



MAYOR'S OFFICE OF COMMUNITY SERVICES

**SOCIAL RETURN ON INVESTMENT ANALYSIS
PRE-APPRENTICESHIP PROGRAM**

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**The Social Return on Investment to the Philadelphia Community
from the services provided by the Pre-Apprenticeship Program funded through
the Mayor’s Office of Community Services**

Overview

Governmental funding sources nationwide are reviewing their performance measurement processes, including metrics such as Return on Investment, Output Measures, and Efficiency Measures, in an effort to quantify the value of their multiple different types of community service funding requirements and options and to help them decide which organizations and services most deserve continued funding.

In normal financial analysis, Return on Investment is the ratio of money gained or lost relative to the money invested. In social service organizations, Social Return on Investment measures the long-term financial values created by the organization through delivery of services to the community.

This report provides a basis for delivering these measurement results for the Pre-Apprenticeship Program to these governmental funding sources, to other stakeholders, and to the members of the community.

This analysis follows the basic structure, definitions, and methodology guidelines developed by the Social Return on Investment Network and the goals and practices encompassed in the Government Performance and Results Act of 1993. Additional input was taken from the New Economics Foundation study “*Measuring Real Value: a DIY Guide to Social Return on Investment*”, the Nonprofit Good Practice Guide, and various financial analysis tools and methods used in the private sector.

Scope of the Project

The process of developing this analysis included the identification of measurable benefits provided to the community by the Pre-Apprenticeship Program as a result of their operations based on the output services provided to the community and the long-term outcomes resulting from those services.

The definitions of value to community are based on a variety of published value sources where available, surveys of local costs when appropriate, previously completed SROI analysis of organizations providing comparable services, and realistic formula calculations.

Many of the transaction statistics for these areas have historically been tracked by the staff and management of the Philadelphia Housing Authority and the Mayor's Office of Community Services, but several metrics were not. The management personnel of the Philadelphia Housing Authority and the Mayor's Office of Community Services are to be commended for researching these areas and providing accurate transaction metrics on a priority basis.

Conclusions

Based on a review of the output services delivered by the Pre-Apprenticeship Program and the analysis of SROI values delivered to the community through the outcomes of these services, this analysis presents fairly the Social Return on Funding Investment for the services delivered to their communities by services provided by this program for the sample year ended December 31, 2011.

June 26th, 2012

A handwritten signature in dark ink, appearing to read 'A. B. B.', is positioned above the title. The signature is fluid and cursive.

**Principal
Community Services Analysis LLC**

MAYOR'S OFFICE OF COMMUNITY SERVICES PRE-APPRENTICESHIP PROGRAM OVERVIEW

Since 1965, the Mayor's Office of Community Services (MOCS) has been dedicated to providing services to low-income residents in the City of Philadelphia. MOCS, a Community Action Agency, provides programs and services and coordinates resources aimed at empowering low-income Philadelphians to reach self-sufficiency.

An essential part of the agency's programs center on providing assistance to individuals who find themselves at or below 125% of the federal poverty level and who are disadvantaged in areas such as education, housing, health and nutrition, and workforce and economic development.

The Mayor's Office of Community Services (MOCS) has partnered with the Philadelphia Housing Authority (PHA) in a program to provide residents of public and assisted housing, and low-income resident referred by MOCS, with training opportunities to prepare them for entry-level positions in the building and construction trades, leading to long-term unsubsidized employment at union wage scales and benefits.

The Pre-Apprenticeship Building Maintenance and Construction Training Program has implemented a Memorandum of Understanding with the Philadelphia Building and Construction Trades Council that commits apprenticeship slots to successful graduates of the Pre-Apprenticeship Program who pass the required apprenticeship entrance exams.

The PHA also coordinated program delivery with other workforce development agencies such as the Philadelphia Workforce Development Corporation and the Philadelphia County Assistance Office.

The Pre-Apprenticeship Program provides a 21 week training program with 37.5 hours per week of professional training in occupational skills, basic education skills, and life employment skills training. Two class series are provided per year with a target goal of 160 participants per year.

The following Social Return on Investment analysis examines the immediate cost effectivity of the Pre-apprenticeship Program and the long-range fiscal return to the community as these planned outcomes are achieved.

WHAT IS SOCIAL RETURN ON INVESTMENT?

In normal financial analysis, Return on Investment is the ratio of money gained or lost relative to the money invested. In social service organizations, Social Return on Investment is an attempt to measure the financial values created by the organization through delivery of services to the community.

Social Return on Investment (SROI) is an approach to measuring and understanding the future financial impact of an organization. While SROI is built on the logic of cost/benefit analysis, it is different in that it is designed to measure the comparable accountability and value of organizations whose results cannot always be easily measured in money.

In the same way that a business plan contains much more information than just the financial projections, SROI provides information about actual and planned changes, and the qualitative, quantitative, and financial information on which to base decisions about social service organizations.

There are two types of SROI analysis:

- Evaluative analysis – which is based on actual outputs and outcomes that have already taken place or are currently in process;
- Forecast analysis - which predicts how much financial social value will be created if the activities meet their intended outcomes.

An SROI analysis can take many different forms. It can encompass the social value generated by an entire organization, or focus on just one specific aspect or the organization's work.

SROI analysis has been a conceptual development since the 1960's. Many trial processes have been undertaken and many academic articles written about the process since then. The SROI process became fully developed during the last decade, primarily based on a detailed multi-year study conducted by the SROI Network, The New Economics Foundation, New Philanthropy Capital, the National Council on Voluntary Organization, and the Government of Scotland. Community Services Analysis LLC is the first organization in the United States to be a member of the SROI Network.

There are two separate phases of SROI:

Phase 1 is the measurement of the value delivered to the community by the services currently being delivered by the organization (the **“Outputs”**). The most accurate and understandable measurement basis for these outputs is the Fair Market Value of the services being delivered- what it would cost the community to acquire the same services that a social service provider delivers if that provider did not exist, plus the value of benefits received during the immediate period under study. This result is a measurement of the comparative efficiency of the provider organization in delivering the services.

Phase 2 is the measurement of the long-term value of the results of these output services delivered – known as the **“Outcomes”**. These measurements may take years to realize. As a specific example, it is proven that people with disabilities who receive training on independent living skills and how to integrate with the community require significantly less financial support from the community over the course of their life.

For another example, people who are assisted in finding and retaining employment require less future financial support from their communities, plus their future demands on the law enforcement and legal systems are less, their future needs for community-based medical assistance are less, and their future tax payments to the community are greater.

An SROI analysis can fulfill a range of purposes. It can be used as a tool for strategic planning, as a basis for funding and investment decisions, for communicating impact and financial results to stakeholders, and as a methodology for comparative evaluation of organizational long-term effectivity.

While SROI results are not the only basis for funding and investment decisions in these areas, the SROI results do provide the most accurate and understandable answer to two of the important questions asked by decision makers:

- “What are the long term financial benefits from these services?”, and
- “What “Bang for the Buck” are we going to get from our money?”.

The Social Return on Investment Summary for the Pre-Apprenticeship Program

PHASE 1 – The VALUE OF THE OUTPUT SERVICES DELIVERED

The value of the output services delivered is a measurement of the comparative efficiency of the provider organization in delivering the output services, plus the value of any financial benefits received from these outputs during the initial period under study.

The total investment in the Pre-apprenticeship Program during the year ending December 31, 2011, is **\$1,601,390**. The investment provided by the Mayor's Office of Community Services was \$532,000.

The total value of the output services for the Pre-Apprenticeship Program during the year ending June 30, 2012, is **\$3,319,626**.

The SROI Output value for the Pre-Apprenticeship Program for the fiscal year ending June 30, 2012 is 195% of the invested funding.

PHASE 2 – THE MEASUREMENT OF THE LONG-TERM VALUES OF THE PROGRAM OUTCOMES

The outcomes of the program are the intended (and unintended) benefits to the community resulting from the output services delivered. These outcome results may take years to realize. For this analysis the period of time examined for the output benefits is the expected term of the working careers expected by the successful participants of the Pre-Apprenticeship Program.

The total value of the projected outcome results for the working careers of the participants in the program during the year ending December 31, 2011 is \$ 7,313,215.

The SROI Long-Term Outcome Community Benefit Value for the Pre-Apprenticeship Program is 457% of the invested funding.

MOCS Pre-Apprenticeship Program SROI Project Impact Map

PHASE 1 STAKEHOLDER INTENDED CHANGES

Stakeholders	Intended Changes
Philadelphia Mayor's Office of Community Services	Reduce persistent unemployment Reduce poverty levels Provide occupational training Provide long-term employment Provide union wage opportunities
Philadelphia Housing Authority	Provide safe and decent housing Address internal workforce needs Encourage resident self-sufficiency Enforce resident hiring policies Reduce workforce costs Reduce persistent unemployment Reduce poverty levels Increase in-house craftsman base
Philadelphia Building and Construction Trades Council	Increase qualified apprentices Provide standards for training Provide curriculum content Increase union membership
Philadelphia Workforce Development Corporation	Encourage self-sufficiency Enforce resident hiring policies Reduce persistent unemployment
Philadelphia County Assistance Office	Encourage self-sufficiency Reduce persistent unemployment
U.S. Department of Housing and Urban Development	Encourage resident self-sufficiency Enforce resident hiring policies
Bureau of Apprenticeship and Training	Maintain standards for training Provide occupational training Develop certified apprenticeships Reduce persistent unemployment

MOCS Pre-Apprenticeship Program SROI Project Impact Map

**PHASE 2
INPUTS**

Description	Unit of Measure	Value per UOM
Funding from Mayor's Office of Community Services	Funding Dollars for Calendar Year 2011	\$532,500
State of Pennsylvania	Funding Dollars for Current Year	
US Housing and Urban Development	Funding Dollars for Current Year	
<i>Total of Other Sources Funding</i>		\$1,068,890
TOTAL PROGRAM FUNDING PROVIDED (FISCAL YEAR 2012)		\$1,601,390

MOCS Pre-Apprenticeship Program SROI Project Impact Map

PHASE 3 OUTPUTS			
Description	UOM	Total Units	Time Period
Educational Skills Training	Class Hours	630	1 Year (Cycles 25 & 26)
Vocational Skills Training	Class Hours	944	1 Year (Cycles 25 & 26)
Apprentice Program Time Worked	Hours	80,000	1 Year (Cycles 25 & 26)
Wages Costs - Operating Engineers	Hours		1 Year (Cycles 25 & 26)
Wages Costs - Aker Shipyard	Hours		1 Year (Cycles 25 & 26)
Wages Costs - Gamesa Windmills	Hours		1 Year (Cycles 25 & 26)
Wages Costs - Amtrak	Hours		1 Year (Cycles 25 & 26)
Wages Costs - Grid One	Hours		1 Year (Cycles 25 & 26)

MOCS Pre-Apprenticeship Program SROI Project Impact Map

Description	Value per UOM	Basis for Valuation	OUTPUT SROI FISCAL IMPACT
Educational Skills Training	\$171	Survey of similar group training programs	\$107,730
Vocational Skills Training	\$260	Survey of similar group training programs	\$245,440
Wages Costs Savings		PHA wage savings (see valuation worksheet)	\$2,766,456
TOTAL OUTPUT FAIR MARKET VALUE			\$3,119,626
TOTAL INPUT INVESTMENT			\$1,601,390
TOTAL OUTPUT FAIR MARKET VALUE SROI			195%

MOCS Pre-Apprenticeship Program SROI Project Impact Map

**PHASE 4
OUTCOMES**

Description of Change	Measurement Indicator	Duration of Change
Long-Term Educational Benefits	Overall average increases in educational achievement	25 Years
Long-Term Community Medical Care	Overall average decreases in community health care assistance costs	25 Years
Long-Term Public Assistance Costs	Overall average reduction in local public assistance cost requirements	25 Years
Long-Term Community Legal Costs	Overall average reduction in local law enforcement and penal cost requirements	25 Years
Long-Term Homeowner Benefits	Overall average reduction in community housing assistance costs	15 Years
Long-Term Community Tax Revenues	Overall average increases in community property, sales, and income tax receipts	25 Years
Long-Term Minority Union Membership	Long-term average potential increase in wage levels through union membership	20 Years

MOCS Pre-Apprenticeship Program SROI Project Impact Map

**PHASE 4
OUTCOMES**

Description of Change	Change UOM	Value of Change per UOM	Basis for Valuation
Long-Term Educational Benefits	% of Gross Income	1%	UNESCO Research
Long-Term Community Medical Care	% of Gross Income	0.80%	UNESCO Research
Long-Term Public Assistance Costs	% of Gross Income	0.40%	UNESCO Research
Long-Term Community Legal Costs	% of Gross Income	1%	1997 Research (see source reference detail report)
Long-Term Homeowner Benefits		0.20%	Previous Habitat for Humanity SROI research
Long-Term Community Tax Revenues	% of Gross Income	1.2%	Existing research on local tax revenue increases based on community employment.
Long-Term Minority Union Membership	% of Gross Income		Included in union wage values

MOCS Pre-Apprenticeship Program SROI Project Impact Map

**PHASE 5
VALUATION IMPACTS**

Description of Change	Deadweight %	Attribution %	Drop-off %
Long-Term Educational Benefits	0%	100%	3%
Long-Term Community Medical Care	0%	100%	3%
Long-Term Public Assistance Costs	0%	100%	3%
Long-Term Community Legal Costs	0%	100%	3%
Long-Term Homeowner Benefits	0%	100%	3%
Long-Term Community Tax Revenues	0%	100%	3%
Long-Term Minority Union Membership	0%	100%	3%

MOCS Pre-Apprenticeship Program SROI Project Impact Map

Description of Change	GROSS OUTCOME SROI FISCAL IMPACT
Long-Term Educational Benefits	\$1,589,829
Long-Term Community Medical Care	\$1,271,864
Long-Term Public Assistance Costs	\$635,932
Long-Term Community Legal Costs	\$1,589,829
Long-Term Homeowner Benefits	\$317,966
Long-Term Community Tax Revenues	\$1,907,795
Long-Term Minority Union Membership	
TOTAL LONG TERM FISCAL BENEFIT TO THE COMMUNITY FROM THE P.A.P. PROGRAM ANNUAL COST	\$7,313,215
ANNUAL COST (IN CURRENT DOLLARS)	\$1,601,390
LONG-TERM COMMUNITY SOCIAL RETURN ON INVESTMENT	457%

