

Including Costs (and Cost-Effectiveness or Cost-Benefit or Cost-Utility Analyses) in Your Evaluation: Advice & Guidance

Increasingly, evaluations of programs and research on innovations require collection of information on costs, cost-effectiveness, and often more. Most evaluators are not prepared to do this.



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Expanding the Toolkit of Cost Analytical Tools to Enhance Cost-Inclusive Evaluation and Program Decision-Making

Data are the lifeblood of decision-making. A good understanding of program costs, cost behavior, cost-volume profit analysis and break-even analysis is thus important so that you can optimize a program's limited financial resources to do the most societal good.

Shine you light. Be a change agent.

- Capitalize on the use of strategic management tools from cost and management accounting to present more meaningful and insightful cost information so that CIE and social program decision-making can be enhanced.
- Exploit cost data in all forms and fashions so that operational efficiencies can be obtained.
- Seek to minimize costs without compromising quality so that more clients can be served with the same budget.



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Including Training Costs in the Evaluation of a Psychology Training Clinic

Recommendation: Calculate training costs in cost-inclusive evaluations of mental health treatment

Trainee Supervision + Didactic Costs

	ft ² ^a	Cost/yr ^b	\$/yr/hr	Total hours/ year	Cost/yr for clinic-related activities
Classroom	308	\$12,320	\$9.63	93 hrs ^c	\$894
Supervisor office	179	\$7,160	\$3.43	147 hrs ^c	\$503
		Cost/yr	\$/yr/hr	Total training hours/ yr	Cost/yr for clinic-related activities
Supervisor ^d		\$124,955	\$97.66	239 hrs	\$23,370
Teaching assistant		\$51,762	\$80.88	205 hrs	\$16,564
Therapist		\$51,762	\$80.88	138 hrs	\$11,169
Total training costs/yr					\$52,500

Including training costs **doubled** the yearly cost of 1 therapist:
\$51,762 vs \$104,262 (\$51,762+\$52,500)

Benefits of including training costs:

- Acknowledges *resources* needed to train a professional to deliver a specialized service (e.g. cognitive behavioral therapy).
- Provides more *accurate* estimate of intervention delivery costs.
- Helps administrators *decide* whether they can afford to implement a specialized intervention if current staff need specialized training.

Consequences of including training costs:

- Considered *sunk cost* if divided over the total number of clients served.
- Inflates* unit costs if only divided by clients served during evaluation period.
- Requires additional *evaluator* effort.

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Is Your Evaluation Economically Feasible?

Economic feasibility analysis can help evaluators determine the viability, cost, and benefits associated with an evaluation project before financial resources are allocated. It also serves as an independent project assessment by enhancing project credibility and helping decision-makers to determine the positive economic benefits to the organization through the proposed evaluation.

Factors to consider when assessing an evaluation economic feasibility:



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Advice for Evaluators and Economists: What Each Can Add to Cost-Inclusive Evaluations



cost-inclusive program evaluation is a an "and" rather than an "or" activity, with evaluators and economists working side-by-side, not in different rooms

economists and evaluators should:

- agree on a common *patois* of terms to converse meaningful and with less confusion
- not assume either is superior in any area of cost-inclusive evaluation
- abandon role siloing of others and of themselves
- routinely involve multiple stakeholders in assessment and analysis of costs as well as outcomes

evaluators should:

- move beyond "I can't, I don't want to, evaluate costs, or benefits (monetary outcomes such as health cost savings)
- distinguish between *price* and data on types & amounts of resources used in a program
- evaluate costs and outcomes simultaneously, not sequentially
- avoid stigmatizing collection of data in monetary units