

# YOUTH AND WORK

restoring teen and young adult  
connections to opportunity



policy  
report

KIDS COUNT

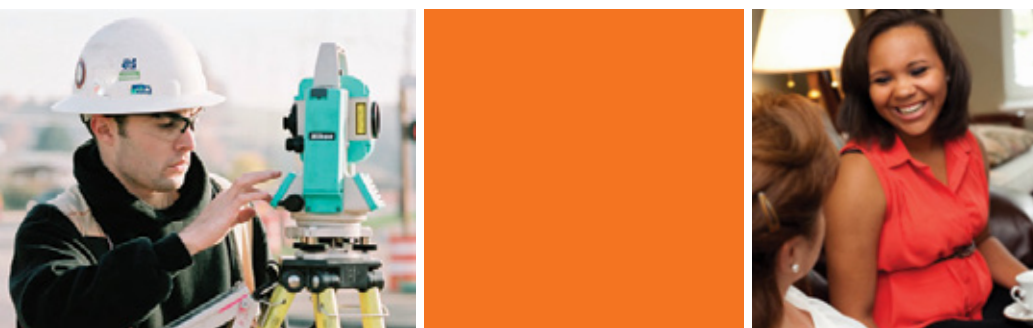




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Forty years ago, a teenager leaving high school—with or without a diploma—could find a job in a local factory. Twenty years ago, even as manufacturing jobs moved offshore, young people could still gain a foothold in the workforce through neighborhood stores and restaurants. Amid the housing boom of the past decade, youth with some training could find a career track in the construction field. But today—with millions of jobs lost and experienced workers scrambling for every available position—America's young people stand last in line for jobs.



Youth employment is at its lowest level since World War II; only about half of young people ages 16 to 24 held jobs in 2011.<sup>1</sup> Among the teens in that group, only 1 in 4 is now employed, compared to 46 percent in 2000. Overall, 6.5 million people ages 16 to 24 are both out of school and out of work, statistics that suggest dire consequences for financial stability and employment prospects in that population.<sup>2</sup>

More and more doors are closing for these young people. Entry-level jobs at fast-food restaurants and clothing stores that high school dropouts once could depend on to start their careers now go to older workers with better experience and credentials. It often takes a GED to get a job flipping hamburgers. Even some with college degrees are having trouble finding work. At this rate, a generation will grow up with little early work experience, missing the chance to build knowledge and the job-readiness skills that come from holding part-time and starter jobs.

This waste of talent and earnings potential has profound consequences for these young people, and for our economy and our nation. When young people lack connections to jobs and school, government spends more to support them. Many already have children of their own, exacerbating the intergenerational cycle of poverty in some communities. Yet even as young people struggle to gain experience and find any type of job, businesses cannot find the skilled workers they need to compete in the ever-changing 21st-century economy.

This policy report describes the scale of the challenges we face in connecting young people, ages 16 to 24, to jobs and opportunity. More importantly, we also set forth the steps needed to ensure that young people have the academic know-how, the technical skills and the essential “soft skills” to hold a job and launch a career. The best way to build these critical skills is to help young people find jobs or work-like activities. We must expand interventions that are putting youth to work and align them with public investment.

Research demonstrates a positive return on investment for programs that advance academic, social and career skills. And, practical experience tells us that some young people show extraordinary motivation and responsibility when given the right opportunities. This report details the most recent research and data illustrating conditions for the 16- to 24-year-old population and focuses specifically on those youth who are neither in school nor working. It identifies barriers these young people must overcome and offers solutions to get them engaged and connected.

The core argument is that business, government, philanthropy and communities must come together to create opportunities to put young people back on track in a dynamic, advancing economy to ensure their success and to build a stronger workforce for the future.

FIGURE 1

## Disconnected Youth: 2011

Young people out of school and out of work have been characterized in various ways—as disconnected, vulnerable or opportunity youth. In this report, we describe them as disconnected youth. The data show that the populations struggling the most to enter the workforce and stay in school today are youth who are less educated, come from low-income families and belong to a racial or ethnic minority.

### DISCONNECTED YOUTH AGES 16 TO 19

#### BY RACE AND HISPANIC ORIGIN

National Average	13%	2,189,000 YOUTH
Non-Hispanic White	11%	1,090,000 YOUTH
African American	16%	400,000 YOUTH
Asian and Pacific Islander	12%	74,000 YOUTH
Hispanic	16%	533,000 YOUTH
Other	16%	92,000 YOUTH

### DISCONNECTED YOUNG ADULTS AGES 20 TO 24

#### BY RACE AND HISPANIC ORIGIN

National Average	20%	4,310,000 YOUNG ADULTS
Non-Hispanic White	17%	2,182,000 YOUNG ADULTS
African American	29%	865,000 YOUNG ADULTS
Asian and Pacific Islander	14%	128,000 YOUNG ADULTS
Hispanic	23%	973,000 YOUNG ADULTS
Other	27%	162,000 YOUNG ADULTS

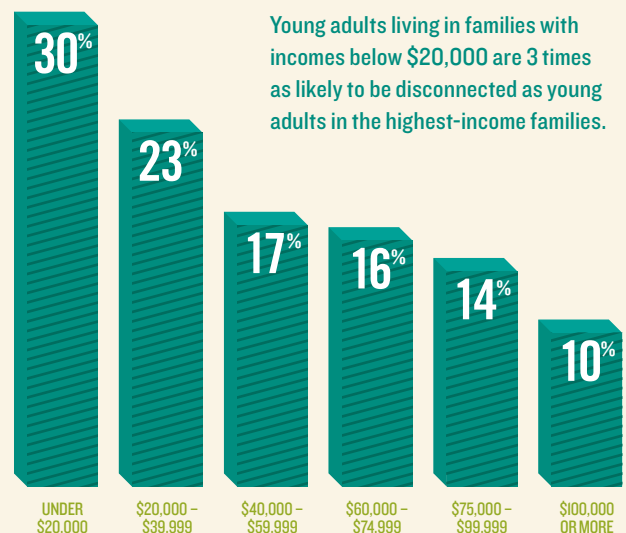
### DISCONNECTED YOUTH AGES 16 TO 19

#### BY FAMILY INCOME



### DISCONNECTED YOUNG ADULTS AGES 20 TO 24

#### BY FAMILY INCOME



**SOURCES** Andrew Sum's analyses of 2011 Current Population Survey basic monthly data, U.S. Census Bureau data and Bureau of Labor Statistics data. Estimates represent 12-month averages.

TABLE I

## Employed Youth and Young Adults: 2011

The U.S. youth employment rates for both 16- to 19-year-olds and 20- to 24-year-olds have dropped to lows not seen in more than 50 years. State-by-state employment rates vary significantly, ranging from 18 percent to 46 percent for teens and from 51 percent to 75 percent for young adults.

State	Ages 16 to 19		Ages 20 to 24		State	Ages 16 to 19		Ages 20 to 24	
	Number	Percent	Number	Percent		Number	Percent	Number	Percent
United States	4,404,000	26	13,037,000	61	Missouri	96,000	32	267,000	67
Alabama	68,000	26	169,000	57	Montana	17,000	37	48,000	62
Alaska	15,000	32	35,000	67	Nebraska	44,000	43	92,000	74
Arizona	87,000	24	271,000	60	Nevada	37,000	27	116,000	64
Arkansas	43,000	33	133,000	65	New Hampshire	25,000	35	64,000	72
California	375,000	18	1,572,000	56	New Jersey	102,000	21	360,000	59
Colorado	78,000	30	223,000	68	New Mexico	25,000	25	84,000	59
Connecticut	60,000	29	145,000	61	New York	218,000	21	756,000	53
Delaware	16,000	30	31,000	61	North Carolina	99,000	20	372,000	58
District of Columbia	3,000	14	31,000	57	North Dakota	17,000	46	41,000	75
Florida	159,000	18	675,000	59	Ohio	226,000	35	518,000	66
Georgia	107,000	19	364,000	55	Oklahoma	52,000	28	164,000	64
Hawaii	14,000	22	60,000	65	Oregon	54,000	28	160,000	63
Idaho	23,000	28	62,000	64	Pennsylvania	274,000	39	546,000	62
Illinois	189,000	28	590,000	60	Rhode Island	20,000	32	47,000	65
Indiana	104,000	27	272,000	60	South Carolina	62,000	27	182,000	55
Iowa	68,000	43	154,000	71	South Dakota	19,000	44	46,000	69
Kansas	51,000	36	138,000	71	Tennessee	74,000	23	241,000	60
Kentucky	61,000	27	188,000	61	Texas	339,000	24	1,103,000	63
Louisiana	62,000	23	181,000	56	Utah	55,000	35	152,000	71
Maine	27,000	39	55,000	64	Vermont	12,000	38	30,000	69
Maryland	87,000	29	261,000	68	Virginia	132,000	30	368,000	65
Massachusetts	128,000	33	277,000	60	Washington	88,000	24	246,000	60
Michigan	174,000	29	403,000	59	West Virginia	21,000	22	65,000	55
Minnesota	122,000	42	263,000	74	Wisconsin	122,000	42	285,000	73
Mississippi	44,000	23	99,000	51	Wyoming	11,000	38	28,000	70

**SOURCES** Population Reference Bureau's analyses of 2011 Current Population Survey basic monthly data, U.S. Census Bureau data and Bureau of Labor Statistics data. Estimates represent 12-month averages.



## OUT OF SCHOOL AND OUT OF WORK

The past decade has been the most challenging in 50 years for young people seeking to navigate the transition to adulthood, earn a degree, get a job and stand on their own financially. The employment rate for youth ages 16 to 19 dropped precipitously—down 42 percent since 2000. More youth than ever—2.2 million teenagers and 4.3 million young adults ages 20 to 24—are neither in school nor working.<sup>3</sup> Additionally, 21 percent—1.4 million—of those young people out of school and out of work are young parents who must take care of their own needs and those of their children.<sup>4</sup>

Why are so many youth disconnected? There are fewer jobs today,<sup>5</sup> and employers are demanding higher skills in a labor market transformed by globalization and technology.<sup>6</sup> Also, fewer than half of our high school students graduate on time and are ready for college.<sup>7</sup> Young people with limited education and job-readiness skills find fewer employment opportunities. This is especially true of those from low-income families and living in high-poverty communities. Even among low-income students who do go on to college, the majority do not complete a degree.<sup>8</sup>

Young people out of school and out of work have been characterized in various ways—as disconnected, vulnerable or opportunity youth. In this report, we describe them as disconnected youth. The term encompasses diverse groups, ranging from the 16-year-old who just dropped out of high school and is not working to the

21-year-old parent who has a high school degree and has been looking for work for a long time. They live at home in urban, suburban or rural communities; in foster care; or in juvenile justice settings. They include U.S. citizens and recently arrived immigrants. Many of these youth must overcome challenges beyond their control, such as a childhood spent in poverty, living with a single parent, growing up in a household or neighborhood with few role models of working adults and attending low-performing schools.<sup>9</sup>

Although the employment rate fell significantly for all young people, the data show that those populations struggling most have less education, come from low-income families and belong to a racial or ethnic minority. Fewer than 1 in 6 black and Asian teenagers and 1 in 5 Hispanic teens were employed in 2011, with ratios even worse for black and Asian males.<sup>10</sup>

In addition, youth employment rates vary significantly by state, from 18 percent in California and Florida to 46 percent in North Dakota in 2011.

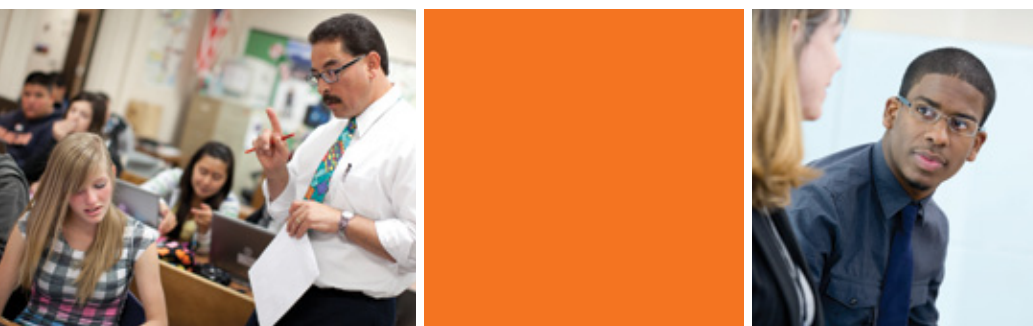
## THE LASTING CONSEQUENCES

Studies show that youth who miss out on an early work experience are more likely to endure later unemployment and less likely to achieve higher levels of career attainment. Everyone needs opportunities in their teen years and young adulthood to experience work and attain the job-readiness skills needed for long-term success.<sup>11</sup> Those shut out of the labor market for considerable periods, especially

**“To get a job these days, you need experience, but you can’t get experience without a job. For youth from disadvantaged backgrounds, the challenges can be even greater.”**

James A. Johns, who hires youth as interns at The Johns Hopkins University in partnership with Year Up





in the early stages of their careers, have markedly reduced prospects for later connections to jobs.<sup>12</sup>

As a result, the severity of the current downturn and the jobless recovery are likely to have deep and long-term economic effects on both society and young people, particularly disconnected youth. One study estimates that for each 16-year-old out of school and out of work, the future lifetime taxpayer burden is \$258,040. The same study calculates that the total taxpayer burden for all out-of-school and out-of-work youth ages 16 to 24 is \$1.56 trillion.<sup>13</sup> It is not surprising that commentators have begun to speak with despair of a generation essentially cut off from the normal flow of economic progress at a pivotal point in their lives.

Part of the challenge for young people seeking employment is the gap between their skills and the qualifications needed for available positions. Well-paying jobs being created in this economy increasingly require more skills and experience and, thus, go not to youth, but to older workers with better qualifications. More than three-quarters of job openings in the next decade will require skills obtained beyond high school.<sup>14</sup> A recent report from the McKinsey Global Institute found that despite current high levels of unemployment, 30 percent of American companies had positions open for more than six months that they could not fill. McKinsey predicts that by 2020, the United States will fall short of workers with college and graduate degrees by 1.5 million, but will have a surplus of nearly 6 million

unemployed individuals who have not completed high school.<sup>15</sup> America is losing ground to other countries in producing more educated and skilled workers.<sup>16</sup> This critical mismatch must be addressed now to increase our nation's future competitiveness.

One silver lining is that as prospects for work have diminished, more youth are staying in high school and enrolling in college. School enrollment rates for teens ages 16 to 19 rose from 79 percent in 2000 to 85 percent in 2011. For young adults ages 20 to 24, rates rose from 31 percent to 38 percent.<sup>17</sup> Yet while these rates have improved overall, African-American, Latino and Native-American young adults are still substantially less likely to graduate than their white and Asian peers.<sup>18</sup>

Another modest bright spot is that despite the economic hardship, many young people remain optimistic about their futures. In large numbers, these youth say they hope to complete college and move on to successful careers. They recognize the challenges they face, yet seem resilient and fully willing to face them. Taylor Frome, founder of the YESPhilly youth center in Philadelphia, sees this among the young people she serves daily. Many tell her they dropped out of high school because they lost interest in academics or got caught fighting. Yet, she finds them serious and motivated about their coursework now.

"They know that dropping out of school is not going to work for them," says Frome. "They've developed some level of maturity and some insight about themselves. We have few discipline problems; we have few attitude problems."



## THE CHALLENGE OF RECONNECTING YOUTH

Policymakers have focused on disconnected youth on and off for almost five decades, starting with the Summer Youth Employment Program, Job Corps and the Neighborhood Youth Corps of the 1960s. More recently, the federal government has launched demonstration programs focusing on this population. Many of these efforts have been marked by heightened interest, visibility, commitment and innovation across systems. Yet, these efforts have failed to achieve the political constituency and funding necessary to build and sustain the systems and partnerships needed.

Why? The central answer is this: Reconnecting youth to education and employment requires a multifaceted approach. No one system or sector can do it alone, and a range of organizations and agencies must play an important role. But the various systems—workforce, K–12 schools, career and technical education, higher education, child welfare, juvenile justice and community development—often have conflicting priorities, target populations and metrics for success. Despite rhetorical and legislative language encouraging cross-disciplinary and cross-system approaches, funding streams and programs remain largely categorical and fragmented.

Consider the education field. We know that education credentials and connection to the labor market are crucial to economic success. The lifetime earnings of a high school dropout are estimated to be \$400,000 less than those of a high school graduate.<sup>19</sup> Yet, the path for youth through education systems and to the workplace is often limited to a narrow route in a single system.

Disconnected young people often lack the support for making the transition from high school to college. Even students who earn a high school diploma or a GED can find themselves mired in remedial programs in community colleges. They burn through any financial aid—if they are able to get it—on classes that do not bring any college credit.

Many youth will forego college and seek to enter the workforce directly. But in the workforce system, disconnected youth are

often invisible participants. Of the nearly \$6 billion allocated in the 2012 federal budget for U.S. Department of Labor employment programs,<sup>20</sup> very little is targeted to serve out-of-school, disconnected youth. Public funding is generally fragmented and often aimed at adults, rather than at young people building skills to move into the workforce. The \$824 million in federal support for youth employment programs<sup>21</sup>—the principal resource for disconnected youth—has never come close to meeting the need. High school dropouts compose one-quarter of the participants in youth employment programs in the system. But the limited dollars serve less than 1 percent of the eligible population.<sup>22</sup>

We should be investing a larger portion of the available funding—plus attracting new sources of investment—to reconnect these youth to education and training pathways that prepare them for jobs and economic success. And we should align goals, eligibility criteria and performance measures to improve efficiency and effectiveness across various funding streams.

## THE SOLUTION: CREATING MULTIPLE PATHS TO SUCCESS

Young people need multiple and flexible pathways to success that meet their varied needs—combining education, training and supportive services, plus strong relationships with adults.<sup>23</sup> Emerging research on brain development has shown that adolescents' brains are still developing through early adulthood. In their transition to adulthood, young people need positive work experiences early on to develop self-management skills to meet the day-to-day demands of family, work and community. For young people to thrive, especially those who are most vulnerable, they need a network of resources to tap into, as well as supportive adult relationships in their lives.<sup>24</sup>

Several local communities are pulling resources together across systems and sectors to get youth in high-poverty communities re-engaged and onto pathways to success, despite the limited federal funds focused specifically on disconnected youth.<sup>25</sup> Some states and school districts have developed ways for school systems to

Reconnecting youth to education and employment requires a multifaceted approach. No one system or sector can do it alone, and a range of organizations and agencies must play an important role.

devote per-pupil expenditures to create community-based and back-on-track options that re-engage dropouts.<sup>26</sup> Project U-Turn in Philadelphia, a program supported by the local school system, has created a customized pathway that allows older teens with fewer academic credits to earn a high school diploma or GED.

Yet, in the end, work itself is the strongest and most effective “program.” Early job experience increases the likelihood of more work in the future,<sup>27</sup> as well as more employer-sponsored education.<sup>28</sup> A continuum of work experiences from the teen years onward—including volunteer and community service, summer and part-time jobs, work-study experiences, internships and apprenticeships—build job-readiness skills, knowledge and confidence. These encompass not just workplace and financial skills, but also the broader “soft skills” of taking responsibility and initiative, working in teams, focusing on problem-solving and learning how to contribute. Despite

the lack of jobs in the private sector, youth participating in school or other public systems—including foster care and juvenile justice—should be provided with subsidized work and/or work-like activities such as community service. Providers running youth programs should also be encouraged to hire young people.

### **TAKING ACTION: HELPING DISCONNECTED YOUTH GET BACK ON TRACK**

Local and national conversations—advanced by the White House Council for Community Solutions—are already under way about the depth and urgency of the youth unemployment crisis. National advocacy groups such as Opportunity Nation, the Aspen Forum for Community Solutions, the Forum for Youth Investment, Young Invincibles and the Campaign for Youth<sup>29</sup> have made disconnected youth and the need for collective solutions

#### **CASE STUDY**

### **In the South Bronx: A Pathway to Success**

When it takes a high school diploma to get a job flipping burgers, where does that leave the high school dropout? That’s the question the FEGS Bronx Youth Center is striving to answer. The program serves 800 young people in the South Bronx who are trying to connect to school and work.

Many of the students have dropped out of high school and want to earn a GED so that they can get a job. The youth center helps them prepare for the equivalency exam and, when necessary,

shore up underlying academic and job-readiness skills.

If the students go on to community college, then the youth center provides an advisor who can help them navigate the system and connect them to study sessions and tutors. The center also directs students to subsidized internships, where they can gain valuable experience working at a business. Philanthropic and government grants subsidize their pay, and the center’s advisors continue meeting with the young

workers and visiting them at their workplace.

The youth center is one of eight organizations that form the Bronx Opportunity Network, which connects young people to work and postsecondary education. The organizations provided intensive academic programs in the summer of 2011 and tracked the students’ progress. Of the 105 students who went to community college that fall, 83 percent continued into the spring semester. Collectively, they earned 309 credits.



their top priorities. The following recommendations seek to build on this national momentum and respond to the challenge of getting disconnected youth on track toward economic success. Three principles are implicit in these recommendations.

First, the voices of young people must be an essential part of the work going forward. Where successfully engaged—such as on youth leadership boards in the 15 sites of the Jim Casey Youth Opportunities Initiative, which helps foster youth transition successfully to adulthood and build financial independence—young people have been valuable in guiding decision makers about their families and the needs in their communities. Young people need to design what works for them, and they can provide crucial advice on how to do that effectively.

Second, the population data tell us that black, Hispanic, male and low-income youth are experiencing the greatest difficulty in achieving early success in the workplace. Closing racial and economic disparities must be a central focus of strategies for building youth economic success. To that end, it is imperative that solutions—such as the Campaign for Black Male Achievement that promotes education and skill building for work, leadership development and responsible fatherhood<sup>30</sup>—are tailored to diverse youth populations and connected to the systems and institutions that have impeded this success.

And finally, our work going forward must rely on the best possible information, data and evaluation. Continuing to build evidence on what works will be essential.

Demonstration programs that follow youth from high school through college and into the job market will help build a path to improving results, which is critical to justifying expanded investments in the most effective strategies.

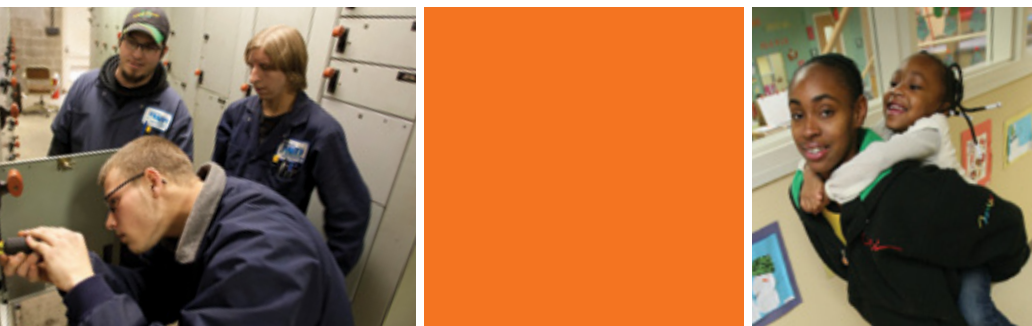
### I. For national policymakers: Develop a national youth employment strategy

The problems facing young people disconnected from opportunity and financial success—and the implications of those problems for the nation as a whole—call for an ambitious, focused national effort. The scope of the challenge demands a unified strategy that mobilizes public and private institutions, secures adequate funding and ensures effective, accountable programming. Such a national strategy must encompass philanthropic organizations, nonprofits, government and especially business leaders, who need prepared and skilled workers most acutely. Drawing from the lessons of previous efforts, the strategy should include policies that do the following:

- Promote adequate and flexible funding that follows youth across systems, even those out of school;
- Identify and provide enhanced support for disconnected youth populations, including young parents;
- Link funding to more meaningful outcomes—for example, degree or credential attainment, rather than enrollment; employment, rather than training—so that the focus is on accountability, performance and results, not process;

**“It used to be that high school dropouts could at least find entry-level jobs. Now, even the local McDonald’s is requiring a GED. We have a generation of young adults who are growing up without any work experience.”**

Courtney Hawkins, vice president of the FEGS Bronx Youth Center



- Streamline systems, such as creating more efficient and accessible financial aid programs;
- Create incentives—such as a youth payroll tax credit—to encourage more businesses to hire young people and to inspire youth to stay engaged; and
- Track outcomes across systems so that programs can prioritize the needs and progress of disconnected youth in education and work.

With several major federal agency programs up for reauthorization, such as the Career and Technical Education Act and the Workforce Investment Act,<sup>31</sup> now is the time to work together to align goals and create new youth incentives for skill building and job creation in both the public and private sectors. Additionally, broader national policies related to reforming our tax, budget and fiscal policy and promoting economic growth need to be carefully assessed in terms of their overall effect on job creation and opportunities for youth.

## 2. For communities and funders: Align resources for collective results

At the community level, disconnected young people have historically relied on little more than a collection of public and nonprofit agencies, or stand-alone programs, all supported by a fragmented array of funding sources. The result, not surprisingly, is a lack of coordinated attention to the overall needs of a community's population.

The development of strong, youth-focused collaborative efforts with multiple

public and private stakeholders at the community level is crucial. The lessons of the federally sponsored Youth Opportunity Grant Initiative, as well as efforts in several leading cities designed in collaboration with mayors, provide clear guidance for how such initiatives can succeed. Local education agencies and the workforce community must partner to create support networks and avenues to help youth complete high school, build skills and obtain jobs and careers. To build these partnerships, community organizations need to work with the private sector, as well as design programs that align the use of funds, enrollment and eligibility criteria, performance measures and reporting requirements.<sup>32</sup>

Several examples of local partnerships provide encouraging signs. National organizations such as Jobs for the Future, the National League of Cities and Center for Law and Social Policy are helping local communities to build cross-sector partnerships that are navigating such complex public systems as child welfare and juvenile justice. A number of cities and states have created intermediaries or collaboratives—Philadelphia Youth Network, San Diego Workforce Partnership, JobsFirst NYC and the Maine Youth Transition Collaborative—that demonstrate how such partnerships can align goals and achieve them. Additionally, the newly launched Aspen Forum for Community Solutions will provide \$5 million to \$10 million in incentive funds for cross-sector partnerships across the country next year.

FIGURE 2

## Creating Multiple Pathways to Success

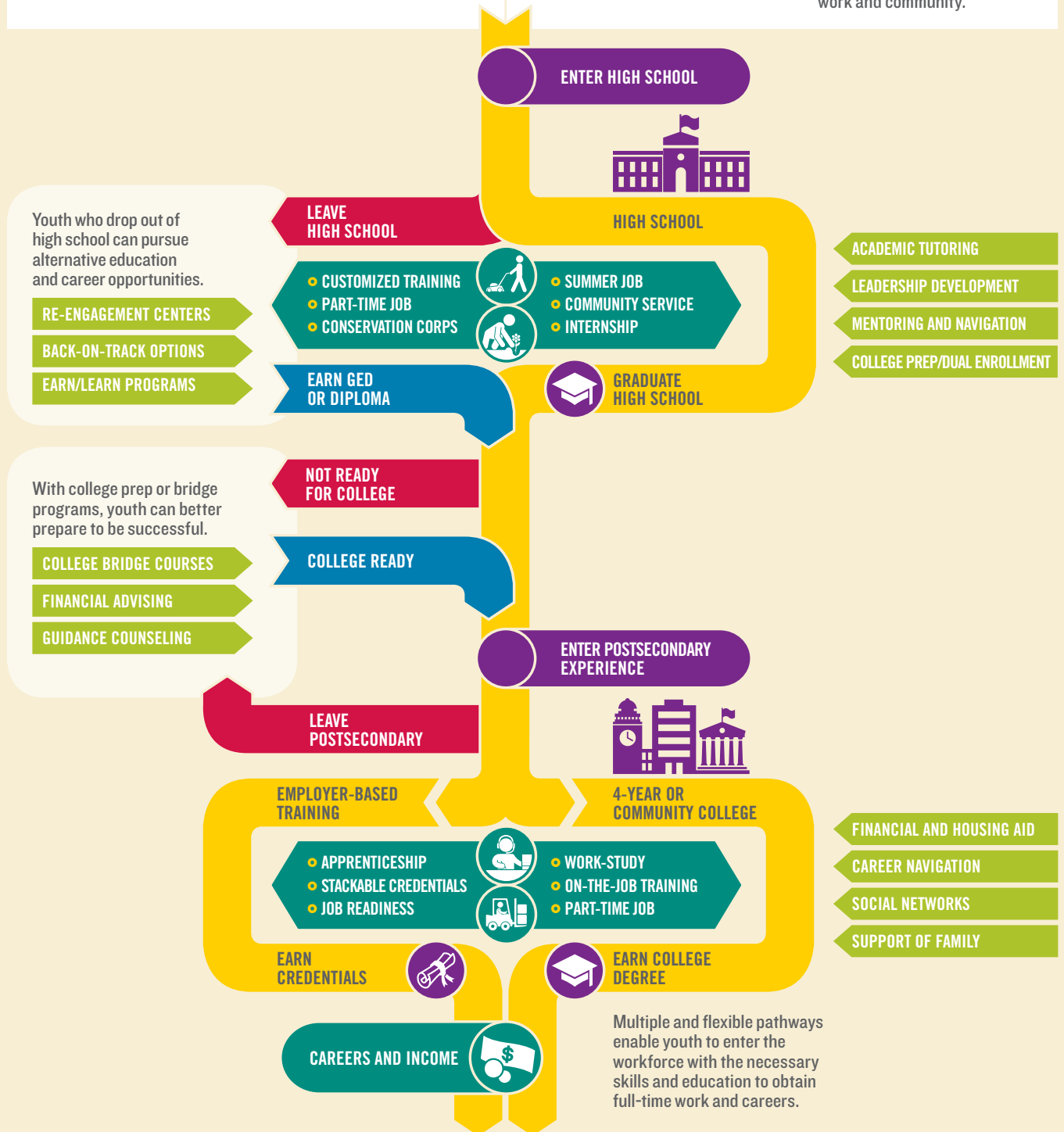
Young people need multiple and flexible pathways to achieve credentials, employment and economic success—combining work experience, education, training and supports.

### WORK EXPERIENCE

Work experience can help youth build skills and can open up valuable opportunities as youth prepare for work and a career.

### COMMUNITY SUPPORTS

Community supports are needed to help youth get back on track; stay on track; and get help navigating school, work and community.



### 3. For practitioners: Scale up successful pathways to work and credentials

Through careful evaluation, we know what works in helping disconnected youth achieve economic success, from career academies to programs, such as the National Guard Youth ChalleNGe. A recent review of select program evaluations indicates that students can earn GEDs and college credit as they achieve short-term income gains through programs that provide adult mentorship, plus a mix of academic and occupational training, work experience and supports.<sup>33</sup> These initiatives offer rich lessons on building partnerships at the local level that link workforce and education priorities. We have also learned the importance of providing a full range of work experiences, from community service and internships to apprenticeships and year-round jobs.

Corporation for National and Community Service programs, such as AmeriCorps, could provide additional work opportunities

for disconnected youth through service in communities across the country. Creating stronger attachment to the surrounding community in work-related settings is an effective way for youth to strengthen connections to work and earn a modest income.<sup>34</sup>

YouthBuild, Year Up and other initiatives have shown success in combining work, academic enrichment and training with ongoing support from coaches and mentors. Though programs with multiple components are generally more costly to operate, they add value by providing needed supports and connections to high-quality skills training, higher wage sectors and careers.<sup>35</sup>

Successful adult workforce programs could also be expanded to serve youth. One national model for adults is the National Fund for Workforce Solutions, which has built funding and workforce partnerships in more than 30 communities and partnered with businesses ready

#### CASE STUDY

### In Los Angeles: A Young Mom in School and Working

Haydee Almanza didn't think she would need a high school diploma when she dropped out at age 18. She didn't think she'd need it when she found a steady job at a Los Angeles clothing shop. It wasn't until she had her first child at 21 that the reality hit her. "I wanted my son to have a parent with a high school diploma," says Almanza, now 25. "I wanted to finish. I wanted him to know what was possible."

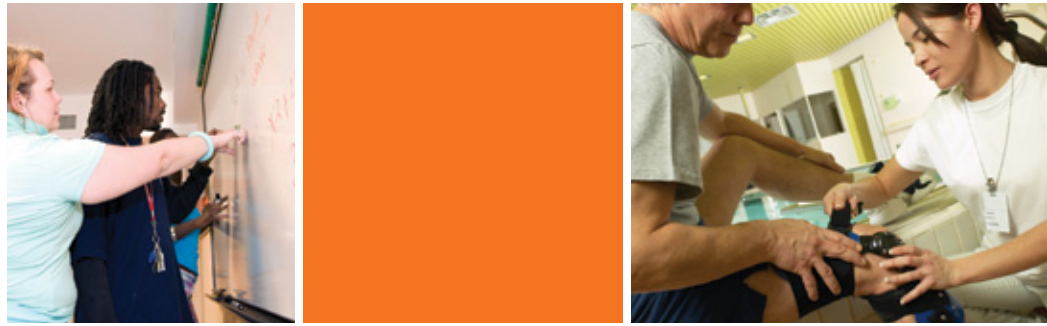
Almanza looked into several adult education programs, but found they cost too much money or made it hard to keep her job. Her family didn't believe she was serious and wouldn't support her. Then she found a brochure for the Los Angeles Conservation Corps.

The program provides academic support, as well as employment opportunities, for young people ages 18 to 24. Students in the Young Adult Corps take eight-week blocks of

high school classes, alternating with eight-week blocks of paid, on-the-job training. Almanza earned her high school diploma in four months and is now in her second year at a community college. She hopes to transfer those credits to a four-year college and study fine arts or sociology.

Almanza, who now has two children, also works part time for the Conservation Corps, helping to recruit students like herself into the program.





to hire. These sites could expand to serve youth by offering new “earn/learn” initiatives in specific industry sectors. Employers already involved in these partnerships might be encouraged to expand their investments to serve young people and help address skill shortages that will emerge as older workers retire.

Importantly, postsecondary education is now becoming more focused on work and careers. Career pathway programs that provide not only college credentials, but also immediate connections to work experience are seeing promising results. Innovative community colleges and other cross-sector collaboratives have widened the range of training and education in partnerships with community-based programs, especially with more vulnerable populations, such as youth in foster care. These innovative partnerships include Washington state’s I-BEST Program, which combines two teachers in the classroom—one teaching basic academic skills and the other, industry skills—so that students can advance in school and a career at the same time. Other examples include Jobs for the Future’s Back on Track initiative, the Gateway to College National Network and the National Youth Employment Coalition’s post-secondary initiatives.

We also need to consider innovative financing strategies to support these key priorities. Minnesota, for example, passed the 2011 Minnesota Pay-for-Performance Act and authorizes \$10 million in state appropriation bonds to fund human services that achieve outcomes for the

people served and a positive return on investment. The bonds are purchased by financial investors seeking a monetary return as well as social investors seeking a positive social impact.<sup>36</sup>

With continued evidence on what works for youth, now is the time to scale up programs and practices that provide successful pathways to build skills, get jobs and begin careers.

#### 4. For public and private investors: Support enterprise development that produces new jobs

Innovative approaches to job creation are essential in a time of slow job growth and government funding constraints. Two options to explore are social enterprise and microenterprise. Social enterprises are organizations of any size that focus on creating jobs and generating revenue. They often leverage private resources and public subsidies to create jobs for people who have difficulty in finding work. Microenterprises are very small businesses that generally have fewer than five employees. These enterprises have historically benefited those populations who have not been served by banks and traditional business assistance programs, such as minority and women business owners.

Social enterprises often enter into commercial or government contracts for a fee, in areas that range from landscaping and neighborhood cleanup to facilities management and retail sales. Social enterprises also support their employees to ensure that they develop a full range of workplace, personal and financial skills.

**With continued evidence on what works for youth, now is the time to scale up programs and practices that provide successful pathways to build skills, get jobs and begin careers.**



Addressing the challenges at hand—skills, technology and globalization—will require a vastly different scope of involvement on the part of business leaders and expanded public policy incentives.

One of the largest organizations focused on employment social enterprise is REDF, a nonprofit founded by George Roberts of KKR. During the past 15 years, San Francisco-based REDF has built social enterprises that have generated \$120 million in revenues and 6,700 jobs. More than half of those hired were African American or Latino, and about 60 percent were under age 25.<sup>37</sup>

Other well-known social enterprise examples include Goodwill, which has 165 independent, community-based organizations in the United States and Canada that run more than 2,600 retail stores with donated goods. Goodwill earned retail sales of \$2.6 billion in 2011, which helped provide employment and skills training programs for 4.2 million people and job placements for 189,000.<sup>38</sup>

A few social enterprises focus solely on youth workers. New Avenues for Youth, which owns and operates ice cream PartnerShops, works with Ben & Jerry's in Portland, Oregon. Youth Venture—in both New England and the San Francisco area—has created teams of low-income young people and provided them with the resources and mentors to lead their own social ventures. This momentum builds on the entrepreneurship classes and competitions offered at many high schools and colleges across the country.

Microenterprises, on the other hand, have been an alternative path for individuals to gain work and business experience and a way to grow household income. In 2010, the Aspen Institute's FIELD estimated that practitioners serving these

very small business owners (called micro-enterprise development organizations, or MDOs) had more than 350,000 participants. On average, these owners were women, racial or ethnic minorities and workers with household incomes below 80 percent of the area's median income. In addition, the businesses achieved a positive return on investment and appeared to be a cost-effective way to both create new jobs and move people into the labor market, especially those who have faced barriers to entering the traditional workforce.

Enterprise development could open up new avenues of public and private investment to help stimulate job creation—especially for young people.

## 5. For employers: Create career pathways and jobs for young people

In many past initiatives, the role of the private sector in youth policy has been more symbolic than substantive. Addressing the challenges at hand—skills, technology and globalization—will require a vastly different scope of involvement on the part of business leaders and expanded public policy incentives. Expanding employment opportunities for youth requires business partners willing to develop talent and skills pipelines for their competitive advantage.<sup>39</sup> Businesses can build on the work of Corporate Voices for Working Families, Year Up and others,<sup>40</sup> which are working to engage employers to help young people obtain skills and employment. These efforts benefit businesses through employee retention, diversity and a talent pipeline.

That has been the experience at UPS, which created the innovative Metropolitan College program in 1998 to bring new workers into Worldport, its international air hub in Louisville, Kentucky. The Metropolitan College program pays 100 percent of the in-state, undergraduate tuition rate at the University of Louisville or Jefferson Community and Technical College and \$65 per class for textbooks. UPS, which receives a 50 percent state tax credit for these expenses, funds the full cost of academic bonuses for students who reach certain milestones in their education.

The city of Louisville and the colleges contribute funds for academic counseling and workforce development resources. “This is good for students, but it also helps us retain a reliable workforce of part-time workers,” said Kelli Stamper, workforce development manager at the Louisville site. Workers involved in the program stay an average 145 weeks, compared to eight weeks for workers before the program began.

## **6. For policymakers and practitioners: Take a two-generation approach**

At least one-fifth of America’s disconnected youth, or about 1.4 million young people, have at least one child living at home. This parenthood rate for disconnected youth—21 percent—is twice the rate for all young people ages 16 to 24. Additionally, of the 2 million children growing up with these young parents, 1.1 million live in households without a caregiver who is employed and 961,000 are in households with incomes less than \$20,000 per year.<sup>41</sup>

We know from research that low family income and the instability and stress that come with growing up poor can have lasting effects on the way children think, learn and adapt. We also know that supportive child-focused initiatives can help mitigate the negative consequences for children who grow up in poverty, including services provided to parents and children in the home or in early care settings.<sup>42</sup> However, sites rarely bundle services and support for parents and children—such as those for parents that focus on building skills, obtaining a job and achieving credentials and those for children that

provide access to in-home visits or early childhood programs.

We need to develop two-generation models that foster economic stability for the parents and positive early childhood development for their children. A parent and young child can benefit from policies such as those that help parents navigate the complexities of family, work and community and provide children with access to high-quality early care and education assistance. We don’t want parents to have to choose between going to school or work and caring for their child.

The Annie E. Casey Foundation and programs such as the Aspen Institute’s Ascend are working to help advance the field of two-generation interventions. We need to promote policy reforms that help organizations align resources and goals for parents and children in the same family and strengthen families overall.

## **CONCLUSION**

If ever there were a time to undertake a sustained effort to strengthen our systems and create new opportunities for young people whose needs have been neglected, it is now. The world is changing. The global economy demands more highly skilled workers, and advancing technology only raises the stakes. Yet our education and workforce systems, although improving, are not keeping pace.

We must transform our response to meet the needs of young people. A more flexible, focused and nimble approach is required now. More than ever, our efforts must dovetail with the needs of employers who must respond to the emerging economy with the best prepared talent possible.

There should be no illusion about the challenge. It will require sustained effort, new and redirected resources and the widest range of dedicated stakeholders—public, private, philanthropic—to make it work. Thankfully, there is growing momentum for action. Our nation can no longer afford to forsake the talents of our youth if we hope to be economically competitive in the global economy and if we want to ensure that all young people have access to the American dream of economic prosperity.

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