Budgeting for Evaluation

2014 AmeriCorps State and National Symposium

AmeriCorps
Learning objectives

By the end of this presentation, you will be able to:

• Understand why budgeting for evaluation is a strategic investment

• Recognize how evaluation costs vary by type of evaluation

• Explain the key components of an evaluation budget

• Identify approaches for creating an evaluation budget
Emerging trends

- Rule of thumb (5%, 10%) of overall budget for evaluation is proving too simplistic.

- Administrative data is emerging as a viable source for low-cost RCTs (and some QEDs).

- Tiered evidence initiatives (SIF, i3, WIF, etc.) are expanding the number of high-quality evaluations, leading to more available budget data.

- Continuum from performance measurement to evaluation; links and overlapping data collection.
Challenges and payoff

- Paying for evaluation can be a challenge
  - Programs can’t afford it
  - Don’t know how to find low-cost evaluation partners
  - Funders won’t always pay for it

- CNCS acknowledges these challenges
  - But we believe that evaluation should be viewed as an investment and not simply a compliance requirement.

- Consider evaluation to be a strategic investment
  - If you can demonstrate that your program works, you will be able to attract more funders, grow, and become more sustainable.
Investing in evaluation does pay dividends

• Spending money on evaluation is not a tradeoff

• Learning for program improvement, so you can:
  – Serve more people better
  – Serve more people better, at lower cost

• Increasing your evidence base attracts funders…
  …which allows you to serve more people

• Demonstrating impact is a differentiator in an environment of scarce resources
  – Policymakers and funders are reluctant to spend scarce resources on programs without evidence
Build a long-term research agenda

• What does a long-term research agenda look like?
  – What do we want to have learned 5 years from now? 10 years from now?
  – Work backwards: define your destination, then name the supporting steps that will get you there
  – Each evaluation should build on what you learned previously
  – If you invest evaluation money strategically, scarce resources can have a big impact
Example of a long-term research agenda

AmeriCorps program provides housing assistance for low-income families.

Goal: Demonstrate that the program has a positive impact on beneficiaries via a randomized control trial (RCT).

- Step 1: Collect program data, routinely, on family background characteristics and number of families served.
- Step 2: Collect pre/post outcome data each year via annual survey.
- Step 3: Implementation study: Is the program being implemented with fidelity to the model?
- Step 4: In addition to data collected from Steps 1&2, collect long-term outcomes data via follow-up survey (1 year post-program).
- Step 5: Demand for the program exceeds supply, so implement RCT by randomly assigning families to receive housing assistance. Collect background data and survey data from all eligible families.
Guidelines for budgeting

• In general, evaluation budgets should be:
  – Commensurate with stakeholder expectations and involvement
  – Appropriate for the research design used and key questions to be answered
  – Adequate for ensuring quality and rigor
  – In line with the level of program and organizational resources available
Factors that influence budget estimates

• Program Factors
  − Geography, number of sites, and characteristics of target population
  − Availability of resources

• Evaluation Design
  − RCT vs. QED vs. Non-Experimental
  − Level of evidence
  − Need for evaluation capacity-building

• Reporting, Dissemination and Use
  − Using lessons learned for internal decision making
  − External dissemination and communication
# Example evaluation costs by design type

<table>
<thead>
<tr>
<th>Evaluation Study Design</th>
<th>Annual Program Budget</th>
<th>Annual Evaluation Budget</th>
<th>Evaluation to Program Budget Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Avg</td>
<td>Median</td>
<td>Avg</td>
</tr>
<tr>
<td>RCT (N=22)</td>
<td>$1,718,908</td>
<td>$1,350,000</td>
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<tr>
<td>QED-Not PSM (N=18)</td>
<td>$878,891</td>
<td>$402,008</td>
<td>$154,005</td>
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<tr>
<td>QED-PSM (N=14)</td>
<td>$745,068</td>
<td>$324,888</td>
<td>$71,898</td>
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<tr>
<td>Pre-post (N=8)</td>
<td>$1,098,174</td>
<td>$469,286</td>
<td>$153,014</td>
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<tr>
<td>Other Non-Experimental (N=8)</td>
<td>$559,137</td>
<td>$420,000</td>
<td>$69,932</td>
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<tr>
<td>Overall (N=70)</td>
<td>$1,104,649</td>
<td>$593,309</td>
<td>$216,838</td>
</tr>
</tbody>
</table>
## Evaluation costs by level of evidence

<table>
<thead>
<tr>
<th>Evaluation Study Design</th>
<th>Annual Program Budget</th>
<th>Annual Evaluation Budget</th>
<th>Evaluation to Program Budget Ratio</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Avg</td>
<td>Median</td>
<td>Avg</td>
</tr>
<tr>
<td>Strong (N=15)</td>
<td>$2,153,927</td>
<td>$2,000,000</td>
<td>$589,037</td>
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<tr>
<td>Moderate (N=25)</td>
<td>$992,775</td>
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<td>Preliminary (N=30)</td>
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<td>$326,896</td>
<td>$98,123</td>
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<tr>
<td>Overall (N=70)</td>
<td>$1,104,649</td>
<td>$593,309</td>
<td>$216,838</td>
</tr>
</tbody>
</table>
Key themes in evaluation budgeting

• Rule of thumb ratios lead to under-budgeting

• Amount budgeted should be considered in its own right

• Costs increase with level of evidence

• Costs vary based on the study design
Key themes (continued)

• All design types can potentially be expensive
  – Multisite implementation studies
  – Feasibility studies for generating stronger levels of evidence

• Most evaluation types can be done inexpensively
  – Including some randomized control trials (RCTs)

• Determine what you want to learn from your evaluation and build a budget that can answer those research questions
So where can I get the money?

- Tap into local resources
  - Local partners
  - Universities, community colleges, Cooperative Extension, consultants

- When feasible, consider partnering with similar programs for joint evaluation activities

- Some foundations will fund evaluation
  - Brady Education Foundation; Annie E. Casey Foundation; WT Grant Foundation

- Evaluation IS an allowable cost at CNCS!
• Evaluation is one piece of your overall budget
  – What do you need to spend money on?
  – Do you have a diverse, sustainable fundraising strategy?
Paying for evaluation

• Use of funds can be restricted or unrestricted, regardless of source
  – Depends on funder stipulations

• You may find that you need mostly unrestricted money for evaluation
  – Examine the universe of possible ways to raise money for your program
  – From which sources can you most likely get unrestricted money?
  – Which other sources will provide restricted money for other portions of your budget?
Paying for evaluation across years

- Evaluation activities often cost different amounts throughout 3-year grant cycle
  - Ex: Yr 1 = Planning; Yr 2 = Data Collection; Yr 3 = Reporting and Analysis
  - Yr 1 → Smaller evaluation budget; Yr 2 & 3 → Larger evaluation budget

<table>
<thead>
<tr>
<th>Year</th>
<th>Member Training</th>
<th>Evaluation</th>
<th>Total CNCS</th>
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<tr>
<td></td>
<td>CNCS Match</td>
<td>CNCS Match</td>
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<td>1</td>
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<td>$10,000 $0</td>
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<tr>
<td>2</td>
<td>$25,000 $0</td>
<td>$10,000 $25,000</td>
<td>$35,000</td>
</tr>
<tr>
<td>3</td>
<td>$0 $20,000</td>
<td>$35,000 $0</td>
<td>$35,000</td>
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Overview of evaluation budget planning

Consider questions of:
• Who will conduct the evaluation?
  – If *external evaluator*, consider what services are and are not included in their cost
  – If *own staff*, consider cost of time spent on evaluation relative to programmatic tasks
• What will it include and how will it be conducted?
• Will it involve new data collection?
  – If so, at what time points and where?
• Who will manage it?
• How will the results be communicated?
Components of an evaluation budget

1. Evaluation staff and subcontractor salary/benefits, consultant time
2. Travel (airfare, ground transportation, lodging, incidental travel costs)
3. Other Direct Costs (e.g. communications printing and postage, supplies/equipment)
4. Overhead Costs and Fees
5. Program Costs to Support Evaluation
External evaluator time

• Evaluation staff salary/benefits and consultant time
  – Evaluation planning
  – Instrument selection, development, validation
  – IRB approval
  – Data collection, processing, analysis, reporting
  – Project administration

• Common cost drivers are data collection and analysis
  – Fielding surveys and conducting interviews
  – Analyzing large datasets and/or transcripts

• Don’t underestimate time for planning and reporting
Calculating labor costs

Task by time by staff member

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Team Leader</th>
<th>Subject Expert</th>
<th>Analyst</th>
<th>Assistant</th>
<th>Total Days Per Person</th>
<th>Cost Per Task ($)</th>
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<tbody>
<tr>
<td>Daily Rate ($)</td>
<td>Days</td>
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<td>Cost</td>
<td>Days</td>
<td>Cost</td>
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<td>Analysis</td>
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<td>25</td>
<td>20</td>
<td>30</td>
<td>10</td>
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<tr>
<td>Reporting</td>
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<tr>
<td><strong>Total Days Per Person</strong></td>
<td><strong>60</strong></td>
<td><strong>80</strong></td>
<td><strong>130</strong></td>
<td><strong>140</strong></td>
<td></td>
<td><strong>410</strong></td>
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</table>
Calculating labor costs (continued)

Staff member by time by task

<table>
<thead>
<tr>
<th>People</th>
<th>Daily Rate ($)</th>
<th>Planning</th>
<th>Preparation</th>
<th>Data Collection</th>
<th>Analysis</th>
<th>Reporting</th>
<th>Total Days Per Person</th>
<th>Cost Per Person ($)</th>
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<tbody>
<tr>
<td></td>
<td>Days</td>
<td>Days</td>
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<td>Days</td>
<td>Days</td>
<td>Days</td>
<td>Days</td>
<td></td>
</tr>
<tr>
<td>Team Leader</td>
<td>15</td>
<td>15</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Subject Expert</td>
<td>10</td>
<td>10</td>
<td>20</td>
<td>25</td>
<td>15</td>
<td>15</td>
<td>80</td>
<td>80</td>
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<tr>
<td>Analyst</td>
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<td>20</td>
<td>50</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>130</td>
<td>130</td>
</tr>
<tr>
<td>Assistant</td>
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<td>30</td>
<td>50</td>
<td>30</td>
<td>10</td>
<td>10</td>
<td>140</td>
<td>140</td>
</tr>
<tr>
<td>Total Days Per Task</td>
<td>65</td>
<td>75</td>
<td>130</td>
<td>85</td>
<td>55</td>
<td>410</td>
<td></td>
<td></td>
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</table>
### How to estimate labor rates

- An example of labor rates for private firms (loaded gov't. rate) and university consulting

<table>
<thead>
<tr>
<th>Labor Rate per Hr.</th>
<th>Labor Rate: Consulting Firm</th>
<th>Labor Rate: University-based Consulting</th>
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</thead>
<tbody>
<tr>
<td>Project Manager</td>
<td>$204.14</td>
<td>$111.52</td>
</tr>
<tr>
<td>Executive/Key Principal</td>
<td>$240.95</td>
<td>$162.18</td>
</tr>
<tr>
<td>Senior Research/Principal or Technical Staff</td>
<td>$187.47</td>
<td>$99.50</td>
</tr>
<tr>
<td>Mid Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research/Analyst/Technical</td>
<td>$102.57</td>
<td>$100.56</td>
</tr>
<tr>
<td>Mid-level Program Management</td>
<td>$125.73</td>
<td>N/A</td>
</tr>
<tr>
<td>Subject Matter Experts</td>
<td>$209.43</td>
<td>$167.25-$243.48</td>
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<tr>
<td>Learning consultant</td>
<td>$118.98</td>
<td>$76.19</td>
</tr>
<tr>
<td>Management Consultant</td>
<td>$156.02</td>
<td>$156.02</td>
</tr>
<tr>
<td>Support Staff</td>
<td>$64.41</td>
<td>$40.23</td>
</tr>
</tbody>
</table>
Travel

• Travel to and from:
  – Client site
  – Program site for stakeholder meetings and planning
  – Program site(s) for site visits, data collection, etc.

• Travel line item should include:
  – Airfare or train tickets, car mileage
  – Ground transportation
  – Lodging and meals
  – Incidental travel costs
Other direct costs

• Communications
  – Conference call lines, WebEx, etc.

• Printing and postage
  – Mailing surveys
  – Printing consent forms

• Supplies and equipment
  – Online survey platform; survey incentives
  – Voice recorders and transcription services
  – Renting meeting spaces
  – Purchasing datasets, databases, survey tools, etc.
Overhead costs and fees

- Overhead costs for large evaluation firms are often built into “loaded” labor rates.

- University staff may account for overhead differently.

- Fees will depend on contract type:
  - Cost plus fixed fee
  - Firm fixed price
  - Time and materials
Program costs to support evaluation

• Staff time to meet regularly with evaluator; quality control and monitoring

• Staff time for facilitating connections between evaluator and program/site staff

• Resources for additional policy briefs, website summaries, travel to conferences, etc.

• Data systems
### Example Evaluation Budget

#### Year 1: Planning
- **Planning and Preparation**
  - Project Leader ($100/hr): 25 hours, $2,500
  - Senior Level Analyst ($80/hr): 300 hours, $24,000
  - Data Analyst ($65/hr): 50 hours, $3,250
  - Junior Level Assistant ($50/hr): 250 hours, $12,500
  - Admin Support ($35/hr): 75 hours, $2,625

#### Year 2: Data Collection
- **Data Collection**
  - Project Leader ($100/hr): 75 hours, $7,500
  - Senior Level Analyst ($80/hr): 500 hours, $40,000
  - Data Analyst ($65/hr): 100 hours, $6,500
  - Junior Level Assistant ($50/hr): 500 hours, $25,000
  - Admin Support ($35/hr): 200 hours, $7,000

#### Year 3: Analysis and Reporting
- **Analysis**
  - Project Leader ($100/hr): 15 hours, $1,500
  - Senior Level Analyst ($80/hr): 60 hours, $4,800
  - Data Analyst ($65/hr): 80 hours, $5,200
  - Junior Level Assistant ($50/hr): 50 hours, $2,500
  - Admin Support ($35/hr): 20 hours, $700

- **Reporting**
  - Project Leader ($100/hr): 10 hours, $1,000
  - Senior Level Analyst ($80/hr): 50 hours, $4,000
  - Data Analyst ($65/hr): 30 hours, $1,950
  - Junior Level Assistant ($50/hr): 60 hours, $3,000
  - Admin Support ($35/hr): 30 hours, $1,050

#### Travel
- **Auto Mileage (.30/mile)**: $60

#### Other Direct Costs (ODCs)
- **Printing and Copying**: $0
- **Postage**: $0
- **Conference Lines**: $100
- **Transcription Service**: $0
- **Incentives**: $1,000
- **Survey Platform**: $1,000

#### Sub-total
- $156,575

#### G&A-10%
- $16,625

#### Fees-10%
- $17,326

#### Program Support Costs
- **Executive Director- $35/hr**: 60 hours, $2,100
- **AmeriCorps Program Manager- $25/hr**: 60 hours, $1,500
- **Supervisors (1 per site, 10 total)- $25/hr**: 120 hours, $3,000

#### Sub-total
- $13,950

#### Total
- $190,586

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**Note:** All costs are in USD, and are subject to change based on project requirements and market rates.
Creating an internal evaluation budget

• Same general cost categories

• Consider additional staff time/resources for
  – New or augmented data collection
  – Travel outside of normal program operations
  – Additional analysis
  – Reporting and communication
  – Consultants
Other budgeting tips

• Create a high and a low estimate

• Refer to evaluations of similar size and scope

• Consult with procurement or budgeting experts

• Talk to staff working in the locations where data collection will occur

• Assess the budget with the stakeholders who have been engaged in evaluation planning

• Plan for contingencies and adjust as needed
Challenges with evaluation “on the cheap”

• Lack of continuity
  - Ex: Student groups

• Lack of appropriate expertise
  - Internal staff who do not have evaluation training

• Under-powered study
  - Sample is so small that you will never detect any difference in outcomes due to your program

• Poor communication
  - Technical jargon that you can’t interpret or use

• Too many unanswered questions
  - Poor design did not shed light on research questions
Tips for cutting costs and retaining quality

- Utilize existing program data and administrative data
- Build data collection into routine program operations
- Develop internal staff capacity for evaluation work
- Engage pro bono experts
- Build a long-term research agenda so that each evaluation builds upon previous work
- Consider replicating an evidence-based program
Using existing data

• Utilize program data
  – Data you already collect for performance measures
  – Data you already collect for other funders

• Utilize administrative data
  – Student test scores, attendance records
  – Census data, unemployment insurance claims

• Build data collection into routine program operations
  – Collect data from beneficiaries, AmeriCorps members, and staff on a regular schedule
  – Use that data to inform decision-making and for continuous improvement
Example: Allocating funds for evaluation

- Program has raised funds from CNCS ($500K), state grant ($100K, up to 5% for evaluation), unrestricted foundation grant ($150K), restricted corporate giving ($100K), and organizational match ($150K, currently used for personnel salary).

- Evaluation will cost $200,000 – where should the money come from?
  - $5K can come from the state grant
  - $150K can come from the foundation grant
  - That leaves $45K to come from CNCS

- Where could you shift other costs out of the CNCS share?
- Could you shift salary costs?
Resources on budgeting for evaluation


https://www.nationalserviceresources.gov/evaluation-americorps