

Calculating the True Cost of Housing Counseling

Housing Action Illinois

Program Inventory

More than a budget, calculating the true cost of housing counseling means taking an inventory of all the costs, funding sources, and the time spent on programmatic activities.

One inventory list includes all **programmatic costs**. For each cost, estimate the annual (calendar year) cost to the agency.

Another inventory list contains all **funding sources**, or program revenue, so not just grants. When listing revenue, remember that most grants and other revenue sources will not follow the agency's fiscal year, so start with all current sources of funding for a snapshot of where the agency stands right now. Then list all those anticipated revenues for the next 18-24 months.

The third inventory list consists of **time and** activities for all staff members who work on the program. This will include counselors, intake staff, and managers as well as administrative staff who provide support—the accountant, marketing, and executive director. Add the hours each person spends on the program annually, ranging from full-time to admin who may only spends a few hours each month or quarter. The next pages provides space to begin the inventory process.

How do we know if our program is successful?

When have we reached our goals? Have we raised enough money to continue our mission? Should we apply for/accept this new grant? Is it time to start charging clients? Are we charging clients enough?

Understanding the true cost of housing counseling can help a manager grasp the impact of their program. It is a tool one can use when it is time to make those difficult programmatic decisions. This guide will help agencies calculate their cost of providing services, with tips for how to use that information for program implementation and evaluation.

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COSTS

Salary & Benefits
Rent, Utilities, Technology & Supplies
Staff Development

2

FUNDING SOURCES

Grants
Fee for Service
Inkind

3

TIME & ACTIVITIES

Staff, Position
Time Spent (Hours)
Activities Performed
Direct Service vs Admin

Program Costs

C O S T S	2020 Amount	2021 Amount
Salary/Benefits		
Rent		
Phones/Internet		
Utilities		
Office Supplies		
Computers/Software/Subscriptions		
Postage		
Travel		
Credit Reports		
Training		
Marketing/Outreach		
TOTAL Costs		

Program Revenue

R E V E N U E	2020 Amount	2021 Amount
TOTAL Revenue		

Grant Notes
Remember to track:

- Grant term start and end dates
- Report due dates
- Expenses that each grant covers

Staffing

STAFF (Name)	Title	Salary/Benefits	Duties

Time & Activities

STAFF	Counseling	Group	Admin	Training	Marketing	Total Hours

Calculations

Using the calculations below, true cost calculations can provide quick information about a program, and help with making programmatic decisions and evaluating the program.

<p>1</p> <p>FUNDING - COSTS = PROGRAM HEALTH</p> <p>Deficit or surplus will provide a snapshot of current standing</p>	<p>2</p> <p>COSTS / TOTAL HOURS = PROGRAM HOURLY RATE</p> <p>NOT employee hourly rate</p>	<p>3</p> <p>SAL&BEN / TOTAL COSTS = DIRECT COST RATIO</p> <p>All Other Costs / Total Costs = Indirect Cost Ratio</p>
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1. Program Health

Has the program raised enough funds to cover all the costs? With a deficit, the program must determine how to adjust the budget: should expenses be cut, or more income raised? Think a little deeper with a surplus: is the surplus repeatable next year? Is the program meeting all its goals?

2. Program Hourly Rate

The cost, per hour, to cover ALL programmatic costs. An employee's hourly rate will cover their salary, but does not include benefits, or any of the overhead. This is a fundraising tool, used to quickly understand the true cost to provide services to clients, not just the cost to pay counselors. Given a certain grant amount, one can quickly determine how many clients the program can serve.

3. Direct and Indirect Cost Ratios

Generally speaking, direct costs are salary and benefits, and indirect costs are overhead and everything else. Always defer to the funder's definition/interpretation and any limitations. Know your NICRA (Negotiated Indirect Cost Rate Allocation). Use the indirect cost ratio to quickly understand how much of a given grant can be used for expenses beyond staffing.

QUESTIONS?

Contact your Housing Action Illinois Point of Contact

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Program Evaluation

Evaluate the program quarterly, do not wait until all grant funds are spent.

Quarterly evaluation shows initiative, and allows the program to be proactive to meet goals, instead of reactionary. These tools can be shared with supervisors or the board of directors to report on program evaluation on an ongoing basis. Great information to track:

-Client outcomes (# of closing, # of homes saved from foreclosure)

-Pipeline snapshot (# of clients working on credit, shopping for a home, pending a modification)

Grant Name:	Quarter:	Date:
Grant Term	Expectations	Progress
(start and end dates)	# clients to serve	# clients served
	# workshops to present	# workshops presented
Report Due Dates		

Grant Name:	Quarter:	Date:
Grant Term	Amount of Funds Requested	Date Submitted
(start and end dates)		
	Amount of Funds Received	Date Received
Report Due Dates		
	Grant Total	Grant Balance

Program Evaluation Questions:

In addition to the spreadsheets, on an ongoing basis, ask of the program:

1. Did we meet our goals?
2. What is working well?
3. Where can we make improvements?