



Putting a Dollar Sign On It:

The FRIENDS Cost Analysis Template Adapted for Respite

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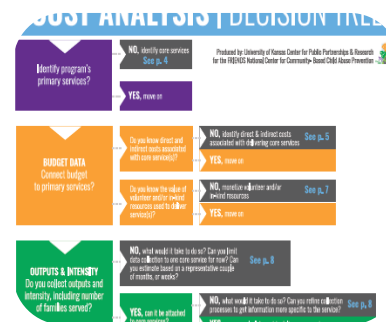
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Goals for today



Overview of cost analysis



Orientation to FRIENDS cost analysis resources

		Funding	Direct costs
Case management	Direct costs	X 60% =	X 50% =
		\$120,000	\$100,000
			+ \$400,000 =
Total cost to deliver service		\$520,000	\$500,000
			\$200,000
Parent education	Direct costs	X 30% =	X 25% =
		\$40,000	\$50,000
			+ \$250,000 =
Total cost to deliver service		\$310,000	\$300,000
			\$200,000
Public awareness	Direct costs	X 10% =	X 25% =
		\$20,000	\$50,000

Demonstration of the materials adapted for respite programs

Quick polling question

Do you know how much money you spend every year (within \$50,) on



Clothing	Yes	No
Dining out	Yes	No
Transportation	Yes	No
All housing expenses	Yes	No

What is cost analysis?



- Used to identify the full cost of providing a service
 - direct costs
 - indirect costs
- More sophisticated analyses estimate:
 - cost avoidance
 - return on investment

Resources from FRIENDS National Center for CBCAP

- Materials on cost analysis will help respite programs:
 - Collect appropriate data
 - Produce accurate estimates for cost of delivering services
 - Estimate cost avoidance and/or return on investment



Cost Analysis: Why do it?

- Often a requirement
- Expands awareness of revenues with costs
- Cost is a metric everyone understands
- Informs discussions about value, particularly in the context of scarcity



Cost Analysis

What is Cost Analysis?

It is clear to many of us that prevention programs are a sound investment in the health and well-being of children, and families, and the larger community. What's less clear, however, is the actual economic impact of child abuse and neglect prevention. Cost analysis (CA) is used to accurately identify the full cost of providing a service, offering an opportunity to answer questions such as:

- What are the true costs of prevention programs, and the benefits?
- How do costs compare to other interventions with similar goals?
- What costs are we avoiding down the road by doing prevention work now?

Polling Question

What kind of costs do you want to analyze?

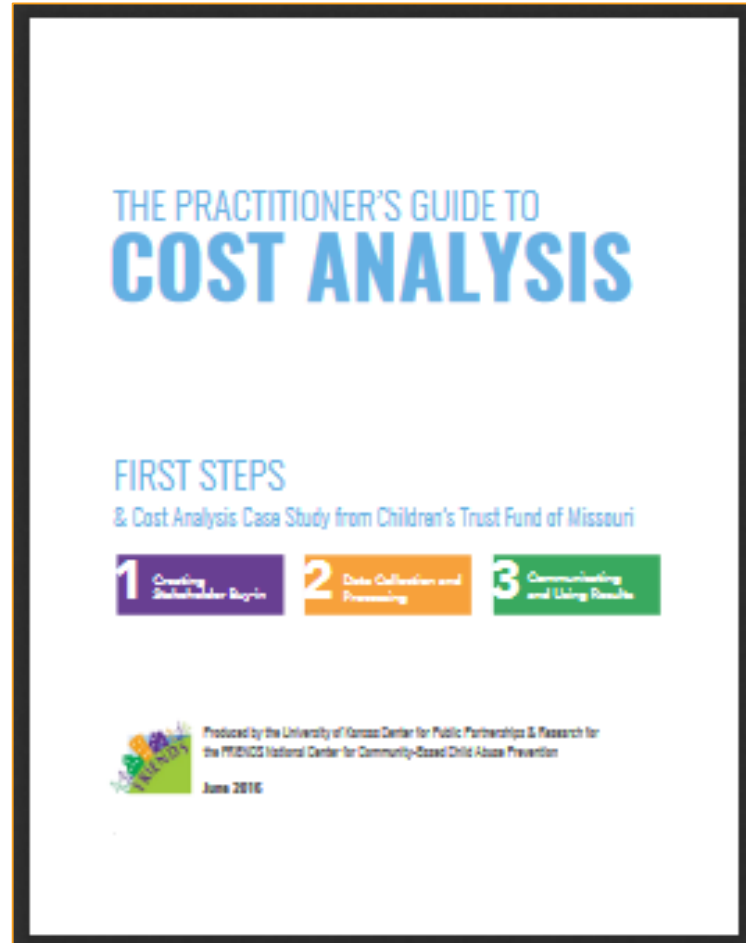
- Costs of running a coalition
- Cost of units (hours, days, etc.) of respite by providers in your network
- Costs of provider training
- Other

Please use the chat box to describe 'other'. If you don't know, or aren't sure, it is fine to say, 'unsure'.



FRIENDS' Cost Analysis materials

The Practitioner's Guide to Cost Analysis: First Steps



1 Creating Stakeholder Buy-in

2 Data Collection and Processing

3 Communicating and Using Results

Creating stakeholder buy-in

- Key points:

- Discuss the process with service providers and other stakeholders ahead of time
- Provide talking points for explaining the importance of data collection to families and other stakeholders
- Identify how data will be analyzed and reported
- Protect confidentiality and establish clear parameters for data access



Data collection and processing

- Key points:
 - Use existing data sources where possible to eliminate redundancy in collection
 - Identify sources of data that ensure data quality and comprehensiveness
 - Ensure all costs (direct and indirect) are accurately and fully representative
 - Identify outcomes you currently or would like to measure. Consider how they could be attached to cost



Communication and using results

- Key points:
 - Involve participants in the process
 - Look for savings to the community, state, or society at large
 - Examine data on program impact and effectiveness
 - Use clear evidence of programmatic value to pursue new sources of funding
 - Try using social math as a way to communicate numbers meaningfully



What do we mean by 'Social Math'?

Example: Pennsylvania



The average annual cost of a
Nursing Home placement
(\$111,324)



The annual cost of 10 hours of
weekly respite at \$23 per hour.
(\$11,960 per year)

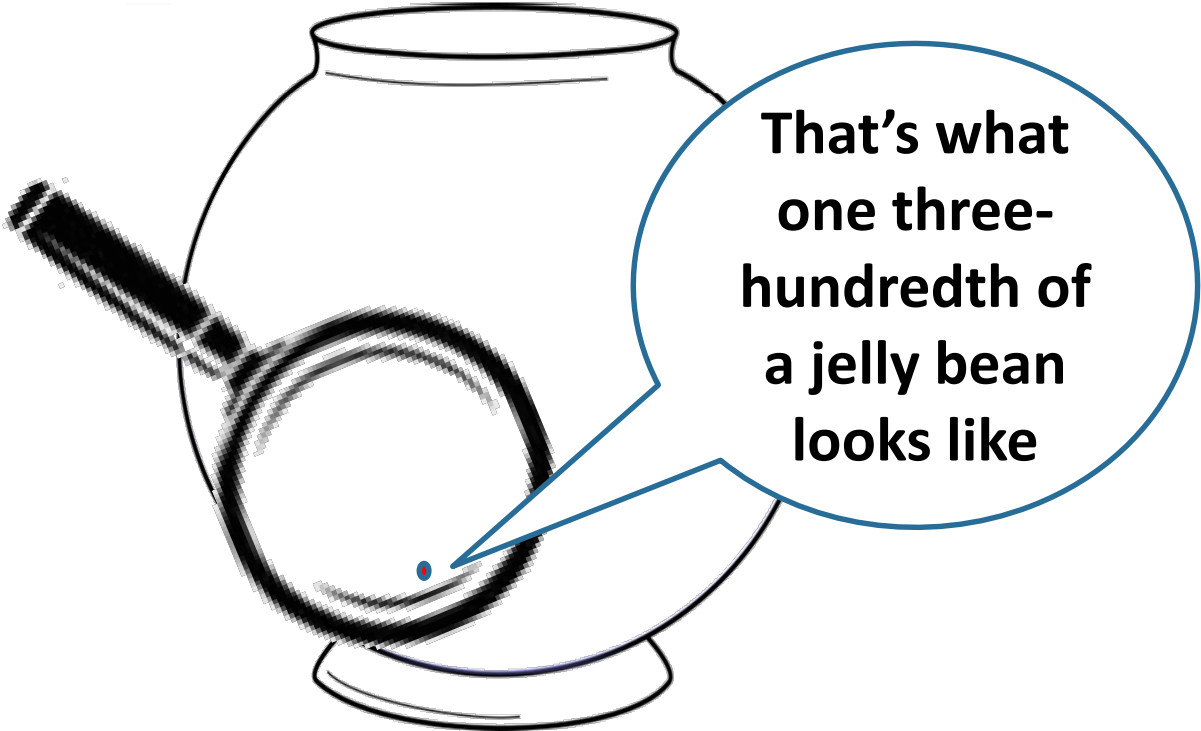


That's a lot of left-over
jellybeans

Federal Spending in 2017



Child Welfare, (Child Protective Services and Foster Care)
12.7 Billion Dollars



That's what one three-hundredth of a jelly bean looks like

Primary and Secondary Child-Abuse Prevention
<40 Million Dollars

The Practitioner's Guide to Cost Analysis

Part 2:

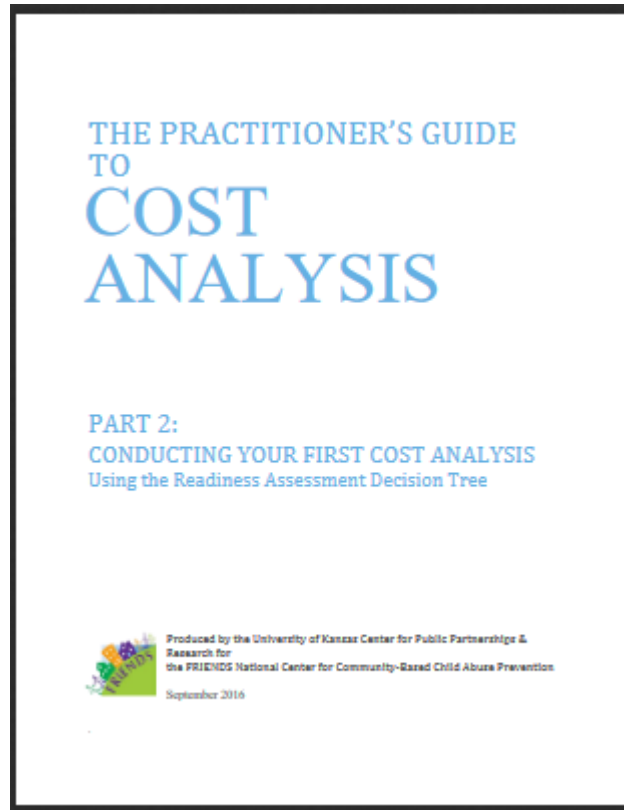
Conducting Your First Cost Analysis

Costing template in excel and calculating pdf formats*

*The forms adapted for respite programs must be downloaded from this webinar.



The Practitioner's Guide to Cost Analysis



Part 2: Conducting your first cost Analysis



PART 2 Overview

- Sections include:
 - Direct, indirect, and in-kind costs
 - Calculating cost to deliver services
 - Calculating cost per outcome
 - Calculating cost avoidance
 - Readiness assessment decision tree



Distinctions between direct costs, indirect costs, and in-kind resources, with examples of each

Detailed discussions of when and how to include each in a cost analysis, including:

- How to assign indirect costs across multiple services
- When you would want to include in-kind resources, and how to do it



Calculating cost per outcome

- Distinguishing between outputs and outcomes
- Choosing an outcome
- Calculating cost avoidance and return on investment



Costing templates (and how to use them)



COST ANALYSIS | DIRECT COST FORM

NOTE

This template was created as a companion to The Practitioner's Guide to Cost Analysis, Part 2: Conducting Your Ret Cost Analysis, which is available via the FRIENDS National Center website, www.friends.org/act/files-that-support-collaboration/cost-analysis. Please consult this guide for more information about calculating number of families served and dosage.

INSTRUCTIONS | CALCULATING FAMILIES SERVED

This template is designed to calculate the number of families served by a service, net of dosage. It is not always necessary to make this calculation, depending on the nature of the service and the goals of your analysis. If you do not wish to calculate families served in proportion to dosage, you may skip this section and go directly to the section calculating the cost of delivering services.

In the field to the right of "total families," enter the total number of families who participated in this particular service.

In the field to the right of "full dosage," enter the intended dosage associated with this service. For example, for a parenting class that lasts for 10 weeks, you would enter 10. Note that if you do not enter a figure in this field, the formulas below will not be able to function.

In the section below, enter number of families by the amount of dosage.

Do not enter anything in the fields titled "% of total dosage" and "families served." These fields contain formulas which will automatically populate as you enter number of families and dosage received.

EXAMPLE

In the example here, the full intended program dosage was 8 weeks. 10 families participated at 8 weeks.

5 families missed only one week, and 3 families missed 2 weeks. 4 families attended for 3 weeks, and 2 families dropped out after the first week.

At the bottom, the sheet will total number of families served, net of dosage.

Number of families	dosage received	% of total dosage	families served
10	8	100%	10
5	7	88%	4.375
3	6	75%	4
4	3	38%	2.5
2	1	13%	0.375

Total families served: 23.25

Cost Analysis Rules

- **Denominators must match:** calculations incorporating multiple pieces of data must share a common metric (such as costs and families served *per year*)
- **When in doubt, choose the conservative option.** It is always better to overestimate the cost of your service and underestimate cost avoidance.
- **Document, document, document!** Keep notes on the sources of all data you use, all calculations you perform, and all decisions you made and the reasoning behind them.



Final thoughts

- **Your estimates are as good as your data.** Most cost analyses involve thoughtfully incorporating multiple sources of data. The more complete your data are, the better your estimates will be.
- **Don't let the numbers speak for themselves.** Contextualize and communicate the meaning of your results -- your audience probably doesn't know what is "good," reasonable, or typical.
- **Costs are investments.** Find a way to convey what we (the funder, the community, etc.) are getting for investing in your program.



Contact us with questions!

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