

# Budgeting for Evaluation

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Evaluation is a powerful tool to gain critical insights into your programs, policies, or operations to support informed decision-making, learning, and improvement. When viewed as a strategic investment, understanding how and to what extent your programs and policies work can help you be more efficient and effective.

Knowing how much an evaluation(s) costs requires an understanding of the key factors that drive those costs. An evaluation's budget depends on the scope and complexity of both what's being evaluated and the evaluation itself. It should be noted that although this resource focuses on budgeting for program evaluation, the questions included apply to evaluations of policies and operations as well.

In general, evaluation budgets should be:

- Commensurate with interested parties' expectations and involvement (including board of directors, senior leadership, program and evaluation personnel, and others);
- Appropriate for the research design used and key questions to be answered;
- Adequate for ensuring quality and rigor, and;
- In line with the level of program and organizational resources available.

This guide presents five main questions that you need to answer when budgeting for an evaluation to determine how key factors contribute to evaluation costs. At the end of the guide is a sample template that itemizes the costs to include in a detailed budget.

## ***What are the program's characteristics and context?***

*The scope and complexity of your program have a direct impact on evaluation costs. Program characteristics such as type and length of services delivered, population served, number of operating sites, and geography all influence your evaluation budget estimates.*

- **Type(s) of services delivered.** Multifaceted programs involving many, diverse components and actors are likely to be more expensive to evaluate than simple interventions.
- **Length of service delivery.** The duration of an intervention is related to when outcomes are expected to be realized and can affect the length of an evaluation and the frequency of data collection.
- **Population(s) served.** Hard-to-reach or vulnerable populations face sensitivities that may create challenges to data collection or required specialized data collection methods.
- **Single or multi-site.** Multi-site programs need to account for potential variation in implementation, larger numbers of people that need to be involved, and higher costs for on-site data collection compared to single-site programs.

- **Geography.** Costs can vary by geographic location and economic differences in communities.

## **What does the evaluation seek to answer?**

*The evaluation question(s) you want to answer influences evaluation costs. Clearly defined research questions are essential for determining the scope and complexity of the evaluation (see also “How to Develop the Right Research Questions for Program Evaluation”), and consequently, the evaluation budget. Your study may focus on a single research question with short-term outcomes or multiple research questions that examine complex, interrelated outcomes over time.*

Common questions that may be pursued independently or jointly include:

- What are the characteristics of the program participants and target population?
- Is the intervention being implemented as intended?
- What are the experiences of program participants?
- To what extent does participation in the intervention improve outcomes for program participants?
- Does participation in the intervention improve outcomes for participants compared to individuals not served by the program?
- To what extent does program impact vary by participant subgroup or by implementation strategy?
- Can the program be replicated to other populations/geographic areas?
- What are the costs and benefits of the program to participants?

When planning for an evaluation, keep in mind that each question is associated with a cost, even for studies that employ existing data. If resources are limited, think about conducting the evaluation in stages, prioritizing important evaluation questions first and examining remaining questions later, and as appropriate, to help defray costs. The bottom line is to determine what you want to learn from the evaluation and build a budget that can answer those questions.

## **Who will conduct or oversee the evaluation?**

*Once you have a list of questions you want your evaluation to answer, you will need to decide whether to leverage existing internal agency evaluation staff, bring in an external evaluator, or use a combination of the two to carry out the study. Although the cost may be lower if an evaluation is conducted internally, each approach represents a tradeoff. Consider the following questions when making your decision:*

- **Is there sufficient capacity to carry out the evaluation internally?**
  - Are staff with the requisite expertise able to conduct the evaluation on their own?
  - What is the anticipated level of effort for internal staff to work on the evaluation?

- Can staff dedicate enough time to the evaluation, given other their other responsibilities?
- Is additional training, new hires, or technology needed (e.g., data collection, management, and analysis)?
- ***Is an external evaluator needed to support some or all aspects of the evaluation’s requirements?***
  - Is an independent, third-party evaluation a requirement?
  - How can internal staff participation be optimized to offset costs (e.g., staff may support administrative data access while the external evaluator may lead the study design and data analysis that rely on specialized skills)?
  - What type of evaluator is cost-effective for this study? Is the capacity of a large research organization needed or university-based researchers be more cost-effective?

Even when an external evaluator is brought on agency staff must remain engaged in monitoring the evaluation to ensure that the study is progressing as planned. The activities for internal staff to monitor the evaluation may include: regular check-in meetings with the evaluation team, providing input and feedback on instruments developed and data collection strategies, facilitating access to existing data sources or stakeholders, and reviewing reports and other materials prior to dissemination.

## ***HOW will the evaluation be carried out?***

*The scope and complexity of the evaluation design and data collection strategy used to address your research question(s) plays a significant role in the cost of your evaluation. Each of these evaluation design factors below should be considered.*

- **Evaluation design.** A range of study designs can be used to address specific research questions and include experimental (e.g., randomized controlled trials or RCTs), quasi-experimental (e.g., matched comparison group design), and non-experimental designs (e.g., outcome and process evaluations; cost studies). Answering some evaluation questions requires more complex designs and sophisticated data collection methods which can drive up costs.
- **Data source/collection.** Primary data collection can be the most expensive cost in an evaluation budget and may include new qualitative data collection such as key informant interviews, focus groups, or site visits, and quantitative data such as survey data collection.
  - **Existing data and infrastructure.** Can existing data and resources be leveraged for the evaluation? To what extent do new data need to be collected and new instruments or data platforms developed? Although RCTs are believed to be the most rigorous design for determining the extent to which your program caused the program outcomes or impacts, it is not necessarily the most expensive one if existing data can be used. Meanwhile, observational designs can be costly if extensive qualitative collection is necessary.

- It should be noted that use of secondary data (such as health care claims data) can come with a fee.
  - **Study sample.** Who are the respondents for primary data collection (is there one or many diverse respondent groups)? It should be noted that complex sampling designs (e.g., propensity score matching) may require specialized expertise leading to higher costs.
  - **Method.**
    - ***How will data be collected?*** In-person data collection will be more expensive than other forms of data collection, such as phone- or web-based data collection (such as for surveys). For qualitative data collection, the cost of interviews or focus groups can be reduced by using video-conferencing rather than in-person methods. The choice needs to be balanced by assessing how the different data collection modes affect response rates and data quality. It is important also confirm which data collections methods are most effective for your target population(s).
    - ***Will tokens of appreciation be used?*** In which format will tokens of appreciation be provided to respondents (e.g., cash, coupon, gift card) and how much? Alternately, are there costs related to making the data collection easier for respondents, such as providing transportation, food, or child care?
    - ***Do instruments need to be translated?*** How many languages require translation and transcription?
    - ***Will interpreters or bilingual interviewers be necessary?*** Do current staff have the skills to conduct interviews or focus groups or is there a need to hire staff?
  - **Frequency.** How frequently do the data need to be collected over the course of the evaluation? If data are collected more than once, will it be collected among the same or different samples?
- **Data management.** Data management may include but is not limited to cleaning, merging, linking, formatting, and storing primary and secondary data.
- **Data analysis.** The amount of time and level of technical expertise required to conduct data analysis and interpretation are important considerations. Analysis of data using sophisticated statistical methods (such as text analysis, natural language processing, causal forest model, Bayesian analysis) will require more technical expertise and may need appropriate training or additional guidance from subject matter experts. It may also require more labor hours to complete, leading to higher costs.
- **Community engagement.** Higher levels of engagement with the people affected by the program will mean more time dedicated to evaluation, making it more costly. But, the greater inclusion of community members in the evaluation process may result in more representative and valid evaluation findings, and bring significant value including increased buy-in for and relevance of the study, resulting in greater use of evaluation findings in decision-making. This value must be balanced with the potential cost implications not only in time, but potentially in the translation of instruments and materials, as well as hiring staff with the relevant cultural and linguistic competency.

As you plan for your evaluation, it is also important to keep your long-term goals in mind. For example, can the collected data or developed instruments be repurposed for future program evaluations? To what extent can new data collection and management systems ease future implementation efforts and help build evaluation capacity in the long-term? All these considerations may increase the cost of an evaluation now, but may allow future evaluations to be conducted more efficiently and cost-effectively.

## **HOW** will findings be disseminated?

*Reporting and dissemination of evaluation findings are as important as other parts of the evaluation life cycle. The cost of communicating findings typically includes:*

- Amount of time and resources needed to document evaluation findings and prepare reports, briefs, presentations, and other evaluation deliverables.
  - Other considerations include whether findings need to be translated and made accessible to multiple audiences.
- Time and resources needed by internal audiences and other interested parties to discuss and reflect on evaluation findings, and ensure findings are used for informing decision making within the organization as needed (internal utilization).
- Time, effort, and resources required to implement (external) communications and dissemination plans around the evaluation study and its results and sharing of lessons learned in the process (e.g., preparing abstracts/manuscripts and presenting at conferences).

Consider whether you have existing communication channels and approaches that can be leveraged to disseminate the evaluation findings and reduce costs related to establishing new ones.

### **Final Thoughts for Developing Evaluation Budgets**

Although there are opportunities to offset the costs of an evaluation (see also *“Identifying Resources for Evaluation”*), keep in mind that failure to allocate sufficient resources for evaluations can negatively impact the quality of the evaluation and the evidence generated. An insufficiently funded evaluation may have many challenges such as lack of appropriate expertise, under-powered study design, poor communication, and unanswered evaluation questions – all of these would produce poor evidence, and ultimately waste resources. Again, program evaluation should be viewed as a strategic investment in improving your program, and a stepping stone to more effectively meet your mission.

### **Tips for Designing an Adequate Evaluation Budget**

Once you have an evaluation plan developed and have identified the resources needed to complete the study, you are ready to start preparing a budget for your evaluation. In the process of estimating costs for your evaluation activities, you will likely need to make adjustments to your plan to ensure that available funds can sufficiently address your evaluation goals. Below are some tips to consider as you balance the needs of the evaluation with your available budget:

- Create two versions of your budget, a high and a low estimate, knowing that true costs will likely fall somewhere in the middle.
- Talk with colleagues and partners within your agency and in other agencies about their budgets for evaluations of similar size and scope.
  - Consult with your agency’s or component’s Evaluation Officer and/or staff in your agency’s evaluation office.
  - Consult with budgeting experts of staff members familiar with the contracting or procurement process for program evaluation services. They often possess a wealth of knowledge about typical costs and ways to maximize resources.
  - Talk with staff working in the locations where data collection will occur so that you can better determine what systems are in place, which new ones will need to be created, and how data can be collected most efficiently and effectively.
  - Discuss your budget with interested parties who have been involved in the evaluation planning process to ensure that your assumptions are reasonable and that everyone is on the same page about what the evaluation is designed to deliver.
- Conduct an evaluability assessment to both determine whether the program is ready for a rigorous evaluation, and to determine what additional investments (e.g., in data systems and tools, staff, or communication) may need to be made to improve the quality of the evaluation.
- Consider whether the initial evaluation plan’s activities may be approached with lower cost options, if needed. For example, can in-person data collection shift to other, less expensive modes (e.g., online survey)? Can staffing be redistributed so that more junior to midlevel staff can support data collection activities and senior staff can focus on oversight?
- Consider whether the evaluation can be carried out in stages, prioritizing important evaluation questions first and examining remaining questions later. This approach will not only help defray costs, but helps ensure that each evaluation effort is sufficiently funded to deliver high-quality findings.
- Plan for contingencies and be prepared to adjust your evaluation budget along the way as needed.

### **Costs to Include in a Detailed Budget**

The following table provides a sample template for identifying potential costs to include an evaluation budget. The costs are broken into four categories:

1. Labor costs: This covers staff time to conduct or support evaluation activities and includes evaluation staff and subcontractor salary and benefits and consultant time to conduct activities.
2. Travel costs: Travel costs vary from project to project. Projects evaluated across multiple sites will likely need larger travel budgets compared to those located in one site. Proximity of the evaluator can also affect travel costs. There may be travel costs associated with data collection, capacity building activities, communication and dissemination plans.

3. Other direct costs: Other costs directly related to evaluation that are not labor or travel, such as supplies and equipment.
4. Program costs: This covers program staff time and needed systems/services to monitor and support evaluation activities.

## Evaluation Cost Considerations

<b>Potential Budget Line Items</b>
<p><b>Labor Costs (Staff Time to Conduct or Support Evaluation Activities)</b>  <i>Include evaluation staff and subcontractor salary and benefits and consultant time to conduct activities. These labor costs are typically presented in a matrix table that includes estimates for the total number of staff hours for each task. Some contractors may provide separate line items for salary and benefits, while others may present a single, loaded rate, which includes salary, benefits indirect rates and fees. Note that not all items would be applied for every single evaluation given the program feature, questions to be answered, and activities that will be involved in the evaluation.</i></p>
Evaluation planning (e.g., development of written evaluation, sampling, analysis and reporting plans, if needed)
Project and contract management activities such as regular check-in meetings, monthly progress reports etc.
<p>Primary data collection activity costs, including:</p> <ul style="list-style-type: none"> <li>• Instrument selection, development, and any needed validation</li> <li>• Ensuring data security</li> <li>• Development of Institutional Review Board (IRB) packages</li> <li>• As appropriate, development and review of Information Collection Request packages (to OMB under the Paperwork Reduction Act)</li> <li>• Stakeholder/community engagement</li> <li>• Data collection, entry, cleaning, and coding</li> <li>• Travel required by the evaluation</li> </ul>
<p>Secondary data collection activity costs, including:</p> <ul style="list-style-type: none"> <li>• Development of Data Use Agreements (DUAs)</li> <li>• Secondary data access and management</li> </ul>
Data analysis, including data linkage, analysis, visualization, and quality checks
Reporting (e.g., funder-required and evaluation-specific reports) and results dissemination, including staff time for travel required by the evaluation (e.g., annual meetings between client and evaluator)
Development of evaluation capacity building/training activities
Participation in training/capacity building activities (e.g., for participatory evaluations designed to build evaluation capacity of program staff and participants)
<p><b>Travel Costs</b>  <i>Travel expenses for staff and/or evaluators should be included as a line item in the budget. There may be travel costs associated with data collection, capacity building activities, communication and dissemination plans. Ideally travel should be estimated in association with specific tasks such as data collection or reporting. Detailed travel estimates should include separate line items or a breakout for airfare, ground transportation, lodging, and per diem/meals/incidentals.</i></p>
Airfare
Ground transportation (e.g., taxi or bus fare, rental care fees or private car mileage)
Lodging and meals (often as per diem cost that staff can spend at their discretion)
Incidental travel costs

## Potential Budget Line Items

### Other Direct Costs

*Other costs associated with the evaluation should be detailed in the budget.*

Communications—postage, telephone calls, etc.

Printing and copying—including both task-specific (e.g., mailing surveys for data collection) and general duplication

Supplies and equipment that must be purchased or rented for the evaluation (e.g., software, survey instruments, vendor data)

Tokens of appreciation

### Internal Agency Costs

*This category covers internal agency staff time and systems or services to monitor and support evaluation activities. It should be noted that these costs (especially investments of internal staff time) may not appear on a spreadsheet of direct costs but affect the overall cost of an evaluation. Lastly, some costs, like necessary data systems, may be built into the long-term agenda as well.*

Internal agency staff time to monitor and support evaluation activities:

- Development of an SOW, contract review and award, and contract fees (if applicable)
- Regular check-in meetings with evaluation team
- Reviewing materials developed for data collection and analysis
- Providing feedback on evaluation activities
- Facilitating access to existing data sources or community members
- Reviewing memos, reports, and other materials for dissemination

Systems or services to monitor and support evaluation activities:

- Server to host program and other existing data
- Services to help evaluators access and transfer data