

The Boys & Girls Clubs within Los Angeles County: Helping Young People and the Economy to “Be Great”



**This Report Measures the Economic Impact of the
Boys & Girls Clubs within Los Angeles County**

August 2010

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Executive Summary

The Boys & Girls Clubs within Los Angeles County serves a diverse community of nearly 102,000 youth at 117 sites within Los Angeles County managed by one of the 27 Boys & Girls Club organizations. Over 67,000 of these youth have joined as a member of a local Boys & Girls Club across Los Angeles. Every day, tens of thousands of students end their school day by heading towards the Clubs. These youth are able to make friends and engage in programming that ranges from educational to recreational. Without the Clubs, many of these youngsters would be without proper supervision, at-risk, and susceptible to negative influences and threats. In some other families, a parent would have to stay home from work to provide such supervision, but this would reduce the family's earnings and economic security. The Clubs are an important social asset serving such working families.

The value of the Boys & Girls Clubs within Los Angeles County also extends beyond the direct benefits enjoyed by parents and Club members. The regional community enjoys an important service by having these youth positively engaged and away from trouble and/or mischief in the afternoon and early evening.

While it is easy to appreciate the good work of the Clubs in qualitative and emotional or social terms, it requires additional analysis to understand the monetary and economic value of the organization in the community. At first glance, the Clubs can be praised for the social benefits that they create in the region. However, by digging deeper, it becomes readily apparent that these social benefits create tremendous economic value in the community.

This report provides an exhaustive enumeration of the many ways in which the Boys & Girls Clubs within Los Angeles County create economic value in Los Angeles County and the State of California.

Many of these impacts include “positive externalities.” As non-profit organizations, the Clubs provide services directly and indirectly to various community stakeholders. There are three primary beneficiaries of the Club: Club members, the parents of Club members, and the community.

Club members receive perhaps the greatest benefit of all from their participation in the Clubs. When compared with their peers who do not attend the Club, they are more likely to graduate from high school and less likely to engage in risky behaviors resulting in juvenile arrest or teenage motherhood. The exact mechanisms by which Club members outperform their peers are uncertain. The consistency of the trend suggests that membership in the Clubs may play a vital role in explaining the behavior patterns of the group. By having access to a safe and nurturing environment, these youth avoid negative

influences. Moreover, special services provide additional support to Club members. For instance, tutoring programs at some Club sites give Club members a competitive edge in school which can generate long-term academic success.

While Club members receive the most from their participation, others benefit as well. For instance, parents of Club members are able to be more productive since they do not have to supervise their children after school. Many parents are able to work or pursue further education as a result of the services provided by the Boys & Girls Clubs within Los Angeles County.

Many of these benefits to parents, Club members, and the community have an economic value. Using data collected through stakeholder surveys and a review of publicly available information, this report places a monetary value on many of these benefits. The value of all these economic benefits is simply tremendous. This report focused on the following mechanisms and services through which The Boys & Girls Clubs within Los Angeles County creates economic value in the region:

- Total employment and income impact of the Clubs through its annual expenditure including both operational and capital budgets.
- Impact of better education through higher graduation rates and the resulting improved lifetime earnings among youth who attend the Clubs on a regular basis as opposed to others who do not benefit from such services within the same socio-economic population in the same region.
- Lower teen pregnancy and motherhood rates which create economic savings.
- Impact of Clubs' enrichment programs that enable youth to resolve conflicts and become more peaceful with their own peers and others in their communities. This is measured by considering reductions in youth crime rates and the savings that it generates in the community.
- Learning healthy living and its impact in reducing obesity and related disease that leads to lower productivity and an increase in long-term chronic diseases.
- The ability of Club programs to help parents work and attend school in order to upgrade their skills.
- Strengthening and promoting volunteerism in the region.

For nearly all of these benefits, a monetary value was calculated. A summary of the analysis is presented below and categorized by the nature of the economic impact. Sections two and three of this report

present the methodology developed and data used to calculate these values. Section four provides additional statistics on qualitative questions asked in Club member and parent surveys.

Economic Impact Multipliers

One way to illustrate the impact of every dollar spent by the Boys & Girls Clubs within Los Angeles County is to compare the aggregate budget of the Boys & Girls Clubs with the positive economic impacts that it generates in the community. This framework can allow for a cost-benefit analysis that cogently illustrates the tremendous value of the Boys & Girls Clubs within Los Angeles County based on the findings of this study.

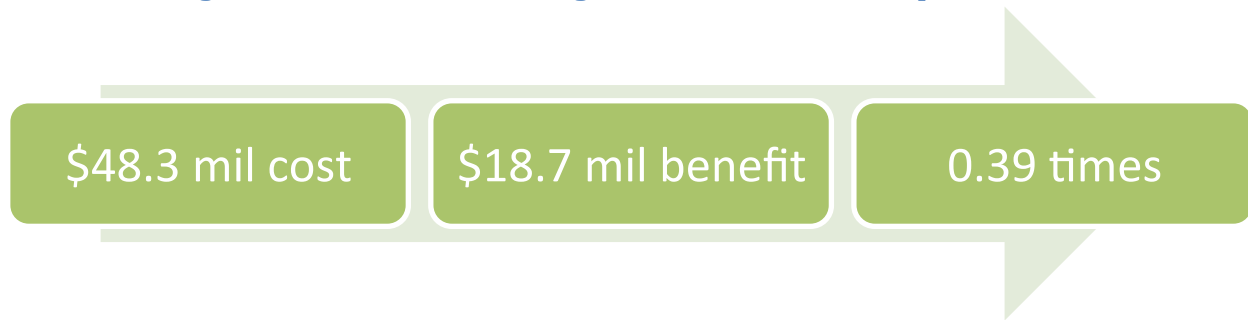
For this calculation, we will consider the economic impact on stakeholders including Club members, parents, and the community. The five areas considered include the impact of the Clubs on increased high school graduation rates, averted teenage pregnancies and births, reduced juvenile criminal activity, improved prospects for working parents, and regional output stimulus through productivity of budget and volunteer labor. The impact on high school graduation rates is as follows:

Lifetime Gain from High School Graduation Multiplier



In the most recent class of graduating seniors, the Clubs generated a positive economic impact of \$185 million through increased lifetime earnings of these graduates influenced by the services of the Boys & Girls Clubs. When compared to the annual budget of the Boys & Girls Clubs within Los Angeles County (\$48.3 million) this generates a multiplier of 3.83; in other words, for every \$1 spent by the Clubs, \$3.83 of increased earnings is generated through the increased lifetime earnings of impacted Club members. Next, we consider the impact on teen pregnancies and births:

Lifetime Savings from Prevented Teen Pregnancies and Births Multiplier



We consider the fact that the Clubs generate a positive economic impact of \$18.7 million through savings to taxpayers and society for every teenager in this most recent year who waited until they are older to have children. Compared with the annual budget of the Boys & Girls Clubs within Los Angeles County, this generates a multiplier of 0.39; in other words, for every \$1 spent by the Clubs, \$0.39 is saved for taxpayers and the society on costs they would have incurred for teenage pregnancies and births on a yearly basis. Next, we consider the impact on juvenile crime:

Criminal Justice System Savings Multiplier



The Boys & Girls Clubs within Los Angeles County reduce juvenile crime rates by providing Club members a safe, nurturing environment and access to positive role models. The lower arrest rates among Club members generates a savings of \$82.9 million per year for taxpayers who support the criminal justice system. When compared to the annual budget of the Clubs, this generates a multiplier of 1.72; in other words, for every \$1 spent by the Boys & Girls Clubs within Los Angeles County, taxpayers save \$1.72 on expenditures for the criminal justice system annually. Finally, we consider the economic value that the Clubs generate by helping parents work.

Parental Earnings Multiplier



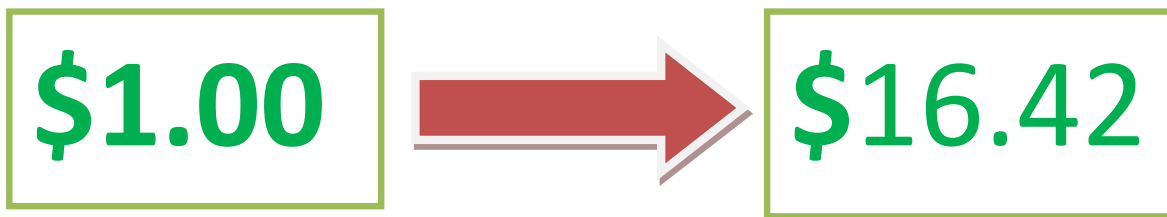
During the school hours, parents are free to work as their children are engaged by the school system. However, when the school bell rings and children leave the classroom, parents face a difficult and heart-wrenching decision: to continue working and leave their children with potentially inadequate supervision or to stop working and reduce their family's earnings. Both outcomes have their own dangers; however, the Boys & Girls Clubs within Los Angeles County help parents to avoid this difficult dichotomy. The Boys & Girls Clubs within Los Angeles County allow parents to continue being productive in the afternoon while having the satisfaction of knowing that their children are adequately supervised. Through a survey of parents, the study determined that \$429.2 million of additional annual earnings are generated for the parents of Club members who can continue working. Compared with the annual budget of the Clubs, this generates a multiplier of 8.89; in other words, for every \$1 spent by the Clubs, \$8.89 of earnings are generated by parents who can keep their jobs due to the services of the Club.

Regional Output on the County Level



The direct, indirect, and induced regional output created through the expenditures and volunteer labor of the Boys & Girls Clubs total \$77.0 million across Los Angeles County. When compared to the budget of the Boys & Girls Clubs within Los Angeles County, this results in a multiplier of 1.59. On the state level, this multiplier is amplified.

Taken separately, each of these economic impacts is impressive on its own. However, when the economic impacts are summed together, the results are all the more impressive.



For every \$1 spent by the Clubs, The Boys & Girls Clubs within Los Angeles County generate \$16.42 of positive economic impacts for the community. This tremendous rate of return is a testament to the vital role the Clubs play in shaping the lives and futures of Club members and their parents.

Beyond the value of social services provided by the Clubs, The Boys & Girls Clubs within Los Angeles County stimulate the economy through their budgetary expenditures and volunteer programs. Just like a private business, Boys & Girls Clubs within Los Angeles County spend money on payroll and suppliers, thereby helping to stimulate the economy. Volunteers also further this productive capacity through a donation of labor that has similar productive qualities as a monetary donation. On the Los Angeles County level, the economic impact is as follows:

Overview of Impact Areas

While multipliers provide an easy snapshot and illustration of the impact of the Boys & Girls Clubs within Los Angeles County, this section of the report provides an overview of the calculations used to derive these multipliers.

High School Graduation Rates

As Club members, students are given a safe and nurturing after-school environment in which they can be free of distractions that can divert them from their academic pursuits. Moreover, various Club locations provide special services such as Power Hour which provides help with homework and access to tutoring services. Such programs give Club members a competitive advantage in school.

It is hard to put a monetary value on being a “better student.” However, the culmination of one’s academic abilities is manifested by the level of education attained by an individual; specifically, whether or not a student can complete high school. As such, in order to calculate the monetary value of improvements in the academic life of students, this report compared the graduation rates of Club members with their peers in school who do not participate in the Clubs. These comparisons were then

combined with secondary research on the value of a high school diploma in terms of lifetime earnings. The results are as follows:

Percentage of students Passing CAHSEE* in Los Angeles County	Percentage of seniors attending Clubs passing CAHSEE	Additional number of students passing CAHSEE in Clubs	Total annual increase in annual wage and salary	Total work-life increase in earnings
57%	93%	668	\$6,472,252 per year	\$ 184,933,128

* California High School Exit Exam

Reduction in Teenage Motherhood

Teenage motherhood can cause a myriad of problems in the life of a young person. The difficulties that it can create are costly both for the teen mother, taxpayers, and society through the public programs that assist such young mothers. Any program that can reduce the likelihood of teenage parenthood will create a positive economic impact both for the potential parents and society.

First the savings to taxpayers and society are considered on an annual basis. This calculation averages the cost of teenage parenthood over the first thirteen years of parenthood. The savings are as follows:

Female Club members between the ages of 15 and 19 who attend the Boys & Girls Clubs within Los Angeles County more than 3 days a week	Rate of teen childbirth in a comparative community (per 1,000)	Rate of teen pregnancy among female Club members aged 15 to 19	Total number of teen childbirths averted	Estimated annual cost of teen pregnancy to taxpayers and society	Total annual costs saved for tax payers and society due to positive influence of Clubs
5,207	34.02	2.69	163 female teens saved	\$8,806	\$1,435,378 Annually

While annual calculations are instructive, it is also important to consider the overall cost of each teen birth that is averted through the services of the Boys & Girls Clubs within Los Angeles County. This is the

best way to understand the long-term impact of the teen pregnancies averted in any given year. The long-term cost savings are as follows:

Female Club members between the ages of 15 and 19 who attend the Boys & Girls Clubs within Los Angeles County more than 3 days a week	Rate of teen childbirth in a comparative community (per 1,000)	Rate of teen pregnancy among female Club members aged 15 to 19	Total number of teen childbirths averted	Estimated long-term cost saving for society and taxpayer for each teen birth averted	Total lifetime saving for taxpayer and society due to positive influence of Clubs
5,207	34.02	2.69	163 female teens saved	\$114,474	\$18,659,262

Juvenile Crime Prevention

When a crime is committed, society and the victims pay a very high price through the cost of the harm itself and the costs to the criminal justice system that has to prosecute and manage the criminals.

Juvenile crime, in particular, burdens the criminal justice system due to the fact that its prosecution and management have a more rehabilitative focus. As such, programs that can prevent such crime are creating a positive economic benefit through the cost-savings that they create for society.

Those who attend the Boys & Girls Clubs are in a safe environment after school away from temptations that can lead to criminal activity. Moreover, the greatest proportion of juvenile crime has been found to occur between 3:00 and 4:00PM. These are hours during which the Boys & Girls Clubs within Los Angeles County stand as a safe haven for youths who want to be secure during these times of the day. The economic benefit of reduced juvenile crime amongst Club members is presented below:

Total number of juveniles saved from arrest	Annual cost of juvenile crimes per person in California	Annual cost of juvenile arrested at 45% of total cost per crime	Total saving per year for the state of California due to impact of Clubs
964	\$191,017	\$85,958	\$82,863,512

Improved Parental Income and Productivity

The vast majority of parents whose children attend the Boys & Girls Clubs are working parents in the community. Without the Boys & Girls Clubs to supervise their children after school, many would have to reduce their own work and income. This loss of income hurts the parent and the community that loses their productivity.

The economic impact of helping these parents to continue working by providing low-cost, high-quality after-school supervision for their children is presented below:

Total number of families served by Boys & Girls Clubs within Los Angeles County	Percentage of parents who believe that Boys & Girls Clubs within Los Angeles County enables them to keep their job	Total number of parents who are able to work due to the Boys & Girls Clubs within Los Angeles County	Average annual salary of those keeping their jobs due to the Boys & Girls Clubs within Los Angeles County	Total annual earnings generated by parents due the Boys & Girls Clubs within Los Angeles County
35,643	44.7%	15,932	\$26,939	\$ 429,192,148

Economic Impact of Clubs' Operational and Capital Expenditures

In the midst of considering the impact of services provided by the Clubs, it is easy to forget that the Clubs are an organization that take in revenue and spend money to provide their services.

The combined budgets of all the Clubs Boys & Girls Clubs within Los Angeles County for capital and operational expenditures total nearly \$48.3 million. These expenditures support jobs both within the organization and beyond in companies that provide services to the Clubs.

The economic impact of these expenditures in Los Angeles County for the most recent fiscal year available is as follows:

	Economic Impact of Budgetary Expenditures in Los Angeles County					
	Direct	Indirect	Induced	TOTAL		
Output Impact	\$39,637,131	\$13,428,030	\$13,881,457	\$66,946,617		
Indirect Business Tax Impact	\$330,163	\$534,673	\$830,877	\$1,695,713		
Employment Impact	814	78	94	986		
Tax Impact	Employee Compensation	Proprietary Income	Household Expenses	Enterprises	Indirect Business Tax	TOTAL
	\$2,807,749	\$122,867	\$2,779,743	\$1,601,325	\$1,616,499	\$8,929,184

The impact is amplified when considered on the state level, below:

	Economic Impact of Budgetary Expenditures in the State of California					
	Direct	Indirect	Induced	TOTAL		
Output Impact	\$48,305,097	\$17,088,491	\$19,106,323	\$84,499,909		
Indirect Business Tax Impact	\$401,889	\$672,888	\$1,145,338	\$2,220,115		
Employment Impact	985	100	128	1213		
Tax Impact	Employee Compensation	Proprietary Income	Household Expenses	Enterprises	Indirect Business Tax	TOTAL
	\$3,450,413	\$147,235	\$3,770,197	\$2,039,278	\$2,118,930	\$11,526,053

Value of Volunteer Labor

Volunteers make an important contribution in every economy. The economic value that they generate is comparable to the monetary contribution of other philanthropic giving.

The easiest way to see the productive potential of such contributions is to assume that the value added of their work is a direct contribution to the organization for which they volunteer to work. Their work enables an economic activity to move forward when an organization faces budgetary problems.

Although they do not receive any monetary compensation for their work, the volunteers allow the institution to retain their paid workers and at times hire additional workers. Often times, the work volunteers do is similar to the work done by paid employees. By donating their labor instead of their money, volunteers simply cut out the medium of exchange; for productive purposes, monetary and labor contributions are similar.

The impact in terms of creation of economic value is just the same as if these jobs were paid.

Economists consider their impact as an equivalent to output generation. As for job creation one can assume that the duties of the job are performed with direct financing of those jobs by the volunteers. This work makes cautionary a note about the separation of direct employment gains in terms of paid or unpaid in where the impacts are reported and discussed; please refer to section two.

The economic impact of volunteer labor in Los Angeles County is as follows:

	Economic Impact of Volunteer Labor in Los Angeles County					
	Direct	Indirect	Induced	TOTAL		
Output Impact	\$5,989,346	\$2,021,560	\$2,078,997	\$10,089,904		
Indirect Business						
Tax Impact	\$48,882	\$80,422	\$124,438	\$253,742		
Employment Impact	128	12	14	154		
Tax Impact	Employee Compensation	Proprietary Income	Household Expenses	Enterprises	Indirect Business Tax	TOTAL
	\$424,795	\$17,062	\$416,305	\$249,410	\$241,806	\$1,349,378

On the state level, the economic impacts are as follows:

	Economic Impact of Volunteer Labor in the State of California					
	Direct	Indirect	Induced	TOTAL		
Output Impact	\$6,052,092	\$2,139,333	\$2,376,083	\$10,567,508		
Indirect Business						
Tax Impact	\$49,534	\$84,014	\$142,435	\$275,984		
Employment Impact	128	12	16	156		
Tax Impact	Employee Compensation	Proprietary Income	Household Expenses	Enterprises	Indirect Business Tax	TOTAL
	\$432,702	\$17,078	\$468,860	\$262,534	\$263,333	\$1,444,507

Important but Unquantifiable Impacts of the Boys & Girls Clubs within Los Angeles County

In addition to the variables for which we were able to calculate specific monetary values, there are several areas where dollar estimates of the impacts were not calculated, but for which there are significant economic implications.

Nutrition and physical exercise can help youth remain healthy. Many youth across the country who have poor nutrition and lack sufficient physical activity are overweight and obese. As a result of this they face serious medical concerns that can be extremely costly. The Boys & Girls Clubs within Los Angeles County encourage physical exercise and good nutrition through their routine programs. The student survey found that a significant proportion of students report that they are losing weight as a result of participation in the Clubs. This study finds that about 15,740 Club members have experienced a loss of weight through participation in Club activities. The results are as follows:

Total number of Club members¹ in all the Boys and Girls Clubs within Los Angeles County	Percentage of Club members who have experienced some loss of weight through participation in activities at Boys & Girls Clubs within Los Angeles County	Estimated number of Club members who experienced loss of weight
57,028	27.6%	15,740

Another benefit for which a specific monetary value could not be found is the impact of the Club on parents' educational attainment. While some parents work while their children are in the after-school program, others try to upgrade their skills through formal programs. Such activity can allow the parents to become more productive and eventually earn more in better professional positions. Due to a lack of published data, a specific monetary value could not be placed on this benefit; the below table presents data on the number of parents who are upgrading their skills as a result of the Boys & Girls Clubs within Los Angeles County:

Total number of families served by Boys & Girls Clubs within Los Angeles County	Proportion of families with at least one parent able to pursue further education or training due to the Boys & Girls Clubs within Los Angeles County	Total number of parents who have upgraded their skills due to the services of the Boys & Girls Clubs within Los Angeles County
35,643	24.5%	8,733

Although an exact monetary figure could not be calculated, intuition leads one to believe that helping 10,396 adults upgrade their skills will result in a long-term increase in earnings across the community. Such increased earnings not only help these families to lead more economically secure lives but they also improve the county's tax base.

Qualitative Findings from Student and Parent Surveys

Whenever an opportunity for surveying presents itself, an institution must consider all the data that it could possibly want to collect from the population in question. Although the primary purpose of the surveys distributed to parents and students was to determine the economic impact of the Clubs, both surveys included more general questions on topics that may be of interest to Club management and stakeholders. Section four of the study presents this data in detail.

¹ Based on responses of Club managers to in-house questionnaire.

The results of the Club member survey indicate that students are satisfied with their experience at the Clubs in the Boys & Girls Clubs within Los Angeles County. Moreover, it is clear that they are deriving benefits from their participation. A brief summary of some of the key findings are as follows:

- Club members indicate a very positive attitude towards participation in Boys & Girls Clubs programs. A very strong majority (76.1%) like the programs in which they participate at least most of the time. An additional 20.1% like participating in the programs sometimes, while only 3.8% never enjoy their participation.
- A very strong majority² (74.8%) of respondents feel that the staff is able to at least help them with their homework most of the time in the Power Hour program.
- Nearly 9 out of 10 respondents (88.3%) feel safe when they are the Clubs at the very least most of the time. The vast majority (71.8%) feel safe always.
- The vast majority of Club members have strong attendance records. 87.0% of respondents indicated that they miss 10 days or less of school.
- Two out of every three respondents (67.2%) indicate that they would always recommend the program to their friends while an additional 24.9% would recommend the program sometimes. As such, over nine in ten Club members are generally satisfied with the services they receive at the Clubs Boys & Girls Clubs within Los Angeles County. This is a very promising rate of satisfaction.

The results of the survey distributed to parents are similarly encouraging. Parents are generally pleased with the Clubs and it seems that they serve their needs well. A brief summary of the findings are as follows:

- By far, the greatest challenge for all families when it comes to providing for their school age children is the cost of care. 62.2% of families served by the Clubs consider the cost of care as the greatest challenge they face. As such, programs such as the Boys & Girls Clubs that provide high-quality cost-effective services are critical to this community.
- Nearly all parents (96.1%) agree or strongly agree that their children are in a safe environment when they are attending Clubs Boys & Girls Clubs within Los Angeles County. This level of

² This calculation excludes the 17.4% who do not participate in the program.

unanimity in the response is particularly noteworthy and shows the extent to which parents have faith in the safety of the Clubs. Club management should be proud of this outcome.

- Parents are well-positioned to assess changes in their children. The survey included various questions designed to understand how Club member behaviors have changed since attending the Club.
 - Club attendance has made children more confident in themselves according to parents. 90.9% of parents agree or strongly agree that their children have become more confident in themselves since going to the Clubs.
 - The majority of parents (85.4%) also observe that, since attending the Clubs, their children get along with their family better.
 - 84.4% of parents either agree or strongly agree that they have observed that their child's performance has improved in school since attending the Boys & Girls Clubs.
 - The vast majority of parents (82.6%) have observed that their child's grades have improved since attending the Boys & Girls Clubs.
 - Parents generally report that their children have made better choices when it comes to choosing foods and drinks since attending the Boys & Girls Clubs. The majority of respondents (67.4%) agrees or strongly agrees that such better choices have been made by their children.
 - The vast majority of parent respondents (82.9%) agree or strongly agree that their children have shown more interest in regular physical exercise since attending the Boys & Girls Clubs.

1) Scope and Structure of the Study

It is easily understood that the Boys & Girls Clubs provide a positive place for youth to develop healthy habits, improve their academic performance, learn conflict resolutions skills, experience the joy of volunteerism, stay away from violence, and be safe while they are away from their home and their day school. However, until a few years ago there was not any serious attempt to take a close look at the economic impact of Boys & Girls Clubs around the country.

The first study that made an effort to measure the economic impact of the Boys & Girls Clubs was conducted by Florida TaxWatch in 2008. This study looked at the economic impact of the Boys & Girls Clubs on local communities throughout Florida. They found that Boys & Girls Clubs have established both short and long term positive economic impacts through lower dropout rate, higher rate of graduation, and lower teen birth. The savings were calculated based on the difference in income earned or costs saved by comparing the outcome from the Boys & Girls Clubs' members and others who have not been attending the Clubs.

In 2008, the Boys & Girls Clubs of Greater Oxnard and Port Hueneme commissioned a similar study to be conducted by Dr. Jamshid Damooei (a co-author of this study) to measure the economic impact of its Clubs but with an eye to expand the scope of economic impacts considered beyond earlier research in Florida. This study looked at a range of economic impacts that can show the benefits of the Clubs. They included:

- Impact of income, employment, and tax generation of the Clubs through their annual administrative and capital expenditures.
- Impact of better education through increase in high school graduation rates among youth who attend the Clubs on a regular basis.
- Economic savings generated by reduced juvenile crime rates due to the impact of Clubs' enrichment programs that enable youth to resolve conflicts and become more peaceful with their own peers and others in their communities.
- Lower teen pregnancy and teen childbirth and the economic benefits of such reductions.

This report made an attempt to provide some basic information about other tangible economic benefits that Boys & Girls Clubs of Greater Oxnard and Port Hueneme bring to thousands of families in the region. Some, but not all, of these impacts were estimated in monetary values. Building further on this

and other earlier research conducted by the research team of Damooei Global Research, the current study of the Boys & Girls Clubs within Los Angeles County further expands the scope of economic impacts considered to the following areas:

- Total employment and income impact of the Clubs through their annual expenditures including both operational and capital budgets.
- Impact of better education through higher graduation rates among youth who attend the Clubs on a regular basis as opposed to others who do not benefit from such services within the same socio-economic population in the same region.
- Lower teen pregnancy and motherhood rates which create an economic benefit. Impact of Clubs' enrichment programs that enable youth to resolve conflicts and become more peaceful with their own peers and others in their communities. This is measured by considering reductions in youth crime rates and the savings that it generates in the community.
- Learning healthy living and its impact on reducing obesity and related disease that leads to lower productivity and an increase in long-term chronic diseases.
- Allowing parents to work knowing that their children are looked after in a safe place.
- The impact of Clubs programs to allow parents to attend school in order to upgrade their skills and reach a higher level of productivity in the economy.
- Strengthening and promoting volunteerism in the region.

1.1) Data Collection and Methodology

Research for this study began by collecting relevant data from Club management and relevant stakeholders including Club members and parents. Such primary data was used throughout the study in order to understand the characteristics of those who benefit from the social interventions of The Boys & Girls Clubs within Los Angeles County.

The first data collection instrument included an in-house questionnaire distributed to the management of all 27 Clubs Boys & Girls Clubs within Los Angeles County. Questions sought to learn basic demographic details about Club members, financial and budgetary information, Club activities and resources, the volunteers and paid employees who work for the Clubs, and other pertinent areas of inquiry. This information was used to inform the questions in the next set of data instruments that were created for this study: surveys distributed to Club members and parents.

To select a truly representative sample of both the Club members and their parents we used a combination of the stratified random sampling and the simple random sampling methods. The margin of error for the Club members survey was approximately 2% and at 99% confidence level. We used a similarly low margin of error of 3% for parents' survey at 99% confidence level.

The surveys were administered by the staff of each Club using detailed instructions given by the principal researchers. The aim of the protocol provided by the research team was to make sure that surveys were conducted in a manner that can generate a truly representative sample from each Club and thus an inferable outcome for all the 27 Boys & Girls Clubs organizations all together. In the process we oversampled some of the smaller Clubs and put forward a separate census for all the high school seniors who were attending various Clubs during 2009-2010. The total number of surveys completed by the Club members and their families were 3,967 and 2,075, respectively.

The Club member survey collected data critical to the conduct of this study. Themes of inquiry included but were not limited to the following:

- **Clubs' Environmental Assessment:** A measure of the psychological climate relating to emotional support, peer affiliation, and related issues.
- **Belonging Scale:** Measures students' sense of belonging to their involvement in various Club programs.
- **Education Plans:** A measure of the Club members' academic success and attitudes regarding secondary and higher education.
- **Ability to Develop Healthy Habits:** A measure of exposure to and impact of programs that promote nutrition and physical activity within the Clubs.
- **Risky Behavior:** Inquiry was made into whether students had been arrested in the past year.

Not all data relevant to this study could be collected from Club members. As such, a survey was administered to parents to learn more about the impact of the program on Club members while also learning about how parents benefit from the existence of the program. Themes of inquiry included but were not limited to the following:

- **Basic Demographic Information:** Important demographic information that allows us to cross-tabulate information and to learn more about those served by the Boys & Girls Clubs within Los Angeles County.
- **Measuring Positive Change in Children:** Assessment of changes in the behavior of their children as a result of attending the Club (assessing the efficacy of the Club services).
- **Academic Needs of Children:** Assessment of the success of the Club in meeting the academic needs of their children.
- **Health and Healthy Habits of Children:** Inquiry about parent views on the programs ability to help their children to develop healthy habits with regard to eating and exercise.
- **Parents Needs:** An assessment of how the Club services satisfy the needs and demands of parents including the ability of parents to work and pursue further education due to Club services.

Surveys were administered to Club members and parents using random sampling techniques developed by researchers and explained to Club managers and program coordinators. Club managers then passed these instructions to their staffs who administered the surveys accordingly. A sample size was determined for each of the 27 Clubs based on the population of students served by the Clubs based on in-house questionnaires.

In addition to the above surveys administered randomly to samples of Club members and parents, a shorter, more focused survey was administered to all readily available high school seniors attending the Club. The focused themes of inquiry pertained to their high school graduation and California High School Exit Exam (CAHSEE) status along with additional questions concerning their attitudes regarding higher education.

2) Benefits of Boys & Girls Clubs for Club Members

There are a variety of ways in which The Boys & Girls Clubs within Los Angeles County impacts the lives of the youths that they serve. The ways in which these students and the greater community at large benefit have been described extensively in qualitative terms. This section of the report studies the following benefits enjoyed by Club members and the greater community:

- Improved rates of high school graduation
- Reduced levels of teenage pregnancy and motherhood
- Cost savings generated by reductions in juvenile criminal activity
- Improved healthy habits and increased physical activity

Students who participate in the Clubs are more likely to graduate from high school and are less likely to become juvenile criminals or teenage mothers than their peers in the county who do not participate in the Club. These findings are based on a combination of published data found by the authors of this report and surveys administered through the course of this study. All three of these social interventions have distinct economic benefits and cost-savings that are calculated in this section of the report.

Furthermore, students also get to enjoy better health and nutrition through participation in physical activity and nutrition-education programs offered through the Clubs. A substantial proportion of students reported improved fitness as a result of Club participation, including weight loss.

Unfortunately, no method based on existing research could be found to translate the improved nutritional outcomes into concrete monetary values.

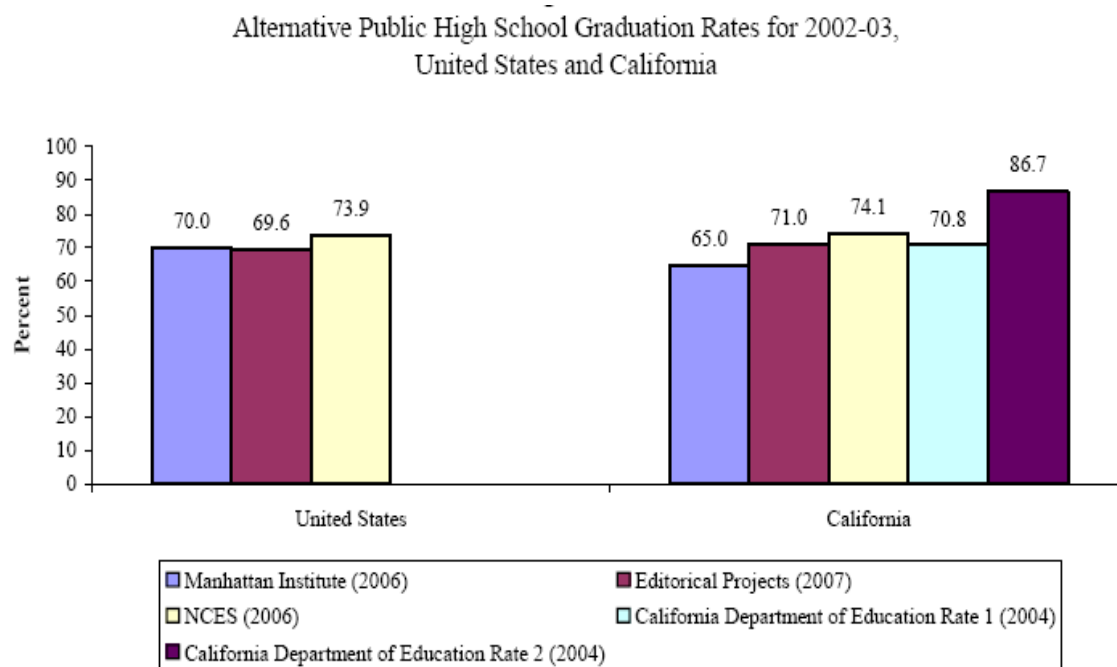
2.1) Improved High School Graduation Rates and Impact on Personal Earnings

One of the most important indicators of school performance is the high school graduation rate. This indicator is often included in both the federal and state accountability systems as one way to assess the performance of schools alongside the more common indicator based on student test scores.³

Calculation of high school graduation rates is not easy. The intuitive definition of the term differs from the actual calculations made to measure it. A common definition is that it is the percentage of students entering 9th grade who are likely to graduate in four years from high school. The definition is straight-

³ For more information see “What is California’s High School Graduation Rate?, by Russell W. Rumberger (2007), California Dropout Research Project, UC Santa Barbara.

forward but the calculation of it is very hard because of limitations in the current student data collection system. Such limitations make it impossible to calculate the numbers of students who graduate, transfer, or drop out of school in a four-year period. In order to do this successfully, researchers need a longitudinal student data system that can overcome these limitations. According to research carried out by the California Dropout Research Project conducted at UCSB, California has yet to set up a system that is capable of accurately measuring the dropout rate.⁴ This difficulty in finding an ideal metric has resulted in the proliferation of different methods that attempt to calculate the graduation rate. The following chart compiles some of these methods and their varying results:



Source: Russell W. Rumberger (2007), California Dropout Research Project, UC Santa Barbara.

As the above chart illustrates, the California Department of Education computes two different graduation rates. The fact that a public agency managing the education system publishes two different values only substantiates the difficulty of making this calculation given existing constraints on data collection systems. The two different formulae are as follows:⁵

⁴ Ibid.

⁵ See: Gary Orfield, Daniel Losen, Johanna Wald, and Christopher B. Swanson, *Losing our future: How minority youth are being left behind by the graduation rate crisis* (Cambridge, MA: The Civil Rights Project at Harvard

1. The first rate is based on the number of ninth grade students enrolled four years prior to graduation.
2. The second rate is based on a formula approved by the National Center for Education Statistics (NCES). This system estimates ninth-grade enrollment from dropout figures.

The second rate is the one California uses for state and federal accountability, but the first rate is more similar to other estimates and is considered more accurate.⁶

Students who drop out of high school not only earn less but they face a myriad of other economic costs such as having more health problems and being more likely to depend on government assistance or face unemployment later in life. Some uncertainties exist in the literature on the long-term impact of drop-out. For instance, questions remain as to whether a student returns to school after dropping out and, if they do, what the highest level of education is that they eventually attain. Such uncertainties make it difficult to estimate the long-term economic consequences of dropping out of high school.

Such difficulties led the National Education Longitudinal Study to investigate the subsequent educational attainment and earnings of a nationally representative sample of students. Those participating in the study were tracked from when they were in the eighth grade (in 1988) until they were about 26 years old (in 2000).⁷ The results of this longitudinal study are presented in the following chart:

University, 2004). Contributors: Urban Institute, Advocates for Children of New York, and The Civil Society Institute. Retrieved August 31, 2007, from

<http://www.civilrightsproject.ucla.edu/research/dropouts/dropouts04.php#reports>

⁶Also see: http://www.manhattaninstitute.org/html/cr_48.htm

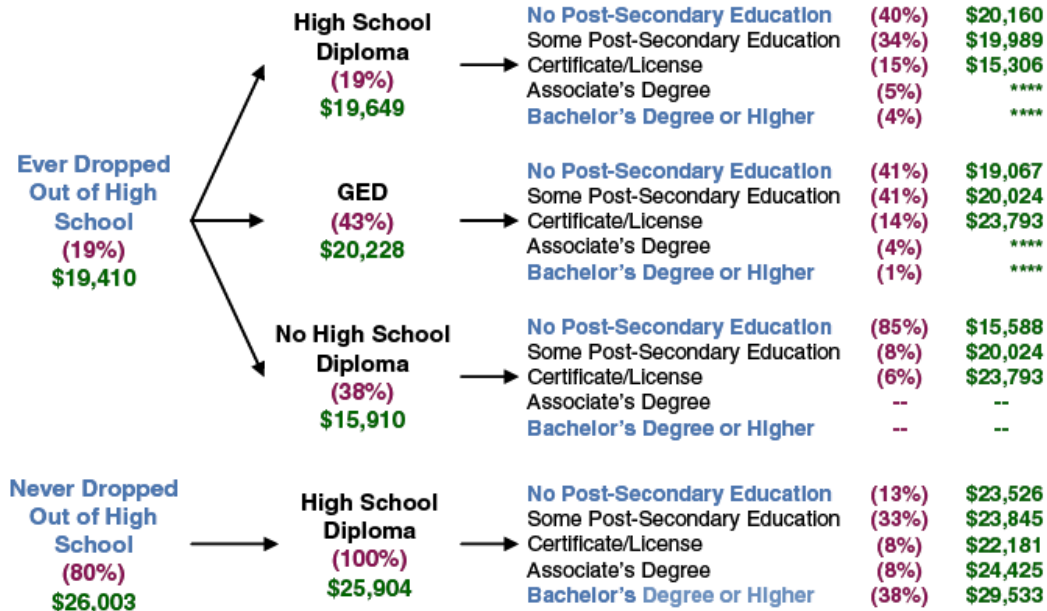
<http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2007024>

http://www.edweek.org/media/ew/dc/2006/ca_SGB06.pdf

<http://data1.cde.ca.gov/dataquest/>

⁷ See Susan Rotermund (2007), California dropout project, UC Santa Barbara Gervirtz Graduate School of Education, Statistical Brief # 5.

Educational Attainment and Earned Income in 2000 for 1988 Eighth-Graders



**** indicates that the sample was too small to provide reliable estimates

Source: Susan Rotermund (2007), California dropout project, UC Santa Barbara Gervirtz Graduate School of Education, Statistical Brief # 5

The study clearly shows that those who “ever dropped out of high school” ended up earning much less throughout the rest of their life relative to their peers who ended up attaining the same terminal degree. The study also shows that those who drop out at some point tend to be less likely to complete college. Specifically, only 5% of those who ever drop out managed to receive a Bachelor’s degree, as opposed to 38% of those who never drop out of high school.

Students “who ‘ever dropped out of high school’ ended up earning much less throughout the rest of their life relative to their peers”

The economic cost of dropping out of school is not limited to the inability to earn a higher income. High School dropouts face much higher rates of unemployment, live shorter lives, and depend more than others on government assistance. Steven H. Woolf et al (2007) argue that giving the health of educated

people to everyone would save more lives than investing in medical advances. They are so convinced about the finding of their study that they make the following assertion:⁸

“Higher mortality rates among individuals with inadequate education reflect a complex causal pathway and the influence of confounding variables. Formidable efforts at social change would be necessary to eliminate disparities, but the changes would save more lives than would society’s current heavy investment in medical advances.”

In a comprehensive study calculating the cost of high school dropouts, one has to include all sources of differential costs stemming from lower pay, higher unemployment, shorter life expectancy, more medical expenses, and government assistance. Finding an accurate basis requires estimating a reliable rate of dropout both at the state and county level. Unfortunately, our existing database and sampling method cannot yield this necessary information. We must therefore concentrate on a partial—nevertheless instructive—calculation of the cost of not completing high school.

Given the serious consequences that young people will face for the rest of their lives by deciding to drop out, any program that can help reduce drop outs and encourage students to complete their studies is worthwhile. Such a service not only helps the youth lead a more constructive life, but it creates a better educated workforce, a stronger tax base, and reduces the burden on public services. The Boys & Girls Clubs within Los Angeles County play a vital role in helping youths improve their academic outcomes.

⁸ See Steven H. Woolf et al (2007), giving everyone the health of educated: An examination of whether social change would save more lives than medical advances The American Journal of Public Health, Vol.97. No. 4.

The Clubs provide a variety of services that help students excel academically. Clubs within Los Angeles County (and the nation for that matter) as part of their after-school activities provide homework assistance and tutoring, often called the “Power Hour” program. This dedicated time supports the members in completing their homework and provides them access to supplementary instruction through tutoring services so members stay on track in school and not fall behind.



Moreover, beyond the direct academic enrichment provided by the Clubs, the Boys & Girls Clubs within Los Angeles County provide Club members positive role models and a nurturing environment that can help them improve decision-making skills. Such skills can help make sure that Club members make the right choices when it comes to their academic future.

Given the pivotal role that the Clubs can have on the academic success of Club members, this study quantifies the monetary benefit of such services. The first step in such a calculation is comparing the academic success of Club members with the general population across Los Angeles County.

The pattern of dropout in Los Angeles County is not any different with what can be seen at the state levels. According to the California Department of Education⁹, the 4-year derived dropout rate¹⁰ in Los Angeles County is 15.4% which is comparable to the statewide rate of 15.3%. Unfortunately, there is no available longitudinal data set to calculate the rate of high school dropouts among those who attended the Boys & Girls Clubs within Los Angeles County from 9th to 12th grade. Instead we used the rate of passing the California High School Exit Exam (CAHSEE) as an indicator of how many students among the senior class of the Boys & Girls Clubs within Los Angeles County passed their test compared with the county. This strategy is sensible because we do have the necessary data regarding the high school exit

⁹ <http://dq.cde.ca.gov/dataquest>

¹⁰ The 4-year derived dropout rate is an estimate of the percent of students who would drop out in a four year period based on data collected for a single year.

exam status of seniors attending the Clubs. Moreover, if a student does not pass the exit exam, it is not possible for them to graduate from a California public high school. As such, the ability to pass the exit exam is a legitimate proxy for the ability of a student to graduate high school.

The California Department of Education publishes data on a county-by-county basis for the percentage of students who pass the mathematics and English / Language Arts (ELA) sections of the examination. The latest complete and available data is for the 2008-2009 academic school year. Based on this data, the passage rate for all grades and all school administrations in Los Angeles County for that year was 57% and 59% for mathematics and ELA, respectively.

In order to make a comparison between the county's CAHSEE data and the one related to the Boys & Girls Clubs, we had to find the status of seniors and their rate of success in passing the CAHSEE. The situation is further complicated since such exams can be taken by students who are not in their senior year but feel that they can take it. Taking the latter consideration would make a close comparison between our calculation and the ones for the county and the district more difficult and uneven. Nonetheless, our attention was focused on comparing the rate of success in passing the exit exam between seniors attending the Club and seniors across the county.

We therefore distributed a survey that was administered to all available seniors across the Boys & Girls Clubs within Los Angeles County. Based on this survey, we found that 93% of seniors had already passed or were certain they would pass the CAHSEE by the end of the academic year as required to graduate from school. This calculation includes a conservative assumption that those who are "not sure" of their ability to pass in the coming year will not actually pass. For the purposes of our economic impact calculations we will use this rate as the effective rate of high school graduation among the current Club members. We need to reemphasize the fact that this rate is not a measure of dropout rates and, as explained before, our database cannot be used to measure the effective rate of dropouts among the current attendees of the Club. Nevertheless, the inability to generate an exact dropout rate is not a sufficient reason to not pursue such calculations; after all, a number of current studies indicate that the rate presented by the State of California for federal reporting purposes does not provide an accurate rate of school dropouts either.

It is important to note that the way in which our rate is calculated based on the survey of seniors is different with the way the rate of high school students passing the CAHSEE is calculated on the county level. Nonetheless, the latter two are compatible, when one considers the overall rate of success in the

district or the county over the entire year. One more difference needs to be considered; there is a difference in the year of calculation. The county rate is taken from the existing published data for the 2008-2009 academic year while our survey was based on the 2009-2010 academic year. This should not present a major difficulty, however, since there is no strong reason to believe that there was a major difference in these two consecutive years.

After considering the sentiments of those seniors attending the Club, we can now begin to calculate the economic impact of higher high school graduation rates among the seniors attending Clubs in the Boys & Girls Clubs within Los Angeles County and their peer group across the county. We began by taking the difference between the rate obtained from our survey and the countywide rates released by the California Department of Education.

The survey was completed by 285 seniors. According to data collected from questionnaires completed by the club management, the clubs served 2,213 high school seniors who attend the club at least three days per week. Based on our survey of club members, 84% of them stated that they attend the clubs 3 times or more during the week. We used this ratio and calculated that some 1856 seniors have been attending the club during the concerned academic year for three times or more during the week.

Furthermore, using a rate of 57%¹¹ as the rate of success for the CAHSEE amongst those in the county and 93% as the success rate amongst seniors attending the Boys & Girls Clubs, we found a difference of 36%. Considering that 1856 high school seniors attend the clubs in the LA Alliance for three or more times during the week, we find that about 668 more youth pass the exam in the population of club members when compared to a similarly sized cohort of seniors in the county. We consider these 668 additional graduates a positive externality created by the programs of the Los Angeles Alliance. This positive externality may have resulted from the programs (such as homework assistance and tutoring) and environment provided by the clubs that are more conducive to higher academic achievements and future success.¹²

¹¹ We considered 57% as the countywide success rate since it represents the pass rate for the mathematics portion of the CAHSEE; we considered this figure as opposed to the ELA pass rate since all students must pass both sections of the exam to graduate from high school and, as such, the lower of the two figures is appropriate.

¹² There is valid argument that other circumstances may have contributed to a higher rate of success among the Club attendees. A number of such arguments are equally applicable to all other similar studies.

In order to calculate the economic impact we looked at the earning potential of people who graduate with a high school diploma or have an equivalent degree entering the labor force and those who enter the labor force without a high school diploma. The calculation is based on the studies conducted for the state of California and some of the assumptions that we made based on our survey. Our calculations are based on modest and conservative assumptions.

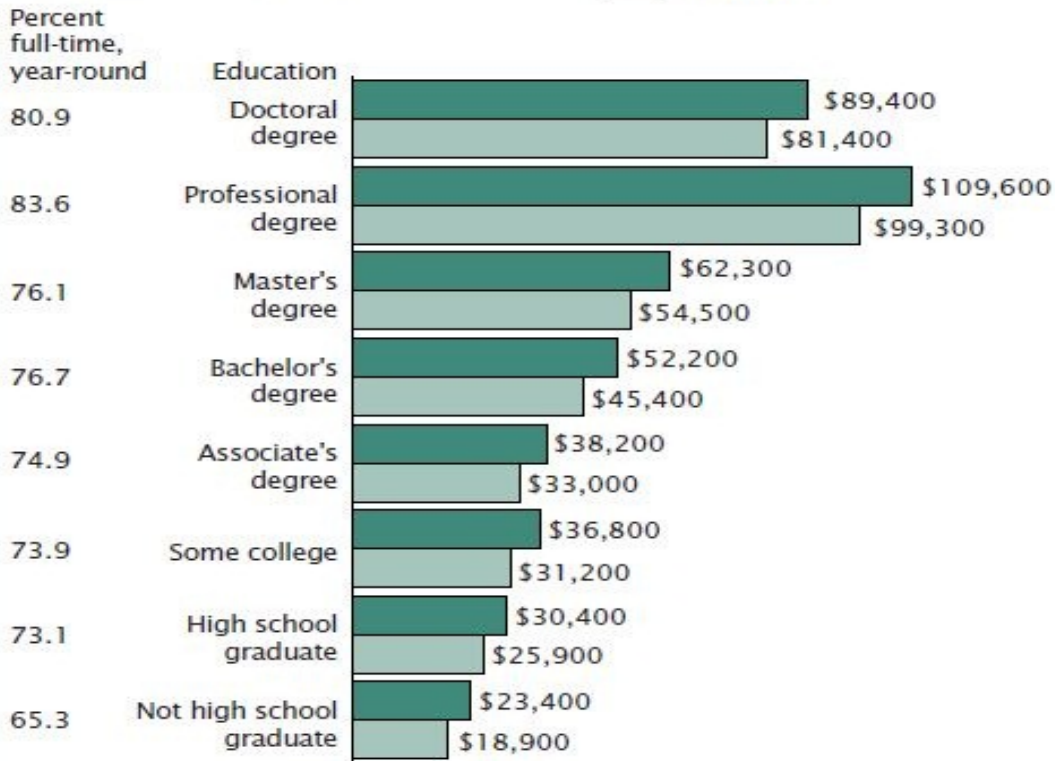
The following chart shows the information for annual wages and salary earnings across different levels of educational attainment in the United States. This is based on the most recently available census data.¹³

¹³ We used the wage and salary structure of the United States since there is no particular justifiable reason to assume that the future employment prospects of those young people who are currently living in Los Angeles will differ significantly from those across the country.

Work Experience and Average Annual Earnings of Workers 25 to 64 Years Old by Educational Attainment: 1997-1999

(Earnings in 1999 dollars)

Full-time, year-round workers
All workers



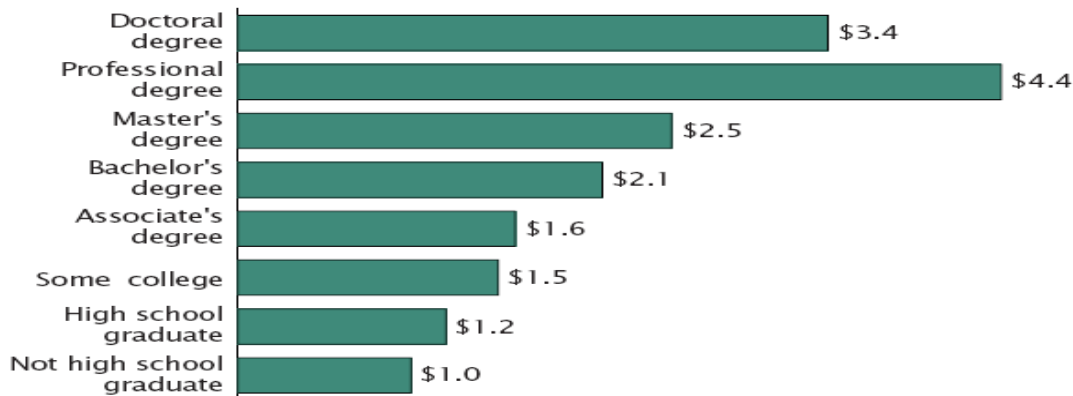
Source: U.S. Census Bureau, Current Population Surveys, March 1998, 1999, and 2000.

Following the method of similar studies, we looked at the economic impact of increased earning potential over a 20-year period due to holding a higher academic credential. Such studies are difficult to conduct and, to a great extent inaccurate, as one cannot foresee the future without having a credible study of the long-term consequences of not passing the high school exit exam in one year. Indeed such estimation must be based on longitudinal studies in order to construct a long-term scenario of what is likely to happen; we have already referred to one such study about the long-term impact of dropping out of school (Rotermund 2007). Nevertheless, we could not find such studies about the long-term consequence of failing the CAHSEE. It should therefore be stated that our assumption about the long term impact of people who fail the high school exit exam and may continue to be working in the labor market without a high school diploma is not based on concrete and academically viable studies and therefore may overestimate or underestimate the economic impact to some extent.

As for the long term impact of getting a high school diploma or working without one, it does impact the lifetime earnings of people. Results of such differential lifetime earnings are presented in the following chart taken from a study by the US Census.¹⁴

Synthetic Work-Life Earnings Estimates for Full-Time, Year-Round Workers by Educational Attainment Based on 1997-1999 Work Experience

(In millions of 1999 dollars)



Source: U.S. Census Bureau, Current Population Surveys, March 1998, 1999, and 2000.

As the above chart demonstrates, based in 1999 dollars, an individual with a high school diploma earns \$200,000 more during their work-life than a person without a high school diploma. Taking 1999 dollars and adjusting it with an average rate of inflation of 3% for the last 11 years we can say that a simplified version of this difference in 2010 real terms will be \$276,846 per person. We will use this figure to calculate the lifetime earnings impact of having a high school diploma versus not completing high school. By helping an additional 668 young people complete high school, the Boys & Girls Clubs within Los Angeles County have helped increase the total work-life earning of these young people by almost \$185 million.

“By helping an additional 668 young people complete high school, the Boys & Girls Clubs within Los Angeles County has helped increase the total work-life earning of these young people by \$185 million... the annual benefit moving forward will be about \$6.5 million”

¹⁴ See Jenifer Cheeseman Day and Eric C. Newburger (2002), “The Big Payoff: Educational Attainment and Synthetic estimates of Work-Life earning; Special Studies, US Census.

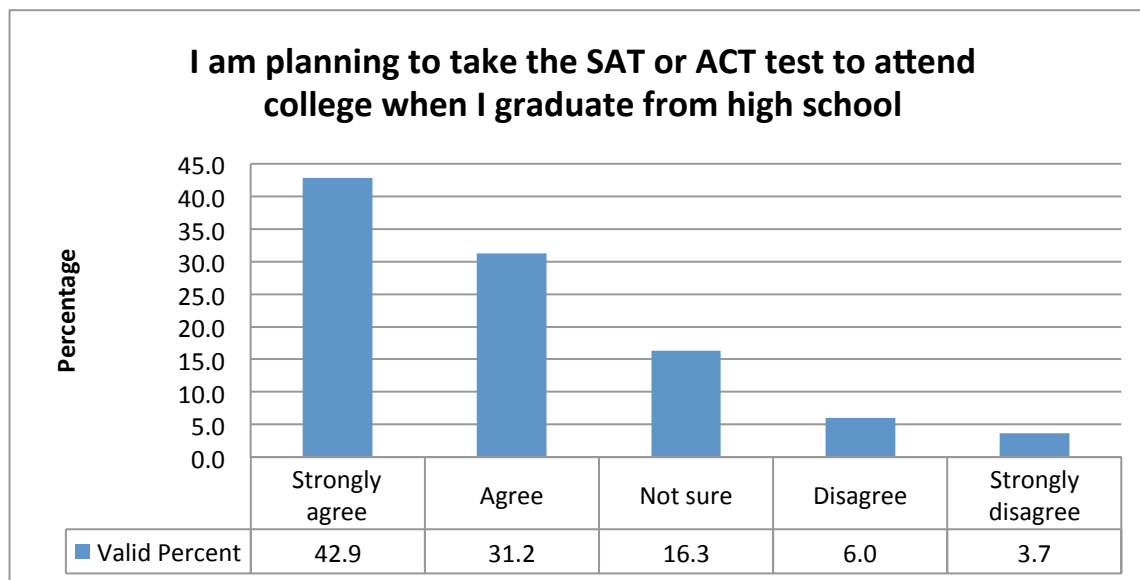
One can also consider this economic benefit on an annual basis considering data on annual wage differentials. As data presented earlier from the U.S. Census indicated, the annual difference in wages for a full-time working high school graduate and a full-time working non-graduate is \$7,000 in 1999 dollars. Adjusting for 11 years of 3% inflation, this becomes a difference of \$9,689 in real 2010 dollars. With 668 students graduating high school as a result of the program, the annual benefit moving forward will be over \$6,472,252.

The following table sums up the economic benefits created by the ability Clubs Boys & Girls Clubs within Los Angeles County to improve high school graduation rates:

Percentage of students Passing CAHSEE in Los Angeles County	Percentage of seniors attending Clubs passing CAHSEE	Additional number of students passing CAHSEE in Boys & Girls Clubs within Los Angeles County	Total annual increase in annual wage and salary	Total work-life increase in earnings
57%	93%	668	\$6,472,252 per year	\$ 184,933,128

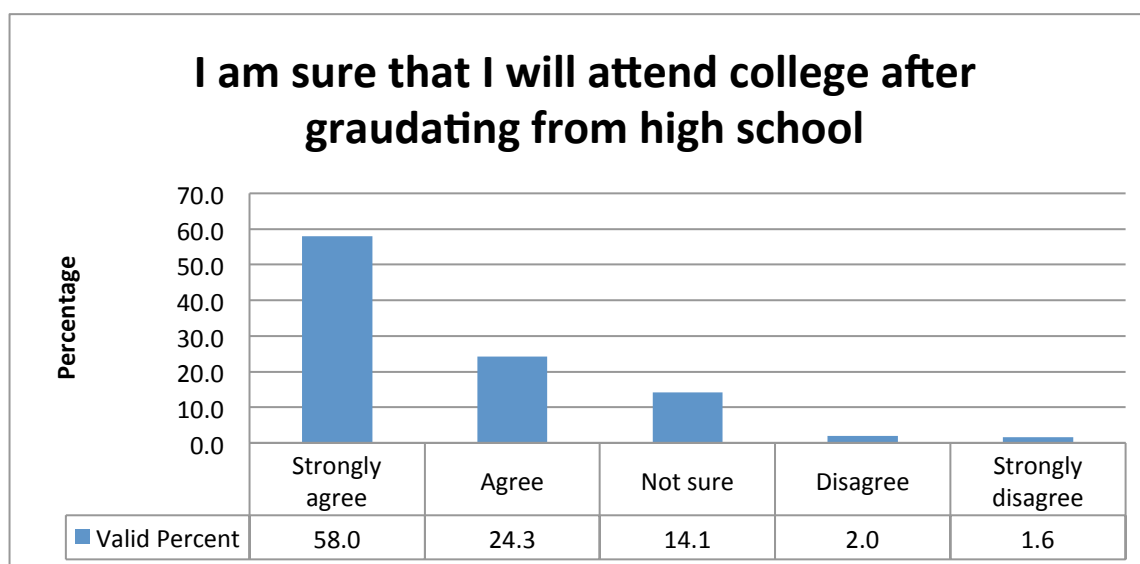
Sources: Survey of seniors in the Boys and Girls Clubs in Boys & Girls Clubs within Los Angeles County of Boys & Girls Clubs, US Census, California Department of Education.

It should also be stated that our calculations may be an underestimation, since our conservative assumptions did not account for the fact that a great number of these students are likely to enter university and receive a bachelor's or other higher academic degree thereby earning much more than a high school diploma holder in the labor market. In order to reach this conclusion, it is important to consider data from additional questions which were asked in the survey distributed to high school seniors in the Clubs. These questions illustrate the attitudes of students that will shape the future success and economic contribution of these individuals to their communities. These attitudes indicate that it is safe to believe that some of these high school seniors will go on to earn degrees beyond the high school diploma.



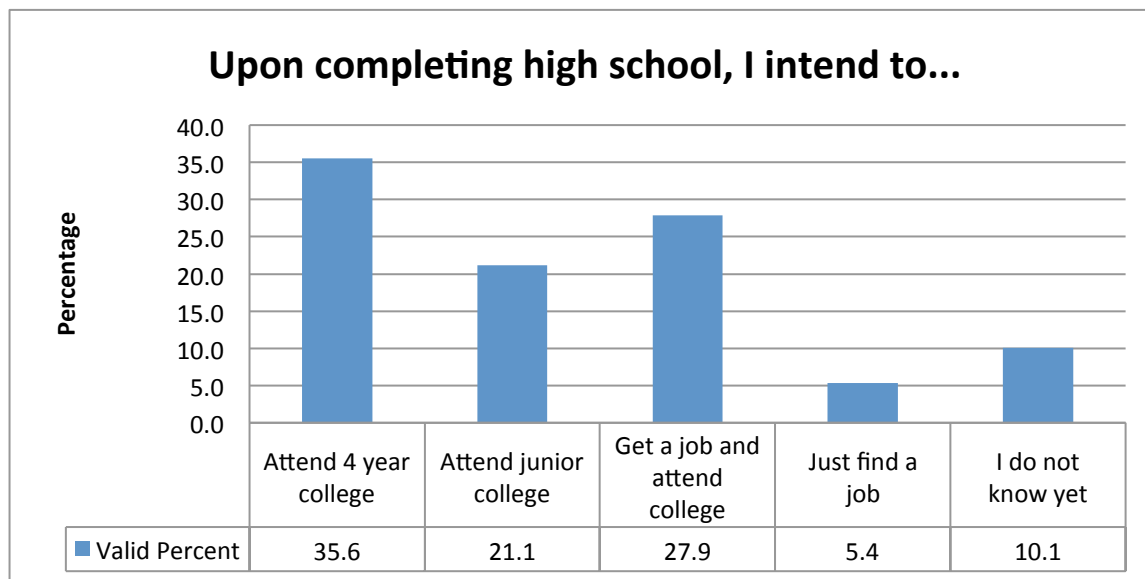
Source: Survey of seniors attending Boys and Girls Clubs in the Boys & Girls Clubs within Los Angeles County during the 2009-2010 academic year

A vast majority of seniors (74.1%) indicate that they plan to take the SAT exam. This is a good sign since the SAT is an important component of direct admissions to a four-year university program. Whether or not a student has a successful admissions cycle, the fact that they are taking the exam indicates a degree of special initiative and ambition to pursue further education. It is important to note that an additional 16.3% of seniors were not sure whether they would or would not take the SAT while only 9.7% were not planning to take the exam.



Source: Survey of seniors attending Boys and Girls Clubs in the Boys & Girls Clubs within Los Angeles County during the 2009-2010 academic year

One of the most promising findings from the survey of senior attitudes and sentiments is the very strong belief amongst seniors in the program that they will attend college. The responses of seniors to this question indicate that they are highly motivated and ambitious to succeed. These characteristics will help them throughout the course of their professional lives. Four out of five respondents to the survey (82.3%) indicate that they plan to attend college eventually after completing high school.



Source: Survey of seniors attending Boys and Girls Clubs in the Boys & Girls Clubs within Los Angeles County during the 2009-2010 academic year

To get more details on the college ambitions of seniors in the Clubs, we asked about their specific plans. A majority of respondents (56.7%) plan to be full-time students either in a four-year college or junior college. An additional 27.9% of respondents plan to go to school and get a job at the same time.

“Survey data indicates that many [Club members] will likely pursue higher degrees which will only ensure that they have more skills and an even better livelihood”

The last three exhibits indicate that the overwhelming majority of the seniors surveyed consider college as the next step in their lives. This seems to verify that our estimates regarding the economic impact of improved academic performance through Club participation is an underestimation. This is due to the fact that we maintained a conservative assumption that those who complete high school will only enter

the labor market as high school graduates. The survey data indicates that many will likely pursue higher degrees which will only ensure that they have more skills and an even better livelihood.

2.2) Cost Savings Due to Reduction in Teen Childbirth

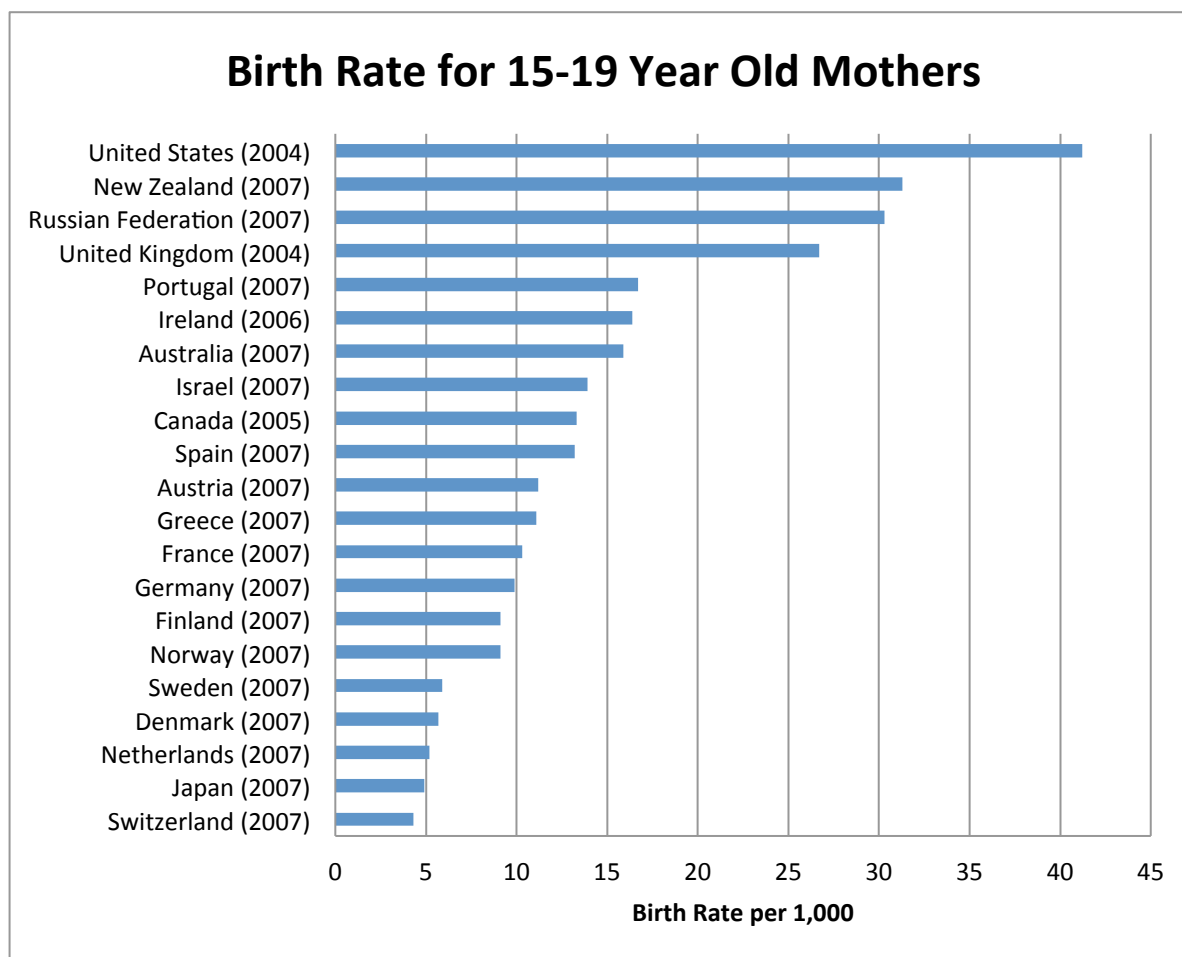
The United States of America has the highest teen birth rate among all the industrialized countries in the world. Nearly four out of ten girls become pregnant at least once before the age of 20. Teen pregnancy causes serious education and health problems for both the mother and father. Teen mothers are more likely to have serious complications during pregnancy and delivery. Teen mothers and fathers are less likely to earn a high school diploma.

According to recent reports, teen births have decreased; however, it continues to be a significant problem in California. In a 2006 report from the California Commission on the Status of Women, 83% of teen births happen to low income families and two out of three are Latinos. Many of these young women have lower educational attainment and 70% of them dropout of school.¹⁵

***“The United States of America has the highest teen birth rate
among all the industrialized countries in the world”***

The below diagram best illustrates the relative seriousness of the problem in the United Nations when it is compared to similarly well-developed countries:

¹⁵ For more information see <http://women.ca.gov/UserFiles/922.FinalPublicPolicyAgenda.pdf>



Source: United Nations Demographic Yearbook (2007)

Amongst developed countries, the U.S. teen birth rate is staggering at 41.2 per 1,000 teenage females aged 15-19. Russia, New Zealand, and the United Kingdom trail with birth rates of 30.3, 31.3, and 26.7, respectively. Remaining developed countries all have teen birth rates below 17 per 1,000 with Switzerland having the lowest rate of all—4.3 per 1,000 teenage girls aged 15-19.

The relative widespread prevalence of teenage pregnancy in the United States and the serious consequences it can have for teenage mothers and fathers demonstrates the need that exists for programs that can help reduce these troubling trends. Not only would a reduction of teenage pregnancy help the teen parents but the impact has real and tangible economic impacts for the country.

According to recent studies, teen childbearing in the United States costs taxpayers at least \$9.1 billion annually at the federal, state, and local levels.¹⁶ The same study demonstrates that the rate of teen births in California between the years 1991 to 2004 was among the highest in the nation. The cost measured in the referred study is based on expenses in 2004. Using the same rate in 2004, the inflation adjusted cost will be in excess of this estimate, assuming that the rate did not subside drastically. Most of the costs of teen childbearing are associated with negative consequences for the children of teen mothers, including increased costs for health care, foster care, and incarceration.

Most of the costs of teen childbearing are associated with negative consequences for the children of teen mothers. On the national level, these costs include \$1.9 billion for increased public sector health care costs, \$2.3 billion for increased child welfare costs, \$2.1 billion for increased costs for state prison systems, and \$2.9 billion in lost revenue due to lower taxes paid by the children of teen mothers over their adult lifetimes.

In summary, taxpayers face the following economic costs as a result of teenage parenthood:

- Lost tax revenues from the decreased short and long-term earning power of teenage parents.
- Public assistance expenditures necessary to support teen parents and their families.
- Health care costs for children of teenage mothers.
- Criminal justice costs for children of teenage mothers.
- Foster care costs for the children of teenage mothers.

In addition to the costs of teenage pregnancy that burdens the taxpayer, it is important to consider the ways in which teenage parenthood changes the future life and prospects of the parent. These changes can have long-term consequences ranging from the emotional to the economic.

As the economy has transitioned from an emphasis on manufacturing to an emphasis on services, education has become an important determinant of success. One of most important elements of building a strong workforce for the 21st century is to have a well-educated pool of labor. Due to the

¹⁶ This estimate was done in recent study by Saul Hoffman, professor of economics and chair of Department of Economics at Delaware University. For more information see the full study <http://www.buec.udel.edu/hoffmans/Research/By%20the%20Numbers.pdf>

negative impact teenage pregnancy has on educational outcomes, reducing teen pregnancy can help strengthen the future workforce. Early teen pregnancy substantially reduces the opportunity of parents to continue their education and thereby makes segments of the American workforce less competitive.

Insufficient education deprives the young parents the opportunity of having stable and high paying jobs in the future. Teen parents and their children are less likely to graduate from high school. In fact, less than four in ten teen mothers who began their families before age 18 ever complete their high school education.¹⁷ A study by the National Campaign to Prevent Teenage Pregnancy in 2002 shows that in the past 25 years, the median income of people without a college education decreased in absolute terms (not inflation adjusted) by 30 percent while median income of college graduate increased by 13%.¹⁸ The same study shows that half of teen mothers drop out of school before becoming pregnant. Some 52% of all mothers on welfare had their first child as a teenager. Teenage mothers are less likely to complete high school and only 1.5% earns a college degree by the age of 30. This, in turn, influences their earning capacity and likelihood to live on welfare.¹⁹

In summary, the sources of short and long-term costs for the families of teen parents are as follows:²⁰

- Teenage parents are less likely to complete high school.
- Teenage parents are more likely to depend on welfare.
- The children of teen mothers are more likely to perform poorly in school.
- The children of teen mothers are at a greater risk of abuse and neglect.
- The sons of teen mothers are 13% more likely to end up in prison and are more likely to commit more violent crimes.
- The daughters of teen mothers are more likely to become teen mothers themselves.

¹⁷ For more information see <http://www.teenpregnancy.org/resources/data/pdf/notjust.pdf>, not just another single issue: Teen Pregnancy Prevention's link to other critical social issues, Feb. 2002.

¹⁸ Ibid.

¹⁹ Maynard, Rebecca, A, *Kids having kids: Economic costs and social consequences of teen pregnancy*, Published by John Wiley and Sons on behalf of Association for Public Policy Analysis and Management, 1999.

²⁰ <http://www.richmondgov.com/tpp/background.aspx>

The Boys & Girls Clubs within Los Angeles County play an important role in saving youths from the serious consequences they will face if they become teenage parents. By providing youth a nurturing environment and programs that develop important life skills, the Clubs provide the youth with positive reinforcement and hope for a better life. Such emotional support can help an at-risk teenager develop better decision-making skills that can help them avoid risky behavior that can lead to teenage parenthood. Among the Clubs programs that help youth to find a better path for a better future one can mention SMART Moves, SMART Girls, Triple Play, and Passport to Manhood.²¹

In order to calculate the economic impact of the Clubs' potential to reduce teenage pregnancy, our literature review yielded an impressive nationally representative study by Dr. Rebecca Maynard,²² a professor of the University of Pennsylvania and a member of the National Campaign to Prevent Teen Pregnancy. This study yielded cost estimates for the economic impact of teen pregnancy to taxpayers and society which captures many of the adverse impacts of teen pregnancy discussed earlier in this section.

Since this rigorous study looked both at the taxpayer and societal costs, we will use its findings for both categories. In order to derive the taxpayer costs, Maynard

²¹ These programs are commonly used across various Boys & Girls Clubs of America. For a full description of these programs and how they help Club members to learn more and lead a healthy life see

<http://www.bgca.org/programs/healthlife.asp>

²² We also looked at a number of other studies for searching the latest information on teen pregnancy and childbearing. To arrive at a long term cost over the life time see the following:

http://www.health.state.nm.us/phd/fp/teen_pregnancy.htm

<http://www.thenationalcampaign.org/costs/pdf/states/california/fact-sheet.pdf>

http://www.health.state.nm.us/phd/fp/teen_pregnancy.htm#_ftn5

http://www.usa.gov/Topics/Reference_Shelf/Data.shtml

<http://usasearch.gov/search?v%3Aproject=firstgov-web&query=Economic+cost+of+teen+birth>

http://www.health.state.nm.us/phd/fp/economic_impact06.htm

http://info.sen.ca.gov/pub/07-08/bill/asm/ab_1501-1550/ab_1511_cfa_20070602_170429_asm_floor.html

<http://women.ca.gov/UserFiles/922.FinalPublicPolicyAgenda.pdf>

<http://www.thenationalcampaign.org/costs/tables.aspx>

“employed conservative assumptions, and used the most directly attributable costs, including tax revenue costs based on mother’s and father’s income and consumption, public assistance direct costs such as welfare and medical assistance as well as the associated administrative costs of these programs, costs for increased foster placement and incarceration of children, and tax revenue costs based on children’s income and consumption when they reach early adulthood. Some costs such as public assistance were averaged over 13 years of parenthood... Appropriately, and unlike other less rigorous cost analyses, Maynard estimated net costs, adjusted for estimated costs in the same categories had the teen mother delayed her birth until age 20 or 21” (Constantine 5)

Using a similarly thorough methodology, Maynard calculated the economic costs for society. This analysis considered the impact of teenage pregnancy on other stakeholders beyond the taxpayer. Considerations in this part of the analysis included “estimated changes in earnings of teen mothers, fathers, and children when they reached early adulthood, and privately paid medical costs” (Constantine 6).

The results of the analysis conducted found that the annual costs per teen pregnancy for teens aged 15-19 was \$2,129 for costs to taxpayers and \$4,750 for costs to society. However, the total outlay per teen pregnancy is much more significant if the long-term costs are considered.

“Each teen birth costs taxpayers and society \$114,474”

The analysis conducted by Maynard averaged many costs over 13 years. If one considers the future costs over this entire period, the total outlay of economic costs per teenage pregnancy is \$27,677 for taxpayer costs and \$61,750 for societal costs. In other words, each time a teenager between the ages of 15 and 19 gives birth, taxpayers and society incur a marginal cost of \$89,427. Please note, that all these calculations are in the year 2000 dollars. Adjusting for inflation and assuming an average rate of inflation each year of 2.5%, this analysis finds that each teen birth costs taxpayers and society \$114,474 in 2010 dollars; in annual terms, this is \$8,806 per year.

In order to understand the economic impact of the Clubs in the Boys & Girls Clubs within Los Angeles County in terms of reduced teenage pregnancy, it is critical to compare rates of teenage parenthood in

Los Angeles County with those of youth participating in The Boys & Girls Clubs within Los Angeles County. In 2008,²³ the rate of teenage parenthood in Los Angeles County was as follows:

Teen Births Age 15-19 (2008)	Female Population Age 15-19 (2008)	Rate of Teen Parenthood (Per 1,000)
14,111	414,775	34.02

Compared to their peers across the county, the teen birth rate is much lower for those participating in the Boys & Girls Clubs Boys & Girls Clubs within Los Angeles County. In order to gauge the teen pregnancy rate, we included a question within the in-house questionnaire submitted to Club management asking whether they were aware of any instances of Club members becoming pregnant. Due to the daily interaction of Club staff and management with those that they serve, we concluded that they would be a good source of information regarding the prevalence of pregnancy among Club members. With managers from all twenty seven Clubs in the Boys & Girls Clubs within Los Angeles County reporting, the questionnaire found 14 instances of Club members becoming pregnant.²⁴ These fourteen pregnancies are from within a population of about 5,207 female Club members between the ages of 15 and 19 who attend the Club at least three days per week.²⁵ As such, based on these reports, the rate of teen pregnancy within the Club is 2.69 per 1,000.

Simply put, those who attend the Boys & Girls Clubs Boys & Girls Clubs within Los Angeles County are less likely to become pregnant and give birth. For a cohort of 1,000 females between the ages of 15 to 19, 31 less girls become teen mothers through participation in the Boys & Girls Clubs.

²³ We have used teen birth rate from the county for 2008. There is a discrepancy as a result since our questionnaire to Club managers asked for the rate of teen pregnancy in the year 2010. Nevertheless, we will compare these two rates since there is no reason to believe that the rate has changed sufficiently between 2008 and 2010 to make these calculations invalid.

²⁴ It is important to note that the questionnaire asked about Club members who became pregnant and did not venture further into inquiring whether the pregnancies resulted in birth. As such, calculations based on this figure may underestimate the true economic savings created by the Clubs since the birth rate may actually be lower than this. Nevertheless, we will use the conservative assumption that all these reported pregnancies resulted in births.

²⁵ This figure is based on the fact that according to the parents' survey, 84% of Club members attend at least 3 days per week.

“The Boys & Girls Clubs within Los Angeles County saves taxpayers and society a total of \$18,659,262 for the 163 teenage females served through the positive impact of its services.”

Using the number of teen mothers saved we calculated two set of costs that are presented in the following tables. First, we consider the annual cost saving as a result of reduced levels of teenage pregnancy:

Female Club members between the ages of 15 and 19 who attend the Club more than 3 days a week	Rate of teen childbirth in a comparative community (per 1,000)	Rate of teen pregnancy among female Club members aged 15 to 19	Total number of teen childbirths averted	Estimated annual cost of teen pregnancy to taxpayers and society	Total annual costs saved for tax payers and society due to positive influence of Clubs
5,207	34.02	2.69	163 female teens saved	\$8,806	\$1,435,378 Annually

Our calculations indicate that by saving 163 females from teen parenthood, the Boys & Girls Clubs within Los Angeles County is generating economic savings of \$1,435,378 per year over a period of 13 years. This is a tremendous level of savings for the community.

As pointed out before, the annual cost above is based on an average of costs over a period of 13 years. It is also important to understand the total long-term economic savings generated for each teen that is saved from becoming a teen parent. The overall cost to taxpayers and the society for every teen mother is \$114,474. Considering this lifetime economic cost, the economic savings generated through the social interventions of the Boys & Girls Clubs within Los Angeles County are as follows:

Female Club members between the ages of 15 and 19 who attend the Club more than 3 days a week	Rate of teen childbirth in a comparative community (per 1,000)	Rate of teen pregnancy among female Club members aged 15 to 19	Total number of teen childbirths averted	Estimated long-term cost saving for society and taxpayer for each teen birth averted	Total lifetime saving for taxpayer and society due to positive influence of Clubs

5,207	34.02	2.69	163 female teens saved	\$114,474	\$18,659,262
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The Boys & Girls Clubs within Los Angeles County save taxpayers and society a total of \$18,659,262 for the 163 teenage females served through the positive impact of its services. This reduced burden for the teens and their community is significant.

2.3) Economic Impact through Reduction in Juvenile Arrests and Crimes

Crimes in general and juvenile crimes in particular are a major source of social disorder, economic loss, and public health concerns in every society. While protecting individuals and families has an important place in the community, prevention of violence has been argued by many scholars and practitioners as the most effective and cost saving long-term solution. As a result, programs such as The Boys & Girls Clubs within Los Angeles County that help to reduce juvenile crime are valuable social assets.

The existing data shows that juvenile crimes increased significantly over the last two decades. According to a report published by California's Legislative Analyst's Office (LAO) in January 2007 characteristics of the crime victims can be summed up as follows:²⁶

- Individuals between ages of 12 to 24 are more likely to commit and be the victim of violent crimes. Indeed the probability of being the victim of crimes is significantly lower for all other ages.
- The likelihood of being a victim of a violent crime was 45 percent higher for males than for females.
- Violent victimization rates for blacks were 37 percent higher than those for whites. Hispanics had violent victimization rates 24 percent higher than whites. Black households were victims of property crimes at a rate 7 percent lower than whites, and Hispanic household victimization rates were 35 percent higher than whites.
- Poorer households were much more likely to experience an unlawful entry into their homes (burglary) than wealthier households. However, while wealthier households do not experience

²⁶ California's Criminal Justice System: A Primer, Legislative Analyst's Office (LAO) California Nonpartisan Fiscal and Policy Advisor.

burglary as often, they were more likely to be victims of theft, which includes the taking of household items, motor vehicle accessories, or other objects without entry into the home.

Looking at such statistics shows that age, ethnicity, gender, and economic status are important determinants of who is likely to suffer most from crimes in our communities.

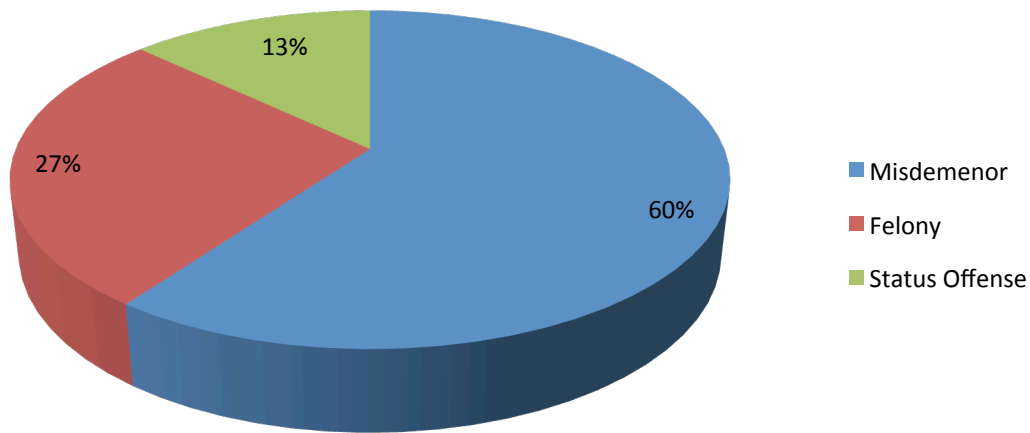
The focus of the juvenile criminal justice system is to rehabilitate and bring back at-risk youth to a productive and crime-free future life. The juvenile criminal justice system quite rightly focuses more on education, treatment, and counseling programs when compared to the adult criminal justice system. This difference in philosophy makes correctional programs for juveniles more expensive than facilities for adults. In order to present a broad picture of juvenile crime in the state and in Los Angeles County, we present a series of charts for data from the state and county.

California Juvenile Arrests by Gender, Race, and Age (2005)		
	Juvenile Arrests	California Youth Population
TOTAL	222,512	4,493,439
Male (%)	74	51
Female (%)	26	49
Black (%)	17	8
Hispanic (%)	48	46
White (%)	28	44
Other (%)	7	14
Ages: 10-11 (%)	2	24
Ages: 12-14 (%)	27	38
Ages: 15-17 (%)	71	38

Source: Legislative Analyst's Office (LAO), 2007

As the chart shows there is a significant imbalance between the population of youth between the ages of 15 and 17 and their share of total arrests. The rate of arrest between ages of 12 to 14 is also alarming and deserves special attention. A significant proportion of the crimes committed by juvenile offenders are misdemeanors. The breakdown of the approximately 223,000 juvenile arrests across various categories is presented below:

Category of Arrests (2005)



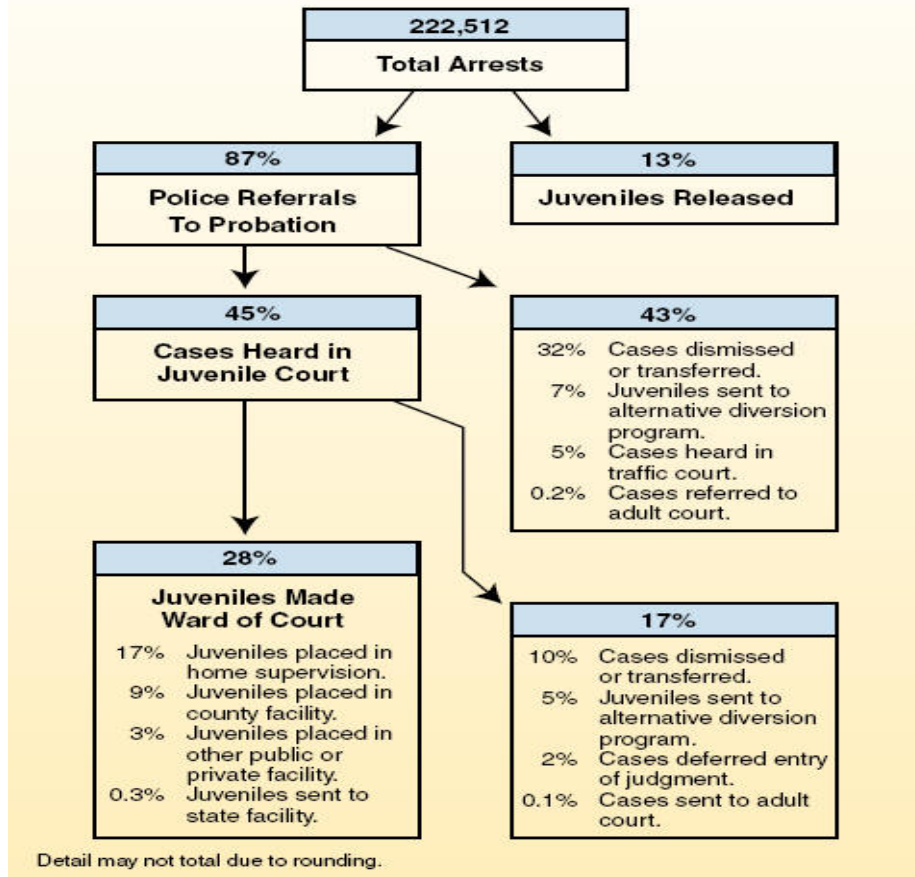
By far the largest share of arrests amongst juveniles is for misdemeanor crimes such as petty theft; such crimes account for three-fifths of total arrests. Felony arrests for more serious offenses such as burglary accounted for another 27% of juvenile arrests. Status offenses represent 13% of the total arrests in 2005; such crimes include acts which are illegal due to the status of juveniles as minors. These crimes include truancy and curfew violations.

Between 1995 and 2005 the population of juveniles in California increased by 24% while at the same time the number of juvenile felony arrests declined by 33%. At the same time, the percentage of juvenile misdemeanors declined by 6% between 1995 and 2005, from about 142,000 arrests in 1995 to less than 134,000 arrests a decade later. There is no clear reason that can be supported by empirical evidence that can explain why the rates are on the decline. It is also important to note that the rate of decline is not the same in every community.

While arrests are an important part of the process facing a youth going through the criminal justice system, it represents only one step in a long process. After being arrested, juveniles may be immediately released, go to court, end up on probation, or even become wards of the state. Each of these outcomes impacts the youth differently and creates varying costs for society and taxpayers. The report published by the LAO compiled data on the likely outcomes facing juveniles who are arrested. The results are as follows:

Outcomes of Juvenile Arrests In California

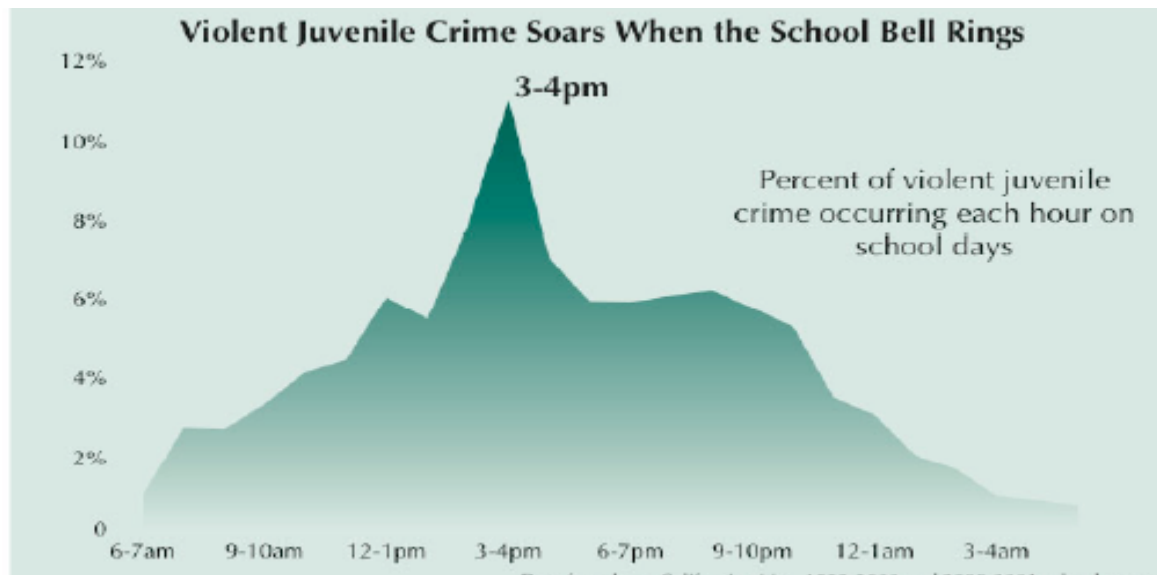
2005



Source: Legislative Analyst's Office (LAO), 2007

The above chart shows that there a variety of outcomes that can occur when a juvenile is arrested. The majority of juveniles arrested will have a chance to come back to society and hopefully lead a productive, crime-free life. Getting back to a productive life requires a nurturing environment that can help youths find their way forward, have self-respect, and be encouraged to succeed in their lives.

In order to understand juvenile crimes better, one needs to look at patterns that can explain why, how, and when juvenile crime happens. One of the most telling variables is the issue of *when* crime happens during the day. The below chart illustrates patterns of arrest throughout the day:



Source: Fight Crimes Invest in Kids California (2007), From California's Front Line against Crime

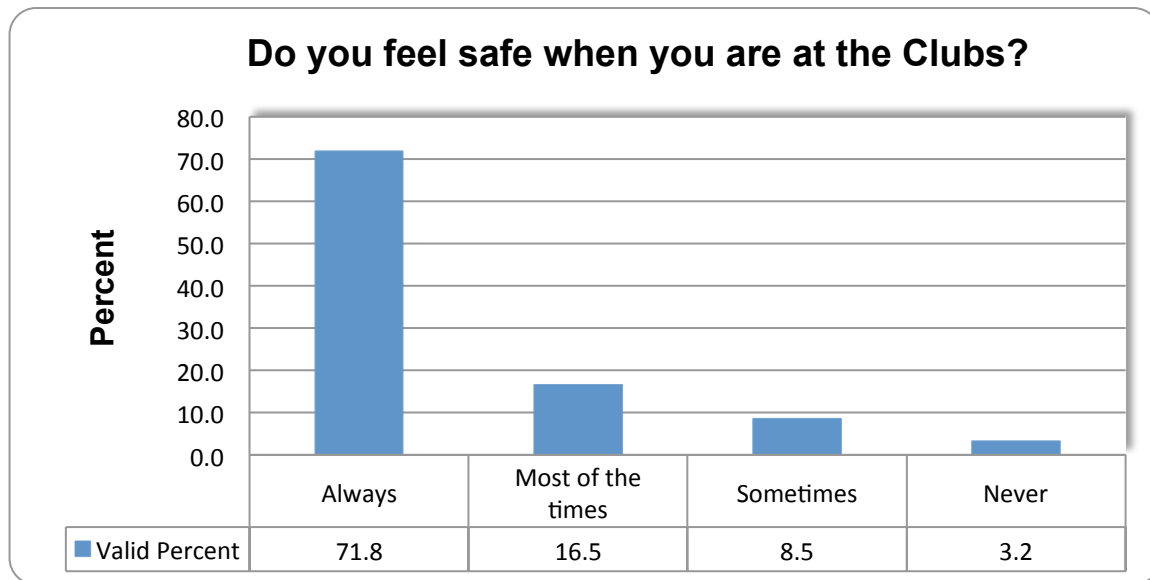
The above diagram illustrates that the rate of crime spikes upwards dramatically with the highest rate of violent juvenile crimes occurring when students leave schools between the hours of 3:00 and 4:00PM. This data demonstrates clearly the acute need for having a safe environment for kids to go to when the school bell rings and they leave school. Fortunately, the Boys & Girls Clubs within Los Angeles County are an available safe haven for youth during these dangerous times of the day.

"The rate of crime spikes upwards dramatically with the highest rate of violent juvenile crimes occurring when students leave schools between the hours of 3:00 and 4:00PM... Fortunately, the Boys & Girls Clubs within Los Angeles County is an available safe haven for youths during these dangerous times of the day"

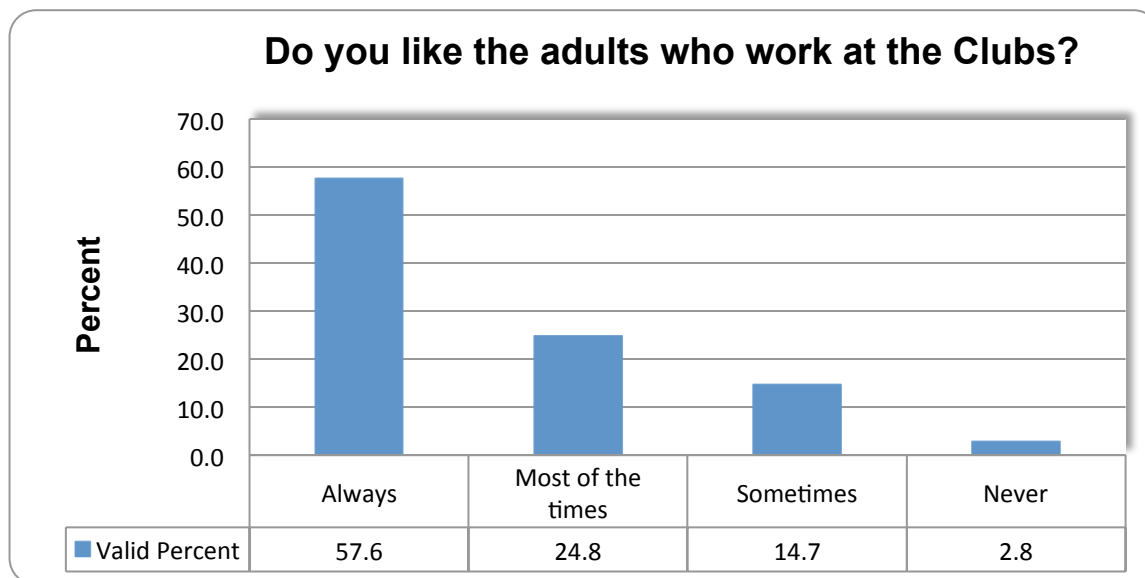
The Boys & Girls Clubs within Los Angeles County are a critical asset of juvenile crime prevention in the community. On the most basic and intuitive level, the Clubs reduce crime by taking kids off the streets and placing them in a safe and nurturing environment. In such an environment, they are safe not only from victimization but also from negative influences that can cause them to perpetuate crime. Such a safe haven is critical during the after-school hours when juvenile crime becomes most rampant.

Moreover, the services of the Club operate on another level as well. By providing various resources and access to positive role models in the Club staff, the Boys & Girls Clubs within Los Angeles County is helping these youth develop the decision-making skills necessary to make the right choices and avoid

decisions that will haunt them and the community. In order to understand the positive influence the Clubs can have in keeping youth safe and away from negative influences, our survey to Club members contained the following two qualitative questions:



Given the fact that youth are most at-risk after school, it is important to understand whether youth participating in the Clubs feel safe while they are at the Clubs. A feeling of safety can reflect a sense of security from being victimized or security from negative influences. The results are overwhelmingly positive. Nearly nine out of ten respondents (88.3%) feel safe at the very least most of the time with the vast majority (71.8%) feel safe always. Beyond the simple feeling of safety, it is important that Club members feel good about the adults working at the Clubs.



Some teens become engaged in criminal activity or gangs due to contact with negative role models who encourage destructive behavior. One way in which the Boys & Girls Clubs within Los Angeles County may help youth make better choices is by exposing them to positive role models who are good members of the community—such as those who work and volunteer for the Clubs. For role models to be effective, they must be well-liked by Club members. Once again, the results from the Club member survey are promising. The vast majority of respondents (82.4%) indicate that they like the adults working at the Clubs at least most of the time with a majority (57.6%) indicating that they like them always.



Given the intuitive reasons why the Clubs help reduce the likelihood of youth to pursue criminal activity, it is important to measure this impact quantitatively and to understand the related economic impact of

this social intervention. First, it is necessary to compare the rate of crime amongst those participating in the Clubs and the general population of youth in the county.

The following table provides a clear picture of the state of juvenile arrests across various ethnicities among youth between ages of 12 to 17 in Los Angeles County.²⁷

Juvenile (12 to 17 year old) Arrest Rates Across Ethnicities in Los Angeles County (2008)					
	Juvenile Population	Arrest Reported	% of Population	% of Arrests	Arrest Per 1000
White	186,660	6,530	18.1%	3.5%	35
Hispanic	640,226	36,241	62.1%	5.7%	57
Black	90,827	11,083	8.8%	12.2%	122
Other	113,862	2,761	11.0%	2.4%	24
Total	1,031,575	56,615		5.5%	55

Sources: Juvenile Court and Probation Statistical System, California Department of Justice, California Department of Finance, http://www.dof.ca.gov/html/DEMOGRAP/Data/RaceEthnic/Population-00-50/RaceData_2000-2050.php, http://stats.doj.ca.gov/cjsc_stats/prof08/19/22.htm, Authors' Calculation.

In order to compare the rate of juvenile arrests for those who are Club members in the Boys & Girls Clubs within Los Angeles County with the general population of juveniles in the community, we conducted a survey for the parents of children that attend the after-school program. Our research team decided that parents are a more reliable source than the children themselves in answering this question. We used the results of this survey in order to determine the arrest rate of Club members.²⁸

Among the parents of Club members who answered the survey, 311 were from parents of children between the ages of 12 and 17. Among this group we found that 2.57% of parents said that their

²⁷ There are a number of calculations and rates of arrests for Los Angeles County. Depending on what age range is taken into account for the calculation of both population and the arrest rates the numbers may fluctuate. For the purpose of this study we took California Department of Finance's numbers based on the US census prediction to calculate the total number of youth between ages of 12 and 17 and then the numbers provided by the Department of Justice were used for the total number Juvenile arrested across various ethnicities to calculate the pertinent rates.

²⁸ For the purposes of this calculation, results were used only from the English version of the Spanish survey. Upon the review of data, it was determined that connotative confusion in the translation of the question concerning crime may have created a misunderstanding amongst respondents of the Spanish survey. It should be added that the percentage of respondents identifying themselves as Hispanics remained very close to the percentage of Hispanics in the total parent's survey.

children had been arrested. This leads us to an arrest rate of 25.72 per 1,000 for Club members when compared to the countywide rate of 55 per 1,000. However, an adjustment must be made due to the varying demographic profiles of the Club member and countywide populations.

As the above table indicates, the rate of juvenile arrests is disproportionately higher among African Americans youth, who have an arrest rate of 122 per 1,000 when compared to the county average of 55 per 1,000. As such, in order to make an accurate comparison between Club members and the county it is necessary to adjust for the ethnic profile of the Clubs and the county. The demographic profile of both is as follows:

	Club Members ²⁹	County
White	13.2%	18.1%
Hispanic	55.1%	62.1%
African American	24.2%	8.8%
Other	7.5%	11.0%

Sources: Club Member Surveys, http://www.dof.ca.gov/html/DEMOGRAP/Data/RaceEthnic/Population-00-50/RaceData_2000-2050.php

Given these differences, some of the variation in the county arrest rate may be simply due to differences in the ethnic profile of the two populations. In order to control for this, we calculated the weighted average arrest rate for the county; this calculation used arrest rates by ethnicity from the county combined with the ethnic profile of the Clubs. This analysis found that if the county had the same ethnic profile as the Clubs, its arrest rate would be 67.35 per 1,000. Since this figure provides a more appropriate group for comparison, the economic impact calculations will be based on this figure.

“Some 964 youth are saved from being arrested through their participation in The Boys & Girls Clubs within Los Angeles County”

In order to calculate the number of youth who have avoided arrest as a result of the intervention of the Boys & Girls Clubs, we took the total number of Club members between the ages of 12 to 17 who attend

²⁹ This is based on the responses in the Club member survey.

the Club at least three days per week.³⁰ Based on in-house questionnaires filled out by the managers of the various Clubs during the preparation of this report, this group consists of 23,159 youth.

Taking this number and applying the differential rate in juvenile arrest rates among the Club members and the peer group, we find that some 964 youth are saved from being arrested through their participation in the Boys & Girls Clubs within Los Angeles County.³¹

In order to calculate the total savings that resulted from this reduction in juvenile arrests, we need to have an estimate of the cost related to juvenile arrest and juvenile crimes. This is a very complicated subject that at best can be based on a number of assumptions and an over simplification of the real life scenario as it occurs in every community. One has to be mindful of a reality that not everything in life is measurable in monetary terms. We can measure an impact when there is a cost paid or a payoff received. Much of what we experience on a daily basis is not measurable in monetary terms since we do not explicitly pay or receive compensation. Therefore there is no way to truly measure the economic savings of a community by preventing juveniles from making the decisions that would lead to their arrest.

Finding the cost of juvenile arrest for Los Angeles County is a difficult task. Instead, we used data from state level which is likely to be a good proxy for the cost incurred in LA County. According to the state budget, the state has spent almost \$180,000 per youth offender in fiscal year 2007—five times the cost of keeping inmates in the adult prisons.³² Adjusting for an average annual inflation rate of 2%, this yields a cost of \$191,017 in 2010 dollars.

In order to arrive at a more realistic cost per arrest, we used our earlier discussion of what happens to juveniles when they get arrested. Although arrest and detention until early release does have a cost we

³⁰ This figure is based on the fact that according to the parents' survey, 84% of Club members attend at least 3 days per week.

³¹ To arrive at the total number of Club members saved from arrest, we took the difference between the arrest rates of 67.35 per 1,000 and as it applies to the peer group minus 25.72 as it applies to the children attending the Clubs. This calculation results in a differential of 41.63 per 1,000 youth saved while attending the Clubs in the Boys & Girls Clubs within Los Angeles County. Multiplying this rate by the total number of juveniles attending the Club between the ages of 12 and 17, we come to an approximate numbers of 964 youth who are saved from being arrested as a result of attending the Boys & Girls Clubs.

³² See SF Chronicle Article: State's youth prisons mired in hopelessness and California's Criminal Justice System: A Primer, Legislative Analyst's Office (LAO) California Nonpartisan Fiscal and Policy Advisor, 2007.

assume that the bulk of the cost occurs when arrested youth are taken to the court and subsequently put in correctional facilities or other arrangements are made. Therefore we use 45% as the percentage of those arrested who will cause the bulk of the expenses. This assumption will result in an underestimation since the remaining 55% also create a cost for the criminal justice system but are model is assuming \$0 cost for these instances.

“The positive, safe, and nurturing environment of the Boys & Girls Clubs within Los Angeles County saves the taxpayer \$82,863,512 in reduced criminal justice system spending”

Using the estimate of the total number of youth saved from arrest and the per capita cost of juvenile crimes, we came up with the following estimate for the cost saved for the state for having 1,059 less juveniles arrested:³³

Total number of juveniles saved from arrest	Annual cost of juvenile crimes per person in California	Annual cost of juvenile arrested at 45% of total cost per crime	Total saving per year for the state of California due to impact of Clubs
964	\$191,017	\$85,958	\$82,863,512

Source: Authors’ calculation, SF Chronicle and Legislative Analyst’s Office (LAO)

The positive, safe, and nurturing environment of The Boys & Girls Clubs within Los Angeles County saves the taxpayers \$82,863,512 in reduced criminal justice system spending. The estimates may, to some, seem very high. But the fact of the matter is that this in real term is much less than what the actual cost over time might be. This can be better understood when we look at the other cost items that are very realistic and plausible but are not included in the costs of the criminal justice system used in the above calculation. These costs, according to the Legislative Analyst’s Office, include:

- **Medical cost:** Paid by victims, families, businesses and government because of injuries suffered due to crime.

³³ Reduction in juvenile arrest may be due to a number of factors such as caring parents that have the attention of taking their children to a safe facility or many other factors. Arguing that the net difference is entirely due to the impact of Clubs may require a greater deal of scrutiny that can prove statistically that the difference between the target group and peer is nothing but the work of the Club. This has not been pursued in this research. Therefore it is correct to say that the impact may be an overestimating of the real impact.

- **Stolen and damaged property resulting from crime:** In the NCVS, victims reported that their property was either stolen or damaged in 95 percent of property crimes and 18 percent of violent crimes, resulting in an average loss of almost \$700 per incident.
- **Loss of productivity to society:** This could be due to death or medical and mental disabilities resulting from crime.
- **Loss of work time:** By victims of crime and their families. According to NCVS data, about 6 percent of victims missed time from work due to crime.
- **Loss of property values:** In neighborhoods with high rates of crime.
- **Pain and suffering of crime victims:** This can occur to their families and friends, as well as communities plagued by crime.
- **Foster care and other social services costs:** This is to provide homes and other services for children of offenders.

The fact is that no one can truly estimate the exact costs listed above as they may change from case to case. Therefore it should be easily accepted that saving 964 juveniles from possible arrests has a monetary value many times greater than the estimate provided in this study.

2.4) Development of Healthy Habits at a Young Age

Many people in the United States, including youth, suffer from a lack of exercise and poor nutritional habits which can often lead to obesity or chronic conditions such as diabetes. These negative lifestyle choices have severe health consequences that reduce one's length and quality of life. While poor health is a serious problem in and of itself, it is important to consider that it also creates economic problems by reducing individuals' economic productivity and increasing public and private healthcare costs. As such, any organization such as the Boys & Girls Clubs within Los Angeles County that helps to improve nutrition and encourage exercise deserves to be acknowledged for any such positive contributions to the community.

In 2009, the annual national "cost of obesity [was] \$147 billion and the people who are obese [spent] almost \$1,500 more per year on health care"

The Center for Disease Control and Prevention (CDC) has attempted to quantify the costs imposed on society due to obesity. Research in 1998 found that the costs of obesity were \$78.5 billion nationally and \$7.7 billion for California ("Economic Consequences" Par.1). Recent studies indicate that these costs have only grown in the last decade and are expected to rise. In a July 2009 press conference, Dr. Thomas

Frieden, director of the U.S. CDC, reported that the current cost of obesity is \$147 Billion and that people who are obese spend almost \$1,500 more per year on healthcare (Reinberg Par. 2). Research by Kenneth Thorpe of Emory University suggests that if Americans continue current patterns of obesity, the medical expenses of obesity will cost \$344 billion by the year 2018 (Hellmich Par. 1). Based on these calculations, an obese individual will incur an additional \$2,460 in medical expenses each year as a result of such healthcare expenses.

Data on childhood obesity is as troubling. A 2005 research brief by Thomson Medstat Research found that the national cost of childhood obesity in terms of medical costs was \$11 billion for children with private insurance and \$3 billion for those with Medicaid (Par. 4). On a per capita basis, this means that the cost is \$6,700 per obese child on Medicaid and \$3,700 per obese child with private insurance. Accounting for inflation, the national cost for those with private insurance is \$12.75 billion or \$7,767 per capita in 2010. Similarly, in current dollars the cost is \$3.48 billion or \$4,289 per capita for those with Medicaid.

This financial cost is significant and is accounted for by the fact that the likelihood of various medical problems increase with obesity even amongst children. Obese children are, in fact, two to three times more likely to be hospitalized. There is evidence that such hospitalizations are on the rise in recent years. Between 1999 and 2005, the number of hospitalizations for those between the ages of 2 and 19 with a primary or secondary diagnosis of obesity increased twofold from 21,743 to 42,429 per year (Hellmich par. 2). These hospitalizations were for a variety of obesity-related ailments including “asthma, diabetes, gallbladder disease, pneumonia, skin infections, pregnancy complications, depression and other mental disorders” (Par. 3). Not only is hospitalization traumatic for these youths but it is extremely costly given the great expense generally incurred in hospitals.

Given these costs, programs such as those in the Boys & Girls Clubs within Los Angeles County that encourage healthy habits are vital to the wellbeing of the community. Every single Club which is a part of the Boys & Girls Clubs within Los Angeles County features some sort of program which promotes physical exercise and/or nutritional education. One particularly popular program is Triply Play, a national initiative of the Boys & Girls Clubs of America provided through sponsorship by the Coca-Cola Company. The program has a three-part objective of helping students improve their health and well-being through a focus on mind, body, and soul. Noteworthy components of the program include a “Healthy Habits” curriculum developed in partnership with the U.S. Department of Health & Human Services.

Additional examples of programs that either encourage physical activity or provide educational training that can improve nutrition and health include the following:

- The East Los Angeles Boys & Girls Clubs maintain a community garden and access to a healthy cooking class for Club members. In addition to these resources, Club members also participate in a nutrition course called *Salsa, Sabor, y Salud*.
- The Boys & Girls Clubs of the Foothills offer organized sports leagues in basketball, soccer, football, and softball.
- The Boys & Girls Clubs of Long Beach incorporate the SPARK physical education and wellness curriculum into their daily recreational activities. This popular research-based program has provided physical education curricula and programs to organizations across the country since 1989.
- The Boys & Girls Club of San Gabriel Valley operates two camps that feature physical activity such as canoeing, swimming, and hiking. The camps are in the Mammoth Lakes and Barton Flats area.
- The Boys & Girls Clubs of South Bay provide their Club members access to programs and training offered by Hop Sports Training Systems.



The above list is impressive; particularly so since it is not exhaustive. Many other Clubs feature unique programs that improve the health of programs.

Certain programs such as organized sports leagues are known to provide additional and further health benefits to participants. One study explains that

“Appropriate and safe youth sports participation can provide a wide range of complementary health-enhancing benefits and gains in health-related fitness... regular participation in organized sports and consequence enhanced health and fitness in youth may have a positive impact on cardiovascular and other measures of health later in life... Sport and competitive-level specific advantages in cardiorespiratory fitness and general

and functional muscular strength, endurance, and power have been shown in boys and girls across a variety of youth sports activities” (Bergeron 2)

Such research demonstrates that the students participating in athletic programs organized by the Boys & Girls Clubs not only develop better fitness as younger people but are likely to be more fit later in life. Such long-lasting health benefits may help counteract the troubling health and economic consequences of inactivity and obesity.



Improved health and wellbeing is good not only for its own sake. Research has shown that weight loss can yield significant economic benefits by reducing one’s lifetime healthcare costs. Dr. Gerry Oster (et al) conducted a thorough study to measure the economic benefits enjoyed by moderately to severely obese individuals who reduce their body weight by 10%. The study took into consideration the relationship between Body Mass Index (BMI) and conditions such as type 2 diabetes,

hypertension, hypercholesterolemia, stroke, and coronary heart disease (CHD); such conditions were the focus of the study since they account for 85% of obesity related medical expenditures (Oster 1536).

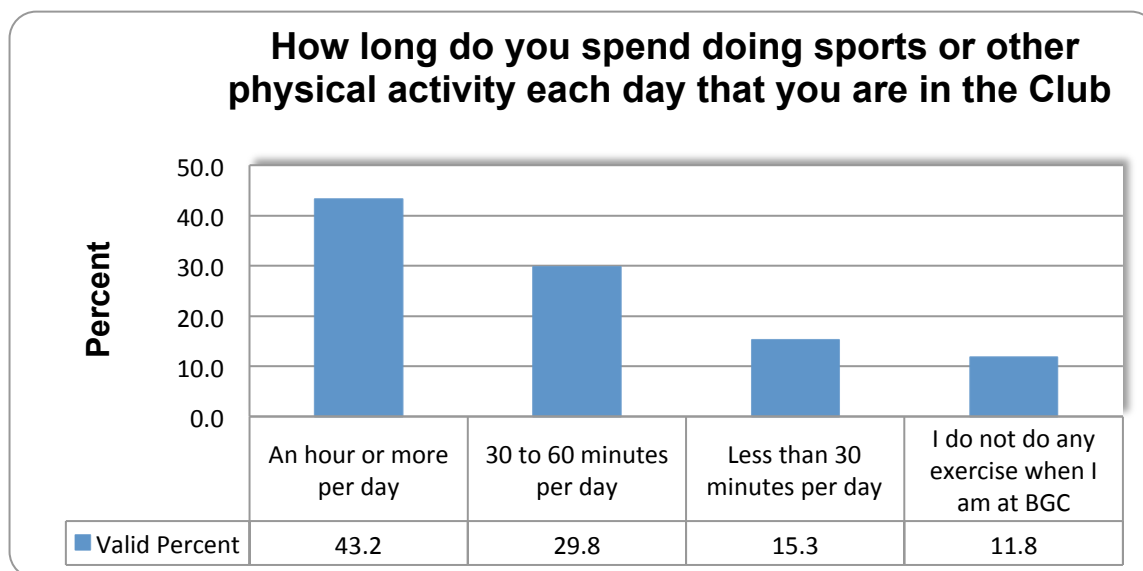
The study employed a model that considered the risks and costs associated with a certain BMI over the life of the individual in question. The model found that a sustained 10% reduction of BMI would reduce lifetime medical costs by \$2300 to \$5300 for men and \$2200 and \$5200 for women; the range in question depends on the individual’s age and initial BMI.

Although the scope of our study did not include a scientifically rigorous pre-post collection of data on Club members’ BMI, there is good reason to believe that the programs offered by the Boys & Girls Clubs do encourage sufficient physical activity and improved nutrition to create long-term economic savings for the community. Our survey distributed to the parents of Club members included questions asking them to estimate the weight and height of their children before they joined the Clubs and at the time they filled out the survey. These figures can serve as a rough estimation on the impact of the Clubs on the

BMI of children. From all the surveys distributed to parents, there were 870 parents who responded with estimates in the before and current period. Of these parents, 36% reported height and weight data which indicated a decrease in BMI of at least 10%. Although this data is promising, we did not infer an economic impact since there are limitations with the applicability of the Oster study which focused on adults' BMI and our data which has data on youth BMI.

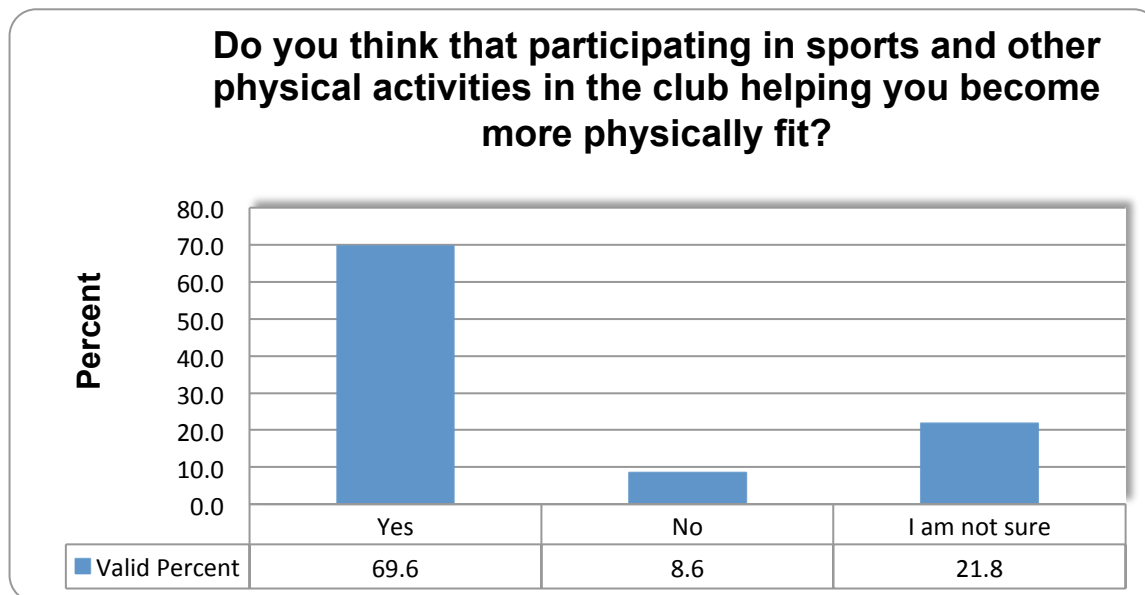
Beyond the Oster study, others have verified the positive economic benefits that can be achieved through lifestyle changes. One study found that reduction of daily caloric, sodium, and saturated fat intake can all result in medical cost savings (Dall 417). For instance, the study calculated that a 100-kcal reduction in caloric intake across the country would reduce national medical expenditures by \$58 billion while a more extreme 500-kcal reduction would reduce such expenditures by \$111 billion (416). It is clear, therefore, that by helping improve lifestyle decisions that the Boys & Girls Clubs within Los Angeles County are creating an economic benefit to the community. The impact of the Clubs is further illustrated in Club member surveys.

In the survey we administered to Club members we included several questions that were designed to determine the impact of the Clubs on their health and nutrition. The results were positive and indicate that the Clubs are helping to improve the lifestyle choices of members.



A vast majority of students (73%) exercise for at least 30 minutes a day while at the Boys & Girls Clubs. In fact, a very large segment of 43.2% of respondents report exercising an hour or more. Such levels of

regular, daily exercise are beneficial to the health of Club members. It can ensure Club members avoid the physical inactivity that leads many young people across the country to become overweight or obese.



Students also report a widespread belief that such physical activity is making them more physically fit. Some 69.6% believe this statement to be true while an additional 21.8% are uncertain. Only 8.6% of Club members do not believe that physical activities at the Clubs are making them more fit.

“With over 15,000 youths losing weight through participation in the activities of the Boys & Girls Clubs within Los Angeles County, it is clear that the Clubs are helping their members lead healthier and more physically active lives”

In addition to these questions, the survey included several other questions designed to determine whether students have lost weight. Such a line of inquiry was adopted since such findings are quite important given the nature of research discussed earlier in this section on the positive economic benefits of weight loss among overweight and obese populations. The results of these questions can be seen in the below table:

Total number of Club members ³⁴ in all the Boys & Girls Clubs within Los Angeles County	Percentage of Club members who have experienced some loss of weight	Estimated number of Club members who experienced weight loss
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³⁴ Based on responses of Club managers to in-house questionnaire.

Angeles County attending at least three days per week ³⁵	through participation in Boys & Girls Clubs within Los Angeles County activities	loss of weight
57,028	27.6%	15,740

With over 15,000 youth losing weight through participation in the activities of the Boys & Girls Clubs within Los Angeles County, it is clear that the Clubs are helping their Club members lead healthier and more physically active lives. Given the epidemic of obesity and inactivity that is crippling this nation's youth, such a program is particularly worthwhile.

³⁵ This figure is based on the fact that according to the parents' survey, 84% of Club members attend at least 3 days per week.

3) Economic Impact of Clubs to the Broader Community

Although Club members arguably derive the greatest benefit through their relationship with The Boys & Girls Clubs within Los Angeles County, other stakeholders are impacted as well. This section of the report documents the benefits these additional stakeholders receive. The benefits are as follows:

- Parents are able to work and study while their children receive high-quality supervision at the Boys & Girls Clubs
- For-profit companies, employees, organizations, and institutions in the county providing goods and services to the Clubs generate regional output, jobs, and tax revenue for the county and state
- The community benefits from the productive capacity and output of volunteers donating their labor to The Boys & Girls Clubs within Los Angeles County

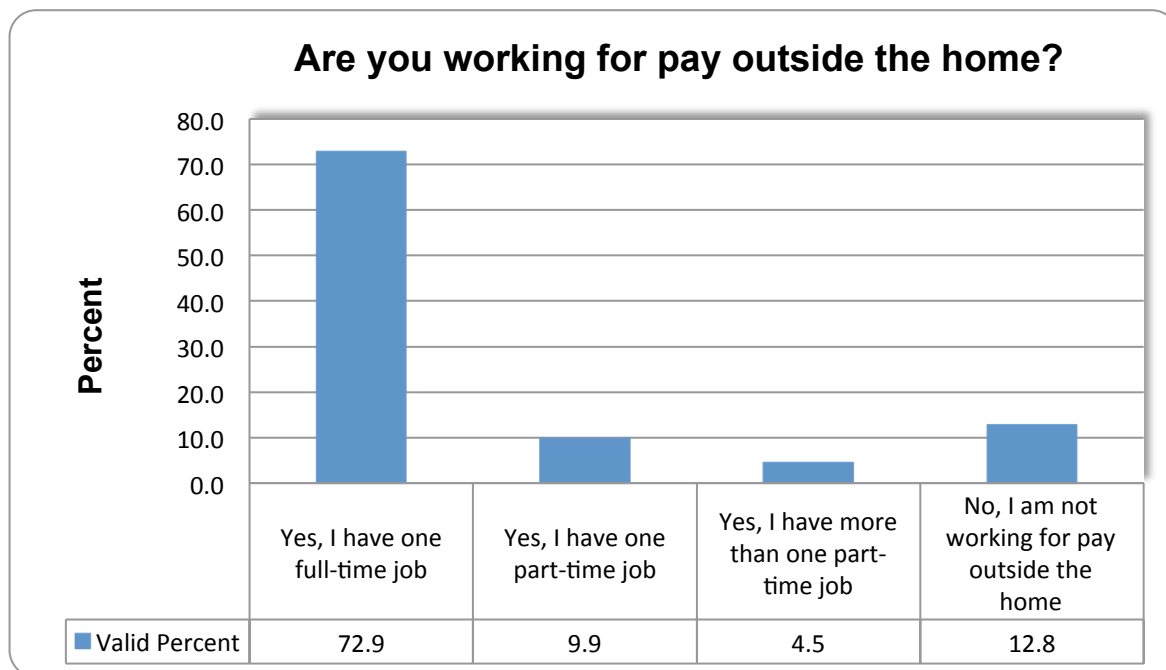
Beyond Club members, parents derive the most from the Boys & Girls Clubs. When the typical school day ends, many parents are still working to earn a living or pursuing their own education and investing in their future productivity. By providing a safe environment and supervision for their children, the Clubs help these parents provide for their families. Simply put, the Clubs help parents increase their earnings. The monetary value of these increased earnings is calculated in this section of the report.

The budgetary expenditures and productive labor of volunteers working for the Boys & Girls Clubs within Los Angeles County create regional output, jobs, and tax revenue across the region and state. The research team for this study developed input-output models to calculate these economic impacts of the Boys & Girls Clubs within Los Angeles County. A summary of the calculations developed through this model are presented in this section of the report.

3.1) Ability of Boys & Girls Clubs to Help Parents Work and Go to School

The positive influence of the Boys & Girls Clubs is not limited to the children that they serve directly. The Clubs also have an immense impact on the lives of parents who are working and pursuing an education. Many child-care services are cost-prohibitive for the families served by the Clubs. Without access to a safe, high-quality facility for their children, many parents would be faced with a tough decision: they would either have to stop working to care for their children or they would have to risk leaving their children without supervision after school.

The degree to which this is an important decision for parents is illustrated in the following diagram:

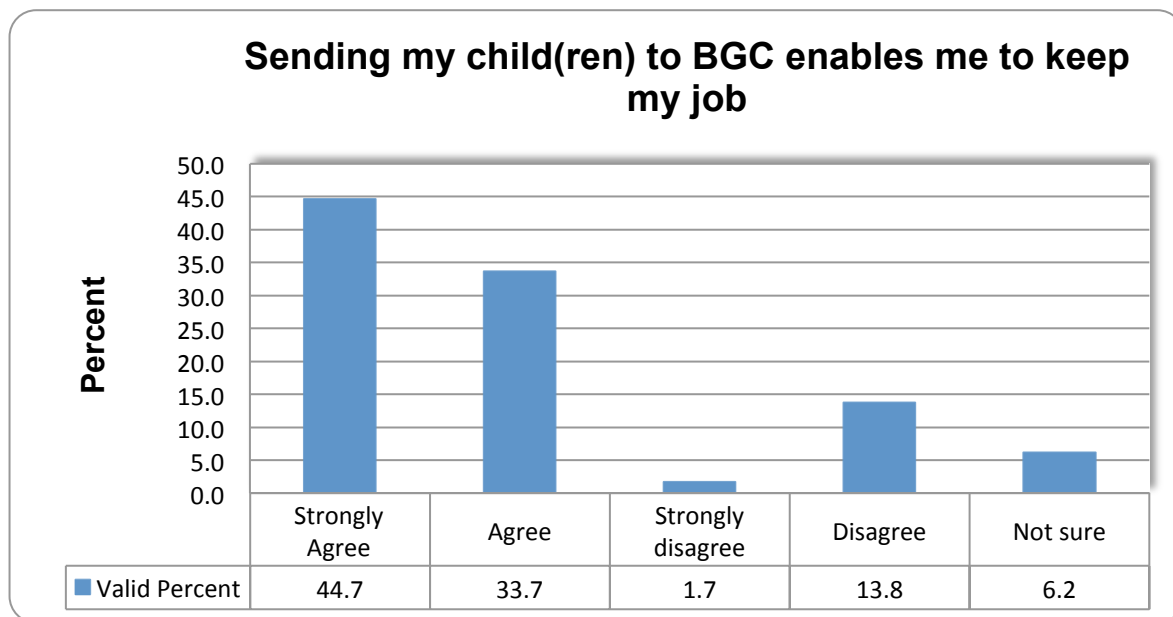


As the data from surveys distributed to parents demonstrates, the Clubs serve working parents who are likely to need after school supervision for their children. The vast majority (72.9%) have a full-time job while an additional 14.4% of parents have one or more part-time jobs. This data indicates that the Boys & Girls Clubs within Los Angeles County are primarily serving the children of working parents.

By allowing parents to leave their children in a safe, supervised environment, the Clubs are enabling such working parents to be more productive members of the community. The Clubs, subsequently, must receive the necessary recognition for the positive impact this has had on the community. In order to better understand and quantify this benefit, the survey distributed to parents included several questions designed to understand the role the Clubs have in allowing them to work and/or further their education (which in turn will make them more productive members of the workforce in future years).

“The Boys & Girls Clubs within Los Angeles County is primarily serving the children of working parents”

The first question from the survey which we will consider asked parents whether sending their child(ren) to the Clubs “enables me [them] to keep my [their] job.” The strong wording of this question was specifically designed to get as clear as possible about the direct relationship sending their children to the Club has on the their ability to keep their job. The results are as follows:



The survey responses indicate that 44.7% of parents strongly agree while an additional 33.7% agree that sending their children to the Club enabled them to keep their job. While there is a case to be made that both of these groups of parents have been able to keep their job as a result of the Clubs, we will only consider the 44.7% who strongly agreed with the statement. Due to their strong agreement, it is reasonable to assume that without the Clubs these individuals would not be able to keep their work. Based on this, we will calculate the monetary benefit created by having these parents remain in the workforce.

The most immediate benefit enjoyed by the families and the community as a result of this work is the income generated through their work. In addition to the above question, our survey also asked parent respondents to provide a range for their annual individual income. We ran a cross-tabulation of those who strongly agreed that the Club programs enabled them to keep their job with the responses regarding average annual income.³⁶ Based on this data, the average annual salary of those who strongly agreed that the Clubs enabled them to keep their jobs was \$26,939. In other words, every time a parent

³⁶ The phrasing of the question asked parents to provide a range for their income so that they could feel comfortable answering the question. The ranges considered were below \$10K, \$10K to \$15K, \$15K to \$20K, \$20K to \$25K, \$25K to \$30K, \$30K to \$35K, \$35K to \$40K, \$40K to \$45K, \$45K to \$50K, \$50K to \$55K, \$55K to \$60K, and more than \$60K. We determined the proportion of those who answered strongly agreed in each of these categories and then took a weighted average of the annual income. This weighted average assumed the average income for each range; for instance, the income for \$10K to \$15K was assumed to be \$12.5K. For the below \$10K level we assumed \$5K and for more than \$60K we assumed \$60K.

is able to keep their job as a result of the services of the Boys & Girls Clubs, the survey indicates that an additional \$26,939 in income is generated in the community.

The next step in this analysis is to consider the number of parents who receive this benefit. Based on in-house questionnaires, 57,028 children are members of the Clubs in the Boys & Girls Clubs within Los Angeles County who attend the Club at least three days per week.³⁷ The mean average number of children sent by any parent to the Clubs is 1.6 according to data collected in the parent survey. This translates to 35,643 families served by the Clubs across the county. To make this calculation, we also made the further assumption that each family who receives this benefit has one additional parent who is able to work. Based on the fact that 44.7% of parents strongly agreed that they were able to keep their job as a result of the Clubs, it is safe to conclude that about 15,932 families have a parent who is able to work as a result of the Club. The economic impact of this social intervention is presented in the following table:

Total number of families served by Boys & Girls Clubs within Los Angeles County	Percentage of parents who believe that Boys & Girls Clubs within Los Angeles County enables them to keep their job	Total number of parents who are able to work due to the Boys & Girls Clubs within Los Angeles County	Average annual salary of those keeping their jobs due to the Boys & Girls Clubs within Los Angeles County	Total annual earnings generated by parents due the Boys & Girls Clubs within Los Angeles County
35,643	44.7%	15,932	\$26,939	\$ 429,192,148

By enabling 15,932 parents to work and earn on average \$26,939 a year, The Boys & Girls Clubs within Los Angeles County are enabling these parents to generate \$429,192,148 in additional annual earnings for their families. This is a tremendous service that sustains a great deal of economic activity across the county. Without the Clubs, these parents would be unable to earn this income. Their families and their communities would be poorer without the Clubs. This staggering figure shows the vital role that institutions like the Boys & Girls Clubs play in helping families to be economically productive while simultaneously not compromising the wellbeing of their children. It is important to realize that the

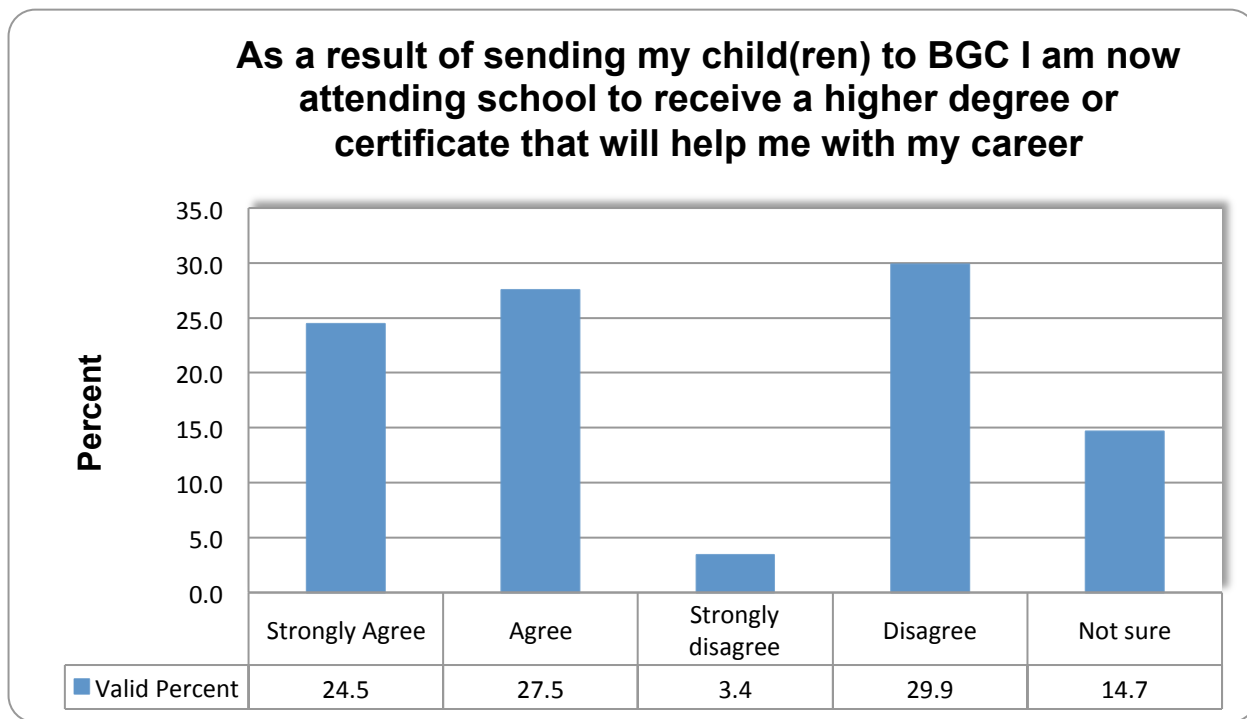
³⁷ This figure is based on the fact that according to the parents' survey, 84% of Club members attend at least 3 days per week.

wellbeing of these families benefits the entire society through reduced burdens on taxpayers for social programs. Beyond the benefit for taxpayers, these individuals and families are able to be more successful and enjoy a better quality of life.

*“By enabling 15,932 parents to work and earn on average \$26,939 a year,
The Boys & Girls Clubs within Los Angeles County is enabling these
parents to generate \$429,192,148”*

Beyond helping parents pursue work, the Boys & Girls Clubs are also helping some parents to further their education. While some parents need to work during after-school hours, others are pursuing a higher degree or certificate that will help them with their career. Such education will ultimately allow them to become more productive members of the workforce. Without the Clubs, this improved productivity would not be possible. By helping these parents further their education, the Clubs are helping create a long-term investment in the region’s workforce.

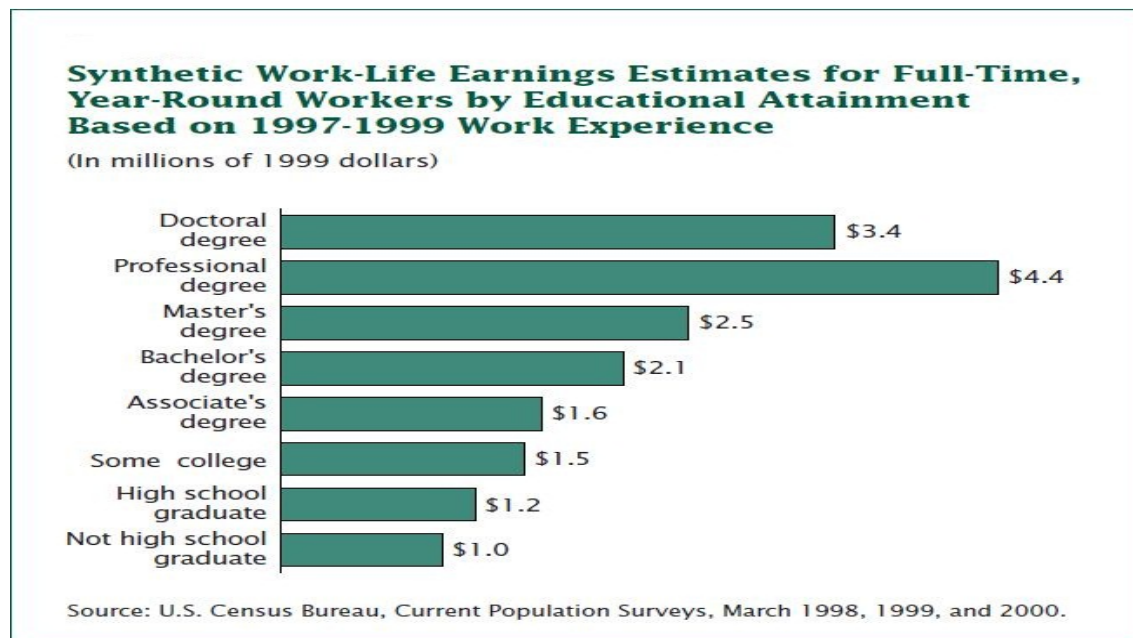
In order to determine the scale of the Boys & Girls Clubs within Los Angeles County’s impact in this area, the parent survey included the following question designed to understand how many parents derive this benefit from the Clubs:



A majority of Club members' parents indicate that they are, as a result of the Boys & Girls Clubs, "attending school to receive a higher degree or certificate that will help me [them] with my [their] career." Once again, we will only use the number of parents who strongly agree that they are receiving further education as a result of the Clubs; nearly a quarter of parents served by the Clubs (24.5%) are within this category. The following table summarizes the positive impact of the opportunity to pursue further education:

Total number of families served by Boys & Girls Clubs within Los Angeles County	Proportion of families with at least one parent able to pursue further education or training due to the Boys & Girls Clubs within Los Angeles County	Total number of parents who have upgraded their skills due to the services of the Boys & Girls Clubs within Los Angeles County
35,643	24.5%	8,733

Based on the survey results, 8,733 parents are able to pursue further education or certification that will help them further their career. Unfortunately, existing research could not be found to determine the exact monetary value of adult education for these parents. However, it is clear that the benefit is likely to be significant simply by reexamining the value of higher education that has been discussed earlier in this report.



As data from the U.S. Census demonstrates, for every level of higher education, an individual earns significantly more over the course of a lifetime. For instance, if a parent who is able to earn an

associate's degree as a result of sending their children to the Boys & Girls Clubs within Los Angeles County, their lifetime earnings will, on average, increase from \$1.2 million to \$1.5 million. Although we are not able to put an exact value on this benefit, census data suggests that the benefit is very significant indeed.

3.2) Impact of Clubs' Expenditures on Economic Output, Jobs, and Tax Revenue

The economic impact of social interventions resulting from the services provided by the Boys & Girls Clubs within Los Angeles County represents a broad category of economic value created by the organization. Such social interventions are an important aspect of the value created by a nonprofit. However, just like any other organization providing services or producing goods, the Clubs composing the Boys & Girls Clubs within Los Angeles County create tremendous business activity through their operating and capital expenditures in the region that can be measured in terms of output, employment, and tax revenue.

In order to calculate the economic impact of the Clubs' various expenditures, our research team constructed an input-output model. The principal purpose of using an input-output framework is to analyze the interdependence of industries and various economic entities and organizations in an economy through market based transactions. Input-output analysis can provide important and timely information on the interrelationships in a regional economy and the impacts of changes on that economy.


The creation of such models requires a large amount of data to capture all the economic changes that an institution can bring to a community. The first set of data for this purpose consists of information that presents the direct flow of resources from an institution to the community. This includes budgetary and capital expenditures of the institution. The second and equally important component of the economic impact of an institution is the flow of resources into that specific community that would not have occurred had the institution in question not come into existence. This component will include the impact of resources that are generated as byproducts of the institution in question.


We chose IMPLAN (Impact Analyses for Planning) to identify and measure the economic impact of the agency.³⁸ IMPLAN employs a regional social accounting system and can be used to generate a set of


³⁸ IMPLAN is a computer software package that consists of procedures for estimating local input-output models and associated databases. The acronym is for *Impact Analyses and Planning*. IMPLAN was originally developed by the U.S. Forest Service in cooperation with the Federal Emergency Management Agency and the U.S. Department

balanced economic/social accounts and multipliers. The social accounting system is an extension of input-output analysis. Input-output analysis has been expanded beyond market-based transaction accounting to include non-market financial flows by using a Social Accounting Matrix (SAM framework). The model describes the transfer of money between industries and institutions and contains both market-based and non-market financial flows, such as inter-institutional transfers.

This economic analysis measures the cumulative effects of spending brought about by the activities of the Boys & Girls Clubs within its region. This analysis, like any other with similar research, aimed to measure the following impacts:

-  **Direct effects:** Budgetary, capital, and other related expenditures that create jobs and add to the production capacity of our region.

-  **Indirect effects:** The economic activity generated among the region's businesses to meet the Clubs' demand for various products and services used for its operations.

-  **Induced effects:** The effects of expenditures made in the city/county/state by Club employees and others who receive income because of their work in relation to the activities of the institution as a whole.

Using this model we calculated the explicit economic impacts of the Clubs' expenditure through increased regional income, jobs, and tax payments both on the county and state levels. In order to generate the relevant findings, we collected data regarding the Clubs' budgets through questionnaires distributed to and completed by Club managers in addition to financial statements provided by management to our research team for analysis. For all institutions, we used the most recent readily available full fiscal year budget. Based on this review of financial information, the total combined budget for operational and capital expenditures of all the Boys & Girls Clubs within Los Angeles County was found to be \$48.3 million in the most recent available fiscal year of each Club. This figure was used both for the input-output model and for the cost-benefit analysis presented in the executive summary.

of the Interior's Bureau of Land Management to assist in land and resource management planning. Since 1993, the IMPLAN system has been developed under exclusive rights by the Minnesota Implan Group, Inc. (Stillwater, Minnesota) which licenses and distributes the software to users. Currently there are hundreds of licensed users in the United States including universities, government agencies, and private companies.

“Output generated by the Clubs in the Boys & Girls Clubs within Los Angeles County including direct, indirect, and induced impacts totals \$66,946,617.”

The model generated by analyzing the Clubs’ budgetary data indicates that the Clubs are a tremendous engine of economic output in the region. The breakdown of economic impacts on the county level is given below:

	Economic Impact of Budgetary Expenditures in Los Angeles County					
	Direct	Indirect	Induced	TOTAL		
Output Impact	\$39,637,131	\$13,428,030	\$13,881,457	\$66,946,617		
Indirect Business Tax Impact	\$330,163	\$534,673	\$830,877	\$1,695,713		
Employment Impact	814	78	94	986		
Tax Impact	Employee Compensation	Proprietary Income	Household Expenses	Enterprises	Indirect Business Tax	TOTAL
	\$2,807,749	\$122,867	\$2,779,743	\$1,601,325	\$1,616,499	\$8,929,184

Regional output is defined as the market value of all goods and services produced as the result of a particular economic activity. The output generated by the Clubs in the Boys & Girls Clubs within Los Angeles County on the county level including direct, indirect, and induced impacts totals \$66,946,617. This output results in a multiplier of 1.39 times in the regional community when compared to the nearly \$48.3 million budget of Clubs countywide. Such output also sustains many jobs in the community.

The model predicts that a total of nearly 986 jobs are created by the Clubs.³⁹ This figure includes nearly 172 jobs through indirect and induced economic activity—such jobs are in other organizations outside the Clubs such as businesses in the community that benefit from working with the Boys & Girls Clubs within Los Angeles County or from the expenditures made by the employees of the Club.

The Boys & Girls Clubs expenditures are also helping local, state, and federal agencies through the generation of substantial tax revenues. Indirect business taxes, which are mostly composed of sales taxes, total \$1,695,713. When considering other forms of tax revenue, the total tax revenue generated by the Clubs reached \$8,929,184 (inclusive of indirect business taxes).

³⁹ It is important to note that this number calculates employment in terms of full-time equivalents. In other words, a part-time employee would not count as “1.” Rather, part-time paid positions are combined to yield this full-time equivalent value. A full-time equivalent value of labor assumes 2,080 hours of work in a year. For instance, a part-time employee only working 1,040 hours in the year, would only count as “0.5” in this model.

The operations of the Clubs also help businesses that are in the state of California beyond the regional confines of Los Angeles. This occurs whenever a Club procures goods or services from a company based in the state but not in the county of Los Angeles. Such commerce benefits other counties and the state of California at large.

The economic impacts on the state level are as follows:

	Economic Impact of Budgetary Expenditures in the State of California					
	Direct	Indirect	Induced	TOTAL		
Output Impact	\$48,305,097	\$17,088,491	\$19,106,323	\$84,499,909		
Indirect Business Tax Impact	\$401,889	\$672,888	\$1,145,338	\$2,220,115		
Employment Impact	985	100	128	1213		
Tax Impact	Employee Compensation	Proprietary Income	Household Expenses	Enterprises	Indirect Business Tax	TOTAL
	\$3,450,413	\$147,235	\$3,770,197	\$2,039,278	\$2,118,930	\$11,526,053

It is important to consider analysis on the state level since any organizations' routine activities require the purchase of goods and services from beyond what is available on the local county level. Even items purchased at the local level may have generated business outside the community and in the state through suppliers and the like. Analysis on the state level allows us to consider the benefit of the institution created in all the counties of the state. As such, the value of economic impacts on the state level is amplified because it captures more transactions than an analysis conducted only on the county level. Economic output in California totals \$84,499,909 which indicates a multiplier of 1.75 times. An additional 227 jobs are created across the state due to the Clubs' expenditures. Altogether, about 1213 jobs are created across the state by the Clubs—including 228 through induced and indirect impacts.

***“Economic output in California totals \$84,499,909...
[and] about 1213 jobs are created across the state by the Clubs.”***

The tax revenues generated as a result of these expenditures for local, state, and federal government agencies are significant when considered on the state level. Indirect business taxes total \$2,220,115 while total tax impacts considering all forms of government revenue total \$11,526,053.

3.3) Economic Impact of Volunteer Labor

Our research took a deeper look into the economic impact of volunteerism and goes further than many similar studies to make an attempt at estimating the output, job creation, and tax impact of volunteers.

It is true that volunteers do not receive monetary compensation for their work and, as such, do not pay any direct tax from the financial compensation that they do not receive.

However, one can argue that by volunteering to work without pay, volunteers are in reality paying for their own work and this can be considered as payment to the organization that is using their services. In other words, they are making an in-kind donation of their labor and human capital. Such a donation of services can operate much the same way as a cash donation. Monetary donations make it possible for the organization to make various expenditures—including the ability to hire people who could carry out the services done by volunteers. By making a charitable contribution of their labor—rather than their cash—volunteers are simply cutting out the medium of exchange but nevertheless providing the similar productive value to the organization.

Indeed, the Clubs could potentially not be able to deliver some of their services or some other jobs that become available as a direct result of being assisted (or subsidized as it may be argued) by the volunteers. While there might be some argument about the number of paid jobs that the work of volunteers creates or the tax payments generated, there is no doubt about the indirect and even part of the induced job creation or tax revenue that volunteers create in an economy. The same is true about the regional output impact of volunteers' work.

“Volunteers across the county donated 286,772 hours of their time to work for the Clubs... [this] volunteer labor for the Boys & Girls Clubs generated \$10,098,904 in economic output across Los Angeles County”

An estimation of the economic impact of the volunteer labors is presented below. In order to derive these calculations, we distributed in-house questionnaires to the managers of all the 27 Boys & Girls Clubs within Los Angeles County. Based on their responses, we found that volunteers across the county donated 286,772 hours of their time to work for the Clubs. These total volunteer hours were then converted into an estimated Full-Time Equivalent (FTE) value which was then used to set up the necessary IMPLAN models to calculate the respective economic impacts. The following tables present the aggregate findings at both the county and the state levels.

	Economic Impact of Volunteer Labor in Los Angeles County					
	Direct	Indirect	Induced	TOTAL		
Output Impact	\$5,989,346	\$2,021,560	\$2,078,997	\$10,089,904		
Indirect Business Tax Impact	\$48,882	\$80,422	\$124,438	\$253,742		
Employment Impact	128	12	14	154		
Tax Impact	Employee Compensation	Proprietary Income	Household Expenses	Enterprises	Indirect Business Tax	TOTAL
	\$424,795	\$17,062	\$416,305	\$249,410	\$241,806	\$1,349,378

In the most recent full year on file, volunteer labor for the Boys & Girls Clubs generated \$10,089,904 in economic output across Los Angeles County. Their free and voluntary labor generated 154 jobs, out of which about 26 were paid through the indirect and induced output of the volunteers' productive work. This generated an equivalent of \$253,742 in indirect business taxes out of which \$204,860 were the share of the induced and indirect. The total tax revenue amounted to \$1,349,378.

On the state level the impacts were as follows:

	Economic Impact of Volunteer Labor in the State of California					
	Direct	Indirect	Induced	TOTAL		
Output Impact	\$6,052,092	\$2,139,333	\$2,376,083	\$10,567,508		
Indirect Business Tax Impact	\$49,534	\$84,014	\$142,435	\$275,984		
Employment Impact	128	12	16	156		
Tax Impact	Employee Compensation	Proprietary Income	Household Expenses	Enterprises	Indirect Business Tax	TOTAL
	\$432,702	\$17,078	\$468,860	\$262,534	\$263,333	\$1,444,507

On the state level, including the impacts in Los Angeles County, volunteerism generated by the Boys & Girls Clubs resulted in \$10,567,508 in economic output. This labor generated 156 jobs, out of which 18 were paid. An equivalent of \$275,985 in indirect business taxes were generated out of which \$226,539 were from indirect and induced impacts. Total tax revenue totaled \$1,444,507.

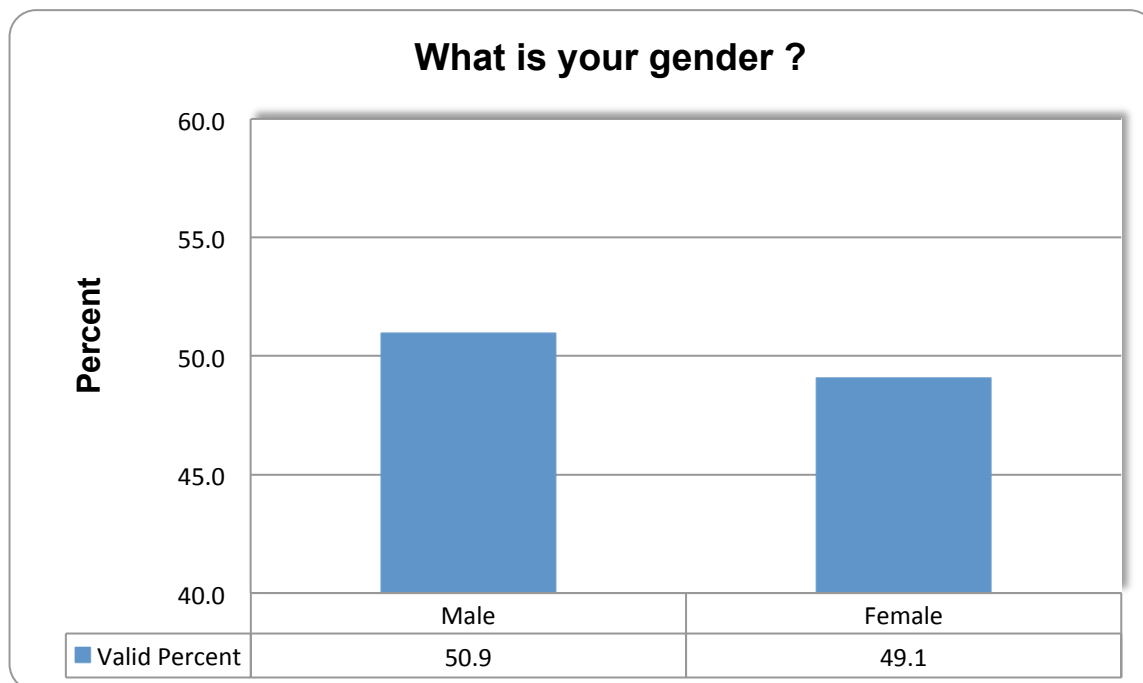
4) Qualitative Findings from Surveys

In addition to questions that attempted to monetize the economic benefits of the Boys & Girls Clubs, the various survey instruments that were created for this study included questions that were more qualitative in nature. This data can be used by Club management to gauge the success of its programming and to learn about the attitudes of the stakeholders who are served by the organization.

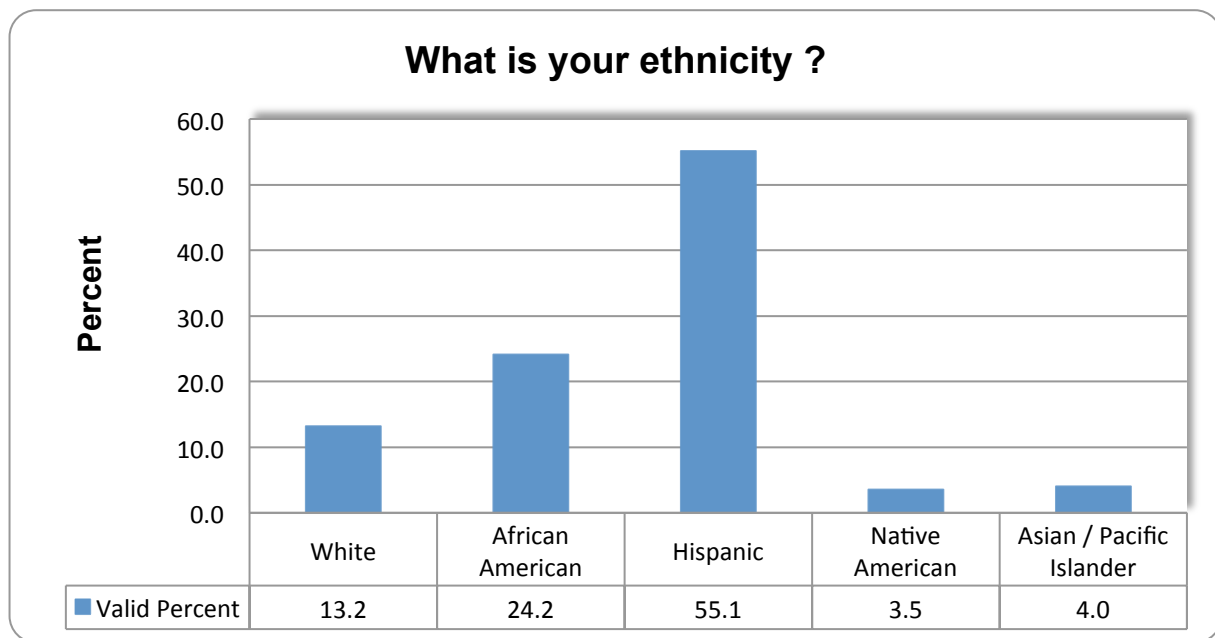
4.1) Results of Club Members' Survey

4.1.1) Demographic Data

In order to learn more about those who use the Club's services, several demographic questions were included. Not only is such information enlightening but it can also be used for cross-tabulations of other results.



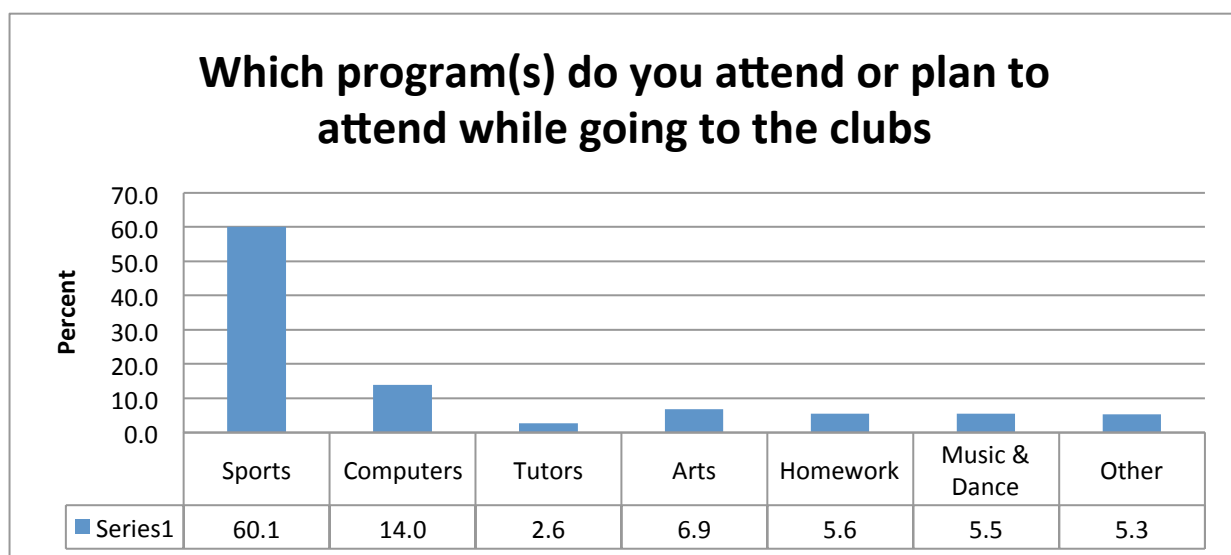
As expected the split between males and females is relatively even at the Clubs; 50.9% and 49.1%, respectively.



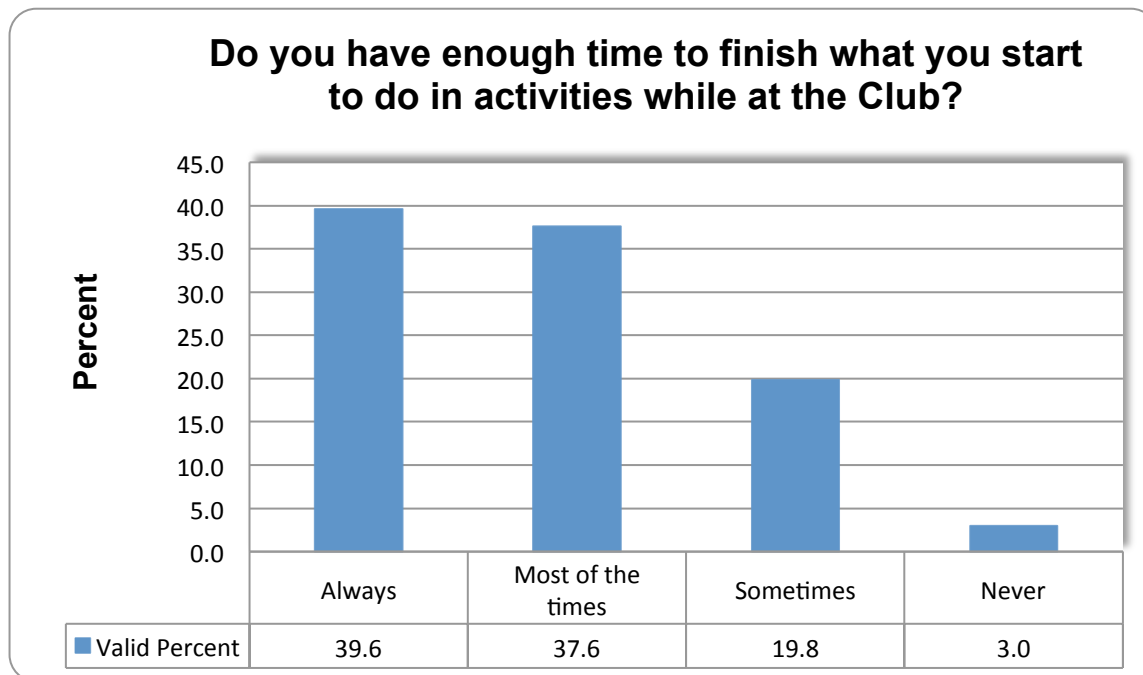
The majority of Club members (55.1%) are Hispanic. In addition, the second most represented groups are African Americans who compose 24.2% of the Clubs' members while the third most represented groups are whites with 13.2% of the population.

4.1.2) Program and Activities

Club management is constantly striving to provide the best available programming and activities to Club members. An important consideration when pursuing this objective is to learn what those who are served by these programs feel about the various activities and programs offered. Such feedback can help an organization understand what they are doing well and what they can further improve.

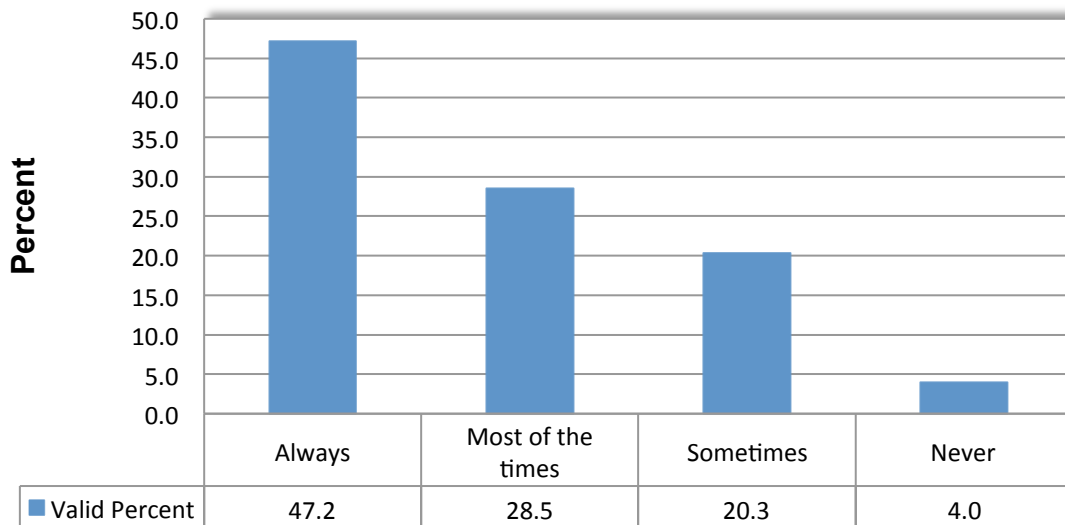


The most attended programs at the Boys & Girls Clubs are for sports with 60.1% of Club members participating. This finding is particularly encouraging since it further underscores the value of the Clubs for the health and nutrition of youths. This is by far the most popular activity. Computers, Arts, Music & Dance, and Homework are all relatively popular as well.



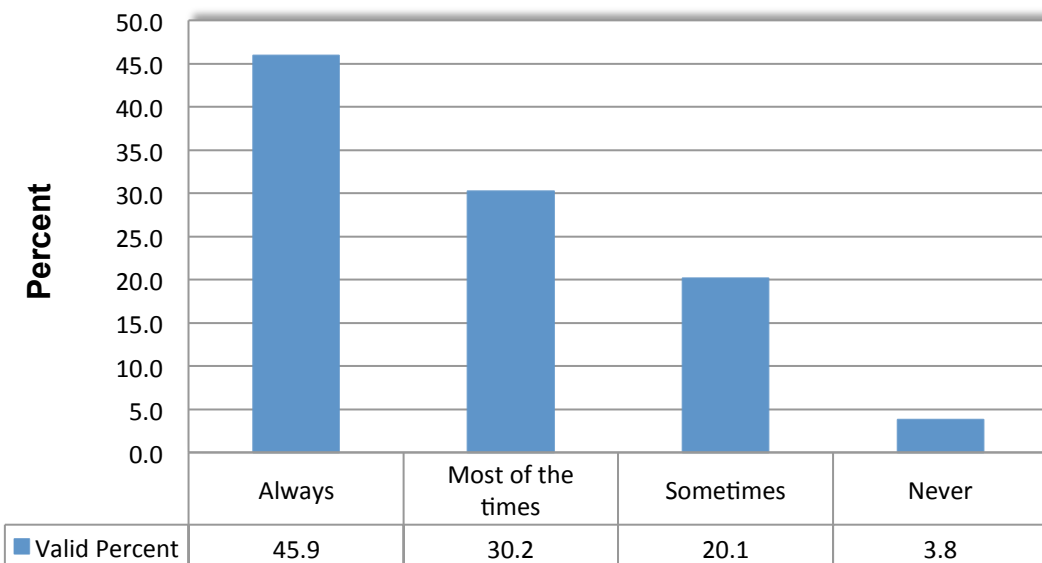
When activities are provided for Club members, it is important that there is sufficient time allotted to finish what is started. Otherwise, the experience can be less enjoyable and the purpose of the activity in question may not be fully achieved. Fortunately, a strong majority (77.2%) of Club members indicate that they have enough time either always or most of the time to finish what they started. Only 3% indicate that they never have enough time.

Do you feel that the programs you participate in at the Club help you with your needs?

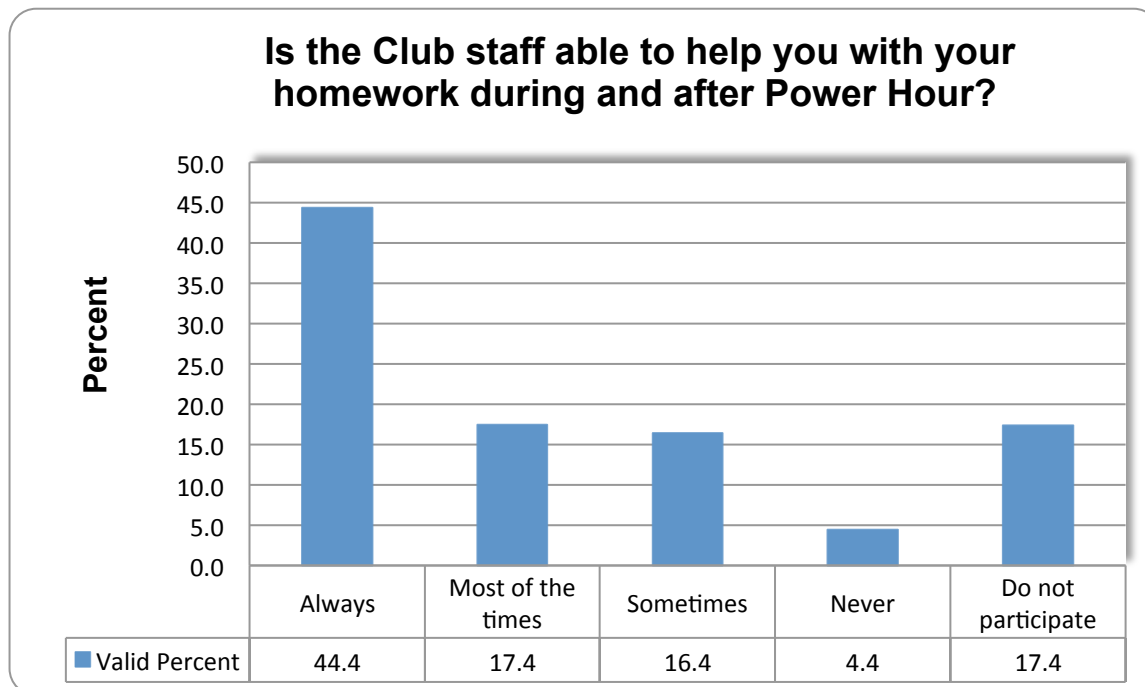


The programs at the Boys & Girls Clubs seem to be doing a great job of satisfying the “needs” of Club members. Nearly half of respondents (47.2%) believe that the programs always help with their needs while an additional fourth (28.5%) believe this to be true most of the time.

Do you like participating in the Club’s programs?



Club members indicate a very positive attitude towards participation in programs of the Boys & Girls Clubs. A very strong majority (76.1%) like the programs in which they participate at least most of the time. An additional 20.1% like participating in the programs sometimes while only 3.8% never enjoy their participation.



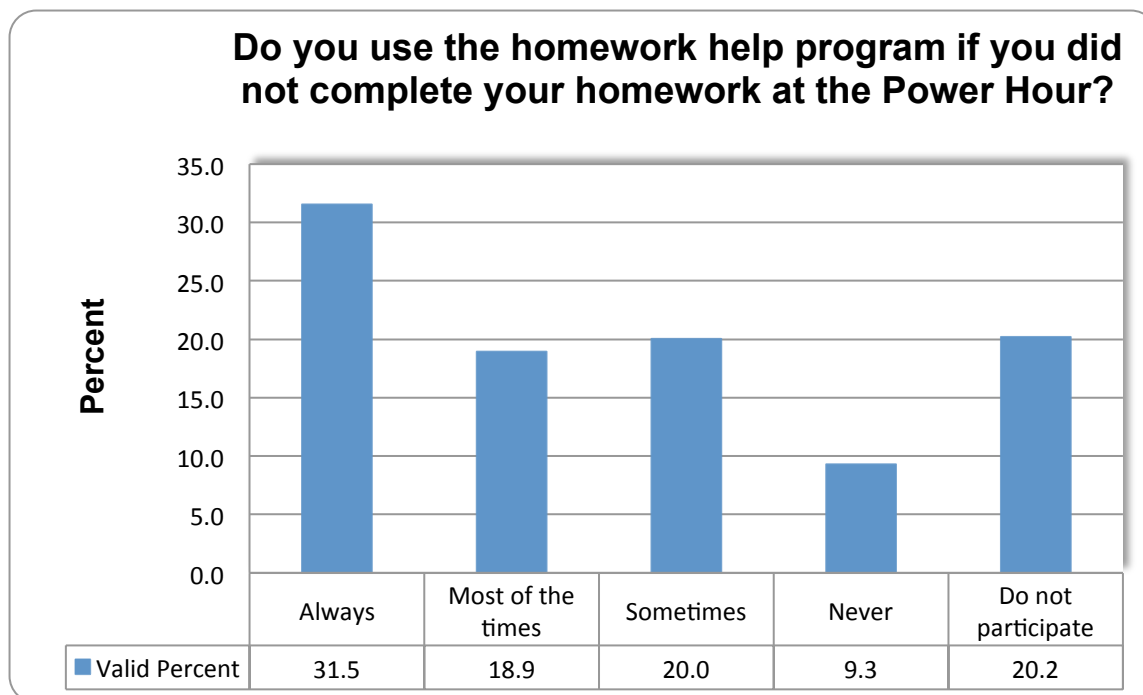
One particular area of interest is the Power Hour program. Boys & Girls Clubs within Los Angeles County (and many others across the country) have time dedicated through this program to helping Club members with their program and providing them tutoring to help them with their work. This program intends to help improve the academic proficiency of Club members in the 6 through 12 years old.

This program is particularly important in the context of this study since it contributes to the academic achievement of Club members thereby contributing to the economic benefits of higher high school graduation rates discussed in section three of this report. As such, the success of Power Hour is critical. Fortunately, a majority (61.8%) of respondents like the tutoring program either always or most of the time.⁴⁰ Amongst this group, it is important to note that only 4.4 never like the tutoring program.

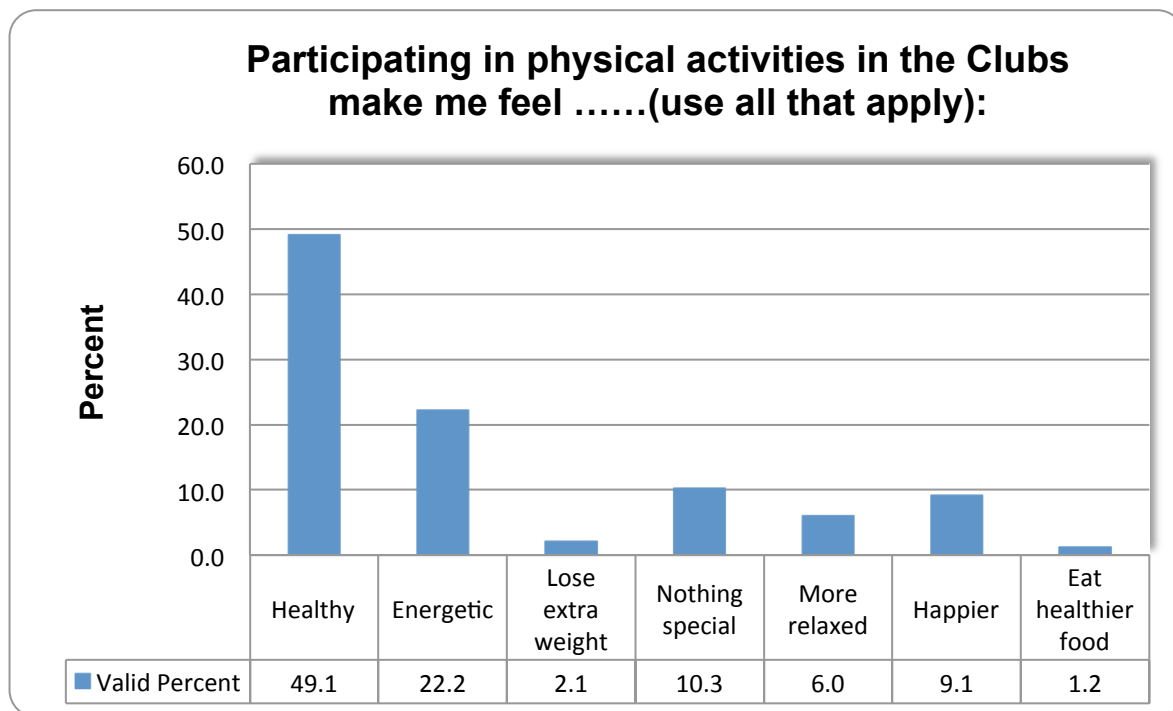
⁴⁰ This calculation excludes the 17.4% who do not participate in the program.

However, if one goes further into the numbers, the popularity of the program is even greater. The data indicates that 17.4% of Club members do not participate. As such, considering only the students who use the program, 74.8% of participating Club members like the program.

Although Power Hour is popular amongst those that utilize its assistance, it may be worthwhile to attempt to increase the number of participating students given its apparent success and ability to improve the academic achievement of Club members using the service. It is unclear based on this data alone whether the 17.4% who do not participate chose not to do so since they do not need the tutoring.



The homework help program is another important service similar in value to the Power Hour. The homework help program is another opportunity that the Clubs provide for academic enrichment and assistance with school work. A majority of Club members (50.4%) use this service always or most of the time.

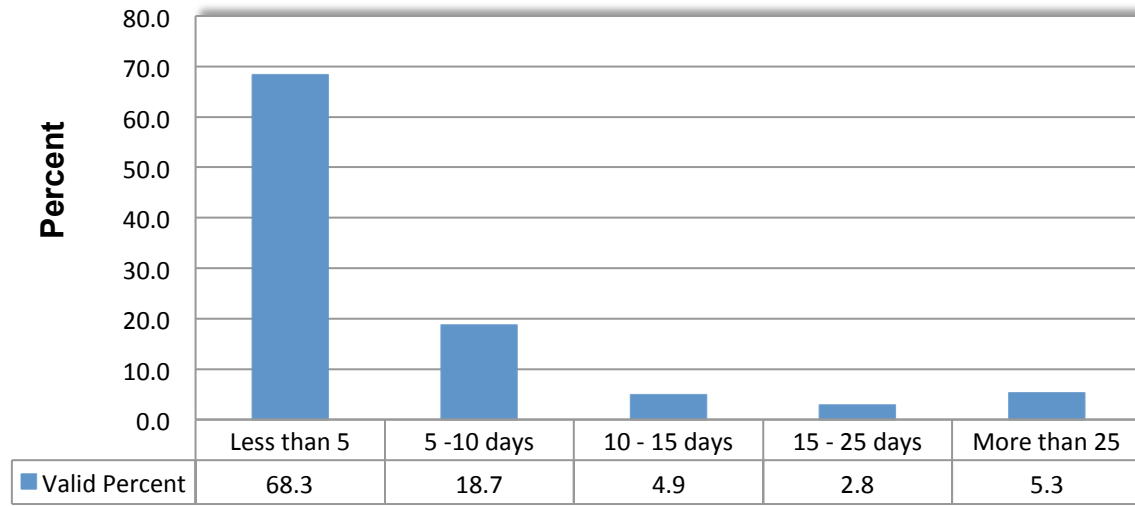


In many ways, physical health is as important as academic success. As such, it is important to understand the impact of physical activities offered through the Boys & Girls Clubs on how students feel. A notable proportion indicates that the physical activities make them feel healthy and energetic (49.1% and 22.2%, respectively).

4.1.3) Attendance Record in Clubs and School

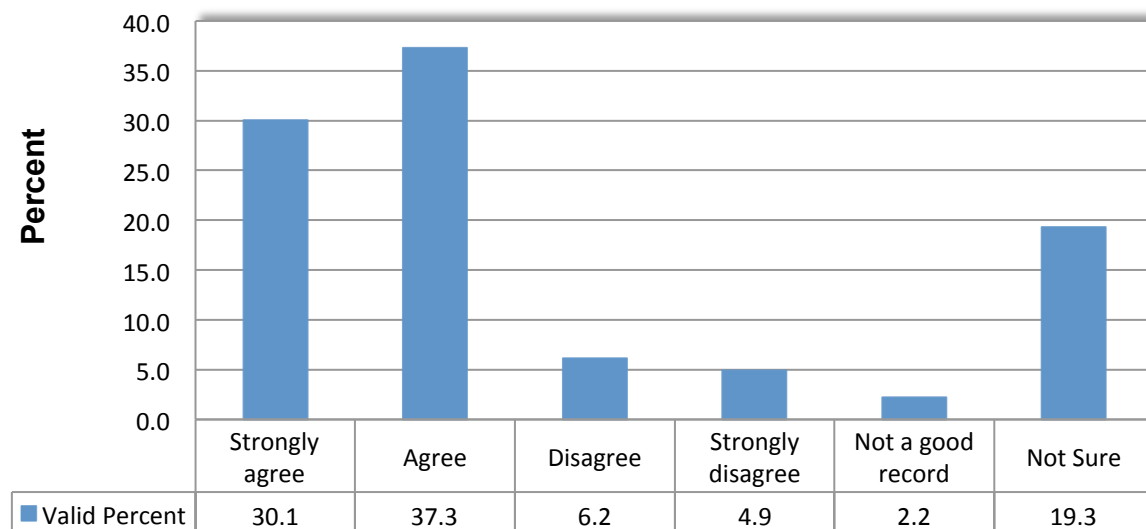
Regular and strong attendance records are an important indicator of academic success. By regularly attending school, students are less likely to fall behind in their studies and thereby more likely to succeed. As such, several questions in the survey sought to learn about student attendance records and the impact of Club participation on these records.

I think i might miss____ school days this year



The vast majority of Club members have strong attendance records. 87% of respondents indicated that they anticipate missing 10 days or less of school. Only 5.3% anticipate missing more than 25 days of school.

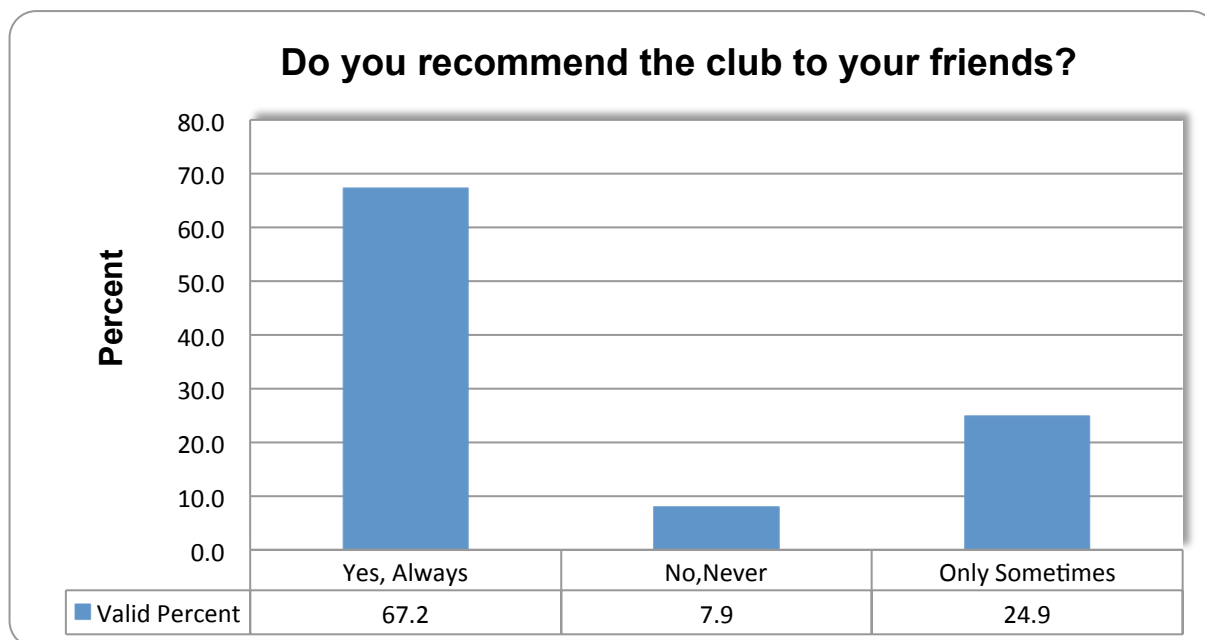
I believe one the important reasons for my good record of attending school is my membership and attendance of the Boys & Girls Club



We also asked students whether their strong attendance records are related to the fact that they attend the Boys & Girls Clubs regularly. A strong majority of respondents (67.4%) believe that their regular attendance of the Clubs accounts for their good attendance records in day school.

4.1.4) Overall Opinion Regarding the Boys & Girls Clubs

One way to determine whether an individual is satisfied with something is to ask them whether they would recommend it to their friends. By recommending something, an individual invests their own reputation in the fact that the service is effective. As such, we asked Club members whether they would recommend the Club to their friends.



Two out of every three Club members (67.2%) indicated that they would always recommend the Club to their friends while an additional 24.9% would recommend the program sometimes. Only 7.9% of Club members would never recommend the program to their friends. As such, it would seem that over nine of ten Club members are generally satisfied with the services they receive at the Boys & Girls Clubs within Los Angeles County. This is a very promising rate of satisfaction.

4.2) Results from Parents' Survey

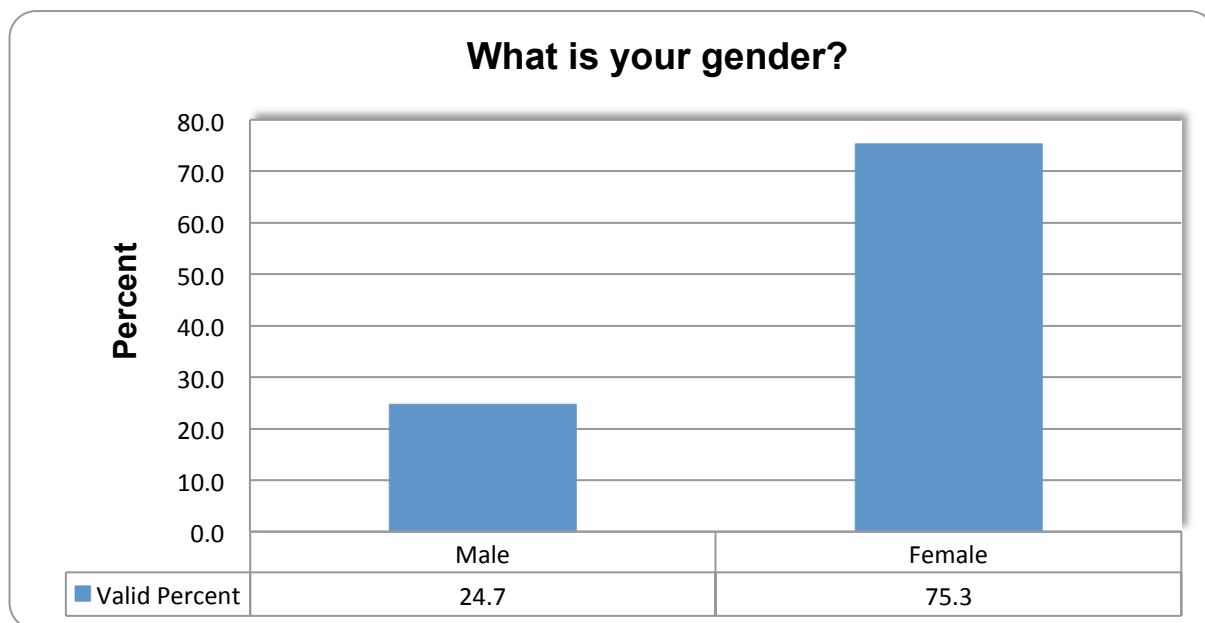
In addition to Club members, parents represent another important group of stakeholders. They are heavily invested in the quality and effectiveness of the program. Without the Clubs, parents would have to find alternate means for taking care of their children during after-school hours. Some may have to work less to stay at home with their children. Others may have to pay more for other services that are of

uncertain quality if they are able to afford it. Moreover, they are an important source of supplementary information to assess the impact of the Clubs on their children due to their special vantage point.

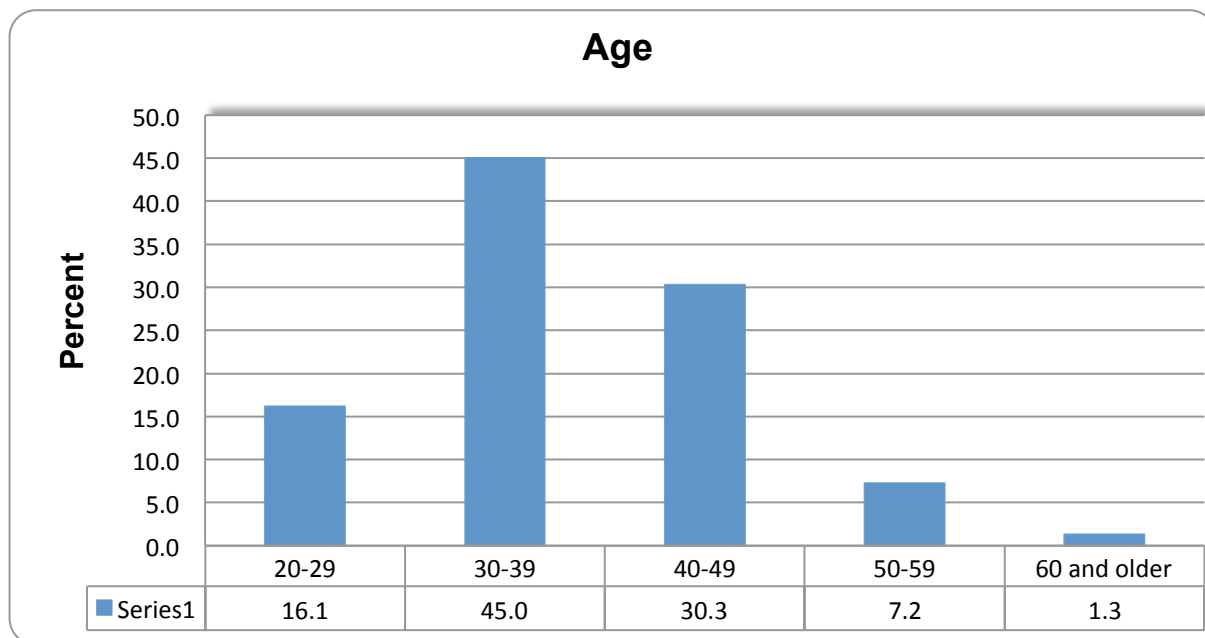
Given these considerations, it was critical to collect data from parents to see how well they are being served by the Clubs and to see how effective they perceive the programs to be.

4.2.1) Demographic Information

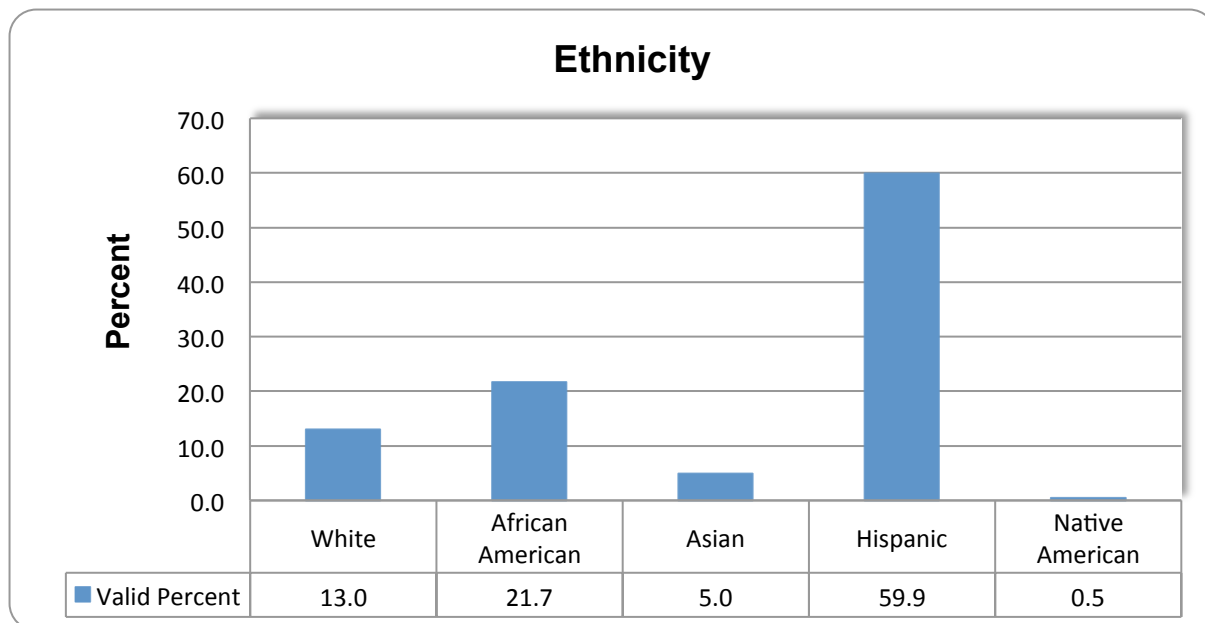
Some demographic data was collected from parents. This information helps us to understand the profile of respondents and the households in which Club members are being raised.



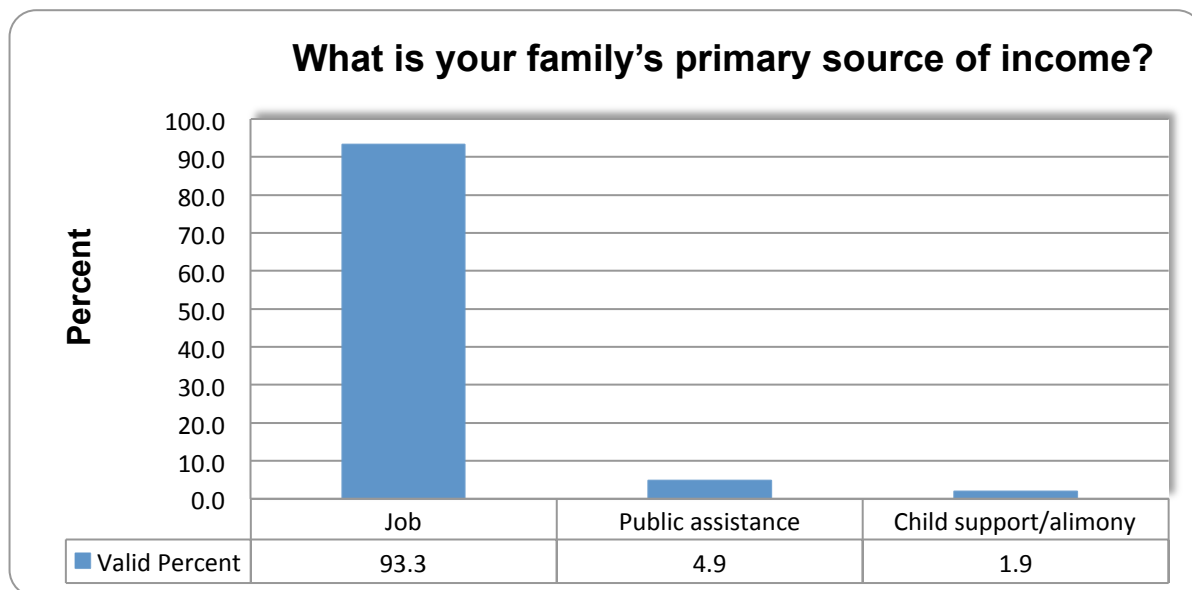
The vast majority of respondents (75.3%) are females. This indicates that the survey represents the thoughts and opinions of the mothers and grandmothers of Club members for the most part.



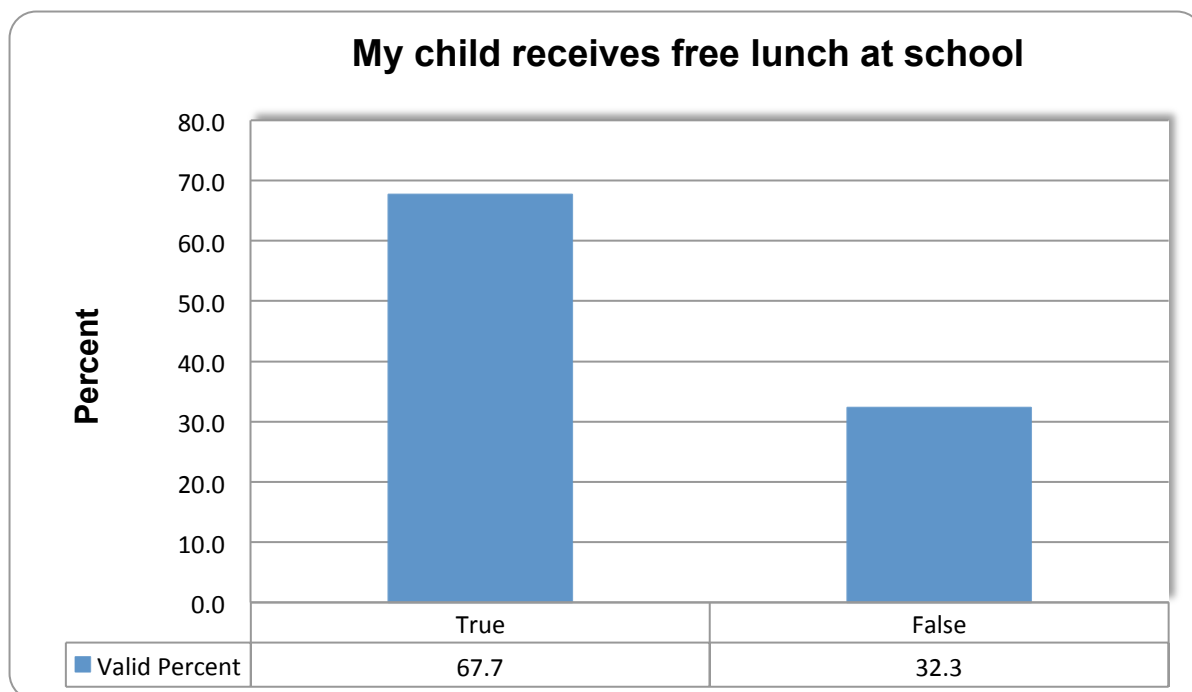
The largest proportions of parents (45.0%) are between the ages of 30 and 39. The second most represented age groups are those between the ages of 40 and 49. As such, the survey results seem to indicate the opinions of middle-aged parents for the most part.



A majority of respondents (59.9%) are Hispanic while the second most represented group is African Americans who compose 21.7% of the parents. The ethnic make-up of parents based on this survey is similar to the ethnic make-up of Club members determined in the Club member survey.

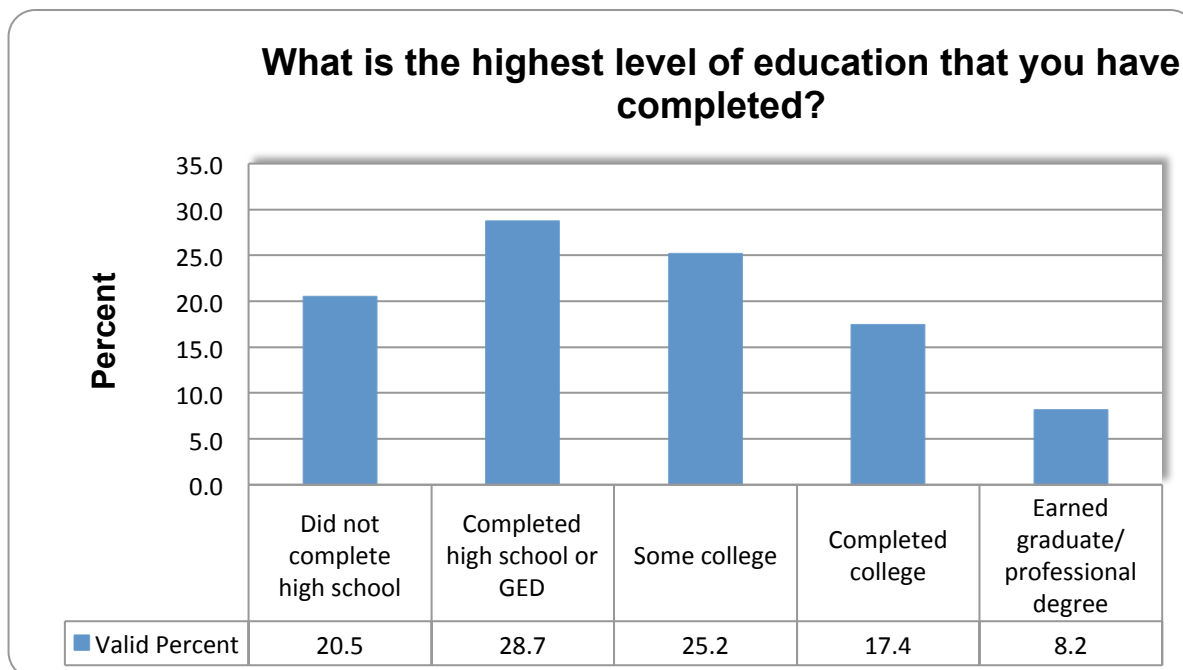


Nearly all parents (93.3%) indicate that their family's primary source of income is a job. This demonstrates that the Clubs predominantly serve working parents and families who need a safe supervision of their children during after-school hours.



Economically disadvantaged young people are eligible through a national program to receive free lunches. By understanding the proportion of those served by the Clubs who receive free lunches, it is possible to learn something about the economic profile of those families served. The results are quite

telling. According to the parent surveys, 67.7% of Club members receive free lunches when they are in school. This data indicates that the Boys & Girls Clubs within Los Angeles County is primarily serving an economically disadvantaged group.

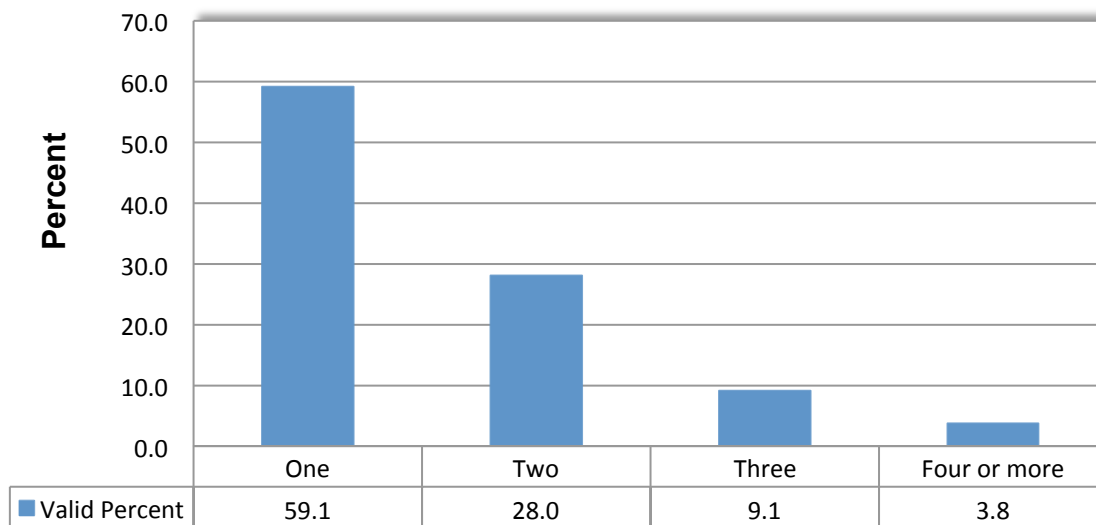


Another important demographic consideration is the level of education attained by parents. Education and earnings are closely related as discussed in earlier sections of the report. Survey results indicate that the educational background of parents is very diverse. The largest portion of parents are high school graduates or GED holders. An additional 25.2% completed some college. Most troubling is the fact that one in five parents did not complete high school; this group is likely to face the greatest hardships.

4.2.2) Family's Need for Boys & Girls Clubs

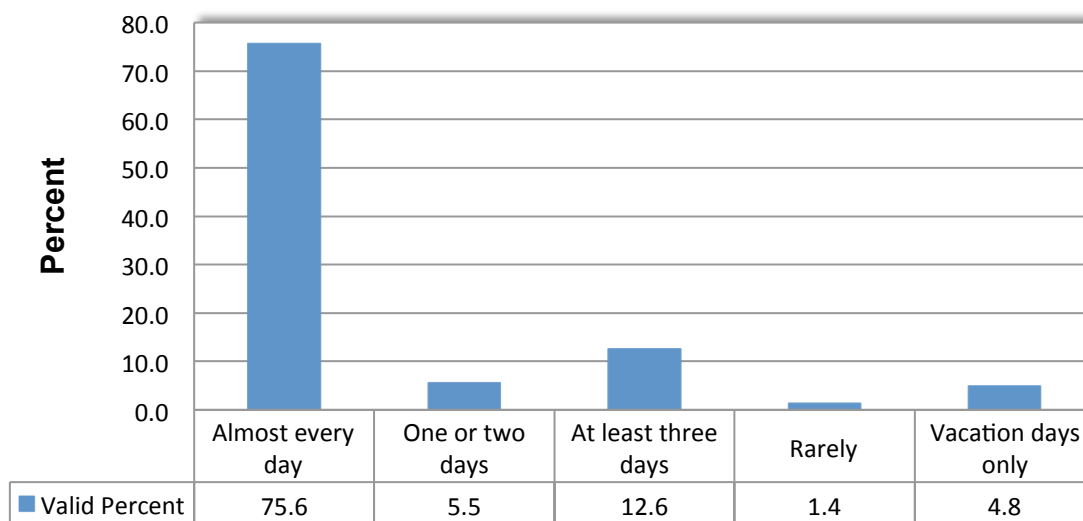
When understanding the value created by the Boys & Girls Clubs in the community, it is important to understand the extent to which families who use the service depend on its existence. The survey included several questions to learn about the frequency and depth of the demand for Club services.

How many children in your home go to this particular Boys and Girls Club?

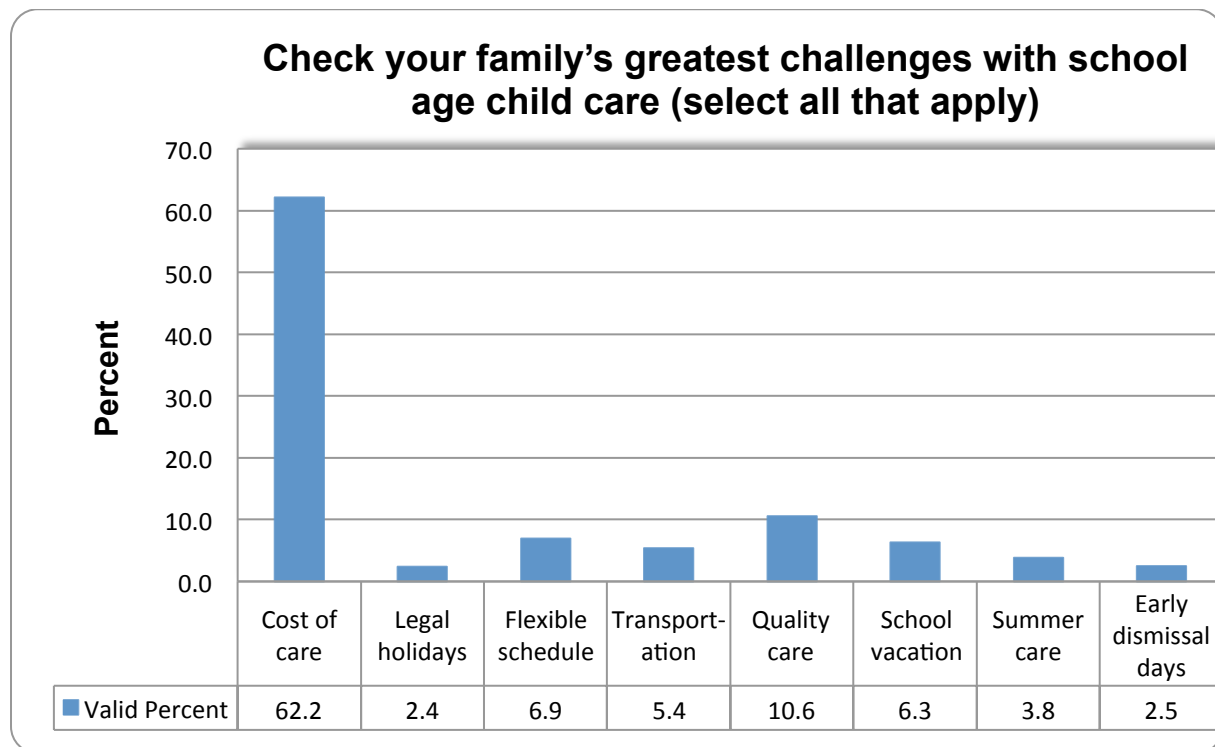


A majority of families only have one child in the Boys & Girls Clubs. The rest (40.9% of respondents) have two or more children in the program. For those with multiple children at the Clubs, the need for the service is amplified since the cost and difficulty of supervising multiple children after school can become significant. As such, the need for the Clubs is particularly acute for the significant proportion of families having multiple children.

When the club is open how often does your child attend it during the week?

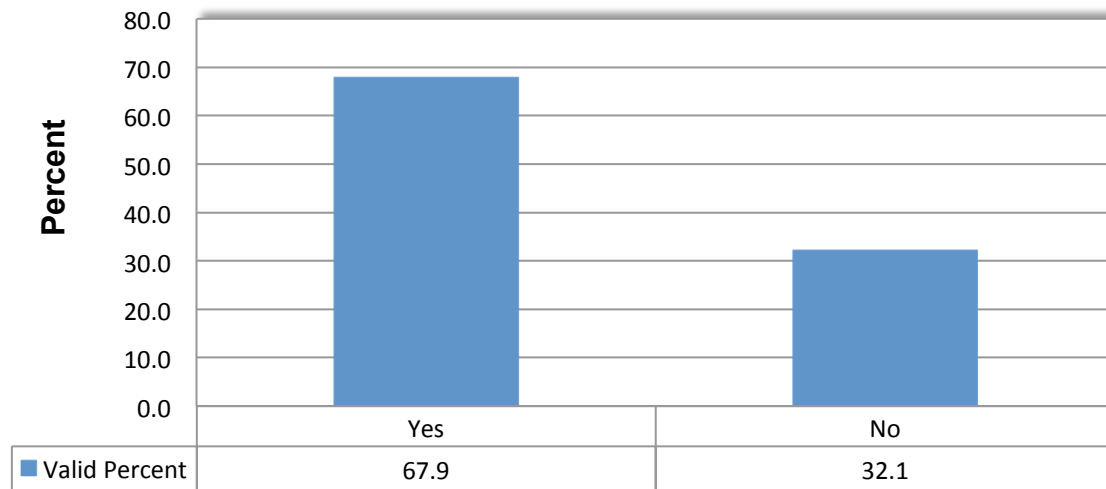


Nearly four out of every five parents report sending their children to the after school program almost every day while an additional 12.6% report sending their children to the program at least three days per week. As such, it is clear that nearly all parents depend on the program frequently. Such regular use of the program shows that such families are quite dependent on the existence of the program during their daily routine.



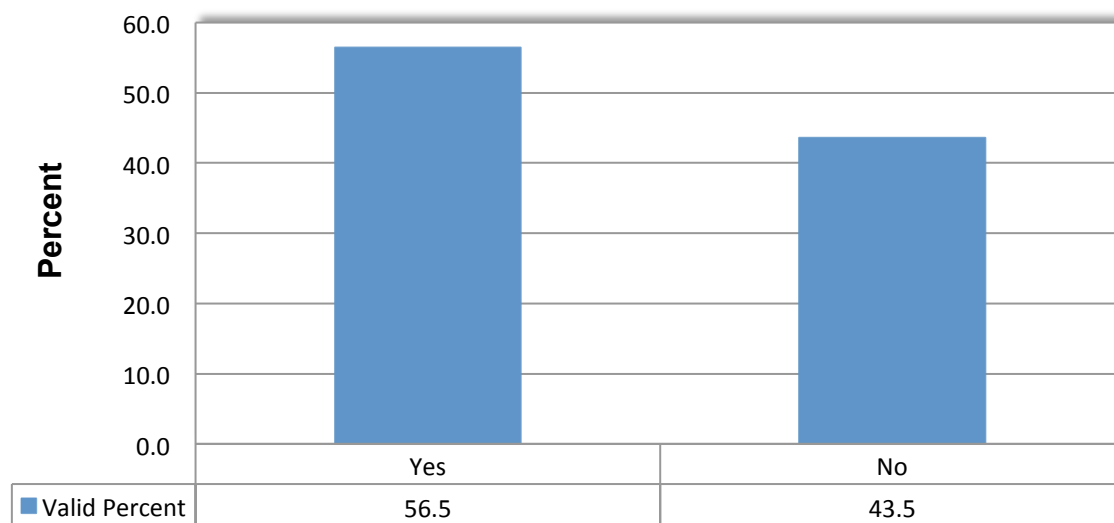
When determining the level of dependence these families have on the Clubs, it is important to understand the source of the challenges that the families face with school age child care. By far, the greatest challenge for all these families is the cost of care. Nearly 62.2% of families served by the Clubs consider the cost of care as the greatest challenge they face. As such, programs such as the Boys & Girls Clubs that provide high-quality cost-effective services are critical to the community.

This program is the only program that I can send my child to

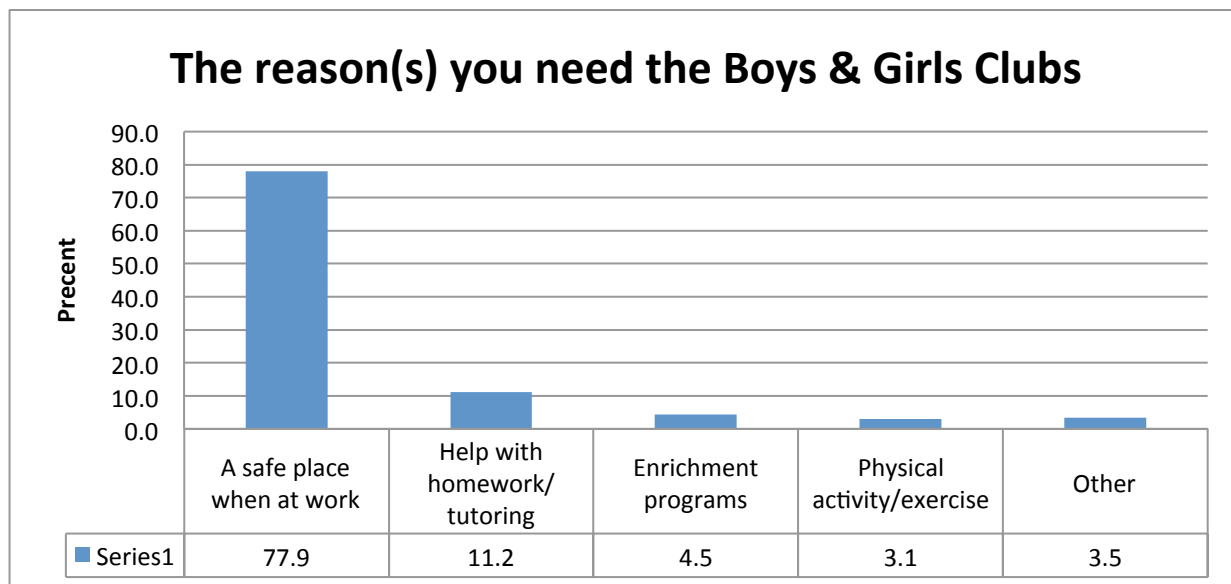


The degree to which many families depend on the Boys & Girls Clubs is further demonstrated by the fact that 67.9% of parents indicate that the Club is the only program to which they can send their children. Without the Clubs, it is unclear what these families would do. Parents would either have to modify their own work schedules or these children would be without proper supervision; either scenario would be troubling.

I cannot afford to send my child to any other program



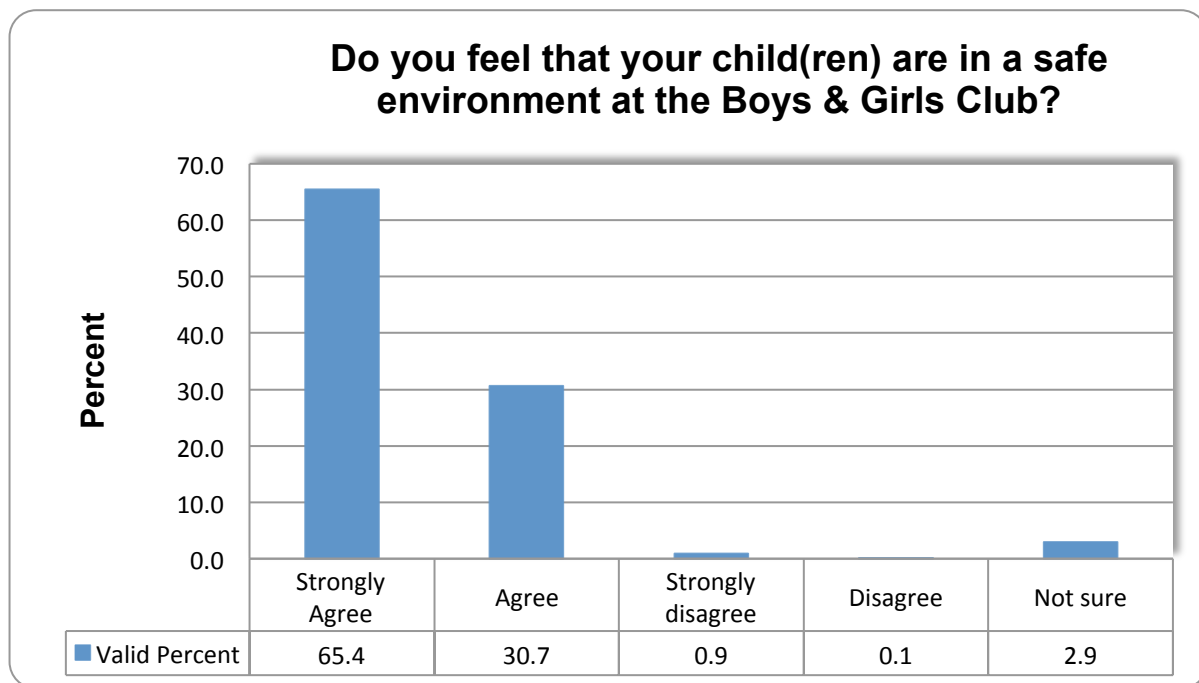
One reason that many families must rely exclusively on the Clubs for after-school care is the fact that other programs and private services are cost-prohibitive. According to the parents survey, a majority of parents (56.5%) cannot afford any other program.



The parent survey also asked parents why they need the Boys & Girls Clubs. There is widespread agreement on the reason. Nearly four out of five parents (77.9%) report that they need the Clubs since it is a “safe place when at work.” This response shows that this asset allows parents to be productive members of the community by allowing them to attend to their work. Without the after-school program, such parents would likely have to work less; this would be bad for families since they would lose income and this would be bad for the community since it loses productive workers.

4.2.3) Safety

Given the importance parents place on having a “safe place” for their children, it is important to measure whether parents believe that the Clubs are a safe environment. As such, the survey included a question to determine parent sentiments on this point.



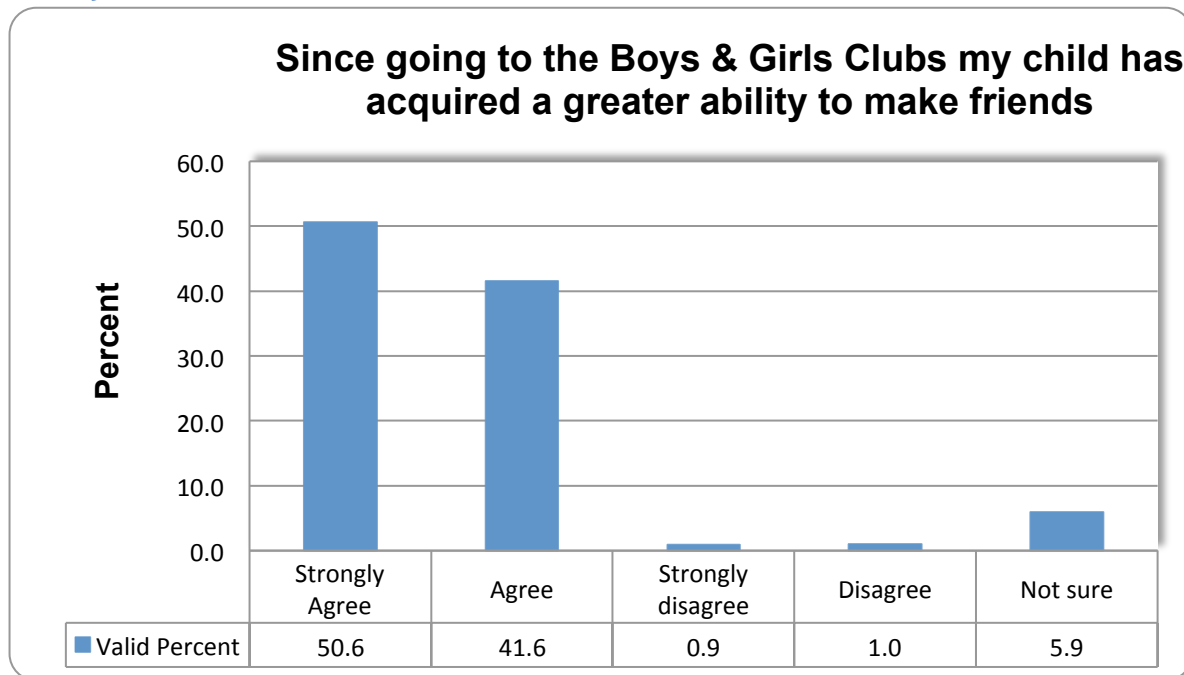
Nearly all parents (96.1%) agree or strongly agree that their children are in a safe environment when they are attending the Boys & Girls Clubs within Los Angeles County. This level of unanimity in the response is particularly noteworthy and shows the extent to which parents have faith in the safety of the Clubs. There are very few areas in which parents have such a high level of unanimous agreement. Club management should be proud of this outcome.

4.2.4) Parent Opinions on Impact of the Clubs on their Children

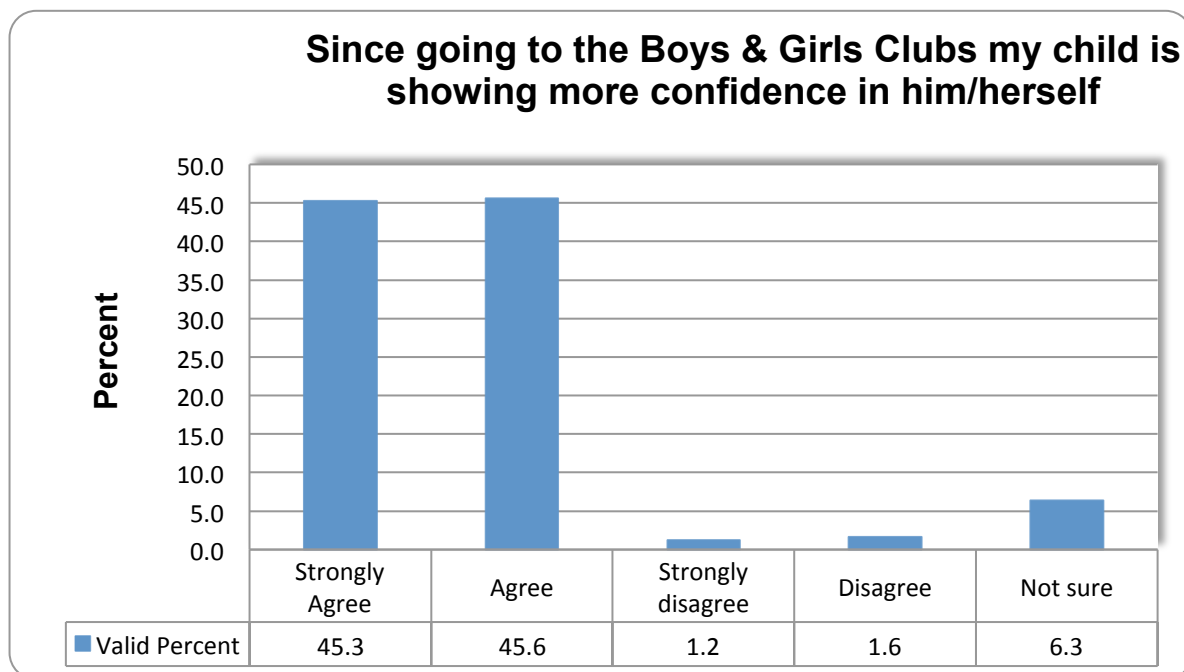
In some ways, parents know their children better than their children might know themselves. As such, the parent survey included many questions that asked parents about the impact of the Clubs on their children. The data from these questions can be used to assess the impact of attending the Boys & Girls Clubs on Club members.

In order to organize this data, the questions have been examined in three separate categories. The first considers questions relating to social and emotional skills, the second considers academic achievement and promise, and the third considers the impact on nutrition and physical activity.

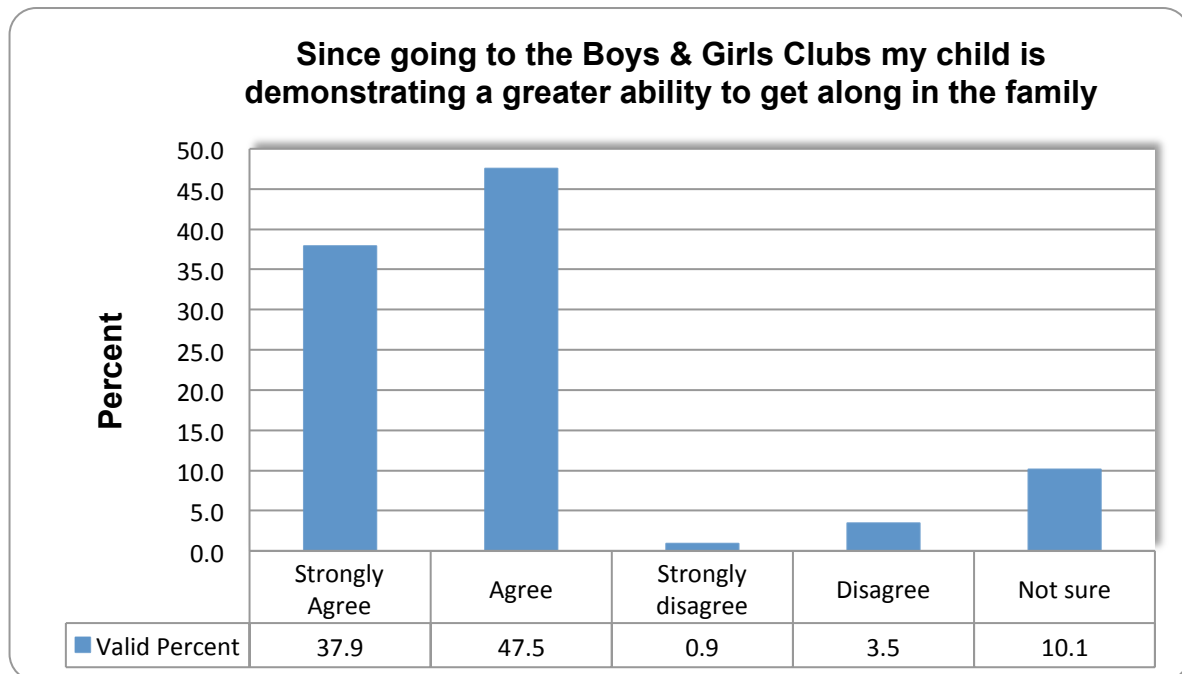
4.2.4.1) Social and Emotional Skills



Social skills and the ability to make friends are critical to leading an emotionally healthy life. There is widespread consensus amongst parents that Club attendance has allowed their children to better acquire friends. Specifically, 92.2% of parents either agree or strongly agree that their children have developed this skill set since joining the Clubs.

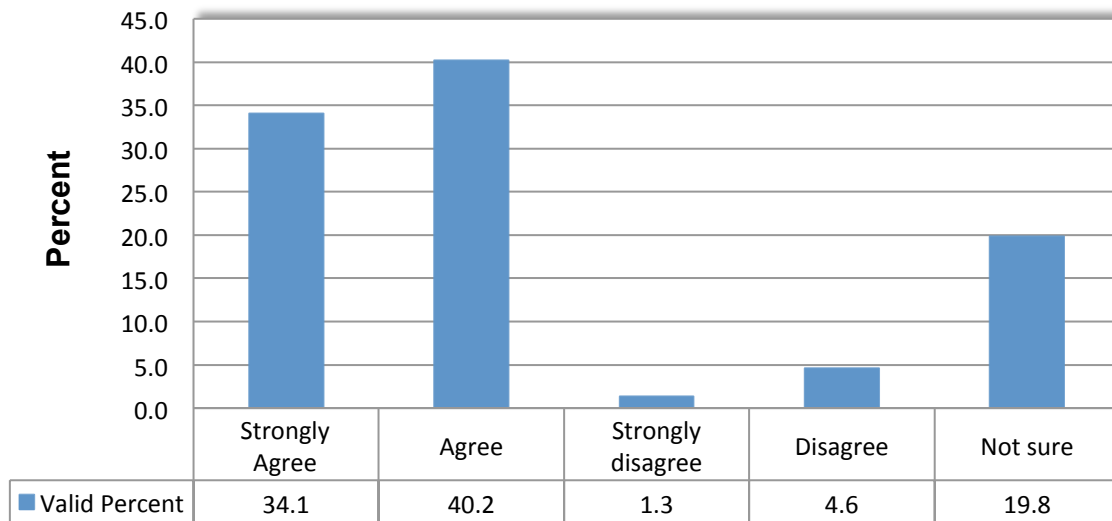


Self-confidence is another important key to happiness. Yet again, Club attendance has made children more confident in themselves according to parents. 90.9% of parents agree or strongly agree that their children have become more confident in themselves since going to the Clubs.



In addition to their relationships with their friends, interactions with parents and others in the family can be quite telling indicators of a child's emotional well being. According to the vast majority of parents (85.4%), Club members have shown greater ability to get along in the family since attending the Club.

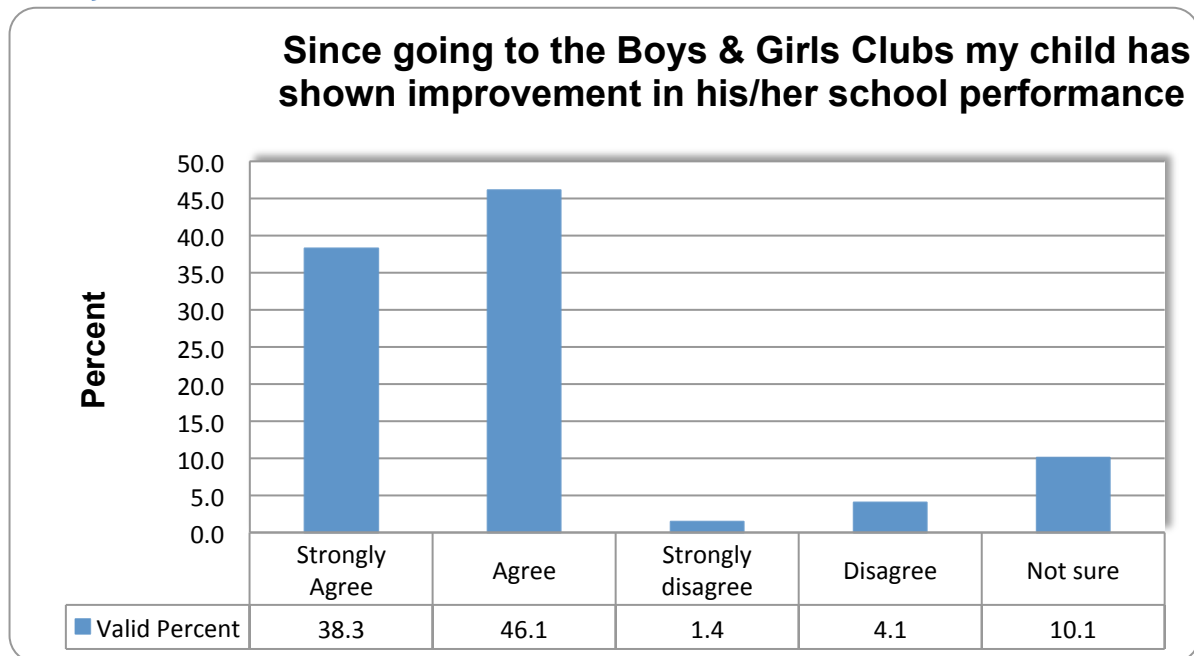
Since going to the Boys & Girls Clubs my child seems more interested in doing volunteer work



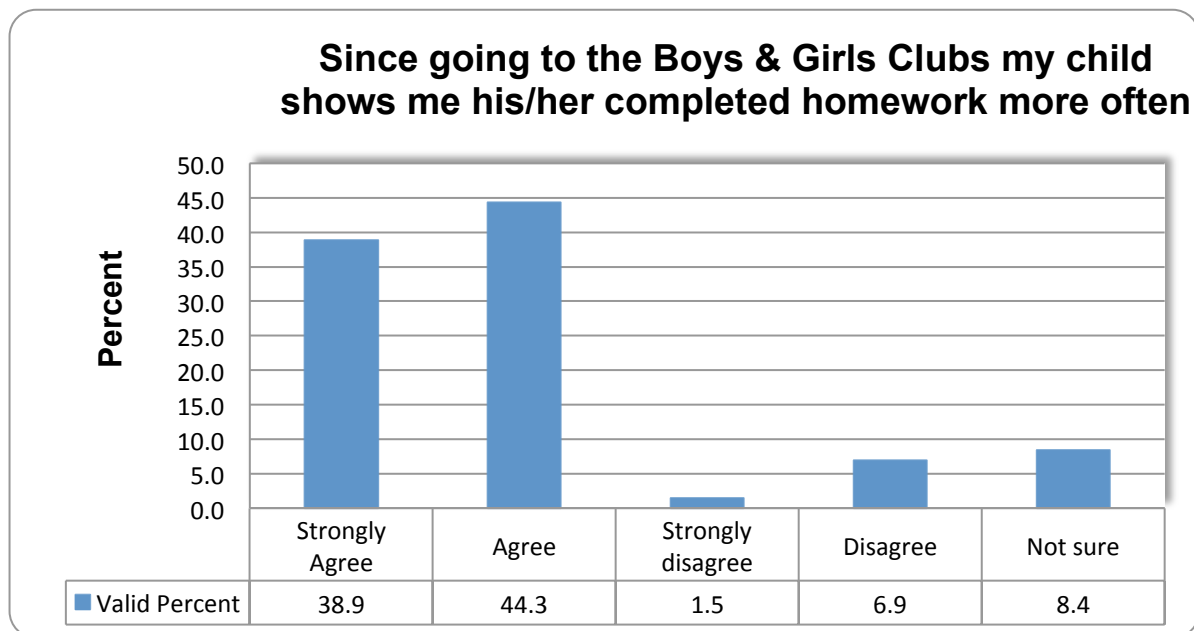
Empathy for others and the willingness to volunteer to help the community are signs of emotional maturity. Moreover, the willingness to volunteer may be influenced by contact with an organization that utilizes so many generous volunteers. Indeed, the propensity to volunteer may indicate that the youth is being positively influenced by those in the Clubs.

The data is encouraging. The vast majority of parents (74.3%) indicate that their children are more interested in volunteer work since participating in the Boys & Girls Clubs.

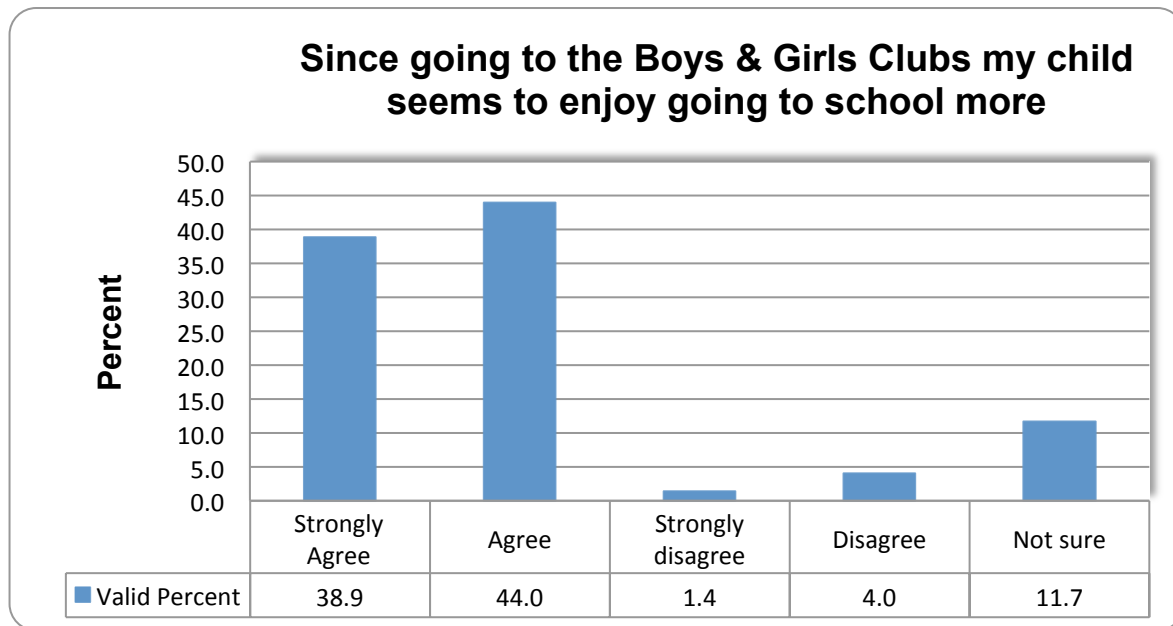
4.2.4.2) Academic Achievement and Promise



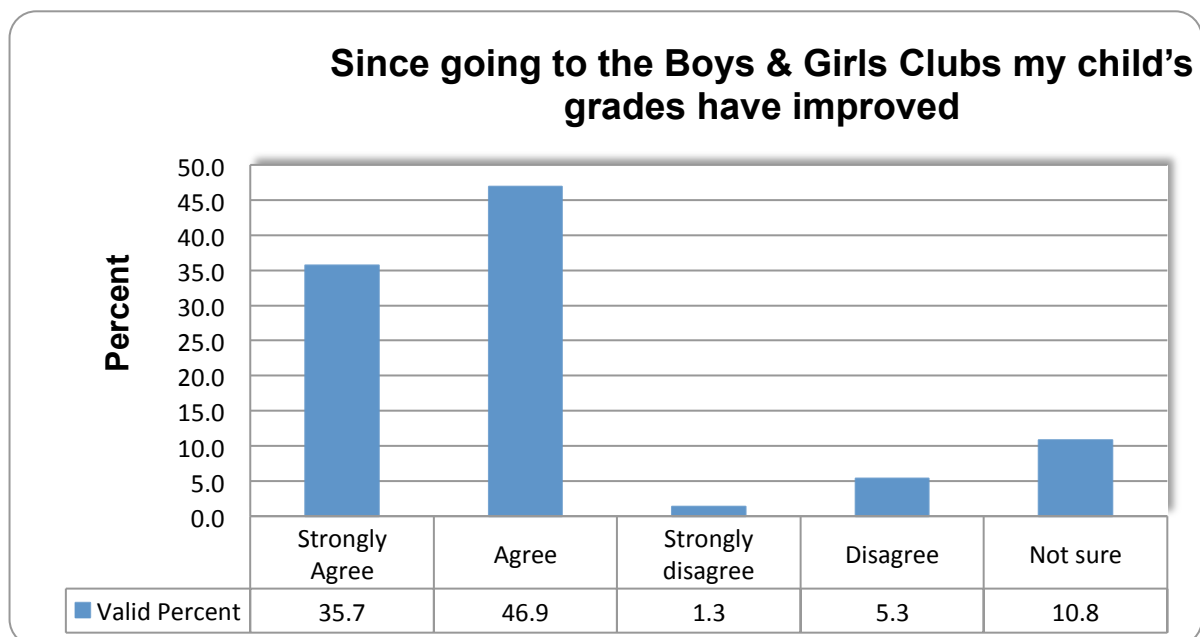
According to the results of the survey, parents report that their children have improved performance in school since attending the Boys & Girls Clubs. Specifically, 84.4% of parents either agree or strongly agree that they have observed this pattern. Only 5.5% disagree or strongly disagree that such improvement has occurred.



One way for parents to observe the study habits of their children is through their children showing them completed homework. 83.2% of parents have observed their children showing them completed homework more often since attending the Boys & Girls Clubs.



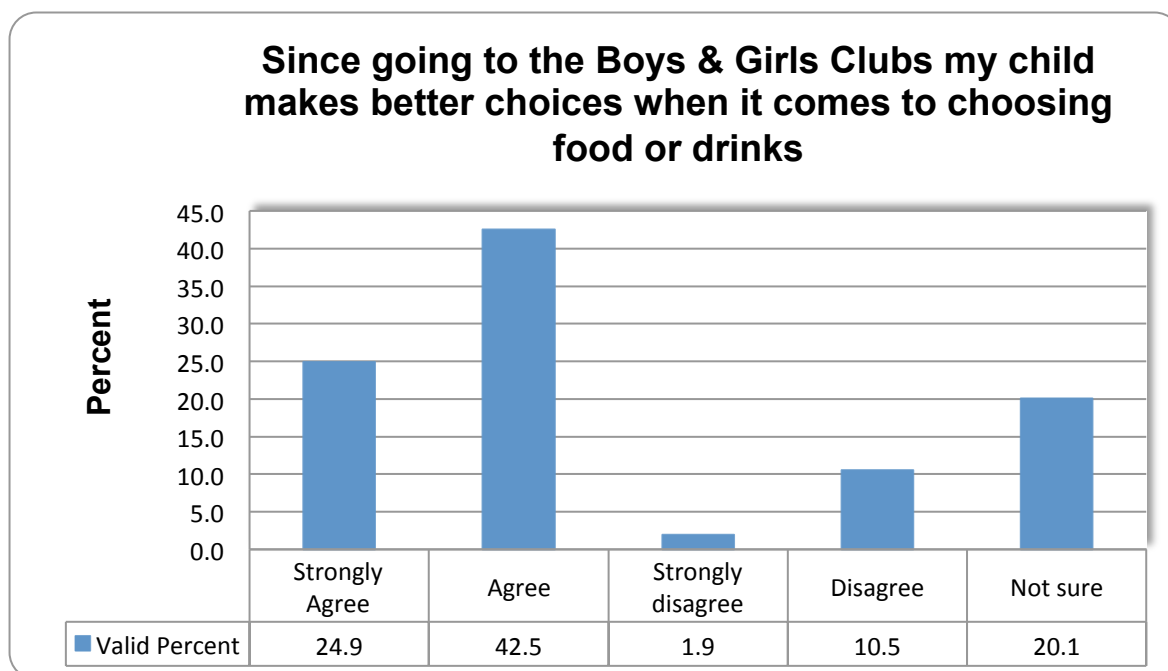
There is also broad consensus among parents that their children enjoy going to school more since attending the Boys & Girls Clubs. 82.9% of parents agree or strongly agree that they have seen such improvement while only 5.4% disagree or strongly disagree that such improvement has occurred.



Many of the academic improvements parents have observed in their children are also corroborated by improved grades. Grades are a particularly objective measure of Club member performance and indicative of long term prospects. The data is similarly impressive in this regard. The vast majority of parents (82.6%) have observed that their children's grades have improved since attending the Boys & Girls Clubs. Only 6.6% of parents disagree or strongly disagree about whether such improvement has occurred.

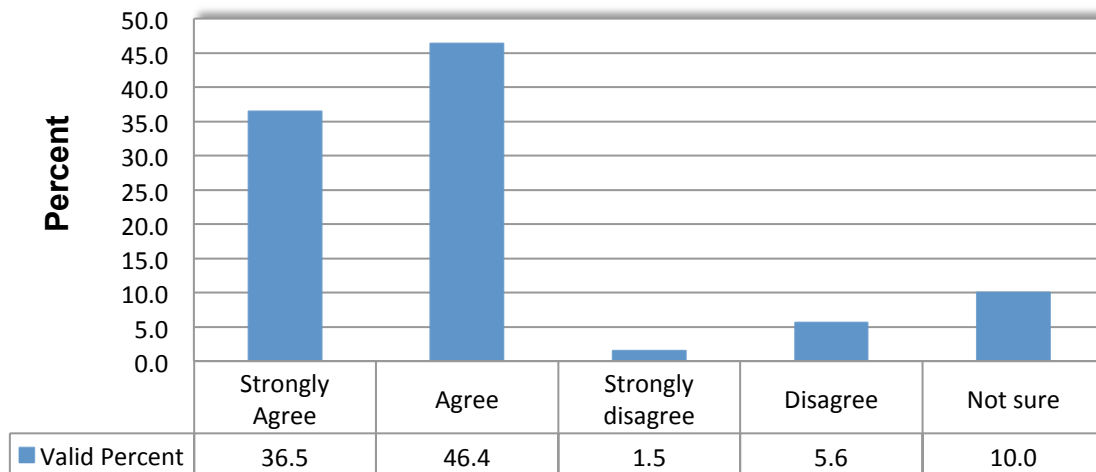
4.2.4.3) Health and Nutrition

Finally, parents are also in a great position to see the sort of decisions made by their children regarding nutrition and physical activity. As such, the survey included several questions designed to understand the impact of the program on Club members' health.



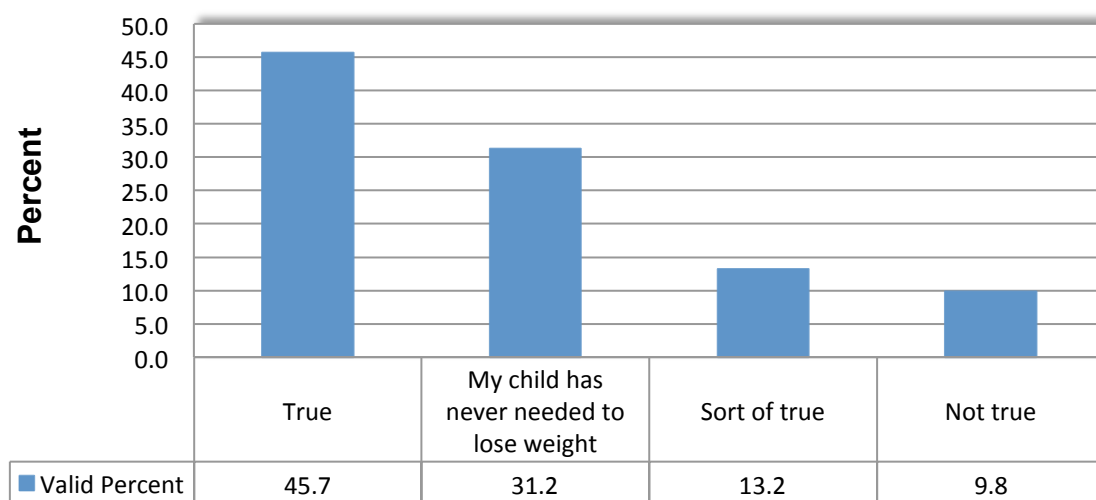
Parents generally report that their children have made better choices when it comes to choosing foods and drinks since attending the Boys & Girls Clubs. The majorities of respondents (67.4%) agree or strongly agree that their children made better food choices. Such decision-making skills are critical in ensuring that youth eat nutritious food that is conducive to their long-term health.

Since going to the Boys & Girls Clubs my child shows more interest in doing physical exercise on a regular basis



The vast majority of parent respondents (82.9%) agree or strongly agree that their children have shown more interest in regular physical exercise since attending the Boys & Girls Clubs. This is a significant finding since physical activity not only staves off obesity but it can help improve youths in other ways, from having better cardiovascular systems to being more emotionally confident.

As a result of regular exercise he/she is making progress towards becoming less overweight



Physical exercise has a variety of benefits from improved cardiovascular health to reduced levels of stress. One particularly important benefit of exercise is that it can help Club members lose weight. Given the fact that many youths face problems of being overweight and obese, any program that can help students lose weight is beneficial.

It must be noted that 31.2% of parents indicated that their children are not overweight and that they do not need to lose weight. This is a promising statistic and such children are fortunate not to face the myriad of risks associated with being overweight. Nevertheless, the remaining 68.8% of children may be in need of losing weight based on the responses of parents. For these children, the services provided by the Clubs are particularly important.

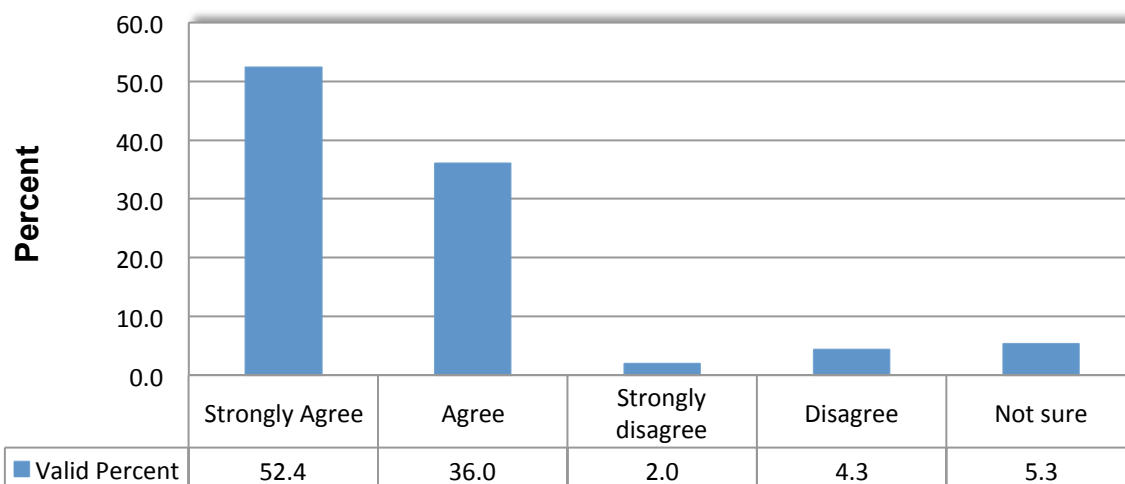
A majority of parents (58.9%) indicate that it is true or sort of true that their children are becoming less overweight as a result of physical exercise. However, as a proportion of those who are potentially overweight, 85.6% of parents indicate that their children are losing weight as a result of regular exercise.

Given the fact that regular exercise is a part of the Club program, it is clear that the Boys & Girls Clubs are playing a vital role in helping the children of these parents become less overweight.

4.2.5) Information on Students' Academic Achievement and Aspirations

Beyond the direct impact of Club attendance on students' academic achievement, the survey also asked parents to give more general information on their children's academic achievements and objectives. Such information can be used to learn more about the children served by the Boys & Girls Clubs.

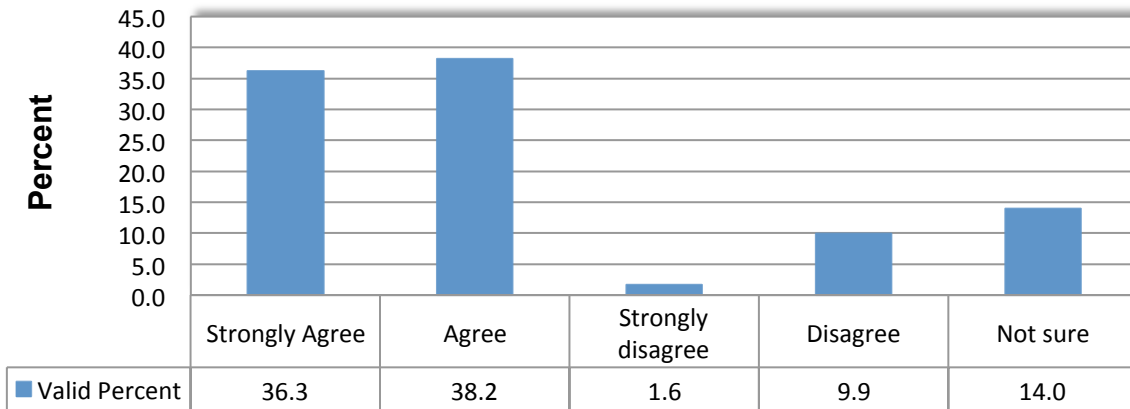
Based on my experience, my child attends his/her school regularly and has good attendance (missing less than 5 school days during the year).



Having a good attendance record in school is an important factor in whether a student becomes academically successful. Missing school can often lead to a student falling behind and becoming frustrated with their studies. As such, good attendance (defined as missing less than five school days during the year) is an important indicator of academic success.

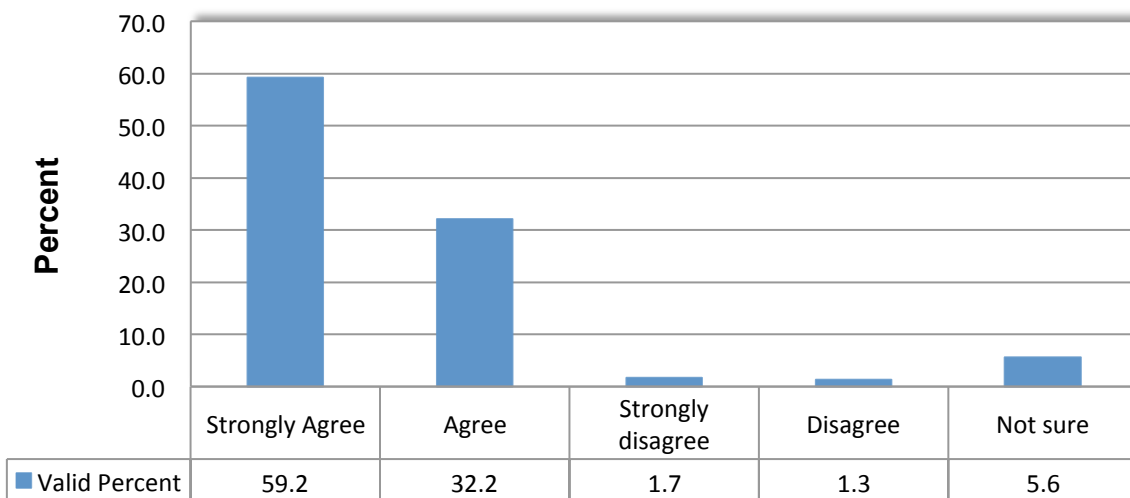
The vast majorities of parents (88.4%) agree or strongly agree that their child attends school regularly and has good attendance. This data is very promising and shows that many children in the program are attending school regularly and not falling behind in their classes.

I believe one of the important reasons that my child attends his/her school regularly is his/her membership and attendance of the Boys & Girls Club.

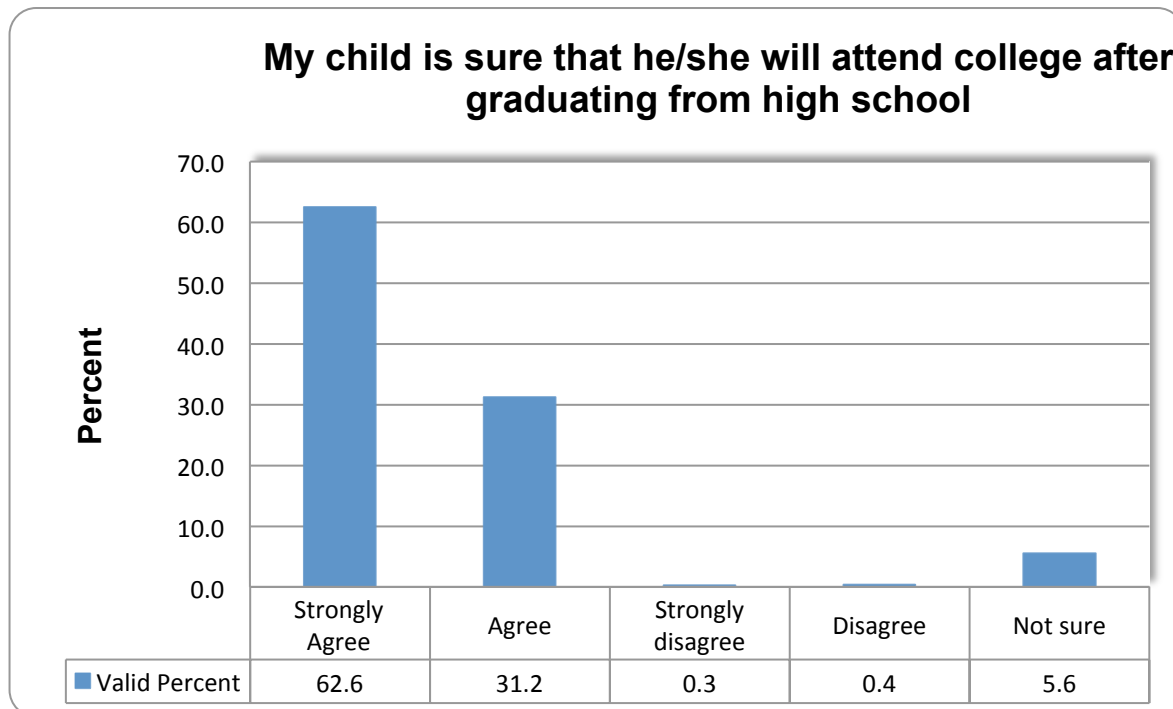


There can be a variety of reasons for the strong attendance records reported by parents. As such, the survey attempted to determine the influence of the Clubs on regular school attendance. Nearly three out of four parent respondents (74.5%) indicate that they agree or strongly agree that one of the important reasons that their children attend school regularly is their membership and attendance in the Boys & Girls Clubs. This question shows the vital role the Clubs play in providing a positive academic influence to their Club members.

My child talks about higher education and its importance



Having ambitions and goals can help motivate children academically. One indicator of ambition can be whether or not a child talks about pursuing higher education beyond high school. Nine out of ten parents (91.4%) agree or strongly agree that their children discuss these goals and their importance.



The vast majority of parent respondents (93.8%) agrees or strongly agrees that their children believe they will attend college after graduating from high school. This data further corroborates the fact that children of these parents have high academic ambitions.

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