

HIGH SCHOOL DROPOUTS AND THE ECONOMIC LOSSES FROM JUVENILE CRIME IN CALIFORNIA

Clive R. Belfield and Henry M. Levin

Highlights:

- ▶ **The economic losses from juvenile crime in California amount to \$8.9 billion per year.**
- ▶ **High school dropouts are twice as likely to commit crimes as high school graduates.**
- ▶ **Much of adult crime is committed by persons who began their criminal activities during their juvenile years.**
- ▶ **Dropouts from a single cohort of California 12-year-olds will generate an additional \$1.1 billion in economic losses from juvenile crime, and \$10.5 billion in economic losses from adult crime over their lifetimes.**
- ▶ **Cutting the dropout rate in half would reduce the number of juvenile crimes in California by 30,000 and save the state \$550 million per year.**
- ▶ **Savings from reductions in juvenile crime would help offset the costs of effective programs to reduce dropouts.**

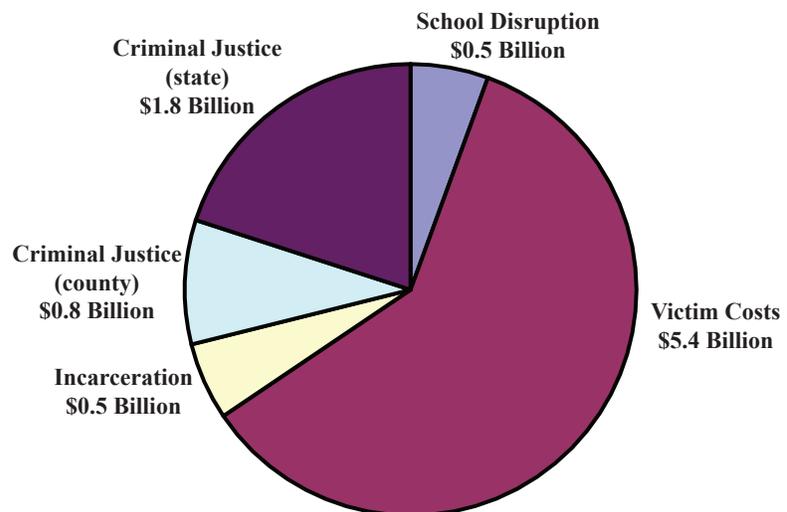
The negative social and economic losses for the State of California from high school dropouts are substantial. Tax revenues are reduced and government spending on health, crime, and welfare is elevated, increasing the fiscal burden for all Californians. In an earlier study, we estimated that the economic losses from each cohort of 120,000 20-year-olds who fail to complete high school amounted to \$46.4 billion (see CDRP Policy Brief 1).

One significant component of the fiscal and social costs of high school dropouts is their higher rate of criminal activity, both as adults and as juveniles. While the earlier study accounted for the economic losses from adult crime, this policy brief examines the economic losses from juvenile crime in California and how raising the state's graduation rate could reduce those losses.

Juvenile Crime in California

Juveniles commit a large proportion of crimes in the state. In 2007, juveniles (ages 10-17) were arrested for one-in-six violent crimes, and over one-quarter of all property crimes. Focusing on more specific crimes,

Economic Losses from One Juvenile Cohort (12- to 17-year-olds) in California



TOTAL ANNUAL LOSSES = \$8.9 Billion

Read the full report at: cdrp.ucsb.edu

they are responsible for one-in-seven disorderly arrests, more than one-half of all arson crimes, and almost one-half of all vandalism crimes.

Juveniles also commit crimes in school. During the school year 2007-08, California's public schools reported approximately 130,000 violent incidents, almost 6,000 serious violent incidents, and 70,000 other criminal incidents. National survey data show that one-quarter of all students, and one-in-twelve teachers, report being victims of crime at school.

In 2007, there were 234,000 arrests of juveniles in California—three-quarters of whom were males—out of a population of 4.5 million. Black juveniles are arrested at rates disproportionate to their population; Hispanics at rates proportionate to their population; Whites and other race groups at rates lower than their representation in the population. Over half of these arrests are settled in juvenile court, with many of the juveniles placed in wardships, camps, or probationary status; many require special educational services and counseling.

► **The Economic Burden of Juvenile Crime**

The economic burden of juvenile crime is extensive. There are costs to the state government in terms of: operating the criminal justice system for policing and for trials and sentencing; providing wardships, incarceration, parole and probation; paying restitution for victims and for medical care; and funding other government

crime prevention agencies, including school police forces. There are also very large costs to the citizens of California who are the victims of crime; many of these victims are also juveniles. Finally, there are costs to the education system, in that juvenile criminals disrupt learning for all children.

To estimate the annual economic losses from juvenile crime we add up state budget expenditures for juvenile crime prevention and use research literature to estimate the costs of crime to victims. We calculate these costs for a single cohort of 3.6 million juveniles in California aged 12-17, reported in 2008 dollars (see Figure).

- Annually, state government spending amounts to \$1.8 billion on policing and the criminal justice system, with an additional \$0.8 billion at the county level, and \$0.5 billion on incarcerating juveniles.
- The social costs to victims—in terms of pain and suffering and income losses—are even greater, at \$5.3 billion.
- Schools spend \$0.5 billion on security and compensating payments to teachers to attract them for employment in high crime schools.

In total, each juvenile cohort in California imposes an annual economic loss of \$8.9 billion on the state's citizens. This estimate is conservative: it does not include the full costs of counseling for victims; and victim costs are based on the experiences of adult victims, who may suffer less than juvenile victims. Importantly, juvenile criminals have

a strong likelihood of becoming criminals as adults. The economic burden of later adult crime may be added to these figures to get a full understanding of the costs of juveniles becoming criminals.

Some juveniles commit a disproportionate amount of crime. These 'chronic offenders' are typically male and commit more than half of all reported crimes. Over their juvenile life, up to age 17, each of these chronic offenders will impose an economic loss of \$612,000.

► **The Influence of Education on Juvenile Crime**

There are many factors that promote juvenile crime, including poor family circumstances and limited economic opportunities. But one important determinant of juvenile crime is inadequate education. Research has established a robust link between dropping out of high school and juvenile crime.

High school graduation is likely to reduce juvenile crime by improving the 'social bond' with school. Students may develop a greater attachment to school, increased commitment to the value of education, and more acceptance of the authority of school. Also, attending school has a straightforward effect on reducing the time and opportunity to commit crime (although this may re-direct some crime to the school site).

The current population of incarcerated juveniles is suggestive of the importance of education. Based on an educational survey performed in Los Angeles (LA) County, approximately 15-20% of youth who enter juvenile halls, probation

camps and community day schools are classified as requiring special education services. Of the remaining youth in custody, the average reading and math levels are equivalent to fifth/sixth grade. In 2003-04, across the state, 75% of students passed the high school exit exam; in LA County, the pass rate was 70%; but for students in LA County juvenile hall or community day school, the pass rate was 26%.

High school dropouts commit a large proportion of all juvenile offenses. Three separate studies report a strong impact of dropping out on juvenile crime:

- relative to a graduate, each additional high school dropout is predicted to have a crime rate about 17% higher for violent crimes and 10% higher for all other crimes;
- high school dropouts commit crimes at rates almost double those of high school graduates; and,
- despite being only 23% of the population, high school dropouts are responsible for 34% of all crimes.

These results imply that if California could reduce the dropout rate in high school, it would also reduce the rate of juvenile offending, and consequently, it would reduce the economic burden associated with juvenile crime.

► **The Economic Losses from Juvenile Crime by Dropouts**

The economic losses for each cohort of 3.6 million juveniles in California aged 12-17 were estimated to be \$1.1 billion, with a margin of error of +/- \$180 million. This is the direct cost to the state from failing to ensure that each student in

California's school system graduates from high school. Cutting the dropout rate in half would reduce the number of juvenile crimes in California by 30,000 and save the state \$550 million per year.

While substantial, these losses do not account for the full cost of high school dropouts. The juvenile crime burden should be added to all the other significant costs of dropouts, such as lower earnings, higher welfare rolls, and lower health status, which accrue over their entire lifetimes (*see CDRP Policy Brief 1*).

Critically, juvenile crime is often a precursor to adult crime, which imposes additional costs on California. Across a single cohort of California 12-year-olds, students likely to drop out will generate an additional \$1.1 billion in economic losses from juvenile crime and \$10.5 billion from adult crime over their lifetimes, compared to the losses they would generate if they graduate from high school.

Juvenile crime represents about one-tenth the total costs of all crimes committed in the state; however, much of adult crime is committed by persons who began their criminal activities during their juvenile years. As such, a significantly high proportion of adult crime may be interpreted as 'induced' by juvenile criminal behavior.

Other economic losses, such as those due to lower earnings and reduced taxes, amount to an additional \$34.5 billion, bringing the total economic losses amount to \$46.2 billion, with juvenile and adult crime accounting for almost one-quarter of the total economic losses from dropouts.

► **Educational Interventions to Reduce Juvenile Crime**

There is compelling evidence that raising the high school graduation rate would reduce the juvenile crime rate, and there is research evidence on effective strategies to raise graduation rates.

In an earlier study we identified five interventions that have proven success in reducing the dropout rate, and another eight that have some promise of success (*see CDRP Policy Brief 2*). We estimated the economic benefits from reducing dropout rates would exceed the costs of these interventions by a factor of at least two-to-one. In this study we calculate that savings from reductions in juvenile crime alone will offset, on average, approximately 16% of the costs of providing these interventions. If these interventions are targeted at high-risk offenders, the savings may be even larger. Added to the economic savings during adulthood, investment in effective interventions to reduce dropouts would reap substantial economic benefits for the state.

An alternative approach is to target juvenile offenders directly through school-based violence prevention programs. Given their relatively low costs, these programs are also likely to be cost-effective strategies to reduce juvenile crime, especially for chronic juvenile offenders.

Dropouts in California impose a substantial economic burden on the state, not only from adults, but also from juveniles who commit crimes. Investing in effective educational interventions would reduce both juvenile and adult crime, and produce economic benefits far in excess of their costs.

Research Reports and Policy Briefs in Print

1. **THE ECONOMIC LOSSES FROM HIGH SCHOOL DROPOUTS IN CALIFORNIA** (*August 2007*)
2. **THE RETURN ON INVESTMENT FOR IMPROVING CALIFORNIA'S HIGH SCHOOL GRADUATION RATE** (*August 2007*)
3. **DOES STATE POLICY HELP OR HURT THE DROPOUT PROBLEM IN CALIFORNIA?** (*October 2007*)
4. **CAN COMBINING ACADEMIC AND CAREER-TECHNICAL EDUCATION IMPROVE HIGH SCHOOL OUTCOMES IN CALIFORNIA?** (*November 2007*)
5. **STUDENT AND SCHOOL PREDICTORS OF HIGH SCHOOL GRADUATION IN CALIFORNIA** (*December 2007*)
6. **CALIFORNIA SCHOOLS THAT BEAT THE ODDS IN HIGH SCHOOL GRADUATION** (*December 2007*)
7. **ALTERNATIVE PATHWAYS TO HIGH SCHOOL GRADUATION: AN INTERNATIONAL COMPARISON** (*January 2008*)
8. **GIVING A STUDENT VOICE TO CALIFORNIA'S DROPOUT CRISIS** (*March 2008*)
9. **BUILDING SYSTEM CAPACITY FOR IMPROVING HIGH SCHOOL GRADUATION RATES IN CALIFORNIA** (*April 2008*)
10. **IMPROVING CALIFORNIA'S STUDENT DATA SYSTEMS TO ADDRESS THE DROPOUT CRISIS** (*May 2008*)
11. **STRUGGLING TO SUCCEED: WHAT HAPPENED TO SENIORS WHO DID NOT PASS THE CALIFORNIA HIGH SCHOOL EXIT EXAM?** (*June 2008*)
12. **CAN MIDDLE SCHOOL REFORM INCREASE HIGH SCHOOL GRADUATION RATES?** (*June 2008*)
13. **MIDDLE SCHOOL PREDICTORS OF HIGH SCHOOL ACHIEVEMENT IN THREE CALIFORNIA SCHOOL DISTRICTS** (*June 2008*)
14. **WHAT FACTORS PREDICT HIGH SCHOOL GRADUATION IN THE LOS ANGELES UNIFIED SCHOOL DISTRICT?** (*June 2008*)
15. **WHY STUDENTS DROP OUT: A REVIEW OF 25 YEARS OF RESEARCH** (*October 2008*)
16. **HIGH SCHOOL DROPOUTS AND THE ECONOMIC LOSSES FROM JUVENILE CRIME IN CALIFORNIA** (*September 2009*)

California Dropout Research Project Staff:

Russell W. Rumberger, Director
Beverly Bavaro, Editor/Web Manager
Susan Rotermund, Research Assistant

Policy Committee:

Jean Fuller
David W. Gordon
Marqueece Harris-Dawson
Rowena Lagrosa
Lorraine McDonnell
Gary Orfield
Darrell Steinberg

Funding:

The William and Flora Hewlett Foundation
The James Irvine Foundation
The Walter S. Johnson Foundation

Contact:

California Dropout Research Project
Gevirtz Graduate School of Education
University of California, Santa Barbara
Santa Barbara, CA 93106-9490
Tel: 805-893-2683
Email: dropouts@education.ucsb.edu

Project Web Site:

www.cdrp.ucsb.edu

All of the above Research Reports and Policy Briefs, as well as Statistical Briefs, are available at www.cdrp.ucsb.edu

University of California Santa Barbara
California Dropout Research Project
Gevirtz Graduate School of Education
Santa Barbara, CA 93106-9490

Non-Profit
Organization
U.S. POSTAGE
PAID
Santa Barbara, CA
Permit No. 104