Welcome

This session will provide:
• Overview of the SROI framework
• Impact Measurement
• Outputs vs. Outcome
• SROI Examples

Who we are:

- Allison Ricket
- SEE Team, Ohio University
Origins and History of SROI Framework

Ohio University and SROI

- 2015: Pilot ARC Funded SEE; Selection of SROI as best tool
- 2015-2019: SROI analyses of 9 clients
- 2020-2021: SROI analyses of 4 clients
  - 4 currently in progress
Social Return on Investment is a framework for calculating and communicating social impact using the universal language of money.
Problem:
- organizations and enterprises measure outputs, not impact
- no universal standard to measure and communicate success

Solution:
• “Generally Accepted Impact Metrics”
• Thinking and Measure in Systems
  • Measuring the ripple effects of impact
  • Understand change to a variety of stakeholders
  • Communicate clearly the impact to a wide audience
Understand impacts of one organization on larger community
See impacts created across an entire portfolio

Funders & Investors

Organizations

• Understand impacts of one organization on larger community
• See impacts created across an entire portfolio

• Decisionmaking
• Communicate Impact
• Resource Allocation
• Maximize Impact
Key Concepts

Social Value

Fiscal Proxy

ROI/CBA
### Key Concepts

<table>
<thead>
<tr>
<th>Social Value</th>
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<tr>
<td>The creation of value to the environmental, individual, larger social systems, and economy.</td>
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<table>
<thead>
<tr>
<th>Fiscal Proxy</th>
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<tr>
<td>Fiscal proxies are a &quot;stand in&quot; for the social value created. Fiscal proxies are the &quot;generally accepted impact principles&quot; used to express value, usually in terms of cost avoided or benefit achieved.</td>
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<table>
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<th>ROI/CBA</th>
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<tr>
<td>Social Return on Investment is based on the familiar concept of return on investment. A simple math formula that employs complex inputs to define, measure and perhaps even justify an investment.</td>
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</table>
SROI Final Equation

Fiscal Proxies: expressing value created in fiscal terms

\[
\text{SROI} = \frac{\text{VALUE OF BENEFITS}}{\text{INVESTMENT}}
\]

The Spend: often captured in the operating budget of a program

“For every $1 Invested, this program generates ___$ of social impact!”
The GAP – OUTCOMES vs. Outputs

What Then?

Ripple Effects

What changes as a result of the activity?
Examples of Outcomes

**Outputs**

- 2,000 Pounds of waste
- 15 Households Served
  - 36 youth
  - 22 adults
- 2 Buildings Remediated
- 12 Contract Jobs

**Outcomes**

- Increased Use of Reusable Materials
- Improved Relationships
- Improved Living Environment
- Decreased Crime
  - Decreased Commute Time = More Time Spent with Family
Outcomes that Matter

Previous emphasis on economic outcomes only
Community capitals understandings illustrate need for measurement framework for ecosystems
Well-being outcomes
Quality of life outcomes
Social Capital outcomes
Hope & Trust outcomes
Outcomes Examples

Environmental
• Reduced Landfill Waste
• Increased Access to Clean Water
• Biodiversity and Habitat Protection
• Conservation Awareness and Responsibility
• Habitat Protection
• Species Conservation
• Climate Change Adaptation
• Eliminate Acid Mine Drainage

Social
• Reduce Domestic Violence Recurrence
• Strengthen Individual Creativity Skills
• Reduce Perpetrator Recidivism
• Improved resilience, grit, and determination
• Reduction of stress and anxiety
• Increased self-efficacy
• Increased social capital: improved access to community services
• Improved perceptions of community and neighborhood
• Decreased loneliness and isolation

Economic
• Survivor Well-Being, Independence, and Financial Empowerment
• Access to Quality Resources
• Increase Financial Flows to Local Economy
• Reduce Commute Time for Workers
How to Decide What to Measure? STAKEHOLDER INFORMED

Helping the Shift to Outcomes Measurement:
- What changed for you as a result of ______________ program or activity?
- What is different for you now after ________________ part of the program?

Engaging with primary beneficiaries to understand impact and degree of impact

Create a culture of deeply understanding change valued by stakeholders.
Every outcome is evidenced by an indicator

**Outcome:** “The results of program operations or activities; the effects triggered by the program.”

**Indicator:** “A specific, observable, and measurable characteristic or change that shows the progress a program is making toward achieving a specified outcome.”

Source: CDC Program Performance and Evaluation Office
Valuation of Outcomes: Fiscal Proxy

What is a proxy?

- An approximation of value sourced from research
- A monetary estimate of the social value of non-traded goods (Social Value International)
- Proxies are formulated with Per-Unit Values and evidenced by indicators
- Costs Avoided or Benefits Obtained

Financial Proxy

A monetary approximation of a social impact used in the calculation of SROI. Financial Proxies are based on per-unit values that are sourced from stakeholder research and academic sources.

- Direct Financial Benefit or Cost Avoided
  - Direct Financial earnings or expenditures eliminated
- Travel Cost - Time Value Method
  - The costs or environmental cost associated with travel to obtain good or service
- Opportunity Cost
  - Loss of potential earnings when an alternative is chosen
- Hedonic Pricing
  - The difference in price or wage as it relates to properties or characteristics of property, position, or experience
- Benefit Transfer
  - Transfer of value estimate from one context or source to another
- Market Prices
  - The market value of a similar good or service
- Discounting Proxies
  - Drop-Off
    - The amount of change as lessens over time
  - Displacement
    - An account for negative outcome shifted to another area
  - Deadweight
    - The amount of change that would have happened anyway

Attribution

An estimate of how much of the change is caused by other organizations.

WellBeing Valuation

Uses relationship between wellbeing and life factors such as health, income, civic engagement.

Contingent Valuation

Willingness to Pay
Willingness to Accept Payment.
## Proxy Formulation

<table>
<thead>
<tr>
<th>Output</th>
<th>Outcome</th>
<th>Indicator</th>
<th>Proxy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantitative Measure of Activity</td>
<td>Effects/Change Triggered by Activity</td>
<td>Measurement of Outcome</td>
<td>Representation of Value in $</td>
</tr>
<tr>
<td>Number of Participants 100</td>
<td>Less loneliness and isolation</td>
<td>Number of participants reporting less loneliness and isolation - 61</td>
<td>Cost of Loneliness per person = $1,692</td>
</tr>
</tbody>
</table>
Fiscal Proxy = Value of reducing loneliness and isolation

62 beneficiaries * $1,692 = $104,904 of social value
Social Return on Investment Dashboard

$1 invested in Phase I Habitat for Humanity Construction Company will create **$13.43 of social impact**

<table>
<thead>
<tr>
<th>Area of Impact</th>
<th>Calculated Value</th>
<th>Return Ratio</th>
</tr>
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<tbody>
<tr>
<td>Health and Social Impacts to Low Income Persons</td>
<td>$324,213.07</td>
<td>1.8</td>
</tr>
<tr>
<td>Social Impact of Jobs Created</td>
<td>$680,790.00</td>
<td>3.8</td>
</tr>
<tr>
<td>Blight Mitigation Impacts</td>
<td>$1,172,400.00</td>
<td>6.5</td>
</tr>
<tr>
<td>Impact to Other Nonprofits</td>
<td>$169,600.00</td>
<td>0.9</td>
</tr>
<tr>
<td>Environmental Impacts</td>
<td>$1,062.22</td>
<td>0.0059</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$2,418,065.29</strong></td>
<td></td>
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**Program Investment**

- Operating Costs: $40,000.00
- Employee Wages and Benefits: $140,000.00
- Additional Support or Investment: $250,000.00
- Profit Generated for Habitat for Humanity ($GSA Reporting): $70,000.00

**Business Activity Inputs: Updated Annually**

- Number of construction company projects: 18
- Number of repairs: 15
- Number of blighted houses rebuilt: 2
- Total persons in family of Habitat construction company home: 3.6
- Adults served by construction company repairs: 1.5
- Children served by construction company repairs: 2.4
- Number of Habitat for Humanity construction company employees: 3
- Median Salary for Habitat for Humanity construction company position: $36,000.00
- Average cost of construction company repair projects: $10,000.00
- Number of contract jobs created by construction company: 12
- Average cost of contract jobs created by construction projects: $15,000.00
- Average cost of Habitat construction company targeted house: $90,000.00
- Total cost of rebuilding blighted housing invested by Habitat construction company: $150,000.00
- Total pounds of waste diverted: 2000
Social Return on Investment for True Pigments

Each year of operations generates an SROI of $15.97 for every $1 invested.

When considering construction costs, the yearly SROI is $3.23 for every $1 invested.

Operations Costs Impacts:
- Total USA Expenses: $156,622.98
- Total USA Expens: $156,622.98
- Total: $156,622.98
- Project Cost Elements: $3,882,408.08
- Total Expenses Including Construction: $3,882,408.08

Program Data: Update Here Annually for Autmatic SROI Calculations
- Net of Investment/Return per year: $3,151,020
- Number of Combat Veterans employed per year: 7
- Estimated total direct revenue per year: $2,281,460.80

Environmental Impacts
Total Return $10,884,793.01
- Total Cost savings of Domestic versus Imported Iron Oxide: $9,790.81
- Total Cost savings of using Iron Oxide rather than sanding on back native: $6,947.00
- Total cost savings of stream restoration (revenue being fire daily included in cost of restoration per linear feet): $10,000.00

Economic Impacts
Total Return $2,281,460.80
- Total economic impact of first year operations, including direct, indirect, induced, and total (Midland, True Pigments proposal): $2,281,460.80
- Value of the day Visual Laboratory contribution of seeing fewer anglers fishing in a one year period (USDA via True Pigments proposal): $5,000.00
- Total value of an extra day stay for a family of four or more: $5,000.00

Social Impacts
Total Return $992,447.72
- Total value to residents of benefits that can support life: $992,447.72
- Cost savings to DoD of reinforcing programs: $123,000.00
- Value to the public of wildlife restoration: $55,000.00
- Value of jobs to children: $60,000.00
- Health benefits of engaging in outdoor activities: $50,000.00
- Added value added to sustainable aspect from True Pigments: $500,000.00

Total Impact
$14,108,701.52

The chart below shows that stream restoration accounts for nearly 70% of the social value of True Pigments.
This is a client-requested one-pager to share more of their accomplishments alongside their SROI study result.

Social Return on Investment (SROI) is a way to measure the benefits of a program and compare the value of those benefits with how much they cost to produce. Traditional cost-benefit analysis guides SROI, but SROI goes further by identifying the social benefits of the program and expressing those benefits in economic terms.

The SROI of the Southeast Ohio Foodbank considers the following:
- Number of adults and children provided meals through the foodbank
- Senior meal boxes provided through the Commodity Supplemental Food Program (CSFP)
- Food waste diverted from landfills through the Ohio Agricultural Clearance Program
- The value of volunteer hours to the community

FOR MORE INFORMATION
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HAPCAP.ORG

The Southeast Ohio Foodbank distributed nearly 5 MILLION MEALS and served 174,703 FAMILIES in 2018.

The Southeast Ohio Foodbank is a member of FEEDING AMERICA and partners with a network of more than 60 MEMBER AGENCIES in Southeast Ohio.
Measuring Across Grantees, Portfolios

Articulation of theory of change
Prioritizing outcome areas
Encouraging a culture of outcomes measurement
Supporting substantive communication with beneficiaries
Changes to grant reporting to support change measurement and outcome defining
Thank you!

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