The Cost of Moving Forward: Calculating the Cost of Short Break/Respite Services

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Cost VS Value
The FRIENDS Cost Analysis Template Adapted for Respite

Overview of cost analysis

Orientation to FRIENDS cost analysis resources

Demonstration of the materials adapted for respite programs
What questions would you like to answer about the costs of providing respite or short break services?

- What is the true cost of providing service?
- How do respite or short break costs compare to other services with similar goals?
- What costs are we avoiding down the road by providing short breaks now?
- How does program design affect my costs?
What is cost analysis?

Used to identify the full cost of providing a service, including:
- direct costs
- indirect costs

More sophisticated analyses estimate:
- cost avoidance
- return on investment
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
Where to find the Cost Analysis Toolkit
https://friendsnrc.org/activities-that-support-collaboration/cost-analysis
FRIENDS’ Cost Analysis materials

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

- 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
- 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
- Try using social math as a way to communicate numbers meaningfully
Federal Spending in 2017

12.7 Billion

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

<40 Million

Primary and Secondary Child-Abuse Prevention

That’s what one three-hundredth of a jellybean looks like
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 leftover jellybeans
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.
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
Demonstration: The Costing template (and how to use it)
Cost Analysis Rules

- **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.
A Cost Tool from Scotland

https://www.sharedcarescotland.org.uk/resources/tools/unit-costs/
Contact us with questions!

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• The Cost Analysis Toolkit can be accessed (free of charge) here: https://friendsnrc.org/evaluation/cost-analysis/

• The template for calculating short break or respite costs is downloadable from the ISBA conference website.