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Jean Baldwin Grossman, Christianne Lind, Cheryl Hayes, Jennifer McMaken and Andrew Gersick

Executive Summary

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Commissioned by
The Wallace Foundation

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We are indebted to many individuals who helped make this study possible. First and foremost, we would like to thank the out-of-school-time (OST) program leaders and key informants interviewed and surveyed for this study in Boston, Charlotte, Chicago, Denver, New York City and Seattle. Although we cannot acknowledge them by name for confidentiality reasons, we are extremely grateful for their willingness to share detailed cost information with us.

During the past two years, many staff from Public/Private Ventures and The Finance Project have contributed to the study. Sharon Deich, who was at The Finance Project for much of the study, was critical in the design and implementation of the research. In addition to the primary authors, Soumya Bhat, Margo Campbell, Andrea Esposito, Tina Kauh, Viany Orozco, Jennifer Pevar, Nanette Relave, Nina Salomon, Nichole Stewart and Femi Vance provided tremendous support with the design, data collection and analysis.

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The Wallace Foundation was instrumental in pioneering this large-scale cost study of a diverse set of high-quality OST programs, funding The Finance Project and Public/Private Ventures to conduct the research and providing generous support along the way. Edward Pauly and Zakia Redd, in particular, worked closely with us, providing not only guidance and advice but incentive resources when the data collection turned out to be much more difficult than anyone had expected. They, along with colleagues Nancy Devine, Sheila Murphy, Dara Rose and Erin Brownfield, also provided useful feedback on the report. Pam Mendels, a senior writer at Wallace, skillfully synthesized the comments of the Wallace team, including her own, to help improve the report. We are very grateful for their contributions.

The authors would like to specially thank the production team. The numerical nature of the report required extra care, but the many rounds of revisions (both before and during the production process) made it particularly challenging. The entire team rose to the task. Penelope Malish unleashed her abundant creativity and skill to develop the report's design and didn't flinch (much) at the many rounds of substantial change. Heidi Jacobs took extreme care in her proofreading of the report. And, we could not have completed this project without the leadership of P/PV's Chelsea Farley and Laura Johnson who copyedited the report multiple times and oversaw its publication and dissemination. The report is substantively stronger for their efforts.

Foreword: Understanding the Costs of Quality

by M. Christine DeVita, President, The Wallace Foundation

Every day, millions of children attend out-of-school-time (OST) programs, and at the very least, parents and children want to know that those programs are safe and fun. But as state and federal funding for OST has risen in recent years, so have expectations that programs should provide more than just baby-sitting or a safe haven. Increasingly, OST programs are being asked to deliver meaningful homework help and other academic support, sports, artistic experiences or other activities that help youngsters develop skills, form positive relationships with adults, and ease the transition to adulthood. Against this backdrop of rising expectations for delivering the kind of quality programs the public is now demanding—not to mention that young people can freely choose to attend OST or not—there is a clear need for better and more useful information about the costs of providing quality programming, and how OST programs of diverse sizes and missions can calculate those costs for themselves.

The Wallace Foundation has long supported a range of out-of-school opportunities, spurred by a belief that we as a society have a duty to surround children with learning and enrichment both during and beyond the school day. Currently, we are helping to develop and test what we call "coordinated approaches," citywide initiatives that bring together many different players essential to OST—schools, parks departments, community groups and others—to improve out-of-school time. Our work, now going on in Boston, Chicago, New York, Providence and Washington, DC, has taught us that building effective, citywide OST programming requires six key elements, including: strong, committed leadership; multiyear planning to set goals, identify needed resources and hold key players accountable; a public or private coordinating entity to keep those plans on track and help build citywide support for OST; information systems capable of providing reliable data about participation trends and family needs; and an emphasis on expanded participation by young people.

Perhaps most important, however, is the sixth element we've identified: a commitment to quality. This is grounded in the idea, supported by research, that children are likeliest to realize OST's benefits when programs are good enough to keep kids coming back for more.

The vital importance of quality is why we believe this report—and a companion online "cost calculator" available on Wallace's website at www.wallacefoundation.org/cost-of-quality—are so valuable. This new research provides the field, for the first time, with hard evidence about the costs that quality programs bear, filling a critical information void and making it easier for many providers to plan for and reach the quality goal.

Based on an unusually large and diverse sample—111 programs across six cities—the report demonstrates that the cost of quality varies depending on a range of factors including program goals, times of operation and ages served. Programs for teenagers, for example, face different sets of likely costs from programs for elementary school students. The same is true for school-year as opposed to summer programs, and programs that focus on academics as opposed to those offering multiple activities.

This report is also one of the few to look at the full costs of quality programs, that is, the programs' cash outlays plus the value of the non-monetary contributions, such as physical space or volunteer time, that so many OST programs rely on. Such in-kind donations, in fact, make up on average nearly one fifth of the total cost of quality OST programming, and in presenting that fact, this report gives planners a keener understanding of the true costs of quality.

Equally important, the research uncovers and explains many complexities of OST costs. For example, it finds that expanding program size to include more children can produce economies of scale—but only up to a point. The reason? After reaching certain threshold enrollment numbers, detailed in the report, quality programs must hire more core staff, thereby ratcheting up costs.

By providing such data, this report will, we hope, allow decision-makers to better assess different types of programs, their requirements and their associated costs, and weigh them more thoughtfully against the needs of their communities. We also hope the report opens the door to a more fact-based conversation about the costs of quality among policymakers who set reimbursement rates for OST programs, funders who want to ensure that their support more accurately matches their aims, and OST providers who set priorities and create the budgets for their programs.

Executive Summary

Out-of-school-time (OST) programs are a vital component of children's academic and social development. Nationwide, 6.5 million school-age children participate in OST programs that seek to ensure their safety, develop and nurture their talents, improve their academic behaviors and help them form bonds with adults and youth who are positive role models.[1] These programs incorporate a diverse array of organizational models and programmatic approaches.

Throughout the country, policymakers, parents and community leaders are working to develop and sustain quality OST programs. In order for their efforts to succeed, they need targeted information about the costs of building quality programs and how costs can vary depending on participant populations, program location, staffing structures, hours of operation and ancillary services.

To meet this need, The Wallace Foundation commissioned The Finance Project and Public/Private Ventures (P/PV) to conduct a groundbreaking study of the full costs of quality OST programs. This report, one of the largest and most rigorous OST cost studies to date, is based on data from 111 programs distributed across six cities (Boston, Charlotte, Chicago, Denver, New York and Seattle) and covers programs that varied dramatically in their focus, content, location, staffing, management and hours of operation. All of the programs included in the study passed a quality screener that was designed to identify established, high-capacity OST programs that have been in operation at least two years, have high participation rates (however, no participation threshold was set for teen programs), have appropriate staff/youth ratios and have other key research-based structural characteristics associated with quality. Thus, the sample of programs included in the study does *not* represent the universe of OST programs across the country, nor is it intended to represent an average OST program. Our goal was to clarify the costs of *quality OST programs*.

The cost data we collected were made comparable through cost-of-living adjustments. By detailing the programs' wide-ranging costs, this study highlights questions and considerations that are critical to decision-makers in their efforts to build and sustain quality OST programs for children and youth in their communities.

The study provides detailed information on the *full* cost of quality OST programs, encompassing both out-of-pocket expenditures as well as the value of resources that were contributed in kind (including space), which most other OST studies have not done. Given that in-kind contributions cannot always be counted on when scaling up or building new programs, policymakers, program directors and funders can use the full cost estimates as an upward bound of cost, assuming no donated resources.

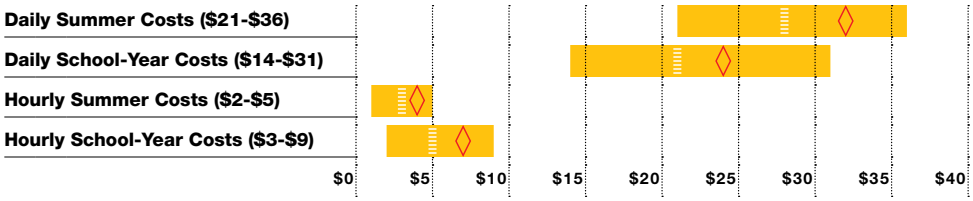
A companion online cost calculator, available at www.wallacefoundation.org/cost-of-quality, will enable users to tailor cost estimates to their cities for many different types of programs. It draws on findings from this report, *The Cost of Quality Out-of-School-Time Programs,* to approximate the average cost of operating programs with a variety of characteristics—such as differing staff/youth ratios, size, staff qualifications, locations and focus.

Key Findings

Not surprisingly, given the diversity of quality OST programs, we found that costs varied substantially. These cost differences were largely driven by:

- ***Program directors' choices*** (when and how many days and hours the program operated; what activities it offered; the staff/youth ratio; etc.);
- ***Available resources*** (funding, as well as donated goods and services); and
- ***Local conditions*** (such as the ages, needs and interests of the children and the cost structures in particular cities).

Executive Summary Figure 1
Summary of Cost Per Slot Ranges for Programs Serving Elementary and Middle School Students



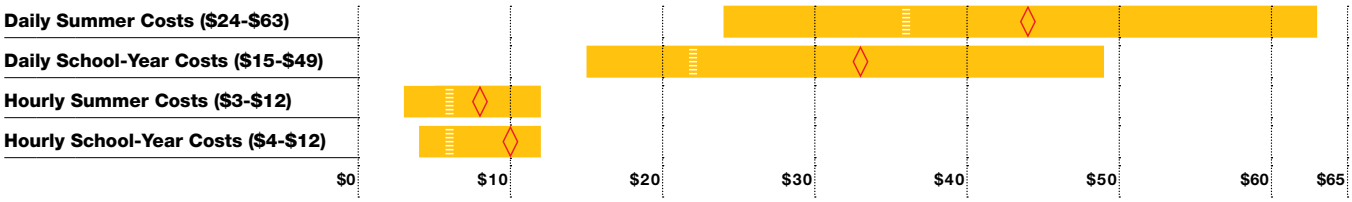
The boxes visually represent the cost ranges from the 25th percentile of program cost to the 75th percentile.

($X-$Y) The 25th and the 75th percentile costs are indicated in parentheses.

Indicates the mean cost.

Half the programs' costs fall below level (represents the median cost, or 50th percentile of program costs).

Executive Summary Figure 2
Summary of Cost Per Slot Ranges for Programs Serving Teens



The boxes visually represent the cost ranges from the 25th percentile of program cost to the 75th percentile.

($X-$Y) The 25th and the 75th percentile costs are indicated in parentheses.

Indicates the mean cost.

Half the programs' costs fall below level (represents the median cost, or 50th percentile of program costs).

Below, we summarize how some of these choices affected the per-slot cost (namely, the total cost of the program divided by the average number of children that attend each day).

For the programs in our sample serving elementary and middle school children, the average hourly cost was approximately $7 per slot during the school year, with costs ranging from $3 to $9 for the middle bulk of programs. During the summer, the average hourly cost was $4 per slot, with a much smaller cost range ($2 to $5). On a daily basis, this translated to an average slot cost of $24 during the school year (ranging from $14 to $31 a day) and $32 during the summer (ranging from $21 to $36 a day). (Summer programs, in general, were more costly per day than school-year programs because they operated more hours per day.) See Figure 1.

For the teen programs in our sample, the average hourly cost for a school-year program was $10 per slot, with costs ranging from $4 to $12 for the middle bulk of the programs. During the summer, hourly costs averaged $8 per slot, with approximately the same range ($3 to $12). These hourly costs translate into daily slot costs of $33 a day (ranging from $15 to $49) during the school year and $44 a day (ranging from $24 to $63 a day) during the summer. See Figure 2.

Because programs typically enrolled more children than the number present each day (since children do not attend every day), the average cost per enrollee was substan-

Executive Summary Table 1
Key Findings: Average Cost Per Slot

	Average Cost Per Slot					
	Hourly			Daily		
	Out-of-Pocket Expenditures	Full Cost	Midpoint (25th to 75th Percentile Ranges of Full Costs)	Out-of-Pocket Expenditures	Full Cost	Midpoint (25th to 75th Percentile Ranges of Full Costs)
Elementary/Middle School Programs (ES/MS)						
School Year [a]	$6.00	$7.40	$5.50 ($3.20-$9.10)	$20	$24	$21 ($14-$31)
Summer [b]	$3.50	$4.10	$2.80 ($2.30-$4.80)	$27	$32	$28 ($21-$36)
Teen Programs						
School Year [c]	$8.30	$10.30	$6.40 ($4.40-$12.00)	$27	$33	$22 ($15-$49)
Summer [d]	$6.90	$8.40	$6.30 ($3.40-$11.70)	$37	$44	$36 ($24-$63)

[a] n=70, [b] n=45, [c] n=41, [d] n=26

Note: All costs have been converted to 2005 "Average Urban Dollars"—an estimation of costs for the typical US city—derived from the ACCRA Cost-of-Living Index. See Appendix B for a detailed explanation.

tially lower than the average cost per slot. Per-enrollee costs of school-year programs were approximately 60 percent of the slot cost for programs serving younger children ($4.60 per enrollee versus $7.40 per slot per hour, or $2,640 versus $4,320 annually) and 40 percent for programs serving teens ($5.10 per enrollee versus $10.30 per slot, or $1,880 versus $4,580 annually). Per-enrollee costs of summer programs are approximately 75 percent of the slot cost for programs serving younger children ($2.90 per enrollee versus $4.10 per slot per hour, or $1,000 versus $1,330 annually) and 55 percent for programs serving teens ($5.00 per enrollee versus $8.40 per slot per hour, or $790 versus $1,420 annually).

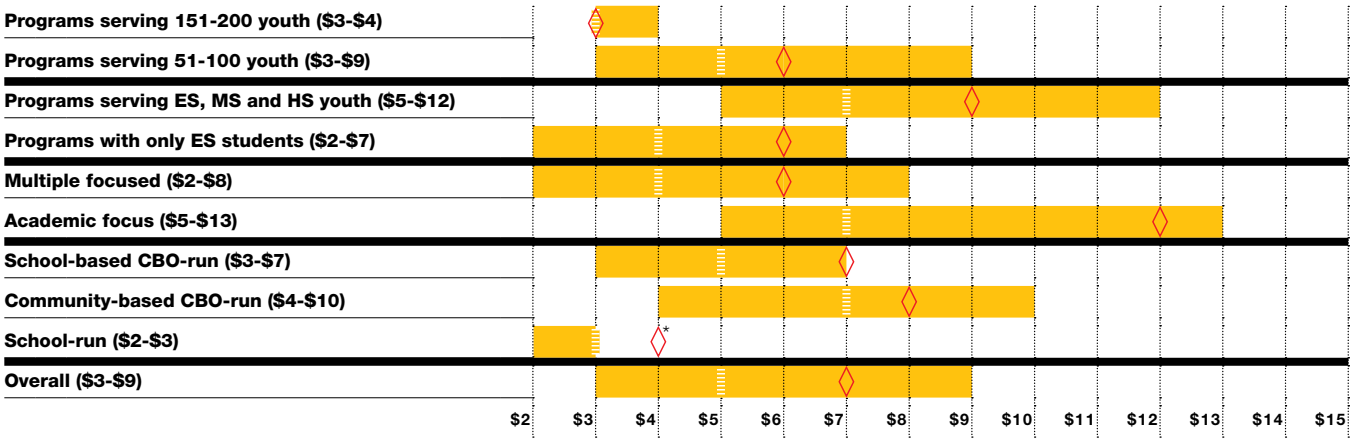
Staff costs were the primary cost driver for OST programs. Thus, differences in operating hours and to some extent salary levels were the primary factors affecting cost variations. Among our sample programs, staff salaries and benefits accounted for about two thirds of total costs. A major reason why teen programs were more costly than programs for younger participants was that staff at teen programs typically earned $5 to $10 more per hour than their counterparts at programs serving younger youth. Interestingly, both teen and nonteen *summer* programs were less costly on an hourly basis than school-year programs because they could spread their fixed cost over more hours.

Average costs and cost ranges varied by program characteristics, such as focus, provider and setting, size and the age of their participants. However, these differences were less pronounced among summer and teen programs.

- Larger programs (i.e., those serving more participants) generally had lower average costs than smaller ones. However, as program size increased, costs ratcheted up at critical thresholds—points where increased size required the addition of core staff capacity, such as an assistant director.
- School-year programs that served multiple age groups—elementary and middle school (ES/MS); or ES, MS and high school (HS); or MS and HS—had higher average costs than programs serving just one age group.

Executive Summary Figure 3

Summary of Hourly Slot Cost Ranges by Program Type for School-Year Programs Serving ES/MS Children



The boxes visually represent the cost ranges from the 25th percentile of program cost to the 75th percentile.

($X-$Y) The 25th and the 75th percentile costs are indicated in parentheses.

Indicates the mean cost.

Half the programs' costs fall below level (represents the median cost, or 50th percentile of program costs).

* The average hourly cost for school-run programs at $4 per hour was greater than the 75th percentile cost of $3 because the upper 25 percentile of programs had hourly costs that were substantially higher than $3, ranging from $3 to $17.

- For programs serving younger participants, multiple-focus programs—those that offered a variety of academic and recreational activities—had lower average costs both per hour and per day during the school year than single-focus programs.
- School-based programs serving younger participants and programs operated by the school district had lower average costs than community-based or community-run programs during the school year, but during the summer the cost of programming was fairly similar across providers and settings. The setting did not affect the average cost of teen programs.

Underlying these and all of the cost differences were explicit choices, mostly about staffing. For example, the school-based school-run programs in our sample operated with lower staff/youth ratios, had fewer certified staff and used fewer resources for management than even its closest substitute, school-based CBO-run programs. These choices affected costs.

Costs varied by geographic location not only because the cost of living differed but also because of city or district-level policies. For example, in one of our cities, the school district charged considerably more for the use of school spaces than other districts (approximately $20–$25 per room per hour versus $10–$15 per room per hour). This affected the cost of all school-based programs. In another city, the norm among our sample programs was to use more staff—including project directors, site coordinators and activity leaders—per slot.

Although the vast majority of costs were covered through out-of-pocket expenditures, in-kind contributions were an important source of funding for many programs. The OST programs in our study leveraged, on average, a fifth of their resource needs from donated goods and services in the form of rent-free facilities, volunteers and in-kind equipment and supplies. The fact that so many OST programs benefited from in-kind contributions is clearly positive; however, leaders should take into account the full value of these "invisible subsidies" when planning and budgeting OST initia-

tives. These items entail real costs to organizations and systems, and as OST programs proliferate they will likely compete for these limited resources.

OST programs typically relied on three to five sources of funding, balancing public and private sources. Both teen and nonteen programs in our sample funded approximately half their revenue using public dollars. With a fifth of their needs supplied through in-kind contributions, the remainder came from a variety of private sources.

This study represents a significant step toward building a valuable knowledge base about the costs of OST programs and services that can inform decision-making by community leaders, program designers and policymakers. However, a few caveats should be kept in mind. First, while our cost sample of quality OST programs is one of the largest and most diverse to date, it is not a nationally representative, randomly selected sample. It excludes several important types of OST programs, most notably summer-only programs, programs in rural or small urban cities and programs that rotate among locations (such as those that move from school to school). Second, the cost and cost variations for teen programs should be viewed as less definitive than the findings for programs serving younger participants because they draw on a smaller sample of programs. In addition, we are uncertain how effective our screening process was in identifying high-quality teen programs because little research has been conducted on the structural features of quality OST programs serving older youth. Finally, the costs cited here do not include start-up or planning costs. Therefore, those starting new programs should consider these additional costs when budgeting.

While this study is groundbreaking in many respects, it raises a number of important questions that would benefit from future research. Some of the most salient issues include developing a clearer understanding of the costs of OST programs and services that were not included in this study; developing deeper knowledge about specific cost components and how they vary for programs operating under different auspices and serving different populations; developing a clearer appreciation of opportunities to realize economies of scale in OST program operations; and forming a better understanding of how OST programs can most effectively be financed and sustained.

Final Thoughts

Policymakers and funders are increasingly interested in knowing the "return" on their OST investments. This study reveals half of the answer by providing leaders with the best information to date on the cost of OST programs. These cost estimates can be used to gauge the adequacy of funding for existing quality programs or to plan for program expansion. Without information on impacts, however, cost data generally lead to strategies to minimize cost. It is, of course, desirable to minimize costs, but leaders must recognize that different types of programs attract different types of participants and have different impacts. Thus, while the information presented in the report can help policymakers, program directors and funders plan and budget, it is also critical to consider the needs of the children and their families in the areas being served. Working families need supervision for their children between the end of the school day and when they get home from work. Elementary school children need time to play. Middle school students benefit from the attention of nonparental adult role models.[2] High school students are attracted to programs that teach them useful skills. The range of programs funded by a particular city should meet the specific needs of targeted communities, not just minimize the size of the investment. Carefully researched and designed investments can lead to a wealth of academic, economic and social benefits for local residents.

Endnotes

1 Durlak, J. and Weissberg, R. 2007. *The Impact of After School Programs that Promote Personal and Social Skills.* Chicago: Collaborative for Academic, Social, and Emotional Learning (CASEL). Miller, Beth. 2006. *Pathway to Success: What Counts in After School Programs.* Wellesley, MA: National Institute for Out-of-School Time. Grossman, J.B., Campbell, M. and Raley, R. 2007. *Quality Time After School: What Instructors Can Do to Enhance Learning.* Philadelphia: Public/Private Ventures.

2 Grossman, J.B., Campbell, M. and Raley, R. 2007. *Quality Time After School: What Instructors Can Do to Enhance Learning.* Philadelphia: Public/Private Ventures.

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