

July 2022 PLC:

Tools for CBCAP: Cost Analysis Resources

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TOOLS FOR CBCAP: COST ANALYSIS RESOURCES

July 2022 CBCAP Peer Learning Call

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OVERVIEW

- What is cost analysis?
- Introduction to 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 templates
- Questions & Feedback

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 the service (e.g. numbers of families served)
- More sophisticated analyses estimate:
 - cost avoidance
 - return on investment

BUDGET VS. COST ANALYSIS

- Theory vs. reality
 - Budgets are estimates of what something should cost, based on the best information we have
 - A cost analysis should be a hard look at the actual costs of delivering services
- Indirect costs
- Includes costs you aren't paying for that are necessary to deliver a service:
 - In-kind contributions
 - Labor/time
 - Other funding sources



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



GOALS AND SCOPE OF THE PROJECT

- Develop resources on cost analysis for CBCAP program staff 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 templates

THE MATERIALS

- The Practitioner's Guide to Cost Analysis: First Steps
 - Section on Social Math
 - Missouri Case Study
- The Practitioner's Guide to Cost Analysis Part 2: Conducting Your First Cost Analysis
 - Readiness Assessment Decision Tree
- Costing template in excel and calculating pdf formats



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 Friends logo and menu items: 'WHAT WE DO', 'WHAT IS CBCAP', 'COLLABORATION', 'PREVENTION', 'OUTCOMES', and 'STATE'. The main content area has a light purple background with the title 'Cost Analysis'. Below the title, there is a section titled 'What is Cost Analysis?' with a paragraph explaining its importance and a bulleted list of key questions. To the right, a sidebar contains a list of links: 'Parent Leadership', 'National Advisory Council', 'Activities That Support Collaboration', 'Collaboration Toolkit', 'CBCAP and CFSR', 'Cost Analysis', 'Cultural Responsiveness', and 'Maximizing Resources'. At the bottom right, there is an 'UPCOMING EVENTS' section listing dates and titles for various events.

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.

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

INTERVIEWS

- Interviewed 10 CBCAP state leads, chosen for:
 - Experience with cost analysis
 - Robust evaluations
 - Public-private partnerships
 - Engagement in sustainability

INTERVIEWS: FINDINGS

- Intention to do a lessons learned/best practices piece
- Found that interviews largely focused on challenges:
 - Concerns about how findings will be used
 - Time and money already stretched thin
 - Difficulties accessing or making sense of data
 - Troubles communicating results in a meaningful way

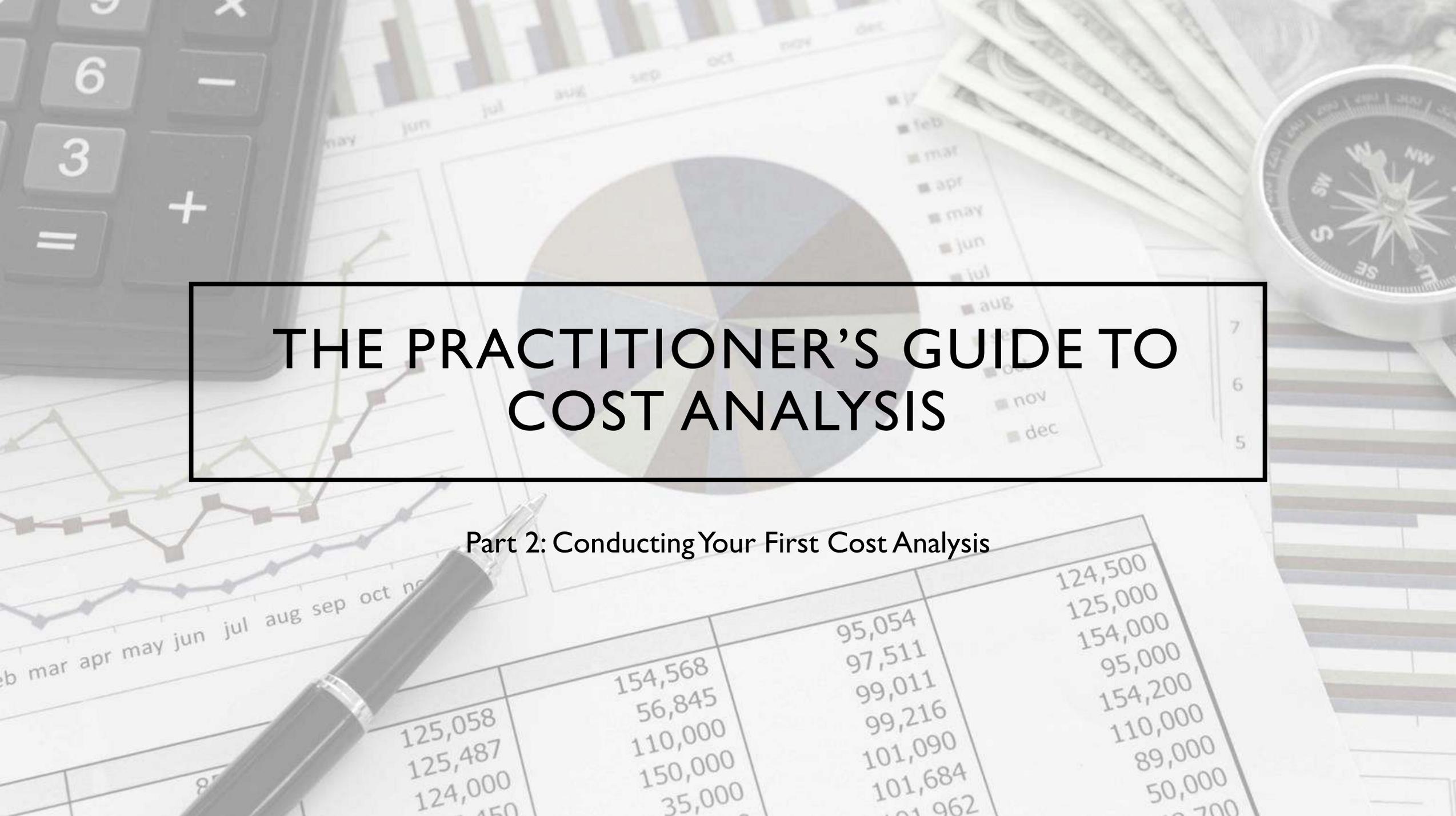
SECTIONS

- Guide, and introductory briefs, on three topic areas:
 - Creating stakeholder buy-in
 - Data collection and processing
 - Communication and using results
- Concludes with a case study of Missouri's cost analysis work

MISSOURI CASE STUDY

Children's Trust Fund of Missouri put out a short report estimating child abuse prevention saved the state \$11.4 million in direct cost savings

1. Estimated number of children who would have otherwise been abused using intake assessments
2. Used estimates from existing research for the many outcomes of abuse
3. Used national, state, and local data to estimate cost per child



THE PRACTITIONER'S GUIDE TO COST ANALYSIS

Part 2: Conducting Your First Cost Analysis

125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
124,000	110,000	99,011	154,000
150	150,000	99,216	95,000
	35,000	101,090	154,200
		101,684	110,000
		101,962	89,000
			50,000
			700

VOLUME 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



COST ANALYSIS | DECISION TREE



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
-
-

COSTING TEMPLATES

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

cost template - Excel

FILE DATA REVIEW VIEW ACROBAT

Alignment Number Styles

	E	F	G	H	I	J	K	L	M
e				Indirect Costs	total cost	% to service			
				executive staff salaries & benefits			\$0.00		
	\$0.00						\$0.00		
	\$0.00						\$0.00		
	\$0.00						\$0.00		
				administrative staff salaries & benefits			\$0.00		
	\$0.00						\$0.00		
	\$0.00						\$0.00		
	\$0.00						\$0.00		
				technology and equipment			\$0.00		
	\$0.00						\$0.00		
	\$0.00						\$0.00		
	\$0.00						\$0.00		
				facilities			\$0.00		
	\$0.00						\$0.00		
	\$0.00						\$0.00		
	\$0.00						\$0.00		
				insurance			\$0.00		
	\$0.00						\$0.00		

cost per family | families served | instructions families served ...

PLACE COST IN CONTEXT



Costs are an investment



Determine cost avoidance and/or return on investment



Make cost data approachable



Relate cost to everyday things using social math



Provide a call to action

COST AVOIDANCE

- The costs of services can be helpful, but they don't tend to be what attracts social service organizations to cost analysis
- Interest in:
 - Are we spending too much?
 - What are we getting for our costs?
 - Cost avoidance and return on investment
- The answers to these questions are highly dependent on the kind of data you have available to you
- BUT even if you don't have data you can make meaningful comparisons using "social math"

For \$24,877 a year, one child could receive foster care services.



For that same amount of money, **18 families** at risk of losing a child due to abuse or neglect could receive a year of preventative services and support.*

SOCIAL MATH

“CASUAL” COST AVOIDANCE

NEVADANS spend **\$8,223*** for every **STUDENT** we **EDUCATE**... ..but up to **\$130,101*** for each **YOUTH** we **INCARCERATE**.



*U.S. Census Bureau, States Ranked According to Per Pupil Public Elementary Secondary School System Finance Amounts, Fiscal Year 2012. http://www.census.gov/govst/schools/wr12_05table.xls

*\$266.44 = cost per day in most expensive confinement option (Nevada Youth Training Center, Elko NV) projected FY 2016. Figures courtesy of Steve McBrink, Deputy Administrator of Juvenile Services, Nevada State Juvenile Justice Programs Office.

States are spending **too much** on **youth incarceration**
Learn more at JusticePolicy.org/StickerShockNV

DISCUSSION



What are your experiences with cost analysis?



What would you like to be able to do?



What are your questions?

THANK YOU

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Children's Bureau Updates

Please take a moment to fill out our short evaluation.

Your participation in the evaluation will help us to improve our future services to prevention programs.

