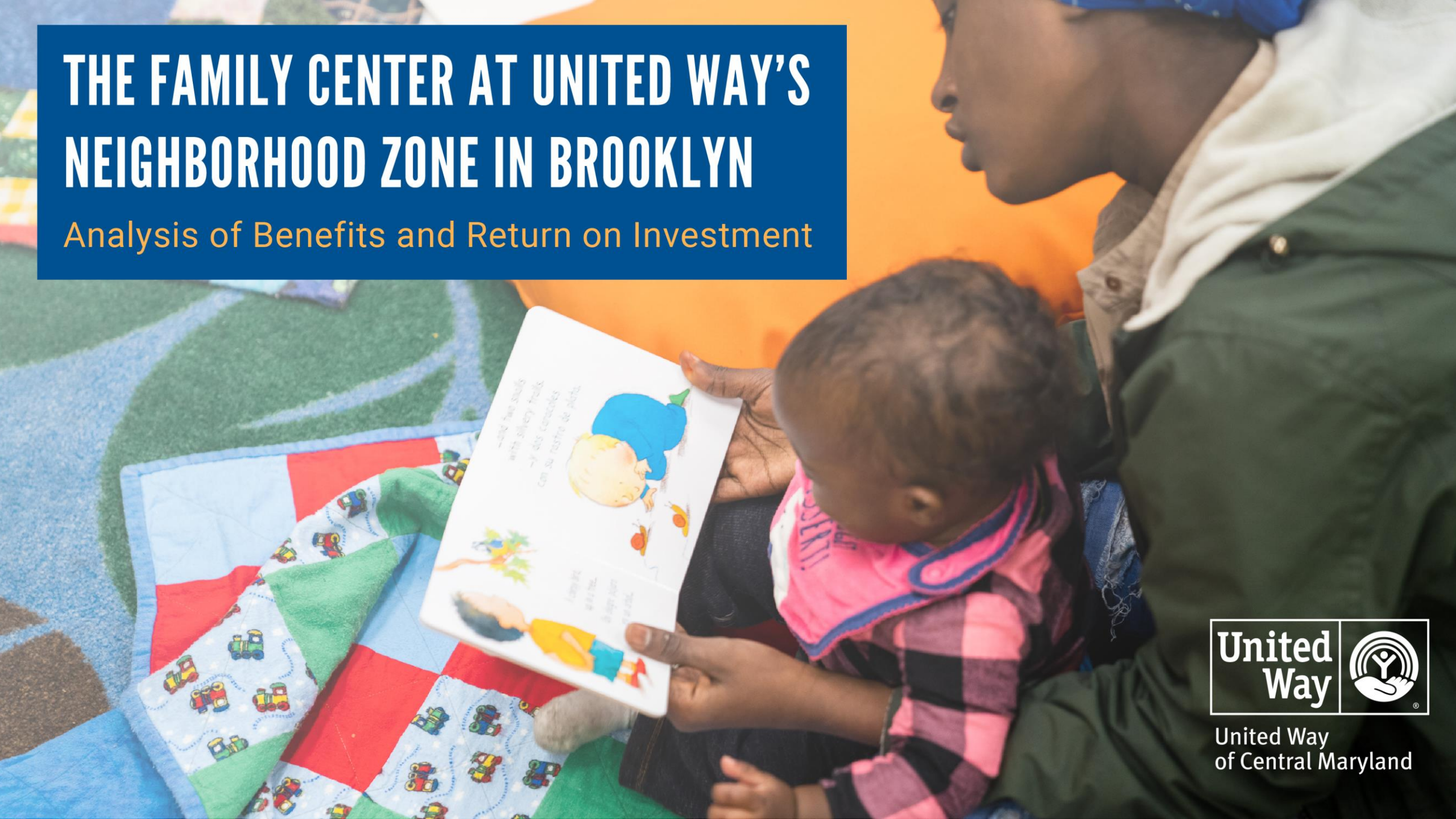


THE FAMILY CENTER AT UNITED WAY'S NEIGHBORHOOD ZONE IN BROOKLYN

Analysis of Benefits and Return on Investment



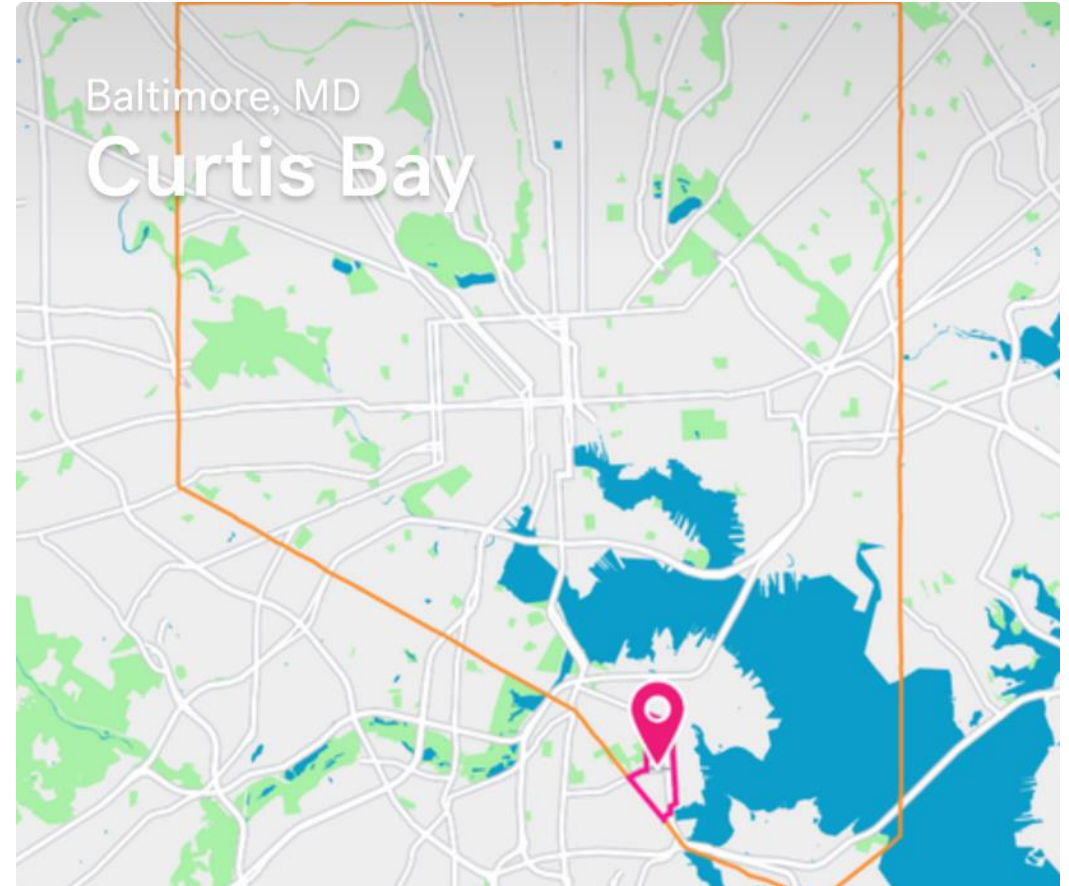
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The United Way Family Center

The Family Center at United Way's Neighborhood Zone in Brooklyn was created to support expectant and parenting teens in Brooklyn/Curtis Bay.

This neighborhood has historically been geographically and systemically isolated and bereft of resources.

Located within Benjamin Franklin High School, the Family Center provides case management and clinical services to parenting teens as well as high-quality, early childhood education to their infants and toddlers, which helps parenting teens complete high school.



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Family Center Return on Investment

Costs

Cost Calculation

- \$500,000 = Annual operating cost
- 22 students parents and 18 children enrolled
- 1.5 years = Average length of enrollment per family
- **\$18,750 = Average cost per participant**

Benefits

Lifetime Income Gain (Per Participant)

- **\$146,593** = Lifetime income gains per student parent
- **\$335,539** = Lifetime income gains per child

Net Gain (Gain Minus Cost Per Participant)

- **\$126,966** = Economic net gain per student-parent
- **\$314,914** = Economic net gain per child

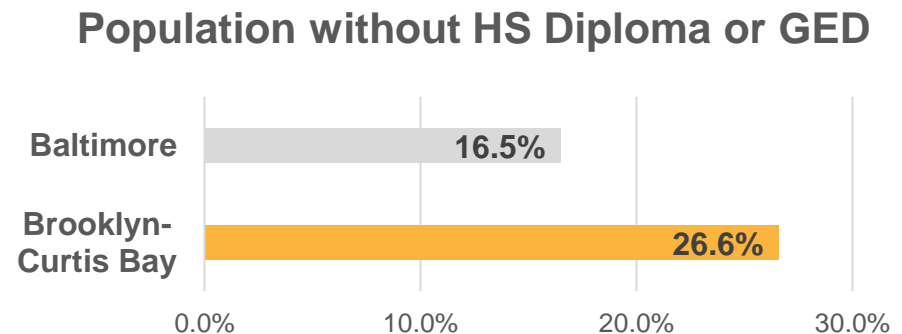
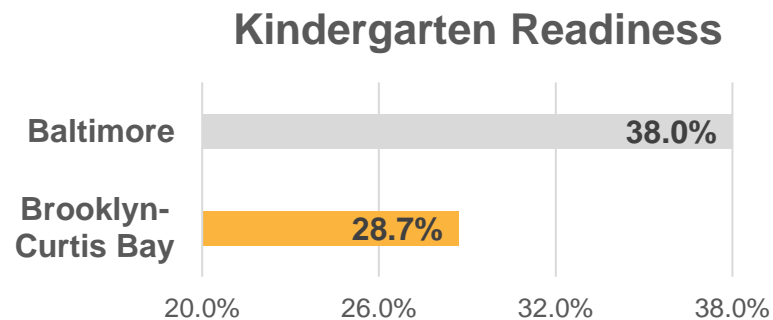
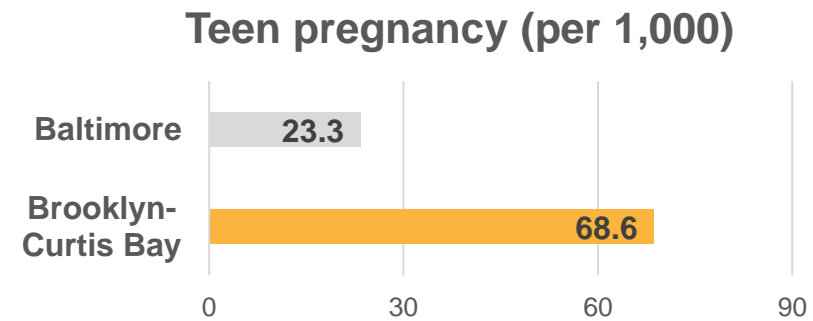
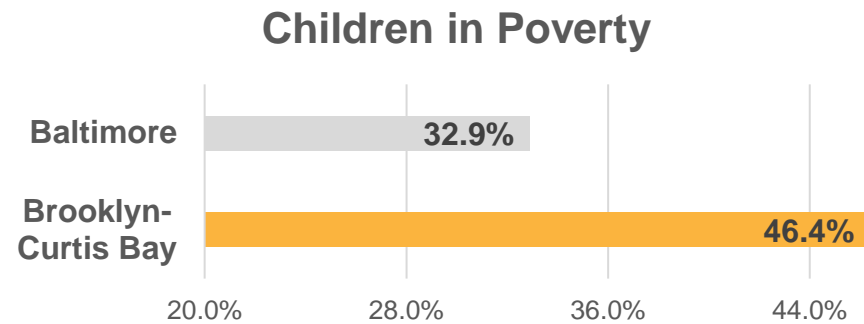
Parents: An investment of \$1 results in \$6.8 in economic gains over the working lifetime of parents

Children: An investment of \$1 results in \$16.9 in economic gains over the working lifetime of children



Cycle of Poverty in Brooklyn/Curtis Bay

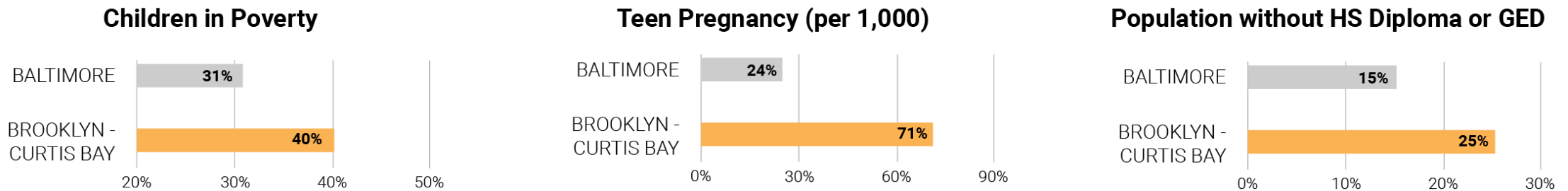
The teen pregnancy rate in Brooklyn/Curtis Bay is the third worst in the City and nearly three times the City's teen pregnancy rate.



Source: Baltimore Neighborhood Indicators Alliance – Jacob France Institute. (2019). Vital Signs 17. Retrieved from www.bniajfi.org/vital_signs

Cycle of Poverty in Brooklyn/Curtis Bay

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Source: Baltimore Neighborhood Indicators Alliance – Jacob France Institute. (2019). *Vital Signs 17*. Retrieved from www.bnaijfi.org/vital_signs

Challenges For Those Who Don't Graduate



- Students not graduating from high school report being in worse health in a variety of domains¹ including increased mortality, and mortality is measurably worse for black students with no HS degree than for white non-graduates.²



- The risk of experiencing homelessness is 3.5 times higher for youths with less than a high school education. This is even worse for African American youth who have an 83% higher risk than white students (and a 33% higher risk for Latinx).¹⁶



- Non-graduates are 3.5 times more likely to be arrested than high school graduates and eight times more likely to be incarcerated. Black students are three times more likely than white students to be suspended.³ And 20% of Hispanic dropout students in their mid-30s have served time in prison (4% of white non-graduates had prison records).¹⁸

Challenges For Those Who Don't Graduate



- Students who leave high school without graduating have higher rates of unemployment, 7.7% compared to 5.3% for high school graduates.⁴



- Since 1983 the annual earnings for non-graduates have fallen by 2%, and as of last year 88% of job openings required at least a high school diploma or above.⁵

Family Center Services for Students

Expectant and parenting teens receive:



Clinical social work services and case management to help them graduate



Trauma-informed mental health assessment and counseling



Quality full-day and after-school childcare for their children and parenting coaching



Resources to strengthen the students' peer and social networks (e.g. support groups)



Goal:
high school graduation



Family Center Services for Children

Infants and toddlers
ages 0-4 receive:

Ongoing assessment
of progress toward
developmental
milestones

Monitoring and
support of
children's social
emotional growth
and well-being



Goal:
Children enter
school ready
to learn



Quality early
childhood education
that follows state
guidelines

Referrals to other
programs and
services such as
Head Start or WIC



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Limitations of Analysis

Advantages of the Approach

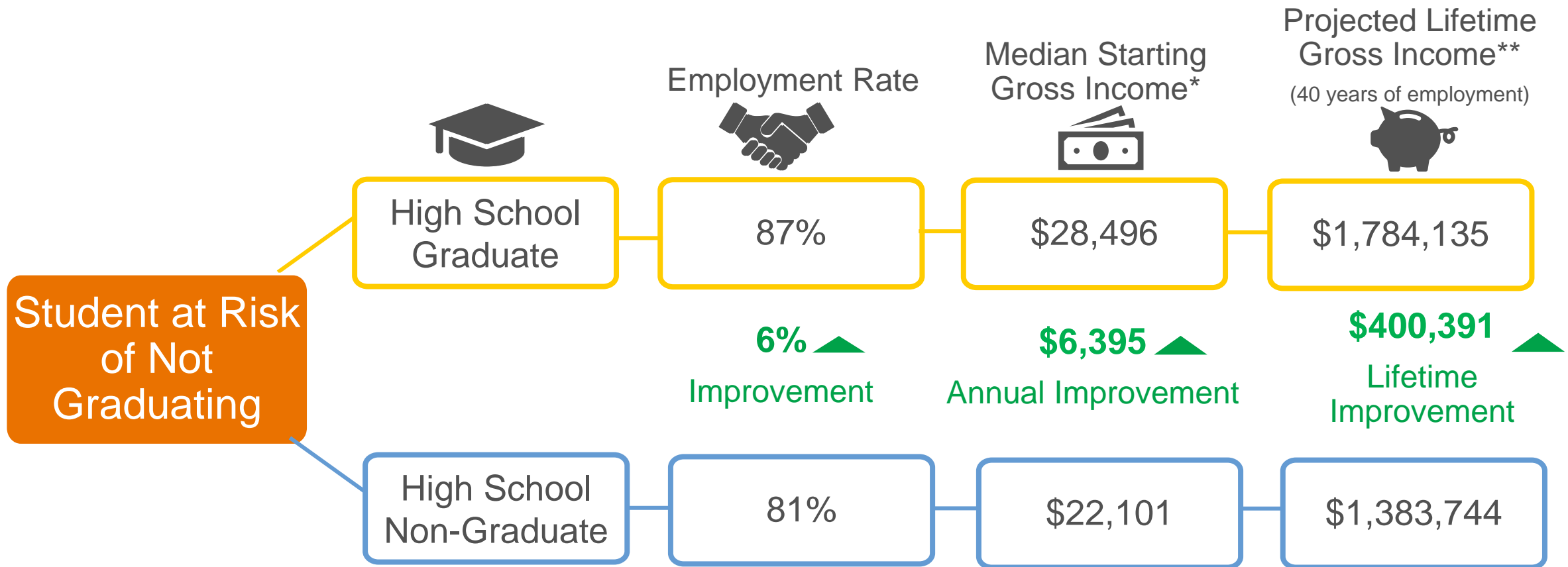
- Attempts to quantify benefits based on readily available wage and employment data that can be updated every year
- Attempts to normalize differences between individuals by using a median or an average
- The simplified model allows us to quantify the benefits for other groups (ECE students for example)

Limitations and Challenges

- Assumes wages, employment and taxes remain at their current levels over time
- Is unable to account for individual instances that deviate from the predicted norm
- Does not quantify intangible and other social benefits associated with improved outcomes



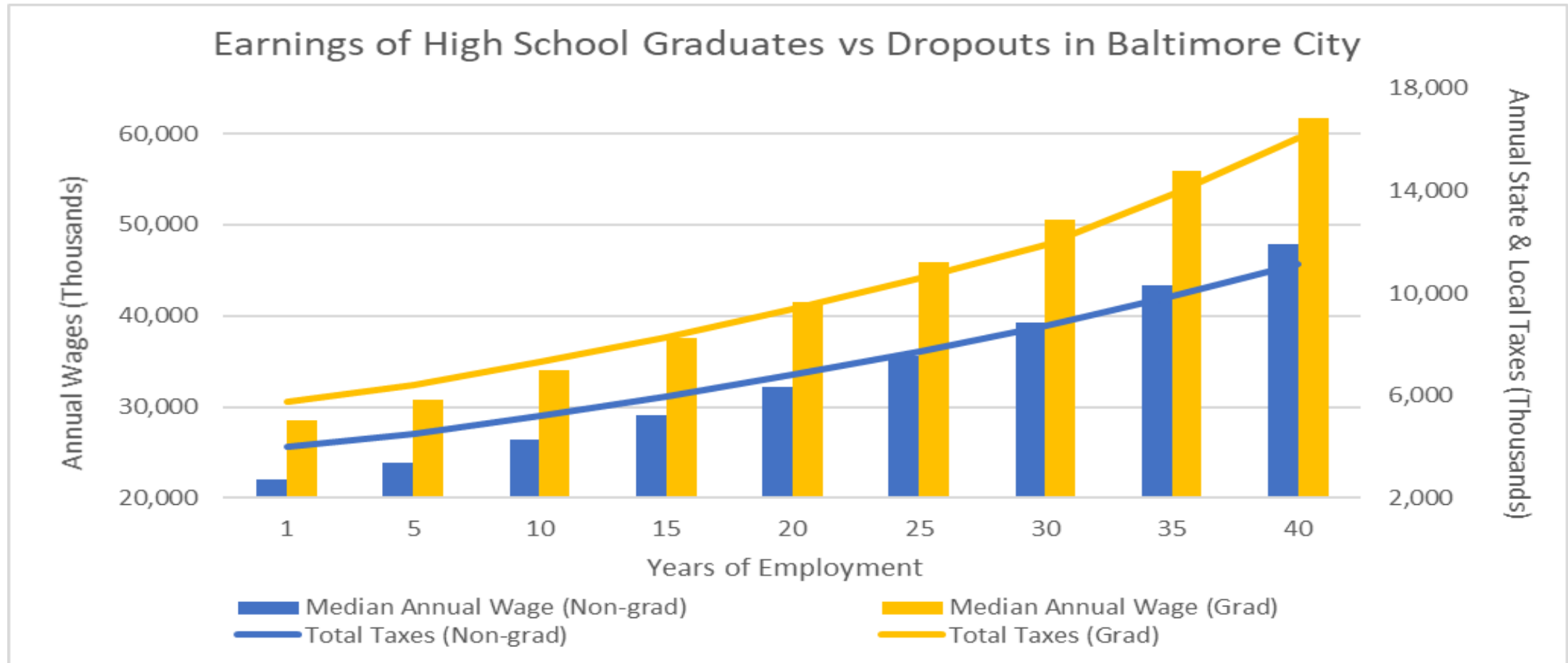
Benefits of High School Graduation



*Data from the US Census Bureau for 2017. The Employment Rate and Median Gross Income are for Baltimore City

** Projected Income Assumptions: the employment rate remains the same, a fixed 2% annual cost of living adjustment and 0% raise.

Projected Lifetime Earnings and Taxes of a High School Graduate of a High School Graduate



Economic Benefits of the Family Center

- **The Family Center at United Way's Neighborhood Zone in Brooklyn has an annual capacity of serving 22 student parents.** Based on our analysis of Family Center graduation rates, 16 of 22 (74%) 12th grade student parents graduate from high school.
- Without the Family Center, we can estimate that only 9 of the 22 students would have graduated – based on a national graduation rate of 40% for teen mothers.
- **The multiplier effect is significant.** These 22 students will collectively earn:
 - \$51,510 more in their first year of work
 - \$3.225 million over their working life (40 years)



Economic Benefits of the Family Center

Parent Calculation	Income Gains For Family Center Students	Income Gains <u>Without</u> the Family Center	Economic Gain
	Rate	Rate	Increase
Graduation	74%	40%	+34%
Employment*	87%	81%	+6%
Annual Benefits			
Annual Gross Income*	\$504,175	\$452,665	+\$51,510
Annual State and Local Taxes	\$99,897	\$86,632	+\$13,265
“Lifetime” Benefits (over 40 years of employment)			
Projected Gross Income**	\$60,263,180	\$54,106,279	+\$3,225,043
Projected Taxes***	\$13,749,597	\$12,037,680	+\$896,718

*Assumes an employment rate of 87% for graduates and 81% for nongraduates. Data from the US Census Bureau for Baltimore City in 2017

** Projected Income Assumptions: the employment rate remains the same, a fixed 2% annual cost of living adjustment and 0% raise.

The gross income includes taxes

***Projected Tax Assumptions: assumes both State and Local tax rates remain the same as in 2018



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Broader Benefits of Increased Income

Additional income reduces the stress associated with maintaining a monthly survival budget and it also means more money flowing into the economy.



Home Ownership^{6*}

70% of HS grads own their own home compared to 48% of non-HS grads.



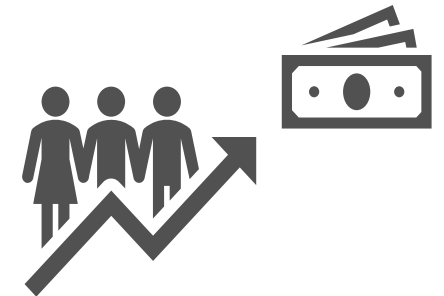
Health Insurance⁷

67% of non-HS grads lack health insurance compared to 38% of HS grads



Child Neglect^{8**}

A HS degree decreases the likelihood of child neglect by 10%



Income

A one-time increase in a parent's income of \$3,500 is associated with 17% increase in child's future earnings⁹

**Home Ownership and Health Insurance numbers are for the Baltimore-Towson-Columbia region, data from the US Census Bureau 2015*

***Results come from a study that analyzes the effects of an increase in the minimum wage*

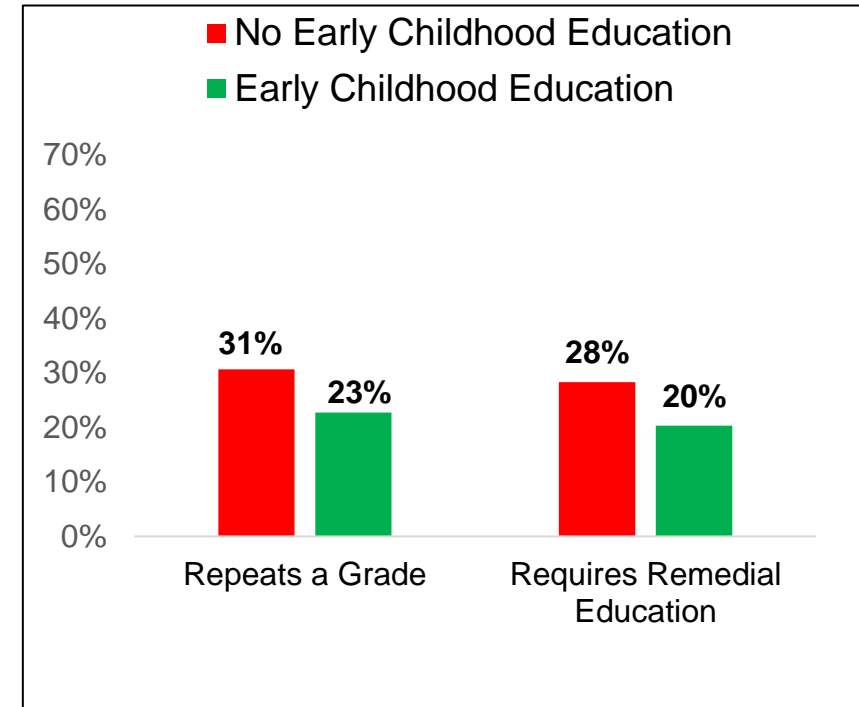
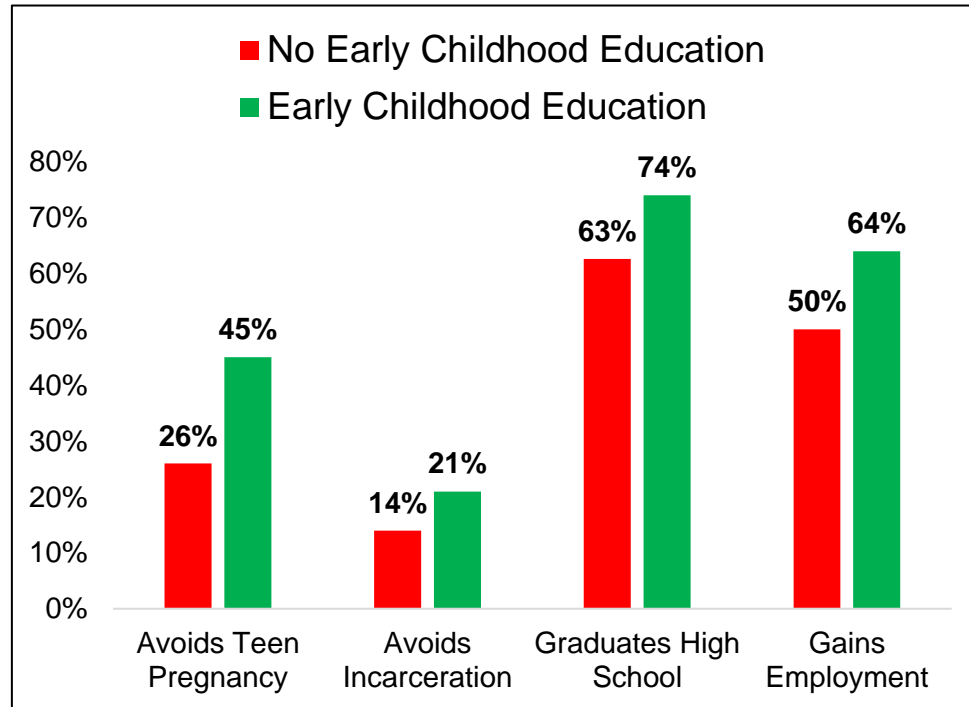
Educational Equity Matters

- **Equity matters.** A recent study found that “Black-White differences in test scores were strongly connected to differences in economic mobility.”¹¹ Plus, a 2017 U.S. Department of Education study documented pervasive disparities in resources, educational opportunities, and treatment of children of color.¹⁷
- **Poverty early in life is linked to “toxic” stress**, which harms children’s brain development.¹⁰ Only 64% of persistently poor* children graduate from high school compared to 93% of children who were never poor.¹²
- **Only 35% of persistently poor children are consistently employed** as adults compared to 70% of children who were never poor.¹³

* The authors of this study consider a child to be “persistently poor” if they have spent at least half of their lives ages 0-17 in poverty



Benefits of Early Childhood Education



Results of various studies and other meta-analyses show that early childhood education programs can have positive outcomes well into the future.¹⁴

These programs pay for themselves, generating an ROI of 7-13%.¹⁵

Pre-High School Graduation Costs

Children who are not enrolled in a quality early childhood education (ECE) program are more likely to incur the following costs in their future:

Estimated One Time Costs Incurred Prior to High School Completion	Annual <u>Cost Decrease</u> per Student with ECE	Reduced Incidence Rate with ECE* (Based on studies)	
		With ECE	No ECE
Repeating One Grade**	-\$2,870	23%	31%
Needing Remedial Education***	-\$12,132	20%	28%
One Teen Pregnancy	-\$26,813	26%	45%
WIC Costs of One Teen Pregnancy****	-\$1,785	26%	45%

* Incidence Rates based on a meta-analysis of many ECE studies and main results of the Abecedarian Project

** Costs of repeating 1 grade in Maryland

*** Costs associated with students who do not meet achievement standards, the average length of time a student receives these supports is approximately 7 months

**** Costs are for both the child and the parent

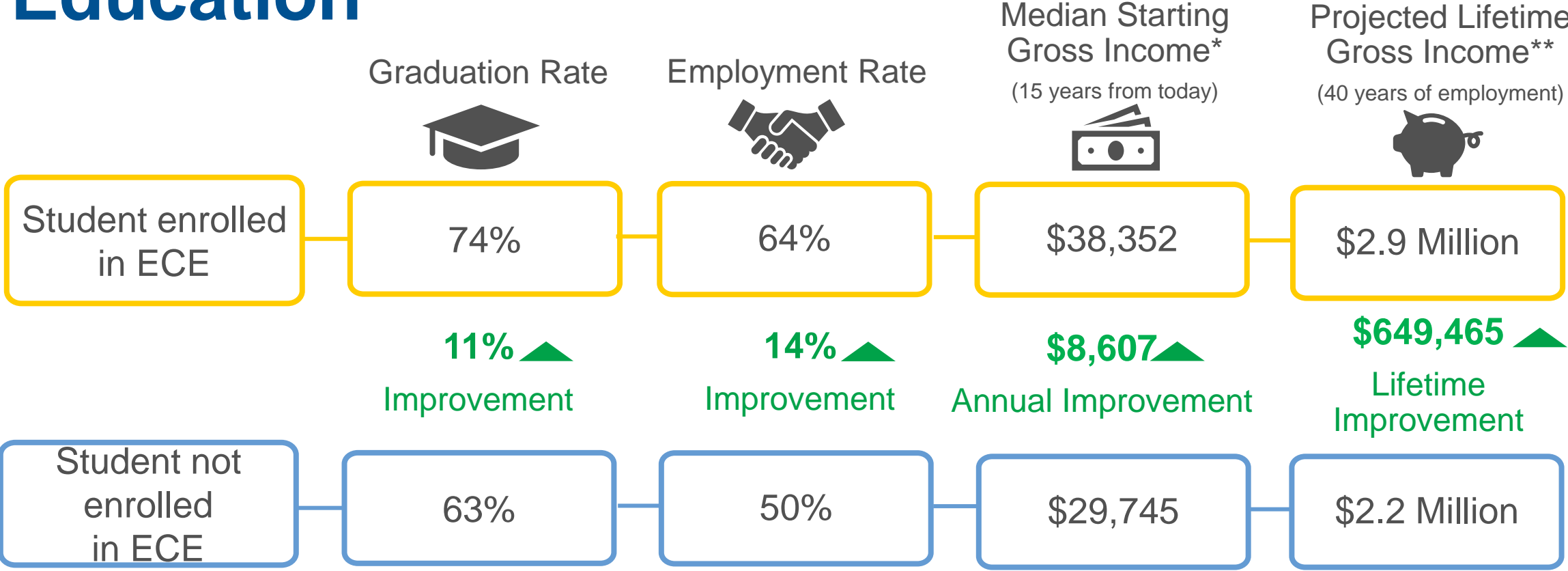


Benefits of the Family Center's Early Childhood Education Program

- **The Family Center has an annual capacity of serving 18 infants and toddlers.** Based on our analysis of Family Center graduation rates, 13 of 18 (74%) children are likely to graduate from high school.
- Without the Family Center, we can estimate that only 11 of the 18 children will graduate in the future - based on research studies showing a 63% graduation rate for children who did not receive an early childhood education.
- **The multiplier effect is significant.** These 18 children will collectively earn:
 - \$80,039 more in their first year of work
 - \$6 million over their working life (40 years)



Future Benefits of Early Childhood Education



*Data from the US Census Bureau for 2017. The Employment Rate and Median Gross Income are for Baltimore City
 ** Projected Income Assumptions: the employment rate remains the same, a fixed 2% annual cost of living adjustment and 0% raise

Economic Benefits of the Family Center

	Income Gains For Children Enrolled in ECE at the Family Center	Income Gains Without the Family Center (Not Enrolled in ECE)	Economic Gain
	Rate	Rate	Rate
Graduation	74%	63%	11%
Employment*	64%	50%	14%
Annual Benefits			
Annual Gross Income*	\$396,545	\$316,506	\$80,039
Annual State and Local Taxes	\$86,673	\$68,491	\$18,182
“Lifetime” Benefits (over 40 years of employment)			
Projected Gross Income**	\$29,923,030	\$23,883,320	\$6 Million
Projected Taxes***	\$7,341,176	\$5,773,308	\$1.6 Million

*Assumes an employment rate of 87% for graduates and 81% for nongraduates. Data from the US Census Bureau for Baltimore City in 2017

** Projected Income Assumptions: the employment rate remains the same, a fixed 2% annual cost of living adjustment and 0% raise.

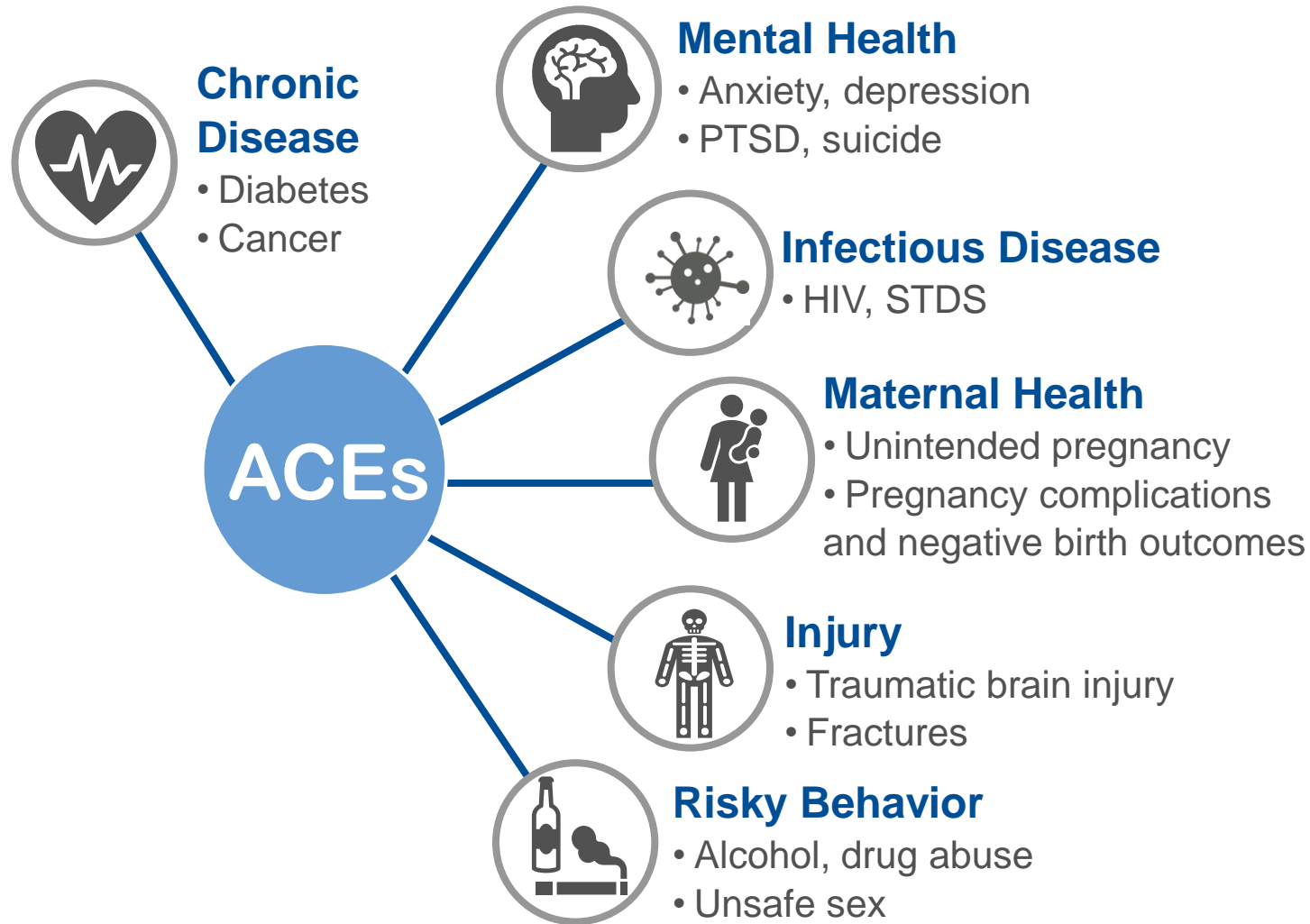
The gross income includes taxes

***Projected Tax Assumptions: assumes both State and Local tax rates remain the same as in 2018



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Broader Benefits Beyond Increased Income



Adverse Childhood Experiences (ACEs) reduce the quality of life of children as they progress through life. The more ACEs a child has the more challenges they will face as an adult.

The Family Center attempts to prevent ACEs and improve future outcomes by assuring safe, stable, and nurturing relationships and environments.

Estimate of Family Center Return on Investment

Costs

Cost Calculation

- \$500,000 = Annual operating cost
- 22 students-parents and 18 children enrolled
- 1.5 years = Average length of enrollment per family
- **\$18,750 = Average cost per participant**

Benefits

Lifetime Income Gain (Per Participant)

- **\$146,593** = Lifetime income gains per student parent
- **\$335,539** = Lifetime income gains per child

Net Gain (Gain Minus Cost Per Participant)

- **\$126,966** = Economic net gain per student-parent
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Parents: An investment of \$1 results in \$6.8 in economic gains over the working lifetime of parents

Children: An investment of \$1 results in \$16.9 in economic gains over the working lifetime of children



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