



Youth and Skills

May 2013

Problem Statement and Key Messages

Driven by long-term shifts in the labor market and on-going poverty and inequality, youth employment challenges have mounted steadily over the last decade and reached a crisis point in the wake of the Great Recession. Youth unemployment in 2010 reached its highest level since World War II. The short- and long-term consequences of youth unemployment are severe. Individuals who fail to transition to stable jobs by their early 20s are at risk of experiencing more frequent and prolonged spells of joblessness, permanently lower earnings, and greater difficulty building a secure financial future for themselves and their families. Ultimately, youth unemployment and associated challenges threaten to perpetuate cycles of intergenerational poverty for individuals and communities.

Key Messages

1. Overall, 14 million youth – more than one-third of all 16-24 year olds in the US – face employment challenges. Of these, nearly seven million young people who lack a college degree are out of school and out of work; five million are only able to work or study part-time; and almost two million are employed in positions that do not draw on their formal education. Youth unemployment has ratcheted up in the last several decades, making it a chronic feature of the US economy.
2. Youth from low-income families, young black males, and young Hispanic females have especially bad labor market outcomes. Racial disparities persist regardless of educational achievement.
3. Youth face increasingly scarce career on-ramps and heightened competition for jobs. Companies have automated or outsourced jobs; cut back on formal training; and have increased their reliance on temporary and part-time labor. The concurrent rise of online recruiting systems has triggered a deluge in job applications, disadvantaging youth who are often screened out for having limited work experience or academic credentials.
4. Prior efforts to address youth unemployment have focused relatively narrowly on skill development, without commitment to – or large-scale success in – improving ultimate employment outcomes for young people.
5. High-level attention to the issue, increasing recognition of the importance of private sector involvement, innovation with new assessment and recruiting tools, increasing government support for evidence of outcomes, and the emergence of place-based and collaborative community development efforts are opening a potential window for action to address youth unemployment.
6. While new initiatives are emerging, they could be more strategically aligned with a focus on employer needs and employer engagement. Specifically, there is an opportunity for direct employer engagement in solutions and integration of employer perspectives into assessment tools and job preparation systems. However, aligning actors across the public, nonprofit and private sectors around improved youth job opportunities could be difficult, especially at a national level.

| Youth Employment Challenge | Definition |
|----------------------------|---|
| Disconnected | Youth not currently in education, training, or employment nor possessing a post-secondary credential |
| Loosely connected | Youth only able to work or study part-time |
| Underemployed | Youth who would like to work full-time, but who can only find part-time employment |
| Mal-employed | College graduates who are in full-time jobs that do not draw on much of their formal college education |
| Unemployed | Youth who are physically capable of working and are actively searching for employment, but who have not secured either a part-time or full-time job |

- **Youth employment challenges have mounted steadily over the last decade and reached a potential crisis point in the wake of the Great Recession.** Overall, 14 million youth – more than one-third of the 29 million 16-24 year olds in the US – face employment challenges, with black males, Hispanic females and low-income youth disproportionately affected. The short- and long-term economic and social consequences of youth unemployment are severe. Ultimately, youth unemployment and associated challenges threaten to perpetuate cycles of intergenerational poverty for individuals and communities.
- **A number of initiatives are converging to address youth unemployment but could be more strategically aligned through a focus on employer needs and employer engagement.** In contrast to the programmatic focus on youth skill development of most prior and on-going efforts in this space, an approach that takes a view of the whole system is required to address the scale of the problem. Specifically, working with employers to commit to help solve the problem – while difficult and uncertain – could be the most powerful way to improve youth job opportunities.
- **Funding for youth employment initiatives is relatively limited and, in general, narrowly focused on skill development without meaningful employer engagement.** While philanthropy contributes roughly \$2 billion each year for education and youth development, annual grant-making for youth employment initiatives is only \$150 million. Similar to the nonprofits in the space, philanthropic efforts primarily center on youth skills and training, with limited attention to the broader employment system. Focusing on employer engagement and the creation of permanent jobs remain relative “white spaces” in the philanthropic landscape.
- **Transforming youth employment opportunities will require going beyond program replication to broad systems change.** There is an opportunity to better leverage philanthropic support to expand youth job opportunities through direct employer engagement and to help government increase the impact of the \$7 billion it spends annually on youth employment initiatives. Fostering an economic system that broadly improves employment prospects for young people could directly impact more than a half million youth in the next seven years and potentially millions more in the future.

What is the scale and scope of the problem? Why is the problem pressing?

Scale: Why It Is Important



Youth employment challenges have surged in the wake of the Great Recession

- In 2010, youth unemployment (at 18.4%) hit its highest level since World War II
- After holding steady for a decade, the number of disconnected youth surged by 800,000 through the Great Recession
- The number of youth who can only find part-time work increased from 1.3 million in 2000 (3% of all 16-24 year olds) to 3.1 million (8%) in 2010

Today's youth employment crisis represents a magnification of long-term structural shifts in the economy

- Employment-to-population ratios dropped for all workers between 2000 and 2010, with the steepest declines concentrated among the youngest workers
- All net job growth of the past two decades has been for employees with at least some post-secondary education
- Part-time employment as a share of total employment, at nearly 20%, has reached a record high. Youth are almost twice as likely as older workers to hold a part-time job
- More than 80% of employees have not received formal employer-led training in the last five years

Consequences will be severe if nothing is done to improve youth job prospects

- The total cost associated with the current cohort of disconnected youth will be approximately \$1.2 trillion borne directly by taxpayers and \$3.6 trillion borne by society
- By 2020, there will be an estimated 5.9 million more people seeking work without a high school degree than there will be jobs available for this skill group
- Failure to address the employment challenges of today's youth could result in an economically fragile generation chronically stuck in unstable jobs, with permanently lower earnings and less accumulated savings to invest in education or other areas that further their progress

Scope: National Relevance



This is a national problem that has differential impacts among and within states and cities, based on a range of contextual factors

Cities across the country grapple with youth disconnection, although certain regions have more acute problems

- Areas with the highest rates of youth disconnection are concentrated in the Sun Belt and southeastern states and in the poorest neighborhoods of large urban areas
- America's 25 largest metropolitan areas contain nearly 38% of all disconnected youth
- Large cities with the highest rates of disconnected youth include Phoenix, Miami, Detroit, Riverside-San Bernardino, and Atlanta
- Large cities with the lowest rates of disconnected youth include Boston, Minneapolis-St. Paul, San Diego, Washington, DC, and Philadelphia

Within cities, disconnection rates can vary significantly by neighborhood

- For example, the Boston metropolitan area has an overall youth disconnection rate of only 9%, but this figure jumps to 16-18% in the districts of Mission Hill, East Boston, and the City of Brockton
- In the New York metropolitan area, youth disconnection varies from 4% in parts of Nassau County to 36% in parts of the South Bronx

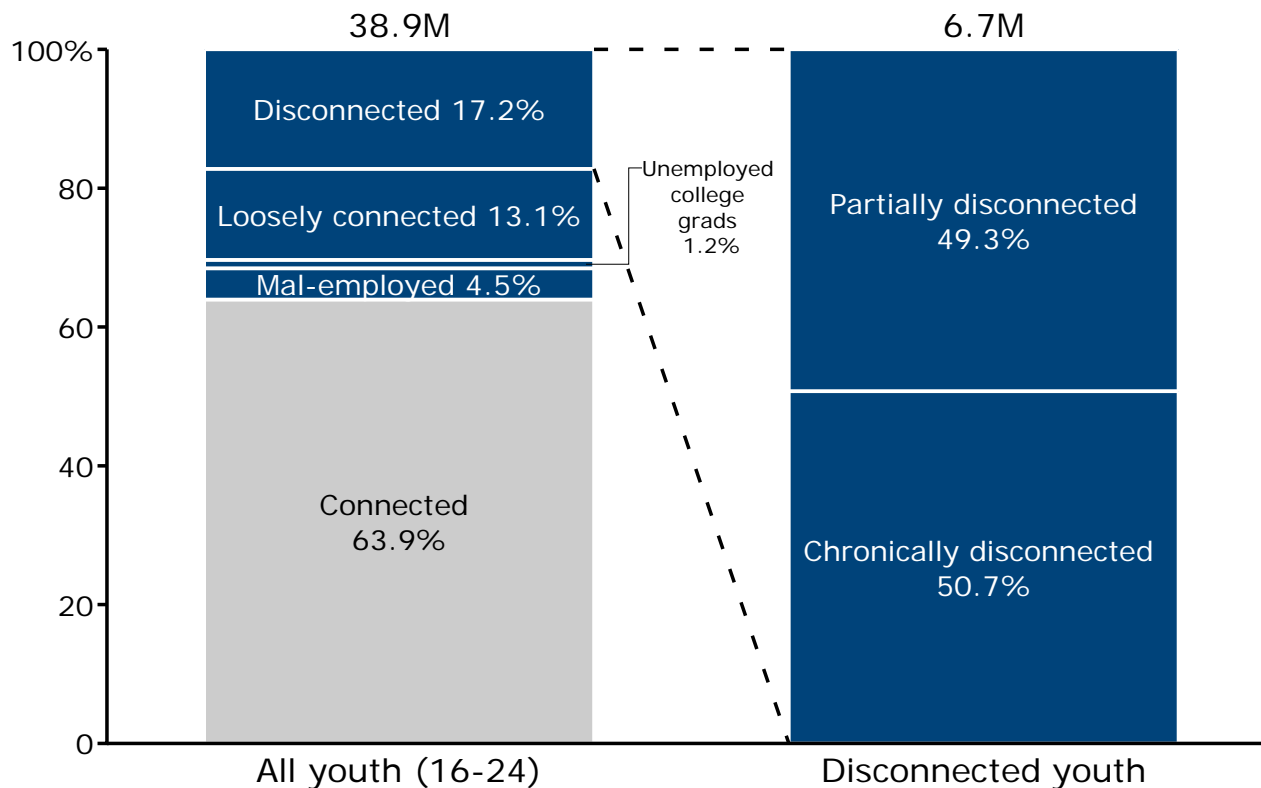
Numerous factors shape local disparities in youth disconnection rates

- Racial disparities partially explain varying rates of youth disconnection within a city. In Phoenix, for example, 13% of white youth are disconnected, compared with 24% of Hispanic youth and over 28% of black youth
- Additional drivers of disparities across neighborhoods include the dynamics of the local economy and access to and quality of education

Youth employment challenges – both widespread and unequally borne – threaten to undermine the country's social and economic well-being and competitiveness now and into the future

What is the scale and scope of the problem?

Over 14 million US youth – or 36% of all 16-24 year-olds – face an employment challenge



DEFINITIONS

- **Disconnected:** not currently in education, training or employment nor attained a post-secondary degree
- **Partially disconnected:** have some schooling or work experience beyond the age of 16, but have not progressed through college or secured stable employment
- **Chronically disconnected:** have neither studied nor worked after the age of 16
- **Loosely connected:** only working or studying part time
- **Mal-employed:** college graduates who are in full-time jobs that do not draw on much of their formal college education

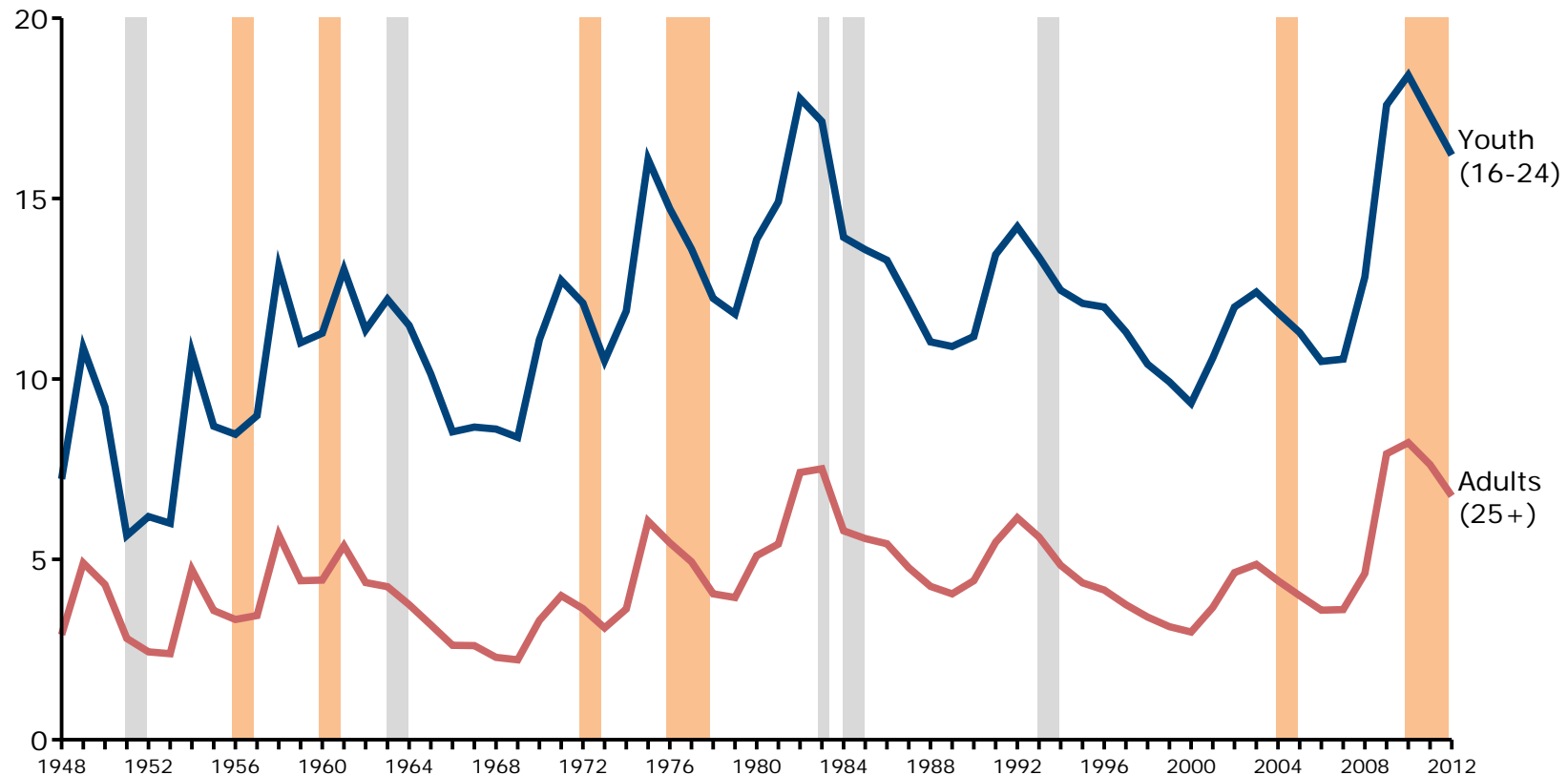
Source: Disconnected/loosely connected -- Clive R. Belfield, et al. (2012, January), "The economic value of opportunity youth." Washington, D.C.: Civic Enterprises, p. 7; Unemployed college grads -- U.S. Congress Joint Economic Committee (2010, May), "Understanding the economy: Unemployment among young workers. Washington, D.C.: U.S. Joint Economic Committee, p. 4; Bureau of Labor Statistics; Mal-employed -- Andrew Sum (2011, July), "The deterioration in the labor market fortunes of America's young adults during the lost decade of 2000-2010." (Policy Brief #2). Washington, D.C.: Children's Defense Fund, p. 4.

What is the scale and scope of the problem?

Youth unemployment levels have been higher than adult unemployment for decades, and have failed to recover after six of 10 recessions following World War II

Average annual unemployment rate
(Seasonally adjusted)

Shading indicates recessions, as defined by the National Bureau of Economic Research (NBER).
In those shaded orange, youth unemployment level did not recover to its pre-recession level



Note: Unemployment rates only reflect those unemployed who have actively looked for work in the prior 4 weeks and are currently available for work
Source: Bureau of Labor Statistics; NBER

What is the impact on the lives of poor or vulnerable people?

Youth employment challenges disproportionately affect the poor and vulnerable



- **Low-income youth are more likely to be disconnected from school and work:** About 40% of all disconnected youth come from families living below the poverty line, compared to 21% of all connected youth
- **Youth with the least education have the most difficulty securing employment:** Youth from the lowest income quartile are more than five times as likely to drop out of school as youth from the highest income quartile. Youth who have dropped out of high school are four times more likely to be unemployed than youth with a college degree
- **Black and Hispanic youth have the highest rates of disconnection, especially black males and Hispanic females**
 - Among all race/gender groups, black males have the highest rate of disconnection at 26%; Hispanic females are next highest at over 20%
 - Racial inequities persist regardless of educational achievement. Young black college graduates looking for work face an unemployment rate of 16%, nearly double the overall unemployment rate for young college graduates as a whole
- **Additional life challenges can increase the likelihood of disconnection**
 - 35% of disconnected females are mothers, compared to 10% of connected females
 - 13% of disconnected youth have a disability, compared to 4% of connected youth
 - Additional life challenges that can inhibit employment include long distances between residents and jobs within cities, poor transit access, unstable housing, lack of citizenship status, and limited personal and professional networks, among other factors

Youth employment challenges can trap individuals and families in cycles of poverty

- **The social and economic consequences of youth disconnection are severe**
 - **Depressed future earnings:** Consider two males with the same education, IQ, places of residence and family background – if one spends a year unemployed before the age of 23, he can expect to earn 23% less than the other ten years later. For females, the gap ten years out is 16%
 - **Risk of perpetuating poverty:** About two-thirds of Americans born into the bottom fifth of earners remain permanently among the poorest 40%
 - **Increased crime:** Multiple data sources suggest that disconnected youth are more likely than the rest of the population to commit a crime. In 2011, about 375,000 16-24 year-olds were either detained or serving time in prison. A criminal record presents an additional barrier to employment
 - **Poor mental and physical health:** Compared to peers connected to school or work, disconnected youth tend to have lower self-confidence, reduced ambition, lower life satisfaction, and higher rates of suicide

Youth unemployment tends to affect youth who are already poor and vulnerable, exacerbating the challenges they already face and reinforcing inter-generational poverty

What are the root causes at play? What systems failures are causing or exacerbating the problem?

Slow job growth, general disinvestment in workers, and dysfunctional education, training and recruiting systems have converged to undermine youth employment opportunities

System Failures: *Underlying constraints that exacerbate the vulnerability of the poor*

Slow job growth

The rate of job growth after the Great Recession has been too slow to return to full employment for either adults or youth. Paradoxically, job vacancies are taking longer to fill even with three active job seekers for every available position

K-12 education

Weak schools hurt youth by allowing them to drop out before earning a high school credential, or by not equipping them with the key knowledge, problem solving abilities, technical capacity and professional skills they need to succeed in postsecondary education or a job after graduation

Higher education and workforce development

Vocational training programs and academic programs at community colleges and universities often fail to develop relationships with actual employers and to orient their curriculum toward the skill demands of the economy

Employer-provided training

Employers increasingly expect that new hires will arrive with job-ready skills and knowledge, and are cutting back on the training they provide to employees, making it more difficult for less-experienced youth to enter the job market and develop professionally

Recruiting and hiring

The proliferation of online recruiting systems has made it easier to apply for a job, but translating one's talents in an online system remains challenging for youth, who often get screened out on the basis of limited education and/or work history

Root Causes: *Main drivers that directly* contribute to vulnerability*

Structural shifts in the job market

Automation and outsourcing have eroded mid-wage employment and increased the demand for highly-educated, highly-skilled labor, narrowing the options for youth to gain a foothold in the middle class

Employer focus on minimizing labor costs to maximize profits

As companies have concentrated on maximizing productivity, they have increasingly relied on temporary workers and viewed labor as a cost to be minimized rather than as an asset to be developed

Poverty and social inequity

Self-reinforcing poverty and social inequity—disproportionately affecting black and Hispanic youth—hinders employment prospects (e.g., because of weak local economy, poor transit access to jobs, poor health, limited social capital and political voice, inability to take unpaid internships, etc.)

Heightened competition for entry-level work

Youth face growing competition for entry-level employment as Baby Boomers remain in the labor force longer, and as job seekers with more advanced credentials and experience increasingly apply for entry-level positions

*Note: Some drivers also indirectly contribute to increased vulnerability through interaction with other drivers

What are the prevailing perspectives on this problem?

A more prevalent view attributes youth unemployment to inadequate skills, experience and social support, with fewer attributing the problem to the economy or employers

| Focus on Youth Deficiencies | |
|---|--|
| Inadequate credentials and skills | Traditional education and job training is not keeping pace with changes in the economy, leaving many youth without the knowledge, skills and credentials employers expect them to have when they enter the workforce. Key actors holding this view include employers, education and job training reformers, funders and the media. |
| Lack of opportunities for work experience | With increasing competition in the labor market, youth are disadvantaged because they have relatively fewer on-the-job experiences and skills – and not enough employers are willing to train and mentor young workers. Key actors holding this view include job training providers. |
| Life challenges | Unstable housing, food insecurity, undocumented immigrant status, disability, family obligations, lack of transportation, and criminal records all pose obstacles to youth connecting to work. Key actors holding this view include youth service providers and some job training providers. |
| Focus on the Unfavorable Labor Market | |
| Slow job growth | Without overall job growth, youth unemployment will remain high even if more youth are prepared for work. Key actors holding this view include government and education providers. |
| Structural economic change | Automation, outsourcing, the rise of contingent labor, decline in on-the-job training and employers' increasing demands for credentials and experience have made it permanently harder for youth to start their careers. Key actors holding this view include many researchers. |
| Focus on Employer Misperceptions | |
| Employer misperceptions | Private, public and nonprofit employers do not fully appreciate the potential for young workers to contribute creativity, energy, technological savvy, and diversity to organizations., and as a consequence, are not preserving, creating, or expanding entry-level jobs. Key actors holding this view include youth and youth service providers. |

What has and has not worked?

Many past efforts have focused on building youth job skills but have failed to provide adequate differentiated support and to connect programming to actual employer needs

| | What Has Not Worked | What Has Worked |
|---------------------------------|---|---|
| Efforts to improve youth skills | <ul style="list-style-type: none"> • Designing education and job training programs independent of employer input: Approaches to preparing youth for the workplace have routinely failed by not developing relationships with employers, and not orienting training toward the skills and knowledge employers are looking for. • Providing training with an exclusive focus on skills to the most disadvantaged youth: Successfully serving youth facing multiple life challenges often requires costly wrap around services that can be cost-prohibitive for cash-strapped schools, community colleges, and training programs. | <ul style="list-style-type: none"> • Improving the quality of education and promoting access and persistence (e.g., KIPP): A focus on the core aspects of instruction—effective teachers, rich content, and student readiness to learn—can increase the likelihood that students will graduate from high school and go on to earn a post-secondary credential, increasingly necessary to secure a job. • Integrating a career focus into education (e.g., ConnectEd): Programs that infuse work-based learning and career exploration into the academic experience show promise to improve for students' employment outcomes. • Creating job training programs linked to specific career pathways (e.g., Year Up): The most successful job training programs—provided directly by employers or by third parties—are designed with both youth and employers in mind. |
| Efforts to place youth in jobs | <ul style="list-style-type: none"> • Focusing on jobs exclusively: Programs that do not offer support in meeting basic needs (e.g., health and housing) may not prepare at-risk youth for success in a new job. • Treating corporate philanthropy and corporate social responsibility as the point of entry: Companies and organizations cannot sustain youth hiring programs if these are not delivering tangible value. • Providing short-term economic incentives for hiring: While some attempts to stimulate employment by offering short-term subsidies have resulted in net job creation for disadvantaged youth (especially in the public sector), private employer participation has generally been low, and sustained participation even lower. | <ul style="list-style-type: none"> • Facilitating work experience for youth early and often (e.g., Boston's Summer Jobs Campaign): Especially for at-risk youth, gaining experience in volunteer, internship and/or paid positions as early as middle school is associated with more successful job market outcomes later on. • Demonstrating in specific contexts that engaging with youth can boost business metrics (e.g., The Gap): Some employers have found that training and/or hiring youth can improve overall employee retention and boost the bottom line, although the specific segments of employers that would most benefit are still not well understood. |

2) Dynamism Assessment

Purpose

The Dynamism Assessment aims to identify the primary opportunities that could be catalyzed to address the problem. It also aims to identify emerging issues and future trends that could influence these opportunities, and the potential risks or uncertainties that could inhibit transformative change.

Key Findings

- High-level attention to youth unemployment has increased significantly over the last decade, with a growing number of public and nonprofit actors taking action to address the problem. Players in the field are increasingly recognizing the importance of the private sector – which provides 80% of all jobs in the US – but private employer involvement in youth employment solutions remains limited. This confluence of actors, along with other forces, may provide a window for new solutions.
- There is an opportunity to better direct and accelerate emerging efforts in the space by championing a focus on employer engagement and needs. Employers could be persuaded to directly train and hire youth, and their perspectives could inform the development of improved job preparation programs and assessment and recruiting systems.
- Successful engagement of bellwether employers could trigger a positive tipping point toward system-wide shifts in employer practice. On the other hand, worsening of youth unemployment could mean that a large number of today's young people face permanent disadvantage in the labor market and society.
- Solutions that depend on increased government spending or that focus on youth entrepreneurship are less dynamic right now.

What forces are creating windows of opportunity?

Forces Contributing to Dynamism

- The disconnected youth population has recently gained greater attention from foundations, think tanks, and government leaders, evidenced by the increasing number of initiatives. The 2009 launch of the Social Innovation Fund, partially focused on disconnected youth, followed in 2010 by the creation of the White House Council for Community Solutions (WHCCS) showed strong interest at the federal level. Attention from private funders has also grown since 2010, with Kellogg Foundation launching the New Options Project, Bloomberg's Young Men's Initiative, and the Aspen Forum for Community Solutions.
- Greater interest has likely been driven by: the mounting urgency of the problem; global youth unemployment trends and resultant political implications; and a national desire for global competitiveness of the American workforce.
- Faced with long-term labor market shifts and rising youth unemployment that past efforts have failed to adequately address, both non-profit and public sector actors are increasingly recognizing the important role of the private sector and creating programs that successfully engage employers to connect youth with career opportunities. Examples include the place-based work of National Fund for Workforce Solutions, enterprise-based work of Goodwill Industries, and career pathway programs like Year Up. Work to integrate a work-based perspective into school is also gaining momentum with efforts like the Irvine Foundation-initiated Linked Learning program expanding significantly. Through the 2012 Summer Jobs+ initiative, senior government leaders also demonstrated a new emphasis on the role of employers.
- Although still limited in scope and scale, employers are also beginning to recognize a need for greater investment in youth talent pipelines – either due to an aging workforce (e.g., PG&E), business need for younger employees (e.g., The Gap), or commitment to the community (e.g., Southwire).
- New skills-based assessments, such as WorkKeys by ACT, Workforce.io, Evolv, and other tools that use data analysis to inform hiring decision-making are being developed and tested. Online credentialing programs and other less formal training opportunities such as Learn Up are emerging as low- or no-cost alternatives to traditional education and training. Systems are also being prototyped to track progress and recognize skills gained in online learning environments by entities like Mozilla.
- These new technologies have the opportunity to better connect youth and employers by highlighting “hidden talents” that are difficult to surface in a resume or traditional interview.
- Increased advocacy and declining government budgets are driving pressure for federal funding to support “what works”. In this context, evaluations of youth employment skills programs are underway and could provide an opening to improve the effectiveness of the \$7 billion that the federal government spends annually in this area.
- Awareness and support for better-coordinated funding has also grown, particularly following the experimentation with flexibility made possible under ARRA. Specifically, Workforce Investment Act waivers that allow greater flexibility were shown to contribute to stronger connections with employers, increased employer-based training, and improved outcomes for youth.
- Bridgespan research done for the WHCCS in 2011 found there were at least 500 collaborative efforts working to move the needle on a specific social problem across the country. These efforts are growing in number, and many are focused on youth. The Aspen Forum for Community Solutions and others are providing guidance and funding incentives for cities and regions to test the approach specifically for disconnected youth.

Areas of Dynamism

- Confluence of high-level interest in addressing youth unemployment
- Growing recognition of the importance of the private sector
- Experimentation with new technologies to increase efficiency in skill-building and recruiting
- Increasing government support for evidence of outcomes and greater funding flexibility
- Emergence of place-based and collaborative efforts to solve social problems

What are the primary opportunities that could address this problem?

There are multiple intervention points for various actors within each Area of Dynamism.

A few potential intervention points are particularly dynamic.

Confluence of high-level interest in addressing youth unemployment

| Importance of private sector | New recruiting tools and technologies | Government effectiveness | Place-based and collaborative approaches |
|--|--|--|---|
| <p><i>Some employers are recognizing the potential for youth to meet their workforce needs and committing to hiring and training youth</i></p> <p>Research: Support research to better segment and identify employers most likely to hire and train youth</p> <p>Make the case: Support efforts to help employers understand the value of training and hiring youth</p> <p>Influence: Support new commitment to youth starting with bellwether employers, peer-to-peer networking, and relevant industry associations</p> <p>Scale: Support the codification and replication of effective employer-led career pathways</p> <p>Incentivize: Reduce employer risk by advocating for targeted hiring subsidies and supporting intermediary organizations</p> | <p><i>New tools continue to be developed and piloted that more efficiently assess and match skills to job requirements</i></p> <p>Innovate: Spur creation and support piloting of new recruiting and assessment tools and approaches that better capture and reflect youth talent</p> <p>Scale: Support the expansion of improved recruiting and assessment tools, including those already validated in pilot programs</p> <p>Influence/Train: Encourage leading employers to adopt new recruiting and assessment tools, and support implementation</p> | <p><i>Government leaders are beginning to embrace evidence-based practices to get more impact from shrinking budgets</i></p> <p>Build evidence base: Facilitate the establishment of common outcome standards for youth employment programs and support evaluation of existing programs against these standards to understand “what works”</p> <p>Build capacity: Help education and job training providers implement best practices, especially in developing closer relationships with employers</p> <p>Advocate: Cultivate champions at federal, state and local levels for creating flexible funding, and for investing public dollars in evidence-based programs</p> | <p><i>Comprehensive place-based efforts focused on youth are attracting broad interest and support</i></p> <p>Collaborate: Work with funders making community revitalization investments across the country to add, or strengthen, a focus on youth employment</p> <p>Convene: Gather leaders of place-based youth employment initiatives to share lessons, particularly on how to effectively engage employers</p> <p>Pilot: Support place-based efforts to increase youth employment, leveraging local economic development plans and partnerships with local industries and employers</p> |

Highlighted initiatives reflect the most dynamic opportunities for further exploration.

What potential tipping points are emerging?

| | Description | What would have to happen to reach this tipping point? |
|--|--|--|
| Positive Potential Tipping Points (Actions & events that could catalyze large-scale positive change) | <ul style="list-style-type: none"> • Significant change in employer attitudes toward youth employment: Increased recognition of the problem, its potential effect on their business, and engagement in solutions within a subset of bellwether employers could trigger a broad shift toward norms and practices more favorable for youth employment. | <ul style="list-style-type: none"> • Employers recognize the future human capital challenges they may face and believe the business case for investing in youth • Employers adopt new approaches that better enable youth to access career opportunities |
| | <ul style="list-style-type: none"> • Innovation and improvement in federal government programs: A number of federally-funded programs, including the largest —Job Corps—are currently being evaluated, which will generate better guidance as to how the programs can improve their outcomes. These evaluations, combined with the broader “what works” movement, could help to direct resources towards the best programs. The pending reauthorization of the Workforce Investment Act could also improve some programs addressing this problem. Simultaneously, there is appetite for increased coordination across systems that serve youth. | <ul style="list-style-type: none"> • Program evaluations are conclusive and inspire federal leaders to redirect funding flows to efforts that have greater impact for youth • Efforts continue to pilot innovative approaches to coordination like those led by the Office of Management and Budget • Reauthorization of the Workforce Investment Act (which Congress has failed to do since 2003) could expedite reform, but incremental improvements are possible under the old legislation |
| Negative Potential Tipping Points | <ul style="list-style-type: none"> • Failure to improve employment prospects creates a “lost generation”: Failure to secure a job as a young adult increases the risk of unemployment and associated negative social and economic effects later in life, both because it limits the opportunity to accumulate work experience and because employers are likely to be skeptical about applicants who have endured long periods of joblessness. | <ul style="list-style-type: none"> • Youth unemployment levels fail to recover after the Great Recession (as they have failed to recover after six of ten recessions since World War II), contributing to the continued ratcheting up of youth employment challenges |
| Too Early to Tell | <p><i>These could potentially be tipping points (positive or negative) but will require further monitoring to define and size:</i></p> <ul style="list-style-type: none"> • Non-traditional, technology-based skill building: Massive Open Online Courses (MOOCs), online credentialing programs, and other less-formal training opportunities such as Learn Up, are emerging as low- or no-cost alternatives to traditional education and training. • Use of data analytics to match candidates to jobs: Online job aggregators may exacerbate the deluge of low-quality information that adds to employer and job seeker confusion but employer adoption of data-driven hiring techniques could help identify “hidden talents” in youth. | |

What are emerging issues and future trends that could influence these opportunities?

College- and Career-Ready Education Reform

Government, nonprofit and private sector actors back “career-ready education,” but implementation across the K-12 and higher education systems remains uncertain

- Education reform has the potential to provide important tailwinds for any youth employment efforts
- College and career readiness remain at the heart of the education agenda and are being further propelled by the Common Core State Standards (CCSS), although continued state support will depend on the results of new national exams
- The private sector was not deeply involved in design of standards, but the Business Roundtable and the U.S. Chamber of Commerce have recently made public statements of support of CCSS
- The Obama Administration has demonstrated a commitment to improving Career and Technical Education (CTE) through technical assistance, competitive funding, and rewards structured to ensure that more students—regardless of background—can access high-quality CTE

Industry Growth and Job Creation

The two industries employing the highest proportion of youth – leisure and hospitality, and retail – are projected to create about 3 million new jobs and 4-5 million replacement jobs by 2018

- Job growth through the next decade will result from both industry growth and replacement jobs due to retirement, with the latter providing the largest source
- The highest projections of new jobs are anticipated in professional and business services, leisure and hospitality services, government, and construction
- When replacement jobs are considered, the professional and business services industry is expected to offer the highest number of employment openings through 2018
- Continuing recent trends in employment gains, the largest proportion of jobs, especially those to be created rather than replaced, are expected to go to workers with some postsecondary education

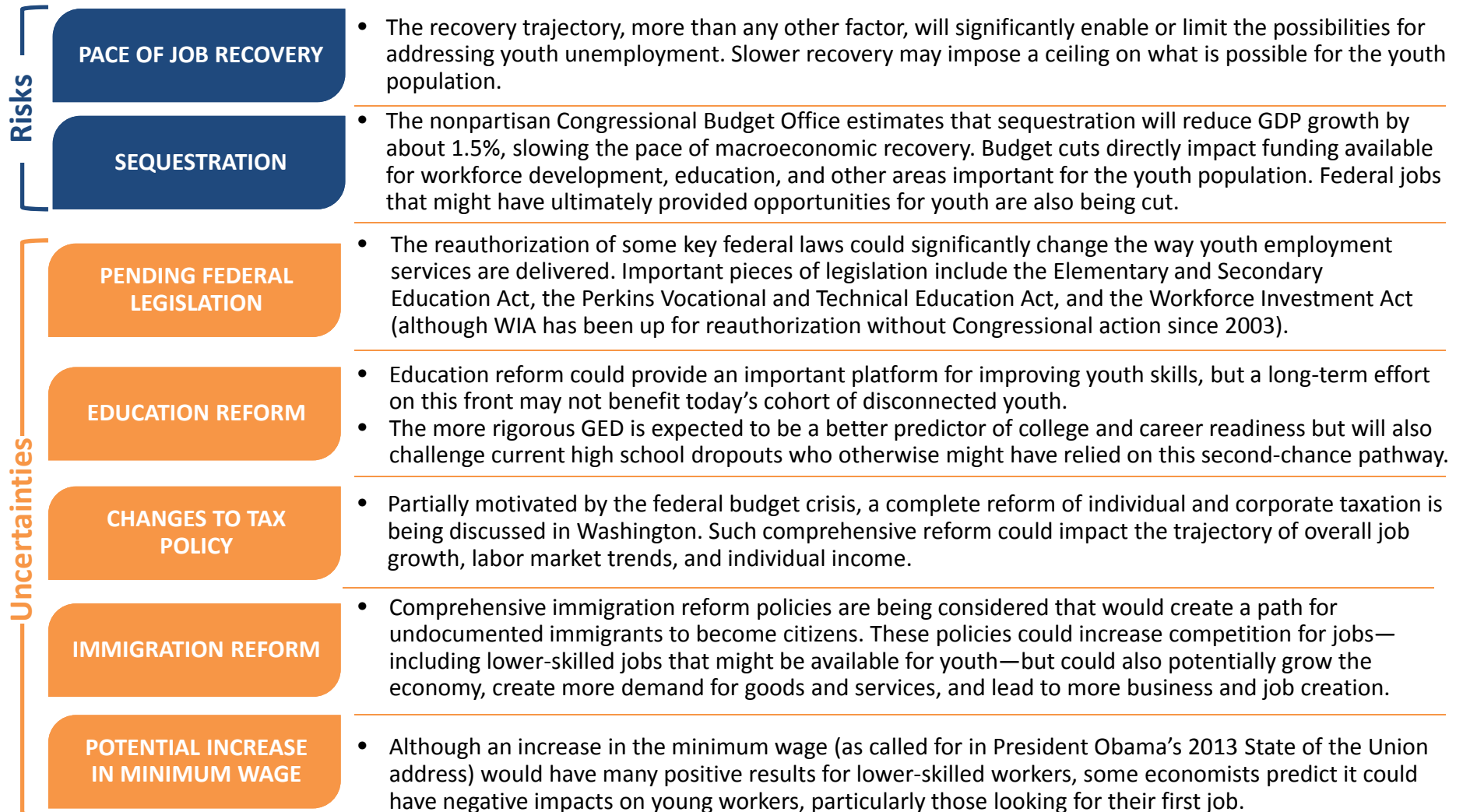
Exit and Entry of Key Philanthropic Players

Kellogg will end its youth employment program in 2013, but Bloomberg Philanthropies, the Open Society Foundations, and other funders are developing new initiatives in the space

- The W.K. Kellogg Foundation has announced the end of its support for the New Options Project – focused on an employer engagement platform, skills-based assessment tools, and improved job market information for youth – at the end of 2013. Kellogg plans to shift focus to early childhood development
- Several major foundations have recently announced new commitments:
 - Bloomberg Philanthropies, the Open Society Foundations, and New York City will invest about \$130 million over three years to launch the NYC Young Men’s Initiative, which will strengthen educational, employment, and social service supports for young black and Hispanic males
 - A number of funders are also coming together to support the work of the Aspen Forum for Community Solutions and its Opportunity Youth Incentive Fund

What are potential risks or uncertainties?

Interventions in this space are subject to a range of factors that could derail or diminish impact



3) Landscape Assessment

Purpose

The Landscape Assessment aims to identify the key players and opinion leaders in the field, what organizations are doing innovative work, who provides funding, and where there are gaps in funding.

Key Findings

- Youth unemployment actors sit at the nexus of education and workforce development. The main categories of system players include federal, state, and local government; education and training providers; nonprofits and community based-organizations; and employers.
- Nonprofit players doing high-impact work include certain direct service providers better integrating work and education, intermediaries facilitating connections between youth and employers, and nonprofit advocacy groups and coalitions working to share best practices and advocate for policy change.
- The federal government provides the vast majority of funding for youth unemployment—\$7.1 billion annually—primarily from the Departments of Labor and Education. However, federal funding for most major programs has declined or remained stagnant for the last decade.
- Compared to the roughly \$2 billion in annual philanthropic funding for the adjacent fields of education and youth development, philanthropic funding for youth initiatives with some connection to employment is relatively limited at \$150 million per year; further, much of that funding is targeted to particular regions, specific sub-populations, or aspects of the larger problem (e.g. child care or transportation). About half of grant-making is concentrated among 15 funders, who primarily focus on youth skill development.
- Few current philanthropic efforts take a systems- or employer-centric view of the youth employment challenge. White space opportunities exist to support permanent job creation efforts, employer-driven demand-based solutions, and comprehensive system-wide approaches.

Who are the key players and opinion leaders in the field?

Because youth unemployment is a multifaceted problem, key players span a number of sectors and roles

Federal government

The Department of Labor plays a lead role in administering the public workforce development system under the Workforce Investment Act (WIA). Other main actors at the federal level include the Departments of Education, Health and Human Services, Justice, and the Corporation for National and Community Service (CNCS), all of which provide funding for youth-focused programs with a connection to employment.

State and local governments

State and local governments manage and implement most federal programs focused on youth employment through various departments, and in many cases, are required to match federal contributions to be eligible for funds. Local governments are also primarily responsible for funding and managing the country's public education system. Government players innovating with programs and funding approaches for youth workforce development include the state of South Carolina, and the cities of Boston, Kansas City, Los Angeles, Chicago, and Albuquerque.

Education and training providers

Education and training providers receive WIA and other federal, state, local and private funding to educate youth and train them for employment. Relevant actors include the public and private education system—K-12 schools, community colleges, and public and private universities—as well as private training schools and centers focused more squarely on job training and employment. One notable leader in this sector is the Advanced Manufacturing Alliance, a coalition of 10 community colleges in North Carolina dedicated to preparing students for local manufacturing jobs.

Nonprofits

Nonprofits play several roles in the youth unemployment field. Direct service providers educate and train youth for successful careers. Intermediaries facilitate better connections between youth and employers. Nonprofit advocacy groups and coalitions work to share best practices and advocate for favorable policy changes. Examples of leading organizations in this sector include Goodwill Industries, Year Up, MDRC, the Aspen Institute, CLASP, and the Corps Network (see following two slides for more detail on these and other high-impact nonprofits).

Employers

For-profit, nonprofit, and government employers by nature play a crucial role in the youth unemployment field, because they take the final step of hiring and retaining youth. Businesses in particular are influential system players in their role as members of industry associations, local chambers of commerce and Workforce Investment Boards, where they have an opportunity to shape training practices and advocate for the needs of businesses. Employers cited by Corporate Voices as demonstrating best practices include The Gap, Inc., JP Morgan Chase, Pacific Gas & Electric, and Southwire.

Researchers

A number of individuals, including labor economists, policy analysts, and consultants, are providing insights for the field by publishing key research and policy documents. Key figures include Clive Belfield, John Bridgeland, Peter Cappelli, Peter Edelman, Harry Holzer, Andrew Sum and researchers at McKinsey & Company, Demos, and Manpower.

What organizations are doing innovative and/or high-impact work?

| Nonprofit | Revenue (2011) | Description |
|--------------------------|----------------|---|
| Direct Service Providers | | |
| Goodwill Industries | \$4,400.0M | Through the Goodwill GoodGuides program and other youth services, provides career path support, training, mentoring, and placement to youth. Goodwill trains 4.2M youth and adults and places nearly 200K people in meaningful employment every year. |
| YearUp | \$46.4M | One-year training program for youth age 18-24 that incorporates hands-on skill development, college credits, and corporate internships. Serves ~1,300 youth annually. |
| YouthBuild USA | \$26.3M | Provides ~10K young adults each year with opportunities to work toward their GEDs while learning job skills by building housing in communities across 46 states. |
| Intermediaries | | |
| MDRC | \$62.8M | Through disconnected youth practice, provides evaluation and technical assistance services to programs, including Year Up. |
| Full Employment Council | \$17.5M | In Kansas City, works with partners to secure employment for unemployed residents. Blends public and private funding for training, internships, and other experiences that meet needs of employers and youth. |
| ConnectEd | \$11.6M | Develops tools, supports initiatives, and promotes policies that expand pathways preparing young people for success in college, career, and life. |
| New Options Project | \$9.0M | Creates market-based tools that better connect youth to jobs. Additionally, works to infuse a skills-based focus in hiring and training. Advocates to change employer hiring practices to create more opportunities for youth employment. |
| REDF | \$7.0M | Provides grants and technical assistance to nonprofit social enterprises that intentionally hire unemployed young people and adults who might otherwise struggle to get a job. |

Most nonprofit efforts in this space focus on youth skill building to some degree, but some are taking a more systemic, rather than programmatic, approach to the problem

What organizations are doing innovative and/or high-impact work? – Supporting coalitions

Nonprofits are supported in the field by a number of major coalitions and advocacy groups working to share best practices and advocate for policy change

Conveners



Convenes key players, advances policy and research, and provides tools and resources through initiatives such as the Aspen Forum for Community Solutions, the Workforce Strategies Initiative, and Skills for America's Future



Coalition of 250+ organizations (nonprofits and for-profits) working to address the inequality of economic opportunity in America



Focuses on creating structural changes in the economy, including reform of the nation's workforce development system



"Action tank" dedicated to ensuring all young people are ready for college, work and life by age 21

Research and policy



Works to promote policies that strengthen families and create pathways to education and work through research and advocacy at federal, state and local levels

Membership organizations



Membership association of 150+ service and conservation Corps that advocates for more Corps funding to provide youth with job training, education, and leadership skills



Membership organization focused on youth employment. Works to increase adoption of research-based practices, advocates for policy changes on behalf of members, and builds capacity of members



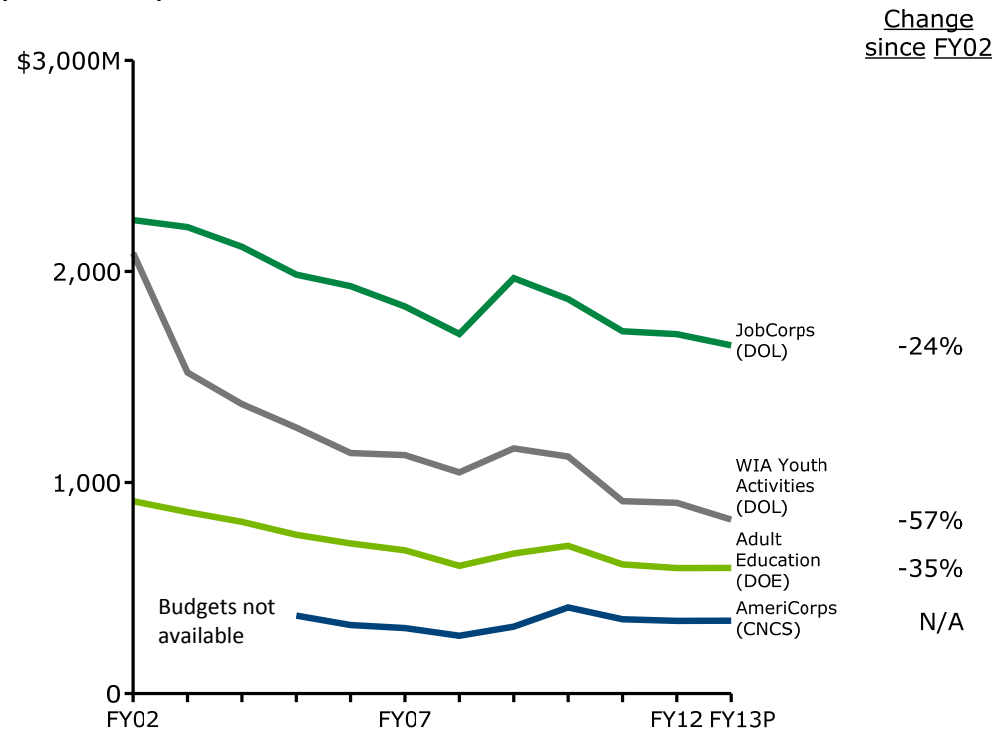
Fifty-member business organization seeking universally-beneficial changes in the areas of workforce readiness, workplace flexibility, family economic stability, and work/family balance

Who is providing funding in this space?

Government Funding Landscape: Key Observations

- There are 19 federal programs focused on youth unemployment spending \$7.1 billion annually, creating a relatively dispersed set of funding flows. An additional 20 federal programs with \$20.1 billion in annual funding are not specifically youth- or employment-focused, but are partially relevant
- Federal funding has declined or remained stagnant for the past decade

Funding for selected federal youth employment programs, FY02-FY12 (2012 dollars)



While government funding for youth unemployment is significant and far exceeds private funding, there is limited evidence that these programs are improving youth employment

Who is providing funding in this space?

Most funders either have targeted focus areas or are deeply connected to particular geographies, leaving large areas of the landscape under-funded

- Philanthropic grants totaled **\$593 million** for youth initiatives with some connection to employment between **2008 and 2011**, or an average of about **\$150 million annually**.



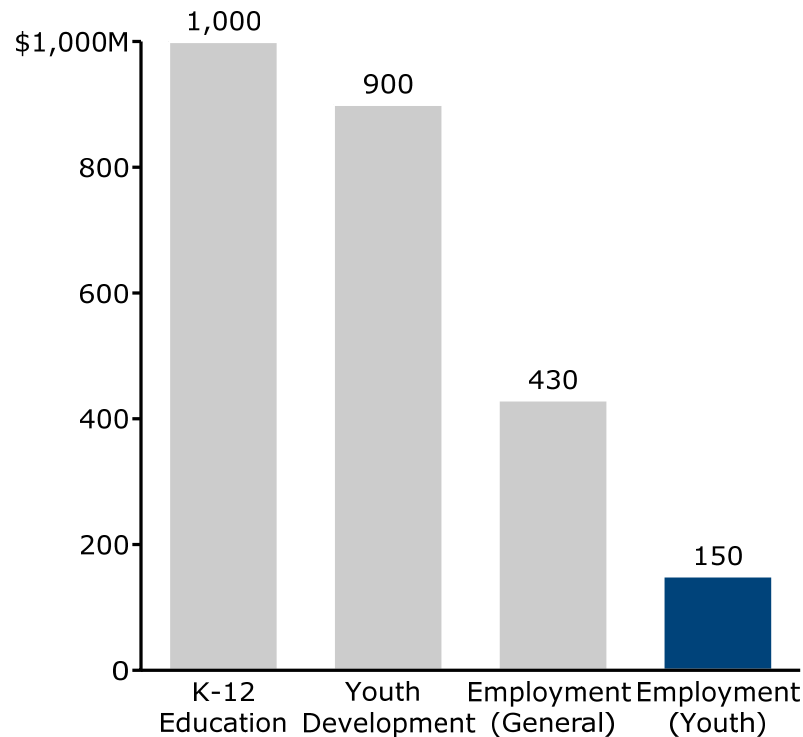
Note: Grants total is a conservative estimate based on keyword search of grants related to youth AND employment subject tags in the Foundation Center database; Grants under \$50K have been estimated based on grant numbers and average grant size, but not confirmed

How is funding distributed across sub-themes? Which areas are under-funded or crowded?

Youth employment is relatively under-resourced, indicating an opportunity for additional philanthropic impact in the space

An assessment of existing youth employment funding suggests white space opportunities primarily exist in three areas

Total annual foundation funding



1. Permanent job creation

- Most job creation efforts are primarily focused on short-term opportunities.
- Only ~1% of all philanthropic funding in this space supports creation of jobs lasting a year or more.

2. Demand-driven employer-based solutions

- While all of the 15 largest funders in the space support youth-focused programmatic activities, expert interviews almost unanimously emphasized the need to fund solutions driven by the business fundamentals of employers.

3. Comprehensive system-wide focus

- The majority of grant-making, and nearly all of the more comprehensive approaches, is place-based.
- Youth employment is usually a secondary priority for foundations that primarily support other strategic goals in education, youth development, or community revitalization.

Coverage Drivers

- The monthly release of jobs numbers by the Bureau of Labor Statistics drove overall coverage of unemployment and focused on notable trends. The finding in April 2012, that 25 percent of youth were unemployed, drove more coverage than other months. Stories often appeared in late spring through June, when young people are out of school and looking for jobs.
- Reports drive coverage. The annual KIDS COUNT report has resulted in strong local coverage, particularly in states that do not fare well in the state-by-state assessment. The annual Jobs Outlook, (each November and April by the National Association of Colleges and Employers), also drove coverage.

Gap Analysis

- There could be more focus on the skills that translate into workforce success. There was light attention to the value of certain college degrees, but less focus on the full continuum of education from grade school through college in preparing the workforce.
- Despite some focus around the elections, there is little focus on national solutions; minimum wage was the major national policy discussed in the last 18 months.

Volume, Geography & Tone

- The frequency of coverage increased steadily from 2009, resulting from the economic downturn and its impact on the youth employment outlook. The increase can also be partially attributed to the Occupy movements, which began in September 2011 and elevated media conversation about youth unemployment and underemployment.
- Boston led in frequency of coverage, likely due to numerous city initiatives related to youth unemployment. Coverage in other cities, in descending order of frequency, included Atlanta, New York, Chicago, Los Angeles, the greater Cleveland area and Detroit.
- Coverage is more fact-based than editorial commentary, and focuses on illegal immigration, youth “hiding” from a scarce job market by staying in school, and the link between unemployment and violence. The most significant controversy was on increasing minimum wage.

Highlights from Coverage

- Coverage on youth unemployment occurs in stories about broader economic issues, including the overall social good of connecting youth with jobs – both for their individual development and longer-term financial well-being – but also for averting social problems, like violence and teen pregnancy.
- There is growing discussion about wage scarring, specifically focusing on the long-term financial impacts it has on young people who are struggling to enter the workforce and what that means for them not only as a group, but also for the larger economy.
- While the majority of coverage surrounding youth unemployment cited state government policies and initiatives – with some minor focus on public-private partnerships – public opinion places responsibility on the government to create long-term solutions. The largest area of controversy occurs around raising the minimum wage.
- Coverage on youth entrepreneurship as a solution to youth joblessness received light, but consistent coverage, suggesting the media's interest in featuring stories about how young people are creating their own jobs and presenting an opportunity to amplify the conversation around business and communication skills that contribute to success.
- Solutions to youth unemployment received light coverage, including bolstering public and private training programs, increasing small businesses' access to financing, expanding entrepreneurial opportunities, lowering government hurdles to the formation of new businesses, offering subsidies for private employers that hire young people, and addressing public works and infrastructure.

White Space Recommendation

- There is widespread understanding of the individual and larger societal impacts resulting from high youth unemployment. There is also more discussion on the role of the private sector to hire and train, but also to increase skills, including entrepreneurship.

5) Impact Assessment

Purpose

The Impact Assessment presents an early view of the impact potential in this space, outlining how we think change could happen based on the dynamism assessment and using scenarios to illustrate different impact ranges.

Key Findings

- Fostering an economic system that creates more employment opportunities for youth will require going beyond program replication to broad systems change. Specifically, it will mean shifting how employers value, recruit, assess, and train youth; re-engineering public and nonprofit education and job training programs to reflect the needs of employers; and addressing racial and socioeconomic disparities in access to employment opportunities.
- Illustrative scenarios for impact include: changing employer practices through outreach to specific segments of employers; strengthening employer focus in skill development by catalyzing widespread integration of identified best practices; and transforming youth employment in high-need cities through collaborative and other place-based initiatives.
- The potential scale of impact is uncertain given the systemic nature of both the problem and potential solutions. In the short term, any of the scenarios for impact could reach tens to hundreds of thousands of youth. In the long term, the aim is to indirectly impact entire generations of young people by helping to catalyze a favorable shift in the employment system for youth.

How We Think Change Could Happen

| <i>Areas of Dynamism That Could be Catalyzed Towards High-level Outcomes</i> | | <i>High-level Outcomes That Would be Required to Achieve the Impact Goal</i> | <i>Potential Impact Goal</i> |
|--|---|--|---|
| Economic growth is spurring new job creation | Industries that tend to hire youth are expanding | Increased jobs available for youth | An economic system that creates more career opportunities for youth, especially those who are poor and vulnerable |
| Some employers are recognizing need to develop talent | Innovators are developing new recruiting and assessment tools | Increased employer commitment to hiring and training youth | |
| Companies are showing interest in finding more efficient ways to identify talent | Some employers are demonstrating that youth training and hiring is profitable | Improved recruiting and assessment practices to better match youth to jobs | |
| Advocates are cultivating champions in government for more effective use of job training resources | Funders are investing to improve minority education and employment prospects | Youth prepared to successfully find and retain new jobs | |
| Some schools are integrating a career focus | Community revitalization collaboratives are emerging in some cities | Reduced racial disparities in access to employment opportunities | |

Current areas of dynamism would need to be amplified and directed more strategically to achieve the high-level outcomes required to improve the youth employment system

Illustrative Scenarios for Impact

These scenarios present selected choices around which a potential development strategy could be designed. They could be combined as part of a broader systems-level initiative

Change Employer Practices

Drive outreach efforts to specific segments of employers to promote increased training and hiring of youth

Rationale for pursuing this scenario: Most employers' hiring and training practices disadvantage youth, but an opportunity exists to magnify and coordinate efforts to increase employer commitment to young workers

Likely target youth population: Unemployed and underemployed youth with at least a high school degree and moderate to no life challenges

Trade-offs and considerations:

- Could initially favor relatively better-off unemployed youth with potential to help shift practices for all youth in the long term
- Requires selecting target industries based on growth projections and likelihood of hiring youth

Illustrative activities/interventions:

- Support development and communication of a targeted business case for hiring youth
- Support experimentation with better recruiting and assessment tools

Strengthen Employer Focus in Skill Development

Transform public and nonprofit job preparation and training for youth by catalyzing widespread integration of employer focus and relationships

Rationale for pursuing this scenario: Increasing employer engagement could multiply the impact of the billions spent annually on public and nonprofit youth career readiness programs

Likely target youth population: Unemployed youth who may have a high school degree or less, and who may face serious life challenges

Trade-offs and considerations:

- Public programs are much larger, but more difficult to shift than nonprofit programs

Illustrative activities/interventions:

- Support stronger collaboration between career education and training providers and employers
- Drive the transfer of best practices for collaborating with employers across nonprofit and public job training programs

Transform Youth Employment in High-Need Cities

Support collaborative and other place-based initiatives in 8-10 cities to develop 'proof points' of success in addressing youth unemployment

Rationale for pursuing this scenario: Emerging place-based initiatives offer opportunities to engage deeply in select cities to demonstrate the potential to move the needle on youth employment, including for individuals with the most severe life challenges

Likely target youth population: Unemployed and underemployed youth living in target US cities

Trade-offs and considerations:

- Lessons from place-based efforts may not be transferable to other locations
- Job creation in target cities could be the result of displacement rather than net growth

Illustrative activities/interventions:

- Leverage local partnerships with targeted industries and employers
- Support replication of effective approaches demonstrated in model city initiatives and increase focus on employment outcomes

Illustrative Scenarios for Impact Vision of Scale

Affected Populations

National Scenario

6.7 million

16-24 year-olds who are out of school
and out of work in the US

+ 5.1 million

16-24 year-olds who are only able to work or
study part-time

Disconnected Youth in Highest-Need Places

1.7 million

Youth who are out of school and out of work in
the ten US cities with the highest number of
disconnected youth

(New York, Los Angeles, Chicago, Houston,
Dallas, Atlanta, Miami, Riverside, Phoenix,
Philadelphia)

Youth Less-Well Positioned for Employment

3.7 million

Disconnected youth without a high school; and
disconnected youth with a high school degree
who come from families making less than 150%
of the federal poverty line

Possible Solution Spaces

Change Employer Practices

Drive outreach efforts to specific segments of
employers to promote increased training and
hiring of youth, including support for bottom
line-oriented business cases and
experimentation with new recruiting and
assessment tools

Transform Youth Employment in High-Need Cities

Support collaborative and other place-based
initiatives in 8-10 cities to develop 'proof points'
of success in addressing youth unemployment
through community development

Strengthen Employer Focus in Skill Development

Transform public and nonprofit career education
and training for youth by catalyzing widespread
integration of employer focus and relationships

Vision of Scale

Goal: Largest US employers (with 500+
employees) increase hiring of youth by 1-5%

Beneficiaries: 80,000 – 400,000 additional
youth hired over 7 years

Goal: Local employers increase hiring of youth
by 2-10%

Beneficiaries: 120,000 – 600,000 additional
youth hired over 7 years

Goal: Permanent job placement rate of major
public and nonprofit job training programs
improves by 10-30 percentage points

Beneficiaries: 60,000 – 175,000 additional
youth hired/year (0.4-1.2 million additional
youth hired over 7 years)

Appendix

Appendix Outline

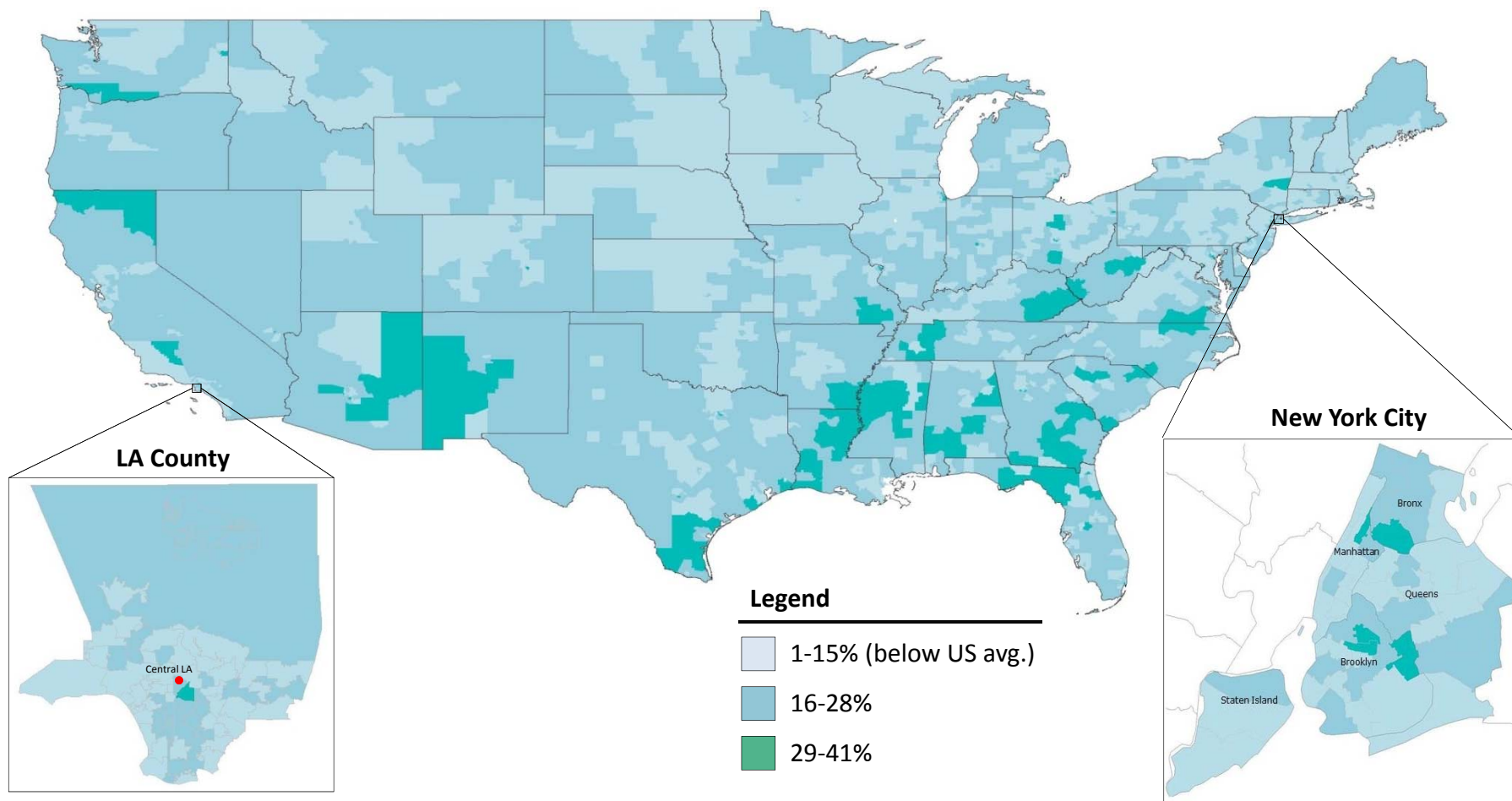
| Content in the Appendix | Slide Number | Summary of Content |
|---|--------------|---|
| Map of the Distribution of Youth Disconnection Across the US | 34 | <ul style="list-style-type: none"> • Presents a map of the US highlighting different rates of youth disconnection by public use microdata area (PUMA) • Includes an illustrative inset maps of Los Angeles County and New York City |
| Numbers of Disconnected Youth in the 25 Largest Cities of the US | 35 | <ul style="list-style-type: none"> • Presents a chart comparing the absolute numbers of disconnected youth in the 25 largest metropolitan areas of the US |
| Additional Organizations Doing High-Impact Work | 36 | <ul style="list-style-type: none"> • Profiles some additional nonprofit direct service providers and intermediary organizations doing high-impact work to address youth employment challenges. |
| Detailed Overview of Philanthropic Funding | 37 | <ul style="list-style-type: none"> • Provides brief profiles of foundation donors who invested the most in youth employment-related initiatives between 2008 and 2011. • Includes four-year giving total, primary focus of investment, geographic concentration (if applicable), and specific links of the employer decision chain targeted |
| Calculations for the Vision of Scale of the Illustrative Scenarios for Impact | 38 | <ul style="list-style-type: none"> • Explains calculations for the scale of impact, including methodology and assumptions |

| Content in the Appendix | Slide Number | Summary of Content |
|---|--------------|--|
| Segmentation of Disconnected Youth I | 39 | <ul style="list-style-type: none"> Presents segmentation of the current cohort of out-of-school, out-of-work 16-24 year-olds based on educational attainment and family income relative to the federal poverty line |
| Segmentation of Disconnected Youth II | 40 | <ul style="list-style-type: none"> Presents segmentation of the current cohort of out-of-school, out-of-work 16-24 year-olds based on educational attainment and life circumstances affecting employability |
| Relationship of this Search to the White House Council for Community Solutions Report | 41 | <ul style="list-style-type: none"> Summarizes the main recommendations of the report on disconnected youth issued by the White House Council for Community Solutions in June 2012 Highlights how the Rockefeller Youth and Skills Search has built upon the WHCCS report and developed additional insights |
| Relationship of the Global Youth Unemployment Search to this Search | 42 | <ul style="list-style-type: none"> Summarizes the similarities and differences between the global and US youth unemployment searches |

Appendix: Map of the Distribution of Youth Disconnection Across the US

Youth disconnection rates are highest in the Sun Belt and southeast, and in poorer urban neighborhoods

Rate of youth disconnection by public use microdata area (PUMA)*



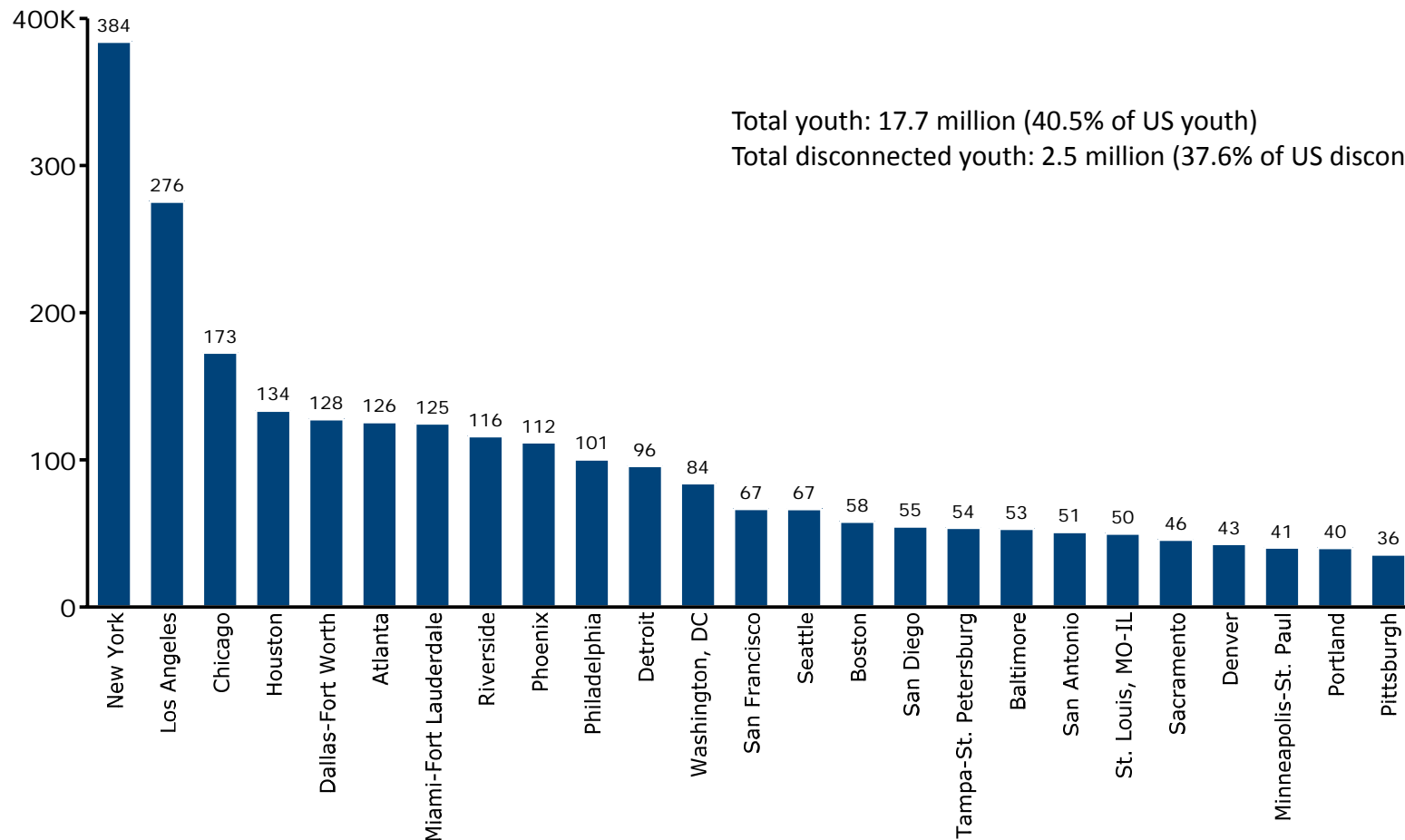
Note: Rate of youth disconnection is defined as the number of 16-24 year-olds in a PUMA who are neither in school nor in a job divided by the total number of 16-24 year-olds in the PUMA

Source: 2011 American Community Survey

Appendix: Numbers of Disconnected Youth in the 25 Largest Cities of the US

Nearly two-fifths of disconnected youth live in America's 25 largest cities

Number of disconnected youth in 25 largest metro areas



Total youth: 17.7 million (40.5% of US youth)

Total disconnected youth: 2.5 million (37.6% of US disconnected youth)

Source: US Census Bureau; Sarah Burd-Sharps and Kristen Lewis (2012), "One in Seven: Ranking Youth Disconnection in the 25 Largest Metro Areas." New York: Measure of America, p. 6.

Appendix: Additional Organizations Doing High-Impact Work

| Nonprofit | Revenue (2011) | Description |
|--------------------------------------|-------------------|--|
| Direct Service Providers | | |
| Public Allies | \$12.3M | Through Ally Program, identifies ~200 diverse young adults each year and prepares them for leadership through paid full-time nonprofit apprenticeships and rigorous leadership training. |
| Hillside Work-Scholarship Connection | \$8.1M | High school program focused on developing good habits and acquiring essential skills to become contributing, responsible citizens at home, in school, and at work. Continues supports two years after HS graduation. Serves ~5,000 youth each year. |
| Our Piece of the Pie | \$4.4M | Works with youth on an individual basis to develop and execute on a plan for education, credentials and/or employment. Serves ~2,500 youth annually. |
| Urban Alliance | \$2.1M | Operates year-long employment program for ~220 high school seniors in D.C., Baltimore and Chicago. Program provides paid internships, formal training, and mentorship. |
| Intermediaries | | |
| Jobs for the Future | \$44.8M | Works nationally with partners to design and drive education and career pathways for low-income youth and adults. Through Pathways to Prosperity Network, is building career pipelines in six states. |
| Philadelphia Youth Network | \$37.0M | Using collective impact model, works to change systems and improve outcomes for youth. Programs provide internships, career guidance and GED completion support. |
| National Academy Foundation | \$10.8M | Oversees a national network of 500+ career academies focused on one of five career pipelines. Partners with businesses to provide students with combination of school-based curricula and work-based experiences. |

Appendix: Detailed Overview of Philanthropic Funding

| Funder | Funding (08-11) | Primary focus of investments | Geographic concentration | Job creation ¹ | Position scoping | Recruiting | Skills | Retention and career |
|--|-----------------|--|--|---------------------------|------------------|------------|--------|----------------------|
| The Bill & Melinda Gates Foundation | \$58.9M | Identifying and scaling new models to promote college and career readiness | | | | | X | X |
| The Annie E. Casey Foundation | \$46.1M | Replication of successful models to promote family economic stability; employment-related advocacy | Baltimore, Atlanta | | | | X | X |
| The James Irvine Foundation | \$45.3M | "Linked Learning," an approach that integrates real-world professions with rigorous academics | California (San Joaquin Valley, Inland Empire) | | X | | X | |
| Lilly Endowment Inc. | \$30.3M | Improving education and employment opportunities for Indiana residents | Indiana | | | X | X | |
| The W. K. Kellogg Foundation | \$28.3M | Better connecting youth and employers through market-based tools and support for apprenticeships | Michigan, New Mexico, Mississippi | | X | X | X | |
| The Charles Stewart Mott Foundation | \$16.8M | Helping youth find employment; promoting career development | Michigan (Flint) | X | | | X | X |
| The J. Willard and Alice S. Marriott Foundation | \$13.2M | Employing young people with disabilities | | | X | X | X | |
| The William Penn Foundation | \$12.5M | Increasing the supply of educational opportunities, including internships | Pennsylvania | X | | X | X | X |
| The Ford Foundation | \$12.2M | Advocacy and research around low-wage workers' rights; workforce development | | | | | X | X |
| The Wal-Mart Foundation, Inc. | \$9.7M | Providing job training, placement, and career advice | | X | X | | X | |
| The Robert Wood Johnson Foundation | \$9.5M | Enlarging the pipeline of health researchers and providing high-risk youth with skills needed to succeed | | X | | X | X | |
| The Harry and Jeanette Weinberg Foundation, Inc. | \$8.9M | Providing training that results in job placement and retention; wage and career advancement initiatives | Baltimore, Pennsylvania, Hawaii | | | | X | X |
| The Edna McConnell Clark Foundation | \$8.4M | Supporting evaluation and growth of promising youth development interventions | | X | | | X | |
| The California Endowment | \$8.4M | Creating health care career pipelines for youth in California | California | X | | X | X | X |
| The Foundation to Promote Open Society | \$6.6M | Supporting job and internship opportunities for youth, including juvenile court-involved youth | Baltimore (partial focus) | X | | | X | X |

Most funders either have particular focus areas or are deeply connected to particular geographies, leaving large areas of the landscape under-funded

¹Primarily includes short-term job opportunities (e.g., paid internships)

Appendix: Calculations for the Vision of Scale of the Illustrative Scenarios for Impact

| Vision of Scale Calculation | Calculation | Assumptions (Source) |
|--|--|--|
| Disconnected Youth in Highest-Need Places Population | <ul style="list-style-type: none"> Number of out-of-work, out-of-school 16-24 year-olds in the ten US cities with the highest number of disconnected youth | <ul style="list-style-type: none"> Total number of 16-24 year-olds by metropolitan area¹ Rate of youth disconnection by metropolitan area² |
| Youth Less-Well Positioned for Employment Population | <ul style="list-style-type: none"> Number of disconnected youth in segments C and D (see slide 44 for Youth Segmentation I) | <ul style="list-style-type: none"> Total number of disconnected youth = 6.7M³ Percentage of disconnected youth in segments C and D = 56%¹ |
| Change Employer Practices Impact | <ul style="list-style-type: none"> Youth employed in largest companies * 1-5% increase | <ul style="list-style-type: none"> Number of youth employed in America's largest companies = 8M⁴ |
| Improve and Expand Job Training Programs Impact | <ul style="list-style-type: none"> [Youth served by major public and nonprofit job training programs * 60-80% job placement rate] – [Youth served by major public and nonprofit job training programs * 50% job placement rate] | <ul style="list-style-type: none"> Number of youth in major public (530K) and nonprofit (50K) job training programs.⁵ Illustrative job placement rates include: YouthBuild at 35%; WIA programs at 49%; Job Corps at 55%; and Year Up at 84%.⁵ |
| Place-Based Focus on Youth Employment Impact | <ul style="list-style-type: none"> Youth employed in ten potential target cities * 2-10% increase | <ul style="list-style-type: none"> Number of youth employed in ten potential target cities = Number of 16-24 year-olds in ten target cities * national average employment-to-population ratio for 18-24 year-olds = 11.1M youth¹ * 55%⁴ = 6.1M youth |

¹ US Census Bureau, Current Population Survey, 2012.

² Sarah Burd-Sharps and Kristen Lewis (2012), "One in seven: Ranking youth disconnection in the 25 largest metro areas." New York: Measure of America, p. 6.

³ Clive R. Belfield, et al. (2012), "The economic value of opportunity youth." Washington, D.C.: Civic Enterprises.

⁴ US Bureau of Labor Statistics.

⁵ Program websites.

Appendix: Segmentation of Disconnected Youth I

ALL OUT OF SCHOOL, OUT OF WORK YOUTH

| | Below 150% poverty line | Above 150% poverty line |
|-----------------------|-------------------------|-------------------------|
| Some college or above | B 9% | A 15% |
| HS | C 22% | B 20% |
| No HS | D 24%* | C 10% |

Total: 5.9M

POSSIBLE SEGMENT DEFINITIONS

- A Likely to get a job:** This group of educated youth without serious life challenges will likely be absorbed into the labor market with no further intervention if the economy improves
- B Could get a job:** This group of youth is well-positioned to secure employment with modestly more life stability or skill development
- C Need help to get a job:** This group of youth could be employable with strong social support and skill development
- D Possibly unable to get a job:** This group of youth is currently far from being ready for a job, and would need very intensive social support and skill development before becoming employable

*Includes population of youth who are or have been incarcerated (~0.375M)

Source: Bridgespan analysis of Current Population Survey, March 2012; Bureau of Justice Statistics, Prisoners in 2011 Appendix Table 6; Office of Juvenile Justice and Delinquency Prevention, Easy Access to Juvenile Court Statistics, 2009.

Appendix: Segmentation of Disconnected Youth II

ALL OUT OF SCHOOL, OUT OF WORK YOUTH

| | Facing serious life challenge* | Not facing serious life challenge |
|-----------|--------------------------------|-----------------------------------|
| PS degree | B 3% | A 5% |
| HS | C 37% | B 21% |
| No HS | D 27%** | C 7% |

Total: 5.9M

POSSIBLE SEGMENT DEFINITIONS

- A Likely to get a job:** This group of educated youth without serious life challenges will likely be absorbed into the labor market with no further intervention if the economy improves
- B Could get a job:** This group of youth is well-positioned to secure employment with modestly more life stability or skill development
- C Need help to get a job:** This group of youth could be employable with strong social support and skill development
- D Possibly unable to get a job:** This group of youth is currently far from being ready for a job, and would need very intensive social support and skill development before becoming employable

*"Facing a serious life challenge" means either having a child or receiving food stamps or having a work-limiting disability or living in temporary housing

**Includes population of youth who are or have been incarcerated (~0.375M)

Source: Bridgespan analysis of Current Population Survey, March 2012; Bureau of Justice Statistics, Prisoners in 2011 Appendix Table 6; Office of Juvenile Justice and Delinquency Prevention, Easy Access to Juvenile Court Statistics, 2009. Inspired by an unpublished report prepared by McKinsey & Company for the White House Council for Community Solutions

Appendix: Relationship of this Search to the White House Council for Community Solutions Report

This Search extends the work of the White House Council by elaborating on the nature of the problem, the youth employment landscape, and the relative dynamism of intervention opportunities

| Key recommendations of the White House Council for Community Solutions | Additive elements of the Youth and Skills Search |
|--|---|
| <ol style="list-style-type: none"> 1. Drive the development of successful cross-sector community collaboratives 2. Create shared national responsibility and accountability 3. Engage youth as leaders in the solution 4. Build more robust on-ramps to employment <ul style="list-style-type: none"> • Employer-led training and job opportunities • Relevant education and credentialing • Structured, long-term service programs | <ul style="list-style-type: none"> • More thorough assessment of the economic and social drivers of youth employment challenges, including detailed analysis of labor market trends and segmentation of unemployed youth by educational attainment and life challenges • More comprehensive analysis of the youth employment landscape, including analysis of government and foundation funding and profiles of additional high-impact organizations not mentioned in the WHCCS report • Deeper assessment of the forces creating windows of opportunity for new solutions, and the relative dynamism of various initiatives to address youth unemployment • Focus on job creation as ultimate outcome, resulting in less focus on service programs that are valuable for skill-building, but may not lead directly to employment |

Focus of the Youth and Skills Search

Appendix: Relationship of this Search to RF's Global Youth Unemployment Search

Both RF's 2011 global youth unemployment Search and this Search identified a need for improved assessment tools to validate youth skills. They differed on their assessment of information inefficiencies and the potential for youth entrepreneurship.

| Focus of Global Youth Unemployment Search | Relevance to the US Youth and Skills Search |
|--|---|
| Pressing problem | <ul style="list-style-type: none"> • The urgency of youth employment challenges is framed very similarly across the two Searches, with primary emphasis on the untapped economic potential of unemployed youth • Global Search places greater emphasis on unrest and instability as possible consequences of youth unemployment |
| Need for improved information access | <ul style="list-style-type: none"> • Both Searches highlighted information inefficiencies, but in different contexts. Whereas the global Search focused on inefficiencies in communication of information about job opportunities, the US Search focused on the inefficiencies in communication of information about job seekers imposed by online recruiting systems that make it difficult for youth to demonstrate their potential value to employers • The global Search focused on the target population of rural-urban migrators, which does not have a relevant analogue in the US Search |
| Need for enhanced small business development | <ul style="list-style-type: none"> • The US Search downplayed youth entrepreneurship, a major focus of the global Search. The US Search concluded that youth entrepreneurship is a relatively less dynamic opportunity in this country given its small scale, and the high risk of small business failure even with improved access to capital and other supports |
| Need for improved employment readiness | <ul style="list-style-type: none"> • Both the global and US Searches shared an emphasis on creating new assessment tools to recognize and communicate youth skills as an alternative to the formal education and credentialing system |