

**Children’s Bureau Child Welfare Evaluation Virtual Summit Series 2013-2014:
Cost Analysis in Program Evaluation, Part 2
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.]

[00:00:19 – Music: Upbeat piano music]

[Graphic Text – Cost Analysis in Program Evaluation, Part 2]

[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] In the previous video, we left off as Mike, an agency executive, asked how he should begin the process of a cost analysis. In this video, we’ll learn how to take the first step towards doing our cost analysis. Ready when you are, Mike.

[Shot pans right to Mike and repeats his question]

Mike: [00:00:45] Great. Help me think about the data we need to gather about our in home services to complete a good cost analysis.

[Shot pans left to Phaedra]

Phaedra: [00:00:52] A good cost analysis relies on information about a program's activities and considers the value of all resources used when implementing a service. [Graphic Text – Ingredients] Let's go through all the ingredients required to run your in home service.

[Graphic Text Repeats the Following]

Mike: [00:01:07] There's staff time, travel, training, facilities, supplies, contracted services.

[As Phaedra Talks, Graphics demonstrate her points with sound effects and images related to each cost.]

Phaedra: [00:01:15] That's a great start. An ingredient like travel could be broken down further into the cost of the car to the agency, gas, time spent traveling, and the cost of travel vouchers for participants, if you provide those. In addition when you say staff time, it is important to recognize that staff spends time doing many different tasks throughout the day.

[0:01:35] For example, they do assessments, spend time with clients, write notes, and attend meetings.

[Shot pans right to Mike and repeats his question.]

Mike: [00:01:41] That's really helpful. What's a good way to gather information that isn't included in budget reports like time spent traveling or time spent doing assessments for the in home program?

[Shot pans left to Phaedra and graphics repeat her responses.]

Phaedra: [00:01:51] You can interview staff or create surveys to gather as much data as possible about the time staff spend doing various activities. These interviews or surveys can help you figure out how much time staff spend doing the different activities you've identified.

[00:02:06] Ideally this type of information should be gathered in real time. This means having staff regularly record how they spend their time during a specific time period.

[Graphic Text – Prospective Data Collection] While this method may be more of a burden for staff, it allows you to gather detailed data about how they spend their time.

[00:02:24] You could also gather this information retrospectively, [Graphic Text – Retrospective Data Collection] by asking staff how they spend their time over the past week or month. This method is slightly less burdensome but generally results in a less accurate time estimate.

Mike: [00:02:37] That makes sense. Now I've listed every resource my program uses and calculated the time spent on various program components. What's the next step?

Phaedra: [00:02:47] Next, we need to determine the cost of these ingredients of a specific period of time. For this example, give me all of the direct costs for program staff of in home services over a year.

[Shot pans to mike and uses small graphics of drawn people to illustrate his points]

Mike: [00:02:59] Let's see, we have five case managers with a salary of \$45,000 plus fringe, which is \$11,250 each. And a supervisor's salary of \$60,000 plus fringe which is \$15,000. And travel expenditures of \$5,000.

Phaedra: [00:03:19] Perfect. Being able to assign a dollar amount is really important. You can then take it a step further by using this information gathered on the time staff spend on certain activities, and use it to break down the numbers you just gave me.

[Phaedra talks as on screen graphics visually demonstrate her points.]

[00:03:34] For example, if you have one case worker that reported they spent ten hours a week in the car, five hours a week doing intake assessments and ten hours a week writing notes, and fifteen hours a week seeing clients it's easy to figure out how much of their salary goes towards each of those activities.

[Mike Talks and details fill in the visual image from Phaedra's previous example.]

Mike: [00:03:53] Okay, so if I know the number of hours of each of my staff spend seeing clients, and their salaries, I can assign a dollar amount for time spent seeing clients for the entire program.

Phaedra: [00:04:04] Exactly. Now, don't forget we need to take into account all other costs that may not seem like they're related to direct program costs but are still part of the programmatic cost assessment. Do you have those numbers available?

[On screen text follows Mike's cost breakdown as he lists them.]

Mike: [00:04:17] Sure. Materials and supplies are \$1,500, the depreciation costs of durable equipment is \$1,250, the annual lease payment is \$3,000, the utilities are \$1,500, and personnel who's costs are not directly attributed to the program total [Sound effect – "bell rings"] \$168,750 for salary and fringe.

Phaedra: [00:04:43] Now remember, when doing a cost analysis you need to take into account the cost of both volunteer and participant time. These families and individuals contribute resources. For example, the time spent in program activities and any out of pocket costs for transportation.

[00:04:58] A complete estimate of program costs would account for the value of these resources, since they could be used in other ways. To assess the cost of volunteer and/or participant time and resources you may need to collect time estimates directly from the participants and volunteers and then calculate the cost of time, travel, and

other resources based on comparable wages, local travel transportations, and comparable market costs.

[00:05:22 – Music: Upbeat music]

Phaedra: [00:05:24] And now, after adding up all the costs of each individual resource, we can estimate total cost.

[Graphic Text and Images follow the dialogue as Mike and Phaedra Review their presentation, demonstrating how to estimate total cost.]

Mike: [00:05:29] I see, so we account for each and every resource used by the program and when put together that number represents the cost of the program as a whole.

Phaedra: [00:05:37] Correct. [Graphic of calculator as Phaedra continues] From here, you can calculate total program component cost, as we started to model a minute ago, or even cost per participant depending on how you obtained your cost estimates and what you include when you add up the numbers of each individual resource.

Mike: [00:05:54] That makes sense, so my ability to calculate cost in certain ways depends on the data I have available and the data I collect.

[Shot includes Phaedra and Mike side by side as they conclude.]

Phaedra: [00:06:01] Exactly. We've learned a lot about your program, Mike, and from here if you conduct an outcome evaluation you can take the next step and determine the cost effectiveness of these in home services.

Mike: [00:06:12] Thanks for helping me get started on this cost analysis, Phaedra. This should be very useful for my decision making process.

Phaedra: [00:06:18] Any time, Mike. [Graphic Text – Cost Analysis, Sound Effect – “Swoosh”] I hope you now have a basic understanding of the steps involved when conducting a cost analysis of a program in a child welfare setting. Thanks for joining us.

[00:06:29 – Music continues.]

[Graphic Text – Cost Analysis in Program Evaluation Part 2]

[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.]

[00:06:34 - Silence]

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