The Economic Benefits of Service Programs

Economics III | Minnerva Zou
I. Individual Benefits
## The Individual Effect of Service Programs on Economic Standing

<table>
<thead>
<tr>
<th>Military Service Programs</th>
<th>Civil Service Programs</th>
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</thead>
<tbody>
<tr>
<td><strong>Mixed opinions on the economic benefit</strong> on service member’s lives after their service [MZ1] [MZ2] [MZ7]</td>
<td><strong>There is a correlation between volunteering and higher income following volunteering</strong></td>
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<td><strong>There may be a loss in lifetime earnings for the conscripted</strong></td>
<td>○ For youth aged <strong>16-24</strong>, incomes are ~<strong>12%</strong> higher for volunteers than non-volunteers [MZ14]</td>
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<td>○ Example: Conscription into the Danish Military [MZ1]</td>
<td><strong>Example:</strong> AmeriCorps and Employment Success [MZ3]</td>
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</tbody>
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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].
The total social expenditure on civil national service for 80,450 full-time youth members is $1.65 billion.

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**.

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.
Works Cited


