



# Country Education Foundation of Australia



## Forecast Social Return on Investment (SROI) Report

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**This report has been submitted to an independent assurance assessment carried out by The SROI Network. The report shows a good understanding of the SROI process and complies with SROI principles. Assurance here does not include verification of stakeholder engagement, data and calculations. It is a principles-based assessment of the final report**

## Executive Summary

This report provides a forecast Social Return on Investment (SROI) analysis of the Country Education Foundation of Australia (CEFA).

CEFA is a national not-for-profit organisation which assists rural and remote communities around the country establish Local Education Foundations. These local foundations raise funds that are used to provide 'non-cash' grants to local youth to assist them with their transition from high school into further education, training or vocations.

CEFA's mission is to ensure that a greater number of young people as possible from rural Australia have the opportunity to pursue their chosen area of tertiary study or vocation by providing much needed catalytic financial support and community encouragement.

In 2010, a total of 28 active foundations have awarded 338 grants for a total value of \$520k (\$370k of CEFA grants plus \$150k in partner's co-funding).

In order to assess the social value that is created by CEFA's operations, CEFA engaged Social Ventures Australia (SVA) Consulting to conduct a Social Return on Investment (SROI) analysis. SROI is a framework for measuring and accounting for the broader concept of value which incorporates social, environmental and economic benefits for a range of stakeholders. It is an internationally recognised methodology that is guided by principles and a standard process.

### Social Value Creation

The primary objective of the SROI analysis is to understand and value the impact that CEFA has on the various stakeholders involved in its activities. Three stakeholder groups have been identified and engaged to identify how they have been impacted by CEFA's activities.

- **Grant recipients**

The grant recipients are not surprisingly the main beneficiary of CEFA's activities. How they benefit evolves over time: initially as the students leave high school and move to further education or training they benefit from reduced financial pressure, but as they move through their professional life they benefit from their increased education level and usually higher income. Ultimately this has a positive impact on their community and society overall.

The outcomes identified for grant recipients are:

1. Reduced financial pressure
2. Increased focus on studies often leading to higher academic results
3. Higher education level often leading to better income

- **Local Education Foundations**

Local Education Foundations' committee members reported that they had benefited from their involvement in CEFA by feeling more empowered to play an active role in their communities. They better understand the issues faced by young people in their community who are deciding on their education and professional goals.

Through fundraising events and other activities they also contribute to creating a tighter and stronger-knit community across all social and economic backgrounds and generations.

The outcomes identified for Local Education Foundations are:

4. More empowered and active local education committee members leading to increased social and economic activities for committee members
5. Increased economic activity due to the organisation of fundraising events by CEFA.

- **Education partners**

Education partners play a strategic and pivotal role in giving opportunities to rural and regional students to pursue their education and training goals. They report strongly valuing diversity and equity in their organisations and are financially incentivised to meet targets set by the government. University statistics also prove that students who are supported by scholarships are less likely to dropout from their studies, which subsequently increases revenue for universities.

The outcomes identified for education partners are:

6. Increased government funding to education partners for achieving student diversity and equity targets
7. Increased revenues for education partners due to students being less likely to drop out of their course when they are supported by CEFA

It is important to recognise that each stakeholder's value creation is dependent on the structure and model established and led by the national CEFA office.

## **Social Return On Investment**

The SROI analysis detailed in this report demonstrates that CEFA creates significant social value for all the identified stakeholders.

An investment of \$708,125 in the 2010 financial year creates \$2,181,414 of present value, resulting in an indicative SROI ratio of 3.1:1. That is, for the equivalent **of every \$1 invested in CEFA, \$3.10 is returned in social value**. Most of the value is generated and quantified in the year the grant is given (i.e.: year 1) which makes this analysis more robust and should be considered conservative as it does not over-claim in line with SROI principles.

In the sensitivity analysis we have estimated that a cash expenses only view (which would exclude the valuation of volunteers' time) would result in a higher SROI of 5.3:1

This Forecast SROI analysis should be considered as a benchmark for the measurement of impact and value creation to be achieved by CEFA in the future. It also provides insight into the type of data that should be captured in order to communicate the social impact and value creation to all stakeholders.

## **Recommendations**

The SROI analysis revealed a number of areas where CEFA could improve its operations to better demonstrate the social value it creates. The recommendations are:

- Consider even more actively targeting low Socio-Economic Status (SES) students to further encourage them to apply for a CEFA grant
- Consider engaging with students earlier in the curriculum to reduce the dropout rate from high school
- Consider leveraging CEFA's experience and influence to further help students obtain additional grants, scholarships and other support
- Consider how CEFA could further help reduce student dropout rate from university
- Refine CEFA's measurement and evaluation frameworks
- Use this SROI analysis with existing and potential donors and partners to communicate the benefits of CEFA

## **Social Ventures Australia (SVA)**

Social Ventures Australia (SVA) invests in social change by helping increase the impact and build the sustainability of social sector participants. Our investments are focused on high potential organisations that are fostering solutions to some of the most pressing challenges facing our community. SVA provides funding and strategic support to carefully selected non-profit partners, as well as offering consulting services to the social sector more broadly, including philanthropists who are endeavouring to be more strategic in their approach to giving. As a non-profit organisation at the forefront of sector development and innovation, SVA works in collaboration with sector partners, as well as government, business, and some of Australia's leading philanthropists.

## **Social Ventures Australia Consulting (SVA Consulting)**

SVA Consulting works with a range of non-profit organisations and social enterprises on customised, results-driven solutions which improve organisational performance and social impact. The consulting team also supports funders, including foundations, philanthropists and governments, to make informed decisions about their social investments.

Our professional staff has a depth and breadth of both corporate and non-profit experience, gleaned from organisations like Bain, McKinsey and BCG, positioning us well to work alongside our clients to meet their challenges. We operate throughout Australia from our offices in Sydney and Melbourne. Additionally, we partner with major strategic consulting organisations on a project basis as required.

SVA Consulting charge on a cost recovery basis – so our fees are low to keep our services accessible. We are able to offer our services at these rates thanks to the support of our major corporate sponsor Macquarie Group Foundation and philanthropist Robin Crawford. We are grateful to them for their support and vision.

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# 1 SROI Analysis

## 1.1 Purpose of the SROI

This report is a forecast Social Return on Investment (SROI) analysis of the Country Education Foundation of Australia (CEFA) for the 2010 calendar year. It provides a brief overview of the SROI methodology, project approach, the objectives and activities of the program, and the key findings and assumptions made when completing the analysis. Finally, this report includes a discussion of the SROI results and recommendations.

This report is not a review of whether CEFA's operations are sustainable or an assessment of their model. This report focuses on understanding the impact CEFA has on stakeholders. The objectives of this project were to use the SROI methodology to:

- Identify and engage key stakeholders
  - Understand what each stakeholder wants to change (objectives), what they contribute (inputs), what activities they do (outputs) and what changes for them (outcomes, intended or unintended) as a result of their involvement
- Measure and value the expected social impact
  - Understand the value created as a result of the changes experienced by each stakeholder group by using indicators to measure the outcomes and financial proxies to value the outcomes
- Use the SROI report and analysis to engage with investors
  - Demonstrate to current and potential investors the social value the program has created to attract funding to support the service
- Create a baseline analysis to drive performance improvement
  - Articulate the key drivers of social value and identify what data CEFA should gather in order to better measure and evaluate the impact of its activities

The audience for this SROI report is CEFA's board, staff, Local Education Foundations committees and volunteers as well as current or potential donors, government and education partners. CEFA will also use information from this report as marketing collateral to communicate the benefits to stakeholders.

We would like to acknowledge and thank Paula and Rob McLean, from the McLean Foundation, for their generous support in funding this analysis.

## 1.2 SROI approach

Social Return on Investment (SROI) is a framework for measuring and accounting for the broad concept of value which incorporates social, environmental and economic benefits. SROI puts a value on the amount of change (impact) that takes place as a result of the program and looks at the returns to those who contribute to creating the change. It estimates a value for this change and compares this value to the investment required to achieve that impact, resulting in an SROI ratio. It takes standard measures of economic return a step further by placing a monetary value on social returns.

The SROI methodology was originally developed by the Roberts Enterprise Development Fund in the USA, and was further developed in the UK, most recently through the Cabinet Office. Social Ventures Australia (SVA) began using SROI, customising it to the Australian non-profit sector, in 2002. SVA is now a part of the international SROI Network and is using the updated approach with ventures it supports, non-profit organisations, foundations, government departments, social enterprises and for-profit enterprises. Revised guidance and training for SROI were introduced in 2009 and SVA is using the new approach. A set of principles and a standard process guide an SROI analysis (please see Appendix A for the SROI principles). The SROI Network has also introduced a process for assuring reports and accrediting SROI practitioners.

The SROI process works by developing an understanding of the program, how it meets its objectives, and how it works with its stakeholders. Critical to the process is the development of an impact map demonstrating the impact value chain for each stakeholder group. It links stakeholders' objectives to inputs (e.g. what has been invested), to outputs (e.g. training program delivered), through to the outcomes (e.g. increase in income through employment). The process then involves identifying indicators for the outcomes, so that we can measure if the outcome has been achieved. The next step is to use financial proxies to value the outcome.

It is then necessary to establish the amount of impact each outcome has had. This involves an estimate of how long each outcome lasts and applying filters to assess whether the outcomes result from the activities being analysed. Four filters are applied to each outcome to establish the impact of the activities:

- Deadweight – what would have happened anyway?
- Displacement – were other outcomes displaced to create the outcome?
- Attribution – who else contributed to the outcome?
- Drop-off – how much does the outcome drop-off each year?

It is important to note that the SROI methodology is a tool and has a number of limitations. Based on SVA Consulting's experience in conducting SROI analyses, the following have been highlighted as being important limitations:

1. Every SROI requires judgements. How should the theory of change for each stakeholder be phrased, how should outcomes be valued, and what research should be used to validate any assumption? The SROI principles seek to address this concern through ensuring that each SROI analysis is transparent and does not overclaim.
2. Inappropriate use of the SROI ratio. There may be a propensity for organisations and investors to use the SROI ratio as shorthand for all of the analysis, thereby placing undue importance on the ratio. The SROI ratio should only be considered as part of the story given



the sensitivity of the assumptions used in the modelling: the insights derived from the SROI analysis are what really matters and will differ between organisations.

3. SROI is not appropriate for all audiences. An SROI analysis can be used as an internal management tool, for communication to external stakeholders (including investors) and for public policy debate. Different insights from the analysis should be used for different purposes.

The SROI principles which guide the methodology are described in Appendix A. The proven methodology used and the international principles applied should address the limitations outlined above.

We distinguish 2 types of SROI:

1. Evaluative SROI – validate a forecast or interim SROI to understand if the impact sought was achieved
2. **Forecast SROI** – designed to understand and predict the desired impact of a program or activity for significant stakeholders

For CEFA we have opted for a **Forecast SROI** analysis which analyses the outcomes anticipated by CEFA from the investment and activities from the 2010 calendar year.

### 1.3 Project approach

The forecast SROI analysis for CEFA was undertaken in six stages. The activities in these six stages include:

1. Scope the project
  - define boundaries and time scale for analysis
  - define stakeholders
2. Define theory of change
  - engage with stakeholders to develop an impact map which shows the relationship between objectives, inputs, outputs and outcomes
3. Evidence outcomes
  - synthesise data from stakeholder interviews into an impact map
  - identify relevant indicators and financial proxies to monetise the social outcomes, where possible
  - define the investment, both direct cash investments and pro bono contributions from the various stakeholders
  - conduct follow up interviews to verify evidence where required
  - test assumptions with other SVA and CEFA staff
4. Establish impact
  - determine those aspects of change that would have happened anyway or are of a result of other factors

5. Calculate the SROI

- add up all the benefits, subtract any negatives and compare the result to the investment. This is also where the sensitivity of the results is tested.

6. Report, use and embed

- write a detailed report which describes the methodology, assumptions made, results and recommendations
- complete a 2 page overview which summarises the SROI analysis
- report to stakeholders, communicate and use the results, and embed the SROI process in the organisation

***Who worked on the report?***

This forecast SROI analysis had input from the following individuals and organisations:

- Bertrand Maitre, the lead author from SVA, spent approximately 20 days conducting the analysis and compiling the report and assumed overall responsibility for the analysis
- Simon Faivel, an SVA consultant who is an accredited SROI practitioner, spent approximately 3 days on this project, providing peer review and support
- CEFA staff members contributed approximately 8 days assisting in the data collection and reviewing the analysis

## 2 The Country Education Foundation of Australia (CEFA)

### 2.1 Overview of CEFA

The Country Education Foundation of Australia (CEFA) is a national not-for-profit organisation that provides rural and remote communities with the know-how and support required to establish their own Local Education Foundations. These local foundations in turn provide grants to local youth who are leaving high school and need a helping hand in order to make the transition into further education, training or their chosen vocation a successful one.

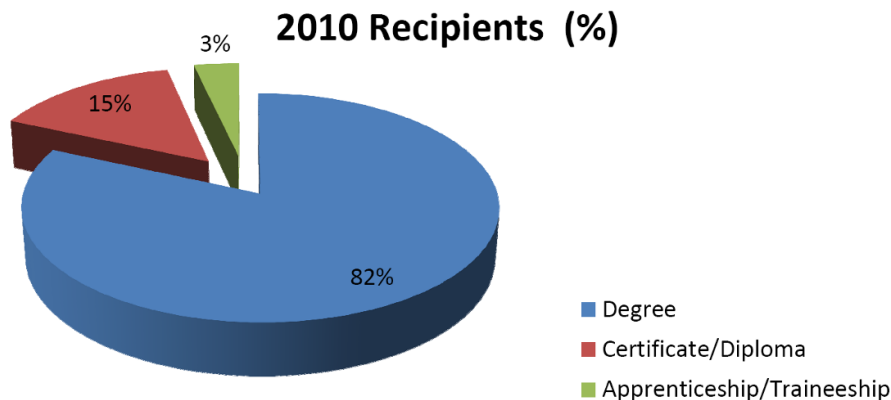
CEFA's mission is to ensure that a greater number of young people from rural Australia have the opportunity to pursue their chosen area of education, training or vocation. The participation rate of rural youth in tertiary education sits at almost 18% while for metropolitan youth the participation rate is 26%.

Since its inception in 1993, CEFA has established 40 local foundation communities across New South Wales, Queensland and South Australia. They have awarded grants to 1,385 young people, for over \$1.3m directly from CEFA plus over \$500k in partners' co-funding.

In 2010, a total of 28 active foundations have awarded 338 grants for a total value of \$520k (\$370k of CEFA grants plus \$150k in partner's co-funding).

CEFA has analysed the profile of their grant recipients for 2010. The key information is summarised in the charts below:

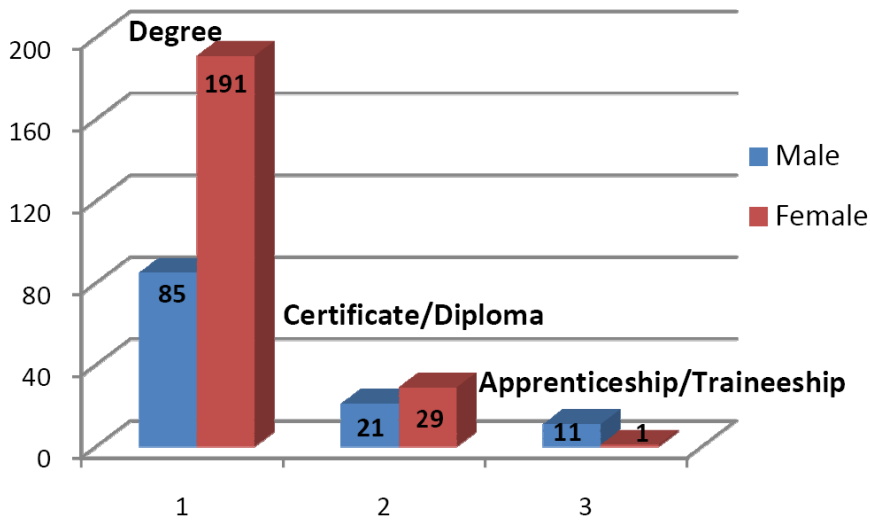
#### 2010 grant recipients by level of education pursued



Source: CEFA Head office, 2010 Grant analysis report

2010 grant recipients by level of education pursued and sex

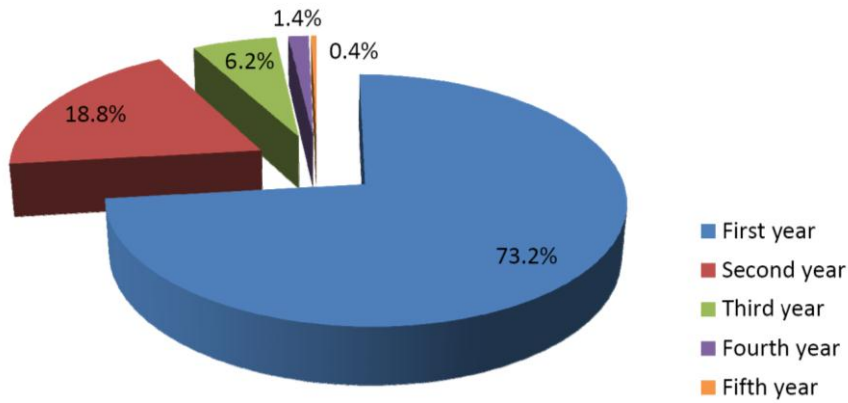
## 2010 Recipients



Source: CEFA Head office, 2010 Grant analysis report

2010 grant recipients by year of study at university

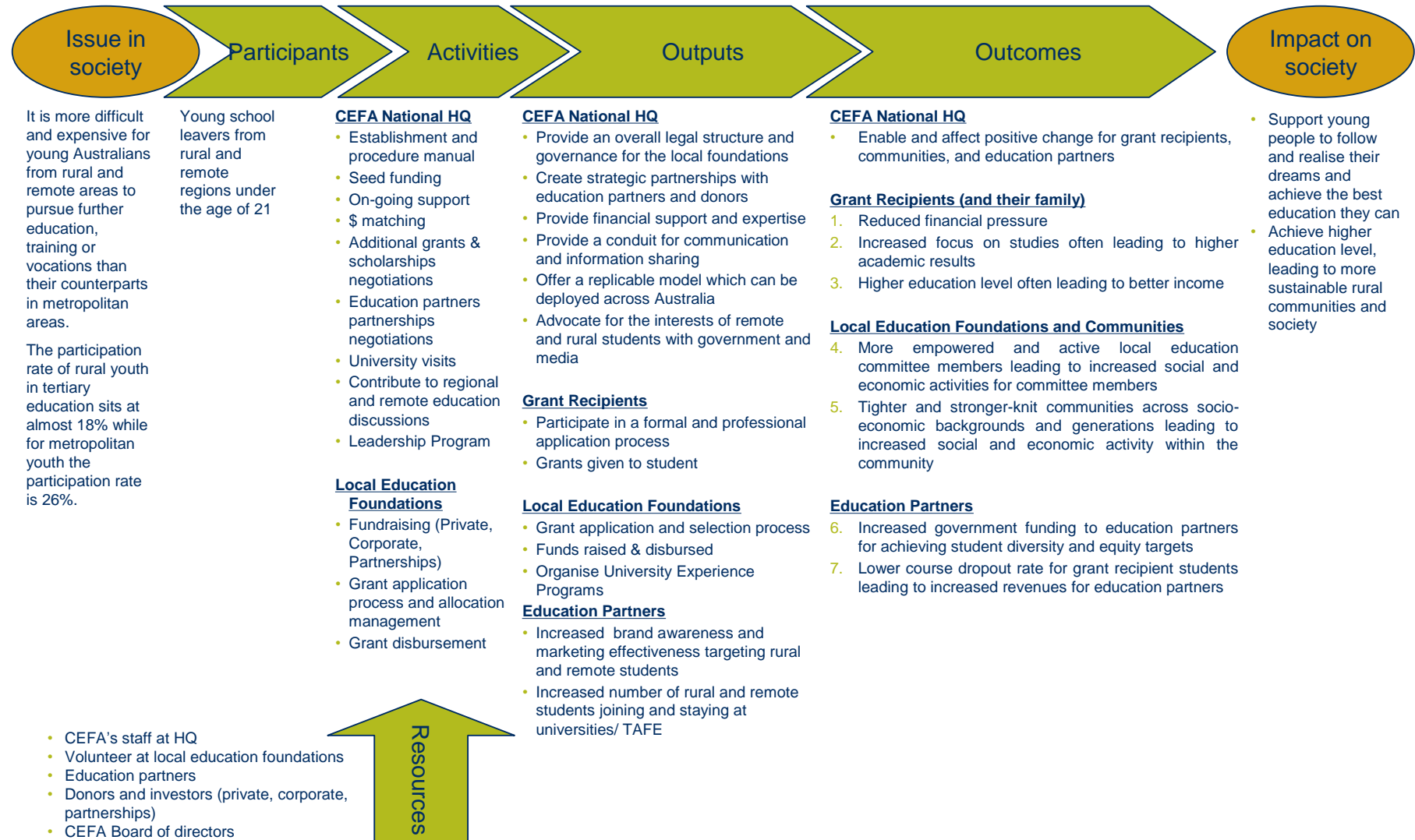
## Year of Study at University



Source: CEFA Head office, 2010 Grant analysis report

## 2.2 Program logic

Program logic defines the scope for what an organisation seeks to achieve in the changes experienced by stakeholders. The following figure shows the program logic from defining the issue in society through to the intended impact the CEFA is seeking to have on society.



### 3 Scope & key assumptions

An SROI analysis is guided by principles and a rigorous process. In an SROI analysis, it is critical to be clear about the scope and the assumptions that influence the analysis.

The first step in the SROI process is to define the scope of the work, i.e. what the rationale is for the project and what time period needs to be analysed. The next step is to define the stakeholders. In an SROI analysis, a stakeholder is defined as someone, or a group or organisation, who experiences change from the program’s activities (e.g. participants), or stakeholders who want to see change (e.g. investors). There is also a need to define the assumptions made in this SROI analysis around the “SROI filters” in order to be clear that there is no over-claiming of the impact CEFA has had on the stakeholders identified.

This section details the scope and key assumptions of the forecast SROI analysis for CEFA.

#### 3.1 Rationale for the scope

All activities undertaken by CEFA Head-Office and Local Education Foundations are in scope with the exception of the following elements:

Out of scope	Rationale
Leadership Program	This activity has been judged not material and not well enough documented to be included in the analysis
University Experience Programs	This activity has been judged not material and not well enough documented to be included in the analysis
Advocacy and lobbying for rural and remote education students	This was judged secondary to CEFA’s core activities

#### 3.2 Period of analysis

The time period for this forecast SROI analysis is one year. It includes all the activities, investments and the value created from CEFA’s activities in 2010.

The timeframes used for the duration of each outcome vary depending on stakeholder engagement and secondary research. The rationale for the duration used for each outcome is described in section 4 of this report.

It is critical to note that this is not a longitudinal study of the impact of CEFA activities or the impact on participants’ lives. This SROI analysis is a snapshot of the activities from 2010, the investment made during this period, and the outcomes that can be attributed to that investment.

#### 3.3 Overview of stakeholders

After scoping the project, all stakeholders that were impacted by CEFA’s activities were identified. The table below identifies the stakeholders and the rationale for including or excluding them from

the SROI analysis.

Stakeholder Group	Included / Excluded	Rationale
Grant Recipients	Included	Grant recipients are a major and direct beneficiaries who are, or are likely to, experience significant outcomes if the activity is successful.
Grant Recipients' families	Excluded	Families of beneficiaries should be excluded from SROI scope on materiality ground. The grant is given directly to the grant recipient and not the family. Many of them are already financially independent. CEFA's CEO confirmed that families are secondary, indirect and negligible beneficiaries.
Local Education Foundations	Included	Local Education Foundations are beneficiaries who are, or are likely to, experience significant outcomes if the activity is successful.
Communities	Excluded	Communities are too vague and not material to be included in the SROI analysis.
Education Partners	Included	Beneficiaries who are, or are likely to, experience significant outcomes if the activity is successful.
CEFA Head-Office Staff	Excluded	Although engaged throughout the SROI analysis, CEFA staff was excluded from the analysis. They were identified as an enabler for the success of the program (i.e. a means to an end), but did not experience change themselves outside their usual work responsibilities. This is consistent with advice from the SROI Network.
Local Businesses / Employers	Excluded	Secondary beneficiaries who are not materially impacted by the program.
School	Excluded	Secondary beneficiaries who are not materially impacted by the program.

Table 1: Rationale of stakeholder inclusion/exclusion

A mixture of phone, on-site interviews and on-line surveys were used to gather input. Different online surveys were developed and sent to each stakeholder group.

Please note the online questionnaire was deliberately set up to start with a mixed of open and close questions. For instance immediate impacts were asked first as an open question (Q.2) to let the recipient express their views unprompted and then as a closed question (Q.3) to validate the outcomes identified while drafting the program logic and complement Q.2.

See Appendix C for a sample questionnaire.

The table below outlines the extent to which each stakeholder group was engaged in the SROI process.

Stakeholder Group	Size of group	Number surveyed	Number of surveys received	Number of interviews	Total engaged	Rationale
Grant Recipients	338 students in 2010 <1000 students from 2005-2010	567 surveys sent (all grant recipients from 2005-10 a current valid email address)	147 surveys received	6 interviews conducted	153 students engaged (27% of students from 2005-10 with contact details)	The scope of the SROI analysis is the year 2010. But to fully appreciate the social impact achieved, we surveyed students who received grants between 2005 and 2010.
Local Education Foundations	28 foundations active in grant making that year (40 in total)	21 surveys sent	7 surveys received	7 interviews conducted	14 Local Education Foundations engaged (48%)	A large number of Local Education Foundations were involved to learn from their wealth of experience with students and the community.
Education Partners	20 partners	14 surveys sent	6 surveys received	2 interviews conducted	8 education partners engaged (40%)	Focus was on the key education partners.
CEFA Head-office Staff	2.5 FTE, 3 staff	n/a	n/a	2 interviews conducted	2 CEFA staff engaged (80%)	CEFA staff was involved all along the SROI process, except for one part-time person on holidays.

Table 2: Size of stakeholder group

Stakeholders were engaged throughout the development of the SROI analysis. All stakeholders were engaged to define outcomes, indicators and proxies. Please note that indicators and proxies were not asked in the questionnaire as we thought it would create too much confusion for the respondents but they were discussed during phone interviews and during workshops with the client.

As per the table above a total of 17 phone and face-to-face interviews were conducted to engage stakeholders.

During the interview process I discussed with the stakeholders if there was any unintended or negative change which occurred to them. There was no material change mentioned by them.

Please refer to Appendix B for detailed information on stakeholder engagement.



### 3.4 SROI filters

It is important to present a realistic and pragmatic view of the social value that was created directly by CEFA. This is done by applying a few key filters, which are discussed below. Where there was no clearly defined or measured evidence from CEFA, stakeholder interviews, surveys or secondary research to quantify an outcome, we have used the following approximations for the SROI filters.

**1. Deadweight** – Deadweight is an estimation of the value that would have been created if the activities from CEFA did not occur (ie: what would have happened anyway?). For example, thanks to CEFA the committee members spend more time socialising with each other and their community, but this could have happened anyway through other activities.

Category	Assigned Deadweight (%)
1. The outcome would not have occurred without CEFA	0%
2. The outcome would have occurred but only to a limited extent	25%
3. The outcome would have occurred in part anyway	50%
4. The outcome would have occurred mostly anyway	75%
5. The outcome occurred anyway	100%

Table 4: Deadweight description

**2. Displacement** – Displacement is an assessment of how much of the activity displaced other outcomes. For example, does the fact that grant recipients receive financial assistance with their education lower the chance of other students going to university?

Category	Assigned Displacement (%)
1. The outcome did not displace another outcome	0%
2. The outcome displaced another outcome to a limited extent	25%
3. The outcome partially displaced another outcome	50%
4. The outcome displaced another outcome to a significant extent	75%
5. The outcome completely displaced another outcome	100%

Table 5: Displacement description

**3. Attribution** – Attribution reflects the fact that CEFA is not wholly responsible for all of the value created. For example, students who pursue higher education often have better income. Other variables might impact their income so only a percentage of the wage premium can be attributed to CEFA.

Category	Assigned Attribution (%)
1. The outcome is completely a result of CEFA and no other programs or organisations contributed	0%
2. Other organisations and people have some minor role to play in generating the outcome	25%
3. Other organisations and people have a role to play in generating the outcome to some extent	50%
4. Other organisations and people have a significant role to play in generating the outcome	75%
5. The outcome is completely a result of other people or organisations	100%

Table 6: Attribution description

**4. Drop-off** – Drop-off is a measure which recognises that outcomes may not continue to last year on year and in future years may be less, or if the same, will more likely be influenced by other factors. The drop-off rate indicates by what percentage the value of the outcome declines each year. For example, the wage premium received by students who achieve higher education diminishes over time as students develop their professional working experience over the years.

Category	Assigned Drop-off (%)
1. The outcome lasts for the whole period of time assigned to it	0%
2. The outcome drops off by 25% per year from year 2 on	25%
3. The outcome drops off by 50% per year from year 2 on	50%
4. The outcome drops off by 75% per year from year 2 on	75%
3. The outcome drops off completely by the end of the time period	100%

*Table 7: Drop-off description*

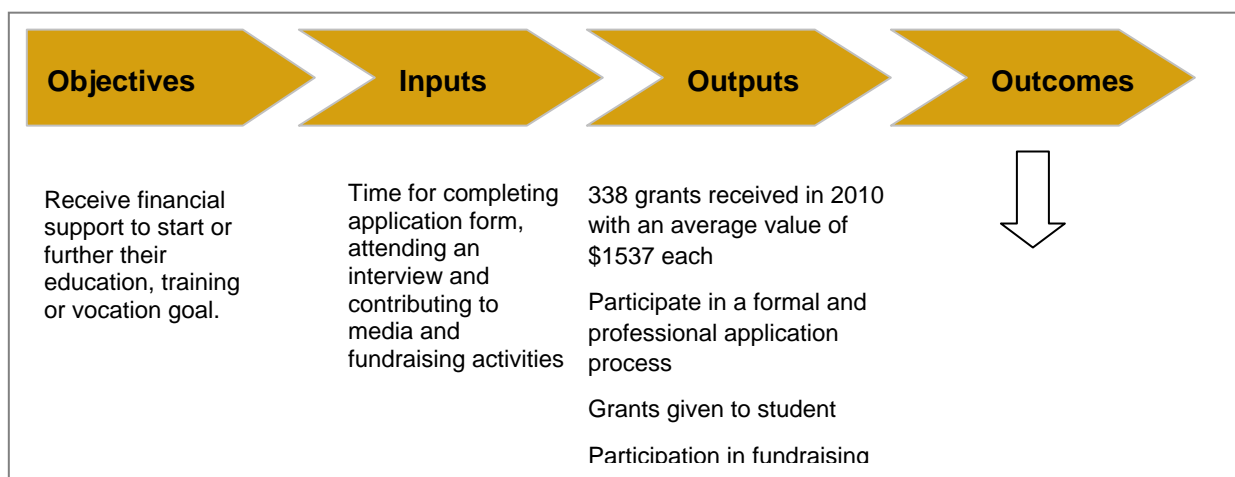
## 4 Description of outcomes

### 4.1 The theory of change by stakeholder group

The theory of change is a description of the objectives, inputs, outputs and outcomes for a particular group. This section describes the theory of change for each stakeholder group, with an emphasis on describing the outcomes experienced by each stakeholder group as a result of CEFA's activities.

While describing and valuing the stakeholders' outcomes I have been very aware of avoiding the pitfall of double counting the impact of the program. In the program logic I have identify the causal link between the activities, outputs and outcomes which occurred for the participants. I believe that the outcomes identify the analysis and valued in the impact map are mutually exclusive and independent from each other and therefore need to be valued separately. I have tried to be faithful to the voice of the stakeholder by reporting and valuing what has change in their life as a result of their involvement in the program.

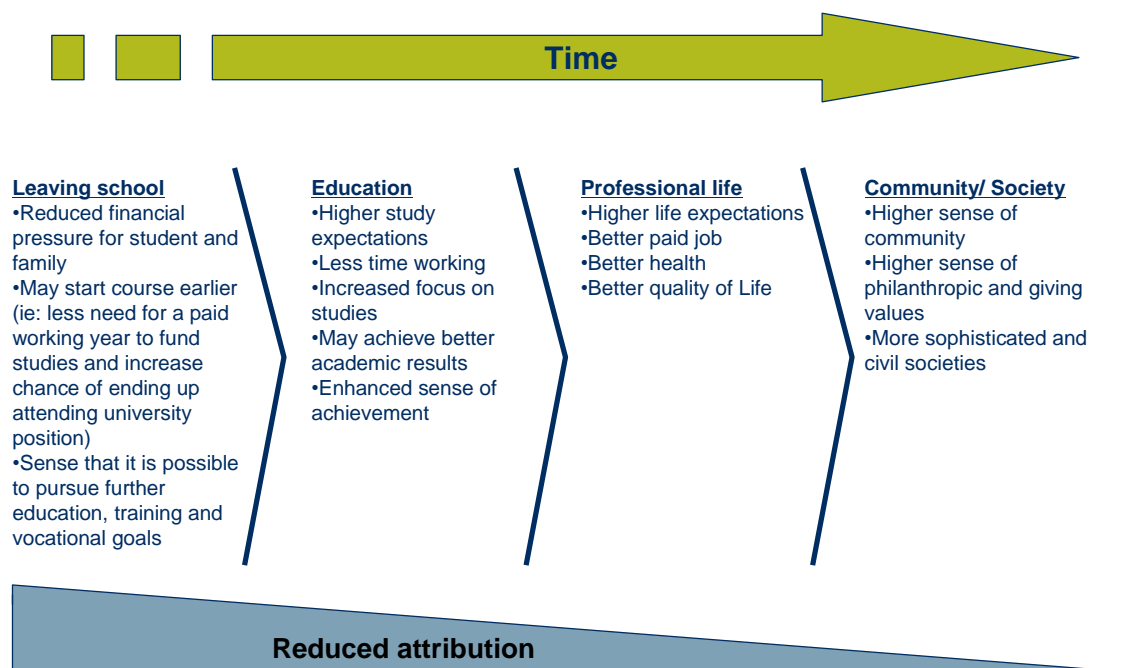
#### Stakeholder #1: Grant Recipients



The outcomes experienced by grant recipients follow a time continuum of change as detailed below. The attribution of the impact changes over time. This means that more impact is attributed and valued at the beginning when the student leaves high school and receive a grant and that the quantifiable impact diminishes over time.

By becoming a grant recipient, school leavers increase their chance of being able to pursue further education, training or vocation. By doing so they have higher study expectations and may achieve better academic results. In turns that will lead to grant recipients having higher professional expectations and likely to have better paid jobs. Ultimately this means that through their professional activity, grant recipients are more likely to play an active and constructive role in their community.

The grant recipients expressed the view that the amount of money received was a material amount for them which reduced their financial pressure. Many stakeholders stressed that they are coming from a low social economic background and that the money received had a direct and materiel impact on their immediate finance.



*"If I had not received my grant, I would have not been able to follow my dreams"*  
 Student, On-line survey, Jan 2011

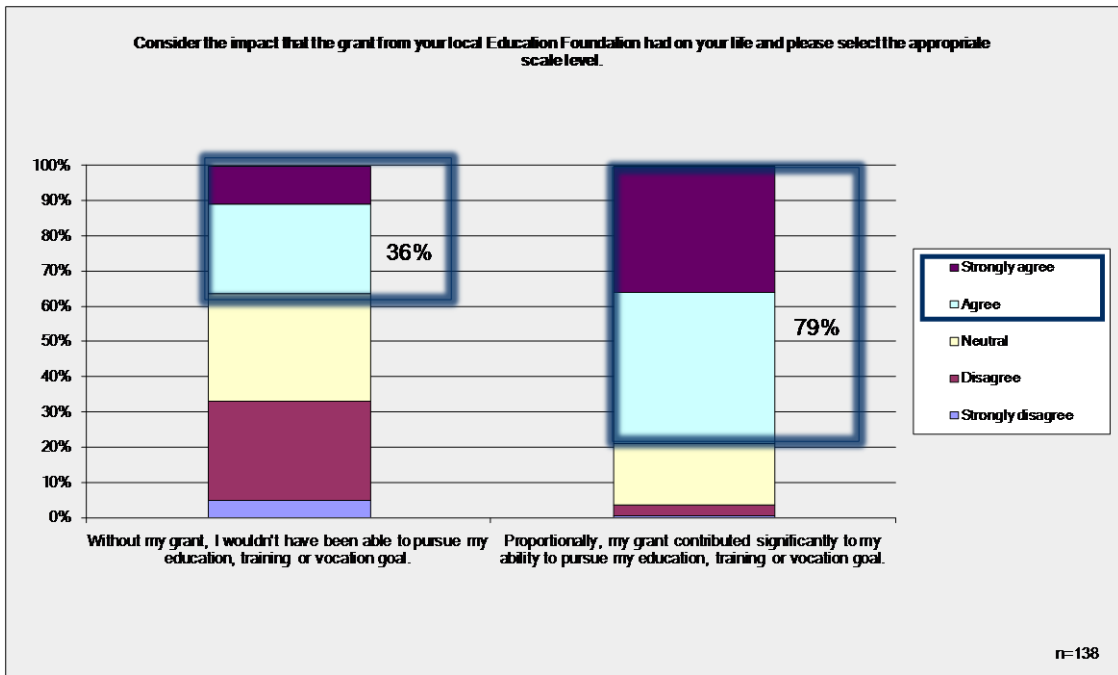
The outcomes identified as material and being the most critical for the grant recipients are:

1. Reduced financial pressure
2. Increased focus on studies often leading to higher academic results
3. Higher education level often leading to better income

*"If I had not received this support I would not be currently pursuing my aspirations so I'm eternally grateful for every effort that has been made to support me"*  
 Student, On-line survey, Jan 2011

During the survey and interviews, we have asked grant recipients to consider the impact that the grant received had on their life.

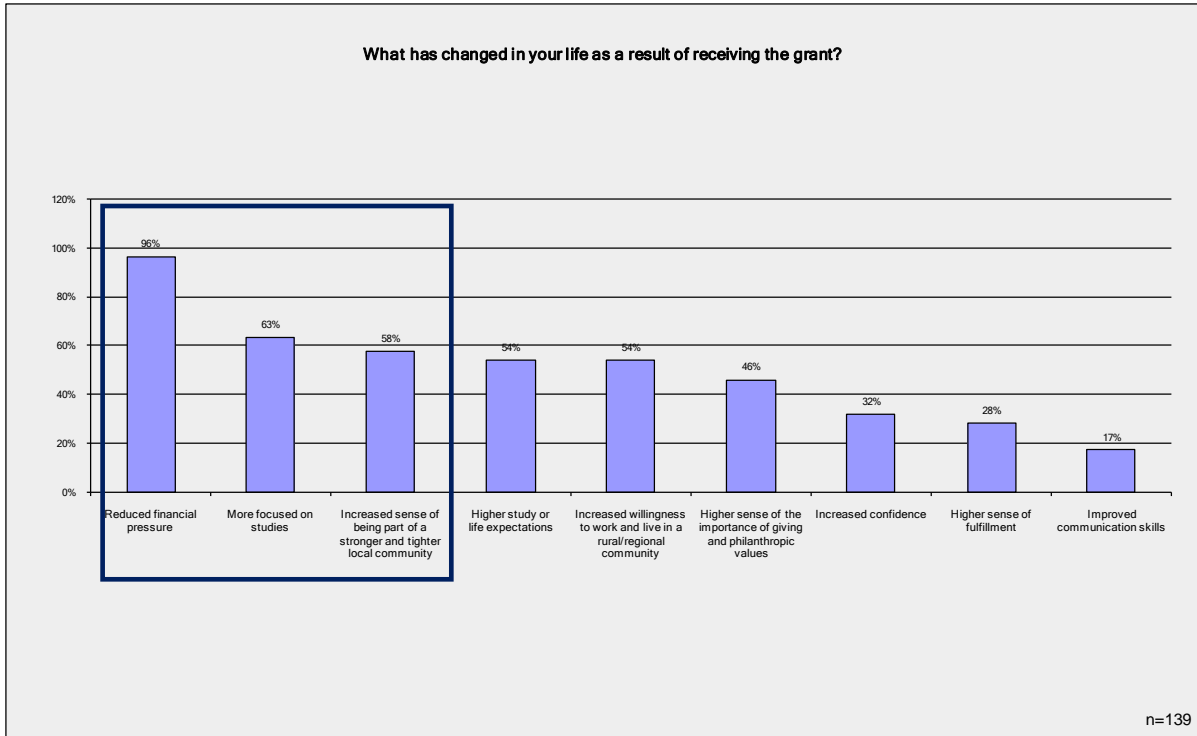
- 36% said that they would have not been able to pursue their education, training or vocational goal without the grant.
- 79% said that the grant significantly contributed to their ability to pursue their education, training or vocational goal.



*"If I had not received my grant, I would have experienced a lot more stress and I would have been struggling to further my education and would have had less time to concentrate on my studies as I would have to work a lot more to get the money I need which would have lowered my uni grades and my work wouldn't be as thorough"*  
 Student, On-line survey, Jan 2011

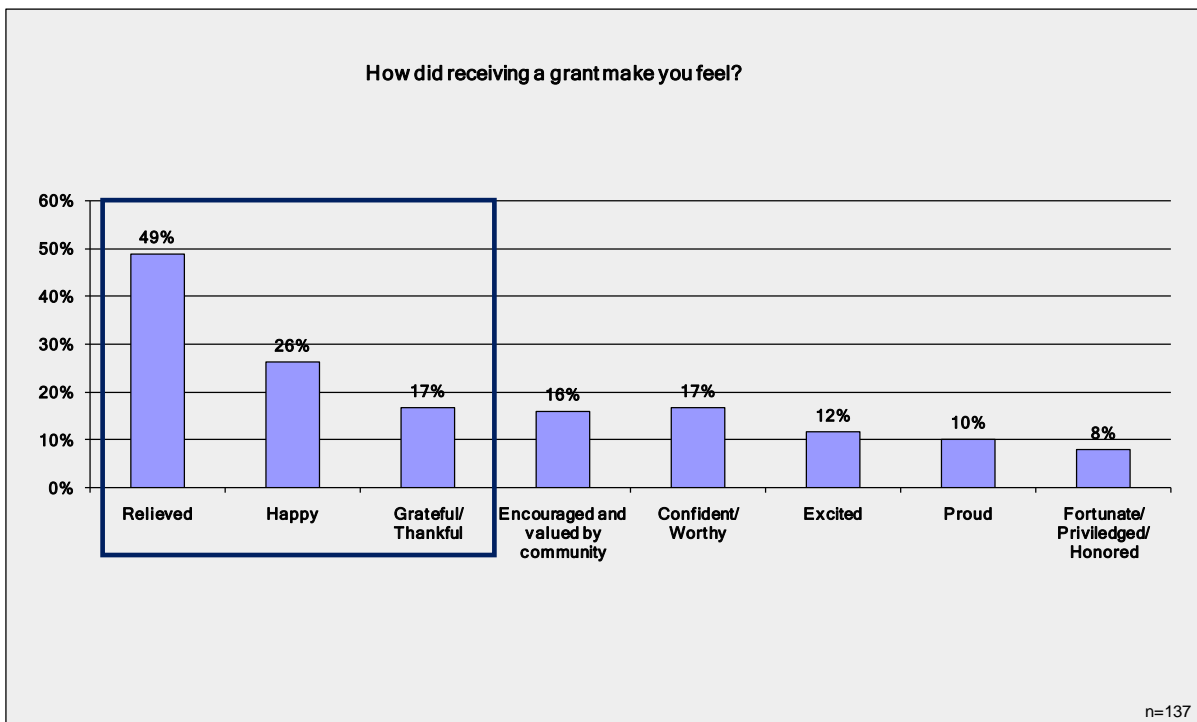
We also asked them what had changed in their life as a result of receiving the grant.

Top 3 responses are: Reduced financial pressure, greater focus on studies and increased sense of being part of a stronger and tighter local community.

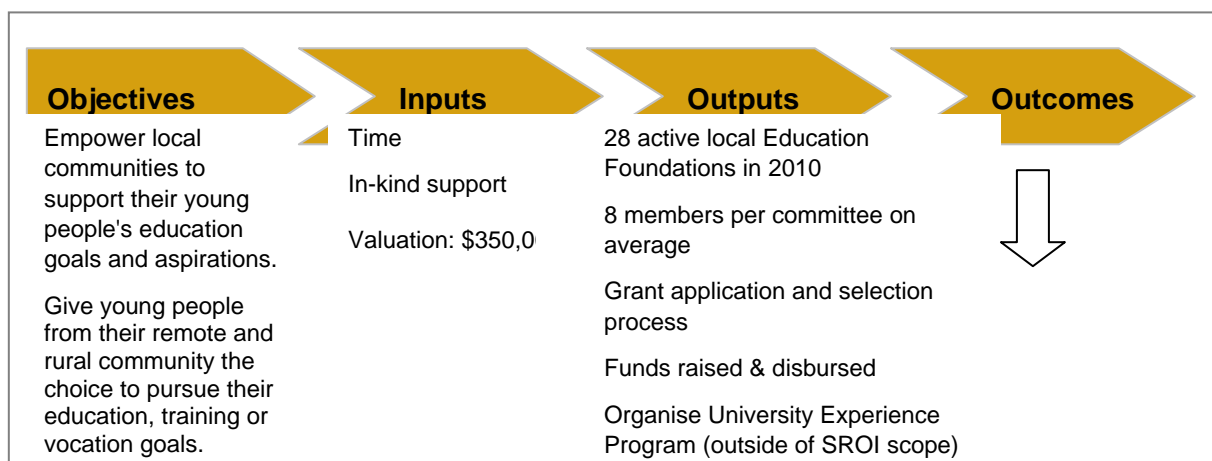


We also asked them to describe the feelings that they experienced when they received the grant.

Top 3 responses are: Relieved, happy and grateful/thankful



## Stakeholder #2: Local Education Foundations



The following is a description of the outcomes experienced by the Local Education Foundations due to CEFA's activities:

4. More empowered and active local education committee members leading to increased social and economic activities for committee members
5. Increased economic activity due to the organisation of fundraising events by CEFA.

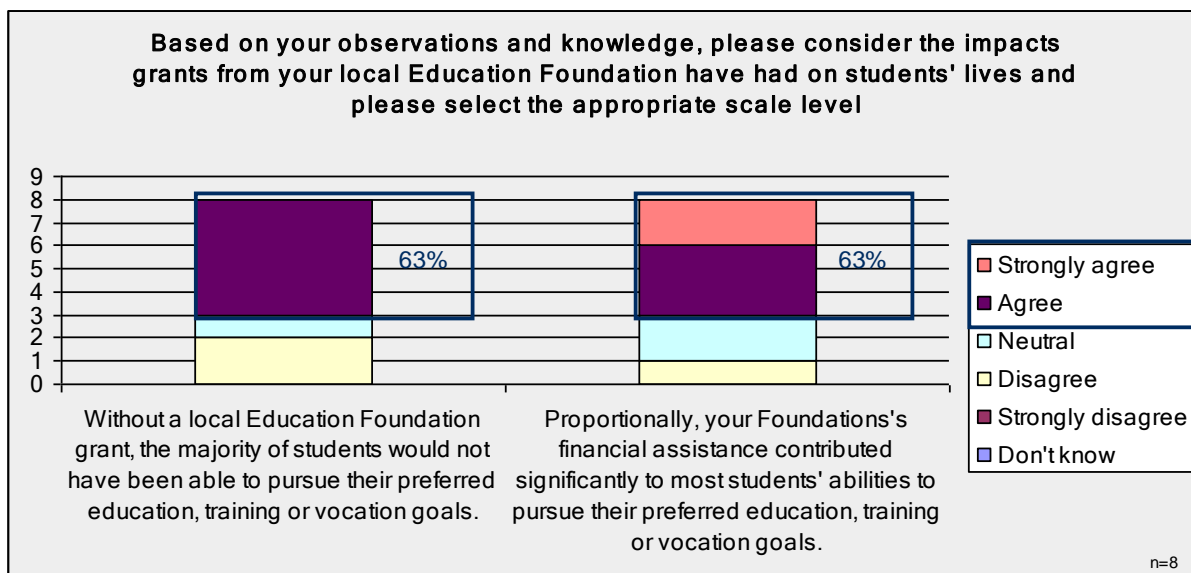
*"We are truly blessed to be part of the growing CEFA family and we look forward to continue making a positive difference"*

Local Education Foundation, on-line survey, Jan 2011

Local Education Foundations are run by a team of volunteers who feel strongly about their community. They are contributing their time, expertise and in-kind support because they value being part of a supportive community where more established members of the community help financially school leavers to pursue their vocation, study or training.

It was reported during the interviews of Local Education Committee members that they have increased their social connections with the rest the community by organising fundraising events, interviewing school leavers and generally by being more involved in their community. Also it was reported that the organisation of fundraising events has increased the economic activity of the community. Those outcomes would have not happened without CEFA's work.

The Local Education Committee members could identify fairly accurately the amount of hours they spend on the organisation. They also mentioned that the activities were often undertaken during working hours and could be considered as a professional job. If they were not doing it themselves, the organisation would have had to employ someone to cover for their duties and responsibilities.

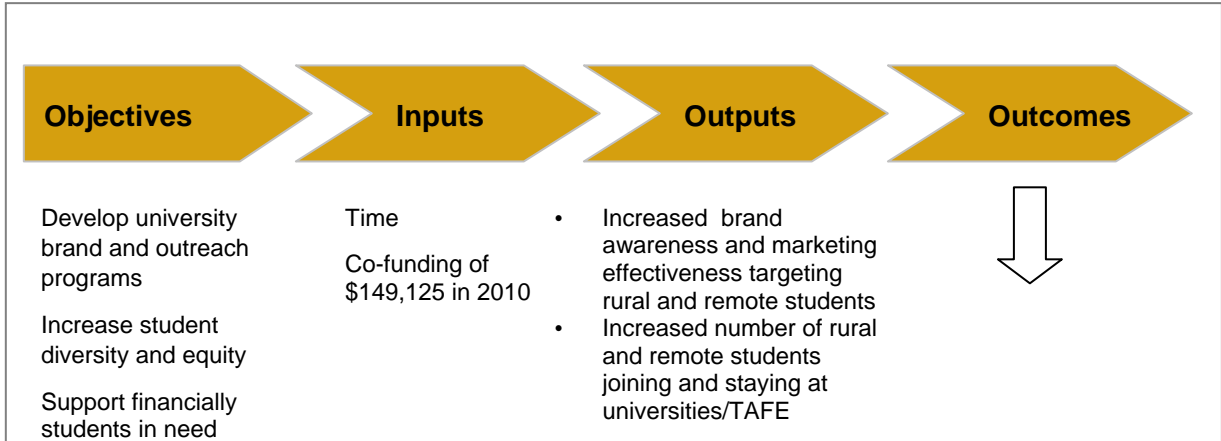


The survey completed by the local Education Foundations revealed that almost 2/3 of the respondents thought that the majority of students would not have been able to pursue their preferred education, training or vocational goal without CEFA's assistance; and that the financial assistance provided contributed significantly to most students' abilities to pursue their goals. (See chart on the next page)

*Since our committee started, there has been a significant increase in local students believing that university and other further education is possible for them. This is partly due to the financial assistance that we provide, together with the high level of information we distribute regarding government entitlements, scholarships and other assistance. Such support continues for the duration of their study. Much of this information comes from CEFA and proves to be invaluable.*  
 Local Education Foundation, on-line survey, Jan 2011



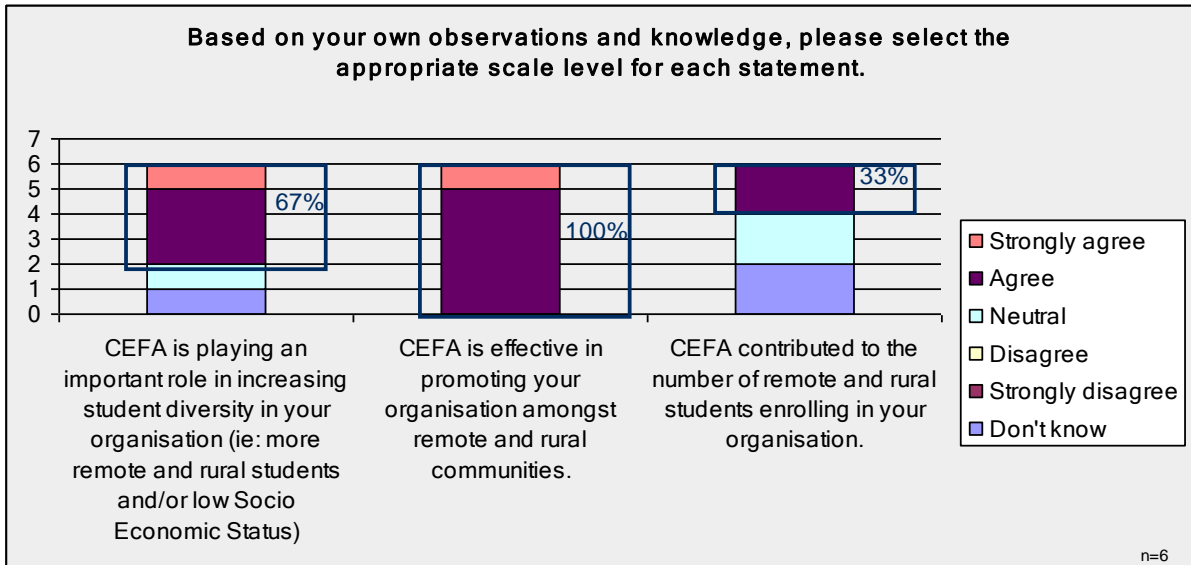
**Stakeholder #3: Education Partners**



The following is a description of the outcomes experienced by education partners due to the activities of the CEFA. These were reflected by the stakeholder interviews.

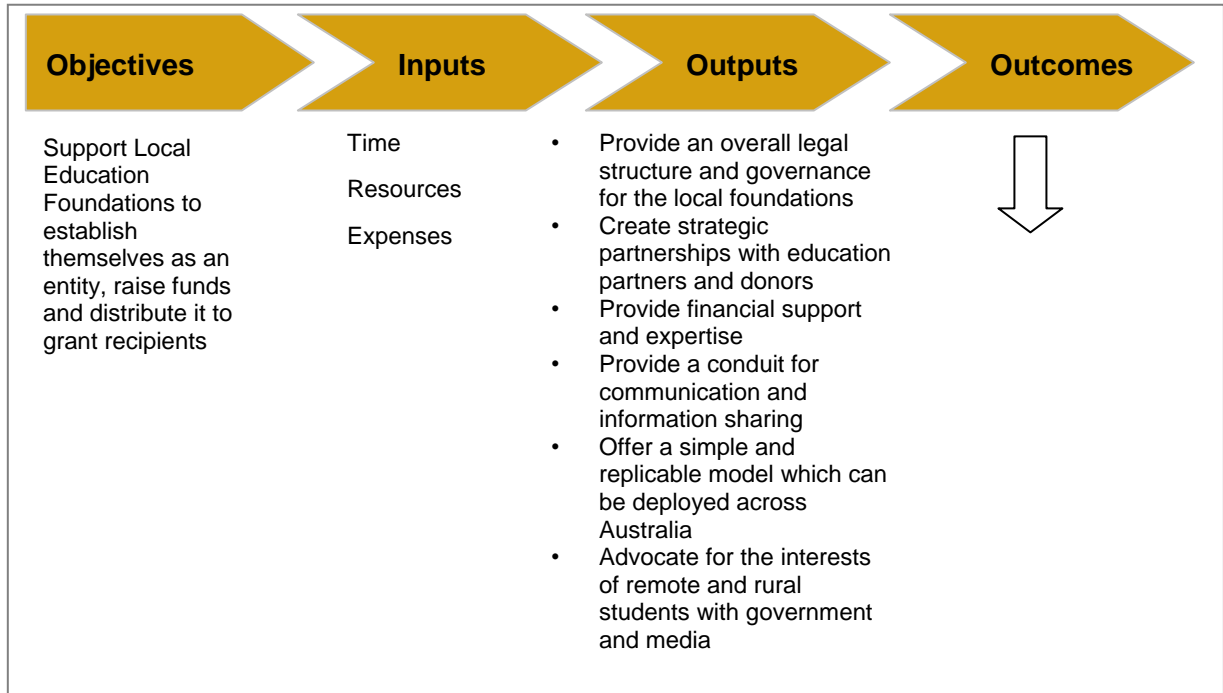
- 6. Increased government funding to education partners for achieving student diversity and equity targets
- 7. Increased revenues for education partners due to students being less likely to drop out of their course when they are supported by CEFA

*“The university is working very hard to attract students from diverse backgrounds and that is why working with organisations such as CEFA is really important to us”*  
 Education Partner, on-line survey, Jan 2011



*“It's extremely valuable because they take their education back to their own communities and further promote the importance of higher education”*  
 Education Partner, on-line survey, Jan 2011

**Stakeholder #4: National Country Education Foundation of Australia’s head office**



For the purpose of this SROI analysis, no specific outcomes have been captured for the National Country Education Foundation of Australia as the organisation is an enabler which affects positive change for grant recipients, communities and education partners. The impacts and benefits have been captured directly by those stakeholders.

## 4.2 Summary of the social value included in the SROI analysis

The following table shows each stakeholder group, the outcomes they experienced, the indicators used to measure the outcomes, whether data could be accessed to measure the outcome and, finally, if the outcome was included in the SROI ratio.

Outcomes	Indicator	Data Access	Included in SROI Ratio
<b>Grant recipients</b>			
1. Reduced financial pressure	Number of students who have self-reported to experience reduced financial pressure	✓	✓
2. Increased focus on studies and potentially higher academic results	Number of hours not required to work due to value of grant for students who have self-reported focusing more on their studies and achieving higher academic results	✓	✓
3. Higher education level often leading to better income	Number of students who have self-reported that they would have not gone to pursue further education	✓	✓
	Number of students who have self-reported that they would have delayed their course and who would have not ended up going to pursue tertiary education.	✓	✓
	Number of students who have dropped out of their course	✓	✓
<b>Local Education Foundations</b>			
4. More empowered and active local education committee members leading to increased social and economic activities for committee members	Number of hours committee members are engaged in CEFA activities	✓	✓
	Total number of active committee members involved in CEFA activities	✓	✓
5. Increased economic activity due to the organisation of fundraising events by CEFA.	Number of fund raising events/initiatives	✓	✓
	Number of active foundations	✓	✓
<b>Education Partners</b>			
6. Increased government funding based on achieving student diversity and equity targets	Number of students contributing to universities achieving government's diversity and equity targets	✓	✓
7. Increased revenues for education partners due to students being less likely to drop out of their course when they are supported by CEFA	Number of students who would have dropped out of their course without CEFA assistance	✓	✓

Table 8: Stakeholder group by outcome, indicator, data access and inclusion in SROI ratio

### 4.3 Summary of social value created

The outcomes that were able to be valued and included in the SROI analysis are shown and then discussed below for each stakeholder group.

Stakeholder Outcomes	Indicator	Financial Proxy	Total Social Value*
<b>Grant recipients</b>			<b>\$1,481,428</b>
1. Reduced financial pressure	Number of students who have self-reported to experience reduced financial pressure	Average value of grant provided	\$374,094
2. Increased focus on studies and potentially higher academic results	Number of hours not required to work due to value of grant for students who have self-reported focusing more on their studies and achieving higher academic results	Hourly rate for student paid work (ie: more time spend studying rather than working)	\$178,387
3. Higher education level often leading to better income	Number of students who have self-reported that they would have not gone on to pursue further education	Wage premium due to increased education level	\$710,626
	Number of students who have self-reported that they would have delayed their course and who would have not ended up going to pursue tertiary education.	Wage premium due to increased education level	\$34,544
	Number of students who would have dropped out of their course	Wage premium due to increased education level	\$183,776
<b>Local Education Foundations</b>			<b>\$634,000</b>
4. More empowered and active local education committee members leading to increased social and economic activities for committee members	Number of hours committee members are engaged in CEFA activities	Value of committee members' time	\$294,000
	Total number of active committee members involved in CEFA activities	Increase yearly spending related to CEFA activities	\$224,000
5. Increased economic activity due to the organisation of fundraising events by CEFA.	Number of fund raising events	Total extra value per fund raising event	\$60,000
	Number of active foundations	In-kind support received	\$56,000
<b>Education Partners</b>			<b>\$207,362</b>
6. Increased government funding based on achieving student diversity and equity targets	Number of low SES students contributing to universities achieving government's diversity and equity targets	\$ value of government funding per student coming from low SES	\$74,716
7. Increased revenues for education partners due to students being less likely to drop out of their course when they are supported by CEFA	Number of students who would have dropped out of their course without CEFA assistance	Increased revenue from course fees for university	\$132,647

Table 9: Monetised Outcomes

\* Social value calculated prior to discount rate being applied

## 4.4 Rationale for calculations

The rationale used for the calculation of each outcome is discussed below.

For further details about the calculations, please see the attached excel file in appendix D. This file includes all of the calculations described below.

### 4.4.1 Filters applied to this stakeholder group

Deadweight – What would have happened without the activity? What would have happened anyway?

The valuation of outcomes for grant recipients mainly uses self-reported data collected through an on-line survey. In order to calculate the total number of grant recipients who experienced an outcome, we used the specific number of people who reported experiencing an outcome which we then extrapolated to the total population of grant recipients. This means that no deadweight needs to be applied as the quantity calculation has already acted as a filter. This is also the logic that applied to the outcomes for the Local Education Foundations, so no deadweight was applied because the quantity calculation already acted as a filter.

During the interview process, I discussed deadweight and attribution with the stakeholders. I have asked them about what other grants or support they had received and if they would have had gone to pursue their goal or vocation without the CEFA grant anyway.

For the Education Partners, we have applied a 75% deadweight on increased revenues for education partners due to students being less likely to drop out of their course when they are supported by CEFA, as many other factors could contribute to students deciding to stop their course.

*“If I had not received my grant, I either would not have been able to attend university, or I would have had to obtain full-time employment for a year to earn the money that I would require, which would make my goal of attending university that much harder to achieve”*  
Student, On-line survey, Jan 2011

Displacement – Were other outcomes displaced to create the outcome?

Displacement is another component of impact and is an assessment of how much of the outcome displaced other outcomes. In regards to CEFA's impact we have considered that the grant given doesn't displace any activities or outcomes to generate the CEFA's outcomes.

Attribution – Who else contributed to the changes?

For the grant recipients, we have used secondary research to demonstrate that on average students with tertiary education diploma have higher incomes. To be conservative and recognise the contribution of the students themselves and other support organisations, we have only claimed 25% attribution (or 75% attribution to someone else) for income related outcomes. This still recognises that CEFA acts as a trigger for a school leaver to further pursue their education goals but is not the only organisation / person contributing to their higher income.

*“Half way through the year I was granted Youth Allowance which was also a great help. Without it and the Education Foundation's grant, I wouldn't be at uni”*  
Student, On-line survey, Jan 2011

Duration and Drop-off – How long does the outcome last for and does it drop-off in future years?

We have applied a 1 year duration for the outcomes. This is justified by the fact that the grant is given and used within the same school year. Taking in consideration the “do not over claim” principle, 1 year seems appropriate for the duration of the outcomes.

We have diverged from this rule for 2 specific outcomes:

We have applied a 5 year duration and 50% drop-off per annum to the outcome for grant recipients “higher education level often leading to better income”. 5 years of professional life was deemed a reasonable amount of time to quantify the benefits derived from further education. If the period was too long it would have been very hard to directly attribute it to a single organisation. The 50% drop-off is justified by the fact that many new other opportunities will arise for young people for increasing their income in their first couple of years of their professional life. Those variables are stress tested in a sensitivity analysis later on.

We have applied a 3 year duration and 50% drop-off to lost revenue for universities as a result of students dropping out of their course. This is because university courses are on average 3 years long and there are likely to be other factors which may result in students dropping out of courses in the future.

#### 4.4.2 Description of value creation

*“It has been the most valued gift that I'd ever received.”*  
Student, On-line survey, Jan 2011

The following is a description of the rationale used to calculate the value for each of the outcomes.

##### 4.4.2.1 Grant recipients

#### **Outcome #1: Reduced financial pressure (social value = \$374,094)**

The reduced financial pressure on students is calculated by multiplying the number of people who self-reported to experience reduced financial stress by the average value of grants provided (including co-funding) of \$1,537.

On average 72% of the grant recipients self-reported experiencing reduced financial stress. We applied the 72% to the 338 grants awarded in 2010 (=243).

The social value is therefore estimated at \$374,094 (\$1537 x 243 grants recipients)

*“The immediate impact of receiving a grant was MUCH less financial stress which meant I could concentrate on other things needed to get where I want to be without having to worry so much about the money side of things”*  
Student, On-line survey, Jan 2011

*“A huge stress relief in managing rent payments associated with living in metropolitan Adelaide. This helped me settle in to managing my finances to cover the costs associated with living away from home and studying”*  
Student, On-line survey, Jan 2011

*"Less stress, I didn't have to worry if I could afford all of my text books. Also I could now afford little extras like resource books to use for my studies"*  
Student, On-line survey, Jan 2011

**Outcome #2: Increased focus on studies often leading to higher academic results (social value = \$178,387)**

The financial support provided reduces the need for students to find paid work especially at the beginning of their degree where their focus is on adjusting to their new environment. This extra time spent studying is likely to translate into better academic results.

This outcome has been valued in terms of hours of paid work (average grant divided by average hourly student income=102 hours) not required by the students as a result of receiving the grant and multiplied by 34% of survey respondents who self-reported focusing more on their studies as a result of receiving the grant. We then applied the 34% to the 338 grants awarded in 2010 (=116).

The social value is therefore estimated at \$178,387 (116 grants recipients x 102 hours x \$15)

*"Very low reliance on casual employment to cover the immediate costs of studying and a resulting ability to focus on my learning and extracurricular activities"*  
Student, On-line survey, Jan 2011

*"It lessened the stress of finding a job instantly to offset costs, when also dealing with moving to a new place as well as adjusting to university and study"*  
Student, On-line survey, Jan 2011

*"Did not work during uni semester hence more time to study resulting in good grades"*  
Student, On-line survey, Jan 2011

**Outcome #3: Higher education level often leading to better income (social value = \$928,946)**

This outcome draws a correlation between education attainment and income level. The analysis is based on statistical report<sup>1</sup> showing the difference of income between Year 12 at 100pts and diploma/degree holders at 131pts. Cert IV and TAFE have not been included as the income difference was not judged material.

The total value is the income difference (+31pts) multiplied by the number of students who may not have achieved higher education without CEFA's support (130 students). We then applied a 5 year duration, 75% attribution and 50% drop off to the calculated impact.

The 130 students is the sum of:

- the students who have self-reported that they would have not gone to pursue further education (100)
- those who have self-reported that they would have delayed their course and who would have not ended up going to pursue tertiary education (5)

<sup>1</sup> Source: National Centre For Vocational Education Research, The demand for training, 2005 (figures adjusted for CPI increase) + income differential also confirmed by Tertiary Education Systems and Labour Markets, Stephen Machin and Sandra McNally, A paper commissioned by the Education and Training Policy Division, OECD, for the Thematic Review of Tertiary Education, January 2007

- those who would have dropped out of their course before graduation without the grant (25).

*“From receiving the grants, I was able to better focus on my studies and as a result have achieved exceptional results over my last 2 years of study. I have just been offered a full time job and full cadetship program which I will undertake over the next 3 years. If I was not supported by my Education Foundation, I strongly believe I would not have received this cadetship”*

Student, On-line survey, Jan 2011



#### 4.4.2.2 Local Education Foundations

##### **Outcome #4: More empowered and active local education committee members leading to increased social and economic activities for committee members (social value = \$518,000)**

Being part of a local education foundation is a rewarding experience for committee members who feel more empowered in their community. Also their involvement with CEFA usually encourages them to be more socially and economically active through fundraising events, dinners and time other social and community occasions. The financial proxy used to value this outcome is their additional spending on entertainment.

In addition, the time spent by the committee members in the course of their involvement with CEFA has been used to measure this outcome. The financial proxy used to value their time was the hourly minimum wage, applied to a total of 19,600 hours of support.

*“Committee members are getting a real thrill out of being involved with CEFA. They are more aware of the issues and are taking more control”*  
Chair at a local Education Foundation, Interview, Jan 2011

##### **Outcome #5: Increased economic activity due to the organisation of fundraising events by CEFA (social value = \$116,000)**

Communities are invited by Local Education Foundations to participate in fund raising events. Those events are an opportunity for significant in-kind support from the community which stimulates the economic activity of the community.

We have captured as social benefit the value of guest speakers coming to the event for free and any other support and services received for free by the Local Education Foundation. We have also included the extra spend by participants for transportation, dress, hairdresser, babysitter, food, drinks in order to attend the event/s, etc...

*“CEFA has been really good for our town. It has brought people together”*  
Committee member at a local Education Foundation, Interview, Jan 2011

#### 4.4.2.3 Education partners

##### **Outcome #6: Increased government funding based on achieving student diversity and equity targets (social value = \$74,716)**

The Bradley Review<sup>2</sup> on Australian Higher Education pointed to a number of challenges in the provision of higher education in regional and remote Australia and has set up some targets to increase diversity and equity at Australian universities.

*“Australian Government sets a national target that, by 2020, 20 per cent of higher education enrolments at undergraduate level is people from low socio-economic status backgrounds”*  
Transforming Australia’s Higher Education System, 2009

To measure whether this outcome was achieved we have considered the number of people who meet the definition of low SES. In order to value this outcome we allocated an estimated one-off

<sup>2</sup> <http://www.deewr.gov.au/HigherEducation/Review/Pages/default.aspx>

amount for contributing to the diversity and equity targets<sup>3</sup>. The government's budget for 2011 forecast that the funding allocated for low SES going into tertiary education will double next year, therefore increasing the value of this outcome in the future.

*"Our university is a microcosm of the broader community and it is essential that there is representation of all sectors at our institution so that their voices are heard in debate, discussion, and the learning that goes on"*  
Education Partner, On-line survey, Jan 2009

*"Diversity of the student mix enriches the experience of all of our students"*  
Education Partner, On-line survey, Jan 2009

**1. Outcome #7: Increased revenues for education partners due to students being less likely to drop out of their course when they are supported by CEFA (social value = \$132,147)**

This outcome is based on the fact that students who drop out of university before finishing their studies would lead to a loss of revenue for universities.

To value this outcome we have used statistics comparing the dropout rate from rural and remote students with and without scholarship assistance and multiplied it by average university fees.

*"As a recipient I hope to one day (in many years time) be able to contribute to a similar fund"*  
Student, On-line survey, Jan 2011

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<sup>3</sup> <http://www.deewr.gov.au/HigherEducation/Review/Pages/default.aspx>

## 5 Investment value

The investment (input) required for this SROI analysis is the amount that is required to generate the outcomes that have been analysed.

It is important to be able to distinguish between cash investment versus total investment including the valuation of volunteer time. In this analysis we have valued local committee members' time at \$294,000. It is based on an average number of hours spent by each committee members, namely:

Chair, Treasurer, Secretary – 150 hours per year

All other committee members – 50 hours per year

The time involved in CEFA activities has been valued at the minimum Australian wage of \$15 per hour.

The in-kind support has been valued at \$2,000 per year per foundation as reported during local Education committee interviews.

Investment used for the forecast SROI analysis	
	Nominal Value
National CEFA operations	\$209,000
Co-funding from universities	\$149,125
<b>Total Cash investment</b>	<b>\$358,125</b>
In kind support	\$56,000
Volunteers time	\$294,000
<b>Total non cash investment</b>	<b>\$350,000</b>
<b>Total investment used in SROI calculation</b>	<b>\$708,125</b>

Table 10: Investment for SROI analysis

## 6 SROI ratio

The Country Education Foundation of Australia will deliver an indicative SROI of **3.1:1** based on 2010 investment and operations.

<b>CEFA SROI Ratio</b> 3.1:1	=	<b>Present value of benefits</b> \$2,181,414
		<b>Present value of investment</b> \$708,125

To calculate the net present value (NPV), the costs and benefits incurred or generated in different time periods need to be summed. For these costs and benefits to be comparable, a process called discounting is used. A discount rate of 4.75%, which was the Australian target cash rate at January 2011<sup>4</sup>, was used for the NPV calculations.

The forecast social value created by CEFA is approximately \$1,473,289. That is:

$$\begin{aligned} &= [\text{Present value of benefits}] - [\text{Present value of investments}] \\ &= \$2,181,414 - \$708,125 \\ &= \$1,473,289 \text{ (Net Present Value)} \end{aligned}$$

This value is a conservative valuation of the social impact that will be generated by CEFA. It is assumed that any return greater than 1:1 represents good value for stakeholders.

### 6.1 Sensitivity analysis

The SROI ratio calculated is contingent on several assumptions and it is necessary to test the effect of changing these assumptions on the ratio. In doing so, we challenge the robustness of our assumptions to determine whether we can still be confident of the social value created by CEFA.

Assumptions that were tested in the sensitivity analysis for this report were:

1. Committee members' time is not valued as an investment
2. For the financial proxy "wage premium due to increase education", the attribution to CEFA is increased to 50% (from 25%) and the drop off reduced to 25% (from 50%)
3. For the financial proxy "wage premium due to increased education", the duration is increased up to 10 years (from 5 years)
4. For the financial proxy "wage premium due to increased education", sensitivity analysis #1 & #2 are combined (i.e.: the attribution to CEFA is increased to 50%, drop off is reduced to 25% and the duration is increased to 10 years)
- 5.&6. Discount rate variation
7. For all outcomes, deadweight is fixed at 50%.
8. For all outcomes, attribution is fixed at 50%.

<sup>4</sup> Reserve Bank of Australia <http://www.rba.gov.au/statistics/cash-rate.html>

9. For all outcomes, duration is fixed at 1 year

The following table describes the variable, the baseline assumption, the new assumption and the resulting SROI:

Variable	Baseline as presented in this SROI report	Assumption tested through the sensitivity analysis	Adjusted SROI ratio
<b>Baseline</b>			<b>3.1 : 1</b>
1. Committee members' time is not valued as an investment	Investment valued at \$708,125	Investment valued at \$414,125	5.3 : 1
2. For the “wage premium due to increased education”, the impact attribution is increased to 50% and drop off reduced to 25%	Outcome valued before discounting at \$928,946	Outcome valued before discounting at \$2,925,431	5.4 : 1
3. For the “wage premium due to increased education”, duration is increased to 10 years	Outcome valued before discounting at \$928,946	Outcome valued before discounting at \$957,976	3.2 : 1
4. For the “wage premium due to increased education”, sensitivity analysis #1 & #2 are combined (i.e.: the impact attribution is increased to 50%, drop off reduced to 25% and duration is increased to 10 years)	Outcome valued before discounting at \$928,946	Outcome valued before discounting at \$3,619,650	7.7 : 1
5. Discount rate	Discount rate = 4.75%	Discount rate = 0%	3.3 : 1
6. Discount rate	Discount rate = 4.75%	Discount rate = 9% (i.e.: opportunity cost)	2.9 : 1
7. For all outcomes, deadweight is fixed at 50%.	Outcome valued before discounting at \$2,322,790	Outcome valued before discounting at \$1,360,365	1.8 : 1
8. For all outcomes, attribution is fixed at 50%.	Outcome valued before discounting at \$2,322,790	Outcome valued before discounting at \$2,554,814	3.3 : 1
9. For all outcomes, duration is fixed at 1 year	Outcome valued before discounting at \$2,322,790	Outcome valued before discounting at \$1,816,451	2.4 : 1

Table 12: Sensitivity analysis

### **Sensitivity Analysis #1: Committee members' time is not valued as an investment**

The valuation of volunteer time and pro-bono support is a contentious issue. The SROI convention recommended by the international SROI network is to value all of the inputs required to achieve the outcomes. If we only include the cash investment as the investment for the SROI calculation, the SROI ratio increases significantly to 5.3:1 from 3.1:1. This highlights how important volunteers and pro-bono support are to CEFA. It also highlights a critical question about whether cash and the valuation of inputs from volunteers should be treated equally.

### **Sensitivity Analysis #2: For the “wage premium due to increased education”, the impact attribution is increased to 50% (from 25%) and drop off reduced to 25% (from 50%)**

The sensitivity analysis tests who can claim credit for the change experienced as a result of obtaining higher education and as a result being able to earn more money. We considered that CEFA played an important trigger role in broadening school leavers' expectations and ambitions to pursue their goals. In this report we have therefore claimed an attribution of 75% (i.e.: the benefit is 75% attributed to some else and 25% attributed to CEFA).

In this sensitivity analysis, CEFA attribution to the outcome has been changed to 50% and drop off has been reduced to 25% to show a more widespread impact over the duration of the benefit (currently 5 years). The total outcome for “wage premium due to increase education” would be \$2,925,431 and the new SROI 5.4:1.

In light of the size of the amount of money given out, the average duration of tertiary education in Australia and the high potential of young people to change their life quickly in their twenties, we think that the current attribution and drop off are reasonable and fair.

### **Sensitivity Analysis #3: For the “wage premium due to increased education”, duration is increased to 10 years (from 5 years)**

In this sensitivity analysis, we have increased the duration of the wage premium impact to reflect the fact that education is a life long skill which would help young people have a higher income for a long time.

A duration of 10 years has been judged too long and unrealistic for an SROI which must meet the “do not over claim” principle. It has a very limited impact over the SROI calculation which would increase to only 3.2:1. This is due to effect of the 50% drop off.

### **Sensitivity Analysis #4: For the “wage premium due to increased education”, sensitivity analysis #2 & #3 are combined**

This sensitivity analysis combines the sensitivity analysis #2 and #3, it shows an important increase in the outcome valuation to \$3,619,650 and a new SROI of 7.7:1.

This sensitivity analysis attracts the same limitations as explained in analysis #2 and #3.

### **Sensitivity Analysis #5 & 6: Discount rate**

The discount rate can also often raise divisive discussions. The discount rate used in this analysis was 4.75%. If no discount rate is used, the SROI increases slightly to 3.3:1; if a 9% discount rate is used (e.g. opportunity cost), the SROI ratio decreases to 2.9:1. Relative to the other judgements and variables made throughout this analysis, the discount rate has little impact on the SROI ratio, largely due to most outcomes having a duration of one year.

### **Sensitivity Analysis #7: For all outcomes, deadweight is fixed at 50%.**

In this sensitivity analysis, we have fixed the deadweight rating at 50% for all the outcomes.  
The total outcome before discounting would be \$1,360,365 and the new SROI 1.8:1.

**Sensitivity Analysis #8: For all outcomes, attribution is fixed at 50%.**

In this sensitivity analysis, we have fixed the attribution rating at 50% for all the outcomes.  
The total outcome before discounting would be \$2,554,814 and the new SROI 3.3:1.

**Sensitivity Analysis #9: For all outcomes, duration is fixed at 1 year.**

In this sensitivity analysis, we have fixed the duration at 1 year for all the outcomes.  
The total outcome before discounting would be \$1,816,451 and the new SROI 2.4:1.

## 7 Conclusion & recommendations

The SROI analysis demonstrates that CEFA creates significant social value for all its stakeholders.

An investment of \$708,125 in the 2010 financial year creates \$2,181,414 of present value, resulting in an indicative SROI ratio of 3.1:1. That is, **for the equivalent of every \$1 invested in CEFA, \$3.10 is returned in social value.**

Most of the value is generated and quantified in the year the grant is given (i.e.: year 1) which makes this analysis more robust and should be considered conservative as it does not over-claim in line with SROI principles.

This forecast SROI analysis should be considered as a benchmark for the measurement of impact and value creation to be achieved by CEFA in the future.

The following is a summary of the social value created:

<i>Stakeholder</i>	<i>Outcomes due to CEFA</i>	<i>Social Value*</i>	<i>Social Value per Stakeholder Group*</i>
Grant recipients	1. Reduced financial pressure	\$374,094	<b>\$1,481,428 (64%)</b>
	2. Increased focus on studies often leading to higher academic results	\$178,387	
	3. Higher education level often leading to better income	\$928,946	
Local Education Foundations	4. More empowered and active local education committee members leading to increased social and economic activities for committee members	\$518,000	<b>\$634,000 (27%)</b>
	5. Increased economic activity due to the organisation of fundraising events by CEFA.	\$116,000	
Education partners	6. Increased government funding based on achieving student diversity and equity targets	\$74,716	<b>\$207,362 (9%)</b>
	7. Increased revenues for education partners due to students being less likely to drop out of their course when they are supported by CEFA	\$132,647	
<b>Total Social Value created</b>			<b>\$2,322,790</b>

\* Before discount rate of 4.75% applied to outcomes with a duration more than 1 year



This SROI analysis identifies that significant social value was created for the three stakeholder groups:

- **Grant recipients**

The grant recipients are not surprisingly the main beneficiary with 64% of the total social value created.

How they benefit evolves over time: initially as the students leave high school and move to further education or training they benefit from reduced financial pressure, but as they moved through their professional life they benefit from their increased education level and usually higher income. Ultimately this has a positive impact on their community and society overall.

In terms of SROI, we can quantify the value created and claim some of those benefits but the attribution to CEFA decreases overtime.

- **Local Education Foundations**

Local Education Foundations directly benefit from about 27% of the total social value created.

Local Education Foundations' committee members report benefits from their involvement in CEFA by feeling more empowered to play an active role in their communities. They better understand the issues faced by young people in their community who are deciding on their education and professional goals.

Through fundraising events and other activities they also contribute to creating a tighter and stronger-knit community across all social and economic backgrounds and generations.

- **Education Partners**

Education partners are benefiting from about 9% of the total social value created.

Education Partners play a strategic and pivotal role in giving opportunities to students to pursue their education and training goals. They report strongly valuing diversity and equity in their organisations and are financially incentivised to meet targets set by the government. University statistics also prove that students who are supported by scholarships are less likely to dropout from their studies and increasing revenues for them.

It is important to recognise that each stakeholder's value creation is dependent on the structure and model established and led by the national CEFA office.

## 7.1 Recommendations

The SROI analysis revealed a number of areas where CEFA can improve its operations to better demonstrate the social value it creates. The following are recommendations for CEFA based on the SROI analysis:

- **Consider even more actively targeting low Socio-Economic Status (SES) students to further encourage them to apply for a CEFA grant** – The SROI outlines the value of focusing on students who wouldn't have been able to pursue their education, training or vocation goal without CEFA's support. CEFA plays a critical role to students who need a trigger to set their education goals. CEFA could increase its impact by trying to more pro-actively reach students from low SES background.
- **Consider engaging with students earlier in the curriculum to reduce the dropout rate from high school** – CEFA currently mostly focuses its effort on school leavers and the years beyond but it was stressed during the interview process that some students drop out before reaching year 12 and are therefore less likely to benefit from CEFA's assistance because they are not in the school system. CEFA could consider targeting this group who could hugely benefit from CEFA's assistance. "University visits" have not been reviewed and included in the scope of this SROI.
- **Consider leveraging CEFA's experience and influence to further help students from obtaining additional grants, scholarships and other support** – CEFA already plays a critical role by helping students obtain co-funding from universities and other scholarship opportunities. CEFA could increase its social impact by further leveraging other strategic partnerships and encouraging students to apply for further assistance.
- **Consider how CEFA could further help reduce student dropout rate from university** – According to a QUT equity report<sup>5</sup>, the regional and remote students' attrition rate was 15.85% in 2008 but only 7.56% for scholarship holders. This is a great source of benefits for CEFA but currently 73% of grants are allocated to first year students. It might be beneficial to think about what CEFA could do to further help reduce student drop out rate. For instance, CEFA could even more actively promote multi-year funding to further encourage student to complete their studies.
- **Refine CEFA's measurement and evaluation frameworks** - This SROI analysis has demonstrated the value of more formally engaging with stakeholders and identifying how their life changed as a result of CEFA's activities. It might be useful to use the SROI as a basis to define more precisely what information CEFA would like to capture moving forward. CEFA may decide to report annually on progress made in a monitoring and evaluation framework.
- **Use this SROI analysis with existing and potential donors and partners to communicate the benefits of CEFA** - The SROI analysis is much more than just a ratio: it is a powerful story of the impact CEFA on students, Local Education Foundations and Education Partners. CEFA should use this analysis with existing and potential donors and partners to demonstrate its impact and what it has achieved so far.

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<sup>5</sup> <http://www.equity.qut.edu.au/staff/reports/ATLC%20SUBMISSION%20QUT%20EQUITY%20SCHOLARSHIPS%20SCHEME%202009.pdf>

## 8 Appendix

### A. SROI principles

The following principles guide the work conducted for an SROI analysis:

Principle	Definition
<b>Involve stakeholders</b>	Stakeholders should inform what gets measured and how this is measured and valued.
<b>Understand what changes</b>	Articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes as well as those that are intended and unintended.
<b>Value the things that matter</b>	Use financial proxies in order that the value of the outcomes can be recognised.
<b>Only include what is material</b>	Determine what information and evidence must be included in the accounts to give a true and fair picture, such that stakeholders can draw reasonable conclusions about impact.
<b>Do not over claim</b>	Organisations should only claim the value that they are responsible for creating.
<b>Be transparent</b>	Demonstrate the basis on which the analysis may be considered accurate and honest and show that it will be reported to and discussed with stakeholders.
<b>Verify the results</b>	Ensure appropriate independent verification of the account.

For further information on the SROI principles and methodology, please see the SROI Guide published by the SROI Network in May 2009: [www.thesroinetwork.org](http://www.thesroinetwork.org)

## B. Stakeholder engagement

Below summarises the involvement of stakeholders at each stage of the project:

Stakeholder Group	Scoping	Defining Outcomes	Defining Indicators & Financial Proxies	Verification
The National Country Education Foundation of Australia organisation	✓	✓	✓	✓
Grant Recipients	x	✓	✓	x
Local Education Foundations	x	✓	✓	x
Education Partners	x	✓	✓	x

Stakeholders were engaged throughout the development of the SROI analysis. All stakeholders were engaged to define outcomes, indicators and proxies. Please note that indicators and proxies were not asked in the questionnaire as we thought it would create too much confusion for the respondents but they were discussed during phone interviews and during workshops with the client.

A mixture of phone, on-site interviews and on-line surveys were used to gather input. Different online surveys were developed and sent to each stakeholder group.

A total of 17 phone and face-to-face interviews were conducted to engage stakeholders. A total of over 600 surveys were sent out by email. 160 completed surveys were received.

### C. Questionnaire/ on-line survey template

As an example, see below the questionnaire/ online survey for grant recipients.

#### CEFA SROI - Grant Recipient

##### 1. Your Grant History

###### 1. When did you receive a grant/s from your local Education Foundation?

Please tick as many years as applicable.

 2010 2008 2006 2009 2007 2005

###### 2. How many grants did you receive from your local Education Foundation in total?

 1 3 2 4 or more

###### 3. For what pursuit did you receive a grant from your local Education Foundation?

 Cadetship TAFE Traineeship University/ Tertiary Education Apprenticeship

Other (please specify)

###### 4. What was the total dollar value of the grant/s from your local Education Foundation?

###### 5. What did you purchase with your grant?

###### 6. Did you spend the totality of the grant?

 Yes No. What percentage did you spend?

###### 7. Did you receive any other grants or scholarships to support your studies/training other than from your local Education Foundation. If yes, please specify source and amount.

Leave blank if not applicable

##### 2. Measuring CEFA's Impact

## CEFA SROI - Grant Recipient

**1. What made you want to apply for a grant with your local Education Foundation?**

**2. What were the immediate impacts of receiving a grant from your local Education Foundation?**

**3. What has changed in your life as a result of receiving the grant?**

**Please select all applicable answers.**

- Increased confidence
- Improved communication skills
- Higher sense of fulfillment
- Higher study or life expectations
- Reduced financial pressure
- More focused on studies
- Increased willingness to work and live in a rural/regional community
- Increased sense of being part of a stronger and tighter local community
- Higher sense of the importance of giving and philanthropic values

other (please specify)

**4. How did receiving a grant make you feel? Consider both anticipated and actual feelings.**

**5. Are there any negative factors arising from receiving a grant from your local Education Foundation?**

## 3. Valuing CEFA's Impact

## CEFA SROI - Grant Recipient

**1. Consider the impact that the grant from your local Education Foundation had on your life and please select the appropriate scale level.**

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Without my grant, I wouldn't have been able to pursue my education, training or vocation goal.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Proportionally, my grant contributed significantly to my ability to pursue my education, training or vocation goal.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**2. What do you believe would be different in your life if you hadn't received your grant?**

**3. What other organisations or people, if any, played a role in helping you financially with achieving your study goals?**

**4. Are there any other comments you would like to share about the impact that receiving a grant from your local Education Foundation had on your life?**

## 4. Personal Information

This information is optional but would help us better understand your profile.

**1. What is your gender?**

- Male  
 Female

**2. What was the approximate total annual income of your household at the time of receiving your grant?**

- <\$30,000  
 \$30,000 - \$50,000  
 \$50,000 - \$100,000  
 \$100,000 - \$200,000  
 >\$200,000

## CEFA SROI - Grant Recipient

### 3. Are we authorised to use quotes from your survey responses?

Yes

No

Upon request. Please enter email address.

### 4. What is your name?

Thank you very much for completing this survey, your contribution assists us in understanding the impact of the work of local Education Foundations.



## D. Impact map

The impact map details the theory of change (described in section 4.1), the indicators, financial proxies and the calculations used to calculate the social value for each outcome, and finally the SROI. Please see the document “CEFA\_SROI\_Impact Map\_v1\_final.xls”.

Stakeholders	Stakeholders' Objectives	Inputs		Outputs	The Outcomes							Deadweight %	Displacement %	Attribution %	Drop off %	Impact		
Who changes? Who wants change?	What they want to change	What they invest (description)	What they invest (Value)	Summary of activity (quantified)	Description	Indicator	Source	Quantity	Duration (yrs)	Financial Proxy Description	Value	Source	What would have happened without the activity?	What activity did you displace?	Who else contributed to the change?	Does the outcome drop off in future years?	Outcomes times proxy less attribution, deadweight and displacement	
<i>(START ON NEXT ROW)</i>																		
Grant recipients	Receive financial grant(s) to start or further their education, training or vocation goal.	Time for completing application form, attending an interview and contributing to media and fundraising activities	\$ -	338 grants given in 2010	Reduced financial pressure	Number of students who have self reported to experience a reduced financial pressure	CEFA Survey - Grant Recipients (Jan 11)	243	1	Average value of grant provided	\$1,537.20	CEFA HQ	0%	0%	0%	0%	\$374,094	
					Increased focus on studies leading to higher academic results	Number of hours not required to work due to value of grant for students who have self reported focusing more on their studies and achieving higher academic results	CEFA Survey - Grant Recipients (Jan 11)	11,892	1	Hourly rate for student paid work (ie more time spend studying rather than working)	\$15.00	www.payscale.com	0%	0%	0%	0%	\$178,387	
					Higher education level often leading to better income	Number of students who have self reported that they would have not gone to pursue further education	CEFA Survey - Grant Recipients (Jan 11)	100	5	Wage premium due to higher education level attainment	\$14,703.69	see proxy tab	0%	0%	75%	50%	\$366,775	
						Number of students who have self reported that they would have delayed their course and who would have not ended up going to pursue tertiary education	CEFA Survey - Grant Recipients (Jan 11)	5	5	Wage premium due to higher education level attainment	\$14,703.69	see proxy tab	0%	0%	75%	50%	\$17,829	
						Number of students who have dropped out of their course	CEFA Survey - Grant Recipients (Jan 11)	26	5	Wage premium due to higher education level attainment	\$14,703.69	see proxy tab	0%	0%	75%	50%	\$94,852	
National Country Education Foundation of Australia	Support local Education Foundations establish themselves as an	Time Resources Expenses	\$ 209,000.00	2.5 FTE Operating expenses													\$0	
Local Education Foundations	Empower local communities support their young people's education. Give young people from their remote and rural community the choice to pursue their education, training or vocation goals.	Time + In-kind support	\$ 350,000.00	28 active local Education Foundations in 2010 8 members per committee in average	More empowered and active local education committee members leading to increased social and economic activities for committee members	Number of hours committee members are engaged in CEFA activities	CEFA HQ	19,600	1	Value of committee members' time	\$15.00	CEFA HQ	0%	0%	0%	0%	\$294,000	
						Total number of active committee members involved in CEFA activities	CEFA HQ	224	1	Increase yearly spending related to CEFA activities	\$1,000.00	CEFA HQ	0%	0%	0%	0%	\$224,000	
						Increased economic activity due to the organisation of fundraising events by CEFA	Number of fund raising events	CEFA HQ	20	1	Total extra value per fund raising event	\$3,000.00	CEFA HQ	0%	0%	0%	0%	\$60,000
							Number of active foundations	CEFA HQ	28	1	In kind support received	\$2,000.00	CEFA HQ	0%	0%	0%	0%	\$56,000
Education partners	Increase diversity at their education organisations. Support financially students in needs for them to pursue their studies.	Time Co-funding	\$ 149,125.00	\$149,125 co funding in 2010	Increased government funding based on achieving student diversity and equity targets	Number of students contributing to universities achieving government's diversity and equity targets	CEFA HQ/ SVA	169	1	\$ value of government funding per student coming from rural and remote areas	\$442	TBC	0%	0%	0%	0%	\$74,716	
						Increased revenues for education partners due to students being less likely to drop out of their course when they are supported by CEFA	Number of students who have dropped out of their course without CEFA assistance	CEFA Survey - Grant Recipients (Jan 11)	26	3	Lost revenue from course fee for university	\$11,750.00	TBC	75%	0%	0%	50%	\$75,798
																	\$0	
																	\$0	