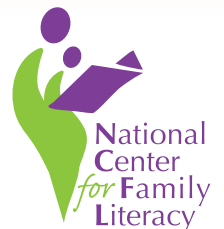


Planning for Volunteers in Literacy

CHAPTER 2: IDENTIFYING COSTS AND BENEFITS



Funded by UPS



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CHAPTER 2:

Identifying Costs and Benefits

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Introduction

Through a program needs analysis, you may have discovered new or changing student, program or community needs. Now you are considering utilizing volunteers to help meet those needs. At first glance, adding volunteers may look like a good way to take advantage of the expertise and good will of people in your community. You may see increasing volunteerism as a way to meet identified needs quickly and flexibly.

But in truth, adding even a small number of volunteers is similar to adding new staff: it's a serious decision with a potentially broad impact. You need to know that developing your volunteer efforts will be worth the cost and effort required. A cost-benefit analysis is a good tool for making this decision.

The BoulderReads! program described below has not conducted a formal cost-benefit analysis, but the evaluation data program staff have collected provide evidence of the contributions of volunteers.



Program Description

BoulderReads! is a program of the Boulder, Colorado, public library that provides one-on-one reading and writing instruction for adults. Tutoring is provided by volunteers who are trained and supervised by the BoulderReads! staff, two full-time credentialed educators and one part-time staff member. Reading Buddies, another one-on-one service of the program, serves the children of adult reading students (and sometimes other children who need reading help). The children (ages 4-14) are paired with University of Colorado students, who earn service-learning credit by reading to and with their “little buddies” for 1.5 hours every week. In 2003, 200 adults and children received tutoring from 234 volunteers.

The value of volunteers

The program was developed originally as a volunteer-based service, so there was no formal analysis of costs and benefits, but Diana Sherry, Director of BoulderReads!, speaks in no uncertain terms about the value these volunteers contribute. She maintains that volunteers allow the program to meet the needs of adults in the community who cannot be served effectively by other adult education programs offering group-based instruction. She also cites exemplary participation and retention and significant learner outcomes that she attributes to long-term study and the intensive nature of the targeted, individualized instruction provided by volunteer tutors.

Sherry cites these specific benefits of volunteer involvement:

- Adults stay longer in the tutoring program than many who attend group-based classes in other programs. As a result, they achieve their goals. More than 90% of entering adults remain enrolled for more than 12 hours, and those adults average 29 months of participation in the tutoring program.
- Of those who participate at least three months, 96% achieve major personal goals, often related to employment, support of children's learning, or post-secondary education.
- Children in the Reading Buddies program enjoy the individual attention of their young adult "big buddies" and respond readily to their suggestions. Working with these tutors, children read a variety of materials and even write their own books.

While providing valuable support, these volunteers are not "free." The program offers 12 hours of initial tutor training, a rich selection of print materials for use by students and tutors, and ongoing in-service training in the form of "Tutor Resource Nights." The staff also follow up on the tutors' monthly reports to monitor progress and suggest additional strategies and resources as needed. Sherry believes this kind of investment in volunteers is absolutely necessary for high-quality services, and she has no doubt the value they contribute outweighs the costs of professional training and supervision.

This chapter will help you do an analysis of anticipated costs and benefits as you decide whether to make an "investment" in volunteers.

What Is Cost-Benefit Analysis?

Cost-benefit analysis is a planning tool that allows service providers to compare estimated costs with expected benefits of a proposed activity. Cost-benefit analysis is also useful in evaluating programs because it invites comparison of resources used and outcomes achieved. The federal government (as cited in Richardson & Phillips, n.d.) has defined cost-benefit analysis as "a systematic quantitative method of assessing the desirability of...projects or policies when it is important to take a long view of future effects and a broad view of possible side-effects."

This kind of analysis is useful in the not-for-profit sector as well as in the business world. In order to make the best use of funds and to be accountable to your stakeholders, you must be sure you are making good decisions. An analysis of costs and benefits encourages critical thinking and provides concrete data for the planning process.

A cost-benefit analysis may be done from at least three perspectives:

1. How much value does the program receive from the resources invested?
2. How much do participants receive?
3. What is the overall rate of return for program and participants (Watters, 1988)?

Also consider the volunteer's point of view. Volunteers may do a sort of cost-benefit analysis of their own before deciding how to spend their volunteer time (Kushner, 2003). In order to retain volunteers and get the greatest value from their services, it's important to know what keeps them motivated.

The guidelines and examples that follow are based on analysis from the third point of view—programs and participants.

The next several pages outline a detailed, formal cost-benefit analysis process. Even if you do not choose such a formal approach, consider these issues and concepts in your analysis.

What should be included?

Explicit costs and opportunity costs. Explicit costs are closely related to the work performed by volunteers. Examples include training materials for tutors, travel expenses for volunteers working at multiple sites, and staff time for training and management of volunteers. And of course, costs are not always monetary: Your program or its participants might pay another kind of price for a volunteer's poor decision (in counseling a parent, for instance).

Depending on your volunteers' needs and responsibilities, costs will vary but could include several of the following:

- Recruitment costs (printing, postage)
- Training materials
- Other training costs (meals or refreshments)
- Staff time for training and supervision
- Travel reimbursement
- Liability insurance
- Administrative staff time
- Overhead (office space, telephone)
- Volunteer recognition (gifts or events)



Opportunity costs may be harder to identify. The opportunity cost of a project may be defined as the cost of forgone alternatives. What might you have found along “the roads not taken?” For example, if you use volunteers to tutor adults or children, the tutors will need training and supervision. If you assign a staff

member to take on volunteer supervision as part of her/his job, other responsibilities will have to be reassigned. What could your staff be doing with the time spent on these activities if there were no tutors? What are the impacts on staff and program processes (Kushner, 2003)?

Other cost considerations. Although volunteers are, in many ways, a cost-saving option (compared to hiring additional staff), be careful not to make the decision to involve volunteers on the basis of cost alone. This emphasis may lead to the “negative perception which implies volunteers are second choice” (Voluntary Action-Leeds). And of course, as the list above indicates, volunteers are not free. Particularly when volunteers work directly with parents or children, you must make a significant investment in their training and support in order to ensure professional, high-quality and reliable services.

As Diana Sherry from the BoulderReads! program points out:

“We get high quality outcomes because we have great volunteers, but also because we give them good, practical training. We have lots of print resources and a computer lab they and the learners can use, and we monitor the teaching and learning. It all costs time and money, but it’s worth it.”



Direct benefits. Direct benefits are those most closely related to volunteers' responsibilities: the intended results of volunteers' efforts. When listing these benefits, you may include both inputs (like the number of hours worked) and outcomes (materials produced, time saved, additional families served). Again, benefits vary depending on what volunteers do. Following are examples of benefits that are relatively objective and quantifiable:

- Volunteer hours (for dollar-value of time, see *Sample C*)
- Number of individuals tutored
- Materials produced by volunteers or by participants as a result of volunteer training or assistance
- Additional services provided (e.g., more small-group instruction because of volunteers in the classroom, translation services for English language learners, transportation to clinics or PTO meetings)
- Additional families served (e.g., greater attendance at events because of child care or transportation provided by volunteers or because of volunteer assistance with recruitment of families)
- Time saved when volunteers assist with administrative tasks like mailings, preparation of training materials, or phone calling

Other benefits of involving volunteers, though no less real, are harder to quantify.

Possible benefits to participants include:

- Individualized instruction
- Access to volunteers' specialized knowledge or skills
- Informal counseling or mentoring services

Possible benefits to staff and programs include:

- More flexibility for teachers in planning activities
- Support in addressing any special needs of children or parents
- Support in meeting needs of English language learners (especially if volunteers from learners' cultures or language backgrounds are available)
- Flexibility in meeting specific, one-time or occasional needs; also described as "the luxury of focus"—volunteers' ability to concentrate on specific individuals, problems or projects (Lee & Catagnus, 1999)

Diana Sherry describes one direct benefit of volunteers in her program this way:

“Those who come to us are the adults who think they won’t succeed in a classroom. We offer flexible, individualized instruction for those at the lowest end of the skills range and those with other life problems—the ones most at risk. This is a group that probably can’t be reached and helped any other way. Volunteers allow us to meet the needs of the most-in-need adults in our community.”

Because of these direct benefits, programs are able to do more with less. This increased productivity is reflected in more and/or improved services. Increased productivity has another benefit as well: Programs that make the most of scarce resources are that much more attractive to both public and private funders (Kushner, 2003). (See also the indirect benefits outlined next.)

Indirect benefits. Indirect benefits represent the next tier of impact: benefits beyond the primary work of volunteers. These “ripple effects” are potentially numerous and varied, but are often hard to attach a dollar value to. The benefits in the list below have been cited by authors and program staff (Kentner, Lange, Reifschneider & Takacs, 2003; Lee & Catagnus, 1999; NCFL, 2004).

Possible indirect benefits include:

- Increased community exposure
- New contacts and networking opportunities
- Broader donor base
- Expanded human resources (ideas, experiences, skills)
- Increased productivity as a “selling point” to potential funders
- Perceived credibility of volunteers: those who give their time without pay are respected by participants, donors, and legislators
- Freedom to experiment: the ability to try out new ideas with little funding

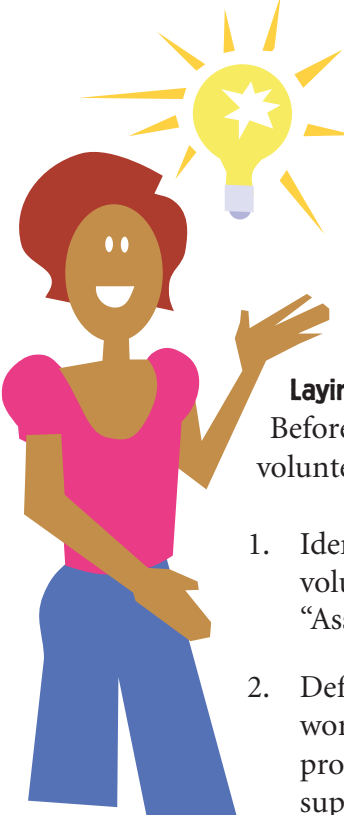
Benefits to the community

If individuals and families achieve their goals, the whole community benefits. These benefits may be difficult to identify and quantify, but the broader, long-term impact of volunteer services may be of great interest to your program’s external stakeholders (funders, tax payers, agency partners). According to the Literacy Volunteers of America (1999), “[f]or every dollar spent by Literacy Volunteers of America to tutor adults across the United States, \$33 in economic benefit is returned to the overall economy, according to an economic impact analysis conducted by global management consulting firm, A.T. Kearney.”

Another consideration

In some organizations the presence of volunteers is perceived as a threat to the jobs of paid staff. To address this issue directly you might want to analyze the roles of all staff, identifying not only the benefits of volunteer involvement, but also the benefits that paid staff bring to your organization. (See also the chapters on “Involving and Developing Staff” and “Defining Volunteer Roles and Responsibilities.”)

What Is Involved in the Analysis Process?



The steps below will take you through a formal analysis of the costs and benefits to participants and to the program or organization. If you are engaging in cost-benefit analysis to provide data for decision making, you may need to do an analysis for each option you are considering: no volunteers, a few volunteers, many volunteers, or volunteers in one or another capacity.

Laying the groundwork

Before you begin be sure you are clear about what you are trying to achieve with volunteers.

1. Identify your goal(s). What are your program needs? What do you expect the volunteers to do that will help to meet those needs? (See the chapter on “Assessing Program Needs.”)
2. Define the specifics. What will the volunteer component look like? How will it work? What will it take to make it work well? Consider any necessary program changes, staff development, program processes, and volunteer support services. (See *Template F* for a planning form.)

Steps in analyzing costs and benefits

Undertake this process carefully, objectively, and with input from staff and representation of varied points of view within the program.

1. Identify both explicit and opportunity costs and both direct and indirect benefits.
2. Express both costs and benefits in the same terms (a monetary value, whenever possible).
3. Adjust costs and benefits to take into account factors that are hard to quantify.

4. Project future costs and benefits, but be sure not to place too much weight on these since they have no present value (Kushner, 2003).
5. Subtract costs from benefits or create a ratio of benefits/costs.
6. Submit data for decision making.

See *Sample C* for an example of a cost-benefit analysis.

Putting It All Together

Decision making, especially in family literacy programs where there are many variables to consider, is a complex process. Deciding whether or not to increase your program's capacity to work with volunteers should not be entered into lightly.

Many people approach volunteerism with a "free labor" attitude. It's important to recognize that any support for your program comes at some cost. The key in making the decision to incorporate volunteers into your program is demonstrating that the benefits—to families and to the program itself—outweigh the costs.

Volunteers are not free. A cost-benefit analysis requires you to consider all the real resources required. You might discover from this kind of analysis that the expected benefits of volunteers are not worth the work and money they will require. Or you might decide that one plan for volunteer involvement is much less expensive than another and might be a good first step—a way to learn something about managing volunteers before getting "in too deep." Before you make plans, be sure to consider both sides of the ledger!



SAMPLE C**Cost-Benefit Analysis for Involvement of Volunteers in Adult Education Classes**

Following is an analysis of a proposed plan to involve 12 volunteers as instructional aides or tutors. These volunteers would provide a total of 12 hours of service per week per site, for a total of 24 hours of service to the program. Volunteer time is valued at \$17.19 per hour, based on 2003 figures from the Independent Sector Web site (cited in Kushner, 2003, and in Kentner, Lange, Reifschneider & Takacs, 2003). This amount includes benefits of 12%.

Volunteer Involvement Cost-Benefit Analysis**Costs**

Direct Costs (Year 1)	Value
<i>Recruitment & placement costs</i>	
• Article in local newspaper volunteer section	\$0
• Notices in school newsletters	\$0
• Staff presentations at PTA meetings	\$0
• Total staff time* for recruitment activities above (5 hrs.)	5 x \$30 = \$150
• Volunteer background checks (\$10)	12 x \$10 = \$120
<i>Training for 12 volunteers</i>	
• Initial training materials (LVA Tutor books & other materials)	12 x \$14 = \$168
• Materials for 2 in-service workshops during school year	12 x \$8 = \$96
• Refreshments for training: 2 basic training workshops + 2 in-service workshops (4 x 12 = 48 participant meals/snacks)	48 x \$5 = \$240
• Staff time to plan & conduct training* (24 hrs)	24 x \$30 = \$720

Costs *continued*

<p><i>Support & supervision for 12 volunteers</i></p> <ul style="list-style-type: none"> • Training of staff to train volunteers—provided free by literacy council. Staff time for training* (15 hrs.) • Staff material for training (1 manual with copy-ready masters) • Additional teacher planning time* (1 hr./wk. x 2 teachers x 36 weeks) • Management & administrative costs* (.5 hr./wk. x 36 weeks = 18 hrs.) 	<p>15 x \$30 = \$450</p> <p>1 x \$20 = \$20</p> <p>72 x \$30 = \$2,160</p> <p>18 x \$36 = \$648)</p>
<p><i>Insurance</i></p> <ul style="list-style-type: none"> • Liability & worker’s compensation covered through school district’s policy 	<p>\$0</p>
<p><i>Volunteer appreciation</i></p> <ul style="list-style-type: none"> • Dinner (\$12 per meal—with discounted/donated services) • Gift (\$15—with discount/donation) 	<p>12 x \$12 = \$144</p> <p>12 x \$15 = \$180</p>
<p>Opportunity Costs (Year 1)</p> <p>Other possible uses of staff time spent in receiving and providing training for volunteers (39 hrs.):</p> <ul style="list-style-type: none"> • Additional planning time • In-service training or other staff development activities 	<p>??</p>
<p>TOTAL Quantifiable Costs (Year 1)</p>	<p>\$5,096</p>

* Staff costs include payroll taxes

Benefits

Direct Benefits (Year 1)	Value
<p><i>Instructional benefits</i></p> <ul style="list-style-type: none"> • Volunteer time (2 hrs. x 3 days/wk. = 6 hrs./wk. x 2 classrooms = 12 hrs. x 36 wks. = 432 hours) • More individualized instruction for adult learners (volunteers can work with individuals & small groups during part of class period, freeing teachers to work more flexibly and directly with learners) • Spanish-speaking volunteers (if available) = translation for clearer teacher-student communication • More staff members = more knowledge and experience to share with learners and more variety in instructional styles • Future possibility: tutors for English language instruction 	<p>432 x \$17.19 = \$7,426.08</p> <p>??</p> <p>??</p> <p>??</p> <p>??</p>
<p><i>Organizational benefits</i></p> <ul style="list-style-type: none"> • Classes able to enroll more learners because of improved student-staff ratio • Increased productivity and creative capacity through new ideas (more people = more brains at work) 	<p>??</p> <p>??</p>
<p>Indirect Benefits (Year 1)</p> <p>Volunteers strengthen the connection to the neighborhood and larger community:</p> <ul style="list-style-type: none"> • More people know about the program as volunteers spread the word • Local support for program services may grow (donations, other funding) • Volunteer involvement supports image of organization as effectively using resources 	<p>??</p> <p>??</p> <p>??</p>
<p>TOTAL Quantifiable Benefits (Year 1)</p>	<p>\$7,426.08</p>

Analysis

Benefits – Costs $\$7,426.08 - \$5,096 = \$2,330.08$

Benefits / Costs Ratio $\$7,426.08 / \$5,096 = 1.46$

You would likely conclude from this analysis, based on quantifiable factors only, that involving volunteers in your adult education classrooms would be worth the cost and effort. The ratio above suggests that your program and participants might receive almost \$1.50 for every \$1 invested.

Of course, such an analysis is a prediction based on assumptions. If you get all the volunteer time you plan for and if volunteers attend training and are able to provide valuable support for teachers and learners, and if your costs are not significantly higher than estimated, you should find this plan to be profitable in several ways. However, even though there are no guarantees, you are much better off for having done a careful analysis than you would be if you had taken action without this kind of thinking.

TEMPLATE F**Volunteer Involvement: Preparing for Cost-Benefit Analysis**

(Complete a form for each plan under consideration)

Program Goal(s) & Needs	Plan to Address Goal(s) & Needs
1. 2. 3.	
Plan Details <i>Volunteer Responsibilities/Activities</i> <ul style="list-style-type: none">• What will volunteers do?• When?• Where?	
Management & Training <ul style="list-style-type: none">• Recruitment (Who will do this? When and how?)• Training (Who will do this? When and how?)• Support and supervision (Who will do this? When and how?)	
Other Program Impacts & Concerns <ul style="list-style-type: none">• Space needs?• Materials, furniture, equipment?• Legal or liability concerns?• Other?	

Costs

Direct Costs (Year 1)	Value
<i>Recruitment & placement costs</i>	
<i>Training</i>	
<i>Support & supervision</i>	
<i>Insurance</i>	
<i>Volunteer appreciation</i>	
Opportunity Costs (Year 1)	
TOTAL Quantifiable Costs (Year 1)	

Benefits

Direct Benefits (Year 1)	Value
<i>Instructional benefits</i>	
<i>Organizational benefits</i>	
<i>Indirect Benefits (Year 1)</i>	
TOTAL Quantifiable Benefits (Year 1)	

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