



Project Management – Costs Matter! Strategies that Technical Assistance and Dissemination Projects (326) can use to Obtain Unit Costs of Technical Assistance and Dissemination across Delivery Methods

Cost overruns average about 56% of original budgets!* It's the last thing you need during volatile economic times.

Some potential culprits of project cost management: Poor estimates. Unrealistic budgets. ROI falling short of expectations. Just plain poor financial management. Sound familiar?

<http://www.amanet.org/training/seminars/Project-Cost-Management-Estimating-Budgeting-and-Earned-Value-Analysis.aspx> From the American Management Association

Project Directors manage all aspects of project activities including planning, administration, staff and resources, products and services, performance, and costs. Managing costs is important for internal quality control (ensuring you are doing high quality and efficient work) and also important for external accountability requirements. In this case, OSEP requirements related to its annual TA&D program evaluation. This guide is intended to complement the tools you currently use as a Project Director to manage your project budget, and further, and to help you report on cost data required in Federal accountability processes, such as the annual performance report and the annual TA&D program evaluation.

Establishing Systems to Collect TA&D Cost Data

Project cost management includes the processes required to ensure that the project is completed within the approved budget. This aspect of project management includes four interrelated pieces:

- Resource Planning – determining what resources (people, equipment, materials) and what quantities of each should be used to perform project activities. This information should be included in your original project application. However, you may have aggregated these data into one line item (such as costs for product development or costs for general technical assistance) and may now need to pull apart this aggregated amount to determine per product or service costs.
- Cost Estimating – developing an approximation of the costs of the resources needed to complete a project. Tracking and analyzing cost data immediately after a product is developed or a service is provided will help you estimate costs in the future.
- Cost Budgeting – allocating overall cost estimate to individual work activities. This is important for outlying years of the project and can also be applied for other projects that your organization may be involved in.
- Cost Control – controlling changes to the project budget. Identifying circumstances and conditions in which costs vary drastically from those initially estimated or projected will help you mitigate adverse consequences. For instance, understanding that transportation costs to provide an intense technical assistance service in a state vary drastically from those costs you initially estimated may help you develop a realistic service plan with the TA recipient upfront, so that you don't have to hold back on providing TA services that were initially anticipated by the TA recipient.

The following section will focus on the tools and techniques that Project Directors can use to manage project costs. High quality systems include

1) Cost change control system – this system defines the procedures by which the cost baseline may be changed. It includes the paperwork, tracking systems, and approval levels necessary for authorizing changes – project directors should be transparent in communicating this system with their staff;

2) Performance measurement enables a project director to change cost allocations for project activities and decide whether any variance in outputs warrants changed in project activities or resources. This is why it is important to have a cost tracking system in place that enables you as the Project Director to determine the cost viability of particular products or services. These data can help you make decisions about future investments and can support your decisions to make changes in product development and service delivery in real-time;

3) Additional planning – it is important for project personnel to continuously monitor costs related to project output and expect that things may change over time; and

4) Tools such as software, databases, and spreadsheets. Project Directors should use systems that make sense for their organization and the scope of their projects. Software that integrates on software that the organization may already be using for staff time keeping, or other purposes if preferable. Make is easy and provide support to staff to ensure their easy and accurate use of the system.

Categorizing Technical Assistance Costs

A Project Director may want to organize the project budget, and thus expenses, in line with their logic model. For instance, if a project plans to deliver a multi-tiered system of TA (see below), this is one way that a project can organize its costs.

- Develop a system for collecting cost data. You may want to work directly with your business office to leverage any existing system or if you do have to develop a stand alone system, you would want to ensure this is aligned with your organizational requirements. The template that staff can easily complete might look like:

Project Number: Staff Member: TA&D product/service:	
# of hours you devoted to develop this product or deliver this service.	
#additional costs such as travel, materials, consultant.	
# number of participants who received the product or service.	
Additional information	

- Ask each project staff to note the number of hours that they spend weekly (or whatever period you decide) performing a particular tier of TA service. Use a system that will help you as PD to easily aggregate data across staff.

- For each product or service, multiply the number of hours that each staff reported as needed to develop a product or render a service, by the employee's loaded (this include fringe benefits) hourly rate.
- Aggregate this across staff and across time to get the loaded labor costs associated with a particular tier of service.
- Add other direct costs (ODCs) to this labor amount to get the total cost of the particular tier of service.

Support Around OSEP GPRA Performance Measures

OSEP GPRA Performance Measure #4 seeks to obtain costs of technical assistance. Additionally, OSEP requests cost data from projects in its annual program evaluation (see pages 3-4 of this guide).

Program Performance Measure #4: The federal cost per unit of technical assistance provided by the Technical Assistance and Dissemination program.

Collecting data about the costs of products and services can help Project Directors:

- Make decisions about work distribution across project staff and activities.
- Inform funding agencies and grantee organizations about resource allocation.
- Describe how funding investments are aligned with work scope requirements.
- Plan for future work.

Definitions

Calculating cost per unit begins with identification of a **particular technical assistance service rendered** or a **specific product** developed

Costs= the cost per unit of developing and disseminating the TA service or product, above. It should include labor, plus fringe benefits and other administrative fees that may be applied to a labor cost (the total of all of these costs is usually called a loaded rate).

Costs also include other direct costs (ODCs) such as consultant time to review or write a product, production costs for products, travel costs to support technical assistance, costs related to using particular software or electronic means for technical assistance.

Unit is defined by the nature of the project and by the nature of the product/service.

Specialty Technical Assistance Centers (examples)

Unit – would depend upon the level of technical assistance provided. For instance,

Proposed Performance Measure related to Efficiency

The percent of projects with a fiscal project management system and a design that includes:

- (1) Mechanisms to capture product/service cost data; and (2) mechanisms to use these data to inform / manage project resources and activities.**

Scoring

0 Points – No information provided by grantee regarding fiscal project management system.

1 Point – Grantee indicated that they have a fiscal project management system in place but, do not provide descriptive information about how the system is used to capture cost data or how the project uses the system to inform / manage project resources and activities.

2 Points – Grantee indicated that they do have a fiscal project management system and do have mechanisms in place to capture data about costs.

3 Points – Grantee indicated that they do have a fiscal project management system, have mechanisms in place to capture data about costs, and use these data to inform / manage project resources and activities.

Lessons Learned about Developing Cost Tracking Systems

The following are hints or strategies that can help Project Directors think about how to account for costs across their projects. The infrastructures and capacities of business departments at a grantee institution may affect the appropriateness of the strategy you use to account for costs. However, it is still important to develop structures for categorizing costs across a project – just makes good business sense to think about how much particular services or products cost to develop. Understanding how money is allocated within a project can help forecast work, and can help you make strategic decisions about particular services to render or products to develop.

- 1) Think about costs early in your project's launch. Build a system to capture cost information as you are developing your work plans.
- 2) Work closely with your business and billing offices to develop the infrastructure to capture costs. If staff enter the time spent on various tasks through an electronic system – is it possible to build specific billing codes into the system?.
- 3) Categorize your various technical assistance and dissemination activities (see above). Use your conceptual logic model as a way to organize these costs.
- 4) Involve your staff – all project personnel should be thinking about how costs are related to service delivery.
- 5) Believe. This takes some upfront organization – but, the investment is worth it! As we all become more accountable – the costs of doing business, and in our case, technical assistance, becomes a critical piece.

Resources and References

A Guide to the Project Management Body of Knowledge (PMBOK Guide). (2004). Project Management Institute. Newton Square: PA.

These URLs provide information on project and cost management. Project Directors can discern what information included in these sites is most useful to their work.

http://www.tutorialspoint.com/pmp-exams/project_cost_management.htm

http://74.125.95.132/search?q=cache:wIw8w5NvQscj:www.stsc.hill.af.mil/resources/tech_docs/gsam4/chap6.pdf+%22project+cost+management%22&cd=16&hl=en&ct=clnk&gl=us