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Hume Learning Community

Lifelong learning for all

Demonstrating the Impact of Projects and Programs

Produced by the Hume Learning Community,
Broadmeadows, Victoria

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Acknowledgements

This document represents work in various organisations over two years. The former Hume City Council Global Learning Village committee was the forum in which members originally raised the issue of local organisations struggling to meet funding bodies' demands for 'proof of impact' for their funding programs. The Committee decided to look for an approach that would help local organisations to assess and demonstrate impact.

A member of the Hume Global Learning Village (HGLV) Board, Dr. Judith Slocombe, mentioned to us that the Alannah and Madeleine Foundation had looked at the approach developed by the Robin Hood Foundation (RHF) in New York. Members of the Committee explored the Robin Hood Foundation website, studied its approach and then examined its applicability to our circumstances. It was decided that the best way to test the ideas and work out the best way to adapt them to local circumstances was through case studies. Leone Wheeler, Lisa Letic and Ken Thompson agreed to work on the case studies. A number of local organisations and their leaders offered to be test cases. David Peake (CEO, EQUDED) offered the ECHO project, Frank Devlin (then CEO now board of management member) at Meadow Heights Education Centre) offered several courses, namely the School Support Officer program, the beauty program and the computer club as appropriate.

Lisa Letic visited the Robin Hood Foundation (RHF) in New York and gained valuable insights through discussions and meetings with key people at RHF, especially Michael Weinstein. Michael Weinstein is the developer and author of the RHF metric approach and was recently instrumental in organising a Central Park concert that raised \$50 million for RHF in one evening (such is his credibility and that of the Foundation's approach). Lisa also had the opportunity to visit several projects supported by RHF.

Former local student, Rhodes Scholar and international financier Daniel Norman provided a very helpful and influential critique of an early draft, as did a senior manager of the Nous Group. Professor Gib Henschke of the University of Southern California provided early and encouraging advice. The encouragement of Hon John Cain, Foundation Chair of the former HGLV Board during the process was appreciated.

The support and guidance of Professor Bruce Wilson and his team at the Royal Melbourne Institute of Technology European Centre throughout the project, but especially for the final edit, and his team with the formatting, has all been invaluable. Dr. Denise Clarke provided invaluable feedback on the last draft

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Hume Learning Community June 2016

Background

In 2003, Hume City Council established the Hume Global Learning Village. The Village was to be a resource for the Council to pursue its vision of becoming a 'learning city', a crucial part of its strategy to address social disadvantage within the municipality and to enable all citizens to pursue their dreams. For more than a decade, the Council was supported in the implementation of the Village by an Advisory Board and by a Committee. The Committee encompassed representatives of more than 20 local organisations involved with learning activities in Hume.

For a decade, the Committee worked with many organisations to support the regeneration of Broadmeadows schools, and to implement learning programs for all ages throughout Hume. Many wonderful achievements were observed for individuals and for communities. However, a disturbing pattern emerged. Despite the efforts of the Village, and with considerable support from state and federal governments, some indicators of disadvantage, such as unemployment, proved to be very stubborn and remained high.

In 2013, members of the Village Committee began to share the challenges of demonstrating to government and other funding bodies, that the work of community educational organisations was indeed having an impact. There was a common experience of funders starting to ask why the 'problems' (for example, job readiness, literacy) were not fixed through the previous funding which they had provided. It was resolved that the Committee would undertake some research and discussion looking for ways of demonstrating impact.

Early searching revealed only a very small amount of literature on social impact and that it focussed more on broad evidence rather than proof. It seemed that demonstrating 'proof' was going to be a very difficult challenge. However, alongside this review, another important observation emerged: people living in Hume were relatively mobile. Many of our program's 'successes' moved on to other locations (the so called 'churn' of success), to be replaced by others in great need. Statistics demonstrating 'need' were staying high, but they were not the same people.

In the continuing search, it seemed that the work of the Robin Hood Foundation (New York) could be very useful. The Robin Hood Foundation (RHF) is dedicated to combating poverty in New York City. It supports a variety of programs that show a significant positive impact on the lives of New Yorkers. The Foundation receives many requests for support and needs to find a way of calculating the relative benefits of disparate programs to participants. To do this, the RHF has developed a 'metric' which calculates a ratio of benefit to cost, that is a ratio of the benefit of a program to participants against the cost to providers and or their sponsors. To do this the benefits of a program are monetised. The monetising can be done through third party research (for example if a program helps high school students progress to university graduation, there is research that indicates the likely income and health

benefits that will follow). The benefits of a program can also be measured from its own implementation.

The Robin Hood metric is calculated as Benefit: Cost ratio. Therefore if a program benefit to participants was calculated as \$100, and the cost of the program was \$50, then the Benefit to cost ratio would be 100:50, or 2:1; that is there is a two dollar benefit for every dollar spent.

RHF asserts that it is important for programs to claim only the benefits that come from the program, and not to claim benefits that would have been available anyway (termed by RHF as counter-factuals). This approach has contributed to the Robin Hood Foundation's enormous credibility with benefactors. Recently, US\$50 million was raised in one concert!

The approach can be made relatively simple in concept, description and explanation of implementation – this is important for time-poor, local Not-For-Profit (NFP) and volunteer organisations. The simplicity of the approach also assists funding bodies who process many applications seeking support. Feedback from our case studies suggests that the metric approach gives great confidence to program delivery organisations by clarifying the benefits of their programs to participants.

Consolidating our Learning

In April 2015, the Global Learning Village Board convened a workshop to review progress to date in implementing the RHF approach. The purposes of this workshop were:

1. Share three of our local case studies, briefly refer to two other local case studies, and to share a case study from New York;
2. Share advice on evidence needed, both first hand and third party;
3. Hear about Lisa Letic's visit to RHF in New York;
4. Offer constructive critique of RHF approach, as we have adapted it; and
5. Together, work out ways to build awareness and assist local organisations who believe this will be of benefit

One outcome of this workshop was the decision to publish this report on the work which had been undertaken so far.

The Robin Hood Foundation (RHF) (New York) Approach

RHF has been fighting poverty in New York for more than 20 years. It attracts funds and allocates them to programs it believes has the best possible chance of having a positive impact on the lives of participants.

It is reported that RHF receives requests for funding from a range of organisations for a range of target audiences e.g. early childhood development and adult learning and school programs. A challenge is the evaluation of disparate programs in terms of likely impact on the lives of individual beneficiaries and communities. To do this RHF “...employ a rigorous system of metrics and third-party evaluation to ensure grantee accountability.” This is a challenging task; how do you choose between programs that offer job training to the unemployed, to programs that focus on children's health, to programs that help the homeless? To compare disparate programs, Robin Hood has developed a clear, rigorous and transparent system for comparing the impacts of dissimilar programs by measuring them on this same scale: how much the program is going to increase future earning and income.

Donors give \$130 million per annum. RHF promise to leverage significant benefit from these funds. They estimate that for every \$1 spent, they raise the collective living standards of poor New Yorkers by \$15.

Robin Hood's system of metrics, dubbed 'Relentless Monetization', pursues a powerful ambition: to cut poverty as deeply as possible. The metrics help staff to decide the relative impact of poverty-fighting options: is money better invested in a high school that graduates 50 more former dropouts or, instead, a job-training program that places an extra 75 unemployed workers in long-term jobs. - See more at:

<http://www.robinhood.org/metrics#sthash.QmtMsoAb.dpuf>

These benefit-cost ratios capture Robin Hood's best estimate of the aggregate benefit to poor people (measured in part by the projected boost in future earnings) that each grant creates per dollar cost to Robin Hood. These ratios guide program investment as they work to make grants to programs that yield high benefit-cost ratios.

What Robin Hood Metrics Are

A standard for ranking grants, comparing the impact of similar and dissimilar programs.

A means of communicating to grantees how Robin Hood evaluates them.

The basis for a common vocabulary within Robin Hood, to donors and in the non-profit community.

A tool for achieving transparency. Robin Hood welcomes independent voices to examine, criticize and help improve the metrics.

A diagnostic tool. What do the highest-scoring grantees have in common? The lowest?

A method for assessing Robin Hood. They measure their own impact by the same metrics system used to evaluate grantees: how much poverty-fighting good is done with each dollar spent.

What Robin Hood Metrics Are Not

The only criteria for making grant decisions. Observation and subjective judgments also influence grant decisions.

Report cards on the programs supported. An organisation can fulfil its own mission and still come up short on Robin Hood metrics.

Exact. Neither the data captured nor the formulas applied are precise.

Unchanging. With additional research and refined calculations, the metrics system is designed to evolve over time.

A replacement for hardworking, sharp-eyed program officers.

The universal answer for applying investment principles to charitable giving. Other foundations and grant-making organizations may employ different, but useful standards.

Source: https://www.robinhood.org/sites/default/files/2009_Metrics_Book.pdf

Robin Hood has put these principles to practical use across a large array of poverty-fighting interventions.

- Health clinics diagnose and treat asthma. How much better off are patients who receive these interventions?
- Schools help at-risk students earn their high school diplomas. How much does graduation boost future earnings?
- Micro loans to help immigrant women set up home businesses. By how much do these loans boost family incomes (above what they would have been without the loans)?
- What is the value of emergency food, shelters for abused women or high quality pre-kindergarten programs.

Source: https://www.robinhood.org/sites/default/files/2009_Metrics_Book.pdf p.5

Beyond the purpose of helping staff to decide among rival uses of philanthropic money, Robin Hood's metrics system provides a powerful diagnostic tool by which to isolate the specific factors that make anti-poverty programs succeed or fail.

Grant decisions are based on more than arithmetic. Program officers add detailed knowledge about the programs they are asked to fund to the decision mix. Most importantly, staff recognise the imprecision and incompleteness of the numerical estimates. They are under constant review and revision.

For an in-depth look at metrics and how they're calculated, read *2009 Measuring Success: How Robin Hood Estimates the Impact of Grants*, which is available at:

<http://www.robinhood.org/metrics#sthash.QmtMsoAb.dpuf>

How have we used and adapted the Robin Hood metric

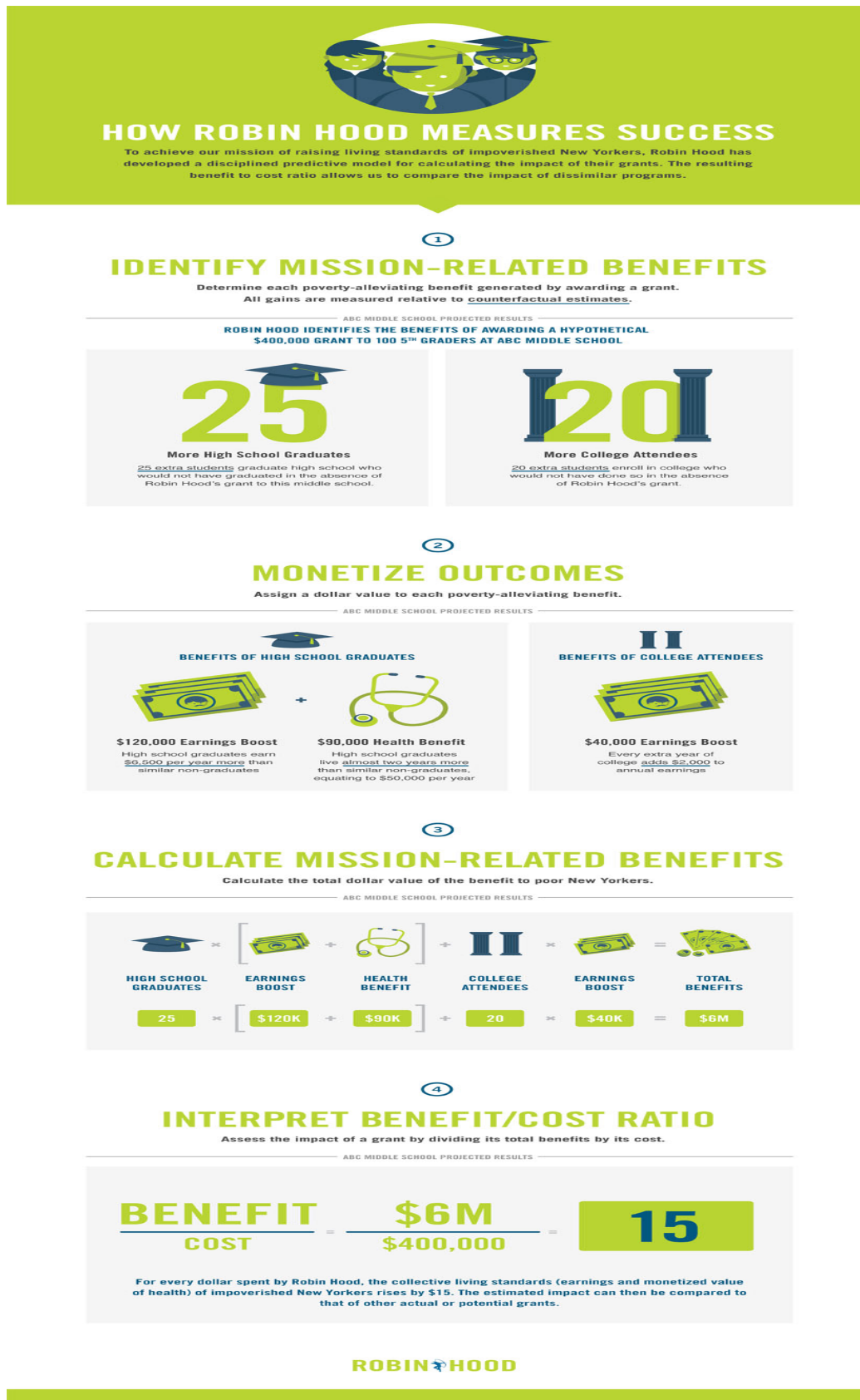
In the Hume Learning Community, we have been impressed by the simplicity and power, the elegance of the metric, its applicability to our problem under investigation and its relative ease of implementation by local organisations.

We are not trying to sort out the relative merits of competing bids for limited funds, although the RHF Metric is very well suited to assist that. We believe the metric is well suited to evaluation and advocacy in our context, and so have used it to measure and describe the relatively easy to measure financial quantity benefits of programs.

We have measured and described the financial benefits to individuals, as is the emphasis of the RHF. We have also quantified and reported on the benefit to government coffers rolling out from the programs, as we believe this to be very applicable to the Australian setting where much of the funding for running programs comes from government.

All of the case studies described here are programs that have already been run. The immediate employment outcomes are real and have occurred. The projected benefits are, of course, somewhat speculative. No so-called third party research has been used or was necessary, where third party research is seen as especially valuable with new program proposals which, by definition, have no direct outcomes of their own to date. Third party research can provide evidence from similar programs that support the likely positive outcomes of the proposed program.

Hume - RHF model as a resource for advocacy and evaluation: Figure 1.



Source: <https://www.robinhood.org/metricsinfographic>

Local case studies in the city of Hume: Using the RHF Model as a resource for advocacy and evaluation

CASE STUDY ONE:

Meadow Heights Learning Shop (Now Known As the Meadow Heights Education Centre) Beauty Program from a Robin Hood Perspective

Background

The purpose of this document is to briefly describe the MHLS program and report on its impact applying an approach and way of thinking developed by the Robin Hood Foundation of New York City.

The Program

The participants in this program undertook two programs

- **SIB30110 - Certificate III in Beauty Services.** This course is designed for people who wish to work in the beauty therapy industry in a variety of areas including: nail technology, make up and spa treatments Costs: Concession: \$1,122 Funded: \$2,334 Full Fee: \$4,845
- **ISIB50110 - Diploma of Beauty Therapy.** This course aims to further develop beauty skills. These skills may enable you to further set up your business in this exciting area and to enhance your career opportunities. Costs: Concession: N/A Funded: \$2,550 Full Fee: \$5,720

The Metrics

Program costs

Item	Amount
Total cost	\$14,000

The Beauty program ran at a total cost of \$ 14,000

Participants

The program initially involved 10 participants, all of whom had not completed high school and all of whom were unemployed without immediate prospect of employment.

The Monetised Outcomes

As a result of the program two have been employed in a full time job to date. The average annual gross salary for each who gained employment is \$35,000, giving each a potential gross salary of \$175,000 over five years and \$700,000 over 20 years, giving a combined potential total of \$1.4 mill over 20 years.

The government will no longer have to pay Newstart allowance for these program participants giving an annual saving of \$13,000 per participant to the government, equating to potential savings of \$65,000 per participant over five years and \$260,000 per participant over 20 years and a potential total savings for both of \$520,000 over 20 years. Also, the government would save costs of servicing these participants within the New Start Allowance framework – these cost savings to government are not calculated here.

Because these participants are earning an income, they will also pay income tax at a rate of approximately \$3610 per annum each, \$18,050 over five years and \$72,220 each over 20 years and \$144,400 combined over 20 years.

Number of participants = 10	Number of participants gaining work	Average annual salary (gross)	Salary over 5 yrs. per participant	Salary over 20 years per participant	Salary over 20 years for 2 participants
Income from new paid employment	2	35000	175000	700000	1400000
		Annual Cost if unemployed (Newstart payments)	Cost over 5 yrs. for Newstart / participant	Cost over 20 years for Newstart per participant	Annual over 20 years for 2 New Start Allowances
Cost savings to government related to New Start payments now not made	2	13000	65000	260000	520000
		Tax paid per year by participants	Tax paid per 5 years per participant	Tax paid over 20 years by each participant	Tax paid over 20 years by 2 participants
Income Tax paid	2	3610	18050	72200	144400

The impact over one year

The benefit to the participants on an immediate monetary basis only is the difference between their benefit and their initial salary (\$35,000 - \$13,000 = \$22,000) Even if the relativity between the salary and the benefit doesn't change, over a five year period this means an improved income of \$110,000, and over a 20 year working life this means a potential improvement in income for each participant of \$440,000. Of course there are also savings to government with participants moving from beneficiaries to tax payers.

Therefore, for the cost of running a \$14,000 program, we have

- Boosted the income of 2 participants by \$22,000 each over one year
- Boosted the income of each participant who secured a job over a 5 year period by \$110,000 and over a 20 year period by \$440,000
- Saved the government the payment of \$13,000 per annum per participant, or \$65,000 per participant over five years, or \$520,000 in New Start allowances (for both)
- Brought in extra income tax revenue to government totalling \$3,610 per year per participant, \$18,050 per five years per participant and \$72,200 per participant over 20 years

Benefit to Government

New start savings	
\$26,000	

Ratio Benefit to Program Cost	
\$26,000: \$14,000	1.8:1

Benefit to Government (Income tax))

Income tax revenue	
\$7220	1 st year
	2 nd year

Ratio Benefit to Program Cost	
\$7220: \$14,000	0.5:1
\$14,440: \$14,000	1:1

CASE STUDY TWO – MHLS Education Support Program from a Robin Hood perspective

Background

The purpose of this document is to briefly describe the MHLS program and report on its impact applying an approach and way of thinking developed by the Robin Hood Foundation of New York City.

The Program

The participants in this program undertook two programs:

CHC30812 - Certificate III in Education Support This course is for anyone wanting to work as a teacher’s aide or that is currently working as an integration aide in a primary school setting and would like to gain a recognised qualification in this area.

Concession: \$237 Funded: \$783 Full Fee: \$1,030

CHC41712 - Certificate IV in Education Support

This course is for anyone who has completed Certificate III in Education support or has had relevant experience in a school setting. **Concession: \$285 Funded: \$925 Full Fee: \$1,575**

The Metrics

The Education Support program ran at a total cost of \$13,000

Program costs

Item	Amount	Comment
Total	Tutoring Costs \$9,000	
cost	In house/Student Placement \$4,000	

Participants

The program initially involved 10 participants, all of whom had not completed high school and all of whom were unemployed without immediate prospect of employment.

The Benefits

As a result of the program, five have been employed in a full time job to date. The average annual gross salary for each who gained employment is \$28,000, giving each a potential gross salary of \$140,000 over five years and a potential gross salary of \$560,000 over 20 years, giving a potential total of \$2.8 mill over 20 years for 5 participants combined. One in every two courses run, a student goes on to enter a course in Primary Teacher Education which results in full time employment of \$65,000 per year, \$325,000 over five years, or \$1.3 million over a 20 year period.

The government will no longer have to pay Newstart allowance for these program participants giving an annual saving of \$13,000 per participant per annum to the government, or \$65,000 over five years and equating to \$260,000 per participant over 20 years and a total savings for both of \$1,560,000 over 20 years. Also, the government would save costs of servicing these participants within the New Start Allowance framework – these cost savings to government are not calculated here.

Because these participants are earning an income, they will also pay income tax at a rate of approximately \$3610 per annum each, \$18,050 over five years each, and \$72,220 each over 20 years and \$433,200 by six participants over 20 years.

Number of participants = 10	Number of participants gaining work	Average annual salary (gross)	Annual Sal over 5 years per participant	Salary over 20 years	Salary over 20 years for 5 participants
Income from new paid employment	5 1 student every two courses offered becomes a qualified primary teacher	28,000 65,000	140,000 325,000	560,000 1,300,000	2.8 million 1.3 million
Cost savings to government related to New Start payments now not made		Annual Cost if unemployed (Newstart payments)		Cost over 20 years for Newstart per participant	Annual over 20 years for 6 New Start Allowances
	6	13,000	65,000	260,000	1,560,000
		Tax paid per year by participants per annum		Tax paid over 20 years by each participant	Tax paid over 20 years by 6 participants
Income Tax paid	6	3610	18,050	72,200	433,200

The Benefits

The benefit to the participants on an immediate monetary basis only is the difference between their benefit and their initial salary (\$28,000 - \$13,000 = \$15,000) Even if the relativity between the salary and the benefit doesn't change, over 5 years there would be a \$60,000 improvement in income per teacher's aide and over a 20 year working life this means an improvement in income for each participant of \$300,000. Of course there are also savings to government with participants moving from beneficiaries to tax payers.

Therefore, for the cost of running a \$13,000 program, we have:

- Boosted the income of each participant who secured a Teacher Aide job over one year by \$15,000, over 5 years potentially by \$60,000 and over a 20 year period by potentially \$560,000
- Saved the government the payment of \$13,000 X6X20 = \$1.56 million in New Start allowances over 20 years

- Brought in extra income tax revenue to government totalling \$433,200 over 20 years, \$18,050 per participant who gains a job over 5 years, and \$3610 per job successful participant per year.

We would then need to quantify the value of the health benefits, education benefits, family benefits, and community benefits. There may also be savings to the justice system. This information might be the result of direct research or third party research.

The government \$13,000 investment is returned in less than one year with savings on the Newstart Allowance \$78,000 (6X \$13,000 in the first year) and income tax revenue \$21,660 – (6X \$3610 in the first year).

Improved income

The benefit to cost ratio of the program in terms of improved income to the at least participants gaining Teacher Assistant roles and the cost of the total program after just one year is at least: \$75,000 (5X\$15,000) to \$13,000 = approx. 5.8 to 1. That is, for every dollar spent on the program and with at least 5 participants gaining work, there is a \$5.80 benefit to those participants.

Savings to Government on New Start Allowance

For a case where there are six participants who gain employment as teacher aides, there is a \$78,000 cash payout saving to government after just one year. Therefore the benefit to cost ratio is \$78,000 to \$13,000 = approx. 6 to 1.

Income tax

Considering the level of income tax payable by the 6 participants (\$3610 p.a.), it will take less than one years of tax payments for the benefit to cost ratio to break even, 1:1, if tax payable was the only measure used.

Savings to government on the New Start Allowance and Income Tax

If the cash benefit to government was considered to be the first year saving on New Start for six participants (\$78,000), plus the additional tax paid (\$21,660), then the benefit to cost ratio after one year would be \$99,660 to \$13,000 = approx. 7.6 to 1. That is for every dollar spent on the program (\$13,000) there is a benefit (in terms of cash benefits to government) of seven dollars and 60c after one year.

NB There is an argument that the benefit of the participant looking for a teacher's role would be deferred until the completion of their course and so shouldn't be included in the immediate benefit metrics. Even without those gaining teacher positions, i.e. including only those who gain employment as Teacher Assistants, the benefit to cost ratios are very positive.

CASE STUDY THREE: EQUBED Echo Program from a Robin Hood Perspective

Purpose of this Case Study

The purpose of this document is to briefly describe the EQUBED ECHO program and report on its impact applying an approach and way of thinking developed by the Robin Hood Foundation of New York City.

The Echo Program

The ECHO-30 program was a two-week training program which used a project-based action learning model.

The program comprised a mixture of classroom & community-based activities as follows:

- Day 1: Participants planned & organised a 'master chef' luncheon in 2 teams (Outcomes: teamwork & group dynamics)
- Day 2: Group work to 'turn \$10 into \$50' each (Outcomes: enterprise skills & planning)
- Day 3: Group work & video presentations (Outcomes: personal presentation & communication)
- Day 4: Visit to Dandenong Markets & other locations to facilitate development of 'enterprising project' (Outcomes: project development)
- Day 5: Individual & group work on project planning (Outcomes: teamwork, initiative & planning skills)
- Day 6 & 7: Individual & group preparations for pop-up shop (Outcomes: Planning & organising, small business skills, marketing & promotion)
- Day 8: Group set-up one-day 'pop-up' Op Shop; sold merchandise & sausage-sizzle; & packed-down (Outcomes: Planning & organising, small business & selling skills)

This group bonded strongly, and many personal development outcomes were reported by individuals during group discussions (I.e. Engagement, increased confidence)

- -The enterprising project was ambitious and it 'stretched' participants in terms of what they thought they could achieve
- -The level of community engagement was high – all participants were involved in 'asking' local businesses and community agencies for support
- -Symbion company generously contributed a range of pharmacy products for sale in the Op Shop – many thanks to Chemmart/Symbion

- -This project was enthusiastically supported by the staff of WISE Employment (Dandenong), and this was noticed, and commented on, by the group

Learning Outcomes – for participants:

- Increased personal confidence, teamwork & life-skills (E.g. Communication skills, project management, finance & other)
- Increased employability skills (E.g. Punctuality, consistent attendance, teamwork, initiative & planning skills)
- Personal knowledge of strengths, skills & aptitudes
- Increased understanding of possible career pathways
- Participants learned they could set-up and pack-down a shop in one day!
- Most of the participants had never made, or bought & sold something in their lives – but, they have now! And many reported how empowering such a simple thing can be

The Metrics of the Echo Program Program Costs

The ECHO enterprise program ran at a total cost of \$62,090 or \$5,174 per participant.

Participants

The program involved 14 participants, all of whom had not completed high school and all of whom were unemployed without immediate prospect of employment.

As a result of the program all 14 have been employed in a full time job.

The Benefits

The annual benefit to each participant on an immediate monetary basis only is the difference between their New Start Allowance and their new salary (new salary of \$30,000 – New Start Allowance \$13,000 = \$ 17,000) Even if the relativity between the salary and the benefit doesn't change, over a 20 year working life this means an improvement in income for each participant of \$ 340,000. Of course there are also savings to government with participants moving from being beneficiaries to tax payers.

Number of participants = 14	Number of participants gaining work	Average annual salary (gross) per participant	Average salary p.a. over 5 years	Salary over 20 years per participant	Salary over 20 years for 14 participants
	14	\$30,000	\$150,000	\$600,000	\$8,400,000
		Annual saving if unemployed (Newstart payments)	Saving on Newstart over 5 years per participant	Saving over 20 years for Newstart per participant	Savings over 20 years for 14 New Start Allowances
Savings by government on cash New Start Allowance	14	\$13,000	\$65,000	\$260,000	\$3,640,000
		Tax paid per year by participants per annum	Tax paid over 5 years per participant	Tax paid over 20 years by each participant	Tax paid over 20 years by 14 participants
Additional receipts to government from income tax	14	\$2242	\$11,210	\$44,840	\$627,760

Notes on table:

1. New start allowance for a young person with no dependents is \$250 per week, \$1300 per year.
2. The annual tax each employed young person will pay on \$30000 is \$2242 pa (excluding Medicare levy)

The cost of this program is \$62,090, but the financial benefit to participants and government is substantial. For example, the cost savings to government in New Start Allowance in the first year alone (including the cash benefit payable only and no other associated costs e.g. Centrelink officer time) is \$182,000 (14X \$13,000).

Therefore, for the cost of running the program, we have and would

- boost the income of each participant who secured a job over one year by \$17000, over five years by \$85000 and over a 20 year period by \$340,000 (Salary-Newstart benefit)

- Save the government the payment of \$65,000 per participant over 5 years and potentially \$3.64 mil in New Start allowances for the 14 participants over 20 years.
- bring in extra income tax revenue to government totalling \$44,840 in the first year, \$224,200 over five years and \$896,800 from the fourteen participants over 20 years

We would then add to quantify the value of the health benefits, education benefits, family benefits, and community benefits. We may have to do additional research or draw on third party research for this. There may also be savings to the justice system.

The Benefit to Cost Ratios

Benefit to Individuals Income

The benefit in income to an individual = New salary (\$30,000) – New Start (\$13,000) = \$17,000

The cost of the program for an individual is \$5,174

Based on the income benefits to cost ratio after just one year is $17000/5174 = 3.3/1$

This means that, looking at participant income benefits only, there is a \$3.30 benefit after just one year for every \$1 spent. Over twenty years, for every one dollar spent on the program for the individual, the return is \$66.

Direct Savings to Government

The direct cash benefit to government of the program per participant would be the reduction in New Start Allowance payable to each participant, and the increase in income tax revenue. So the direct monetary benefit for government in the first year alone for each participant would be \$13,000 (New Start) + \$2242 (income tax) = \$15,242. The Benefit to Cost ratio in cash to government for each participant in the first year alone would be $\$15,242 / 5174 = \text{approx. } 2.95/1$. That is for every dollar spent on the program, the government receives \$2.95 in a direct benefit from each employed participant in the first year alone.

If benefits such as savings and new tax income to government, and health benefits, avoidance of interaction with the justice system, among others, were considered, the return on each program dollar invested would increase markedly.

The economic benefits to family and the community are significant. The individual and social well-being benefits are very significant.

Some Feedback from Independent Critical Friends

Feedback from the NOETIC consulting group was sought on the ECHO project case study. NOETIC do work for government, including evaluations. The advice back to David Peake was that “the figures all stack up.”

1. Daniel Normal is a financial consultant with TPG London. He also attended local Gladstone Park schools, studied business at the University of Melbourne, won a national Rhodes scholarship and completed two masters degrees in finance and development at Oxford University. Daniel provided valuable feedback on the ECHO

project itself, which can be generally helpful for the wider approach. In terms of the case study he commented on the need for a clear expression of project Mission, funding, scalability, sample size, comparison versus substitutes, analysis, and some of the assumptions.

2. **“Mission** - What is the overall mission of the program? It is not hard to infer, but I would still state upfront to make very clear the project's aim. As to evaluate effectiveness we'd necessarily need to define the social objective
3. **Funding** - Is the intention for this to be funded as a charity (i.e. from donors / private sector) or through public funding? The document could possibly be tailored depending on the target audience
4. **Scalability** - We have seen excellent results over a small number of young adults - so how many young adults could we reach if funding was no constraint? Could we precisely define the target participant, and is there a way to size how many communities in Greater Melbourne could be reached?
5. **Sample Size** - Suspect this would be a logical next step, but the credibility of the program will be enhanced if you can continue to replicate these results over additional trial programs. Even better if you can combine an increased sample with additional longer time series results from similar programs in other countries
6. **Comparison versus Substitutes** - The Benefit to Cost ratio is in my view a highly valid approach - I like any approach which attempts to quantify benefits, as that then allows for comparison and thus efficient allocation of the marginal dollar. I think the proposal would thus benefit further if you could compare the Benefit to Cost ratio with potential alternatives
7. **Analysis** - This is the financial analyst in me speaking, but I think the analysis could be extended / refined in a couple of ways:
8. I would quote ranges on key assumptions which are only approximations - e.g. salary
9. I would like to see a single table which lays out the calculation of the benefit / cost ratio clearly - just presenting what is already there in a slightly clearer way. Again, perhaps showing the ration across a few different salaries for typical job outcomes, and maybe over different employment durations (not sure if 20 years is the right number, perhaps a 5 year time frame could be more tangible and also less open to subjectivity in estimates?)” (Daniel Norman’s advice)

Some Learning from case studies

1. There is a range of learning insights that have been gleaned by undertaking the case studies so far.
2. It is easiest to measure program outcomes where there are more immediate outcomes. Examples include adult employment programs or senior secondary college programs whose outcomes might be specifically found in increased university entrance, or employment. The Benefit: Cost ratio of these programs is particularly clear where there has been a long history of unemployment.
3. It is much easier to make the relevant calculations where there is evidence available about circumstances prior to the implementation of a program, as well as specific

data about outcomes (salary, for example, as well as the fact of a program leading to employment).

4. Where specific data is not available, 'third party' research (that is, research from another place) can be used to estimate future salary and other costs of benefits. The value of the third party evidence depends on the degree to which the circumstances of the program participants and their outcomes can be closely matched to those from which the third party evidence has been derived.
5. The case studies show that some programs can show substantially positive metrics with a relatively small number of success stories. The benefits of reliable employment, for example, in terms of individual benefits and public savings are so great, that even one or two successful outcomes from a group of 10 participants can demonstrate a very positive Benefit: Cost ratio.
6. Often the savings and benefits are accrued to a different part of government than the section that pays for the program. This may make it difficult to encourage one government Department to fund a program that will save costs to another level of government or government Department.
7. Longitudinal data is very useful, in fact vital. Programs are advised to set up systems that will assist them to track their alumni more effectively.
8. Case studies do not take a long time to prepare.
9. Case studies have proven to be simple but powerful.
10. Working on the case studies has been a VERY affirming experience for the people running the programs.
11. It seems likely that some kind of training resource will be very helpful for organisations that wish to apply the RHF approach. It might be that a similar resource could be useful to encourage funding bodies to draw on the outputs of RHS analyses.
12. There are intangible benefits which are not easy to monetise. These range from the role of programs in avoiding predictable negative consequences, of unemployment, for example, to interface with the legal system, and avoidance of health issues.

The Hume Learning Community Board may consider how this approach could help our work.

Possible areas for further clarification include:

- Help focus still further on the social impact of programs and projects for individuals; Organisations (employers), community;
- Help clarify the benefits the work does bring;
- Help clarify where our work might not have clear beneficial impact;
- Clarify our thoughts when preparing bids for funding;
- Help in the preparation of funding bids;
- Help funding bodies to consider our funding bids favourably;
- Inclusion of health and well-being data and how best to get this; and
- Build in robust trials, including control groups where appropriate.

Sources:

Weinstein, Michael M & Bradburd, Ralph M. (2013) The Robin Hood Rules for Smart Giving
Pub: Columbia Business School

https://www.robinhood.org/sites/default/files/2009_Metrics_Book.pdf

<http://www.robinhood.org>

Template for Case Studies

Key case study areas	
Title of the program	
Description of the program	<p>Mission</p> <p>Participants</p> <p>Program content</p> <p>How the program was/will be run</p>
Program costs	Include salaries, premises, equipment, operations
Benefits	<p>For programs that have already run, use real life data e.g. tracked employment outcomes, monetise benefits</p> <p>For programs yet to run project positive outcomes preferably based on credible third party research, monetise benefits</p>
Benefit to cost ratio	<p>Calculate the benefit to cost ratio for the individual e.g. improvement in income (salary vs. government benefit payment)</p> <p>Calculate the benefit to cost ratio to the government e.g. savings to the government on unemployment payments, e.g. increased tax payments to government</p>
Other benefits	Make mention of other, more difficult to monetise benefits such as improved health and well-being
Compile into a simple case study	See case studies in this document

Template for tracking program alumni example for employment related program

Participant name	Circumstances of participant prior to program including, period unemployed, likelihood of employment in the near future pre program	Program name, year completed etc.	Details of employment	Salary	Income tax payable	Government payments costs saved
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