

## The Business Case for Oregon’s ADRC

Oregon’s Department of Human Services engaged Compelling Reason LLC to analyze the “business case” for the state’s Aging and Disability Resource Connection (ADRC). We conducted the analysis from September 2017 through May 2018 and expanded it in the summer of 2020.

Before ADRC, people needing services had to navigate a complex system themselves. They could get help, but it wasn’t easy to find. Age and disability posed additional challenges for those who most needed help.

ADRC brought those programs under an umbrella that coordinated information assistance and referrals. It also introduced professional options counselors who assess needs and match consumers to services.

### Making the business case

“Making the business case” analyzes whether ADRC services provide more benefits to consumers and savings to government than the ADRC program costs. Not all benefits can be quantified, of course, and despite the term “business case,” we don’t assume ADRC should be “profitable.” We simply estimate whether investing in ADRC produces benefits that exceed its costs based on what we can quantify.

### SROI: Social Return on Investment

Social return on investment measures how much “good” comes from a given effort. It is the ratio of quantified benefits (the social return) to quantified costs (the investment). We express it as, for example, “3.0 to 1”, which would mean \$3.00 of quantified benefits result from \$1.00 of quantified costs.

SROI ratio	Interpretation
Above 1.0 to 1	Case made. The program’s benefits exceed the program’s costs.
Equals 1.0 to 1	Breakeven. The program produces \$1 of benefit at a cost of \$1.
Below 1.0 to 1	Case not made yet. Costs exceed the benefits quantified so far.

Our estimate of ADRC’s SROI, fiscal year 2016-17:

**16.2 to 1**

Benefits totaled \$30.1 million at a cost of \$1.9 million.

Benefits accrued to consumers (\$15.1 million), the State of Oregon (\$6.6 million), and the Federal government (\$8.4 million).

## Quantifying ADRC's SROI

We calculated ADRC's SROI by 1) comparing the benefits received by seniors and people with disabilities, and savings to government with ADRC, to 2) the incremental costs borne by the state to operate ADRC.

$$SROI = \frac{\text{Benefits (with ADRC)} - \text{Benefits (status quo)}}{\text{Cost (of ADRC)} - \text{Cost (status quo)}}$$

We quantified only benefits and costs due directly to ADRC options counseling since it is the most-notable advance specifically from ADRC. Our data came from surveys, independent studies, and state agencies.

"Benefits" is the sum of the subset of benefits we quantified, in the five categories below.

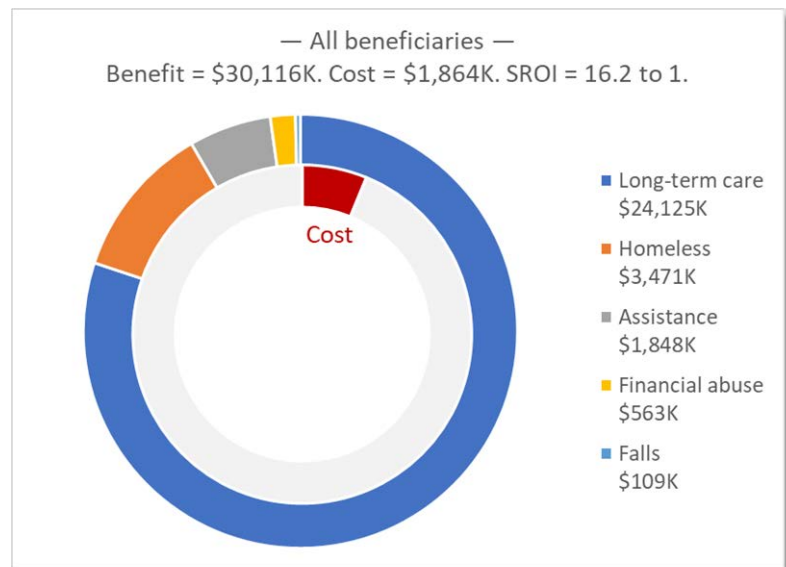
Benefit categories	Examples: How ADRC options counselors assist consumers
Long-term care and housing	Help consumers remain at home and avoid more-costly care options
Preventing homelessness	Prevent eviction, find low-income housing, get rent assistance
Assistance (aid, food, etc.)	Obtain financial aid, food, health products and services, transportation
Preventing abuse	Safeguard funds, make referrals to Adult Protective Services, and more
Preventing falls	Encourage consumers to attend proven fall-prevention programs

## We conclude that the business case for Oregon's ADRC is strong

The graph shows the relative sizes of the benefits wrought by ADRC (the outer ring) and the costs incurred to operate ADRC (the inner ring).

Each of the top-two benefits would cover the costs by itself. The five, taken together, produce benefits that are *sixteen times* those costs. The business case would only get stronger by quantifying additional benefits.

We conclude that the business case for Oregon's ADRC is strong.



Source: The Compelling Reason SROI model

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