

# Societal Cost Impact Calculator

for

Social Enterprises in Vancouver that Provide Targeted Employment and Training

Bryn Sadownik,

September 29, 2016

**Vancity**

Community Foundation

with Funding Support from:



vancouver  
foundation

# Can we design a societal cost calculator?

- That....
  - Relates existing empirical research to the activities that social enterprises are doing.
  - Is based on what social enterprises are typically able to collect.
  - Will be valuable in understanding relationships and connections between community level outcomes and activities



## Challenges:

- Resources, time and expertise; methodological uncertainty.
- Methods out there assume fairly extensive collection of personal outcome data.

## Opportunity:

- We actually already know a lot about impact.
- Wealth of empirical evidence and research about work and health and social outcomes, community indicators well developed, societal cost studies.



# Relationships

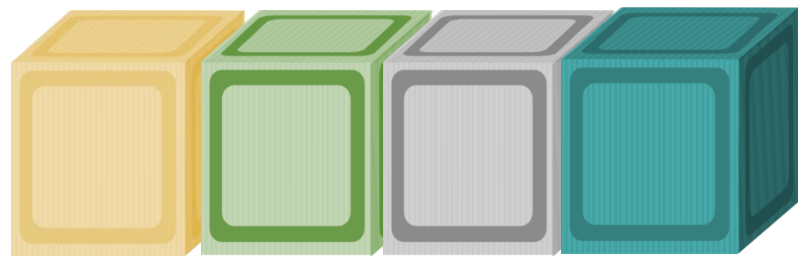
Employment upon Release from Prison and Recidivism

Employment and the use of Health Services for Mental Health Issues

Health Inequities and Social Determinants of Health

- Potential years of life lost - alcohol-related, medically treatable, drug induced and smoking-related
- New diagnoses of chronic and communicable disease (HIV, Hepatitis C, COPD).
- Hospital admission rates related to Trauma, Injury and Poisoning and the Toxic Effects of Drugs, the Circulatory system and the Respiratory System.

Direct Economic Impacts and Indirect and Induced Economic Effects



# Unit Costs and Costing Methods

Costs of incarceration

Value of lost of property

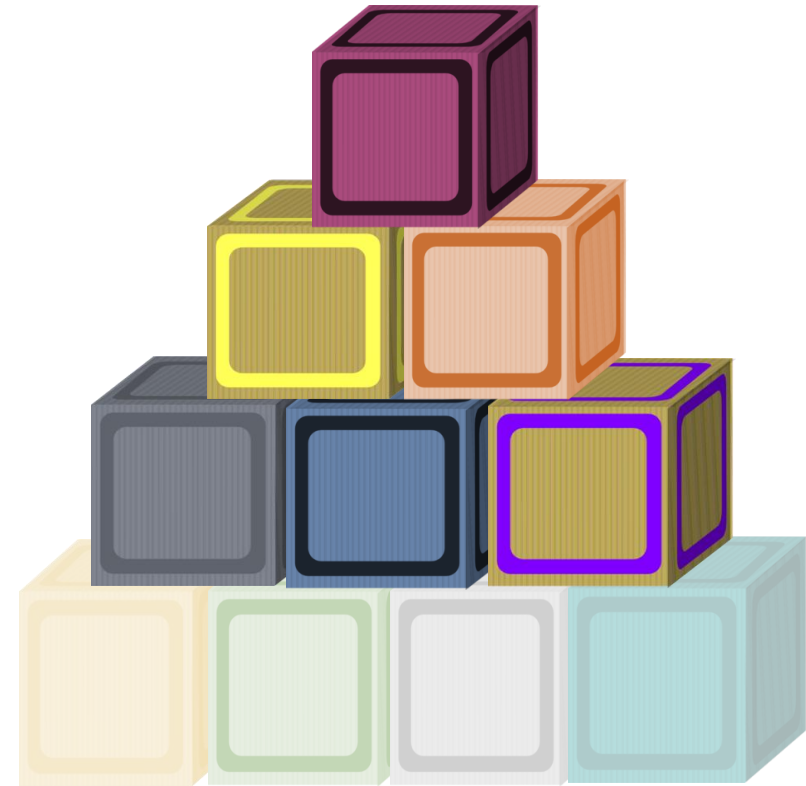
Valuation of pain and suffering for victims of crime

Valuation of pre-mature death and disabilities (DALY)

Direct health treatment costs

Personal Income generation and associated Tax, CPP, EI, WCB premium generation

*Changes in the public costs of social supports (optional)*



# Inputs



# of people engaged (targeted employment)

# living with mental illness

# that have been recently incarcerated

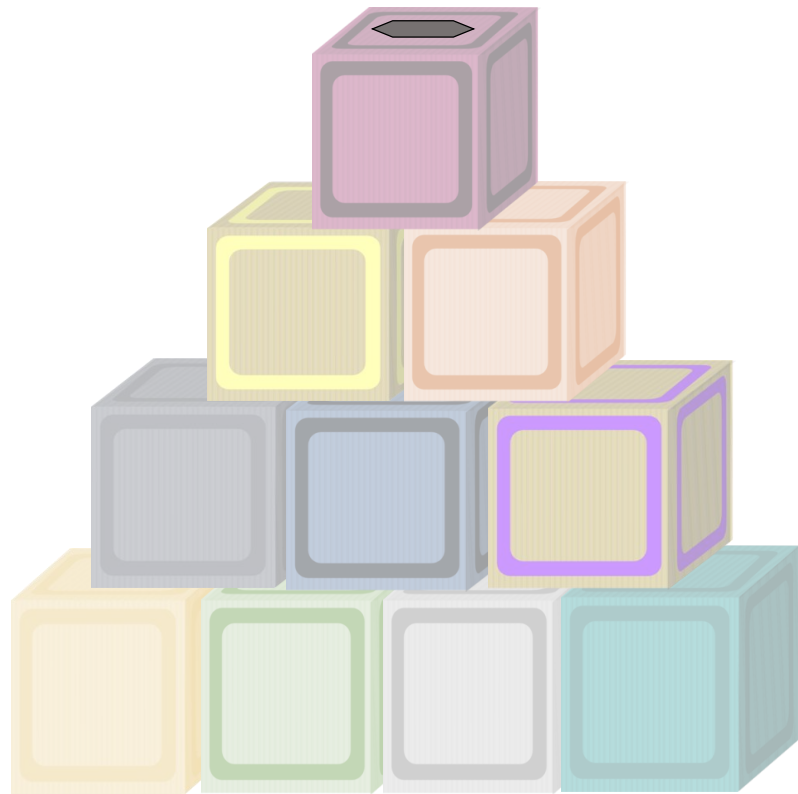
Sales revenue

Other income (grant income)

Annual earnings

Tax, CPP, EI, WCB deductions

*ALSO: Can add in change in the use of Social Supports (optional)*



# Example

Calculation based on the inputs of two work integration social enterprises in Vancouver

## CALCULATOR INPUTS

# of people engaged in 2014	87
Annual Sales Revenue	\$ 1.5 million

## CALCULATOR OUTPUT

<b>Summary</b>	
<b>Public (tangible)</b>	<b>\$ 837,219</b>
Avoided costs of incarceration, policing and courts	\$ 20,491
Lower health care system costs	\$ 339,039
Contribution to Income tax, CPP, EI	\$ 477,689
<b>Private (tangible)</b>	<b>\$ 12,047,216</b>
Additional personal earnings (target employees)	\$ 1,586,433
Local economic activity	\$ 12,039,749
Avoided cost of property loss from crime	\$ 7,466
<b>Private (intangible)</b>	<b>\$ 1,423,918</b>
Reduction in crime-related pain and suffering	\$ 139,819
Reduction in premature death and disability	\$ 1,284,099
In addition, if these people continue to be successfully employed, they will provide:	
<b>Lifetime earnings</b>	<b>\$ 8,399,670</b>
Cumulative contribution to Income tax, CPP, EI	\$ 2,529,214



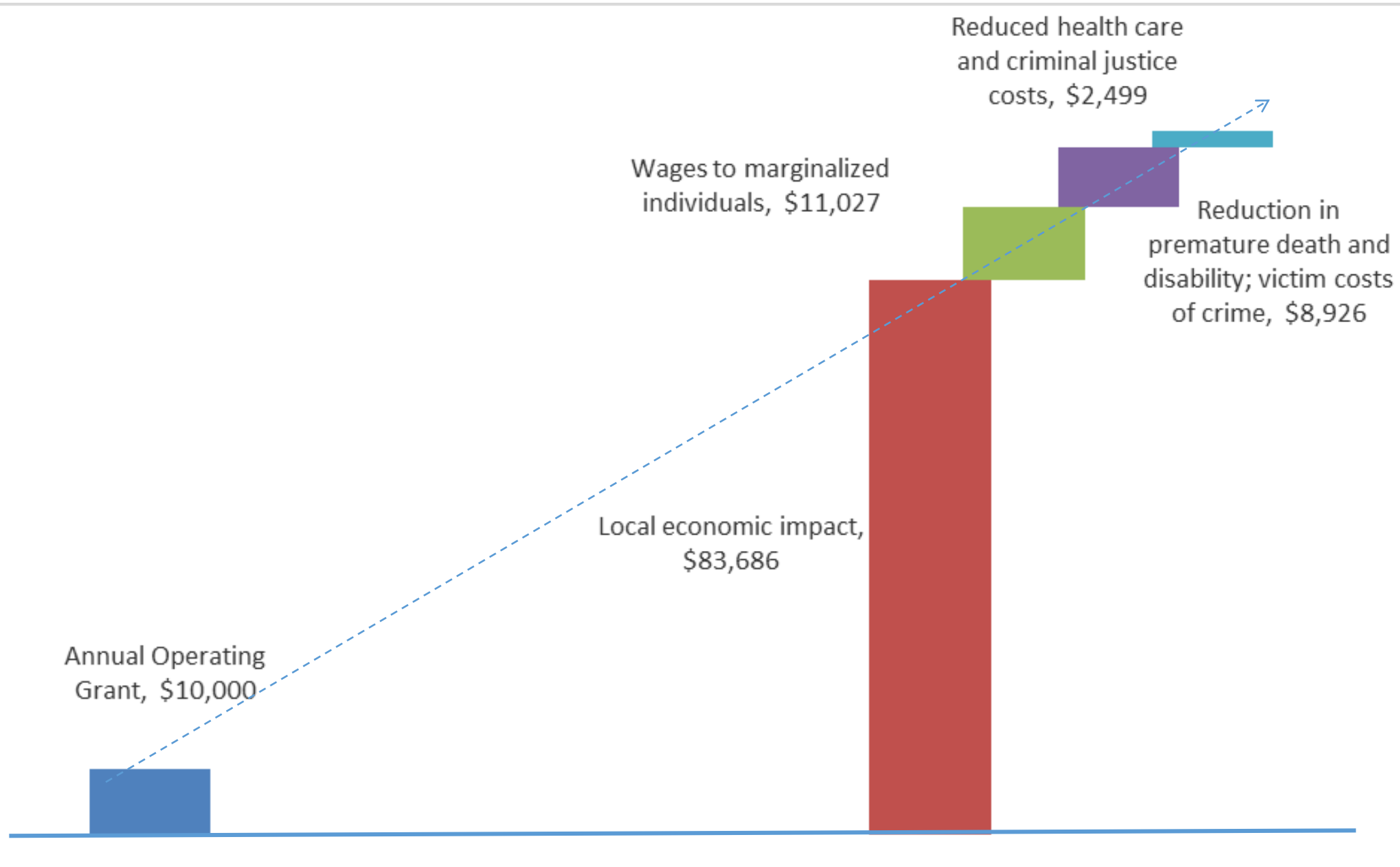
# Social Purchasing

\$10,000 Renovation or Cleaning Contract  
with a Social Enterprise



\$4,700 in Additional Social Value  
(above and beyond private benefits from service and  
local economic impact)





## What would the results be for.....

...all individuals who are marginalized currently engaged through employment/training/income opportunities in Vancouver?

...all the people who could benefit in Vancouver from social enterprise?

**2 social enterprises**

87 individuals; \$1.5 million sales

Cost Savings, million

\$13

**Full potential ESTIMATE**

7500 individuals; \$380 million sales

\$3,335



This is a really rough estimate but is based on the number of clients who were not successful in the Employment Program of BC (according to a recent evaluation) but who potentially could be engaged by a social enterprise with stronger client supports.