



Sage Policy  
Group, Inc.

## **Living Classrooms Foundation Economic Impact Analysis**

**Submitted by:  
Sage Policy Group, Inc.**

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**Submitted to:  
Living Classrooms**

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# Living Classrooms Foundation Economic Impact Analysis

## Table of Contents

Executive Summary .....	3
Introduction .....	4
Economic Impacts .....	9
Implications .....	15
Conclusion .....	17
Appendix.....	18

## List of Exhibits

Exhibit E1: Annual Baltimore City and State of Maryland Fiscal Impacts .....	3
Exhibit 1. Living Classrooms Foundation, Statement of Activities, 2015 .....	9
Exhibit 2. Living Classrooms Foundation, Breakdown of Program Expenses, 2015 .....	10
Exhibit 3. Measurable Economic Impacts .....	11
Exhibit 4. Reduced Taxpayer Burden from Foundation Associated Reduced Recidivism .	12
Exhibit 5. Reduced Taxpayer Burden from “Opportunity Youth” Job Placements .....	13
Exhibit 6. Annual Baltimore City and State of Maryland Fiscal Impacts .....	14
Exhibit 7. Annual Washington D.C. Fiscal Impacts .....	14
Exhibit 7: Living Classrooms’ Target Investment Zone Communities .....	16

# Living Classrooms Foundation Economic Impact Analysis

## Executive Summary

This Sage Policy Group, Inc. report estimates the economic and fiscal impacts associated with the operations of the Living Classrooms Foundation. Impact estimates are supplied for both the local economy (Baltimore City) and Statewide. The study team used IMPLAN economic modeling software, which embodies multipliers specific to the local economy, to generate all estimates of economic impact. Living Classrooms Foundation supplied program-specific data.

### Principal Analytical Findings

- The Living Classrooms Foundation incurred \$15.1 million in expenditures in 2015 and \$16.5 million in expenditures in 2014;
- Due largely to the effectiveness of its programs focused on ex-offenders and out-of-work youth, the Foundation generates more than \$6 million in positive fiscal impact for the State and Baltimore City each year;
- In addition to employee support for clients, the Foundation’s operations support employment for approximately 689 persons in the Baltimore/Washington region;
- The Foundation’s operations support over \$30 million in employee compensation within Baltimore City and over \$48 million in increased business sales;
- District of Columbia operations support 48 jobs and over \$2 million in labor income;
- In 2015, the Foundation engaged more than 9,000 volunteers who collectively worked approximately 43,000 hours—the equivalent of more than 17 FTEs;
- The Foundation manages over \$100 million in physical assets and between \$3–7 million in annual capital projects.

Exhibit E1: Annual Baltimore City and State of Maryland Fiscal Impacts

Fiscal Impact Category	Annual Value
Households, including Income and Property Tax Collections	\$1,397,586
Corporations/Businesses, including Retail Sales and Corporate Profits Tax Collections	\$2,460,050
“Opportunity Youth” Savings	\$1,065,600
Reduced Recidivism Savings	\$3,014,874
<b>Total</b>	<b>\$7,938,110</b>

Source: Sage

### Implications & Conclusions

1. The Foundation merits additional support, including from the City of Baltimore, Washington, D.C., and the State of Maryland;
2. The Target Investment Zone, or TIZ program, holds special promise because of its capacity to be expanded. The TIZ presently serves 2,000 children/youths annually. This number represents roughly 16 percent of total youth population in target communities. A proposed expansion would boost that number to 8,580, or roughly 69 percent of the youth population. The TIZ presently provides services to 490 adults and ex-offenders. The proposed expansion would allow for an additional 1,650 youth and adults to participate.

## Introduction

- Estimating the Impacts of Living Classrooms Foundation Today

Founded in Baltimore in 1985, the Living Classrooms Foundation remains focused on education, job training, health, and wellness programming. The Foundation's programs have expanded over time, including geographically. The Foundation's activities now span throughout the Baltimore-Washington region.

This study is intended to measure the economic contributions of the Foundation. Usually, study teams describe at great length why their findings are accurate and should be deemed credible. Like any team of researchers, we have striven for accuracy, but there is little doubt that the Living Classrooms Foundation generates more impact than this report indicates.

There are at least two reasons for this. First, it is impossible to know how the knowledge imparted by the Foundation to young people translates into improved outcomes going forward. One can speculate that the impacts are highly positive given the nature of the experiential, hands-on knowledge transmitted through the Foundation's activities, but the extent to which that produces higher graduation rates, reduced incarceration, college degree acquisition, and success in the labor market cannot be known in the absence of large-scale longitudinal studies. Therefore, only shorter-term contributions tend to be measurable.

Second, there is the question of attribution. There are many young people who engage the Foundation in conjunction with other educational activities. To what extent does one attribute their academic achievement to Foundation activities vis-à-vis the other activities in which they engage? The study team has been aware of this analytical issue, and has striven not to allocate impacts to the Living Classrooms Foundation unless it is obvious that attribution is warranted. This attribution question also exists in the context of the Foundation's efforts to promote public health and safety.

In order to generate contemporary estimates of economic impact, Sage Policy Group, Inc. used IMPLAN economic modeling software. This input-output econometric software uses operational parameters associated with the operations of the Living Classrooms Foundation as inputs. The model incorporates these inputs into its Maryland-specific matrices and produces outputs in the form of support for employment, household income, local business sales, and tax collections.

- About the Foundation

*Managing Schools, Lifting Student Achievement*

Among other things, the Foundation educates students by operating its own charter middle school. Founded in 2001 as one of Maryland's first charter schools, The Crossroads School is a Title I

charter school located on Living Classrooms Foundation's East Harbor Campus. The core mission of The Crossroads School is to increase student achievement by combining college-preparatory academic standards with hands-on, project-based learning experiences.

The Crossroads School serves 162 students in grades six through eight and will eventually expand to serve kindergarten through eighth grade. More than 80 percent of students enter Crossroads performing significantly below grade level in reading and math and 90 percent of students qualify for free or reduced lunch. The school's small, flexible class structures, combined with a commitment to maintaining an inclusive learning environment help ensure that all students can overcome these odds and meet high academic standards.

Thanks to Living Classrooms' success with Crossroads, in 2010 the Foundation was selected as a Baltimore City Public Schools "turn-around specialist" and began operations of Commodore John Rodgers Elementary/Middle School (CJR). At the time, CJR was one of the worst performing schools in the city and state. Living Classrooms hired new staff, renovated the school building, and modeled operations on successful methods used at Crossroads. In the first year, CJR was the only one of Baltimore City's seven Turnaround Schools to meet the initial targets set out for them, and has continued to increase the percentage of students scoring proficient/advanced in both reading and math on the Maryland School Assessment. In the five years that Living Classrooms operated the school, enrollment nearly tripled, from 250 to over 700, showing both demand in and support from the community. Other measures have improved dramatically as well, including attendance, school climate, and family engagement. Though Living Classrooms' contract has reached its culmination, Living Classrooms continues to work directly in the school, with their BUGS program still serving students in grades 2-5. Additionally, Living Classrooms renovated an abandoned recreation center where it now manages an early childhood education center within the school serving children and families from the neighborhood, as well as an additional center adjacent to the UA House at Fayette community center operated by Living Classrooms located on E. Fayette Street.

#### *Offering Innovative Learning Programs*

Living Classrooms also supports young people through after-school and supplemental education programs, with special emphasis on students living in high-risk environments. Living Classrooms operates more than a dozen such programs in Baltimore and Washington, D.C., many of which have been recognized as models for positively impacting youth and the community.

In 2016, Living Classrooms' Youth Development Center, newly renovated, expanded, and reopened as the UA House at Fayette operated by Living Classrooms, programming was awarded a 21st Century Community Learning Centers Grant for effectively serving students in two Baltimore City Title I schools. The Baltimore Urban Gardening with Students (BUGS) Program was deemed a national model after school program and received the Program of Distinction Award from the William S. White Foundation.

The POWER House Perkins Homes community center, the Patterson Park Community Center, and the Safe Streets program represent additional examples of Living Classrooms' focus on learning by doing and dedication to improving public health and safety outcome. The Foundation recently led efforts to construct a facility in Patterson Park designed to serve disadvantaged youth from area schools. The Patterson Park Community Center includes a new multi-purpose, turf field located on the site of what is now known as Utz Field in Patterson Park as well as a recently constructed educational building with solar panels that houses classrooms for activities and programming year-round. Programming includes academic support, physical education and activity, nutrition education, provision of healthy snacks, and anti-gang and drug workshops.”

Living Classrooms also led a major effort to significantly upgrade a neglected playing field at the 3.2 acre City Springs Park at 1600 East Baltimore Street. The project received major funding from Recreation and Parks and the National Football League. The park currently includes a swimming pool, a football field, and a community garden.”

Furthermore, the newly opened UA House at Fayette operated by Living Classrooms offers an indoor turf field, renovated gymnasium, STEM classrooms, dance and yoga studios, a state of the art recording studio, and mentoring and job training and entrepreneurial space (including a commercial kitchen) for Living Classrooms Foundation's Adult Resource Center, which provides services and referrals for adults and ex-offenders within the Baltimore community.

#### *A Physical Connection to the Baltimore/Washington Region*

Many of Living Classrooms' educational programs draw on the region's maritime resources to produce living learning laboratories. Since 1985, Living Classrooms has provided unique hands-on, interdisciplinary and environmental education programs on land and aboard nine historic ships in Baltimore and Washington, D.C. For instance, Living Classrooms uses the Historic Ships in Baltimore's Inner Harbor to supply experiential education to students and visitors. This also helps leverage the existence of the ships to bolster visitation. The Foundation serves thousands of students across the region each year aboard the Foundation's floating classrooms, including the Pungy Schooner Lady Maryland, Chesapeake Bay Buyboats Mildred Belle and Half Shell, and Skipjack Sigsbee.

The Foundation also operates Historic Ships in Baltimore, located in the Inner Harbor, including the USS Constellation, the USCG cutter Taney, Submarine Torsk, Lightship Chesapeake, as well as the Seven Foot Knoll Lighthouse. Additionally, Living Classrooms operates the paddle boats and electric boats located in the Inner Harbor, a tourist attraction that serves as an employment venue for youth and young adults who are successful in the Foundation's job training programs.

These programs serve students from a variety of backgrounds and economic means and range in length from one-day expeditions for school and youth groups to extended shipboard and land/sea programs. These dynamic learning by doing programs emphasize applied learning in math, science, social studies, the language arts, and social skills.

In the fall of 2016, Living Classrooms hosted over 400,000 visitors aboard the Historic Ships during Fleet Week Maryland & Air Show Baltimore as well as at many of its other educational and historic sites.

Helping students and others acquire a deeper appreciation of environmental science represents another hallmark of Living Classrooms' educational strategy. Not surprisingly, the Foundation's environmental education programs emphasize hands-on learning of academics and skills such as creative problem solving, critical thinking, teamwork, and communication. The Foundation's environmental education programs include BUGS (aforementioned), Kingman and Heritage Island Programming (Washington, DC), Camp Fraser Programming (Great Falls, VA), Shipboard Environmental Education in Baltimore, Shipboard Environmental Education in the National Capital Region, Bay Buddies, Friends of Fort McHenry, and programming at the Masonville Cove Environmental Education Center.

#### *Promoting Labor Market Entry*

Living Classrooms operates employability programs aimed at eliminating barriers to success for young adults and families through workforce preparation, life skills training, and community development. Living Classrooms' roster of employment training programs include Project SERVE, Fresh Start, the Workforce Development Center, and the Adult Resource Center.

Fresh Start, a 40-week program that provides vocational, academic, and social skills development training to out-of-school males ages 16–19, boasts an outstanding rate of job placement. A full 100 percent of Fresh Start program participants in Baltimore and Washington, D.C. are employed upon graduation from the program, and perhaps more importantly 75 percent retain employment after three years. In response to the growing number of ex-offenders returning to Baltimore City, the SERVE program, which provides on-the-job training in marketable skills for 150 unemployed and disadvantaged adults per year. The program primarily serves ex-offenders returning the community from incarceration. Project SERVE maintains a low 10% recidivism rate, and more than 75% of participants are employed upon graduation.

#### *Support for Disadvantaged Communities*

In 2007, Living Classrooms Foundation launched the Target Investment Zone, a comprehensive strategic community initiative inspired by the nationally recognized Harlem Children's Zone model in New York. The Target Investment Zone (TIZ) initiative concentrates core education, workforce

development, and health and wellness programs within an impoverished area of East Baltimore, and is focused on disrupting a cycle of generational poverty. The TIZ is home to 35,000 people, 18 schools, and over 2,500 public housing units that span 122 acres, including Pleasant View Gardens and Perkins Homes, and neighborhoods surrounding Patterson Park and Johns Hopkins Hospital, Oldtown/Middle East, Fayette Street Corridor, and McElderry Park. These neighborhoods suffer from low educational achievement, high poverty, high-density crime and recidivism rates, chronic health problems, and staggering unemployment.

Within the Zone, Living Classrooms is achieving success by building a cradle-to-college/career pipeline with educational, after-school, job-training, and wellness programs, as well as other comprehensive, multigenerational services for residents in an effort to remove the barriers towards success that have persisted for decades. Living Classrooms will use its performance management system, LivingClassrooms.Stat to measure, monitor, and evaluate the quality and efficacy of programs and services.

A key strategy of this comprehensive approach has been the establishment of Community Hubs in East Baltimore. Living Classrooms has successfully worked with the community to create, renovate, and manage several inviting, accessible neighborhood facilities, such as those mentioned above, that are providing crucially needed education, workforce training, and health and wellness services to residents of all ages. Three of these centers will also become Resiliency Centers thanks to a grant from the Institute of Sustainable Communities and in coordination with Baltimore's emergency network.

Rising Stars is a program that engages up-and-coming young professionals in philanthropy. Rising Stars honorees are nominated and selected based on their professional achievements and philanthropic efforts. Honorees participate in networking and philanthropic activities throughout the year and are formally recognized in the media.

Living Classrooms also produces major annual special events each year that bring people to city venues in Baltimore and Washington, DC, stimulating the economy. For instance, Maritime Magic is held in Baltimore every fall for approximately 3,000 guests and one of Washington, DC's largest music festivals, the Kingman Island Bluegrass & Folk Festival takes place every spring and draws crowds of over 12,000 to Living Classrooms' outdoor education and recreational space, Kingman Island.

## Economic Impacts

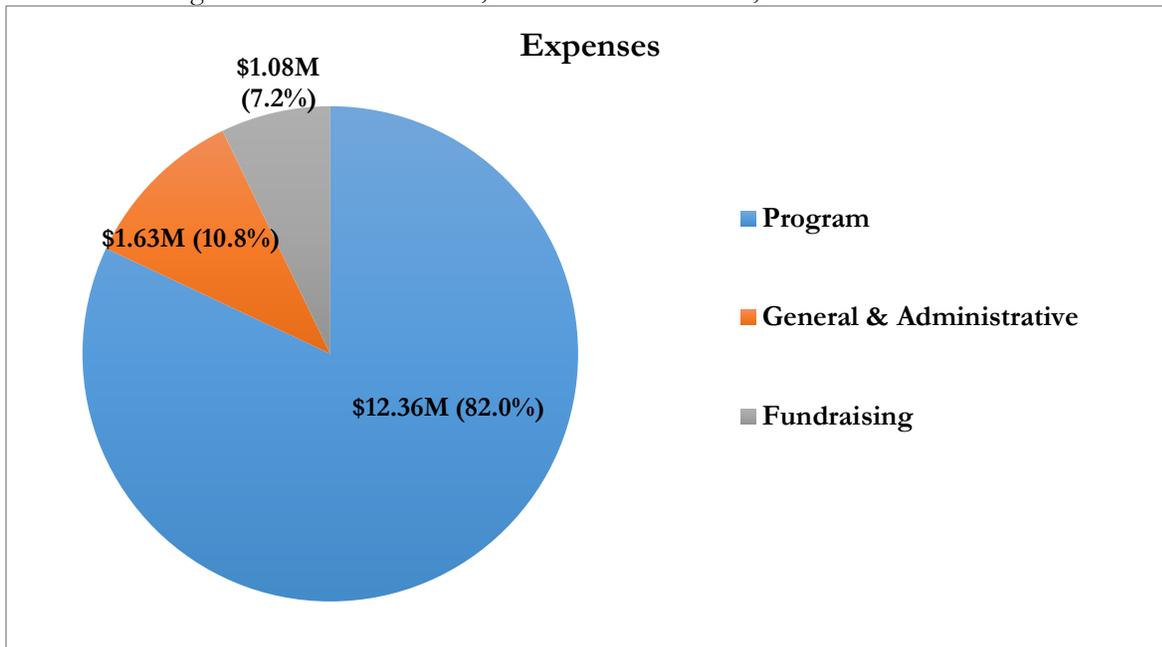
- Quantifying the Quantifiable

In total, the Living Classrooms Foundation incurred \$15.1 million in expenditures in 2015. This section discusses the extent to which the Foundation successfully leverages that budget into economic and fiscal impacts in the Baltimore/Washington area.

Again, this portion of the analysis only assesses the shorter-term impacts of the Foundation's operations, not the impact it has into the longer term by providing higher quality education, after-school programming, and supporting environmental awareness. Those impacts are very real, but difficult to quantify.

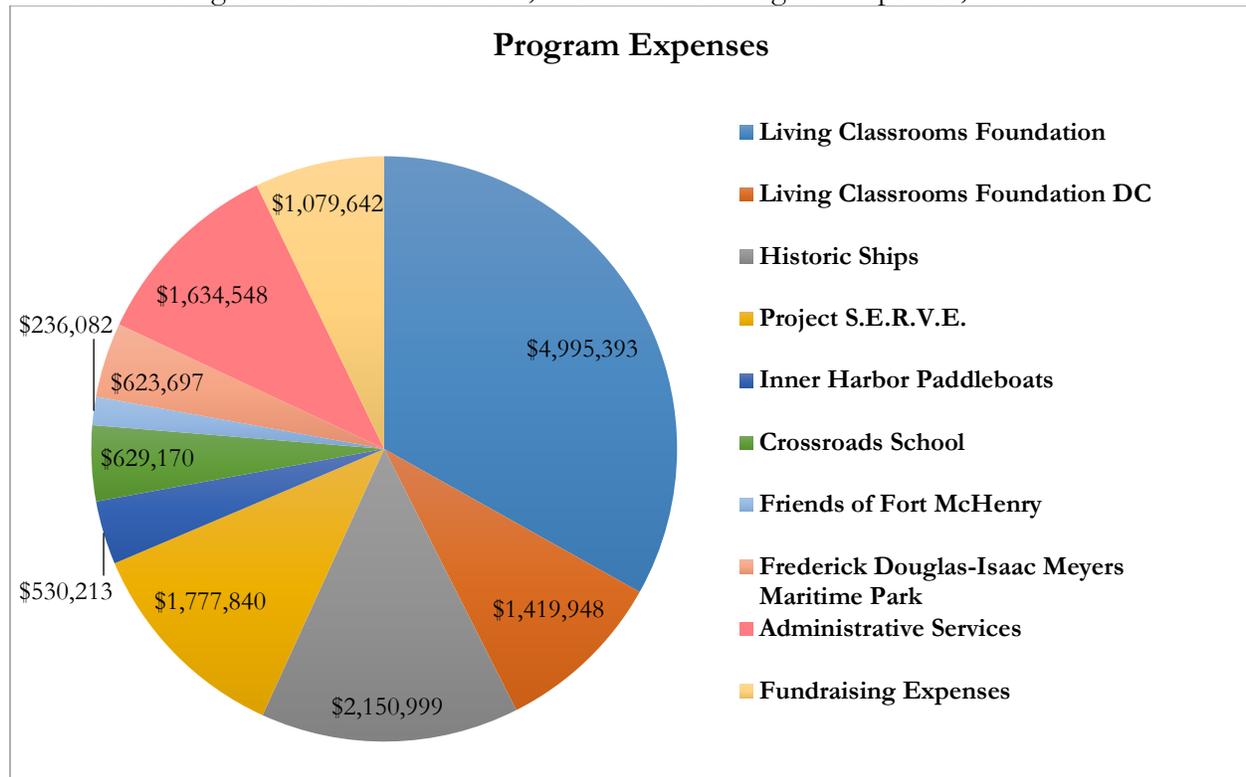
Exhibit 1 provides a breakdown of the non-profit Foundation's expenses for the year ending December 31<sup>st</sup>, 2015. Note that \$12.4 million, or 82 percent of the Foundation's spending, is accounted for by program expenses. Only \$1.63 million, or 10.8 percent, is used for administrative expenses and less than 8 percent goes toward fundraising.

Exhibit 1. Living Classrooms Foundation, Statement of Activities, 2015



Source: Living Classrooms Foundation

Exhibit 2. Living Classrooms Foundation, Breakdown of Program Expenses, 2015



Source: Living Classrooms Foundation

Exhibit 2 reflects a disaggregation of these programmatic expenses. Expenditures in the Living Classrooms Foundation categories are primarily spent upon the salaries of those who provide support to children as well as on service providing partners. Historic Ships, which serves a core educational function as well as attracting tourists, comprises nearly 15 percent of programmatic expenditures, while Project SERVE, which supplies on-the-job training for and disadvantaged young adults, comprises another 12 percent.

- IMPLAN Model Results

Once one considers multiplier effects, Living Classrooms supports 529 jobs within Baltimore City. These jobs will be associated with over \$30 million in compensation per annum. Local commerce is bolstered by approximately \$48 million. This figure does not include people who receive training and may find their way into employment. Rather, this figure merely reflects those who work directly for the Living Classroom Foundation or whose employment and compensation is traceable to the Foundation's operational expenditures. Presumably, the people who are successfully placed in jobs are compensated by others, and those impacts are not embodied by this analysis (i.e. there is the attribution issue to consider). This model also incorporates spending by visitors attracted to the area by the Foundation's myriad attractions.

The operations of Living Classrooms Foundation D.C. support 48 jobs in the District of Columbia once multiplier effects are considered. Those jobs are associated with \$2.1 million in labor income and \$3 million in increased local business activity.

In total, the Foundation supports an estimated 689 jobs in the Baltimore/Washington region associated with more than \$37 million in annual compensation and \$66 million in augmented regional commerce. Note that this figure is larger than the sum of the Baltimore City and D.C. specific impacts because economic multiplier effects—largely seen in the indirect and induced impacts—occur outside of those specific locations. Exhibit 3 supplies relevant statistical detail.

Exhibit 3. Measurable Economic Impacts

	Jobs by Place of Residence (FTEs)	Labor Income (millions of 2015 dollars)	Augmented Commerce (millions of 2015 dollars)
<i>Baltimore City</i>			
Direct effects	426	\$24,272,936	\$32,691,591
Indirect effects	37	\$2,465,529	\$6,388,476
Induced effects	66	\$3,691,577	\$9,465,644
<b>Total</b>	<b>529</b>	<b>\$30,430,042</b>	<b>\$48,545,711</b>
<i>Washington D.C.</i>			
Direct effects	41	\$1,707,618	\$2,023,309
Indirect effects	2	\$142,967	\$356,426
Induced effects	5	\$255,636	\$655,480
<b>Total</b>	<b>48</b>	<b>\$2,106,221</b>	<b>\$3,035,215</b>
<i>Total Regional Impacts</i>			
Direct effects	471	\$25,797,236	\$34,214,940
Indirect effects	67	\$3,811,806	\$11,007,534
Induced effects	152	\$7,427,537	\$21,429,704
<b>Total</b>	<b>689</b>	<b>\$37,036,579</b>	<b>\$66,652,178</b>
Note: Figures may not add due to rounding;			

Source: Sage

- Fiscal Impacts

Maryland's taxpayers spend \$288 million annually to incarcerate people from Baltimore City, roughly \$37,000 per incarcerated individual. Each incarceration avoided through reduced recidivism reduces fiscal burden. As an example of Foundation effectiveness, Project SERVE has reduced participant recidivism to less than 10 percent. Compare this to the Baltimore City average of 52 percent. Exhibit 4 provides detail regarding taxpayer savings associated with Project SERVE and Fresh Start, two Living Classrooms Foundation programs that strive to reduce recidivism rates. From 2011 to 2015, these savings averaged more than \$2.5 million per annum. Note that the exhibit reflects the most recently available data, which does not correspond to the same year for each program.

Exhibit 4. Reduced Taxpayer Burden from Foundation Associated Reduced Recidivism

Project S.E.R.V.E.	2011	2012	2013	2014	2015
Participants enrolled in paid training	114	82	81	93	111
Participants served	124	93	95	101	136
% Recidivism Rate	10%	8%	9%	9%	10%
Baltimore Wide Recidivism Rate	52%				
Annual Cost to Incarcerate a Single Baltimore Resident	\$37,200				
Cost to Incarcerate Program Participants at 52% Recidivism (Baltimore Wide Rate)	\$2,398,656	\$1,798,992	\$1,837,680	\$1,953,744	\$2,630,784
Cost to Incarcerate Program Participants at Project SERVE Recidivism Rate	\$461,280	\$276,768	\$318,060	\$338,148	\$505,920
<b>Savings</b>	<b>\$1,937,376</b>	<b>\$1,522,224</b>	<b>\$1,519,620</b>	<b>\$1,615,596</b>	<b>\$2,124,864</b>
Fresh Start	2011	2012	2013	2014	2015
# Youth Served	46	51	49	59	55
% Recidivism Rate	13%	10%	6%	15%	8.50%
Baltimore Wide Recidivism Rate	52%				
Annual Cost to Incarcerate a Single Baltimore Resident	\$37,200				
Cost to Incarcerate Program Participants at 52% Recidivism	\$889,824	\$986,544	\$947,856	\$1,141,296	\$1,063,920
Cost to Incarcerate Program Participants at Fresh Start Recidivism Rate	\$222,456	\$189,720	\$109,368	\$329,220	\$173,910
<b>Savings</b>	<b>\$667,368</b>	<b>\$796,824</b>	<b>\$838,488</b>	<b>\$812,076</b>	<b>\$890,010</b>
<b>Total Savings</b>	<b>\$2,604,744</b>	<b>\$2,319,048</b>	<b>\$2,358,108</b>	<b>\$2,427,672</b>	<b>\$3,014,874</b>

Source: Sage

Additional fiscal impact is generated by Foundation programs that focus on unemployed, out-of-school youth. In the U.S. there are approximately 6.7 million "opportunity youth"—persons aged 16–24 who are neither working nor in school or college. A September 2012 economics paper from Columbia University estimated the lost earnings, lower economic growth, reduced tax revenues, and higher government spending associated with these youth.<sup>1</sup> Specifically, the paper estimates that each

<sup>1</sup> Belfield, Clive R., and H. R. Levin. "The Economics of Investing in Opportunity Youth." September 2012. In association with Civic Enterprises with support from the Bill & Melinda Gates Foundation. Presented at the Opportunity Nation Summit. <http://www.civicerprises.net/MediaLibrary/Docs/Belfield-Levin%20Economics%20Investment%20OppYouth%20Sept%202012.pdf>.

opportunity youth imposes, on average and compared to other youth, an immediate taxpayer burden of \$4,480/year for the federal government and \$9,600/year for state/local government from age 16 through 24.<sup>2</sup>

If one adopts this parameter, each Baltimore City opportunity youth that is successfully supported produces \$9,600 in state/local taxpayer savings annually. The Foundation has been supplying effective intervention for opportunity youth for more than 20 years, serving teens who are not in school, who are unemployed, and frequently involved in the juvenile justice system. Sage estimates that the Living Classrooms Foundation saves state and local taxpayers more than \$1 million each year by successfully working with opportunity youth and supporting their move into the labor force. Exhibit 5 provides relevant summary detail.

Exhibit 5. Reduced Taxpayer Burden from “Opportunity Youth” Job Placements

<b>Project SERVE</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Participants Served	120	124	93	95	101
Job Placements	69	72	68	67	75
Avg. Pay Rate	\$9.78	\$10.54	\$9.85	\$10.28	\$9.70
Taxpayer Burden with no Job Placements	\$1,152,000	\$1,190,400	\$892,800	\$912,000	\$969,600
Taxpayer Burden with Project SERVE Placements	\$489,600	\$499,200	\$240,000	\$268,800	\$249,600
<b>Savings</b>	<b>\$662,400</b>	<b>\$691,200</b>	<b>\$652,800</b>	<b>\$643,200</b>	<b>\$720,000</b>
<b>Fresh Start</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
# Youth Served	68	46	51	49	59
# of Job Placements	25	19	22	23	21
Taxpayer Burden with no Job Placements	\$652,800	\$441,600	\$489,600	\$470,400	\$566,400
Taxpayer Burden with Fresh Start Placements	\$412,800	\$259,200	\$278,400	\$249,600	\$364,800
<b>Savings</b>	<b>\$240,000</b>	<b>\$182,400</b>	<b>\$211,200</b>	<b>\$220,800</b>	<b>\$201,600</b>
<b>UA House at Fayette operated by Living Classrooms</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
# Students/Participants Served	210	210	305	225	210
# of Job Placements	15	15	15	15	15
Taxpayer Burden with no Job Placements	\$2,016,000	\$2,016,000	\$2,928,000	\$2,160,000	\$2,016,000
Taxpayer Burden with UA House at Fayette Placements	\$1,872,000	\$1,872,000	\$2,784,000	\$2,016,000	\$1,872,000
<b>Savings</b>	<b>\$144,000</b>	<b>\$144,000</b>	<b>\$144,000</b>	<b>\$144,000</b>	<b>\$144,000</b>
<b>Total Savings</b>	<b>\$1,046,400</b>	<b>\$1,017,600</b>	<b>\$1,008,000</b>	<b>\$1,008,000</b>	<b>\$1,065,600</b>

Source: Sage

<sup>2</sup> Belfield, Clive R., and H. R. Levin. "The Economics of Investing in Opportunity Youth." September 2012. In association with Civic Enterprises with support from the Bill & Melinda Gates Foundation. Presented at the Opportunity Nation Summit. <http://www.civicenterprises.net/MediaLibrary/Docs/Belfield-Levin%20Economics%20Investment%20OppYouth%20Sept%202012.pdf>.

One could view the estimate of \$1 million in savings as remarkably conservative. After all, the benefits of placing young people in jobs can last for more than one year. The impacts of launching a career are simply massive, and touch the lives of family members, neighborhoods and governments. In other words, the impacts of the Foundation’s work are accretive over time, but the study team has chosen not to speculate on total impact since it lacks data indicating whether those placed in positions in 2010, 2011, etc., retained that or other employment.

Foundation operations support an additional set of impacts. Sage estimates that Baltimore City collects nearly \$150,000 per annum in income tax from the economic activity supported by Living Classrooms’ operations. State income taxes are increased by more than \$600,000 per annum. Exhibit 6 supplies relevant summary detail regarding total fiscal impacts.

Exhibit 6. Annual Baltimore City and State of Maryland Fiscal Impacts

Fiscal Impact Category	Annual Value
Households, including Income and Property Tax Collections	\$1,397,586
Corporations/Businesses, including Retail Sales, Corporate Profits Tax Collections, and property taxes related to production and imports	\$2,460,050
“Opportunity Youth” Savings	\$1,065,600
Reduced Recidivism Savings	\$3,014,874
<b>Total</b>	<b>\$7,938,110</b>

Source: Sage, IMPLAN

In total, the Living Classrooms Foundation produces more than \$6 million in fiscal impact for Baltimore City and the State of Maryland each year. This figure is conservative since it does not include savings generated by the Foundation’s after school programs, which might otherwise have to be replicated by Baltimore City or by the Baltimore City Public School System.

There are also fiscal impacts generated by the Foundation’s Washington D.C. operations, with nearly \$200,000 in additional tax revenues being collected by the District of Columbia per annum as a result of Foundation operations there. See Exhibit 7 for additional detail.

Exhibit 7. Annual Washington D.C. Fiscal Impacts

Fiscal Impact Category	Annual Value
Households, including Income and Property Tax Collections	\$75,024
Corporations/Businesses, including Retail Sales and Corporate Profits Tax Collections	\$118,026
<b>Total</b>	<b>\$193,050</b>

Source: Sage, IMPLAN

## Implications

- Help Expand the Foundation's Reach

The most obvious implication for stakeholders stemming from this analysis is that more support for the Foundation is warranted. Perhaps it is unnecessary to conduct an economic impact analysis to conclude thusly given the Foundation's obvious contributions to better, broader shared quality of life in Baltimore and Washington, D.C. However, the study team's findings are consistent with the idea that each dollar spent by the Foundation continues to generate a high rate of return, which is consistent with the findings of a previous study conducted fifteen years ago.

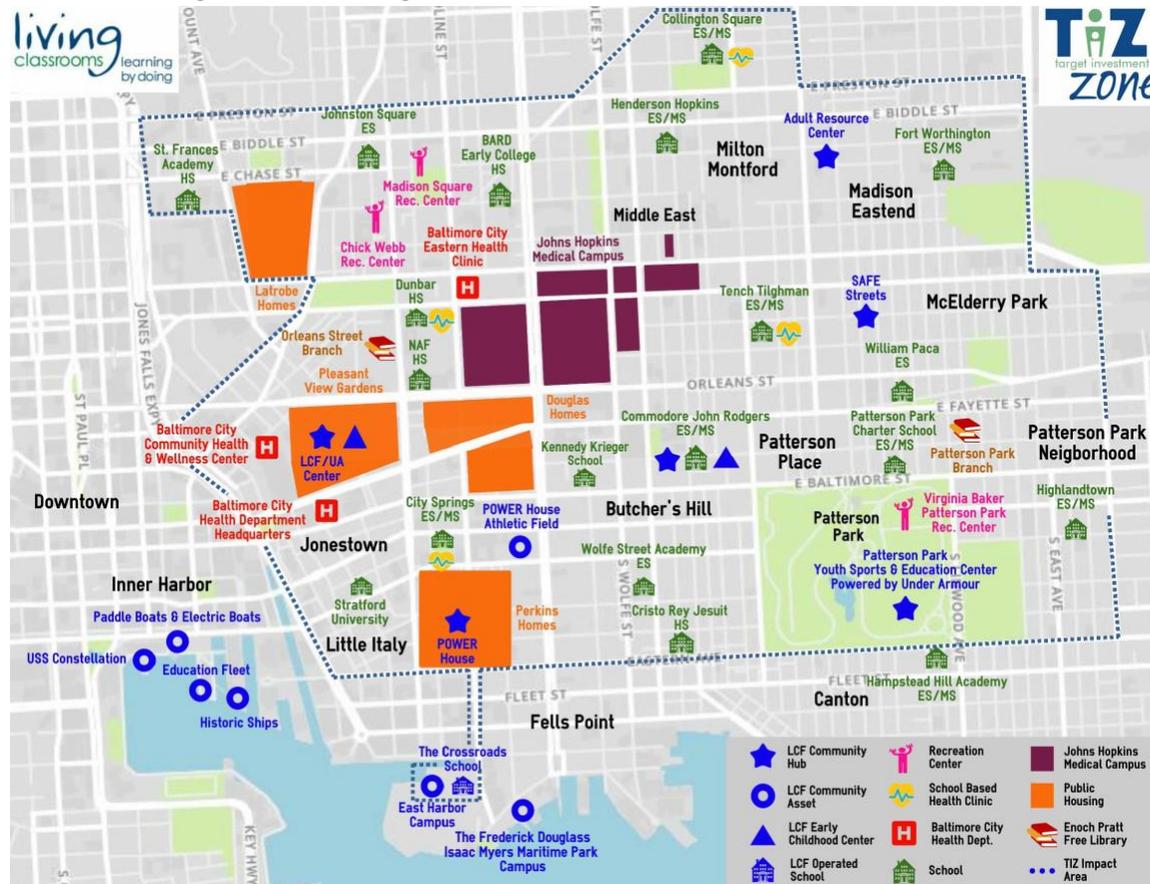
For more than thirty years, the Living Classrooms Foundation has provided hands-on job training through the use of urban, natural, and maritime "living classrooms" throughout Baltimore. These classes teach at-risk youths, young adults, and ex-offenders essential jobs skills they need to find, obtain, and hold a job in today's economy.

- Scale/Expand in the TIZ

The TIZ, or Target Investment Zone, represents a program that at least arguably demands special attention because of its capacity to be significantly brought to scale and expanded. This program targets a select group of neighborhoods and communities where problems such as chronic health issues, gang activity, high crime, and low graduation rates persist. Individuals served by the TIZ are less likely to be impacted by these problems and have a higher chance of securing education and employment, being healthy, and escaping cycles of poverty.

TIZ programming is comprehensive and multi-generational and include health and wellness programming for teenage boys and girls; comprehensive financial literacy education for youths and adults; and high school to college transition guidance and support. Living Classrooms is serving the whole family, from early childhood to seniors. Additionally, Living Classrooms provides services to ex-offenders in transition. Currently, the TIZ serves the following neighborhoods and communities: Perkins Homes, the Fayette Street corridor, Oldtown/Middle East, McElderry Park, and the neighborhoods surrounding Johns Hopkins Hospital and Patterson Park. Within these areas, Living Classroom provides services at the following community hubs: the UA House at Fayette operated by Living Classrooms; the POWER House Community Center in Perkins Homes as well as at the adjacent athletic field; the Patterson Park Community Center; the Living Classrooms Adult Workforce Development Center on Milton Avenue; the Safe Streets Headquarters on Monument Street; and the Harry and Jeanette Weinberg Early Childhood Center. A map of these areas and community hubs can be found in Exhibit 7.

Exhibit 7: Living Classrooms' Target Investment Zone Communities



Source: Living Classrooms Foundation

According to recent Census data, the estimated population of these communities is roughly 32,000 residents. Breaking down the numbers even further, there are 2,747 children aged 0–5, 9,613 school aged children aged 6–18, and 3,937 young adults aged 19–24. About half the individuals in the areas served by the TIZ are aged 24 and below.

As it stands, Living Classrooms provides services to 2,000 youth/adults annually living within the TIZ. This number represents roughly 16 percent of the total youth population in the aforementioned communities. A proposed expansion would boost that number to 8,580, or roughly 69 percent of the youth population. The TIZ presently provides services to 490 ex-offenders. The proposed expansion would allow for an additional 1,650 individuals to participate.

Living Classrooms has over 60 partners collaborating in the TIZ, including community groups, corporations, public housing tenant councils, and city and state agencies. The expansion will also include a partnership with area universities and the Bloomberg School of Health. Living Classrooms has created a Performance Management System, LivingClassrooms.STAT, which provides

evaluation support and technical assistance in capturing the results and effectiveness of current and future programs. These are data that will be most helpful for both the Living Classroom Foundation in terms of helping it better measure the totality of its impact(s) and the broader community. The goal is to create models of support in Baltimore for both young people and adults. The Johns Hopkins data will help to determine the extent to which the expanded TIZ is producing models that can and should be replicated.

## **Conclusion**

Once one considers multiplier effects, Living Classrooms supports 529 jobs within Baltimore City. These residents receive more than \$30 million in compensation per annum. Local commerce is bolstered by approximately \$48 million. This figure does not include the people who receive training and may find their way into employment. Rather, this figure merely reflects those who work directly for the Living Classroom Foundation or whose employment and compensation is traceable to the Foundation's operational expenditures.

The operations of Living Classrooms Foundation D.C. support 48 jobs in the District of Columbia once multiplier effects are considered. Those jobs are associated with \$2.1 million in labor income and \$3 million in increased local business activity. In total, the Foundation supports an estimated 689 jobs in the Baltimore/Washington region associated with over \$37 million in annual compensation and \$66 million in augmented regional commerce.

The Living Classrooms Foundation also produces more than \$7.9 million in fiscal impact for Baltimore City and the State of Maryland each year. A meaningful fraction of this total is associated with the Foundation's successful efforts at reducing recidivism rates among former offenders. This \$7.9 million figure is conservative since it does not include savings generated by the Foundation's after school programs, which might otherwise have to be replicated by Baltimore City or by the Baltimore City Public School System. There are also fiscal impacts generated by the Foundation's Washington D.C. operations, with nearly \$200,000 in additional tax revenues being collected by the District of Columbia per annum as a result of Foundation operations there.

In truth, these measured impacts represent a fraction of what the Foundation actually contributes. However, as pointed out by this report, there is no way to measure the full impact of the Foundation's after school programs, its programs for ex-offenders, and its high quality management of schools. The impacts of these activities will largely play out into the distant future, and to attempt to predict them represents an exercise in speculation.

One need not speculate to conclude that additional financial support for the Foundation is warranted. The TIZ program, which targets communities in a coordinated way and holds the hope for pervasive and permanent social transformation, represents a particularly important avenue for support.

## Appendix

IMPLAN is an economic impact assessment software system. The system was originally developed and is now maintained by the Minnesota IMPLAN Group (MIG). It combines a set of extensive databases concerning economic factors, multipliers, and demographic statistics with a highly refined and detailed system of modeling software. IMPLAN allows the user to develop local-level input-output models that can estimate the economic impact of new firms moving into an area as well as the impacts of professional sports teams, recreation and tourism, and residential development. The model accomplishes this by identifying direct impacts by sector, then developing a set of indirect and induced impacts by sector through the use of industry-specific multipliers, local purchase coefficients, income-to-output ratios, and other factors and relationships.

There are two major components to IMPLAN: data files and software. An impact analysis using IMPLAN starts by identifying expenditures in terms of the sectoring scheme for the model. Each spending category becomes a "group" of "events" in IMPLAN, where each event specifies the portion of activity allocated to a specific IMPLAN sector. Groups of events can then be used to run impact analysis individually or can be combined into a project consisting of several groups. Once the direct economic impacts have been identified, IMPLAN can calculate the indirect and induced impacts based on a set of multipliers and additional factors.

Economic benefits principally take the form of new employment opportunities, associated income and augmented business revenues. These economic benefits include both direct benefits, which are closely associated with the activities that take place at Living Classrooms facilities and at the places at which programming is supplied, and secondary benefits, which are associated with foreseeable and calculable multiplier effects.

Secondary benefits can be segmented into two types of impacts, indirect and induced. Indirect benefits are related to business-to-business transactions that take place due to increased demand for goods and services that accompanies augmented investment and business operations. Impacted businesses sell everything from office furniture and copiers to computer and graphic design services. Induced benefits are created when workers directly or indirectly supported by increased economic activity spend their earnings in the local economy. Indirect and induced benefits together comprise total multiplier effects.

The hallmark of IMPLAN is the specificity of its economic datasets. The database includes information for 528 different industries (generally at the three or four digit Standard Industrial Classification level), and 21 different economic variables. Along with these data files, national input-output structural matrices detail the interrelationships between and among these sectors. The database also contains a full schedule of Social Accounting Matrix (SAM) data. All of these data are available at national, state, and county levels.

Another strength of the IMPLAN system is its flexibility. It allows the user to augment any of the data or algorithmic relationships within each model in order to more precisely account for regional relationships. This includes inputting different output-to-income ratios for a given industry, different wage rates, and different multipliers where appropriate. IMPLAN also provides the user with a choice of trade-flow assumptions, including the modification of regional purchase coefficients, which determine the mix of goods and services purchased locally with each dollar in each sector. Moreover, the system also allows the user to create custom impact analyses by entering changes in final demand.

A final advantage of IMPLAN is its credibility and acceptance within the profession. There are more than 500 active users of IMPLAN databases and software within federal and state governments, universities, and among private sector consultants. The following list provides a sampling of IMPLAN users.

### **Sample of IMPLAN Users:**

#### **Academic Institutions**

Alabama A&M University  
Auburn University  
Cornell University  
Duke University  
Iowa State University  
Michigan Tech University  
Ohio State  
Penn State University  
Portland State University  
Purdue University  
Stanford University  
Texas A&M University  
University of California – Berkeley  
University of Wisconsin  
University of Minnesota  
Virginia Tech  
West Virginia University  
Marshall University/College of Business

#### **Federal Government Agencies**

Fed. Emergency Man. Agency (FEMA)  
US Dep't of Agriculture, Forest Service  
US Dep't of Ag., Econ Research Service  
US Dep't of Int., Bureau of Land Mgmt.  
US Dep't of Int., Fish and Wildlife Serv.  
US Dep't of Int., National Parks Service  
US Army Corps of Engineers

#### **State Government Agencies**

MD Dep't of Natural Resources  
California Energy Commission  
Florida Division of Forestry  
Illinois Dep't of Natural Resources  
New Mexico Department of Tourism  
South Carolina Employment Security  
Utah Department of Natural Resources  
Wisconsin Department of Transportation

#### **Private Consulting Firms**

Coopers & Lybrand  
Batelle Pacific NW Laboratories  
Boise Cascade Corporation  
Charles River Associates  
CIC Research  
BTG/Delta Research Division  
Deloitte & Touche  
Ernst & Young  
Jack Faucett Associates  
KPMG Peat Marwick  
Price Waterhouse LLP  
Sage Policy Group, Inc.  
SMS Research  
Economic Research Associates  
American Economics Group, Inc.  
L.E. Peabody Associates, Inc.  
The Kalorama Consulting Group  
West Virginia Research League