Benefit-Cost Analysis - Problem Set 5
Due Friday, December 10, 2004 at 4pm (10% per day late penalty)
Final Deadline December 13, 2004 at 1pm (at final exam)

Note about this problem set: This problem set is “optional”. As mentioned earlier in the course, I will discard the lowest score of your five problem sets. Thus if you are satisfied with your scores on the first four homeworks, you can choose to ignore this homework and thus discard its ‘zero’ score (you do not need to inform me of this decision). If you need to know your grade for homework 4 to make this decision, let me know. If you do not understand this policy, talk to me.

Note the 4pm deadline is serious because the Civil and Environmental Engineering department doors are locked after 4pm, and you will not be able to access my office or mailbox until Tuesday morning. Late homework assignments will be accepted up until the beginning of the final exam.

Question (50 pts): The 2004 US presidential election was very expensive. While the cost was large, and the number of people who voted was more than 100 million, the costs of getting people to vote for a candidate were targeted much more narrowly than the total pool of registered voters. For example, some people always vote for the same party (Democrat or Republican), and some people do not usually vote. No money was spent effectively on them. Thus the money was really spent on the small number of people who were new voters, or who did not have firm intentions behind who to vote for (undecided or last-minute voters). Your assignment is to make estimates of the "costs per vote" for each candidate based on these stricter criteria for who the money was spent.

Don’t forget that there were many groups spending money on the election – not just the candidates. These groups include political action committees (PACs), the political parties, unions, etc. Your cost estimates should try to include these other groups.

I will not be giving you any additional data or information, except to point you in the right direction by giving you the websites below. You will need to find other sources of information on your own to complete this assignment. I suggest Google searches for 2004 election costs.

The links below give state-level US presidential voting results for the last 2 elections.

2004: http://uselectionatlas.org/USPRESIDENT/data.php?&year=2004&datatype=national&def=1&f=0

One last thing – even though each candidate had to win their party primary to run for President, please exclude money spent on the primaries in your estimates.

GRADING CRITERIA
To answer this question, you will need to combine several data sources. You will be graded on how you combine this data, how you make assumptions for your models, and how you interpret your results. Obviously, you will not get exact answers. I will want to see ranges or treatment of uncertainty in your answers.

Notes:
Your submitted answer should be in the form of a professionally written and formatted report of about 5 pages in length with any Excel models or formulas included as Appendices. Make sure that you cite all sources or references, and that you state all assumptions.