Cost Analysis Template

This template is designed to enable sites to begin doing their own cost analysis. The fourteen steps outlined below are intended to provide guidance in developing an initial cost analysis. The sub-questions can be considered depending on the level of cost analysis programs are able to initiate. It is not essential to have all of these answered to begin the process of doing cost analysis.

1. An initial decision needs to be made by the agency/collaborative that it is going to devote staff resources to collecting cost information enabling an answer to the question "what does this cost for each client (parent, child, family) served?"
   a. Are you staffed adequately to collect and analyze cost data?
   b. Do your evaluators have the capacity to perform cost analysis?
   c. Have you sought resources from regional academic institutions to assist you with analysis of cost data?

2. Review available cost data with potential funders to ensure that you are collecting the cost data that is most relevant to their decisions to fund your project.

3. Separate out one-time costs for startup from ongoing operating costs.

4. Identify project costs that are above and beyond the federal funding, and which components of the program these costs cover.

5. Separate out fixed from variable costs, i.e. those that do not vary with the number of clients such as rent vs. those such as drug tests that vary according to the number of clients served.

6. Determine how many clients you can serve effectively, and consider the effect of expansion on cost per client, i.e. will the project still need the same staff, so that total costs and unit costs may change?
   a. Does your data system enable you to connect costs on a family basis, so that parents' treatment costs and costs for services to the child can be combined? If not, can you calculate this through other methods?
   b. Can you track clients who drop out so that cost analysis takes them into account while they are in the program; can you compare dropouts with program completers/graduates?
   c. How long will your evaluation track parents and children after services are terminated to determine possible savings from improved medium- and long-range substance abuse treatment and child welfare outcomes?

7. Identify baseline costs for key items such as foster care, court costs for processing a typical case, developmental assessments, treatment (by mode), parent education, and services to prenatally exposed infants (as well as other items specific to your project).
   a. Where agencies do not have these, estimate based on total costs and clients served.

8. Determine whether the agency should collect time logs or other methods to determine

what tasks staff and contractors are devoting resources to and for how much time.

9. Identify those items in the budget that are cost "drivers," i.e. those that are most likely to cause an increase in costs, such as turnover or the need for staff training.

10. Can we distinguish among clients with different levels of need so that we can identify those clients that might require higher costs (and potentially higher payoffs)?

11. Separate out those costs that are reimbursable from those that are not, in order to maximize reimbursements.

12. Separate out costs of collaboration, such as meetings and case conferences, from costs for direct services? Are these reimbursable costs?

13. Collect available cost data from other projects that are relevant to the region or your clients.

14. Can partner agencies (child welfare, treatment, and the courts) document the current costs for a "business as usual" model of serving parents and children with substance use disorders in the child welfare system (or for the comparison group not receiving services from our project)?

Overall, do you believe you are devoting adequate resources to cost analysis, given its importance in attracting sustained funding?

COST ANALYSIS TEMPLATE

	Yes	No	Resources Needed	Next Steps
Agency/collaborative is devoting staff resources to collect cost information enabling an answer to the question "what does this cost for each client (parent, child, family) served?"				
✓ *Project is staffed adequately to collect and analyze cost data*				
✓ *Evaluators have the capacity to perform cost analysis*				
✓ *Regional academic institutions have been approached to assist with analysis of cost data*				
Cost data has been reviewed with potential funders to ensure that you are collecting the cost data that is most relevant to their decisions to fund your project.				
Study separates out one-time costs for startup from ongoing operating cost.				
Project costs have been identified that are being funded by sources above and beyond the federal RPG funding, as well as which components of the program these costs cover.				
Fixed and variable costs are separated.				
Program has determined how many clients can be served effectively, and has considered the effect of expansion on cost per client, i.e. will the project still need the same staff, or will total costs and unit costs change?				
✓ *A methodology and mechanism to collect data has been selected that allows examination of costs for a family, as well as an individual client.*				
✓ *A tracking mechanism has been developed*				

to document no-shows, drop outs and program graduates as they affect costs ✓ *The methodology has determined how long the evaluation will track parents and children after services are terminated to determine possible savings from improved medium- and long-range substance abuse treatment and child welfare outcomes*				
Baseline costs for key items such as foster care, court costs for processing a typical case, developmental assessments, treatment (by mode), parent education, and services to prenatally exposed infants (as well as other items specific to your project) have been identified.				
✓ *If base line costs are not available, estimates made based on total costs and clients served.*				
Time logs or other methods are used to determine what tasks staff and contractors are devoting resources to and for how much time.				
Study has Identified those items in the budget that are cost "drivers," i.e. those that are most likely to cause an increase in costs, such as turnover or the need for staff training.				
Methodology can distinguish different levels of clients' risk factors.				
Methodology allows examination of those costs that are reimbursable from those that are not, in order to maximize reimbursements.				
Methodology examines costs of collaboration, such as meetings and case conferences, from costs for direct services				
✓ *Are these reimbursable costs?*				

Methodology includes the collection of available cost data from other projects that are relevant to the region or your clients.				
Discussion with partner agencies (child welfare, treatment, and the courts) to document the current costs for a "business as usual" model of serving parents and children with substance use disorders in the child welfare system (or for the comparison group not receiving services from our project).				