Building Back Better Opportunities for America's Young Adults and Businesses

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Comments welcome: Please contact the author at David_Fein@Abtassoc.com or @feinviews. Views in this paper are strictly the author's and do not necessarily reflect the positions of Abt Associates, Year Up, or the study's sponsor, the Office of Planning, Research and Evaluation in the Administration for Children and Families at the U.S. Department of Health and Human Services.

SUMMARY

Impressive new findings from an independent evaluation of Year Up's national training program for disconnected young adults provide compelling reasons to rapidly scale this program. Year Up—which provides a year of intensive training and internships in information technology and financial services—increased participants' average annual earnings by nearly $8,000 (34 percent) compared to a randomly assigned control group. The program generated $1.66 in net benefits to society for every dollar spent in just the first five years. We propose concerted efforts to scale the program and outline some of the priority tasks that such efforts must address.

INTRODUCTION

The COVID-19 pandemic has threatened the economic futures of millions of U.S. young adults. This is a critical stage of life for initial steps toward a career, and weak connections to school and work can lead to lifelong disadvantages. Studies of the Great Recession and other downturns have found serious "scarring" of long-term earnings for young people entering the labor market during such periods, especially those without a college degree.[i] Such scarring leads to worsened outcomes in other domains, including poorer health and higher mortality.[ii]

In normal recessions, increased enrollment in college and other forms of training tends to offset erosion of skills and self-esteem and minimize the impact of job loss-related holes in resumes. But the pandemic also has damaged this safety valve, with disproportionate reductions in college enrollment and completion for community college programs on which lower-income and minority students rely.[iii]

In principle, large-scale investments in training and career-building work opportunities could be critical in averting the worst possible economic fall-out for young adults. And concerted efforts to develop this workforce could prove vital to the success of plans to revamp the nation's aging infrastructure.[iv]

But how can we ensure that those investments are the right ones? The most careful evaluations – randomized controlled trials, or RCTs – have identified only a few programs that actually make a real difference in young adults' lives. For varying reasons, the nation's largest programs have produced at best little and short-lived increases in earnings.[v]

Against this backdrop, new findings on a program called Year Up should be stage front and center.[vi] Year Up is a one-year, national program for 18-24-year-olds with high school credentials operated by an organization of the same name. Our independently sponsored RCT shows that Year Up increased participants' average annual earnings by nearly $8,000 over the earnings of a randomly assigned control group. The impacts showed no signs of diminishing by the end of the five-year study period. The study was unusually robust, involving random assignment of a full year's worth of Year Up applicants nationally (2,544 overall). The vast majority (85 percent) of sample members were persons of color.

Evidence of large impacts for offices in all eight cities attests to the program's replicability.
And the benefits easily exceeded the costs: the program returned $1.66 to society for every dollar spent in just the first five years.

In this paper, we briefly describe Year Up's approach, sketch the contours of a rapid scaling effort, and identify key challenges for the scaling agenda.

WHAT DOES YEAR UP INVOLVE, AND WHY DOES IT WORK SO WELL?[vii]

The program starts with six months of intensive training for jobs in information technology (IT) and financial services, with robust social and financial supports to encourage retention. Training focuses on a trio of skills employers need: technical; professional (e.g., workplace culture, communication, and comportment); and foundational (e.g., reasoning, English). With ongoing support from Year Up staff, participants then spend six months interning at companies that are often Fortune 500 firms.

We evaluated the overall effects of the Year Up package so cannot discern what each ingredient contributed. From interviews with staff, participants, and employers we suspect that careful screening of applicants for ability to benefit, an innovative approach to fostering professional skills, robust supports, and strong connections to employers via internships all play an important role.

The program's engagement with employers is especially noteworthy. Although Year Up costs more than many public programs ($28,290 per participant), employers pick up three-fifths of the tab through substantial fees paid to Year Up for each intern. This "skin in the game" means added incentives for companies to support interns' success. When interns succeed, companies benefit from work done during internships and from access to well-screened hires—talent that often adds welcome diversity and helps increase productivity.

Until now, Year Up has been widely assumed to be too expensive to scale. The program costs a good deal more than most public workforce training programs and, to date, has opted for philanthropic funding to cover the remaining two-fifths of program costs. But philanthropic resources are limited and subject to many competing demands.

In response, Year Up is assessing an array of lower-cost adaptations of its model. Its most substantial adaptation—the Professional Training Corps (PTC)—is a college-based program now operating on 18 college campuses. Other variants under development include employer-based, shorter, and hybrid online formats.

If carefully tested, these programs can teach us much about which Year Up ingredients are essential and how to adapt the model for wider settings and populations. But while the experimentation and innovation continue, Year Up's original program offers a proven solution.

MOVING TO SCALE

With time of the essence as a new administration digs into huge challenges on multiple fronts, Year Up offers one of a very few proven strategies for connecting at-risk youth to opportunities. It is just one tool and will not solve every problem.[viii] But, with a concerted mobilization of top national talent from the workforce training, higher education, human services, and business communities, it could make a sizeable contribution to closing the Opportunity Divide.

The federal government currently spends billions of dollars each year on training programs with little if any rigorously demonstrated effects on participants' earnings.[ix] Year Up provides a proven and financially worthwhile strategy that could provide the basis for re-organizing a good deal of our nation's approach to workforce training.

Were government to pick up half of Year Up's costs—say, $14,000 per participant—in an expanded public-private initiative, the nation might move as many as a million young adults to opportunity at a cost to taxpayers of around $14 billion. Our estimated $1.66 per dollar return implies that society would reap a net benefit of about $23 billion in just the first five years—assuming Year Up can be scaled with comparable effectiveness.[x] Whether or not a sum this large could be mustered, we encourage policy makers to see this occasion as an opportunity to invest billions, not merely millions, of training dollars more productively.

Policy makers will have to decide how much to pursue through new legislation and how much to accomplish via existing program authority. Although the politics of change are always daunting, Year Up's fusion of strong pro-business, pro-youth development, and corporate social responsibility goals – all with compelling net benefits to society at large – should position it well for bipartisan consensus.

Assuming substantial public funding is secured, a concerted and disciplined effort will be needed to address challenges in scaling. Given the level of needed engagement with the business community and other stakeholders, leadership from the White House would be optimal, coordinating with efforts to scale related models such as apprenticeships. The initiative might adopt a 3-5-year timeframe to allow for ramp up. In addition to scaling Year Up's proven original model, we recommend careful assessment and testing of an array of promising newer strategies in the organization's pipeline.

PRIORITY TASKS IN SCALING

Ramping up will be a tall order, but the challenges are clear and could be addressed early on in a well-planned initiative. Key tasks include:

1. **Secure flexible financing.** While federal funding will be needed, policies should maintain a high expectation for employer financing. In addition to helping to pay for the program, employers are more likely to nurture and hire interns if they have an investment in them. To now, Year Up largely has relied on philanthropy rather than government for the balance of its funding to avoid constraints seen as incompatible with effective program operations. The challenge in replacing philanthropy with public funds will be to create dependable and flexible funding allowing intermediaries like Year Up to run the program with high fidelity to the model.

2. **Mobilize employers.** Scaling Year Up's exceptional ability to arrange thousands of internships a year with Fortune 500 companies and generate revenue by providing firms a pipeline to well-qualified new hires should be a top priority. A White House-level initiative could engage top industry and workforce groups to develop broad, systemic responses. On the ground, we should be studying Year Up's approach to employer partnerships with an eye toward helping other organizations develop comparable capacity.

3. **Broaden benefits.** An important reason that programs like Year Up work is that they meet the needs of both participants and employers. To this end, they generally follow a "Goldilocks" approach in selecting participants who need help but do not face insurmountable challenges. The program admits only one in six applicants, raising the question of whether and how it might be adapted for a broader population. That we found large impacts even at the more disadvantaged edges of our sample hints at room for some expansion with minimal change in services. Further expansion probably will require some reconfiguring and amplification of services. With increased use of remote learning and telework, perhaps Year Up even could reach a wider range of demographic groups in suburban and rural areas.

4. **Increase benefits for current participants.** Though impacts were large for the study sample overall, a closer look suggests that benefits accrued mostly to the roughly 40 percent of participants whose internships led directly to jobs. And, though large and long-lasting, earnings

impacts did not grow much over time. Our assessment of Year Up's college model (PTC) identified promising responses to some of these challenges.[xi] But there are limits to what we should expect any one program to do, and some responses—like improved connections to follow-on training—will be better addressed though wider reforms in community college and other systems.

5. **Expand capacity.** A common pitfall in prior efforts to replicate promising programs has been an inability to reproduce the capacities of organizations that originally developed the programs. Year Up presents special challenges in this regard. Founded by a Harvard business school-trained tech entrepreneur, it fuses hard-headed business outlook and practices—and an ability to connect with major national firms at the highest levels—with the caring and devotion to young adults more typical of social service agencies. Year Up's leaders have thought hard about how to replicate their capacity and clearly should have a key role in guiding scaling efforts.

CONCLUSIONS

Addressing these tasks will be challenging, to be sure. But the opportunity to build on models as effective as Year Up are extremely rare, and the nation's young adults deserve our best efforts. Large impacts probably do not require landing on all the right answers on the first try. And weaving exemplary evaluation into the initiative will help pave the way to ever improving services.

Such an undertaking would be a fitting project for a new administration that aspires to unite America, reduce inequality, and Build Back Better.

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[i] See von Wachter (2020a, 2020b) and Rothstein (2020).
[ii] See Schwandt and von Wachter (2019, 2020).
[iii] See National Student Clearinghouse (2020, 2021).
[iv] Recognizing the connection with infrastructure, the Biden administration's American Jobs Plan proposes investing $100 billion in proven workforce development programs.
[v] See reviews in Fein and Hamadyk (2018, Section 1.3.1); Katz et al. (2020). To date, RCTs have found only one other program with earnings impacts for young adults approaching Year Up's—Per Scholas (Schaberg and Greenberg 2020). Another widely-acclaimed program—Project QUEST—produced substantial earnings increases for older adults but not for young adults. This age difference was statistically significant (Roder and Elliot 2019).
[vi] For the full report, see Fein et al. (2021). Arnold Ventures (2020) provides a thoughtful perspective on the findings' significance.
[vii] See Fein and Hamadyk (2018) for a full description of Year Up's design and analysis of its implementation.
[viii] Several workforce training interventions share at least some of Year Up's features and should be pursued concurrently. Most notably, apprenticeship and sectoral training programs like Per Scholas also place a strong emphasis on work-based learning, provide ample supports, and maintain a high level of engagement with employers. Compared with Year Up, apprenticeships have been developed in a wider range of occupations and require a longer-term commitment from employers. But they have yet to be evaluated in a RCT. Per Scholas has been well-tested at one location, and wider testing is underway. It costs less and appears to produce somewhat smaller impacts than Year Up.
[ix] For example, RCTs have found at most modest and short-lived earnings increases for training funded by the Workforce Investment Act (Fortson et al. 2017) or the Job Corps (Schochet 2018), YouthBuild (Miller et al. 2018), and Health Professions Opportunity Grant (Peck et al. 2019) programs. There has to date been no comprehensive RCT of Carl D. Perkins Act training programs.
[x] The total benefit is likely to be even larger when longer-term earnings impacts and the value of non-monetary benefits (e.g., improved health, better child outcomes) are considered.
[xi] See Fein et al. (2020).

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