SLIDE 7: SELECTING A DISCOUNT RATE

- “Just Give Me a Number!” Practical Values for the Social Discount Rate
 - Mark A. Moore
 - Anthony E. Boardman
 - Aidan R. Vining
 - David L. Weimer
 - David H. Greenberg
- 3%

SLIDE 8: PRESENT VALUE FORMULA

- Present value equals Cost multiplied by $e^{-\text{Discount rate multiplied by (Base year minus Year of use)}}$

SLIDE 9: PRESENT VALUE EXAMPLE

- Graphic of arrow with dates 2017, 2018, and 2019
- Arrow pointing to 2017

SLIDE 10: PRESENT VALUE EXAMPLE

- Present Value equals \$68,478 multiplied by $e^{0.03 \cdot (2017-2019)}$
- Present Value equals \$68,478 x $e^{0.03 \cdot (-2)}$
- \$64,490.15

SLIDE 11: TYPES OF ADJUSTMENT TO MAKE DURING THE ANALYSIS STAGE

- Inflation Adjustment
- Amortization
- Discounting/ compounding
- Geographical Adjustment
- Discounting/ compounding (check-marked)