

MODULE 4: VIDEO 6.2 OUTLINE

SLIDE 1: ADJUSTMENTS AND SENSITIVITY ANALYSIS IN A COST ANALYSIS TEMPLATE: AMORTIZATION

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SLIDE 2: TYPES OF ADJUSTMENT TO MAKE DURING THE ANALYSIS STAGE

- Inflation Adjustment
- Arrow pointing to Amortization
- Discounting/ compounding
- Geographical Adjustment

SLIDE 3: TABLE 2: KEY PARAMETERS (RR vs. FFW Study)

- Screenshot of Table 2. Key Parameters
- Arrow pointing to the Number of years over which start-up personnel costs are amortized: 7

SLIDE 4: SPREADING THE COSTS OF TRAINING OVER THE TEACHER LEADER'S EXPECTED TENURE

- Icon representing amortization

SLIDE 5: TABLE 2: KEY PARAMETERS (RR vs. FFW Study)

- Number of years over which start-up personnel costs are amortized: 7
- Number of years over which start-up materials are amortized: 7
- Number of years over which facilities construction costs are amortized (Both start-up and ongoing): 30
- Number of years over which start-up facilities rental costs are amortized: 7

- Number of years over which start-up other inputs are amortized: 7

SLIDE 6: TABLE 3: INTEREST RATES (DEFAULT FOR 2017)

- Number of years: 7
- Rate (%): 2.16%

SLIDE 7: RATES TAB: WHERE TO ADD OR CHANGE INTEREST RATES

- Screenshot of rates tab highlighting the year column years 2001 – 2025
- Arrow pointing to Rates tab

SLIDE 8: READING RECOVERY PERSONNEL TAB: AMORTIZATION ADJUSTMENT

- Screenshot of Personnel tab
 - Cost stage: “Ongoing” label is highlighted
- Arrow pointing to:
 - Period over which the cost is spread (Yrs): 1
 - Interest Rate (% per year): 0.00%

SLIDE 9: READING RECOVERY PERSONNEL TAB: AMORTIZATION ADJUSTMENT

- Screenshot of Personnel tab
- Arrows pointing to:
 - Formula bar
 - Percentage of costs to include in this analysis column
 - National salary inflation adj. (US\$) column
 - National average fringe rate (% of salary) column
 - National Cost column

SLIDE 10: NATIONAL COST CALCULATION INCLUDING AMORTIZATION

- National cost
- = Quantity of Ingredient
- Multiplied by % of time spent on program
- Multiplied by Inflation-adjusted national avg. salary multiplied by (1 plus fringe benefit rate)
- Multiplied by % of costs to include in this analysis
- Multiplied by Interest rate multiplied by (1 + Interest Rate) raised to the power of the Period over which the cost is Spread

- Divided by $(1 + \text{Interest Rate})$ raised to the power of the Period over which the cost is Spread -1

SLIDE 11: AMORTIZED NATIONAL COST OF THE RR TEACHER LEADER'S TIME FOR TRAINING

- National cost
- = 1 Teacher Leader
- Multiplied by 100% time spent on program
- Multiplied by $\$71,372.88 \times (1 + 0.54)$
- Multiplied by 100% of costs to include in this analysis
- Multiplied by $0.0216 \times (1 + 0.0216)^7$
- Divided by $(1 + 0.0216)^7 - 1$
- Equals **\$17,087**

SLIDE 12: READING RECOVERY PERSONNEL TAB: AMORTIZATION ADJUSTMENT

- Screenshot of Personnel tab
- Arrow pointing to the National Cost (US\$): \$17,087

SLIDE 13: READING RECOVERY PERSONNEL TAB: AMORTIZATION ADJUSTMENT

- Screenshot of Personnel tab
- The following data is highlighted:
 - Period over which the cost is spread (Yrs): 7
 - Interest rate (% per year): 2.16%

SLIDE 14: READING RECOVERY PERSONNEL TAB: AMORTIZATION ADJUSTMENT

- Screenshot of Personnel tab
- The following data is highlighted:
 - Period over which the cost is spread (Yrs): 15
 - Interest rate (% per year): #N/A

SLIDE 15: TABLE 3: INTEREST RATES (DEFAULT FOR 2017)

- Screenshot of Table 3. Interest rates
- The following data is highlighted:
 - Rate (%): 2.33% for 10 years
 - Rate (%): 2.65% for 20 years

- Arrow labeled 2.49% pointing to midpoint between 2.33% and 2.65%

SLIDE 16: READING RECOVERY PERSONNEL TAB: AMORTIZATION ADJUSTMENT

- Screenshot of Personnel tab
- Interest Rate (% per year): 2.49% is highlighted

SLIDE 17: READING RECOVERY PERSONNEL TAB: AMORTIZATION ADJUSTMENT

- Screenshot of Personnel tab
- National Cost (US\$): \$8,871 is highlighted

SLIDE 18: READING RECOVERY PERSONNEL TAB: AMORTIZATION ADJUSTMENT

- Screenshot of Personnel tab
- Interest Rate (% per year): 5.00% is highlighted
- National Cost (US\$): \$10,589 is highlighted

SLIDE 19: TYPES OF ADJUSTMENT TO MAKE DURING THE ANALYSIS STAGE

- Inflation Adjustment (check-marked)
- Amortization (check-marked)
- Discounting/ compounding
- Geographical Adjustment