

Using the Combined Report: A Tool for Cost-Benefit Analysis

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Business Case: How can we get a picture of our county Extension costs and benefits?

Solution: The *Combined Report* in the SUPER Unit Operations module summarizes the costs and benefits on an annual basis. It provides a high-level view of the total county Extension effort.

Introduction: Cost-benefit analysis communicates the value of public investments in a way most stakeholders and citizens understand. Extension has employed multiple perspectives to document monetary benefits of adopting the various practices and behaviors taught by its programs, including: non-market value, savings, reduced costs and increased income. Despite using these various techniques, describing Extension’s economic impact on a county-wide or state-wide basis, across all program areas, has remained tedious, if not impossible. In 2008, the University of Tennessee deployed a cost-benefit analysis tool, called the *Combined Report*, as part of SUPER.

Costs: The *Combined Report* summarizes four cost categories consistent with IRIS: salary, benefits, operating item, and equipment. The *Combined Report* has columns for the funds provided by county government and the state and federal funds provided through UT. The amounts shown in the county column are summarized from the county budget in SUPER. The cost table displays the percentages of salary and benefits from the county and UT (state and Federal funds). In this table, benefits refer to employment benefits, such as health insurance. Figure 1 shows example data, not actual amounts, from Hardin County.

	Hardin County	UT2008	Total
Salary	\$50,037.00	\$94,039.10	\$144,076.10
Benefits	\$5,145.72	\$31,960.91	\$37,106.63
Operating Item	\$5,000.00	\$10,017.37	\$15,017.37
Equipment	\$0.00	\$0.00	\$0.00
Total	\$60,182.72	\$136,017.38	\$196,200.10
	Hardin County	UT %2008	Total
Salary	34.73%	65.27%	100.00%
Benefits	13.87%	86.13%	100.00%
Total	30.67%	69.33%	100.00%

Figure 1. Cost Table

Program Benefits: The *Combined Report* summarizes program benefits in five categories: volunteerism, financial outcomes, local donations to planned programs, course/event fees collected, and grants (Figure 2).

The volunteerism total is calculated by multiplying the total volunteer hours reported in the county by the value of a volunteer hour in Tennessee. The Independent Sector (2011) calculated that a volunteer hour in Tennessee was \$19.21.

The total for financial outcomes is the total of all standard outcomes entered in the SUPER Delivery module for the program year. As an illustration, in Extension horse health programs, the value of correctly deworming a horse is \$275. In the Tennessee Saves program, extension agents record the total amount saved by all participants after the program.

The amount for local donations to planned programs is the total entered in the Individual Action Agendas of agents assigned to the county.

The amount for course/event fees collected is the total fees collected for courses/events facilitated by the county staff. This amount is calculated from the training/registration module where the course/event fee and participants are recorded.

The total for grants reflects the unit’s total from the University grant management software called TERRA PAMS. Prior to July 2012, the grants management software was COEUS. (In 2012, a new SUPER feature in the Profile module will allow for unit grants, gifts and fees that do not appear in TERRA PAMS.)

Value of Total Volunterism:	\$99,906.96
Value of Financial Outcomes:	\$105,000.00
Value of Local Donations to Planned Programs:	\$12,850.00
Course/Event Fees Collected:	\$0.00
Grants:	\$0.00
Totals:	\$217,756.96

Figure 2. Benefit Table

Analysis: The following formula is used to calculate return on investment:

$$\frac{\text{Benefits} - \text{Cost of Investment}}{\text{Cost of Investment}}$$

From the perspective of a county mayor or county commissioner, the state and federal funds would likely be considered benefits. This brings the total benefits to \$353,774. Using the county government funds as the cost of investment, the calculation would be:

$$\frac{353,774 - 60,182}{60,182}$$

In this example, for every \$1 invested in UT Extension in county funds, a value of \$4.87 was returned to the county (in increased savings, increased revenue, and one-time capital purchases).

Application: The *Combined Report* provides a great tool for examining the value of the total county Extension program. It is suggested that county personnel examine the *Combined Report* at least annually to identify strengths and weakness and plan for demonstrating value.

In working with stakeholders, personnel should use the standard economic statement issued annually by UT Extension. The current statement is:

“The total economic impact of Extension’s statewide educational efforts in 2011 was \$537 million. For every \$1 in public funds invested in UT Extension programs, an estimated \$9.38 is returned to the people of Tennessee.”