

# Cost per output and cost per outcome responses



Cost per outcome is the total cost of all units of service. Very simply, if you don't know what it costs to achieve a certain output/outcome, you can't know how much to charge for your services. A budget systems model is the foundation from which budgeting systems can be used to evaluate the success of an agency or company. Human Service Agencies receive pay based on how many people are helped, taking into account the cost of providing the services which is the cost per output. They receive pay based on the people helped minus the cost per output.

In addition, they receive incentives such as bonuses for the quality of the job performed minus the cost to put forth the service which is the cost per outcome. By knowing these two costs, the human service agency is able to assess their budgets and achieve their business and service goals. When an organization has a budget outline they can determine what they can afford and what they cannot, for example, salary pays, hourly wages, and times of operation, how many clients they will need to keep profits coming and going.

If a human service agency did not determine the cost per output and cost per outcome, then there might be holes in the budget, the direct and indirect costs might be over spent and the money would not be allocated to the different programs that it should be. There would be no budget planning, no way to know how much employees were being paid, or how much they were charging for services. By not keeping track of the money that comes in and goes out, then their monthly expenses could be over spent and the organization would close.