

The Economic Benefits of Service Programs

Economics III | Minnerva Zou

I. Individual Benefits

The Individual Effect of Service Programs on Economic Standing

Military Service Programs

- **Mixed opinions on the economic benefit** on service member's lives **after** their service [MZ1] [MZ2] [MZ7]
- There may be a loss in lifetime earnings for the conscripted
 - **Example:** Conscription into the Danish Military [MZ1]

Civil Service Programs

- There is a correlation between volunteering and higher income following volunteering
 - For youth aged **16-24**, incomes are **~12%** higher for volunteers than non-volunteers [MZ14]
- **Example:** AmeriCorps and Employment Success [MZ3]

Other Examples of how Service Programs Affect Individual Earnings

- **Military:** veterans had **higher poverty levels** and **lower social welfare** in comparison to non veterans in the 15 years following service in the Vietnam War [MZ13]
- **Civil:** The average yearly stipend for Americorp members is **\$14,520** a year [MZ21]





Examples of Social and Community Gains

- **Civil:** reduced delinquency among volunteering youth (**crime and substance abuse**) in the years after participation [MZ14]
- **Civil:** Better **health status** among volunteers (affecting mostly youth) [MZ14]

Should economic support from service programs **be the same for all**, or **should there be a sliding scale based on need?**

Similar discussion: financial aid for college students

- **Universal funding / free college:** [MZ27]
 - **Top 25%** in total family wealth receive **18%** of the free tuition benefits (11% of students at public colleges)
 - **Bottom 25%** in total family wealth receive **16%** of free tuition benefits (14% of students at public colleges)

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- **Need-based financial aid:** [MZ26]
 - Difference in financial aid amounts affect students in the **bottom half of the income distribution** the most
 - Increase in funding → increase in **academic persistence** and **graduation likelihood**

II. National Benefits

National Volunteering: **Short Term** vs. **Long Term** Benefits

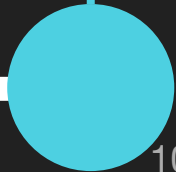
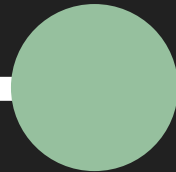
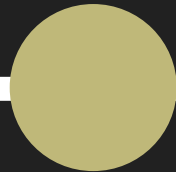
In the short term:

An **increase** in volunteering is correlated with a **temporary rise** in administrative costs.

[MZ5]

In the long term:

In the long term, there is a **0.07%** decrease in government spending associated with increasing **1%** of volunteers in public service [MZ5]



80,450

The total social expenditure on civil national service for **80,450** full-time youth members is **~\$1.65 billion**.

250,000

Expanding these national service programs to reach **250,000** members would require **~\$5 billion** in investment. [MZ14]

A **higher benefit-cost ratio** indicates that there are **more** benefits (the value of improved health status, reduction of burden of delinquency on welfare systems, etc.) per **cost**.

250,000

The social benefit-cost ratio increases from **3.9** to **4.6** when accounting for decreasing unit costs. [MZ14]

Key Takeaways: Individual Benefits

- There are **mixed results** on the economic benefits of **military** service programs.
 - There may be a loss of lifetime earnings for those who serve.
- In **civil service** programs, there is a correlation between **volunteering** and **higher income** following volunteering, particularly for youth.

Key Takeaways: Individual Benefits

- Current civil service programs have low monetary gains; AmeriCorps members averaging around **\$14,520** in stipends a year.
 - Rather, civil service programs have more social benefits, such as reduced crime/substance abuse.
- **Service Program Financial Aid ↔ College Program Financial Aid**

Key Takeaways: National Benefits

- **Short term:** an increase in volunteering is associated with an increase in administrative costs.
- **Long term:** an increase in volunteering is associated with a decrease in government spending.

Key Takeaways: National Benefits

- **Short term:** an increase in volunteering is associated with an increase in administrative costs.
- **Long term:** an increase in volunteering is associated with a decrease in government spending.
- Expanding existing civil national service programs to affect **250,000** members (from 80,450) would require **~\$5 billion** but may also **increase the social benefit-cost ratio** from **3.9 to 4.6.**

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