# Toward a Better Future

Evidence on Improving Employment Outcomes for Disadvantaged Youth in the United States



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### **Overview**

In the aftermath of the Great Recession of 2007-2009, youth unemployment in the United States reached its highest level since the Second World War. Only about half of young people ages 16 to 24 held jobs in 2013, and recent estimates suggest that about one in five people in this age range — 6.7 million people — were neither working nor in school. The recession has taken an unprecedented toll on the economic prospects of young people, and recovery for them has been the slowest. According to one estimate, persistent high unemployment among young people has resulted in up to \$25 billion a year in uncollected taxes and, to a lesser extent, higher expenses on safety net programs. Increased investment in strategies to improve the employment prospects of youth, especially those who are economically disadvantaged, is necessary to confront this growing problem and to ensure a better future for the next generation.

To date, most efforts to improve labor market outcomes for young people have focused on supplyside strategies to build human capital and have included some combination of education, training, work experience, and developmental activities to produce a better supply of skilled, employable youth. But relatively little attention has been paid to the demand side of the labor market equation the private employers who account for the lion's share of jobs in the U.S. economy. Many programs that prepare youth for work by providing education, training and employment services are often not backed by an appropriate demand for particular skills in the local labor market. These programs have also historically lacked strong employer partnerships to create job opportunities for the youth they serve. Thus, while these programs increase the supply of new workers in the labor market, these workers are not necessarily placed in new jobs created for them and often displace existing workers. A demand-driven approach to workforce development with strong employer participation should be a vital component of any policy response to youth unemployment, since the private sector is a direct source of jobs and can also provide training to improve career mobility for youth in the long run.

This paper draws from an MDRC review of literature (funded by The Rockefeller Foundation) on labor market trends and employment-related programs for youth over the past 30 years. It aims to inform the search for demand-side solutions by providing a better understanding of: (1) factors that potentially drive high rates of unemployment among young adults; (2) the current state of evidence on employment-related interventions for youth, especially economically disadvantaged youth; and (3) future directions for change that involve stronger employer involvement.

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#### Part 1

## Introduction

Young adults are typically employed at a much lower rate than the rest of the population, even during periods of economic growth. (See Figure 1.)<sup>1</sup> The unemployment rate for young workers averages around twice the rate for older workers at any time, as young adults "churn" from job to job and are not as settled into a job with one employer or into a career as older workers are. Youth unemployment is also more sensitive to the economic cycle than adult unemployment, and the Great Recession of 2007-2009 saw a steeper decline in youth employment than any previous recession — both in terms of the employment rate of young people and their number in the labor force.<sup>2</sup> Young people are not only unemployed, many have stopped actively looking for jobs and are out of the labor force altogether. In addition, an increasing number of youth are underemployed (looking for full-time work but working part time) and "mal-employed" (working in a job that does not use their education and skills).<sup>3</sup>

Employment trends for young adults vary greatly across age, gender, education level, and race and ethnicity. Teens aged 16 to 19 experienced the most drastic decline in labor force participation rates in the last decade (from 52 percent in 2000 to 34 percent in 2013); the drop in labor force participation rates for young adults aged 20 to 24 was less dramatic but significant nonetheless (from 78 percent to 71 percent).<sup>4</sup> The decline in youth labor force participation, especially for the youngest in the population, is thought to be driven partially by their increased pursuit of higher education. Interestingly, the share of in-school youth who work has dropped considerably in the last decade: 46 percent of youth enrolled in any school (high school or college) were employed in 2000, whereas only 33 percent of in-school youth worked in 2012.<sup>5</sup>

Less-educated young adults have been more vulnerable: The unemployment rate for college graduates between the ages of 20 and 24 was about 8 percent in 2011, whereas about 22 percent of youth with only a high school diploma or an equivalent credential and 29 percent of high school dropouts were unemployed in the same age range.<sup>6</sup> However, the benefits of postsecondary education are not distributed evenly among young people, and the recession

<sup>&</sup>lt;sup>1</sup>In this paper, "youth," "young adults," etc., generally refer to 16- to 24-year-olds unless otherwise mentioned.

 $<sup>^{2}</sup>$ Edwards and Hertel-Fernandez (2010).

 $<sup>^{3}</sup>$ Sum (2011).

<sup>&</sup>lt;sup>4</sup>U.S. Bureau of Labor Statistics (2014).

<sup>&</sup>lt;sup>5</sup>Child Trends DataBank (2013).

<sup>&</sup>lt;sup>6</sup>Snyder and Dillow (2013).

#### Toward a Better Future: Evidence on Improving Employment Outcomes for Disadvantaged Youth in the United States

#### Figure 1.1

#### Youth Unemployment, 1948-2013



SOURCES: Bureau of Labor Statistics (2013) and National Bureau of Economic Research (2013). NOTE: Vertical bars indicate periods of recession.

exacerbated existing racial disparities in the labor market. The unemployment rate for young black college graduates was more than 13 percent in 2011 — about double the rate for young white college graduates.<sup>7</sup>

Black youth experienced the greatest decline in employment among racial groups in the past decade. When unemployment peaked in 2010, the jobless rate for black youth between the ages of 18 and 24 (30 percent) was more than twice as high as the peak unemployment rate for young whites (14 percent) and also greater than the rate for young Hispanics (20 percent).<sup>8</sup> Young black men fared the worst: Fewer than half of black men between the ages of 20 and 24 were working in 2012, compared with about 68 percent of white male youth.<sup>9</sup> In general, young men of all races fared worse than their female peers, especially among the less educated. Among 16- to 24-year-olds who had only a high school diploma or less and were not enrolled full time in school, the drop in employment rates between 1979 and 2010 was far more drastic for men of all races than for women.<sup>10</sup>

The numbers suggest that youth unemployment is a multidimensional and complex problem and that attempts to find solutions must take account of the heterogeneous nature of the unemployed youth population. The rest of this section discusses a few key factors that have caused low rates of employment among America's youth, focusing on the challenges that economically disadvantaged youth face in today's labor market.

#### What Is Driving Youth Unemployment?

As previously mentioned, the job market for young adults is highly sensitive to the economic cycle, and the severity of the most recent recession is certainly a key factor behind the current state of youth unemployment. An estimated 11 million jobs were lost during the Great Recession, and some primary employers of young people, such as the retail industry and the leisure and hospitality sector, saw big losses in jobs.<sup>11</sup> The decade between 2000 and 2010 was also the worst for the U.S. economy in over 50 years, as the housing and the investment bubble burst and the economy created zero net jobs.<sup>12</sup>

Long-term shifts in the relative demand for labor in the country are also part of the story. Globalization and sweeping technological changes have led to a polarization of the American labor market in the last 20 years with "expanding job opportunities in both high-skill, high-

<sup>&</sup>lt;sup>7</sup>Snyder and Dillow (2013).

<sup>&</sup>lt;sup>8</sup>Carnevale, Hanson, and Gulish (2013).

<sup>&</sup>lt;sup>9</sup>Harris (2013).

<sup>&</sup>lt;sup>10</sup>Edelman and Holzer (2013).

<sup>&</sup>lt;sup>11</sup>Edwards (2010); U.S. Congress Joint Economic Committee (2010).

<sup>&</sup>lt;sup>12</sup>Irwin (2010).

wage occupations and low-skill, low-wage occupations, coupled with contracting opportunities in middle-wage, middle-skill white-collar and blue-collar jobs."<sup>13</sup> Young men, especially those without a postsecondary degree, were most adversely affected by the deep declines in employment in construction, manufacturing, and transportation industries. Some experts have argued that these structural changes that have reduced relative demand for less-skilled, blue-collar labor, as well as stagnating wages, have led young men to give up on "mainstream possibilities and institutions" and withdraw from the formal labor market.<sup>14</sup> Young women, whose postsecondary enrollment and attainment rates have surpassed those of young men, have more successfully adapted to the shifts in the labor market.<sup>15</sup>

While middle-wage, middle-skill jobs have declined as a share of total jobs, they still account for roughly half of all jobs in the United States.<sup>16</sup> Historically, these jobs were available to workers with high school credentials, or sometimes even less; however, the middle-skills jobs of today require more education and skills, mostly to meet increasing technological demands. A "middle-skill" job is now defined as one that requires some education beyond high school but not a four-year college degree.<sup>17</sup> In fact, nearly 60 percent of all job openings now require at least some postsecondary education or training.<sup>18</sup>

To compete in this changing labor market, more and more young people are seeking higher education. Full-time school enrollment rates among 16- to 24-year-olds without any postsecondary credentials have doubled in the last 30 years (from 25 percent in 1979 to 51 percent in 2010).<sup>19</sup> However, rates of postsecondary completion and attainment of credentials have not kept pace with enrollment rates, especially among low-income youth.<sup>20</sup> The understanding that higher educational attainment can improve one's labor market outcomes is pervasive, yet it has not led to major improvements in academic outcomes among disadvantaged youth, who often lack access to early opportunities and structural supports to properly prepare them for academic institutions and the job market.

Many low-income youth enter the workforce at a disadvantage due to systemic barriers related to poverty, and often race. The career trajectories for more affluent youth can be relatively straightforward and begin to form in early childhood: Many receive quality preschool education, complete high school, attend a postsecondary institution, and then enter the labor

<sup>&</sup>lt;sup>13</sup>Autor (2010), p. 1.

<sup>&</sup>lt;sup>14</sup>Edelman and Holzer (2013), p. 10.

<sup>&</sup>lt;sup>15</sup>Autor (2010); Carnevale, Hanson, and Gulish (2013).

<sup>&</sup>lt;sup>16</sup>Holzer and Lerman (2009).

<sup>&</sup>lt;sup>17</sup>Achieve (2012).

<sup>&</sup>lt;sup>18</sup>Carnevale, Smith, and Strohl (2010).

<sup>&</sup>lt;sup>19</sup>Edelman and Holzer (2013).

<sup>&</sup>lt;sup>20</sup>Bailey and Dynarski (2011).

market in a full-time capacity. Along the way, these young people receive financial and emotional support from their families and communities, who are generally well educated, as well as opportunities to explore careers and gain work experience through their personal and professional networks. Unfortunately, such linear educational and employment trajectories are not common among poor youth, who often go off a career track because of barriers associated with poverty (limited transportation or unstable housing, for example), and become disconnected from school and/or work.

Gaps in academic achievement develop early in childhood between poor children and those from families who are better educated and can make a greater investment in their children's education and well-being. By the time they start kindergarten, children from poor families are already behind their more affluent peers in reading and math, and that gap only widens as they continue in school.<sup>21</sup> They also face many threats to their social-emotional development — such as family or housing instability and neighborhood violence — that can affect their school experiences and social outcomes for years to come. Low-income students are five times more likely to drop out of high school than their peers from high-income families.<sup>22</sup> Students in high schools with large numbers of low-income students enroll in college at a much lower rate; and once enrolled, they are less likely to persist to the second year, often because they lack financial resources.<sup>23</sup> Even high-achieving students from low-income families face an uphill battle in their pursuit of higher education, as many do not get the guidance and support they need to prepare for college.<sup>24</sup> Poor youth often move back and forth between school and low-wage work, or combine both while working on their credentials, lengthening their transition to a meaningful career path.

In addition to barriers related to academic achievement, the lack of personal and professional network connections to well-paying jobs is also thought to hinder the labor market progress of low-income youth. It is estimated that about half of all workers in the United States find their jobs through personal connections.<sup>25</sup> Family and neighborhood factors, such as having a lower number of employed family members or living in a high unemployment area, may "degrade the job network" of poor and minority youth because fewer people are able to pass along information about employers or job openings.<sup>26</sup> The latest sociological research suggests that "racial minorities, particularly low-income minorities, have access to job contacts, but may be unable to effectively make use of their contacts' social capital for a job search."<sup>27</sup> While the

<sup>&</sup>lt;sup>21</sup>Lee and Burkam (2002).

<sup>&</sup>lt;sup>22</sup>Chapman, Laird, Ifill, and KewalRamani (2011).

<sup>&</sup>lt;sup>23</sup>National Student Clearinghouse Research Center (2013).

<sup>&</sup>lt;sup>24</sup>Tough (2014).

<sup>&</sup>lt;sup>25</sup>McDonald, Gaddis, Trimble, and Hamm (2013).

<sup>&</sup>lt;sup>26</sup>Gardecki (2001), p. 53.

<sup>&</sup>lt;sup>27</sup>McDonald, Gaddis, Trimble, and Hamm (2013), p. 11.

Internet and e-commerce have dramatically changed the nature of the job search, personal networks still hold a lot of importance in the way jobs are filled. Rigorous research on the effects of technology on hiring practices is limited, but a recent article reported that some employers are bypassing reams of online applications from job search sites and are using employee networks on social media sites like Facebook and LinkedIn to find new hires.<sup>28</sup> Even high-achieving low-income and minority youth can suffer from lack of personal networks and access to information; there is evidence that many academically high-performing youth from low- to moderate-income households choose nonselective colleges with lower graduation rates, placing their academic and employment future at risk.<sup>29</sup>

For young people of color, structural discrimination and higher rates of incarceration are also major barriers to employment. In public schools, black students, especially males, are much more likely to face disciplinary actions and harsher punishments than their white peers.<sup>30</sup> Black youth referred to juvenile courts are more likely to be incarcerated in adult prisons than white youth. Even though black youth make up about 16 percent of the overall youth population in the United States, they represent 37 percent of juvenile cases transferred to criminal court and 58 percent of juveniles admitted to adult state prisons.<sup>31</sup> A history of incarceration carries enormous stigma for employers, who are "much more averse to hiring individuals with criminal records than any other group of disadvantaged workers."32 An experimental study of employers' treatment of job applicants in Wisconsin found that the probability of receiving a callback from an employer fell by nearly two-thirds among young black men with criminal records relative to young black men without criminal records. The study also found that young white men with criminal records received a higher rate of callback from employers than both groups of black men, illustrating the enormity of the challenges faced by young men of color in the labor market.<sup>33</sup> Furthermore, another study has found that employers who do not actually check criminal records hire fewer black men than those who do, suggesting that employers discriminate statistically against young black men "in the absence of explicit information on exactly who has or has not been an offender."34

It is evident that the challenges facing economically disadvantaged youth seeking employment are complex and multifaceted and that this population as a whole is diverse and heterogeneous. Many youth from low-income backgrounds are able to overcome socioeconomic barriers to academic achievement and labor market success through persistent hard work and

<sup>&</sup>lt;sup>28</sup>Schwartz (2013).

<sup>&</sup>lt;sup>29</sup>Sherwin (2012).

<sup>&</sup>lt;sup>30</sup>Toldson, McGee, and Lemmons. (2013); Lewin (2012).

<sup>&</sup>lt;sup>31</sup>The Sentencing Project (2009).

<sup>&</sup>lt;sup>32</sup>Holzer, Offner, and Sorensen (2004), p. 7.

<sup>&</sup>lt;sup>33</sup>Pager (2003).

<sup>&</sup>lt;sup>34</sup>Holzer, Offner, and Sorensen (2004), p. 8.

dedication, but even high-performing youth need support to keep them on the right track. The public education system does not adequately address the disparities in outcomes related to inequity of resources and to segregation of students along income and racial lines that persists in many areas of the country. Even with multiple pathways and other reforms in K-12 education, substantial numbers of low-income young people exit the school system without a diploma. Those who manage to get a diploma but do not pursue higher education are more likely to be unemployed or languish in low-wage jobs; and a majority of the disadvantaged youth who do attempt postsecondary education struggle to persist and gain credentials that can better their employment prospects. Broadly speaking, educational institutions are not strongly connected to private employers and fail to create pathways to the labor market for their students. Out-of-school and disconnected youth often seek employment assistance from independent community-based programs and/or the public workforce system. But these institutions also have traditionally lacked the resources and the knowledge to build effective partnerships with employers and to create supported employment pathways for youth that produce lasting impacts.

#### Part 2

## The Current State of Evidence on Youth Employment Programs

The evidence base for job-related interventions for youth in the United States is largely limited to evaluations and demonstrations of publicly funded educational and employment programs that target disadvantaged and at-risk youth. The scale and scope of federally sponsored programs more easily lend themselves to randomized controlled trials (RCTs) — the most rigorous type of evaluation, which produces the most reliable evidence — than do smaller programs run by community-based organizations or employers. In fact, many programs that provide employment-related services to disadvantaged youth are never formally evaluated. The result is a gap between the evidence from rigorous evaluations, on one hand, and strongly held views of practitioners who believe they know what constitutes "best practice" in serving youth, on the other.<sup>35</sup>

This section discusses and draws lessons mainly from rigorous experimental evaluations that used random assignment designs, in which eligible youth were placed through a lottery-like process either in a program group that had access to the program being studied or in a control group that did not. Such RCTs ensure that the composition of the two groups is virtually identical at the beginning of the study — not only in observable characteristics, like age and gender, but also in unobservable characteristics, like motivation — and produce the best evidence for attributing a change in participants' outcomes to a particular intervention. A few nonexperimental evaluations of potentially promising interventions are also included in the discussion.

The evaluations can be broadly organized into two categories: evaluations of programs that target out-of-school youth, including high school dropouts, and evaluations of programs that serve youth who are in a secondary or postsecondary school. This review has been focused so as to better understand: (1) specific features of each program model; (2) the cost effective-ness of each; (3) and levels of employer engagement.

#### Programs for Out-of-School Youth

While the term "out-of-school" encompasses a heterogeneous group of young adults (for example, youth who leave the K-12 education system without earning a diploma, youth who have completed high school, and even those with postsecondary education who are not current-

<sup>&</sup>lt;sup>35</sup>Bloom, Thompson, and Ivry (2010), p. 6.

ly enrolled), most of the programs that have been tested target young people who have dropped out of high school. These "second-chance" programs typically provide some combination of education, training, and support services, and many of them place youth in subsidized jobs for a certain period of time to garner work experience. More recently, preliminary evidence has emerged from evaluations of sector-based programs for out-of-school youth that target those with at least a high school diploma or equivalent credentials.

#### **Evaluation Findings**

As previously mentioned, nearly all the programs that aim to put disadvantaged youth to work and have undergone rigorous evaluations are federally sponsored initiatives, including the second-chance programs discussed in this section (see Appendix Table A.1). Findings from early experiments as well as changes in the national political landscape over time have shifted the way programs for youth have been designed and implemented in recent years. This section examines these early evaluations and the evolution of employment-related programs and policies for out-of-school youth to provide some context for understanding the interventions that have shown promise in newer evaluations.

Coordinated federal efforts to improve labor market prospects of low-income youth began in the 1960s, as President Lyndon B. Johnson declared a "War on Poverty." The 1973 Comprehensive Employment and Training Act (CETA) made a large investment in employment and training of poor youth, mainly by subsidizing the wages of young people working for participating employers in the public sector. While the legislation aimed to create new jobs, there were great concerns that publicly funded employment generated "fiscal substitution," in which "local governments and nonprofits used public funding to replace their own existing efforts instead of generating new spending; concern also grew that these programs to some extent would substitute public for private sector employment that would otherwise exist."<sup>36</sup>

CETA offered a comprehensive set of services, including classroom training on academic and occupational skills, on-the-job training, paid work experience at public service or nonprofit firms, and job search and placement assistance.<sup>37</sup> Evaluations of CETA programs did not use RCTs and produced widely varying findings that are not considered reliable; in general, the conclusion has been that CETA programs did not have any impact on the employment or earnings of the youth who participated.<sup>38</sup>

Around the same time, the National Supported Work Demonstration tested, under experimental conditions, whether 12 to 18 months of paid work experience in a supportive,

<sup>&</sup>lt;sup>36</sup>Holzer (2012), p. 6.

<sup>&</sup>lt;sup>37</sup>Bloom and McLaughlin (1982).

<sup>&</sup>lt;sup>38</sup>Grubb (1995).

performance-oriented environment would equip young dropouts to get and hold regular unsubsidized jobs. The RCT found large increases in employment among the program group in the short term, but the impact was not sustained for very long. The supported work programs cost under \$4,000 per participant in 1980 (about \$11,400 in 2014 dollars) and, not having had any impact on youths' criminal activities or postprogram employment, the programs were found not to be cost-effective in producing net social benefits.<sup>39</sup>

Growing skepticism about the value of publicly funded employment and training for the unemployed as well as specific criticisms of CETA led to the passage of the Job Training Partnership Act (JTPA) in 1982, which gave states and localities greater oversight and flexibility in developing and implementing training programs with federal dollars.<sup>40</sup> The focus of the workforce programs also shifted from subsidized work in the public sector to training and employment services, with an emphasis on involvement of local employers. Like CETA programs, JTPA programs offered classroom training in occupational skills and adult basic education and subsidized on-the-job training in temporary jobs. They also offered job search assistance and an assortment of other support services such as child care and transportation. A large-scale, experimental evaluation of JTPA programs did not find any short- or long-term earnings impacts for out-of-school youth over a 30-month period, and the impact of the programs on the earnings of male arrestees was possibly negative.<sup>41</sup>

A JTPA-funded demonstration called JOBSTART tested a program model that focused on self-paced instruction in basic academic skills and occupational classroom training in "high-demand" jobs. The program also offered job placement assistance toward the end of the training period, as well as transportation assistance and small need-based financial incentives. The RCT found large impacts on the rate at which young dropouts earned high school equivalency certificates but negligible impacts on their labor market outcomes during a four-year follow-up period.<sup>42</sup> Interestingly, one of 13 JOBSTART study sites did produce large earnings impacts for youth; however, that site was unable to replicate the results when the study was repeated a few years later.<sup>43</sup> Neither JTPA nor the JOBSTART evaluation found the programs to be cost-effective, since they did not produce large earnings impacts. The cost per youth in JOBSTART was \$4,500 in 1993 (about \$7,300 in 2014 dollars).<sup>44</sup>

<sup>&</sup>lt;sup>39</sup>Board of Directors, Manpower Demonstration Research Corporation (1980).

<sup>&</sup>lt;sup>40</sup>Holzer (2012).

<sup>&</sup>lt;sup>41</sup>Bloom et al. (1997).

<sup>&</sup>lt;sup>42</sup>Cave, Bos, Doolittle, and Toussaint (1993).

<sup>&</sup>lt;sup>43</sup>Miller et al. (2005).

<sup>&</sup>lt;sup>44</sup>Cave, Bos, Doolittle, and Toussaint (1993).

Many interpreted the disappointing results from these early experiments to mean that nothing works for disadvantaged youth.<sup>45</sup> However, more recent evaluations of several large national programs that address the needs of disconnected youth have produced promising results. Programs targeting high school dropouts, such as the Service and Conservation Corps, YouthBuild, Job Corps, and National Guard Youth ChalleNGe — each with a distinct approach, typically emphasizing some combination of education, training, community service, leadership development, subsidized employment, and other activities — have shown that some interventions can and do work.

Conservation Corps offers participants temporary, full-time subsidized work in community service projects, along with basic adult education and opportunities to earn college credits, case management, and job readiness skills. An impact evaluation in the late 1990s found that more than a year after entering the study, Corps participants were 26 percent more likely than control group members to be employed and also working more hours. The program produced the largest impact on young black males and was found to be cost-effective by producing a net benefit to society.<sup>46</sup> Although the cost per Corps participants was about \$9,500 in 1997 (about \$14,000 in 2014 dollars), the large earnings gains to participants and the resulting benefits to society yielded about \$600 in net benefits (about \$870 in 2014 dollars).<sup>47</sup> However, the positive results were called into question by a 2011 evaluation of Conservation Corps that found no significant impacts of the program on the probability of its participants being employed or in school roughly 30 months after they entered the study.<sup>48</sup>

YouthBuild is a program similar to Conservation Corps in that it provides academic instruction, case management, and work experience through community service opportunities, mainly in construction projects. Preliminary evidence shows that the program seems to have produced strong participation and high rates of completion and job placement.<sup>49</sup> MDRC is currently conducting a multiyear random assignment study to rigorously assess its impacts.

Both Job Corps and National Guard Youth ChalleNGe are residential programs: Young people leave their homes and live at the program site for a number of months. Through class-room and work-based learning, Job Corps participants can earn a high school diploma or equivalency credential and receive career training in one of many fields, such as business, health, construction, or culinary arts. Participants also get health care, a living stipend, and career counseling and transitional support for a year following graduation. A four-year study found that the program generated 12 percent earnings gains among participants during the last

<sup>&</sup>lt;sup>45</sup>Public/Private Ventures (2002).

<sup>&</sup>lt;sup>46</sup>Jastrzab, Masker, Blomquist, and Orr (1996).

<sup>&</sup>lt;sup>47</sup>Jastrzab, Blomquist, Masker, and Orr (1997).

<sup>&</sup>lt;sup>48</sup>Price et al. (2011).

<sup>&</sup>lt;sup>49</sup>Ivry and Doolittle (2003).

year of the study period. The earnings impacts for the full sample did not persist, and net program benefits to society appeared to be small compared with the program's high cost — \$16,500 per participant in 2006 (about \$19,470 in 2014 dollars). However, the program was cost-effective for older youth (aged 20 to 24 when enrolled in the program), whose earnings gains persisted up to 10 years after they entered the study. In addition, benefits exceeded costs for the participants themselves, suggesting that Job Corps effectively redistributed resources toward low-income youth.<sup>50</sup>

In ChalleNGe, participants engage in a five-month, intensive residential program that includes eight core components: education; life skills; leadership skills; community service; citizenship building; physical fitness; health and hygiene; and job skills training and career exploration. The program also helps participants set up structured mentoring for at least a year with mentors of their choice in their own communities, so that they have some support after they leave the program. A three-year study found that participants were more likely than their control group counterparts to have obtained high school credentials, to have earned college credits, and to be working. Their earnings were also 20 percent higher than those of control group members.<sup>51</sup> The program spends about \$12,000 per participant and a cost-benefit analysis found that it yields \$2.66 in social benefits for every dollar spent.<sup>52</sup>

Two recent evaluations of sector-based employment programs, which provide shortterm training and work experience in a targeted, in-demand industry sector, have also yielded promising results for out-of-school youth. However, unlike the programs discussed above, the sector-based programs start out with participants who are older (18 and up) and have better academic credentials and/or skills (the programs require a high school diploma or an equivalent credential). Each participant in the Year Up program receives six months of training in information technology and finance, followed by a six-month paid internship in the public or private sector. A small-scale RCT found that in the year following program participation, annual earnings of those in the program group were on average 30 percent higher than earnings of those in the control group. Both groups were equally likely to be employed, but program participants had higher hourly wages and were more likely to be working full time.<sup>53</sup> A followup study found that the earnings gains for the program group persisted three years after the program and were driven primarily by the higher wages paid to Year Up participants rather than by higher rates of employment.<sup>54</sup> The program spends about \$25,000 per participant for the year of service, with about 65 percent going to classroom training and support and the rest to student

<sup>&</sup>lt;sup>50</sup>Schochet, Burghardt, and McConnell (2006).

<sup>&</sup>lt;sup>51</sup>Millenky, Bloom, Muller-Ravett, and Broadus (2011).

<sup>&</sup>lt;sup>52</sup>Perez-Arce, Constant, Loughran, and Karoly (2012).

<sup>&</sup>lt;sup>53</sup>Roder and Eliott (2011).

<sup>&</sup>lt;sup>54</sup>Roder and Eliott (2014).

stipends. The program's employer partners contribute to the programs for the internship services.<sup>55</sup>

Another randomized evaluation assessed the impact of three sector-based programs in three different cities that are not specifically targeted at young adults; while all three produced positive outcomes for the full sample, only two of the programs produced employment and earnings gains for participating youth. The Jewish Vocational Service in Boston provides five months of training in the health care sector, followed by an internship, job placement, and postplacement retention services. Among those ages 18 to 26, program participants earned 42 percent more than their control group counterparts over the two-year study period. Similarly, Per Scholas in New York City provides up to 15 weeks of training (500 hours) in information technology, a paid internship, job placement, and postplacement services. Program participants between ages 18 and 26 earned 45 percent more than control group members during the second year of the study.<sup>56</sup>

Other than evaluations of these sector-based programs, rigorous evaluations of job programs do not exist for youth in the private sector, including corporate employment programs or employer-sponsored training programs. Research does suggest that employer-led training results in high economic returns for workers and that work skills are best gained with jobspecific training and coaching, supervisory support, and opportunities to practice. Studies have also found that firms that provide training usually benefit from doing so. Employer-provided training also generates external benefits, including gains for subsequent employers and for the general public.<sup>57</sup> However, reliable estimates of the current scale of employer-led training in the United States are not available.

Businesses, industry associations, and labor-management organizations in certain industries do participate in the Department of Labor's Registered Apprenticeship program, which offers structured on-the-job training combined with related technical instruction tailored to industry needs. But the number of apprentices and apprenticeship programs has declined considerably over the past decade. In fiscal year 2013, there were about 287,750 active apprentices in 19,430 programs across the country — a drop of nearly 40 percent since 2002.<sup>58</sup> A recent examination of these apprenticeship programs in 10 states found that participants had substantially higher earnings than a comparable group of nonparticipants. In the ninth year following program enrollment, apprenticeship participants earned an average of about \$5,800 more than similar nonparticipants. The program's effects on younger participants were not

<sup>&</sup>lt;sup>55</sup>Biswas (2005).

<sup>&</sup>lt;sup>56</sup>Maguire et al. (2010).

<sup>&</sup>lt;sup>57</sup>Lerman (2013).

<sup>&</sup>lt;sup>58</sup>U.S. Department of Labor (2014a).

provided, but according to the study, "many apprentices come to the program through vocational education in a high school or a postsecondary program." Over the career of an apprentice, the estimated social benefits of the program exceed the social costs by more than \$49,000, the study estimated.<sup>59</sup> The federal apprenticeship program has not undergone any experimental evaluations, and such rigorous assessments are generally lacking for these types of programs. Apprenticeships are widely used in Europe and have generally yielded positive employment outcomes among youth, especially in countries like Germany that split education between the workplace and the classroom.<sup>60</sup>

#### Lessons Learned for Out-of-School Youth

Overall, the findings from rigorous evaluations of programs that serve disadvantaged out-of-school youth do not support the common perception that "nothing works" in improving outcomes for this population. Many of the positive effects produced by the programs, however, were modest or relatively short-lived. A large number of the studies did not report or collect long-term data; in other cases, early effects faded over time. However, although sustained positive effects would obviously be preferable, short-term effects are not unimportant. When programs achieve short-term increases in earnings or other outcomes, those effects are not erased if the program and control groups have similar outcomes later. It is worth considering whether it is reasonable to expect even the strongest youth programs to produce effects that can still be measured many years later.<sup>61</sup>

One possible explanation for the lack of sustained impacts in many of the studies is that participants did not stay in the programs long enough to benefit from them. For example, subsidized employment in Conservation Corps is intended to last about a year, but on average youth spend only about four to five months.<sup>62</sup> The National Supported Work Demonstration offered youth subsidized work for up to 18 months, but youth participants spent an average of only seven months in the program.<sup>63</sup> JOBSTART offered 200 hours of basic education and 500 hours of occupational training in the classroom; efforts to find participants permanent employment typically began near the end of training, but many left the program without reaching this stage.<sup>64</sup>

The literature, however, does not allow thorough exploration of program length or dosage (that is, the amount of intervention delivered) for most programs, as such information is not

<sup>&</sup>lt;sup>59</sup>Reed et al. (2012), p. 2.

<sup>&</sup>lt;sup>60</sup>Sorensen (2014); Olinsky and Ayres (2013).

<sup>&</sup>lt;sup>61</sup>Bloom, Thompson, and Ivry (2010).

<sup>&</sup>lt;sup>62</sup>Jastrzab, Blomquist, Masker, and Orr (1997)

<sup>&</sup>lt;sup>63</sup>Board of Directors, MDRC (1980).

<sup>&</sup>lt;sup>64</sup>Cave, Bos, Doolittle, and Toussaint (1993).

always widely or consistently reported. Job-related youth programs often have difficulties reporting outcomes on participation in and completion of the program, as many youth drift in and out, often between jobs. Some of the earlier youth programs, like those under JTPA, did not have clearly defined models that were consistently implemented across providers and locations. In other words, most providers offered similar components — like job search assistance or on-the-job training. But the average length of participation in the JTPA programs varied widely (in part because restrictions on federal funding did not allow the programs to offer stipends or opportunities for paid work experience), as did the implemented as designed, often because of organizational and resource constraints, and therefore the changes that were theorized did not materialize.<sup>66</sup> Programs that define their service components more clearly and that attempt to engage youth for a sustained period of time — like Job Corps, ChalleNGe, and Year Up — have shown more promise in more recent evaluations.

The evaluation literature also does not make it possible to connect specific features of a program to its success or failure, making it difficult to draw crosscutting lessons. For example, the data from evaluations discussed above do not support clear conclusions about whether paid employment, full-time versus part-time work, certain types of jobs, assistance with job search, case management, or other program elements are associated with or responsible for positive results. Random assignment experiments are best qualified to address questions like: What did an intervention *cause* to happen? But they are not well suited to address questions like: Why did an intervention have or fail to have an effect?<sup>67</sup> Methodological advances in program evaluation have allowed researchers to unpack the "black box" of RCTs and understand why an intervention does or does not work; but many of the older studies lacked such approach. Furthermore, the quality of information about specific program features and how they are implemented is not consistent throughout the literature reviewed. For example, many of the programs offer "life skills" training, which can cover a broad range of subjects like basic academic skills, financial skills, and health habits; but use of these broad-based terminologies to describe program elements often does not allow comparisons across programs because one is not sure what services were actually provided.

Despite these constraints, taken together, the evaluations do help identify some program features that are potentially associated with better labor market outcomes and explain the reasons why some programs did not do better:

<sup>&</sup>lt;sup>65</sup>Child Trends Data Bank (2006).

<sup>&</sup>lt;sup>66</sup>Ivry and Doolittle (2003).

<sup>&</sup>lt;sup>67</sup>Bloom (2006).

- Opportunities for paid work and the use of financial incentives. Conservation Corps and YouthBuild provide paid work experience in community projects. Job Corps pays a monthly allowance during occupational training; other incentives include meals, clothes, and a "readjustment" stipend when youth graduate from the program.<sup>68</sup> Year Up pays weekly stipends during both the classroom and internship phases of the program.<sup>69</sup> Paid work experience can provide a workplace context in which young people can apply what they are learning in the classroom. Further, it may improve longer-term earnings impacts by giving youth access to jobs with further employer-provided training, the possibility of advancement, and exposure to new networks and adult role models. Wages from paid work and financial incentives may help fulfill the unmet needs of disadvantaged youth, allowing them to better engage in the interventions. Such incentives may also produce positive behavioral effects when tied to performance standards. Year Up's stipend allowance is based on attendance and assignment completion rates. Youth who complete Conservation Corps are often eligible for postprogram educational stipends or small cash awards.<sup>70</sup>
- Strong links between education, training, and the job market. The preliminary evidence from sector-based training programs suggests that education and training that are shaped by local labor market demands and employer involvement have the potential to produce strong employment outcomes for out-of-school youth. Year Up designs its training curricula with input from its corporate partners and gets employer commitments to sponsor and provide on-the-job training to its students.<sup>71</sup> While not sector-focused, Job Corps centers also target their training for youth at specific careers and partner with national labor and business organizations to provide the necessary vocational training.<sup>72</sup> Focusing on specific industries not only makes it easier to find better local jobs, it also enables low-skilled, out-of-school youth to get on a defined pathway toward a career with higher prospects for future mobility, instead of getting a generic, low-wage job.

The failure of some of the earlier programs has been attributed to their inability to link their training services to the needs of local employers. Passage of

<sup>&</sup>lt;sup>68</sup>McConnell and Glazerman (2001), p. 5.

<sup>&</sup>lt;sup>69</sup>Roder and Eliott (2011).

<sup>&</sup>lt;sup>70</sup>Jastrzab, Blomquist, Masker, and Orr (1997).

<sup>&</sup>lt;sup>71</sup>Roder and Eliott (2011).

<sup>&</sup>lt;sup>72</sup>Schochet, Burghardt, and McConnell (2006).

the JTPA legislation was an attempt to rectify this by mandating that local workforce development agencies partner with private employers to develop training and job opportunities. However, JTPA programs were not broadly successful in engaging employers over time.<sup>73</sup> For example, guidelines for JOBSTART specifically called for programs to "provide training in occupations in demand in the local job market," but many of the programs were not able to do so. The implementation study of JOBSTART, which found the job development and job placement components to be uneven across programs, concluded that "the JOBSTART experience illustrates the necessity of having job placement staff with good connections to employers."74 The one JOBSTART site that produced strong earnings impacts — the Center for Employment Training (CET) in San Jose, California — was found to "be effective in involving employers in developing the program's occupational emphasis and curriculum."75 But a replication study of that program failed to produce similar results. Many of the sites in the study were unable to replicate the program model of CET San Jose faithfully, especially when it came to working closely with local employers to design and deliver job training and to find training-related jobs.<sup>76</sup>

• Support to address developmental needs of youth. Many of the young people who participate in employment and training programs live in relative poverty and face a myriad of life challenges on a daily basis, including housing instability, lack of adequate child care, food insecurity, and threats to personal safety. While many young people persevere and overcome these barriers to success, there are many others who need support in developing protective factors that can help them overcome these systemic challenges, including developing high expectations for themselves, meaningful relationships with adults and peers, and perception of social support from these relationships. Some have attributed the failure of earlier youth programs to produce sustained results on their inability to address the unique developmental needs of young adults. While evidence from the evaluations is inconsistent, practitioners and youth experts recommend that programs should not only provide participants with training or jobs, but also expose them to activities and relationships that are thought to promote healthy development

<sup>&</sup>lt;sup>73</sup>Cammisa and Smith Nightingale (1991).

<sup>&</sup>lt;sup>74</sup>Cave, Bos, Doolittle, and Toussaint (1993), p. 225.

<sup>&</sup>lt;sup>75</sup>Cave, Bos, Doolittle, and Toussaint (1993), p. 219.

<sup>&</sup>lt;sup>76</sup>Miller et al. (2005).

across a wide range of domains.<sup>77</sup> In fact, some of the more effective programs place a lot of importance on supporting the personal and professional growth of youth through training in life skills and workplace behavior, opportunities for leadership development, and fostering interpersonal connections. More research is necessary to establish proven approaches to youth development and to learn which specific activities are most effective in producproducing better outcomes.

Caring adult role models to support and supervise youth appear to be an important feature of successful youth programs. Conservation Corps employs case managers as well as crew supervisors at youth work sites, who serve as "boss, mentor, older sibling, advisor, disciplinarian and advocate for the participants."<sup>78</sup> Job Corps and ChalleNGe employ residential advisers and counselors and Year Up employs staff advisers and social workers as well as a professional from outside the program to serve as a mentor.<sup>79</sup>

Leadership building is also an important component of these programs. At Year Up, certain young people are appointed to be supervisors at the internship sites and provide support and guidance to their peers. Graduates are also elected to leadership positions on the alumni board.<sup>80</sup> Job Corps has a student government and formalized leadership training programs in which students can participate only if they meet certain criteria related to performance.<sup>81</sup> YouthBuild mandates the use of a youth-led policy council, which ensures that the views of the participants are reflected in program policies and practices.<sup>82</sup> And leadership is one of the eight core components of the ChalleNGe curriculum intended to promote positive youth development.<sup>83</sup>

Support services to mitigate life challenges. As noted earlier, economically disadvantaged youth — especially disconnected youth — often experience instability in their family life and in housing and finances. Many also live in neighborhoods that lack transportation and have few job opportunities. And some young people leave school or the labor market to care for children and

<sup>&</sup>lt;sup>77</sup>Bloom, Thompson, and Ivry (2010).

<sup>&</sup>lt;sup>78</sup>Jastrzab, Blomquist, Masker, and Orr (1997), p. 16.

<sup>&</sup>lt;sup>79</sup>Millenky, Bloom, Muller-Ravett, and Broadus (2011); Schochet, Burghardt, and McConnell (2003); Roder and Eliott (2011).

<sup>&</sup>lt;sup>80</sup>Biswas (2005).

<sup>&</sup>lt;sup>81</sup>U.S. Department of Labor, Office of Job Corps (2013).

<sup>&</sup>lt;sup>82</sup>U.S. Department of Labor (2014b).

<sup>&</sup>lt;sup>83</sup>Millenky, Bloom, Muller-Ravett, and Broadus (2011).

are often constrained by child care costs or the inaccessibility of adequate care. Recognizing these needs, most job-related programs for youth have provided a wide range of support services, the most common of which are case management, referrals to link participants to services in the community (health care and housing, for example), and assistance with child care and transportation.

The literature does not make it possible, however, to associate any specific set of support services with the success or failure of the programs. Jewish Vocational Services, the sector-based program in Boston, produced positive employment outcomes for its young participants; in addition to training and employment services, the program offered case management and assistance with child care and transportation.<sup>84</sup> But so did the JTPA programs and JOBSTART, which did not yield positive impacts. The reason for the difference may lie in the way these services were delivered, but the information from the literature is insufficient to assess that hypothesis. For example, the Conservation Corps evaluation draws a clear distinction in the way the program links participants to support services from external providers: "In contrast to many other youth-serving programs, corps members are not simply referred to other social service agencies; the services are coordinated through the Youth Corps. Corps members are not expected to fend for themselves within the maze of social services."85 Such coordination may yield better results but this is uncertain, as only one of the two evaluations of the program found it to produce positive impacts for its participants.

While much remains to be learned about the optimal mix of support services to produce desired outcomes for disadvantaged youth, practitioners and experts do not question the need for such services. Data from qualitative sources and studies of program implementation highlight the importance of such services in engaging youth who face multiple barriers to employment. For example, an analysis of outcome data from select JTPA programs found that single parents "who received child care assistance, either through JTPA or elsewhere, more often successfully completed their training and more often obtained jobs or experienced another positive outcome, such as returning to school, than those who did not."<sup>86</sup> In providing support services, a more individualized approach may be necessary to accommodate the multiple

<sup>&</sup>lt;sup>84</sup>Maguire et al. (2010).

<sup>&</sup>lt;sup>85</sup>Jastrzab, Blomquist, Masker, and Orr (1997), p. 23.

<sup>&</sup>lt;sup>86</sup>Government Accountability Office (1992), p. 4.

needs of this population. As a recent survey of federal youth programs concluded regarding the provision of support services, "disconnected youth make up a diverse group and no one intervention is likely to be a panacea."<sup>87</sup>

**Continuation of support to participants after they are placed in jobs.** Job placement is often considered the end goal of many programs, but for young adults, it is only the beginning of their journey toward a better economic future. Few disadvantaged young people are able to make a major leap in their economic status through a first job. The first job for youth who are new to the labor market is generally not a high-quality job with a career ladder, but one that allows the young person, nonetheless, to learn new skills, build a work history, and develop references, all of which can lead to a better job. For many youth, problems and stresses emerge after they are placed in a job and start working. For example, young women with children may discover that their child care arrangements are less reliable than expected, or the newly employed may realize that they do not know how to handle conflicts with fellow workers or managers.<sup>88</sup> These young people need continued postplacement support to help them adapt to their jobs, address personal or situational problems that could undermine steady work, identify opportunities to move up, and in some cases pursue further education or training to progress in their careers.

Job Corps offers career transition services for up to a year, through which youth can contact staff to help them access supports they need to continue working or to find a new job.<sup>89</sup> ChalleNGe has a structured mentoring program in which the youth nominate their own mentors from their communities and the program staff facilitate the mentoring relationship by screening and training the mentors to provide support to ChallenNGe participants for at least a year after they leave the program.<sup>90</sup> Year Up has a national alumni association to help graduates build their professional networks.<sup>91</sup> The other sector-based programs reviewed here also offer postplacement assistance. Many consider this to be crucial to the success of sector-focused programs, since the programs need to keep up with changes in the demand for particular oc-

<sup>&</sup>lt;sup>87</sup>Fernandes and Gabe (2009), p. 52.

<sup>&</sup>lt;sup>88</sup>Cave, Bos, Doolittle, and Toussaint (1993).

<sup>&</sup>lt;sup>89</sup>U.S. Department of Labor, Office of Job Corps (2013).

<sup>&</sup>lt;sup>90</sup>Millenky, Bloom, Muller-Ravett, and Broadus (2011).

<sup>&</sup>lt;sup>91</sup>Biswas (2005).

cupations and adapt to shifts in demand when new skills or technologies are introduced.<sup>92</sup>

Policies related to postprogram assistance may have led to the disappointing results seen in some of the evaluations. For example, many JTPA programs, including JOBSTART, "terminated" participants at the time of initial job placement in order to claim a positive outcome for performance standards. Once terminated, a person cannot receive further services without reestablishing income eligibility — a barrier that likely prevented individuals from seeking out services that could have helped them retain their jobs or get new ones.<sup>93</sup>

In summary, research results suggest that programs for economically disadvantaged and disconnected youth should include several core elements: paid work experience and financial incentives to fulfill unmet needs and ensure a proper level of engagement; linked learning that combines education with real work opportunities; support services to address developmental needs and to mitigate life challenges associated with poverty; and postprogram assistance to ensure a smooth transition to employment or further education. MDRC is currently testing a model that incorporates many of these elements in an internship program for disconnected youth. New York City's Young Adult Internship Program provides short-term paid internships; placement into unsubsidized jobs, education, or training; and postprogram follow-up services.

#### Programs for In-School Youth

Rigorous evaluations of job-related programs for youth enrolled in high school or a postsecondary institution are extremely limited, and evidence of their impact on long-term employment outcomes is mostly lacking. Crosscutting lessons are difficult to draw from a review of the literature on programs for in-school youth. However, the existing evidence base does reinforce some of the lessons for out-of-school youth discussed above: Programs that strengthen the links between classroom education and work-based learning and expose youth to career opportunities through strong employer partnerships have great potential to improve the labor market outcomes of young people.

#### **High School**

For in-school youth, the strongest evidence on effective combinations of education and work experience to produce long-term employment impacts comes from a study of Career

<sup>&</sup>lt;sup>92</sup>Maguire et al. (2010); Tessler (2013).

<sup>&</sup>lt;sup>93</sup>Cave, Bos, Doolittle, and Toussaint (1993).

Academies — small learning communities within larger high schools that combine academic and occupational curricula around a career theme, such as health or business and finance. Academy students take classes together, remain with the same group of teachers over time, and participate in work-based learning with employer partners, such as job-shadowing and internships. The study found that participation in the academies produced statistically significant increases in earnings for its students over an eight-year follow-up period, and the impacts were concentrated mostly among young men. Men in the program group earned about \$30,000 more than their control group counterparts over the eight years, even though they were no more likely to graduate from high school or go to college. Impacts were particularly large for the subgroup of students deemed most at risk of dropping out of school.<sup>94</sup>

The large long-term impacts in the Career Academies study provide convincing evidence that increased investments in career-related experiences during high school can improve students' postsecondary labor market prospects. It also emphasizes the value of strong employer engagement in education and training: Besides offering opportunities for work-based learning, employers supported the academies by mentoring students, participating in career awareness activities, and providing advice on curriculum and information about jobs and skill requirements. Students in Career Academies that had highly structured employer partnerships reported higher levels of participation in career awareness and work-based learning activities than those in academies that had less structured partnerships.<sup>95</sup>

Evidence from other school-based work programs is not as definitive or rigorous. The School-to-Work (STW) legislation, which was passed in 1994 but has not been renewed since 2001, sought to produce a more competitive American workforce by making a large-scale investment in career-oriented programs in the country's public schools. After Career Academies, the most common types of programs and activities supported by the federal grants to the states under STW were ones involving job shadowing, mentoring, cooperative education, internships, apprenticeships, and "Tech-Prep programs," which combined a minimum of two years of secondary education with a minimum of two years of postsecondary education toward a credential in a specific career field. Except for Career Academies, the programs financed and expanded by STW were not randomly evaluated, and reliable evidence on many of these program models is limited.<sup>96</sup>

With regard to postsecondary employment, evidence from national data over time indicates positive effects for the three types of STW programs that most closely combine high school education with work experience: co-op programs, internships, and apprenticeships.

<sup>&</sup>lt;sup>94</sup>Kemple (2008).

<sup>&</sup>lt;sup>95</sup>Kemple, Poglinco, and Snipes (1999).

<sup>&</sup>lt;sup>96</sup>Stern et al. (1994); Neumark and Rothstein (2005).

Participation in co-op programs, in which students combine their academic and vocational studies with short-term placements with employers for on-the-job training, boosted the probability of employment in the immediate post-high school period by about 9 percentage points. Participation in internship and apprenticeship programs increased the probability of employment by about 7 percentage points; these programs were found to be particularly beneficial for disadvantaged groups. The apprenticeships were typically multiyear programs that combine school- and work-based learning in a specific occupational area designed to lead directly into either a related postsecondary program, entry-level job, or registered apprenticeship program. The study did not find Tech-Prep programs to be effective in moving students toward postsecondary education or employment. Additional research has shown that these programs were not always implemented as designed, perhaps lessening their impact on student outcomes.<sup>97</sup>

Summer job programs are another common type of employment program for high school students, but evaluations of these programs focus mostly on assessing their impacts on educational outcomes of participants and not on their impact on participants' long-term employment outlooks. The limited evidence available, however, suggests that the programs are effective in engaging youth in short-term work. A 1999 RCT of the Summer Career Exploration Program in Philadelphia, which placed youth in career-related, paid summer jobs, showed substantially higher employment rates for the program group in the summer, but the program did not have any impact on the school-year employment rates a year later.98 A demonstration from the late 1970s, the Youth Incentive Entitlement Pilot Projects, also found short-term increases in employment for its participants, most of whom were in school. The pilot guaranteed a paid job — part time during the school year and full time during the summer — to all high school students in certain neighborhoods or small cities on the condition that they continued to attend school. The community-based approach was particularly successful with black youth, virtually erasing the large gap between the unemployment rates for white and black vouth in the areas in which it operated.<sup>99</sup> Evidence from these two studies also reinforces the lesson from the previous section that opportunities for paid work are generally effective in engaging youth in short-term employment.

#### Colleges

In general, people with a college education do better in the labor market than people with no education beyond high school. Whether workers have a postsecondary career certification, an associate's degree, a bachelor's degree, or an advanced degree, they are likely to earn more than they would without any postsecondary education. They are more likely to be em-

<sup>&</sup>lt;sup>97</sup>Public Policy Institute of California (2004).

<sup>&</sup>lt;sup>98</sup>McClanahan, Sipe, and Smith (2004).

<sup>&</sup>lt;sup>99</sup>Farkas et al. (1982); Gueron (1984).

ployed, and if they are employed, more likely to be working full time.<sup>100</sup> While the recent recession was very tough on the employment prospects of young adults with postsecondary credentials, their employment prospects remain substantially better than those of their less-educated peers. Young people without any postsecondary credentials, especially those without a high school diploma, face the greatest struggle in finding a job.<sup>101</sup>

For most disadvantaged young adults, two-year community colleges are the primary pathway into higher education. The inclusive nature of community colleges offers access to higher education for population groups who have been traditionally underrepresented in traditional four-year colleges, including students of varying academic ability and socioeconomic status. The primary reason that more than half of low-income students enroll in college is to get a job, gain occupational skills, or prepare for a job certification.<sup>102</sup> Yet only one-third of all students who enter community colleges with the intent to earn a degree or certificate actually meet this goal within six years.<sup>103</sup> Barriers to completion for low-income students include insufficient academic preparation, lack of financial resources, misperceptions about financial aid, and limited support services.<sup>104</sup> Many initiatives have been launched at colleges around the country to help young disadvantaged adults persist in college, with the goal of enhancing their long-term labor market prospects. Evidence of gains from these efforts remains modest to date, but a few recent initiatives have shown promising results, including performance-based financial aid that offers incentives to finish college on time and accelerated developmental training with intensive support services for low-skilled students.

Community colleges also serve young people without a high school credential through their adult education programs. In recent years, there has been a greater effort to reform these programs to create career pathways for students who may otherwise struggle to create one on their own. For example, a GED-to-college bridge program at the City University of New York uses a contextualized curriculum that integrates material from the fields of health care and business as well as transitional support to help students identify the career or course of study that is right for them. A small-scale, short-term evaluation found that program participants were three times more likely to enroll in college than students in traditional adult basic education classes at the school.<sup>105</sup> Another promising model currently under rigorous evaluation allows concurrent enrollment in adult education and career-specific college-level courses, with students earning credit toward an industry-specific occupational credential or certificate. Typically, the

<sup>&</sup>lt;sup>100</sup>Snyder and Dillow (2013).

<sup>&</sup>lt;sup>101</sup>Carnevale, Hanson, and Gulish (2013).

<sup>&</sup>lt;sup>102</sup>Mullin (2012).

<sup>&</sup>lt;sup>103</sup>College Board Advocacy and Policy Center (2014).

<sup>&</sup>lt;sup>104</sup>Horn and Ramos (2009); De La Rosa and Tierney (2006).

<sup>&</sup>lt;sup>105</sup>Martin and Broadus (2013).

fields of occupational focus are determined by regional labor market needs and the careers in highest demand.<sup>106</sup>

Private occupational colleges have produced encouraging outcomes through their focus on structured career pathways in specific occupations. Analyses of national longitudinal data show that, on average, private occupational colleges have much higher rates of degree completion than community colleges, even though both types of colleges serve students with similar demographic characteristics. While rigorous research on occupational colleges does not exist, better outcomes at many of these colleges have been attributed to their "ladder" approach — in which students follow a structured pathway toward a career and earn a series of credentials along the way — and the colleges' strong focus on employer partnerships and job placement. A qualitative survey of select occupational colleges found them to be highly effective in cultivating employer relationships to inform their program design and to create opportunities for their students.<sup>107</sup>

Taken together, the current state of evidence indicates that a focus on higher education alone may not be very effective in raising postsecondary attainments or long-term economic outcomes of disadvantaged students, unless it is accompanied by efforts to connect students to necessary support services or to the labor market.<sup>108</sup>

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Review of the current evidence base on youth programs reveals that there is clearly much to be learned about the specific programmatic strategies that are effective in helping economically disadvantaged youth improve their long-term educational and labor market outcomes. While the discussion above is structured around in-school and out-of-school youth, the importance of other dimensions such as amount of schooling, skill level, and age, as well as compounding risk factors (such as criminal records or parenthood) should not be overlooked when designing interventions. Also, for those who are disconnected from school and work, the nature of their disconnection is often dynamic, as most are not persistently disconnected and attempt to go to school, get training, or work at some point.<sup>109</sup> What has worked for one group of young people may not necessarily work for others. For example, the sector-based programs that have shown promise in recent years engaged older youth and adults with high school diplomas or an

<sup>&</sup>lt;sup>106</sup>Rutschow and Crary-Ross (2014).

<sup>&</sup>lt;sup>107</sup>Rosenbaum, Rosenbaum, and Stephan (2011); Rosenbaum, Stephan, and Rosenbaum (2010).

<sup>&</sup>lt;sup>108</sup>Holzer (2012).

<sup>&</sup>lt;sup>109</sup>Kuehn, Pergamit, Macomber, and Vericker (2009).

equivalent credential, and required a certain basic level of academic proficiency.<sup>110</sup> Such programs that place youth on a pathway to careers in a specific industry may not be what is needed by younger teens who are still in school or by high school dropouts with basic skills deficits. These youth may benefit from paid work experience in a supportive environment where they are exposed to the world of work and can form positive relationships with adults and peers. Career-themed programs such as Career Academies have produced positive impacts for in-school youth but not because they placed them on a career ladder; in fact, the evaluation of academies found that the majority of academy participants were not working in jobs related to the career theme of the program for which they were selected. Rather, unique features of the academies — combined academic and career-related curriculum, strong employer partnerships that provided students with a broad array of career awareness and development experiences both in and outside school, and high levels of interpersonal support from teachers — helped produce strong impacts for their participants.<sup>111</sup>

In the end, the existing evidence is too thin to assert that a certain type of job or a career pathway is more successful in putting youth on a track to success in the labor market. For most youth there are multiple entry points into the labor market at different points in their lives, and different young people may need different types of jobs that fit their life circumstances and skill levels. The evidence, however, points to greater involvement from the private sector and from employers as aspects of programs that are more successful in connecting youth to work. The next section explores findings from the evaluation literature on engaging employers in youth programs, along with a discussion about workforce intermediaries that link job seekers to employers.

## Employer Engagement in Job-Related Youth Programs

Employer participation is a crucial component of any youth program that aims to improve the employment prospects of its participants, whether it is a school-to-work program in high school or a "second-chance" program for disconnected youth at a community-based organization. Employers have been involved with the programs described in the previous pages in many different ways, namely by helping service providers and schools develop skill-based curricula, teaching classes, hosting work-based learning opportunities (such as job shadowing, internships, and apprenticeship programs), and mentoring youth.

The research on what motivates private sector employers to participate in youth employment programs is limited. A large-scale survey of employers involved in school-to-work

<sup>&</sup>lt;sup>110</sup>Maguire et al. (2010); Roder and Elliott (2011).

<sup>&</sup>lt;sup>111</sup>Kemple (2008).

programs in the 1990s suggests that the most important motivation for their participation was philanthropic, although a "strong minority" of firms reported that "bottom-line" or profitoriented reasons were the most important.<sup>112</sup> Two qualitative studies of Chicago employers and youth practitioners found that employers' motives for participating in youth workforce preparation initiatives were often influenced by a combination of corporate mission (that is, interest in taking a wider philanthropic approach with company money and personnel time, rather than simply providing funds to programs), commitments to a local community, and public recognition.<sup>113</sup>

Financial incentives were a key part of nearly all of the federally funded employment programs discussed in this section. Programs that placed youth with employers for work experience or for on-the-job training — including the National Supported Work Demonstration, the Youth Incentive Entitlement Pilot Projects (YIEPP), JTPA, Conservation Corps, and YouthBuild — fully or partially subsidized the wages or stipends the youth received, minimizing employers' costs. An evaluation of YIEPP, which guaranteed subsidized jobs to youth, reported substantial private sector participation (more than half the worksites were with private employers) that required "extensive job development effort." The study conducted a wagesubsidy variation experiment at two sites and found that "employer participation was very sensitive to the level of subsidy: 18 percent of the employers that were offered the 100 percent wage subsidy agreed to sponsor a participant, but that rate fell to 10 percent at a 75 percent subsidy, and to 5 percent at a 50 percent subsidy."114 JTPA offered temporary subsidies to employers of 50 percent of wages for up to six months of employment.<sup>115</sup> Conservation Corps and YouthBuild provide participants paid work opportunities in community service but the wages are generally subsidized by the programs. Even Year Up, which places youth in sixmonth internships with corporate employers, subsidizes a large share of their wages.<sup>116</sup>

Evidence on wage subsidies, which compensate firms for the initial hiring and training of targeted workers, is by no means conclusive, and the literature often paints a mixed picture. Qualitative research on the causes of the generally low levels of employers' participation in publicly funded programs for disadvantaged populations points to stigmas associated with hiring these groups, the fear of added paperwork and dealing with government bureaucracy, and the concern that the value of the subsidy does not always adequately compensate for the costs of hiring and training these groups. An examination of wage subsidies for the disadvantaged by Lawrence F. Katz of Harvard University concludes that "stand-alone" wage subsidies or hiring

<sup>&</sup>lt;sup>112</sup>Bailey, Hughes, and Barr (1998).

<sup>&</sup>lt;sup>113</sup>Whalen, DeCoursey, and Skyles (2003); DeCoursey and Skyles (2007).

<sup>&</sup>lt;sup>114</sup>Gueron (1984), p. 7.

<sup>&</sup>lt;sup>115</sup>Katz (1996).

<sup>&</sup>lt;sup>116</sup>Biswas (2005).

tax credits that are highly targeted at disadvantaged groups, such as welfare recipients, are not effective, as they stigmatize the workers they are trying to help by signaling apparent labor market deficiencies. He adds that such policies are relatively more effective when combined with training or employment assistance programs operated by an intermediary, such as a not-for-profit provider or a public employment agency, as was the case for many of the programs for out-of-school youth discussed in this paper.<sup>117</sup>

One common finding from the earlier evaluations — especially of programs for adults — is that when subsidized jobs ended, participants in these programs did not have better labor market outcomes than nonparticipants, suggesting that subsidized jobs may not have long-term effects on the employability of disadvantaged youth. Also, substitution effects — in which subsidized workers displace current workers in the market — are a concern with this type of policy, but these effects can potentially be reduced by making subsidies available only for newly created jobs.<sup>118</sup> The best way to design and implement wage subsidies for employing youth remains an open question; however, it must be noted that employer engagement without wage subsidies has not been rigorously explored, especially for out-of-school programs.

Preliminary evidence shows that the Year Up program found success with the subsidized job model, perhaps because of its strong focus on cultivating corporate relationships and taking a demand-side, sector-based approach. Evaluations of sector-based programs cite their strong connection to the business world as a reason for the programs' relative success with participants. Each of the programs reviewed in this paper has a somewhat distinct model of employer partnership.

Year Up's corporate customers, which include large financial services companies, technology firms, hospitals, and state governments, pay the program a fee to participate and to host interns. The internships thus provide Year Up with a funding stream that it says covers more than 45 percent of its operating expenses, including a significant share of the stipends paid to program participants.<sup>119</sup>

The organizations that participated in the multisite sectoral employment study — Jewish Vocational Service–Boston (JVS), Per Scholas in New York City, and Wisconsin Regional Training Partnership (WRTP) — forged employer links in various ways. JVS built its connection to the health care sector through a long history of work with local employers as a federal workforce contractor and by training their incumbent workers. JVS's strategy focused on finding employment for its participants at small and medium-size businesses, such as doctor's offices and community medical centers.

<sup>&</sup>lt;sup>117</sup>Katz (1996).

<sup>&</sup>lt;sup>118</sup>Bartik (2001).

<sup>&</sup>lt;sup>119</sup>Biswas (2005).

Per Scholas connected to the IT sector through its role as a recycling center for "end-oflife" computers; its job developers strengthened those relationships, submitted résumés on behalf of participants, and brokered interviews. The organization was able to employ program participants in its recycling facility as paid interns as well as provide computers on which they could practice their repair skills.

WRTP, a workforce intermediary, brought together employers and union members to identify recruitment needs in certain industries and developed appropriate training programs to meet those needs. The organization hired many of its own staff members from the targeted sectors and built strong working relationships with the local union and industry networks. As a result, employers and unions often notified the organization about job openings, and staff members were able to respond by sending appropriate candidates. Staff could also walk participants through the different union processes. While the evidence of effectiveness on sector-based models is still preliminary, especially for youth, these organizations provide a snapshot of how public-private partnerships focused on local labor market needs can build supported career pathways for young people.<sup>120</sup>

Interestingly, federal policy since JTPA has sought to create similar collaborations among employers and the publicly funded workforce programs by establishing a "dual-customer" approach, in which the employers and the job seekers are both the clients of the workforce system, and training and employment services are more aligned with employers' needs. The Workforce Investment Act of 1998 required that business representatives constitute the majority membership on local workforce investments boards (WIB) that oversee public workforce programs. However, such collaboration has been found to be challenging, as employers still have "limited interaction with or knowledge of this system" and those who do use the system "mainly do so to fill their needs for low-skilled workers."<sup>121</sup>

To remedy these long-standing problems, some local WIBs have adopted a sectorbased approach to address critical workforce needs of multiple employers in their geographic areas. A 2012 Government Accountability Office report highlighted some of these innovative partnerships among WIBs, employers, and education and training providers. For example, in response to a shortage of skilled machinists in San Bernardino, California, the local WIB partnered with training providers and employers to start a "Technology Employment Training" initiative.<sup>122</sup> The program provides both classroom and hands-on training to students, the core components of which are approved and standardized by the WIB; employers can review student performance online before inviting them for job interviews. The initial outcomes of the initia-

<sup>&</sup>lt;sup>120</sup>Maguire et al. (2010).

<sup>&</sup>lt;sup>121</sup>Government Accountability Office (2012), p. 1.

<sup>&</sup>lt;sup>122</sup>Government Accountability Office (2012), p. 54.

tive are promising, with high rates of completion and job attainment among trainees. The report concluded that "by focusing on common employer needs across a sector, the boards and their partners also produced innovative labor force solutions that, in several cases, had evaded employers who were trying to address their needs individually."<sup>123</sup>

#### **Evidence on Workforce Intermediaries**

The concept of the "intermediary" is not a new one in the realm of workforce development and employment programs. Simply defined, an intermediary is an entity that links jobseeking individuals to employers. In that sense, the providers who operated many of the training and employment programs discussed in the previous pages were intermediaries, as they were contracted by the government to connect youth to employment. But many workforce development providers are long used to working intensively with clients on the supply side, and often lack the resources and the knowledge to develop effective relationships with employers. Staff and board members at these organizations often do not have experience in the private sector or in the industries or occupations in which their clients seek jobs. Also, as globalization and technological advances bring on structural changes in the labor market, many workforce development providers have found it difficult to stay informed about the changes in occupational demands in their communities.<sup>124</sup>

There is growing recognition that workforce programs need to better collaborate with employers to align services and training with employers' needs. This realization has fueled the rise of workforce intermediaries that pursue a "dual-customer" approach and organize multiple partners and funding streams to provide or broker labor market services to individuals and employers. Intermediary activities can be coordinated by a variety of different kinds of organizations, including — but not limited to — employer organizations (such as chambers of commerce and trade associations), labor-management partnerships, community colleges, federal one-stop centers, community-based organizations, and private placement firms. The activities themselves can also vary widely and may include training, job search assistance, job placement, job retention support, and advancement support.<sup>125</sup> In many areas, the local WIBs — which are required by policy to be employer-driven — function as intermediaries: Most WIBs set policy directions, identify economic opportunities, and build a system of access to services, whereas workforce intermediaries "build on-the-ground partnerships, design and implement specific pathways and supports to careers, integrate a wide variety of resources on behalf of employers

<sup>&</sup>lt;sup>123</sup>Government Accountability Office (2012), p. 12.

<sup>&</sup>lt;sup>124</sup>Freeman and Taylor (2002).

<sup>&</sup>lt;sup>125</sup>Maguire et al. (2010).

and workers" and "bring new resources to the table, in the form of public, private, and philan-thropic means."<sup>126</sup>

Research into the effectiveness of specific types of workforce intermediaries, or "what works," is not extensive, largely because there has not been a systematic way to classify workforce intermediaries (or define models), and empirical data to calculate impacts of intermediaries are rare. Despite the growing interest in the changing role of workforce intermediaries, existing research focuses mainly on the needs of employees or presents case studies of specific intermediaries.<sup>127</sup>

The conclusion of one study that calculated benefits to employers and workers from workforce intermediaries through a survey of manufacturers in different industries was that "all intermediaries are not created equal. Simply using a workforce intermediary, regardless of the purpose for which the intermediary is used, has no significant effect on either productivity or wages." The study found that using an intermediary to measure and/or redesign jobs or to plan and/or provide training led to higher wages and higher productivity. But when employers used intermediaries only for placement and/or job matching, workers' prospects of earning higher wages were hindered, and it was unclear whether any benefit accrued to employers.<sup>128</sup> A qualitative examination of intermediaries in public employment and training programs found larger organizations, whether for-profit or not-for-profit, to be more effective in leveraging resources because they have better infrastructure and organizational capacity.<sup>129</sup>

While the literature establishes a need for intermediaries to bridge the gap between the supply and demand sides of employment, more rigorous research is clearly necessary to define concrete intermediary models and functions that work, especially for young people. The evaluation literature shows that what works for adults does not always work for youth. (For example, JTPA programs had modest effects on adult participants but not on youth.) The same may be true for workforce intermediaries. While the multisite sectoral employment experiment found that the intermediary organization WRTP produced impacts for the participants overall, the youth subgroup in the sample did not see any earnings impacts. The young adults in the other two programs in the study, however, did earn significantly more than the control group. In discussing the disparities in outcomes, the authors of the study concluded: "It may be that the difference between the three programs' results reflects the variation in services available to

<sup>&</sup>lt;sup>126</sup>Giloth (2010), p. 17.

<sup>&</sup>lt;sup>127</sup>Partnership for Employer-Employee Responsive Systems (2003).

<sup>&</sup>lt;sup>128</sup>Partnership for Employer-Employee Responsive Systems (2003), p. 17.

<sup>&</sup>lt;sup>129</sup>Javar and Wandner (2004).

young adults through each; those at WRTP may have needed services beyond that program's short-term training and job brokering, such as the longer-term skills investment and strong support offered at the other two programs."<sup>130</sup> More research is still needed to understand the most effective mix of services and implementation strategies for young adults, including the use of intermediaries in programs for youth.

<sup>&</sup>lt;sup>130</sup>Maguire et al. (2010), p. 57.

#### Part 3

## **Future Directions for Change**

As more and more baby boomers retire, a serious shortage of skilled workers is expected, especially in "middle-skill" jobs that generally require some education and training beyond high school but less than a bachelor's degree, such as health care support professionals, paralegals, electricians, and machinists. Since the 1990s, middle-skill occupations have declined as a share of total employment, as job growth has been concentrated at the top and the bottom of the wage distribution. But middle-skill occupations still account for about half of all jobs today, and "demand for middle-skill workers will remain quite robust relative to its supply," according to recent projections.<sup>131</sup> Disadvantaged and disconnected youth, who lag behind their peers in education, training, employment, and wages, need more pathways to connect to these jobs through training, education, and work-based learning. And employers can make a real difference. Effective partnerships between private sector businesses, nonprofits, unions, educational institutions, and government at the local, regional, and national levels, building on evidence-based programs and policies, can go a long way toward finding a scalable solution to the youth unemployment problem.

As shown in the previous section, the current evidence indicates that the youth programs that have had success in improving employment outcomes have included a combination of the following practices: (1) paid work experience that allows youth to apply concepts and skills learned in a classroom; (2) education and training that focuses on career pathways, not just skills for the initial job; (3) strong employer involvement in devising education, training, and work experiences that are relevant in the labor market; (4) support services to address personal development and to mitigate life challenges; and (5) continued postprogram support to ensure job retention and career mobility.

While the economy needs more jobs for disadvantaged youth, the evidence suggests that creating more jobs will not be enough to address unemployment in this population if young people are not equipped with the skills and supports they need to compete for and succeed in those jobs. As discussed in the first section of this paper, low-income young people face several structural barriers to academic and labor market success, including a lack of financial resources, personal and professional networks, and support systems. Unlike their affluent peers, many disadvantaged young people do not have the luxury of exploring careers or gaining meaningful work experience at an early age. And, unfortunately, many become disconnected from systems and pathways that are meant to help them make a positive transition to adulthood and employ-

<sup>&</sup>lt;sup>131</sup>Holzer and Lerman (2009), p. 1.

ment, including the K-12 education system and postsecondary institutions. These young people need support in finding and connecting to employment pathways that work for them.

Large-scale participation of the private sector is necessary to bridge this gap and tackle the issue of youth unemployment in a meaningful way. While the evidence from evaluations of job-related programs for youth is mixed on specific programmatic strategies, it is clear from the literature that employer participation in skill development, career exploration, and the creation of opportunities for work experience is crucial to producing successful results for youth. The literature points to several promising ways in which the private sector can be more engaged in bridging the two sides of the employment equation: creating a supply of skilled workers that meets the demand of employers.

- Geographically expanding sector-based approaches. As discussed at • length in the previous section, the sector approach is driven largely by employer and industry demands, unlike traditional job-matching and training services. More importantly, sector programs strive to meet the "skill, recruitment, and retention needs of employers" while simultaneously addressing "the training, employment, and career advancement needs of workers."132 The approach appears to work well in reducing fragmentation in local workforce investment systems by bringing together a broad array of key stakeholders — including the government and multiple employers looking to build a steady pool of skilled workers for a certain industry - often with the help of intermediaries.<sup>133</sup> One example is Pennsylvania's restructuring of its workforce system to support sector initiatives in nine industry clusters and to create industry partnerships in those sectors.<sup>134</sup> And as previously discussed, the WRTP, formed to meet the needs of greater Milwaukee's construction, health care, manufacturing, and service industries, has been a model sectorbased intermediary organization.<sup>135</sup>
- Using intermediary organizations to foster innovative public-private partnerships on a larger scale. As noted in the previous section, private intermediaries have increased their role as "integrators of funding streams, public and private sector services and programs, and information sources to better serve the needs of job seekers, workers, and employers."<sup>136</sup> While rigorous research on effective intermediary models is lacking, especially in

<sup>&</sup>lt;sup>132</sup>National Governors Association (2006), p. 4.

<sup>&</sup>lt;sup>133</sup>Kochan, Finegold, and Osterman (2012).

<sup>&</sup>lt;sup>134</sup>National Governors Association (2006).

<sup>&</sup>lt;sup>135</sup>Maguire et al. (2010).

<sup>&</sup>lt;sup>136</sup>Giloth (2010), p. 7.

terms of quantifiable impacts to employers and workers, workforce intermediaries have shown great promise in leveraging private and public funds, bringing together cross-sector stakeholders who have traditionally operated in separate spheres, and building a common sense of purpose among the stakeholders. The Welfare-to-Work Partnership was formed in response to the sweeping welfare reform legislation of 1996 in an effort to mobilize the business community to hire and retain those who were leaving the welfare rolls. It is often cited as an effective model of a demand-driven workforce intermediary. At its peak, the Partnership included more than 20,000 businesses, which hired an estimated 1.1 million former welfare recipients.<sup>137</sup>

Other recent examples include the National Fund for Workforce Solutions (NFWS) and REDF. NFWS was established as a funding intermediary by a few foundations and the Department of Labor to support regional partnerships for workforce development in 30 communities across the country.<sup>138</sup> REDF is a California-based intermediary that supports a number of social enterprises that provide employment for disadvantaged populations who have multiple barriers to employment, including homeless people and former prisoners. REDF is one of the 20 organizations that have served as intermediaries for the federal Social Innovation Fund to identify, support, and invest in the growth of promising community-based program models.<sup>139</sup> Intermediaries also play a crucial role in Social Impact Bonds (SIBs), a new tool for attracting private investment to finance social programs. MDRC is the intermediary for the first operational SIB in the United States and is bringing together government agencies and philanthropic organizations to support a program that seeks to improve the lives of 16- to 18-year-olds in New York City's Rikers Island jail.

• Expanding employer-based learning opportunities, including apprenticeships. The number of apprenticeship programs in the United States and enrollment in those programs has shrunk by nearly 40 percent in the last decade, in large part because of declining union membership.<sup>140</sup> Employers often shy away from providing training opportunities because they are worried that workers will take their skills elsewhere, depriving the employers of a return on their investments. Experts believe that taking a collaborative approach, like

<sup>&</sup>lt;sup>137</sup>Clinton (2006).

<sup>&</sup>lt;sup>138</sup>National Fund for Workforce Solutions (2014).

<sup>&</sup>lt;sup>139</sup>Maxwell et al. (2013).

<sup>&</sup>lt;sup>140</sup>U.S. Department of Labor (2014a).

forming a cooperative, can mitigate those concerns. One example of such cooperation is the Center for Energy Workforce Development (CEWD) — a nonprofit consortium formed by the electric, natural gas, and nuclear utilities and their trade associations to develop solutions to the looming workforce shortage in the energy industry. CEWD and its participating employers work with educators and the International Brotherhood of Electrical Workers to create pathways for different types of energy careers through credentialing and apprenticeships. In the state of Washington, Boeing and the International Association of Machinists and Aerospace Workers operate a joint training program that is financed by setting aside 14 cents per work hour in the union contract. Not only is the program creating a steady pipeline of workers, it also has partnered with local colleges to develop common certification standards and curricula for each critical category of workers — an initiative related to the final area of potential innovation, discussed below.<sup>141</sup>

Creating community college and industry partnerships. The massive scale and local nature of the community college system hold great potential for creating innovative career pathways for disadvantaged young adults and a steady supply of local, skilled workers for businesses. The more than 1,200 community colleges in the country educate almost one-half of all undergraduates enrolled in college over the course of a year.<sup>142</sup> Millions of students are also enrolled in noncredit training programs that are playing an increasingly important role in workforce development.<sup>143</sup> Lessons from school-to-work programs can be applied to community college settings, where partnerships between colleges and industries can create a steady pipeline of workers. Besides CEWD and the Boeing collaborations mentioned above, another example of such a partnership is the BioWorks consortium in North Carolina, in which community colleges train workers for entry-level jobs at more than 200 member companies in the life-sciences industry and also help retrain those companies' existing employees. In South Carolina, the state government partnered with the state's technical college system to expand the use of registered apprenticeships. Housed in the college system, the Apprenticeship Carolina program provides technical assistance to employers to create apprenticeship programs and match students with them. The rapid growth of the program, which registered nearly 8,000 new apprentices and more than

<sup>&</sup>lt;sup>141</sup>Kochan, Finegold and Osterman (2012).

<sup>&</sup>lt;sup>142</sup>Advisory Committee on Student Financial Assistance (2008).

<sup>&</sup>lt;sup>143</sup>Government Accountability Office (2004).

500 new employer partners in five years, suggests that community colleges can play an important role in cultivating employer partnerships and ease their students' transition into the labor market.<sup>144</sup>

The problem of high unemployment among young people in America, especially among those who are economically disadvantaged, is of such magnitude that a solution will require broad shifts in the way the country's education and workforce systems interact with employers. This review has therefore highlighted general opportunities for greater employer engagement rather than specific program models. The types of collaboration and partnerships discussed above will create opportunities to develop and test evidence-based program models at scale, which could then serve to bridge the gap in the current knowledge of what works in improving long-term labor market prospects for youth.

The need to invest in the nation's disadvantaged youth and build multiple pathways for them to enter and succeed in the labor market is urgent. Only about half of young people ages 16 to 24 held jobs in 2013, and recent estimates suggest that about one in five people in this age range — 6.7 million people — were neither working nor in school.<sup>145</sup> The Great Recession of 2007-2009 has taken an unprecedented toll on the economic prospects of young people, and recovery for them has been the slowest. According to one estimate, persistent high unemployment among young people has resulted in up to \$25 billion a year in uncollected taxes and, to a lesser extent, higher expenses on safety net programs.<sup>146</sup> The long-term human and social cost of neglecting these young people — or of spending money on them only if they appear in the criminal justice or welfare systems — is potentially enormous. There is relatively little reliable evidence about what works, making it a challenge to target investments. The research suggests, however, that the failure of many tested programs to employ more youth may have been caused in part by the lack of strong employer partnerships. It stands to reason, then, that greater leadership and cooperation from the private sector could make a big difference in designing and testing promising evidence-based efforts that may finally answer the question: What works in employing youth?

<sup>&</sup>lt;sup>144</sup>Kochan, Finegold, and Osterman (2012); Lerman (2010); Olinsky and Ayres (2013).

<sup>&</sup>lt;sup>145</sup>U.S. Bureau of Labor Statistics (2014); Belfield, Levin, and Rosen (2012).

<sup>&</sup>lt;sup>146</sup>O'Sullivan, Mugglestone, and Allison (2014).

Appendix A

Selected Rigorous Evaluations of Job-Related Programs for Youth

#### **Toward a Better Future**

## **Appendix Table A.1**

## Selected Rigorous Evaluations of Job-Related Programs for Youth

	Sampl	e Size				
	Number	Number				
Evaluation	of Youth	of Sites	Years	Target Population	Program Model	Summary of Results
<u>Programs for</u> out-of-school youth						
National Supported Work Demonstration	861	5	1976- 1981	17- to 20-year-old high school dropouts (one of four target groups)	Paid work experience for 12 to 18 months, with graduated stress. Did not allow the use of ancillary services, such as personal counseling, on paid time, but did permit 25 percent of paid time to be used for "work-related" support services like job readiness training.	Large increases in employment initially but no lasting impacts for youth target group beyond the program period
National Job Training Partnership Act <sup>a</sup>	4,777	16	1987- 1994	Disadvantaged 16- to 21-year-old youth; mostly high school dropouts	Basic and remedial education, classroom training in occupational skills, job search and placement assistance, on-the-job training, support services like child care and transportation, and postprogram follow-up; length of participation widely variable	No earnings impacts for females or male nonarrestees; possibly negative impacts for male arrestees
JOBSTART	2,312	13	1985-1993	17- to 21-year-old high school dropouts with low reading levels	Self-paced basic education and occupational training for "high- demand" jobs, support services like child care and transportation, work- readiness and life skills training, counseling, and job placement assistance	Increases in high school equivalency credentials but few impacts on labor market outcomes, except at one site in California (which was later replicated)

(continued)

	Sample Size					
Evaluation	Number of Youth	Number of Sites	Years	Target Population	Program Model	Summary of Results
Center for Employment Training Replication	1,485	12	1995-1999	17- to 21-year-old disadvantaged youth; mostly high school dropouts	Replication of the successful JOBSTART site; core feature: provision of employment and training services in a worklike setting	Few impacts on employment and earnings overall; some impacts for younger youth (The model was not replicated with high fidelity to the original.)
American Conservation and Youth Service Corps	626; <sup>b</sup> 1,543 <sup>c</sup>	8; <sup>b</sup> 21 <sup>c</sup>	1993-1996; <sup>b</sup> 2006-2009 <sup>c</sup>	18- to 25-year-old out-of-school youth; mostly high school dropouts	Paid work experience in community service projects, education and training, support services through case management; typical participation: full time and intended to last from 6 to 12 months	First evaluation: increases in employment and decreases in arrests, particularly for black males; second evaluation: no impacts on probability of employment
Job Corps	15,386	Nation- wide	1994-2003	16- to 24-year-old disadvantaged youth; mostly high school dropouts	Education and occupational training in a (mostly) residential setting, career planning and job placement assistance, counseling, postprogram follow-up	Years 3 to 4 of the study period: earnings and employment impacts; Year 4: impacts faded. Stronger results for older youth (ages 20 to 24) persisted for 5 to 10 years.
National Guard Youth ChalleNGe	3,000	10	2005-2008	High school dropouts ages 16 to 18 who are drug free and not heavily involved with the justice system	Education, service to community, and other components in a quasi-military residential setting; 12-month postresidential mentoring program	Increases in high school equivalency credentials; earnings and employment impacts in Year 3 of study period

#### Appendix Table A.1 (continued)

(continued)

	Sampl	e Size				
Evaluation	Number Number					
	of Youth	of Sites	Years	Target Population	Program Model	Summary of Results
Year Up	143	3	2007-2011	18- to 24-year-old out-of-school youth with high school diploma or equivalent credential	Technical skills training in either information technology or investment operations for 6 months, followed by 6 months of internship; stipend for both components	Earnings impacts in Years 2 and 3, driven by higher hourly wages for program participants
P/PV Sectoral Employment Study	1,014	3	2003-2006	Youth and adults over age 18 who have a high school diploma or an equivalent credential (About one-quarter to one-third at each site were between ages 18 and 24.)	Training at each program tied to a specific sector, such as health care, construction, and information technology; model varied at each site; common elements: job placement, child care and transportation assistance, postprogram follow-up	Employment and earnings impacts for youth at two sites
Programs for in-scho	<u>ol youth</u>					
Youth Incentive Entitlement Pilot Projects	82,000	17	1977-1981	16- to 19-year-olds from low-income families who had not graduated from high school; mostly enrolled in school	Guaranteed paid jobs (part time during the school year and full time during the summer), conditioned on school attendance	Large, short-term increases in employment; no impacts on school outcomes; strong results for black males
Summer Career Exploration Program	1,499	28	1999-2000	High school students	Paid summer work in the private sector, preemployment training for job readiness, college counseling, mentoring	More youth employed during the summer but no postprogram impact on employment during the next school year

## Appendix Table A.1 (continued)

(continued)

	Sample Size					
	Number	Number				
Evaluation	of Youth	of Sites	Years	Target Population	Program Model	Summary of Results
Career Academies	1,764	9	1999-2008	High school students	Small learning communities within high schools that combine academic and technical curricula around a career theme and that partner with local employers that provide opportunities for work-based learning	Large impact on employment and earnings for young men; no significant impacts on educational outcomes

#### Appendix Table A.1 (continued)

SOURCE: MDRC synthesis from literature review sources.

NOTES: <sup>a</sup>Out-of school youth analysis. <sup>b</sup>American Conservation and Youth Service Corps, first evaluation. <sup>c</sup>American Conservation and Youth Service Corps, second evaluation.

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# About MDRC

MDRC is a nonprofit, nonpartisan social and education policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for exoffenders and people with disabilities, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

- Promoting Family Well-Being and Children's Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.