

VALUE ADDED



Quantifying the results of sheltering and animal welfare programs

How do you show donors that your work is, well, working?

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I LOVE ANIMALS. Don't we all? That's why I'm in the field of animal sheltering. That's why you're reading this magazine. It's our passion for animals that brings us together.

Most of us appreciate the vital role animal welfare organizations play in our communities. They help animals. They help people develop relationships with animals. They support communities. They make the world a better place.

But not everyone in our communities is an animal lover. How do we explain the importance of our programs to public officials who must account for spending decisions, or to financial institutions and granting foundations that select where to give? How do we demonstrate to people outside the sheltering sphere that programs designed to help animals will produce a tangible benefit for their community? How do we convince people who don't have strong bonds with animals that our projects are valuable, not only socially but economically? How do we then measure and express this social value in our field?

Broadly defined, "social value" is the value that nonprofit organizations, social ventures, social enterprises, and nongovernment agencies create within their targeted communities. These ventures improve society in ways that may not be quantifiable in monetary terms. Examples include programs to help educate children, provide medications for the poor, and employ disadvantaged people.

There may not be an obvious financial return for the investment that funders make in these programs, but the eventual benefit to society is clear. Giving children access to good education, for example, leads to lower school dropout rates, less crime, more productive citizens, and eventually, a higher standard of living for the entire community.

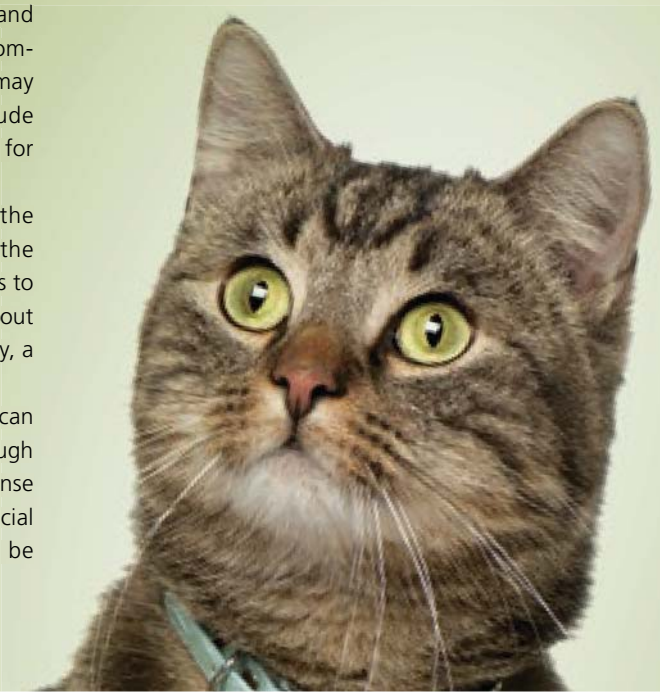
A price cannot be placed on a child's education. Or can it? By counting the cost of educating an at-risk child through high school and comparing that cost to the greater expense of incarceration, schools can demonstrate a direct financial and societal benefit to educating a child—one that can be

understood and appreciated by even those taxpayers who don't have children.

Demonstrating Value

The continuum between social value and economic value is now being bridged by socioeconomic metrics that include such financial comparisons. Since value terms are subjective, some aspects of social value are lost in these calculations, but these measurements allow people who may not agree about the subjective elements (i.e., the importance of well-educated children) to discuss and compare the financial merits of a program.

Social Return on Investment (SROI) is one metric that is being used by many nonprofits to calculate social value in socioeconomic terms. In a for-profit business, investors expect a return on their investment (ROI), which is calculated in financial terms. They place a specified amount of money into a venture that, they hope, will lead to a greater return than the initial amount spent, or a net gain. The end result: People make money.



quantifying results

In contrast, SROI analysis includes monetized items, but also takes into account those aspects of social ventures that are not usually calculated financially. SROI analysis identifies the key stakeholders involved in an issue and examines the relationship between the resources available for a project and the expected outcomes for each stakeholder. If an item can be monetized, it is; those that cannot may be addressed in a number of ways (such as being given financial “proxies” to calculate potential returns). For example, if a project’s intended outcome is to increase the likelihood that a young person will enter college, one proxy could be the comparative income earned by a person graduating high school versus a person dropping out of high school.

We can utilize similar metrics in animal sheltering to bridge the gap between social value and economic value. In the simplest terms, our organizations save animals’ lives. Our most basic sheltering metrics include live release rates to reflect the proportion of lives saved.

But what is the economic value of one life saved? Does the cost of saving one life exceed the cost of euthanizing? Shelters must account for the expense of housing an animal in their facility: staff time, food, cleaning supplies, physical space, and utilities. Euthanizing an animal would eliminate most of these costs from the equation. If we compare these numbers, we could argue that it would be more cost effective to euthanize animals than to save them.

Thankfully, such utilitarian arguments do not rule our society. The challenge—and also the rationale—for using measurements such as SROI is to determine the economic value of a social return so that people do not take a purely utilitarian view of social decisions. We generally agree: Some things are worth the expense.

Quantifying Complex Issues

Using SROI analysis as a framework, sheltering organizations can place a dollar value on aspects of their work that can be monetized through financial proxies.

For example, rather than placing a price on the life of an animal, an “animal care day” can serve as a proxy for calculating costs for a shelter. One animal care day is defined as one day that an animal spends in an animal shelter. If an animal spends 10 days at a shelter, it would contribute 10 animal care days to a shelter’s total number of care days.

In a study recently conducted by our team at the University of California-Davis, we tabulated the number of care days over one year that nine shelters spent caring for cats with upper respiratory infections (“sick care days”) and the number of care days spent caring for cats without upper respiratory infections (“healthy care days”). Our analysis showed that some shelters spend almost a quarter of their resources caring for cats with URI, demonstrated as the percentage of sick care days out of the total number of care days

for that individual shelter. When we account for medication, staff time, separate cleaning supplies, and isolation housing for a sick cat, the cost of one sick care day far exceeds the cost of one healthy care day. Undoubtedly illness will lead to longer lengths-of-stay as well, adding to an overall net cost that is greater for sick animals than for healthy animals.

Through our research, we further determined that one way to decrease the number of cats acquiring URI at a shelter is to decrease cats’ stress by housing cats in double-compartment housing units. The overall size of each individual cat’s housing unit will increase, and disease transmission will decrease by reducing handling necessary for routine care.

It takes an initial upfront investment to make this improvement, so some shelters may be reluctant to make the change to larger, compartmentalized housing units. However, using animal care day calculations, a shelter can show stakeholders that the cost savings of decreasing the number of sick care days at a shelter would offset the cost of improving housing units, resulting in an overall net benefit.

To conceptually understand these calculations using the SROI model, we define an animal in a home (as opposed to a shelter) as having the highest likelihood of staying healthy. Then, the overall social return on improving housing would be to have cats quickly adopted into homes where they are less likely to become ill and where they are no longer costing the shelter money—again, not the chief concern of animal lovers, but often of great importance to funders. In this way, the social value of keeping cats healthy is presented in socioeconomic terms that can be readily appreciated by those requiring hard numbers.

Showing Them Their Money

Presenting social value in these concrete terms becomes important in the programs that animal shelters promote as well. Let us examine spay/neuter programs as an example. Many animal shelters operate subsidized spay/neuter clinics. Salaries for staff (including surgeons and technicians), materials costs (including building maintenance), are often higher than fees that might be placed on services provided (surgery, microchips, vaccines).

The direct *financial* return on these programs is generally negligible compared to the costs. Yet we all know that the social return of spaying and neutering animals is tremendous, for both the individual health benefits and the community effect of decreasing the number of homeless animals.

There is value at many levels for all the stakeholders involved: value for the individual animal (health-related, since animals are likely to live longer and remain healthier when altered), value for the community (fewer strays/unplanned litters, less risk of disease spread), value for government (fewer animals for animal control to pick up). The social value that these programs create is large, but the immediate monetary rewards may not be readily measurable or apparent. Thus, it becomes necessary to determine a monetary return for the individual animal, community, and government.



It All Adds Up

Our team at the Koret Shelter Medicine Program has developed a URI Cost Calculator that will allow shelters to assess the cost of illness in their facilities. One benefit of placing illness in financial terms is to demonstrate a cost savings when illness is reduced through improved management. Let's examine the following scenario:

A shelter houses 100 cats in single-compartment, 2-foot-by-2-foot, stainless steel cages. On average, the staff finds that 60 cats will be ill with URI (60 percent morbidity). They attempt to treat all of these cats in their facility (rather than sending them to foster homes).

Using the cost calculator, they input the daily staff time and fixed costs for housing a healthy cat versus housing a sick cat. The cost of URI is roughly \$6,500 per month for their organization. If they reduce URI morbidity to 40 percent of the population, the cost of URI will decrease to \$4,330, resulting in a cost savings of \$2,170 monthly.

This organization decides to drill portals in its cages to create double-compartment housing for 50 units. The cost of portal construction and installation is on average \$80 per portal, leading to an overall cost of \$4,000. Within two months of

installing the portals, if the shelter's URI morbidity decreases to 40 percent, the organization will recoup the cost of implementing the change.

It takes a concerted effort to improve the welfare of cats in shelters, but research clearly demonstrates that improved housing significantly decreases URI risk. Placing management changes in concrete financial terms allows organizations to assess the economic impact of improving health and well-being.

Check out the URI Cost Calculator at sheltermedicine.com/documents/uri-cost-calculator.

Now let's say that a funder or donor has to choose one program to support among four or five different spay/neuter programs. How do they make their choice? Do they base their choice on the number of surgeries each group accomplishes? The number of animals placed? Or should they base it on an overall decrease in the number of animals coming into shelters from the community the program serves?

A person's decision to support a program should be based on something more tangible than anecdotal social value. Sheltering organizations should present valid socioeconomic measurements (such as an SROI analysis) to demonstrate to funders how their organizations will provide the best social and financial return for a funder's investment. You can place a monetary value on those things that can be monetized, and also incorporate a nonmonetized form of demonstrating and quantifying your impact. This may take the form of an animal care day, live release rates, or something that we have yet to consider.

Organizations should define their mission and how they perceive success for programs within the framework of that mission. Mission and interests define value, and a particular mission perspective will lead to particular questions. For example, if an organization's mission is "to end the euthanasia of homeless animals due to pet overpopulation," then success must be based on the organization's ability to impact pet overpopulation and euthanasia. Projects targeting spay/neuter of community pets and the measures of success that ensue would fall within this organization's framework. However, if the organization's mission is "to end the needless suffering of homeless animals," a different set of questions and measures would result.

Stakeholders' engagement is a key component in determining which programs to pursue when using socioeconomic

metrics. Different stakeholders ask different questions. Not everyone needs or wants to know the same things, so different measures should be used for different purposes. There is no single agreed-upon measure of success.

In the examples above, the "stakeholders" are all those people who are affected by sheltering programs. They include civic leaders, municipalities, investors, grant makers, funders, and private citizens. It also includes all of us, as employees, contract workers, or volunteers associated with sheltering facilities. And, importantly, there are the animals. Accounting for their preferences may be a challenge, but we should not forget that they're the ones we're working to help.

We need to spend time creating a system to compare social mission investment and activity. When presenting our programs to funders, grant makers, government officials, and other stakeholders, we should give them valid reasons for choosing our programs that go beyond social value and include fiscal value. Doing so legitimizes the work that we do. It allows for more effective programs and increased transparency. Most importantly, it leads to more effective methods of helping animals. **AS**



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