

OPENING THE DOOR

HOW COMMUNITY ORGANIZATIONS ADDRESS THE YOUTH UNEMPLOYMENT CRISIS

By Adria Steinberg and Cheryl Almeida | JUNE 2015



Few Americans know the importance of community-based organizations, or CBOs, in helping tens of thousands of undereducated, underemployed young people find a job or go back to school. But the role of CBOs is growing more critical as the business, education, and philanthropic sectors increasingly recognize the need to enable the nation's millions of high school dropouts, and others disconnected from school and work, or "opportunity youth," find their way into civic life and the workforce.

Ensuring greater and more stable funding for CBOs—and involving CBOs in developing local and regional career pathways—can help to mitigate the unemployment crisis among undereducated youth. It will also help more young people pursue educational and job opportunities that will benefit neighborhoods and families. And it will help create a better-prepared workforce at a time when many companies can't find the talent they need.

The most effective youth-focused CBOs provide various combinations of education, wraparound supports, job training, and placement as part of clear, easily accessible "on-ramp programs" for these young people that put them on a path to credentials and careers. But even the CBOs that provide the key components of effective on-ramp programs struggle to make their efforts visible to civic and community leaders, policymakers, and funders. This creates ongoing challenges for CBOs in developing, expanding, and sustaining on-ramp programs and limits

their ability to help the growing number of young people searching for education and employment.

This report aims to lift the veil for policymakers and other leaders about on-ramp programs and how they can help solve the youth unemployment challenge and improve their local workforce.

THE CRISIS IN YOUTH UNEMPLOYMENT

This is an especially important moment to pay attention to the potential contributions of community-based organizations. The nation desperately needs to build more bridges for opportunity youth—the 6.7 million Americans ages 16-24 neither in school or work, sometimes called disconnected youth.

Unemployment has reached its worst period since the beginning of World War II for older teens and young adults. Many of these youth are from low-income and minority families. Employment has fallen even more sharply among teenagers ages 16-19—from 45 percent to 26 percent overall (and as low as the single digits for some groups). High school dropouts saw the largest drop in employment rates, from 51 percent in 2000 to 28 percent in 2011. Black families are most affected; about 42 percent of black young people are unemployed or underemployed. But more than one in five white, Asian, and Hispanic young people are in similar situations.

HOW COMMUNITY-BASED ORGANIZATIONS CAN HELP SOLVE THE PROBLEM

This report is based on the groundbreaking work of four CBOs in California that participated in Opportunity Links for Youth, an initiative supported by the James Irvine Foundation. With support from Jobs for the Future, these CBOs are tackling the essential work of helping young people develop the skills and credentials they need for entry and advancement in growing career fields.

The CBOs in the Opportunity Links initiative usually provide a progression of educational and employment experiences that lead to a valuable career credential. Some brief examples of these programs:

- ▶ Adjacent to a high school, **Youth UpRising** works with high school juniors and seniors who are too far behind to graduate. This CBO combines online credit recovery with career on-ramping—including paid work—in conjunction with an online college.
- ▶ **First Place for Youth** serves young people transitioning out of foster care, most of whom need housing support and as well as significant education and employment support to achieve self-sufficiency. Career and employment specialists help them build job-readiness skills and access the academic training and career exposure they need to be successful in industry-recognized certificate programs.
- ▶ **Youth Radio** works with a local college to offer young people the first in a sequence of media design courses. Credits count toward a two-year degree or other credential in multimedia. Students can move into 25-hour-a-week internships with employers to enhance their skills and build connections in the field.
- ▶ **Taller San Jose** works with colleges to lead students toward certificates in medical assisting, medical billing and phlebotomy. Through the CBO's relationships with medical providers, students who complete the 16 weeks of training (a high percentage do) then participate in four-week externships, with many hired for a permanent job post the externship.

HOW TO CALCULATE THE COSTS— AND POTENTIAL PAYOFFS

The costs to our economy, society, and communities of having large numbers of young people who are not connected to school or the labor force are well documented. On average, the lifetime economic consequence of disconnected youth for taxpayers in lost tax payments and the costs of law enforcement, Medicaid, and other public resources is estimated to be \$235,680 (in 2011 dollars) for every 20-year-old who remains disconnected (Belfield, Levin, & Rosen 2012).

Even a modest scale-up of on-ramp programs for only 500 young people a year, with half of those youth completing a first credential and finding employment, would yield \$58.9 million in additional taxpayer revenue and cost savings.

Yet youth-serving CBOs struggle to find financing for even the basics of on-ramp programming. Separating out the cost of technical training—which can be pricey, especially when combined with college credits or steps toward industry credentials—the costs of on-ramp programs at the organizations featured in this report range from \$3,200 to \$4,100 per youth. These costs include staffing to provide the key supports young people need, such as teaching and mentoring to build career-readiness skills and help close gaps in learning. There are other costs associated with getting and internship or a job, such as transportation and testing fees—all of which can be major hurdles for low-income young people.

Costs escalate when the CBO covers full community college tuition and fees and/or on-site technical instructors. But access to college credit is critical for many students—and can pay off for everyone involved. The organizations featured here were able to lower costs when they could negotiate with community colleges to cover some of the tuition or instructors' time and could find employers willing to cover portions of internship salary or stipends. Federal grants can sometimes help with these costs.

HOW LOCAL, STATE, AND FEDERAL POLICIES CAN HELP

Recognition of the potential returns from investing in CBO on-ramps is beginning to be reflected in state and federal policy.

For example, Oregon and Washington allow per-pupil funding to flow to CBOs. Washington has a well-developed framework that allows school districts, community colleges, and nonprofit organizations alone or ideally in partnership to offer high school diplomas or equivalents and/or postsecondary certificates—plus a range of supports for students.

State policies can also foster cost-sharing to sustain and scale this work. Tax deferments for employers and performance-incentive funding for community colleges can encourage employers and colleges to share the costs of tuition and fees or for instructors and interns—essential steps in sustaining on-ramp programs.

At the federal level, the Performance Partnership Pilot will allow 10 communities to blend funds from different federal agencies to support such programs for opportunity youth. Also, the passage of the Workforce Investment Opportunity Act in 2014 may help to expand services. The law requires 75 percent of its funds for youth programs to be spent on out-of-school youth—providing more resources than in the past, although still not enough. The law also increases the highest age of eligibility for out-of-school youth from 21 to 24, allowing more students to be served as they work to complete postsecondary or career credential.

Such policies will help to demonstrate the value of CBOs in providing on-ramps as part of the growing movement to create more pathways toward career credentials for opportunity youth. Even modestly scaling up on-ramp programs will likely result in significant fiscal benefits for the nation—and help millions of young people and their families along the way.

Download the full report, *Opening the Door: How Community Organizations Address the Youth Unemployment Crisis*, at <http://www.jff.org/publications/opening-door-how-community-organizations-address-youth-unemployment-crisis>

Jobs for the Future works with our partners to design and drive the adoption of education and career pathways leading from college readiness to career advancement for those struggling to succeed in today's economy. Across the country, we work to improve the pathways leading from high school to college to family-supporting careers. Our work aligns education and training to ensure that employers have access to a skilled workforce.



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