

Children's Bureau Child Welfare Evaluation
Virtual Summit Series 2013-2014: Cost Analysis in Program Evaluation, Part I -
Transcript

[00:00:00 - silent]

[Graphic Text - Child Welfare Evaluation Virtual Summit Series]

[Graphic Text – The child Welfare Evaluation Virtual Summit Series was made possible
by the Children's Bureau.]

[00:00:20 – Music: Upbeat piano music.]

[Graphic Text – Cost Analysis in Program Evaluation, Part 1]

[Woman Begins talking against white background, bottom of screen reads, “Phaedra
Corso, PHD. College of Public Health, The University of Georgia.”]

Phaedra: [00:00:30] As child welfare evaluators and decision makers, you're trying to understand or make decisions about how best to distribute scarce resources to improve the outcomes for children and families. We'll talk about one approach, cost analysis, which can be used to determine the monetary value of the resources used to run a program.

[00:00:50] I hope you'll understand why analyzing the cost of services is important and how it's different from budgeting or accounting.

[Graphic Text – Cost Analysis]

Phaedra: [00:01:00] You might be wondering why you should do cost analysis. Well let's meet Mike and find out. Hi Mike.

[Shot pans right to Mike, standing against the same white background. Bottom of screen reads, "Michael Shaver, COO Children's Home + Aid, Chicago, Illinois]

Mike: [00:01:06] Hi Phaedra. I'm an agency executive who needs to make decisions about services to offer. In an environment of increased demands for accountability, performance, and limited funds I need to have a better understanding of program costs. We're heading into a new fiscal year and we need to make decisions about what services to continue.

[On Screen Graphic repeats Mike's key points.]

[00:01:24] I'm wondering about the value of in home services we provide and whether we can afford to continue offering these services. Can you give me some advice?

[Shot switches to include both Mike and Phaedra.]

[00:01:32 – Music: Upbeat piano music.]

[Graphic Text – Cost Analysis]

[Shot Pans back to Phaedra]

Phaedra: [00:01:32] I am happy to help, Mike. In trying to help you make these decisions it might be helpful to conduct a cost analysis.

[On Screen Text Repeats Phaedra's Key Points.]

Cost analysis relies on information about a program's activities and considers the value of all resources used when implementing a service, whether or not the resources are purchased directly by the program.

[Graphic Text – Why is it so Important?]

[00:01:55] Think of these resources as ingredients that make up your program. Like ingredients for making a cake.

[Graphic Text Repeats Points, shows a piece of white cake.]

Mike: [00:02:00] I like cake, tell me more.

[Graphic of Spoon]

Phaedra: [00:02:02] The resources or ingredients required to run the program can include staff salaries, time, facilities, materials, supplies, and vehicles. There is a cost or value that needs to be assigned to all these resources.

[Graphic examples of “Ingredients.”]

[Graphic Text – You Can Determine, then key points repeated.]

[00:02:19] These resources can be direct or indirect costs to the program. Once you have the cost of the ingredients, you can determine the overall cost of implementing the program, the cost for specific program activities, and cost per program participant. This information should help you make program decisions and can establish a foundation for other types of analyses.

[00:02:39 - Music: Upbeat piano music.]

[Graphic Text – Types of Analyses.]

[Graphic Text – Types of Economic Evaluation Analyses: CEA – Cost Effectiveness Analysis, CUA Cost Utility Analysis, BCA Benefit-Cost Analysis.]

Phaedra: [00:02:47] Before we get into the details of cost analysis let’s give you an overview of how cost analysis fits into these other types of analyses. Evaluations that include cost analysis and assessments of program costs or impacts may offer opportunities for cost effectiveness analysis or benefit cost analysis.

[Graphics and Text follows and repeats key points.]

[00:03:08] On a basic level, a cost effectiveness analysis compares a program’s costs to a program’s outcomes. And outcomes are all those results assessed in program

evaluation such as improvements in parent/child interactions, and cases of child maltreatment prevented. So the final results of a cost effectiveness analysis is a cost per case of child maltreatment prevented.

[00:03:32] There's also a type of analysis called cost utility analysis. This is a sub variant of cost effectiveness analysis which compares programs on their costs but then measures effectiveness in terms of improvements in health related quality of life and in survival.

[00:03:52] Benefit cost analysis quantifies program benefits in monetary terms and assesses whether those benefits exceed the program cost. This enables one to make a comparison between programs with different types of effects and to compare whether the cost of the program exceeds the benefits on a monetary level.

[00:04:12] When using Mike's in home example, it would be comparing the cost of the program to the actual monetized benefits of keeping a child in their home. These could be compared to the costs and monetized benefits of placing a child in foster care.

[00:04:28] The important thing to note is that the usefulness and precision of the analyses just described depends on the ability to accurately analyze the costs of the identified program. [Music: Upbeat piano music] So with that in mind, let's head back to our conversation with Mike and finish talking about doing a cost analysis for his in home program.

[00:04:51 – Music continues.]

[Graphic Text – Why is it so important? Image of Capital Building.]

Phaedra: [00:04:53] In addition to understanding the resources that make up your program, conducting cost analysis is important for accountability to the public, your funders, and to meet requirements for cost evaluation in federal grants. There are many ways to analyze costs. However we believe using this ingredients approach provides a standardized method to analyze cost and enhances your understanding of a program's activities.

[Pan right to Mike, Graphics and shot focus follows Mike and Phaedra's dialogue.]

Mike: [00:05:18] But what's the difference between cost analysis and budgeting or accounting?

Phaedra: [00:05:23] Cost analysis unlike the budgeting process considers the value of all resources used to implement a program, such as cost to participants and not only what the implementing agency can spend on a program. Budgeting usually only accounts for the salary and benefits to run a program.

[00:05:40] So cost analysis takes into account the cost of all of a program's resources that may not be included on the budget. These resources could include components such as volunteer labor, donated office space, and participant's time.

Mike: [00:05:53] But wouldn't accounting for those components make our program seem more expensive?

Phaedra: [00:05:57] It definitely might. But it gives you a more accurate picture of what it costs to run a program. This way you can make more informed decisions about how to allocate your funding. And more importantly if someone wants to replicate your program, they have a complete picture of all the resources that it takes to run the program.

Mike: [00:06:14] What about other costs that you haven't mentioned, like costs associated with program evaluation or research?

Phaedra: [00:06:20] Good question Mike. Research costs are never allowed.

[00:06:23 – Music: Upbeat piano music.]

Mike: [00:06:24] Okay, now that I understand why cost analysis is important and how it can help me, where do I begin?

Phaedra: [00:06:30] In the next video, I'll help you think about what the ingredients are for assessing your program costs and how to value those ingredients.

[Shot of Mike and Phaedra, side by side.]

Mike: [00:06:37] So I'll know how to make my cake and eat it 0

[Graphic Text – Cost Analysis.]

[00:06:42 – Music continues.]

[Text on Screen – This video is based on work performed by the Calculating the Costs of Child Welfare Services Workgroup and its 2013 publication: Cost analysis in program evaluation: a guide for Child Welfare Researchers and Service Providers. You can find it on the Children’s Bureau Website.]

[00:06:47 – Silence.]

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