

# Investing in Our Youth, Strengthening Our Economy:

*The Economic Impact of Boys & Girls Clubs in California*



REPORT OVERVIEW | JUNE 2012

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■ **Boys & Girls Clubs (Clubs)** serve over a quarter of a million children in California. Every day in communities throughout the state, children head to the Club after school, where they spend time with friends, get help with their school work, learn valuable life skills, and connect with caring adult staff, mentors and volunteers.

The social value that Clubs provide to youth, families and communities is tremendous and well documented.\* Youth benefit from having daily access to a safe place offering activities that are relevant, challenging and fun. Parents benefit from having an affordable place for their children to be cared for while they're at work. And communities benefit because, during the afterschool hours when youth are most at-risk of becoming engaged in delinquency and crime, Clubs are instead engaging them in constructive, character-building activities.

**The impact of Clubs extends well beyond their social value, however — Clubs create economic value as well.** By averting costly social problems such as juvenile crime and teen pregnancy, Clubs save taxpayer dollars. By enabling parents to work, Clubs increase family incomes. By helping children earn their high school

diplomas, Clubs significantly boost their future earning power. And through their own business activities, as employers and as purchasers of goods and services, Clubs generate millions of dollars in economic activity throughout the state every year.

In 2011, the California Alliance of Boys & Girls Clubs commissioned a study with the goal of measuring the economic impact of Clubs throughout the state. The study collected data from Clubs across six impact areas, and calculated monetary values for these impacts using social science research, publicly available statistics, and economic modeling analysis. **Study findings are impressive, demonstrating that for every \$1 invested in the Clubs, up to \$16.18 worth of positive economic impact is produced in the state.**

What follows is an overview of the study design, a presentation of study results, and a summary of additional impact data collected over the course of the study. A copy of the full report, which contains extensive detail about study methodology and research sources, is available upon request.

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\*Recent evaluations of Boys & Girls Clubs programs include: *Making Every Day Count: Promoting Positive Outcomes for Teens*, Public/Private Ventures (2009); *Promoting Healthy Living, Youth Development Strategies* (2009); *Expanding Career Options for Young People, Academy for Educational Development* (2008); *Work & Play in the Information Age*, University of WA Center for Information & Society (2008); *Gang Prevention through Targeted Outreach*, Public/Private Ventures (2002); *Enhancing the Educational Achievement of At-Risk Youth*, Schinke et al, Columbia University (2000).

■ **The study was conducted** by Damooei Global Research (DGR), which provides high quality economic analysis for the public and private sector. DGR President Jamshid Damooei, co-author of the study, is Chair of the Economics Department at California Lutheran University (CLU) and serves as co-director of the CLU Business School's Center for Leadership and Values.

The study collected primary data from randomly selected Club sites throughout California in 2011. Club sites were selected for participation using a multistage clustering random method to ensure a representative statewide sample. The study used multiple strategies to collect primary data:

- To learn about how Clubs impact youth experiences, achievements and behaviors, **surveys were administered to a total of 1726 youth members** that attended the Club three or more times per week.
- To gain further perspective on how Clubs impact youth and families, **the parents of participating youth** (1,066 parents total) were also surveyed.
- To gather **program and financial data** from participating Club organizations, Club records were reviewed, and Club managers completed detailed questionnaires.
- To obtain **baseline information about Club membership and expenditures throughout the state**, annual report information provided by the California Alliance of Boys & Girls Clubs was reviewed.

The economic impact of Club activities was quantified using one of two methods. Primary data related to social intervention activities was analyzed using methods informed by an extensive review of research literature

and publicly available statistics. Primary data related to Club business activities was analyzed using customized economic input-output models developed by DGR using the Impact Analyses for Planning (IMPLAN) social accounting framework.

Once economic impacts were quantified, the study used **simple cost-benefit analysis to calculate “multipliers” for each impact area**. Each multiplier was derived by comparing the cost (aggregate budget of all California Clubs) with the benefit (economic impact). **These multipliers provide a clear illustration of the positive ripple effect created in the economy by Club activities.**

As with all research studies, this study has limitations. The primary limitation is that the field of quantifying the economic impacts of social interventions is a relatively new one, and thus the research base is still small. To address this limitation, the study draws from the broadest set of public data and research literature available and provides extensive detail on the methodology and reasoning used to derive each calculation of economic impact.

Another study limitation relates to the fact that the Club is one of many influences in the life of a child. While program evaluations consistently demonstrate that Club youth have more positive outcomes than the youth population at large, it is not possible to entirely disentangle the Club's impact from other environmental factors. To account for this uncertainty, the study employs conservative assumptions wherever possible and assesses costs that are most directly attributable to Club interventions.

### EARNING POWER INCREASED <<<

*Increased earning power benefits California because stronger and more economically competitive individuals and families are better able to contribute to the state's economy, through the purchase of goods and services and by paying local and state taxes.*

#### Additional High School Graduates

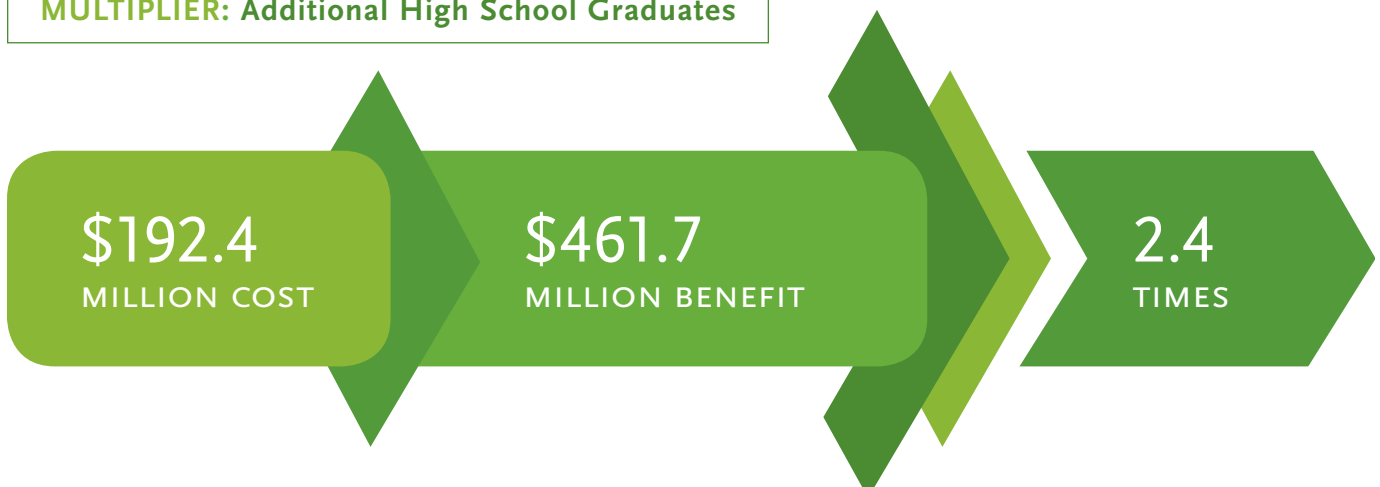
Research shows that high school dropouts earn less — almost \$300,000 less — throughout their lifetimes than high school graduates because of their limited ability to obtain jobs with good salaries. Dropouts also face higher rates of unemployment, lower life expectancy, and greater dependence on government assistance.

Clubs in California provide youth with a variety of quality academic supports to help them stay on track with their schoolwork and graduate from high school. Clubs offer homework assistance and tutoring, as well as fun “high yield” activities with a built-in learning component. Goal-setting and problem-solving challenges are frequently integrated into Club activities. Finally, Clubs provide youth with positive role models and mentors, who help each young person understand the importance of graduating from high school and support them in achieving this goal.

In order to determine the impact made by Clubs in California related to high school graduation, the study analyzed primary data, reviewed the annual graduation rate published by the California Department of Education, and calculated an estimate of the number of additional high school graduates attributable to the Clubs. The economic impact of these additional graduates was then calculated using work-life earnings estimates developed by the U.S. Census Bureau.

**The result:** Clubs in California help produce approximately 1,619 additional high school graduates annually. The additional lifetime earnings of these graduates is projected to be \$285,151, for a total impact of \$461.7 million. When this benefit is compared to the cost, it generates a multiplier of 2.4. In other words, for every \$1 spent by Clubs, the lifetime earnings of Club youth are increased by up to \$2.40.

#### MULTIPLIER: Additional High School Graduates



### Increased Parental Earnings

For many parents, the ability to work is highly influenced by the availability of a safe, supervised environment for their children during afterschool hours. For low-income parents, childcare options can be scarce or cost-prohibitive. Parents residing in neighborhoods with high levels of crime or gang violence often face an excruciating choice, with their desire to work conflicting with their desire to keep their children safe.

Clubs in California enable parents to be economically productive without compromising the wellbeing of their children. Clubs open daily when school gets out, and stay open into the evening, supporting the schedule of most working parents. Clubs are affordable, with low annual membership fees that can generally be waived or covered by scholarships in cases of hardship. And the quality of Club programs ensures that parents can work productively at their jobs, knowing that their kids are having positive experiences, gaining useful skills, and having healthy fun.

In order to determine the impact made by Clubs in California related to parental earnings, the study analyzed primary data to determine the number of parents who were able to keep their job because they could send their children to a Club. The economic impact was then calculated using conservatively derived weighted income averages.

**The result:** Clubs in California enable approximately 80,643 parents to work and earn an average \$22,854 annually, for a total impact of \$1.84 billion. When this benefit is compared to the cost, it generates a multiplier of 9.56. In other words, for every \$1 spent by Clubs, the annual earnings of parents are increased by up to \$9.56.

### MULTIPLIER: Increased Parental Earnings



### PUBLIC DOLLARS SAVED <<<

*Saving public dollars benefits California because it enables state and local governments to direct more attention and funds on initiatives that promote a better future for all citizens.*

#### Juvenile Arrests Averted

It is a well-documented fact that juvenile crime rates spike upwards dramatically during the afterschool hours. Aside from the pain and suffering caused by juvenile crime, the costs to taxpayers are high. The juvenile justice and correctional system is more costly than the adult criminal justice system, since it is more heavily focused on rehabilitation and thus provides a higher level of education, treatment and counseling programs.

Clubs in California provide a safe haven for youth after-school, where they can escape the streets, meet with friends, and be part of a positive peer group. At the Club, youth find a place to belong and prove themselves in ways that are healthy and responsible, providing a constructive outlet for their energy and time. Perhaps most important of all, volunteer mentors and professionally trained staff at the Club serve as role models and provide youth with someone to turn to when they need help and guidance.

In order to determine the impact made by Clubs in California related to juvenile crime, the study analyzed primary data to determine the arrest rate of Club teens, and compared this rate to California's published juvenile arrest rate to determine the number of arrests averted. The economic impact was then calculated through analysis of publically available data related to costs of the juvenile justice system.

**The result:** Clubs in California avert approximately 3,539 youth from being arrested annually, saving taxpayers \$56,099 per arrest averted, for a total impact of \$198.5 million. When this benefit is compared to the cost, it generates a multiplier of 1.03. In other words, for every \$1 spent by Clubs, a cost savings of up to \$1.03 is delivered to taxpayers.

#### MULTIPLIER: Juvenile Arrests Averted



### Teen Pregnancies Avoided

According to recent studies, teen childbearing in the United States costs taxpayers at least \$9.1 billion annually. Most of these costs are associated with the children of teen mothers, including increased costs for public sector health care, foster care, public assistance, and the juvenile justice system. Teenage parents are also far less likely to contribute tax revenue at the local, state and federal level. Beyond these costs to taxpayers, research demonstrates that teen childbearing has a quantifiable cost for society at large, due primarily to the reduced productivity of teen mothers, teen fathers, and their children when they reach adulthood.

Clubs in California combat teen pregnancy by offering both targeted programming and an overall Club experience that promote responsibility and positive future orientation. Targeted programming provides life skills training for teen girls and boys, designed to increase knowledge, develop responsible decision-making skills, and promote a peer culture of self-respect and respect for others. The overall Club experience provides teens with opportunities

for guidance from caring adults, and for participation in activities that help them see and develop their personal potential.

In order to determine the impact made by Clubs in California related to teen pregnancy, the study examined primary data to establish the pregnancy rate of Club teens, and compared this rate to California's published teen birth rate to determine the number of teen births avoided. The economic impact was then calculated using methodology based on well-established research from the field.

**The result:** Clubs in California help approximately 416 teen girls avoid bearing children annually, with a lifetime savings of \$117,336 to taxpayers and society for each birth avoided, for a total impact of \$48.8 million. When this benefit is compared to the cost, it generates a multiplier of 0.25. In other words, for every \$1 spent by Clubs, a cost savings of up to \$ 0.25 is delivered to taxpayers and society.

### MULTIPLIER: Teen Pregnancies Avoided



## Underage Drinking Reduced

Underage drinking leads to substantial harm, both in youth and in the general population. It is linked to traffic fatalities, homicides and assaults, property crimes, injuries due to accidents, and risky sexual activity. Costs to taxpayers associated with underage drinking include medical care and work loss.

Clubs in California use a team approach involving staff, peer leaders, parents and community volunteers to help youth develop resistance and refusal skills to avoid the use of alcohol, tobacco and other drugs. Club programs are guided by comprehensive life-skills curriculum, and the team approach assures that youth have a network of support to help them make responsible decisions and resist negative peer pressure.

In order to determine the impact made by Clubs in California related to underage drinking, the study reviewed primary data to establish drinking rates among Club youth, and compared them to rates derived in regional and national risk behavior studies conducted by the Centers for Disease Control. The economic impact was then calculated using the most current available research data.

**The result:** Clubs in California cut the rate of underage drinking by as much as 50% among Club youth, with savings to taxpayers of up to \$136.4 million. When this benefit is compared to the cost, it generates a multiplier of 0.71. In other words, for every \$1 spent by Clubs, a costs savings of up to \$ 0.71 is delivered to taxpayers.

### MULTIPLIER: Underage Drinking Reduced





**LOCAL ECONOMIES STRENGTHENED <<<**

*Strengthening local economies benefits California because the state tax base is more robust, local communities are more self-sufficient, and the “ripple effect” of thriving local businesses generates prosperity and innovation throughout the state.*

**Annual Output Generated by Club Business Operations**

The social interventions described previously are one way that Clubs in California provide economic value. Another way is through Club business operations, which create impact through operating expenditures, capital expenditures and volunteer labor.

The positive impact of Club business activities in local economies manifests itself in many ways — through the purchase of goods and services, through jobs needed in order to meet Club demand, and through the spending of Club employees. Volunteers also contribute to Club business activities – the donation of their labor has productive value and provides stability to Club operations.

In order to quantify these economic impacts, the study set up customized economic input-output models using the IMPLAN social accounting framework. The models used aggregated budgetary and/or operational data from California Clubs as inputs, and produced the following outputs:

**Value Created by Club Operating Expenditures:**

- Total economic impact: \$345.7 million
- State and local tax revenue: \$49.1 million
- Jobs created: 5,265

**Value Created by Capital Expenditures:**

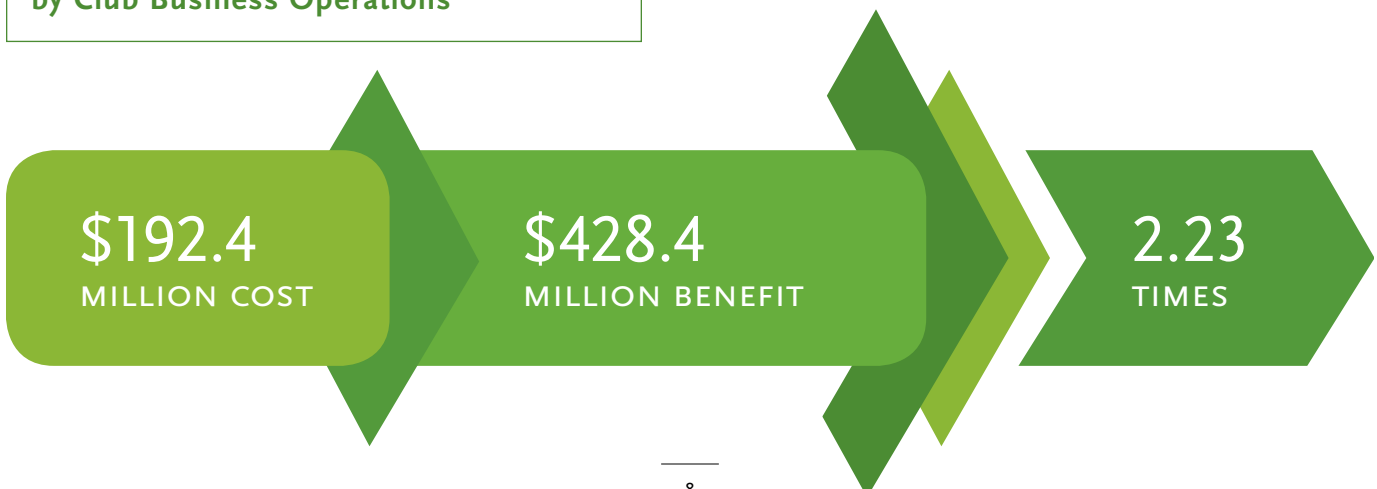
- Total economic impact: \$21 million
- State and local tax revenue: \$3.1 million
- Jobs created: 154

**Value Created by Volunteer Labor:**

- Total economic impact: \$61.8 million
- Jobs created: 171

The combined statewide economic impact of these three areas of Club business activities is \$428.4 million. When this benefit is compared to the cost, it generates a multiplier of 2.23. In other words, for every \$1 spent by the Clubs, economic activity of up to \$2.23 is generated throughout California.

**MULTIPLIER: Annual Output Generated by Club Business Operations**



## ADDITIONAL IMPACT DATA <<<

*In addition to the results presented in the previous section, the study collected data about Club impact that, although it cannot be quantified, provides further insight into the valuable benefits provided to California citizens by Club programs.*

### Healthy Habits

Many youth in the United States suffer from a lack of exercise and poor nutritional habits. As a result, childhood obesity rates are climbing, and an increasing number of children are developing type 2 diabetes.

These health trends have a profound human cost, and their economic costs are also substantial. Recent research approximates the medical costs of childhood obesity at \$7,767 per obese child covered by private insurance, and \$4,289 per obese child covered by Medicaid.

Clubs in California engage youth in exercise and promote nutrition through evidence-based programming. Exercise activities meet a variety of youth interests and needs, with traditional sports programs being complemented by

activities such as non-competitive games and personal fitness challenges. Nutrition activities utilize fun and engaging approaches to increase youth knowledge and encourage healthy habits.

**In a review of primary data, the study determined that 141,101 youth in California reached and/or maintained a healthy weight through activities they participated in at a Club.** Although the research base does not currently support a calculation of economic benefit related to this finding, the potential for cost savings is clearly present.

**In the wake of the economic downturn,** Californians are faced with weighty decisions about the best use of finite financial resources, both public and private. Boys & Girls Clubs throughout the state are committed to ensuring that any investment of resources in Club programs will provide value to all stakeholders. **The results of this study demonstrate that Clubs deliver tremendous value on two levels — helping youth achieve positive outcomes and making positive contributions to their local and state economies.** Ongoing efforts to balance service and stewardship will be informed by these findings, as Clubs strive to fulfill their mission to enable all youth to achieve their full potential as productive, caring, and responsible citizens.



**SUMMARY OF ECONOMIC IMPACT:**  
*Boys & Girls Clubs throughout California*

EARNING POWER INCREASED	ECONOMIC IMPACT	
	TOTAL:	PER \$1:
<b>Additional High School Graduates</b> Increased lifetime earnings of 1,619 additional high school graduates	\$ 461,659,469	\$ 2.41
<b>Increased Parental Earning</b> Annual earnings of 80,643 parents able to keep their jobs	\$ 1,843,015,122	\$ 9.56
<b>PUBLIC DOLLARS SAVED</b>		
<b>Juvenile Arrests Averted</b> Annual savings to taxpayers due to 3,539 juvenile arrests averted	\$ 198,534,361	\$ 1.03
<b>Teen Pregnancies Avoided</b> Lifetime savings to taxpayers/society due to 416 teen pregnancies avoided	\$ 48,811,776	.25
<b>Underage Drinking Reduced</b> Annual savings to taxpayers due to responsible behavior of 146,219 youth	\$ 136,349,217	.71
<b>LOCAL ECONOMIES STRENGTHENED</b>		
<b>Annual Output Generated by Club Business Operations</b>		
Regular Operations –	\$ 345,670,646	
Capital Projects –	\$ 20,999,014	
Volunteer Labor –	\$ 61,758,528	
<b>Total Output:</b>	\$ 428,428,188	\$ 2.23
<b>TOTAL STATEWIDE ECONOMIC IMPACT</b>		<b>\$ 16.18</b>





## CALIFORNIA ALLIANCE OF BOYS & GIRLS CLUBS

The California Alliance of Boys & Girls Clubs is a 501 c (4) corporation established to provide a mechanism for joint decisions, exchange of ideas, and cooperative action among Clubs in California. The Alliance seeks to develop and expand quality youth development, to promote and strengthen Clubs' relationships with public and private agencies, and to increase public awareness of the needs of youth throughout the state. The Alliance represents 123 member organizations and is governed by a Board of Directors with representation from across the state.

For more information, or for a copy of the full report, "Investing in Our Youth, Strengthening Our Economy: The Economic Impact of Boys & Girls Clubs in California," please contact:

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