



**BOYS & GIRLS CLUBS
OF AMERICA**

Response to Key Issues Raised on January 28, 2010.

BACKGROUND: In every community, boys and girls are left to find their own recreation and companionship in the streets. An increasing number of children are at home with no adult care or supervision. Boys & Girls Clubs offer that and more. Club programs and services promote and enhance the development of boys and girls by instilling a sense of competence, usefulness, belonging and influence. Boys & Girls Clubs are a safe place to learn and grow – all while having fun.

The Boys & Girls Club Movement comprises more than 1,100 independent organizations and the national organization, Boys & Girls Clubs of America. Local organizations serve young people and communities through some 4,300 Club locations, 54,000 trained adult professional staff, 166,000 program volunteers and 28,000 board members. While Boys & Girls Clubs of America serves its local organizations, the national organization does not control the activities of individual Clubs, which are governed locally.

Clubs are located in many different settings: in small towns and big cities; on Native American and Native Alaskan lands; in public housing; in public and private schools; and on U.S. military bases around the world. Clubs vary in the type and range of youth development programs and services they provide, with offerings determined by local need and available resources.

Clubs are community-based, building-centered and led by professional staff. They provide programs during non-school hours and the summer that meet the unique interests and needs of young people ages 6–18.

Congressional support for the Clubs over the years has been principally focused on funding the Boys & Girls Clubs of America (BGCA) grant program that Congress established in 1998. Thanks to support from Congress, the BGCA was able to grow from 1,850 facilities serving 2.6 million children in 1996 to 4,360 clubs serving approximately 4.8 million children in 2008. The kids that need Clubs the most need Congress' support the most. Still, BGCA cannot prevent individual clubs that are governed locally from pursuing direct support from Congress and, in the face of declining support for the BGCA grant program and the opportunity to benefit there from, local clubs appear to be increasingly taking federal support into their own hands.

Importantly, BGCA's efficient use of financial resources has won national recognition. In its 2009 "Philanthropy 400" report, *The Chronicle of Philanthropy* ranked BGCA as No. 17 among all non-profit organizations, while placing BGCA in the No. 1 position among youth organizations for the 16th consecutive year. The survey, measuring private support, reported gifts to the national organization and local Boys & Girls Clubs totaling \$671 million in 2008. *Forbes*, *SmartMoney*, *Newsweek* and *U.S. News & World Report* have all ranked BGCA among the top charitable organizations in America based on cost-effective use of donor dollars. *WORTH* magazine has ranked BGCA as one of America's top one hundred charities, based on financial efficiency, strength of reputation, and program effectiveness.

ISSUES RAISED: During the Senate Judiciary Committee's recent consideration of S.2924, a bill to re-authorize the BGCA grant program, several issues were raised by Dr. Coburn regarding the BGCA, the movement, and the grant program that warrant discussion. The issues are important ones and BGCA is pleased to respond. Significantly, Dr. Coburn has made clear his support for the mission and work of the BGCA and for the success of the program to date. It is in an effort to insure that the record is complete, that Dr. Coburn's questions are answered, and that consensus is reached about how best for Congress to continue to support the mission of the BGCA, that it responds to each of the issues

Local Clubs receive earmarks from the Federal Government.

Importantly, BGCA plays no role in advocating for the club-specific earmarks Dr. Coburn cites. BGCA cannot prevent individual clubs, which are independent and governed locally, from pursuing direct support



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from Congress. In the face of declining investment in the BGCA grant program (and the opportunity for local clubs to benefit there from), it would appear local clubs are increasingly taking the obtaining of federal assistance into their own hands. Ironically, the establishment of the BGCA grant program that S.2924 reauthorizes was intended, in part, to curtail the ad hoc pursuit of club specific grants by steering funding to a national organization that is better equipped to strike the balance between the needs of specific clubs and the effective use of limited federal dollars to reach young people where most needed.

The new bill, S.2924, would go against the original intent of Congress to help increase the number of clubs nationally by permitting funds to be used for services.

As explained below, the sharp reduction in federal funding in recent years has combined with the economic recession to force BGCA to pivot and focus, for now, on preventing the closing of clubs. Local support for clubs has dropped significantly and BGCA wants to insure that it can offset the loss in services and support for existing clubs. BGCA believes that, with the help of Congress, it can play a roll in offsetting the steep reduction in local funding to clubs across the nation and, until the economy improves, keep clubs from closing. Nevertheless, BGCA fully supports the goal of continuing to grow the number of clubs nationally and to do so in economically distressed areas. BGCA intends to work with Congress to make appropriate changes to the legislation to insure that once existing clubs are better able to identify and secure a more stable source of local funding, the BGCA can and should return to the core mission of the grant program – to expand the reach and number of clubs so that young people, especially those who need help the most, are better able to reach their full potential as productive, caring, responsible citizens.

In the last reauthorization, the goal was to establish at least 5,000 Boys & Girls Clubs across the country, to serve at least 5 million young people, but only about 4,300 clubs exist.

Thanks to support from Congress, the BGCA was able to grow from 1,850 facilities serving 2.6 million children in 1996 to 4,360 clubs serving approximately 4.8 million children in 2008. Unfortunately, Congress' ability to fund the program was tested in recent years and funding has been significantly reduced. The reduction in federal funding combined with the economic recession to force BGCA to focus, for the time being, on preventing the shuttering of clubs. BGCA recognizes that no organization should expect to be exempt from the belt tightening most Americans and government are faced with in leaner times. But, BGCA believes that, with the help of Congress, in can play a roll in offsetting the steep reduction in local funding to clubs across the nation and, until the economy improves, keep clubs from closing. Once they are able to identify and secure a more stable source of funding, the BGCA should return to expanding the reach and number of clubs so that young people, especially those who need help the most, are better able to reach their full potential as productive, caring, responsible citizens of the United States of America.

In the last five years, BGCA spent \$2.2 million lobbying Congress for more money,

As in previous years, the BGCA has operated a government affairs office in Washington D.C. for the past five years which performs a number of functions in addition to advocating for the BGCA before Congress. For example, the office is directly involved in the administration of the Youth of the Year programs. The D.C. office is also involved in the policy development and coordination of BGCA's work in the areas of child nutrition and fitness, children's safety, internet safety, child obesity prevention, job training, substance abuse prevention, and other issues. As required by the Lobbying Disclosure Act, the BGCA publicly discloses the amount it spends on all lobbying-related activity. In order to insure full compliance with the spirit of the Act, BGCA also includes in its federal disclosures all salaries, rent, and expenses associated with the operation its D.C. office.

2005	\$324,867
2006	\$247,983
2007	\$392,938



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2008 \$627,574
2009 \$342,000

It should be noted that any Form 990 figures one might look to include amounts spent for government affairs at the state and local level. Those figures are not reflected in the federal disclosure. In addition, Dr. Coburn's office indicated that the data he cited was found on the website www.OpenSecrets.com. It appears the site aggregates all funds spent by all clubs nationally to arrive at its total figure. OpenSecrets then proceeds to attribute all of those expenditures to the BGCA. As noted above, local clubs are entities that are independent and governed locally.

According to the American Institute for Philanthropy, the President of BGCA earns a salary of \$981,000 a year.

The BGCA's President and CEO's hands-on approach and the efficient use of financial resources by BGCA have won national recognition. In its 2009 "Philanthropy 400" report, *The Chronicle of Philanthropy* ranked BGCA as No. 17 among all non-profit organizations, while placing BGCA in the No. 1 position among youth organizations for the 16th consecutive year.

The reported (per public record Form 990) W-2 compensation from BGCA for the year 2008 was \$593,926. Additionally, as reported in the Form 990, BGCA contributed \$394,665 for deferred compensation plans (including \$363,000 for Supplemental Executive Retirement Plan) and other benefits like group, life, and medical insurance that are available to all eligible employees. Please note that of the various compensation components reported on the Form 990, the base compensation of \$360,774 has not increased since 2006. The Board of Governors also approved a \$150,000 incentive which was earned in 2008; this incentive is completely at risk each year, is not guaranteed and is contingent upon performance.

With respect to the Supplemental Executive Retirement Plan, the BGCA Board of Governors worked jointly with an external independent third-party consultant after it was determined in 2005 that another competitive compensation tool was needed. The addition of a deferred Supplemental Executive Retirement package through April 2011 creates an overall compensation and benefits package that permits the Board of Governors to be fully competitive with similar national large non-profit organizations.

The Board of Governors of BGCA considers executive compensation to be a very serious issue and has adopted processes to insure that BGCA attracts and retains the most qualified staff while at the same time recognizing that compensation levels must be consistent with our educational and charitable purposes. BGCA follows guidelines adopted by the IRS to assist non-profit organizations in this area, including the use of an independent third party to assess the marketplace and determine comparable salary practices, "peer-comparison" compensation and benefits and other related trends in the nonprofit sector.