

Talking Points and FAQs for:
Sundance Family Foundation's Earn & Learn Program



ECOTONE
ANALYTICS

Project Summary

Key Message

For every \$1 contributed to Sundance Family Foundation's Earn & Learn program, there is a projected \$3.50 social return on investment (SROI) in present value to participating youth, society, employers and taxpayers.

- Estimated Return per youth (in present value) is approximately \$26,000 in increased earnings, improved health, increased taxes paid, reduced public assistance, and increased retention
- The participating youth themselves are the leading beneficiaries of Earn & Learn, followed by Employers and Taxpayers.
- Average Cost per youth served by an Earn & Learn grantee is approximately \$7,600
- \$28 million in net benefits generated for Earn & Learn, based on 1,500 youth served

SROI Summary Figures

Total SROI	\$3.46	Explanation
Youth	\$1.62	Increased earnings, increased fringe benefits, improved mental and emotional health, opportunity cost of program participation
Taxpayers - Federal	\$0.36	Additional taxes paid
Taxpayers - State	\$0.29	Additional taxes paid, Avoided criminal justice costs
Taxpayers - Local	\$0.15	Additional taxes paid, Avoided criminal justice costs
Society	\$0.26	Avoided cost to victims
Employers	\$0.79	Reduced recruiting, hiring, and onboarding costs

Monetized Outcomes

Outcomes monetized include:

- Increased earnings and benefits associated with those earnings (e.g. health care, PTO, etc.) for youth
- Reduced recidivism / justice involvement for youth
- Improved Mental and Emotional Health / Reduced substance use by youth
- Reduced use of Public Assistance by youth
- Foregone earnings from program participation for youth
- Increased job retention / reduced hiring costs for employers

Core Assumptions

This analysis takes a prospective approach to estimating the value generated by Earn & Learn programs by comparing the estimated outcomes achieved by youth who participate in a program versus if they did not participate.

Ecotone Assumptions

- The SROI for Earn & Learn includes a representative average cost and benefit of multiple types of services.
- Youth served are 18-24 years old, low-income and/or from communities of color, tend to not be attending a post-secondary institution, and are unemployed or underemployed.
- All youth served experience social-emotional learning, community engagement and workforce readiness supports.
- Youth participating will on average experience the types of outcomes noted in the existing evidence base - a combination of Earn & Learn grantee-specific evaluations and external literature on programs bearing similar characteristics. Costs and the monetized value of the outcomes experienced will align with the existing evidence base as well.
- Youth will participate in one Earn & Learn program (as opposed to combining the services of multiple programs together).
- Benefits are in comparison to not having participated in a single Earn & Learn program.
- Value estimated is a result of the services provided by the grantee (i.e. the service provider) - value is not attributed to Sundance Family Foundation although their role in facilitating the value creation is important.
- Earnings gains accrue for 5 years, in alignment with workforce development literature, and calculated as a present value with a discount rate of 3%.
- Approximately 40% of youth served have previous justice involvement with the estimated value of avoided recidivism being derived from programs targeting justice-involved youth only.

General Project FAQs

What is the purpose of this analysis?

- To accurately account for the social value generated from an Earn & Learn program and to communicate that value with target stakeholders
- To provide an evidence-based valuation of the impact and identify the people to whom the benefits accrue

What is Social Return on Investment?

Social Return on Investment (SROI) is an adaptation of the financial ROI metric. It is used to measure social, environmental and economic gains (also referred to as returns) as a result of an investment. It accomplishes this by placing financial value on the social, environmental and economic gains identified such as increased employment and reduced recidivism. It does not include non-monetizable impacts i.e. those impacts that we may be unable to attach a robust estimate of monetary value to, such as the value of increased self-esteem.

There are two primary definitions of SROI used in the field of impact accounting.

- 1. A benefit-cost ratio:** This is the value generated for every dollar invested. It is calculated as:

$$\frac{\text{Social + Environmental + Economic Benefits}}{\text{Investment}} = \text{Social Return on Investment (SROI)}$$

This is the definition used by Ecotone to communicate value creation. For example, the SROI shown on the visualized Impact Value Map is the “Estimated Return on Investment per youth” divided by the cost figure “Average Cost per youth”, resulting in an SROI of \$3.50.

- 2. A percent return:** SROI can also be communicated as a percentage, similar to a typical financial return. The calculation of the SROI in this case is:

$$\left(\frac{(\text{Social + Environmental + Economic Benefits}) - \text{Investment}}{\text{Investment}} \right) * 100 = \text{Social Return on Investment (SROI)}$$

When calculating the return as a percentage, the size of the investment is subtracted from the benefits generated so as to isolate the net benefit from the investment. For Earn & Learn, this definition results in an SROI of 250%.

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Future development of the field will likely isolate a single definition. We note them both here to clarify our own calculation as well as enable increased understanding of SROI metrics a client may see elsewhere.

How does SROI compare to ROI?

ROI is a purely financial calculation, often communicated as a percent return:

$$\left(\frac{\text{Financial Gain from Investment} - \text{Investment}}{\text{Investment}} \right) * 100\% = \text{Return on Investment (ROI)}$$

ROI alone does not measure the full impact of a program.

What is a non-monetized impact?

In addition to impacts monetized in the SROI estimation, there are impacts that are not monetized due to their intangible nature and/or the lack of quality data to support monetization presently. As future studies are conducted however, certain impacts may become monetizable.

How does this valuation differ from an economic impact study?

This analysis is focused on monetizing social impacts. This is distinct from an economic impact study given that we are not including estimations of economic growth, business activity, indirect employment changes. While social impacts certainly can influence economic conditions, that is beyond the scope of this analysis.

What is Ecotone Analytics GBC?

Ecotone is a Minneapolis-based impact accounting and stakeholder communication firm. Its mission is to help clients scale their social and environmental impact by communicating impact value to stakeholders and investors.

How did Ecotone calculate SROI? What was Ecotone's process?

Ecotone's process analyzes and combines external literature of the highest level of evidence of causality with internal organization data to quantify and project the potential value of an organization's impact while identifying the people and entities to whom the benefits accrue. Where possible, outcomes were monetized. When monetization was not possible, non-monetizable outcomes were noted. This analysis is conservative and transparent in all calculations to ensure nothing is overstated, there is credible evidence, and there is no double counting of value.

What is a 'good' SROI?

While there is no standard definition of what a 'good' SROI consists of, the first step in noting the cost effectiveness of the investment is simply having a return greater than the costs, i.e. an SROI greater than \$1. In some investor communities, an SROI of \$2.50 is used as a benchmark for screening potential investments. This benchmark however is not based on evidence that a return below \$2.50 is 'bad', but simply that it has served as a tool to limit those investments under consideration. This inherently places greater importance on those interventions that are able to more readily monetize their outcomes, as well as those interventions that have more near-term impacts, being less burdened by discount rates tied to long-term outcomes.

Further, using a single SROI benchmark across all sectors is risky, as different sectors are associated with greater SROIs. Comparing a workforce development SROI to an early childhood program's SROI becomes a comparison of apples and oranges. We recommend comparisons between programs that are as similar as possible - and even then there may be nuance that is important to recognize. This nuance however is that aspect unique to organizations from which they can better manage and maximize their impact, using the SROI as both an external facing communication piece, but also, and equally important, the SROI becomes that internal accounting tool to understand organizational impact, recognize value pathways, improve KPIs, understand key assumptions and seek new learnings.

Project Specific FAQs

What resources were used for this analysis?

Many external resources were used, ranging from rigorous experimental evaluations to descriptive studies. A full bibliography is included at the end of the technical documentation and is ranked by level of evidence of causality. Whenever possible, resources with higher levels of evidence are utilized over lower levels of evidence.

How were costs estimated?

Costs in this analysis are based on the estimated cost borne by the grantee organization to serve each youth. This does not include the costs borne by Sundance to facilitate the Earn & Learn program or provide support to the grantees beyond the funding itself. The cost data used comes from those figures provided by grantees who applied to the Earn & Learn program as well as the cost estimations included with evaluations of external programs that provide similar services. This does open us up to potential risk of not fully accounting for all the non-financial costs we would typically include such as volunteer time, in-kind donations, etc.

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As the program develops there will be greater understanding of the extent non-financial resources are utilized in program delivery, allowing us to revise the current cost estimation.

How did we manage the variety of program types that align with Earn & Learn?

Through multiple milestone meetings with Sundance we discussed and identified the key components representative of an Earn & Learn grantee including those program features that will be of focus and developed by service providers with the support of Sundance. Based on this recognition of services, our review of external literature identified existing evaluations of programs that bore similar characteristics. Given the breadth of types of programs that were deemed to be representative of Earn & Learn, we identified multiple experimental evaluations and aligned those with specific types of programs to be funded by Sundance. From there we created an average SROI for each program type and then combined parts of these programs to create an average SROI of Earn & Learn as a whole.

Our review of external literature however noted a limited evidence base with regard to existing, experimental evaluations of a program that effectively mirrored the components of interest to Sundance. Future analysis would benefit from evaluations that are specific to those organizations participating in the Earn & Learn program.

How did you calculate the benefits?

The table below provides an annotated description of what each outcome consists of. The full description of the estimation process and citations for the sources used are included in the technical document, a separate deliverable for this analysis.

Outcome	Description
Increased Earnings	Net present value of additional earnings over next 5 years
Recidivism / Justice Involvement	Average avoided costs of recidivism, multiplied by proportion of youth assumed to have previous justice involvement
Mental and Emotional Health / Substance Abuse	Average avoided costs of substance abuse due to social-emotional learning
Public Assistance	Average avoided costs of administering public assistance programs due to youth no longer benefiting from that support and taxpayers no longer paying for it
Opportunity Cost of Program Participation	Average foregone earnings by participating youth from time spent learning and engaging in Earn & Learn
Increased Retention	Average avoided cost for the employer from making an additional hire to replace the youth who did not remain in the position
Job Benefits	30% of net present value of additional earnings over next 5 years

What is the 'shelf life' of the analysis?

Generally, if elements in the cost structure change, if there's a new randomized longitudinal study linking Earn & Learn programing and funding to improved outcomes, if the types of Earn & Learn services changes significantly, or if the population served by Earn & Learn changes, then the SROI would likely need updating as well.

What are the greatest uncertainties in the analysis?

Several uncertainties exist within the SROI estimation:

- The extent programs with evidence are reflective of the programs participating in Earn & Learn that do not have evidence
- We do not know everything about the organizations applying to Earn & Learn nor the other organizations with evaluations previously conducted. We are only utilizing information included in a grant application or noted in an evaluation on the program. The grouping of program types should be considered preliminary in order to put 'handles' on the variety of potential programs.
- Other programs may also apply to and join the Earn & Learn program at a later date which depending on how this shifts the types of services provided, may lead to an alteration of the SROI estimate.
- The proportion of youth served who would receive and would benefit from the different program types, i.e. needing stabilization supports vs. career exploration vs. being focused on entering a new career through a registered apprenticeship program.
- The structure of how SEL, community engagement and workforce readiness will be delivered in practice. Our review of literature, particularly with regard to SEL noted multiple forms, each of which fall into the broad category of SEL. It may be that different programs in Earn & Learn will each implement SEL in a different way, leading to both varying levels of benefits and perhaps even different types of outcomes. The implications of SEL will also vary by the particular context of each participating youth (e.g. family situation, housing stability, academic credentials, etc.). Retrospective analysis of outcomes experienced will serve to address this uncertainty in the future.
- The proportion of youth experiencing specific barriers. The current estimate is based on broad community level indicators but the actual characteristics will be contingent on the organizations selected to be a part of Earn & Learn given that some of them specialize in addressing specific barriers, such as working with youth with previous justice involvement.

Other uncertainties limited the types of outcomes that could be monetized. These included:

- The proportion of participants with children and how the children benefit from their parent(s)' experience in the program
- The extent the improvements in mental and emotional health would translate to physical health and the

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resulting scale of avoided health care expenditures and improved well-being.

- The extent programs will help youth enter the 5 target industries identified by the State of Minnesota and with which Sundance is aligned (health care, advanced manufacturing, transportation, agriculture, and information technology). As well as the extent youth will want to enter these industries. Further information on this could help build evidence for adjusting and potentially increasing the scale of earnings received.

What would make the SROI higher?

Multiple factors would increase the SROI of this analysis, although in some cases they may not align with the organization's mission. Those strategies noted here are based on existing evidence, such that additional studies would not be required to incorporate this value.

- Increased targeting of youth who have selected a career path and programming geared towards that career
- Focus on youth at the upper end of the 18-24 year old age group may support greater monetized benefits due to older youth tending to have larger earnings gains, although this targeting approach may belittle the need for on-ramps for youth aged 18-19.
- Less time in career exploration while maintaining similar outcomes. It is unclear the extent career exploration supports long term gains however.
- Addressing more barriers may also support greater returns by means of targeting those who would most benefit from an Earn & Learn opportunity.
- Increased orientation of the grantees towards the 5 target industries, particularly in regards to supporting receipt of a certification in one of those industries

How is this analysis different from other Ecotone analyses?

Each SROI analysis with Ecotone must take a slightly different approach in response to the extent client-specific data and effect sizes are available. Given the broader nature of Earn & Learn and the variety of program types that could align with it, we took a broader approach to the literature so as to account for this variation and built a framework to categorize types of programs in order to isolate their alignment with the different programs that could participate in Earn & Learn. While the breadth of research and development of a framework to categorize programs is a less common approach for Ecotone analyses (given other analyses' focus on specific service providers), like many other analyses, this is a prospective estimation based on existing evidence. The outcomes that are monetized are those frequently referenced and studied with regard to programs supporting disadvantaged 18-24 year olds. Future study of these programs may allow for integration of other outcomes such as increased economic activity from increased educational attainment, benefits to the 2nd generation (children of participants), etc.

How did the State's 5 target industries inform the analysis?

While the existing evidence did not often align with the 5 target industries (health care, advanced manufacturing, transportation, agriculture, and information technology), we separately pulled data from DEED and estimated the potential additional earnings to be gained from working in those 5 industries as opposed to all other industries when utilizing a similar level of education - in this case focused on the earnings associated with certification attainment in the target industries. As a result, we have several signals for the increased potential social value that could be realized from targeting these industries, but the limiting factor is our current understanding of how the program influences youth employment and educational attainment to begin with, let alone how their earnings will vary based on the industry they decide to work in. Thus, we were not able to directly include earnings from the 5 target industries in the SROI estimation, but as the Earn & Learn program is implemented there will be opportunities for data collection that will allow for revision of the SROI estimation to include the realized earnings gains made and to see how they vary by the industry the youth enters.

How were the target Key Performance Indicators (KPIs) developed?

- Earn & Learn does not currently have data to inform KPIs. Target KPIs were estimated by reviewing Sundance's previous youth social entrepreneurship (YSE) program as well as external literature. KPIs are detailed in the accompanying technical document.
- While the YSE program included youth down to 14 years of age, the core elements of SEL, community engagement and work readiness remain the same as Earn & Learn suggesting potential transferability of impact estimations.
- However, the barriers experienced by youth 18-24 may be larger than those of YSE youth, introducing some uncertainty to the KPIs.
- It is important to make clear that an increase of 40% of youth reporting improvements (as projected) is significant, measuring favorably against the external literature.
- Economic effects of COVID-19 create further barriers to opportunities as well as restrict the capacity of existing organizations. Implications for program KPIs from COVID-19 is unclear.

Why identify the United Nations Sustainable Development Goals?

These are the blueprint, established by the United Nations, to achieve a better and more sustainable future for all and include 17 distinct goals. They serve as an easily recognizable marker of agreed upon impact areas for stakeholders.

See the table on the next page for Sundance Family Foundation Earn & Learn's alignment with the UN SDGs. For more information, visit: un.org/sustainabledevelopment

Sundance Family Foundation's Earn & Learn alignment with the UN SDGs

Goal 1. End poverty in all its forms everywhere



Target 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Target 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

Goal 3. Ensure healthy lives and promote well-being for all at all ages



Target 3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol

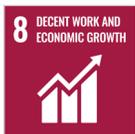
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Target 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

Target 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Target 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
Indicator 8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities

Target 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training
Indicator 8.6.1 Proportion of youth (aged 15–24 years) not in education, employment or training

Strategy 8.B By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization
Indicator 8.B.1 Existence of a developed and operationalized national strategy for youth employment, as a distinct strategy or as part of a national employment strategy

Goal 10. Reduce inequality within and among countries



Target 10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

Target 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

What is the Impact Management Project and its Five Dimensions of Impact?

The Impact Management Project (IMP) is a community of 2,000+ organizations building consensus on how to measure, compare and report impact on environmental and social issues. The IMP community has developed a set of 5 dimensions of impact in order to help build consensus and a common language when organizations and investors discuss their impact. This has been a rapidly growing field, and future alignment of Sundance's impact with the 5 dimensions could help attract additional investment.

See the following page for two tables:

1. Sundance's alignment with Impact Management Project's Five Dimensions of Impact
2. Impact Management Project's Five Dimensions of Impact Defined

What is "impact risk mitigation" as included with the IMP 5 dimensions of impact?

Risk is the 5th dimension identified by the IMP community. This accounts for the 'risk' of not achieving the desired impact from a given program. It's use is analogous to the commonly used 'risk-return' profile with financial investments. In the case of social value, the risk is not the risk of losing one's investment, but the risk of not generating the social value as projected. In order to strategize and communicate how this risk will be mitigated, IMP identified several types of risk that may influence the resulting impact. Some of them are specific to the program itself, such as execution risk (program not delivered as planned) or efficiency risk (resources could have been delivered more efficiently elsewhere) while other external risks such as general market risk (e.g. pandemics) are more difficult to manage. As a result, Ecotone highlights the specific tactics used by Sundance to support their grantees which inadvertently are the very efforts that mitigate impact risk as defined by IMP. While the term 'risk' may be understood to be a negative thing, the mitigation of it serves as an exercise in identifying the assets available to safeguard and support success while strategizing on the most effective deployment of those assets.

	WHAT: A systems-level approach to coordinating and scaling opportunities for youth in pursuit of employment and career advancement.
	WHO: Under estimated youth, 18-24 years old, from low-income communities and communities of color in the Twin Cities
	HOW MUCH: Projected to serve 1,500 of youth over the next year leading to increased education and earnings, improved health and increased social-emotional development.
	CONTRIBUTIONS: Rigorous evaluations of representative programs provide evidence of the potential value created by and attributed to Earn & Learn.
	<p>IMPACT RISK MITIGATION: Career development tactics:</p> <ul style="list-style-type: none"> • coordinated data systems • impact management • cross-system referrals • programmatic funding • promotion of mentorship and social connectedness • portfolio approach designed with and for youth <p>This multifaceted effort supports program delivery, strengthens and integrates models, empowers expertise and furthers youth and grantee growth.</p>

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Impact Dimension	Impact Questions Each Dimension Seeks to Answer	IMPACT MANAGEMENT PROJECT
 WHAT	<ul style="list-style-type: none"> • What outcome occurs in period? • How important is the outcome to the people (or planet) experiencing it? 	
 WHO	<ul style="list-style-type: none"> • Who experiences the outcome? • How under served are the affected stakeholders in relation to the outcome? 	
 HOW MUCH	<ul style="list-style-type: none"> • How much of the outcome occurs--across scale, depth and duration? 	
 CONTRIBUTIONS	<ul style="list-style-type: none"> • What is the enterprise's contribution to the outcome accounting for what would have happened anyway? 	
 IMPACT RISK MITIGATION	<ul style="list-style-type: none"> • What is the risk to the people and planet that impact does not occur as expected? 	

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