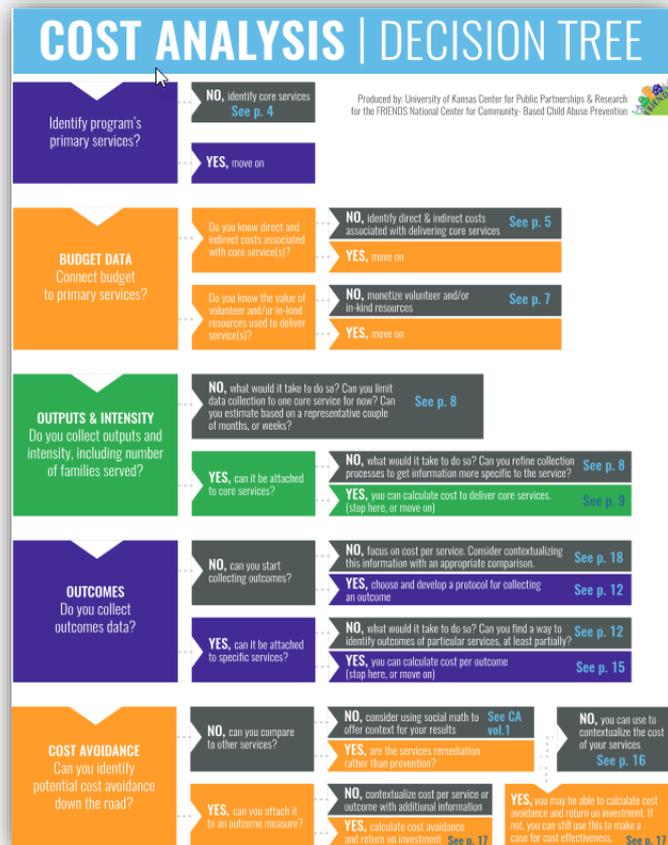


# Put a man on the moon (and know how much it cost)

## *Identifying the costs and benefits of respite care*



## An Introduction to the FRIENDS Cost Analysis Toolkit

Presented by:

Cassandra Firman & MaryJo Alimena Caruso

T/TA Coordinators

FRIENDS National Center for Community-Based Child-Abuse Prevention (CBCAP)

# Goals

Introduction to  
cost analysis

Orientation to  
new FRIENDS  
cost analysis  
resources

Demonstration &  
Application of the  
materials

# What is cost analysis?

Cost analysis is used to accurately identify the full cost of providing a service

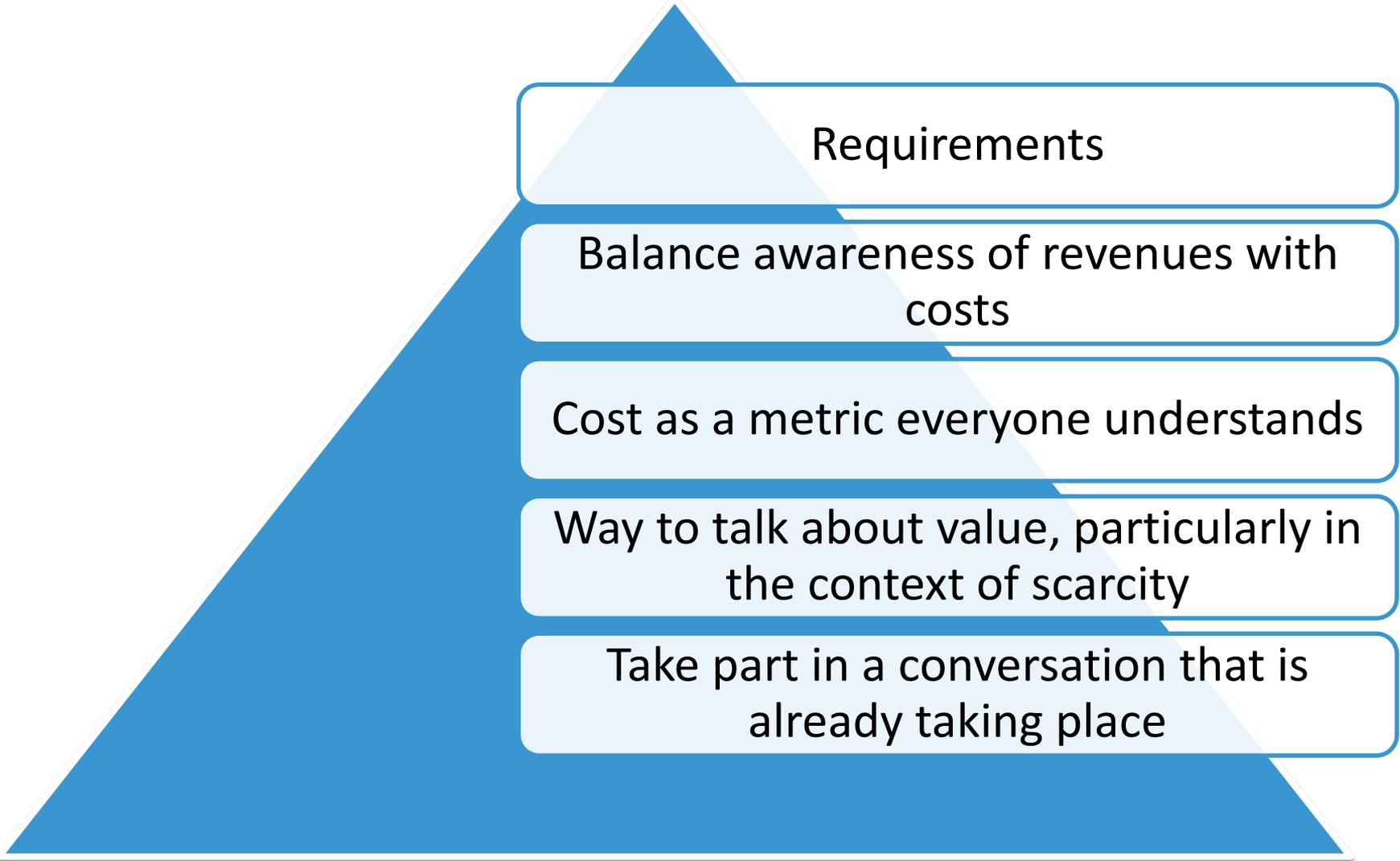
Simplest forms provide an accurate estimate of the cost of delivering services, incorporating:

- direct costs
- indirect costs
- a measure of the reach of service (e.g. numbers of families served)

More sophisticated analyses estimate:

- cost avoidance
- return on investment

# Why do it?



Requirements

Balance awareness of revenues with costs

Cost as a metric everyone understands

Way to talk about value, particularly in the context of scarcity

Take part in a conversation that is already taking place

## Scope of the Resources from FRIENDS

Materials on cost analysis for prevention programs such as respite that will help them:

- Collect appropriate data
- Produce accurate estimates for cost of delivering services
- Estimate cost avoidance and/or return on investment

Series of briefs, guides, and template

# The Materials

The Practitioner's  
Guide to Cost  
Analysis: First  
Steps

The Practitioner's  
Guide to Cost  
Analysis Part 2:  
Conducting Your  
First Cost Analysis

Costing template  
in excel and  
calculating pdf  
formats

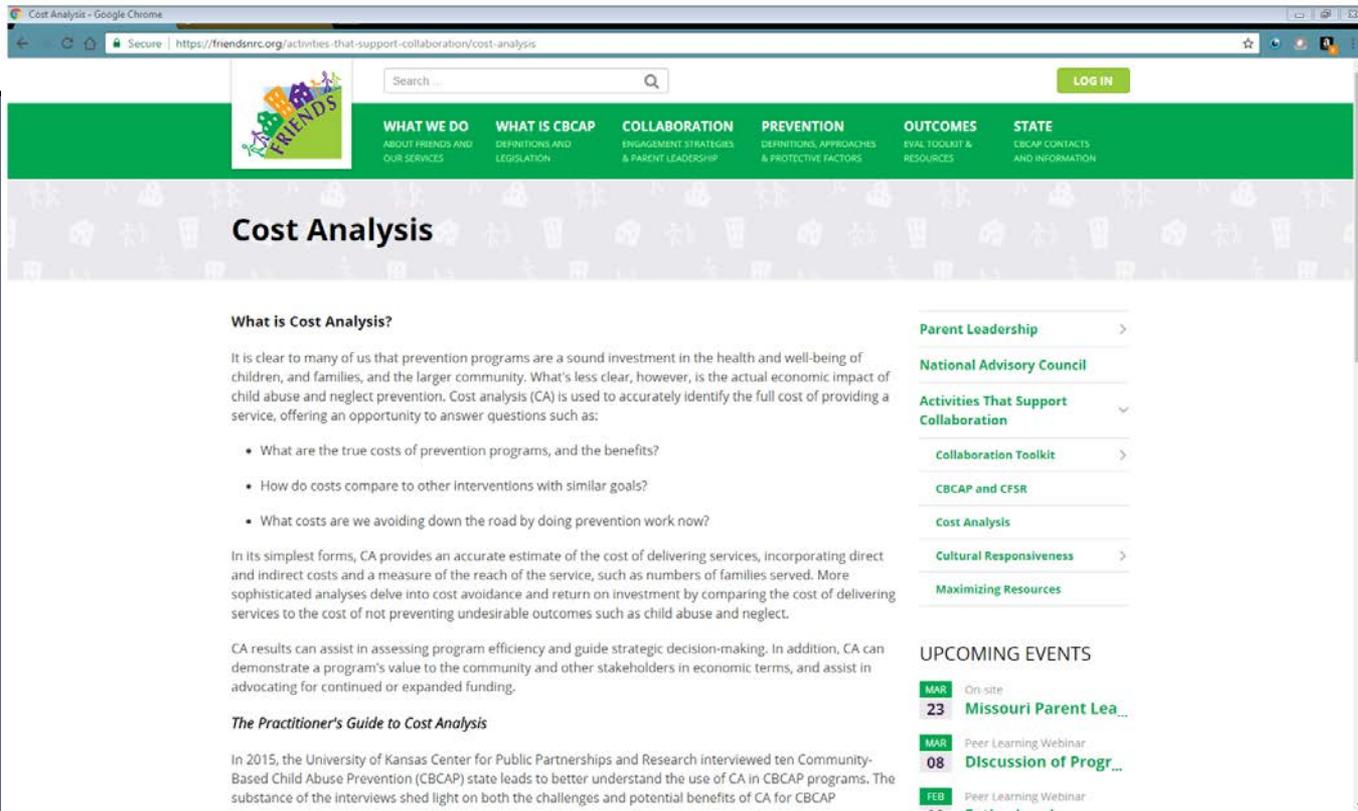
Section on Social  
Math

Missouri Case  
Study

Readiness  
Assessment  
Decision Tree

# Where to find them

<https://friendsnrc.org/activities-that-support-collaboration/cost-analysis>



The screenshot shows a web browser displaying the 'Cost Analysis' page on the Friends National Resource Center website. The page features a green navigation bar with the following menu items: ABOUT FRIENDS AND OUR SERVICES, WHAT IS CBCAP (DEFINITIONS AND LEGISLATION), COLLABORATION (ENGAGEMENT STRATEGIES & PARENT LEADERSHIP), PREVENTION (DEFINITIONS, APPROACHES & PROTECTIVE FACTORS), OUTCOMES (EVAL TOOLKIT & RESOURCES), and STATE (CBCAP CONTACTS AND INFORMATION). A search bar and a 'LOG IN' button are also present in the navigation bar. The main content area is titled 'Cost Analysis' and includes a section 'What is Cost Analysis?' with a definition and a list of questions. A sidebar on the right contains a list of links: Parent Leadership, National Advisory Council, Activities That Support Collaboration (expanded to show Collaboration Toolkit, CBCAP and CFRS, Cost Analysis, Cultural Responsiveness, and Maximizing Resources), and UPCOMING EVENTS (listing dates and topics like Missouri Parent Lea... and Discussion of Progr...).

**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?

In its simplest forms, CA provides an accurate estimate of the cost of delivering services, incorporating direct and indirect costs and a measure of the reach of the service, such as numbers of families served. More sophisticated analyses delve into cost avoidance and return on investment by comparing the cost of delivering services to the cost of not preventing undesirable outcomes such as child abuse and neglect.

CA results can assist in assessing program efficiency and guide strategic decision-making. In addition, CA can demonstrate a program's value to the community and other stakeholders in economic terms, and assist in advocating for continued or expanded funding.

***The Practitioner's Guide to Cost Analysis***

In 2015, the University of Kansas Center for Public Partnerships and Research interviewed ten Community-Based Child Abuse Prevention (CBCAP) state leads to better understand the use of CA in CBCAP programs. The substance of the interviews shed light on both the challenges and potential benefits of CA for CBCAP

**Parent Leadership** >

**National Advisory Council**

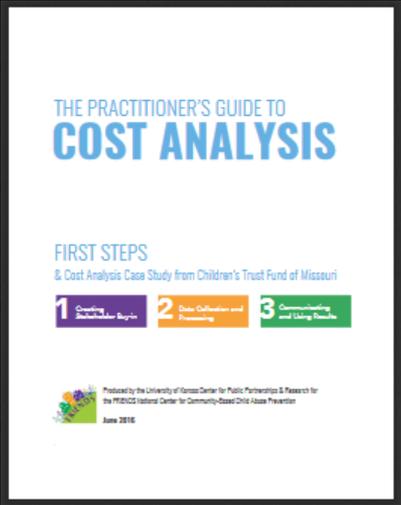
**Activities That Support Collaboration** >

- Collaboration Toolkit** >
- CBCAP and CFRS**
- Cost Analysis**
- Cultural Responsiveness** >
- Maximizing Resources**

**UPCOMING EVENTS**

- MAR 23** On-site **Missouri Parent Lea...**
- MAR 08** Peer Learning Webinar **Discussion of Progr...**
- FEB** Peer Learning Webinar





# THE PRACTITIONER'S GUIDE TO COST ANALYSIS

## FIRST STEPS



# Creating stakeholder buy-in

- Key points:
  - Discuss the process with service providers and other stakeholders ahead of time, and incorporate their feedback
  - Encourage providers to think of time spent on CA as crucial to your program's ability to continue, grow, and thrive
  - Provide talking points for explaining the importance of data collection to families
  - Identify how program data will be analyzed and reported
  - Protect client 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 collection tools 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, and consider how they could be attached to cost
  - Don't lose sight of less tangible outcomes



# Communication and using results

- Key points:
  - Involve families in the process
  - Place results in the proper context
  - Use appropriate language for your audience
  - Try using social math as a way to communicate numbers meaningfully
  - 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 and evaluate future allocations



THE PRACTITIONER'S GUIDE  
TO  
**COST  
ANALYSIS**

**PART 2:**  
**CONDUCTING YOUR FIRST COST ANALYSIS**  
Using the Readiness Assessment Decision Tree

 Produced by the University of Kansas Center for Public Partnership & Research for the FRIENDS National Center for Community-Based Child Abuse Prevention  
September 2016

# THE PRACTITIONER'S GUIDE TO COST ANALYSIS

## PART 2: CONDUCTING YOUR FIRST COST ANALYSIS



## PART 2 Overview

- A practical guide to making analytical choices and calculating figures
- Sections include:
  - Direct, indirect, and in-kind costs
  - Calculating cost to deliver services
  - Calculating cost per outcome
  - Calculating cost avoidance
  - Readiness assessment decision tree

# Direct, indirect, in-Kind costs

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 to deliver service

Discussion of outputs  
and intensity

Incorporating variation  
in time spent serving  
families due to differing  
needs and attrition

# Calculating cost per outcome

Distinguishing  
between  
outputs and  
outcomes



Choosing an  
outcome



Calculating  
cost avoidance  
and return on  
investment

# Cost Analysis Rules

- **Denominators must match:** any calculations incorporating multiple pieces of data must share a common metric (such as costs and families served *per year*)
- **When you have to make an assumption (and you will), you just have to make sure it's logical, appropriate to the nature of your service, and easily explained.**
- **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.



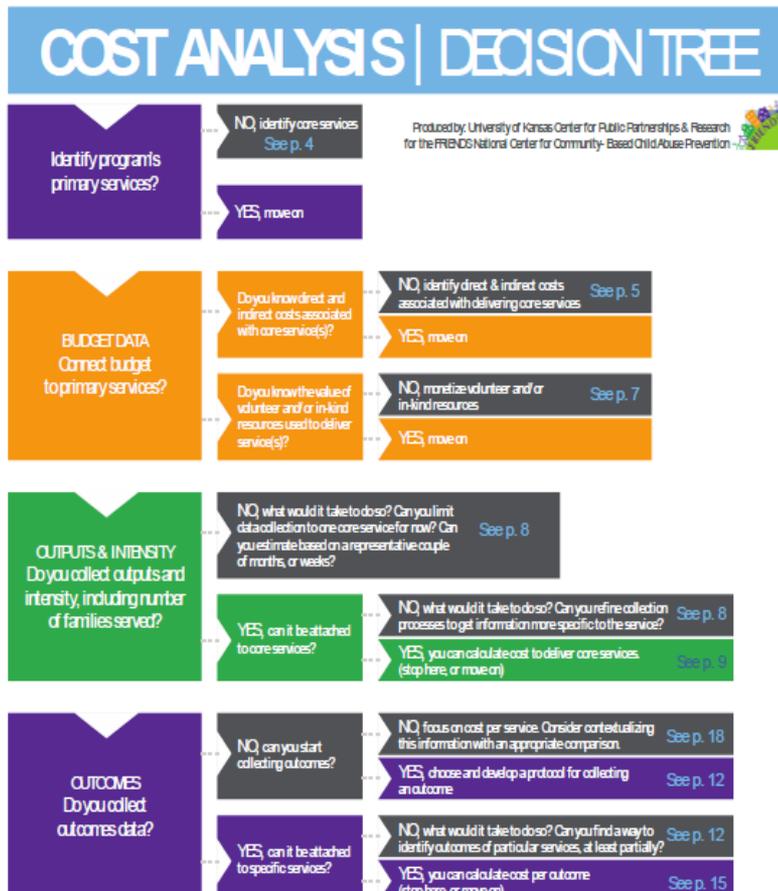
# Readiness Assessment decision tree

Breaks down multiple pieces that need to be in place to estimate and contextualize cost

Creates linear decision-making path:

- *What kind of data do you currently have available to you?*
- *What should be your next steps?*
- *What do you want to know more about?*

Can use to navigate the guide



# 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 Real Cost Analysis, which is available via the FRIENDS National Center website, [www.friends.org/advfiles/that-suggest-collaboration/cost-analysis](http://www.friends.org/advfiles/that-suggest-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 all 8 weeks.

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

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

Total families	20			
Full dosage	8			
	Number of families	dosage received	% of total dosage	families served
	10	8	100%	10
	5	7	88%	4.375
	3	4	50%	4
	4	5	63%	2.5
	2	1	13%	0.375
	Total families served			22.25

FILL IN THESE BOXES

THESE BOXES AUTO-POPULATE

# COSTING TEMPLATES

Direct Costs			Indirect Costs			In-Kind Resources		
	total cost	% to service		total cost	% to service		total value	% to service
staff salaries & benefits		\$0.00	executive staff salaries & benefits		\$0.00	volunteer time		\$
		\$0.00			\$0.00			\$
		\$0.00			\$0.00	donated materials		\$
		\$0.00			\$0.00			\$
program materials		\$0.00	administrative staff salaries & benefits		\$0.00	donated facilities		\$
		\$0.00			\$0.00			\$
		\$0.00			\$0.00			\$
		\$0.00			\$0.00	other		\$
project-specific technology		\$0.00	technology and equipment		\$0.00			\$
		\$0.00			\$0.00			\$
		\$0.00			\$0.00			\$
		\$0.00			\$0.00			\$
travel		\$0.00	facilities		\$0.00	total direct costs	\$0.00	
		\$0.00			\$0.00			
		\$0.00			\$0.00	total indirect costs	\$0.00	
		\$0.00			\$0.00			
participant incentives		\$0.00	insurance		\$0.00	total in-kind resources	\$0.00	
		\$0.00			\$0.00			
		\$0.00			\$0.00	total cost of service	\$0.00	

## Costing Templates

Calculates cost per family served to deliver a service

Incorporates direct and indirect costs and in-kind resources

Second sheet calculates families served proportionally depending on dosage

Available in Excel and PDF



# 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!

Casandra Firman

FRIENDS National Center for CBCAP

[Cfirman@friendsnrc.org](mailto:Cfirman@friendsnrc.org)

MaryJo Alimena Caruso

FRIENDS National Center for CBCAP

[mjcaruso@friendsnrc.org](mailto:mjcaruso@friendsnrc.org)

