

## **Helping Out-of-School Youth Attain Labor Market Success: What We Know and How to Learn More**

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<sup>\*</sup> The author thanks the Employment and Training Administration (ETA) of the U.S. Department of Labor for financial support and to analysts at ETA for helpful comments. The views expressed in this paper are those of the author and do not necessarily reflect the positions of the Urban Institute or the American University.

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## I. Helping People at a Critical Time

The experiences of young people soon after they leave school often play a critical role in their long-term future. It is a time when they develop occupational competence, learn to apply their academic capabilities, and gain the generic workplace skills required in most jobs. It is often a time of testing careers and of completing formal education. Starting out on the right foot also allows youth to demonstrate a track record necessary for a productive career, obtain positive recommendations from their early employers, and draw on social networks of other workers.

Constructive early work experiences are critical to the development of young people into healthy adults. According to the National Research Council's Committee on Community Level Programs for Youth (Eccles and Gootman, 2002), many of the key assets that facilitate positive youth development can be developed through good jobs. Included among these assets are not only knowledge of vocational skills but also such essential life skills as critical thinking, coping skills, conflict resolution skills, confidence in one's personal efficacy, a sense of personal responsibility, and learning how to allocate time and money resources. Jobs can contribute to attaining other important development goals, including connectedness and trust with parents, peers, and some other adults, to a sense of social integration involving being connected to and valued by larger social networks, and to attachment to mainstream institutions, such as school, church, and employers.

While the late teenage years and the early 20s are critical for long-term success, young people in these age groups typically have lower income requirements than do adults over age 24. Youth often live with parents or other relatives and most have not married or become parents. Certainly, some young people have already started families and need income at least as much as older adults. But, the youth years are mainly a time for investing in human capital and only partly a time for earning and spending income.

Unfortunately, many youth are unable to experience the appropriate development activities that lead to healthy adulthood. Instead, for too many youth, the late teens and early 20s are years of trouble with crime, drug or alcohol abuse, and unwed childbearing, experiences that affect life prospects. The highest incidence of violent crime takes place when offenders are between the ages of 17 and 24. Arrest rates for violent offenses peak at age 18 and, by age 25, have declined by 50 percent (Butts 1999).<sup>1</sup> Often, risky or delinquent behaviors go together and cumulate. For example, youth who have used marijuana are more likely than other youth to carry a handgun (21 versus 7 percent), to have sold marijuana (24 versus 1 percent), and have been in a gang (14 versus 2 percent). Available data suggest that risky behavior, such as smoking, binge drinking, illegal drug use, and carrying weapons, increased in the late 1990s after declining in the early 1990s.

Particularly vulnerable are high school dropouts and out-of-school low-income and minority youth. The long-term costs of failure for these vulnerable youth are extremely high for taxpayers. Less educated out-of-school youth have extraordinary high rates of incarceration.

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<sup>1</sup> In 1997, violent crime arrests per person were 67 percent higher among 18 year-olds than among 25-30 year-olds.

Estimates for the proportion of 18-24 year-old male high school dropouts who are in jail, prison, or parole run as high as 16 percent (Wald and Martinez 2002). For young black male high school dropouts, incarceration rates may have reached 25 percent and 30 percent when one includes those on parole. An even higher share will experience incarceration at some point in their lives. Dropouts from all race-ethnic backgrounds were in prison at rates 10-20 times higher than high school graduates. The costs of incarcerating convicted individuals are large, as much as \$54,000 per year for each of the 5 million men in prison, on probation or on parole. Costs to victims add substantially to this total.

Declines in marriage have meant high proportions of teenage and 20-24 year young women become unwed mothers. As of the year 2000, 38 percent of unmarried 23-27 year-old females had a child. By ages 24-26, about 14-15 percent of youth with a high school degree or less were both unmarried and living with their own child. Restricting the calculation to less educated women would probably double this overall rate to 30 percent (Brown, Moore, and Bzostek).

Employment problems remain serious for many out-of-school youth, especially high school dropouts. An extremely large share of unmarried male, high school dropouts are not only unemployed but unemployed for a year or more. Estimates indicate long-term unemployment rates of unmarried male dropouts as high as 50 percent among African Americans and Puerto Ricans and 23 percent for whites.

Policy responses to the problems of disadvantaged youth are not new. Beginning in the mid-1960s, the federal government had financed a variety of programs aimed at helping youth from low-income families to gain the work experience and skills necessary for healthy adulthood. Two key initiatives of the War on Poverty were the Neighborhood Youth Corp for both in-school and out-of-school youth and the Job Corps for out-of-school disadvantaged youth. Since then, governments at all levels have funded a wide array of programs to help young people whose schooling and other experiences were inadequate preparation for adulthood. Of these, Job Corps is the only major program managed directly by the federal government. In general, the federal government provides the funding and some direction, but the management of the programs takes place at the state and local levels. Over the years, the federally-funded, locally operated programs for disadvantaged youth have included the Comprehensive Employment and Training Act (CETA), the Job Training Partnership Act (JTPA), and now the Workforce Investment Act (WIA). In addition, the Department of Labor and various foundations have sponsored an extensive array of special programs and demonstration projects.<sup>2</sup> In 1977, the Congress passed an entire act (the Youth Employment Demonstration Projects Act) aimed at improving the nation's knowledge about what projects are effective in helping disadvantaged youth.

The record of these programs is mixed. Several studies have examined and synthesized findings from youth employment and training programs.<sup>3</sup> This paper is distinctive in three ways. It embeds the analysis in the broader economic and policy context.

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<sup>2</sup> Examples include the Youth Incentive Entitlement Pilot Project (YIEPP), JobStart, Youth Opportunity Grants (YOG), Youth Fair Chance, and the Center for Employment Training (CET) Replication Sites.

<sup>3</sup> See, for example, Betsey, Hollister, and Papageorgiou (1985), Hahn and Lerman (1985), Public/Private Ventures (1992), Lerman (1999), Jekielek, et al. (2002), and Lalonde (2003).

It supplements past findings with information from recent initiatives. And it develops and presents concrete recommendations for research and demonstrations to improve the workings of programs for out-of-school youth. These recommendations draw not only on past US experience but also the experience of youth-focused programs in other countries. The paper deals with four key questions:

- What is the economic and policy context within which current programs for out-of-school youth operate?
- Have Department of Labor (DOL) policies and programs for out-of-school youth significantly raised their earnings prospects?
- What role have DOL programs played in promoting the broader development of young people?
- What new research and demonstration activity can provide a sound roadmap for improving the effectiveness of youth programs aimed at helping out-of-school youth?

## II. The Economic and Policy Context

Recent years have witnessed significant changes in the economic and policy context involving out-of-school youth. The economic developments of the late 1990s provided a test of the ability of a full-employment economy to solve problems related to out-of-school youth. New education policies—such as the expanded role of high stakes academic tests and the fall off in vocational education—also have consequences for the number and composition of out-of-school youth. The recession of the 2001-2002 period has meant tighter state and local budgets for postsecondary education, potentially raising the share of youth not in school. The Department of Labor is increasingly shifting the emphasis of the WIA youth component toward out-of-school youth and away from in-school and summer youth programs.<sup>4</sup>

Examining the issues facing out-of-school youth is complicated by their frequent movements into and out of school. While following the youth cohort who went through their teen years in the early 1980s, Klerman and Karoly (1994) show that 40 percent of all young men who dropped out of high school returned to full-time schooling within three years. Similarly, 61 percent of those who initially ended their schooling after graduating high school subsequently returned to school and about 8 percent of those returning obtained a bachelors degree. Despite the moves back to school by many youth, only about 35 percent of young people eventually earn a degree beyond the high school diploma and over one in five fail to attain a regular high school degree. Still, because of the movement into and out of school, programs may begin working with an out-of-school young person but soon find

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<sup>4</sup> The WIA mandated that *at least* 30 percent of formula funds be spent on out-of-school youth, but local Workforce Investment Boards could target as much as 100 percent to youth not in school. This was a marked change from JTPA, which allocated most of the youth funding to the summer youth program, which largely served in-school youth. DOL has proposed going further to target out-of-school youth.

he or she has returned to full-time or part-time schooling. In particular, declines in job opportunities or opportunities for training are likely to cause many young people to return to school.

The skill levels of the out-of-school youth population have remained low, especially in comparison to the rising skill demands of employers. Although this chapter cannot summarize the changing qualifications, a number of indicators suggest a serious shortfall between the skills of out-of-school youth and job requirements. As of 1994, the National Assessment of Educational Progress (NAEP) found that 25 percent of high school 12<sup>th</sup> graders did not attain reading proficiency at the basic level, a figure even higher than the 20 percent rate of 1992. Improvements are evident in mathematics between 1990 and 1996, but as of 1996, 31 percent of all 12<sup>th</sup> graders and over half of black or Hispanic 12<sup>th</sup> graders could not perform at the basic level expected at that grade. Since the NAEP sample of 12<sup>th</sup> graders is a more selective group than out-of-school youth, the proportions of dropouts and other out-of-school youth unable to attain basic levels of math and reading proficiency are certainly much higher.

A major concern in recent years is the erosion of job opportunities for out-of-school African American young men. As Holzer and Offner (2004) point out, only 52 percent of 16-24 year-olds with a high school diploma or less were working in 2000, when the national unemployment rate was only 4 percent. This rate is down from 62 percent in 1979, even though national unemployment was considerably higher (5.9 percent). Over the same period, employment rates of out-of-school, African American young women rose by 10 percentage points from about 40 to 50 percent.

To understand today's jobholding patterns of out-of-school young people, we begin with a profile of the 15.5 million 16-24 year-olds not in school and not living in institutions as of March 2003. About 25 percent were high school dropouts while 14 percent had a college degree (either AA or BA) and 43 percent had a high school diploma or GED but no college. The remaining 18 percent had some college but no postsecondary degree. Although the Census data indicate only one in four had dropped out of high school, a substantial share of youth considered high school graduates attain only a GED and not a full diploma. Indeed, a recent study by Swanson (2004) found that about only two-thirds of students and half of African American and Hispanic high school students leave school with a high school diploma.

Department of Labor programs come into contact with other groups of young people, including incarcerated youth when they are released. A recent report (Mears and Travis 2004) suggests that the flow into society of young people each year amounts to about 200,000 youth (100,000 each from secure juvenile correction facilities and 100,000 from state prisons).

The characteristics of the out-of-school 16-24 year-old population are diverse. About one in five were married while 43 percent still lived with their parents. Most were not poor, but 19 percent lived in families below the poverty line and another 23 percent were in families between the poverty line and 200 percent of poverty.

Work experience is the norm but unemployment rates are high, especially for some education and age groups. Overall, about 70 percent of out-of-school youth were working in March 2003 and 80 percent had worked sometime during 2002, though only 42 percent worked a full year at full-time hours. The unemployment rate of out-of-school 16-24 year-olds was 14 percent and the typical unemployed youth had spent nearly two months looking for a job.

By their early 20s, out-of-school young people are becoming less dependent. The share living with their parents falls from 68 percent of 16-19 year-olds, to 49 percent of 20-21 year-olds, and to 31 percent of 22-24 year-olds. Employment rates rise with age, from only 51 percent of 16-19 year-olds, to 70 percent of 21-22 year-olds, to 75 percent of 22-24 year-olds. Unemployment rates drop sharply with age, from 27 percent to 20 percent to 14 percent. Still, the absolute number of unemployed 22-24 year-olds was over 700,000—150,000 more than the number of unemployed 16-19 year-olds. Average wages increase sharply by age group, from about \$8 per hour for 16-19 year-olds to \$11.35 for 22-24 year-olds. About half the working 22-24 year-olds earned more than \$10 per hour.

Major changes in marital status may well be relevant to the evolving employment picture by sex. Since marriage tends to increase employment of men and reduce employment of women, marriage trends can indirectly affect employment trends in either direction. While nearly half the out-of-school 22-24 year-olds were married in October 1979, only about one-fourth were married as of March 2003. Since marriage is associated with higher employment and earnings of young men, a decline in the married proportion of young workers may well have contributed to their shortfall in jobs.

To see the age transitions by individual years for race and sex groups, we turn to data from the 2000 Census, the one recent data source with sufficient observations to make such detailed calculations. The transitions differ significantly by race and sex. White out-of-school young men reached an employment rate of 87 percent by age 24, while African American young men attained only a 63 percent rate by the same age. The black-white gap was even higher at ages 18-20. As of ages 20-21, when young people should have completed high school, the share of out-of school men not working was about 20 percent among whites, 30 percent among Hispanics, and nearly 50 percent among African-Americans. As for women, Hispanics experienced the lowest jobholding rate, at about 50 percent, well below the 64 percent rate among African Americans and the 78 percent rate among white females.

Despite the high rates of minority non-employment, their overall numbers appear manageable. Bringing the employment rate of African American 19-24 year-old men to the level experienced by white 19-24 year-old men would have required about 220,000 jobs. A similar strategy for women would involve adding another 160,000 jobs. In the case of Hispanic youth, the job gap was lower among men (160,000) than for women (260,000).

These static figures do not represent long-term shortfalls for individual workers, since young people move in and out of jobs frequently. Young people between ages 18 to 22 work in an average of 4.5 different jobs, a rate far higher than older workers. Data from the Longitudinal Household Employer Dynamics (LEHD) program at the Census Bureau illustrate the extremely high turnover rates of young workers in specific states. In Maryland,

for example, quarterly turnover (second quarter, 2003) was about 16 percent for 35-44 year-old workers but about 50 percent for 19-21 year-olds and 35 percent for 22-24 year-olds. Of the approximately 110,000 workers, ages 19-21, 52,000 separated from their employer during the second quarter of 2003.<sup>5</sup> Turnover declines substantially by the worker's late 20s and early 30s.

The high turnover of young workers is critical to understanding the youth labor market. Why turnover is high and whether it is productive is controversial. Certainly, part of the high turnover is the movement of young people into and out of school. As noted above, even youth out-of-school at one point often return to school in a subsequent period. Another rationale is that youth choose to try out jobs and occupations before settling into a long-term position. A third possibility is that primary sector employers—those offering jobs with good wages and advancement opportunities—are reluctant to hire young people, leaving youth to work in high turnover positions. Of course, there are two sides to the turnover story. On one hand, young workers are in positions so short-term that they often fail to gain the training and valuable skills required for careers. On the other hand, substantial hiring of young people takes place every quarter, thus providing non-working, out-of-school youth a reasonable chance to find a job.

One way to understand the progress of at-risk, out-of-school youth is to follow the experiences of the control group established in the National Job Corps Evaluation. The youth in the control group come from economically disadvantaged families and are out-of-school, between the ages of 16 and 24, and in need of education or job training. They must be citizens and free of serious behavioral and medical problems. Although it is hard to know what share of the out-of-school youth population have these characteristics, the control group certainly represents an important youth segment of policy interest. About 60 percent were males and 50 percent were African Americans. In comparison to all youth, the math capabilities of the Job Corps control group were even lower than their reading skills (Glazerman, Schochet, and Burghardt, 2000). At the time of application, 73 percent were between 16 and 19 years old, 50 percent are African American, about 17 percent were parents, and 80 percent lacked a high school diploma or equivalent and nearly half read at an 8<sup>th</sup> grade level or less.

The evaluation presents the experiences of the control group's nearly 4,500 at-risk youth over the four years after their application for Job Corps. These years ran from 1995 through 1999, a time of rapid economic expansion and employment growth. Though the control group sample is not necessarily representative of the nation's out-of-school at-risk youth, the data from the evaluation capture the maturation process in detail among at-risk, out-of-school youth motivated to apply for Job Corps.

These youth often participated in educational and training activities. Over 70 percent of control group youth participated in an educational program during the 48 months after application. About 42 percent enrolled in a GED program, 32 percent in high school, 29 percent in a vocational school, and 13 percent in a community college. As a result of this education and training participation, 27 percent of those with no high school degree at application earned a GED, 8 percent a high school diploma, and 15 percent a vocational

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<sup>5</sup> See <http://lehd.dsd.census.gov/led/01/004/index.html>

certificate. The schooling outcomes were remarkably similar for those applying at ages 16 or 17 and high school dropouts applying at ages 18-24.

The vast majority (95 percent) of control group members were employed at some point over the 48 months after application. In the early quarters after application, about 40 percent of control group youth were holding jobs in a typical week. Nearly four years later, when most of these at-risk youth were 20-24 years old, the controls were employed about 60 percent of the time. About 75 percent of controls were either working or in an education or training program at that point. As for all youth, job change was common. At 30 months after application, half of the employed control group members had worked for their employer 6 months or less.

The wage rates and earnings of control group members rose over time. Their average hourly wage increased from \$6.53 per hour to \$7.33 per hour between the 10<sup>th</sup> and 16<sup>th</sup> quarter after application. Although steady, full-time work at these wages would yield a moderate income for one early in his or her career, the control group worked only about 60 percent of the available weeks per year. Earnings gains were more impressive. Earnings averaged only about \$106 per week one year after application. Three years later, they averaged nearly \$200 per week. Even with the increase, it would have taken full-year work just to attain the poverty threshold for a family of two.

The information on the Job Corps controls confirms the high involvement with criminal activity of at-risk youth. Over one-third (35 percent) of the male controls were convicted of a crime during the four years after application and about one in four (26 percent) were incarcerated for a crime. At 48 months after application, nearly 10 percent of the males were incarcerated or homeless.

Early and unwed parenting was common among this group of at-risk youth. Of the females without children at the time of application, 44 percent had children and 39 percent had children out-of wedlock, which constitutes 89 percent of all those having children. A lower proportion (31 percent) of young men had children over the four years after their Job Corps application, but the share having children outside marriage was nearly as high (86 percent) as for women.

Overall, the figures reveal a troublesome picture. Of the 80 percent of control applicants without a high school diploma, only about one-third earned a high school diploma or GED. Although most at-risk youth find jobs and jobholders manage to increase their wages, their earnings are still modest. Involvement with crime is high among males and early unwed parenting is common among females and males. Clearly, it is important to change the future profile of a sizable share of at-risk youth.

In attempting to influence positive change for this category of young people, employment and training programs will face an evolving economic context relevant to out-of-school youth. First, the demographics indicate that youth are an increasing share of the overall population. Second, the US economy is witnessing a long-term increase in the demand for skill among workers. This increased demand played a major role in raising the returns to education and training and widening the wage gap between skilled and less skilled workers (Katz and Murphy 1992). On the other hand, the last decade has witnessed a large

increase in the relative supply of educated workers. Indeed, the number and share of less educated adult workers fell over the last decade while the number of college-educated workers has increased sharply. Between 1992 and 2004, the number of adult workers (ages 25 and over) without a high school diploma declined by 1.3 million, mainly because the population fell by over 5 million. At the same time, workers with some college or a college degree made up all the net additions to the adult labor force. The reason for these job market developments is the outflow of less educated, older workers alongside an inflow of well educated, younger workers. This pattern, based on offsetting flows between an entering young cohort much more highly educated than the departing older cohort, is unlikely to continue. The next cohort to exit from the work force will have educational levels much closer to those of the entering cohort.

Another demographic factor is the dramatic decline in the growth of prime-age, 25-54 year-old workers. Between 1980 and 2000, the number of 25-54 year-olds in the work force jumped from 65 million to 100 million. However, in the decades from 2000 to 2020, the prime age work force will increase by only 3 million, from 100 to 103 million. At the same time, youth and immigrants will make up an increasing share of the work force. Hispanic workers will account for over half of the expected growth in the work force, with about half of the increase among Hispanic migrants and half among Hispanics born in the U.S.

These indicators suggest an uncertain future for today's out-of-school youth. Certainly, the social gains from improving job outcomes for out-of-school youth, especially high school dropouts, remain substantial. Given the expected need for prime-aged, experienced workers, the opportunities for experienced workers with skills and qualifications should be substantial. Although the college-educated segment of the work force is expanding much more rapidly than the lowest educated groups, the demand for skill is continuing to expand as well and has meant substantial wage returns to education.

Before discussing policy issues involved in Department of Labor programs, it is important to point out that Federal and state investments in young people after high school come almost entirely as subsidies to post-secondary education. Through Federal college grants and subsidized loans along with direct state aid to community colleges and state universities, the government allocates billions of dollars to higher education. Very little support goes to help out-of-school youth improve their position in the job market. Even when discussing the career potential of young people, political leaders maintain a singular focus on education and pay little attention to the job training field. The primary debate about properly preparing less advantaged youth for careers is over how best to improve their schooling so that young people leave school with adequate skills to succeed in jobs or in higher education. The major federal government effort to increase accountability in public education through testing under the No Child Left Behind Act is only the latest example. Other initiatives aimed at improving educational outcomes of young people include school voucher programs, spending on class size reductions, and increased funding at all school levels, including grants and loans for postsecondary education. Yet, even as the federal government is increasingly supporting research on what types of educational initiatives raise test scores, there is little rigorous analysis on how educational initiatives affect the career outcomes for young people relative to other strategies.

The increasing emphasis on education has been taking place since the mid-1980s, when policymakers shifted their concerns away from high youth unemployment rates toward the broader issue of how best to prepare all youth for careers. In the late 1970s, the extremely high youth unemployment rates, especially the unemployment rates of over 40 percent among African American youth, attracted widespread concern. The Congress responded with substantial funding for major research and demonstration projects to increase employment among economically disadvantaged youth. While African American youth unemployment remains very high, it attracts much less public attention. This is in contrast to many OECD countries, especially where youth unemployment increased substantially over the last two decades.

Certainly, employment and social problems remain severe for many out-of-school youth. Yet, job creation and job training strategies have clearly taken a back seat in the eyes of policymakers to improving educational outcomes. Does the research on DOL and related public programs justify such a limited scope for employment and training efforts for out-of-school youth? The next section turns to this question.

### **III. Research on DOL Programs for Out-of-School Youth**

Job training programs in the US go back decades. The modern history of job training began with the 1961 Area Redevelopment Act, which tried to respond to the increased unemployment of the 1958 recession by helping workers dislocated by technical change or by geographic dislocation. Youth programs began as a key part of President Johnson's Economic Opportunity Act, or War on Poverty. They included the low intensity Neighborhood Youth Corps (NYC) programs and the high intensity Job Corps. As of 1970, Job Corps was already enrolling over 40,000 youth. The NYC had both in-school and out-of-school components and reached nearly 500,000 youth per year, many during the summer in short-term summer jobs programs.

Over time, these federal programs evolved into grants to state and local governments, as Congress tried to consolidate and decentralize employment and training initiatives. In 1973, the Comprehensive Employment and Training Act (CETA) became the vehicle for nearly all federally-sponsored job training programs. In 1977, Congress took an unusual initiative by enacting the Youth Employment Demonstration Projects Act (YEDPA). The purpose of this Act was to test alternative youth programs to determine what works best for various groups of young people. By far the largest demonstration under YEDPA was the Youth Incentive Entitlement Pilot Project (YIEPP). YIEPP guaranteed part-time jobs during the school year and full-time jobs in the summer to all poor youth who stayed in school or returned to school. The goal of the YIEPP demonstration was to reduce youth unemployment while at the same time encouraging young people to graduate high school. Although YIEPP was designated largely as a program to keep poor youth in high school until they graduated, the demonstration provided incentives for dropouts to return to high school.

In 1982, the emphasis shifted away from job creation and work experience as the decentralized system changed from CETA to the Job Training Partnership Act (JTPA).

Along with the reduced emphasis on job creation, JTPA lessened and in some cases eliminated stipends for training. Finally, in 1998, Congress enacted the Workforce Investment Act (WIA) to widen the consolidation efforts to include such programs as adult education, employment services, and work-welfare programs.

Within these broad policy changes, several of the youth components have varied over time. When the National JTPA study (discussed below) provided evidence that JTPA yielded no earnings gains for youth, Congress eliminated nearly all the funding for the program. Federal spending on JTPA youth programs (other than the summer jobs program) fell from \$659 million in 1994 to \$77 million in 1995 (Nightingale, 1997). More recently, WIA folded the summer youth employment program (SYEP), which had created part-time jobs for 500,000-900,000 young participants from the early 1970s through 1998, into a broader grant. In FY 2001, WIA allocated \$1.4 billion to youth programs, replacing the \$870 million for summer youth and the \$130 million for year-round youth programs. This change allowed state and local workforce boards to expand their year-round programs substantially. Other features of WIA are the requirement that at least 30 percent of youth participants be out-of-school and the provisions to promote greater linkages between training, educational services, and social services. A General Accounting Office report (2002) highlighted examples of close linkages between WIA youth programs and local school systems.

In addition to CETA, JTPA, WIA and Job Corps, there have been and still are a wide array of youth programs and demonstrations aimed at improving outcomes for out-of-school youth. The Department of Labor has sponsored a variety of demonstrations, including the Youth Incentive Entitlement Pilot Project, Jobstart, Youth Fair Chance, and Youth Opportunity Grants. Other departments, especially the Departments of Education (DOE) and of Housing and Urban Development (HUD), also sponsor youth training schemes.

## **A Framework for Thinking about Youth Training Programs**

Before turning to what we know from the experience and research on out-of-school youth programs, it is useful to establish a framework. Such a framework can be used to structure the review of the content of training programs for out-of-school youth and evidence on their performance. The natural questions that arise in any framework of this kind are:

1. Which groups of out-of-school youth are appropriate targets of intervention for employment and training programs?
2. What problems are the programs attempting to solve?
3. What are the program strategies for solving these problems?

In general, DOL employment and training programs have tried to serve a modest subset of out-of-school youth—mainly those who are economically disadvantaged. This severe targeting on the most at-risk youth is distinctive to DOL programs. Most education-

oriented initiatives, such as vocational education programs in high schools or in low cost community colleges, can serve a much broader segment of the youth population. The degree of disadvantage targeted by DOL programs has varied over time. Under CETA, youth had to come from an economically disadvantaged background and not have a job. In recent years, JTPA and WIA tightened eligibility rules for out-of-school youth programs. Today, it is not enough to be unemployed and out-of-school, even if the young person comes from a low income family. Currently, in addition to their economic disadvantage, eligible youth must also face a major barrier, such as having basic skills at the 9<sup>th</sup> grade level or less, being pregnant or a parent, a high school dropout, a foster child, an ex-offender, or homeless (US GAO 2002) . There is an additional, catch-all provision that allows participation for youth who require assistance to complete their education or to secure or hold a job. About five percent of WIA youth may fall outside the income guidelines so long as they face one of the barriers noted above. Given WIA's restrictive eligibility rules, local WIA youth programs may be serving a more at-risk population than Job Corps, which traditionally had the function of serving the most disadvantaged groups of 16-24 year-olds.

Strict eligibility rules can presumably target resources on the neediest groups and make a budget-constrained program more equitable. If eligibility rules are set strictly enough, money will be available for all eligible youth to participate. This avoids the problem that some less needy people receive services before all the needy cases are served. Unfortunately, the strict targeting creates problems as well. First, the WIA rules apparently are so complex and require such extensive documentation that programs are often under enrolled (US GAO 2002). Second, the targeting rules are open to abuse. An otherwise ineligible young person might choose to fail the basic skills test and meet the eligibility requirement in order to use training resources. Third, the rules leave out youth groups that lack resources and might benefit substantially from training programs. Fourth, restricting eligibility is a risky strategy because it may involve segregating the poor into program enclaves with few role models. Fifth, the data and trends among all out-of-school youth may be of little relevance to the highly disadvantaged group of young people. Finally, the highly targeted strategy leaves open the question of which, if any, public policies might address job problems facing less disadvantaged but still unemployed youth. Awkward equity problems can materialize if few interventions are available to low-income unemployed youth without the most serious barriers. Consider a situation in which WIA youth programs succeeded superbly and moved young ex-offenders into good jobs. Young people who never committed a crime but who did not have good career options might rightly feel that it is unfair to deprive them of access to such quality training, especially if it enables an ex-offender to move ahead of them

While youth programs are limited in their target groups, they nevertheless attempt to deal with a variety of problems. Almost since their inception, youth programs have tried to deal with low basic academic skills; weak life skills and poor work preparation; a lack of technical and occupational skills; limited work experience; and the urgent need for income. With the additional links between the workforce and social service systems brought about through WIA, youth programs are increasingly trying to minimize social problems (e.g., drug and alcohol abuse), to resolve child care needs, and to develop young people as caring citizens.

With this multitude of objectives comes a variety of program interventions. Individualized assessments are required as a first step. In addition to preparing youth for employment and providing occupational training, the law mandates that WIA develop strong linkages between academic and occupational learning and that youth connect to the One Stop system of job centers and other intermediaries providing referrals and information. Beyond these required services, WIA must make available ten program elements. These include tutoring, adult mentoring, alternative secondary schooling, summer employment linked to academic and occupational learning, paid or unpaid work experience, occupational skills training, leadership development, supportive services, and counseling to reduce drug and alcohol abuse. Job Corps includes a mix of intensive services directly related to careers, such as remedial education, classes leading to high school diplomas and GEDS, vocational training, work experience, and placement services. Job Corps adds other services, including residential support, counseling, social skills development, behavior management, and leadership training.

Some DOL-sponsored projects have aimed at saturating a neighborhood or community with services for youth. In the case of the YIEPP, the primary effort was to provide sufficient resources so that all poor youth, including high school dropouts, had access to a job if they remained in school or returned to school. In Youth Fair Chance and Youth Opportunity Grants, local groups not only received federal funding but also attempted to mobilize local resources and infuse community institutions with approaches that could benefit the employability and development of at-risk youth.

The multiple interventions and multiple goals complicate the analysis, but perhaps more importantly complicate the program operator's mission. Instead of having a single minded focus (such as raising educational capacities or raising career options), programs try to attain a large number of objectives simultaneously. Often, the multiplicity of goals places an unfair burden on a program operator. A job creation program may do a good job at employing young people in productive work. However, some may still judge the program a failure if it does not raise post-program earnings. The expectations for multiple impacts are especially troublesome given the limited flexibility built into several programs. For example, an organization tasked with raising long-term earnings might wish to focus on in-depth, extensive training together with stipends. However, if rules prevent using stipends in training programs, the program operator may choose to rely on paid work experience in order to attract youth whose focus is current income. Having multiple objectives also complicates evaluations. Youth programs inside and outside the Department of Labor attempt to serve multiple objectives with modest amounts of funding per participant. If they do little to improve earnings, they may simply claim they are successful along another dimension, such as attaining a GED. Sometimes there is confusion over ends and means. Linking job training, work experience, and education may be a good mechanism for improving long-term earnings. In this happy case, mandating multiple goals may encourage sensible program strategies. However, emphasizing one goal may come at the expense of another goal. For this reason, it is important to set priorities as to the primary goals.

One area rarely investigated is the supply side of youth interventions. Although suppliers of youth training services differ with regard to scale, experience, and staffing, few evaluations have systematically examined program performance from a supply-side perspective. Far more attention is devoted to the impacts of various program models. A

few studies have examined the role of performance incentives, but rarely if ever do evaluators examine other mechanisms to induce improvement by suppliers. One exception is the analysis of the performance of various types of Job Corp centers, such as those awarded competitively compared to those in Civilian Conservation Centers (Burghardt and Schochet, 2001). This study found striking results that raise questions about the ability of Department of Labor performance measures to capture differences in program impact. Job Corps centers ranked low on these performance indicators exerted as positive an impact on participants as did high ranking centers. Another strategy for trying to affect the supply side is to encourage market mechanisms and improve incentives for suppliers. This approach is part of the philosophy behind the WIA vouchers. Unfortunately, little research has addressed how vouchers or other aspects of supplier incentives or characteristics can increase the positive impact of programs for youth.

The supply side angle becomes crucial when one recognizes the important roles for community colleges, high school vocational education, private career-oriented schools, and employer-led training. The National Research Council's report, *Preparing for the Workplace* (Hansen 1994) captures the complexity of postsecondary training supported by the federal government, and the reality that Department of Labor programs accounted for no more than about 25 percent of federal expenditures. Funding for Pell grants often finances vocational training either in community colleges or for the over 800,000 students enrolled in nearly 4,700 proprietary schools. Further, the scale of employer-led training is substantially higher than government programs combined (Lerman, McKernan, and Riegg 2004). Reviews of training programs for out-of-school youth rarely take account of this broader picture of postsecondary training in the U.S. and rarely consider how best to utilize alternative systems more effectively to help out-of-school youth.

## **The Evaluation Evidence of the Impacts of Youth Training**

Let us now turn to the record. In judging the effectiveness of various training programs, one naturally turns to the most reliable evidence from evaluations that use random assignment to determine which groups can use services and which cannot. Some of the evaluations have been conducted in the context of demonstrations (special initiatives not part of an ongoing program) while others (notably the JTPA and Job Corps evaluations) deal with programs in operation. Typically, estimates of impacts from the experimental designs are based on outcomes for the treatment and control groups from all the sites combined. The idea is to examine the impact of the program model as a whole, not special circumstances that may be especially productive in some settings but not in others (Smith 2002). The two, large ongoing programs subject to rigorous research are Job Corps and the youth component of JTPA. In each case, evaluators were able to use random assignment experiments to assess the effectiveness of interventions.

### ***The JTPA Youth Component***

Under JTPA, the federal government sponsored job training programs for economically disadvantaged workers.<sup>6</sup> The National JTPA study<sup>7</sup> compared the experiences

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<sup>6</sup> Local service delivery areas (SDAs), which were formed by one or more local governments, received JTPA funds and operated authorized programs with advice and supervision from private industry councils (PICs).

of applicants randomly assigned to have access to JTPA with those of applicants assigned to control status in 16 service delivery areas (SDAs) recruited from across the U.S. Within each site, staff members assessed eligible applicants and recommended one of three service strategies: classroom training, on-the-job training and job search assistance, and other services, such as basic education, tryout employment, and job shadowing. After the staff recommended one of the three groups of services, they randomly assigned applicants to *experimental status*, where they would have access to program treatments, or to *control status*, where they would not have access to JTPA-sponsored services for 18 months after they had applied for the program.

The youth component of the study covered the year-round programs for out-of-school 16-21 year-olds but not programs for in-school youth. The study described the JTPA services obtained by participants and the effects of access to JTPA on educational outcomes and earnings. The analysis dealt separately with female youth, male youth with prior arrest records (male arrestees), and other male youth (male non-arrestees). The vast majority of youth had left high school before receiving their diploma.

The first question was: did access to JTPA increase the utilization of education, training, and employment services? Control group members could not receive JTPA-sponsored services, but could obtain training assistance from other sources. Still, the reports from interviews and administrative data showed a sizable and statistically significant impact of JTPA on receipt of services. Not surprisingly, the differentials were highest in components associated with government programs, such as on-the-job training contracts and job search assistance. Classroom training was also significantly higher for the experimental group. About 53-62 percent of the experimental group took advantage of at least one form of education, training, or employment assistance; this rate was about 25 percentage points higher than the utilization of similar services by controls. The experimental youth spent an additional 180 hours in training or related services as a result of their access to JTPA.

Despite JTPA's stimulus to participation in education and training, it exerted only a modest effect on the attainment of a high school diploma or GED. Males in the treatment group had identical rates of high school graduation to males from the control group, or about 30-37 percent. Among women, JTPA apparently raised graduation rates by nearly 11 percentage points per enrollee, from 31.7 percent to 42.3 percent.

The measured effects on earnings were even more disappointing. None of the three youth experimental subgroups saw their earnings rise relative to the earnings of those in the

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The PICs included representatives from local businesses, unions, social service agencies, and organizations providing employment and training services. The SDAs provided or contracted for services to help workers raise their educational levels, upgrade their occupational skills, and find jobs. Local community-based organizations, community colleges, public schools, and private for-profit occupational schools were among the frequent providers of services. After participants received an assessment, they participated in basic education, job search assistance, classroom training in occupational skills, on-the-job training, or work experience through temporary, subsidized public jobs.

<sup>7</sup> For the complete impact evaluation of JTPA, see Larry Orr, Howard Bloom, Stephen Bell, Fred Doolittle, Winston Lin, and George Cave (1996).

control group. In the period beginning 19 months after applying for JTPA, female experimentals showed earnings levels essentially identical to the female control group. Using survey data, the researchers found that earnings among male youth arrestees were actually 22 percent lower than what they would have been without JTPA for the entire 30 months after application for JTPA. However, when the researchers based their comparisons on data from unemployment insurance records, they found no significant differences in earnings. One possibility was that low earnings during the training period would be offset by higher earnings in the period after training or employment services. Unfortunately, no statistically significant positive effects emerged for female or male youth even through the fifth year after signing up for JTPA (U.S. General Accounting Office, 1996).

Another disconcerting finding is that JTPA apparently did not reduce the arrest rates of enrollees. In fact, males who began without arrest records showed a statistically significant increase in arrests during the follow-up periods. In the three years following random assignment, the arrest rate was 26 percent among this experimental group and 19 percent among controls. For those males who began the experiment with arrest records, nearly 60 percent of experimentals were arrested during the follow-up period, a rate only slightly higher than the 56 percent rate among controls.

Why did JTPA fail to raise the earnings of out-of-school youth? After all, JTPA did increase the amount of education and training, and previous research demonstrates that education and training lead to higher earnings. A number of hypotheses arise in a consideration of JTPA's ineffectiveness. One author (Lerman 1996) tested several possibilities with non-experimental methods. These analyses are discussed below.

One set of issues concerns the timing of training and the follow-up period. For example, if the training continued through much of the 30 month follow-up period, experimentals might still experience gains in earnings late in the 30 month follow-up or after the 30 month follow-up period ended. Those youth who continued their training over the entire period might have given up earnings opportunities. In this case, JTPA might have succeeded in stimulating continued training that would reduce earnings temporarily but ultimately improve the success of participants in the job market. However, no such training differences took place in the last six months of follow-up; in fact, the treatment-control differential in training took place almost entirely during the first 12 months after application. Thus, the absence of JTPA-induced earnings gains cannot be dismissed on grounds that the program causes participants to substitute training for work.

Another possibility is that the training or employment services received by most experimentals and controls were too limited or too ineffective. Although researchers commonly use human capital models to predict earnings as a function of education and training without using experimental methods, such approaches are subject to the well-known selection problem, those who take more training or education differ from others in unmeasured characteristics that affect earnings. To deal with this problem, the reanalysis provided not only estimates of participant training on earnings but also estimates based on procedures that attempt to control for selection.

Estimates of the impact of training or employment services during the first year after application on subsequent earnings generally yielded positive gains for females, sometimes

positive gains for male non-arrestees, and virtually none for male arrestees. However, in the analysis that did the most to take account of selection, the only statistically significant positive effects of training hours emerged for females. Unlike the estimates in the National JTPA evaluation, these analyses controlled for a key variable, work experience during the first 12 months after application. In all the analyses, work experience exerted consistently significant positive effects on earnings in the final part of the follow-up period.<sup>8</sup> One important possibility is that the greater access to training provided to JTPA experimentals diverted some from taking jobs in the private market. Thus, while experimentals were more likely than controls to accumulate education, training, and other employment services, controls were more likely to gain work experience. There is clear evidence that assignment to treatment status reduced the amount of work experience received by male youth, especially male arrestees. For male arrestees, JTPA raised the amount of employment services by 176 hours but lowered the amount of work experience by an even larger 434 hours.

The pattern of substitution of services for work experience appears related to the pattern of treatment effects on earnings. The groups for whom added service hours came at the expense of work experience were the groups for whom treatment effects were more negative. Just as the service hours effects on earnings were most negative among male arrestees, less negative among male non-arrestees, and not negative at all among female youth, the diversion of youth away from work experience was most pronounced among male arrestees, less among male non-arrestees, and least among females. To the extent that the skills learned through work experience were more consistent with employer requirements than training, it is perhaps not surprising that work experience seemed to be more effective in raising earnings.

Other explanations of the absence of significant gains from JTPA focus on possible differential effects of the experiment. Perhaps, training can benefit only a portion of young participants and the group most able to benefit would obtain sufficient services in the absence of JTPA. Suppose that only motivated youth benefit from training. Further, suppose that motivated youth in the control group obtain as much training as the motivated youth in the JTPA treatment group. If so, the observed increment to services induced by JTPA may have taken place only among less motivated youth, a group that does not benefit from training. Put another way, those in the JTPA treatment actually receiving training may have included both motivated youth (that would benefit from training) and less motivated youth (that would not benefit). In contrast, the JTPA controls receiving training would only include the motivated group.

Some evidence supports this hypothesis, especially among males. One test compared earnings gains among experimentals and controls receiving at least 150 hours of training or employment services. The hypothesis suggests that controls who received training should average higher earnings gains than experimentals receiving training since they represent a more select group in terms of benefiting from services. The results were

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<sup>8</sup> To control for the possibility that the work experience effect resulted from a continuation of employment, the analyses controlled for the individual's employment status in the 24<sup>th</sup> month after application in regressions on earnings during the period 25-30 months after application.

consistent with this hypothesis among males, since the gains in earnings were higher for controls receiving services than for experimentals receiving services.

Overall, JTPA services yielded no significant positive effects on any of the groups of out-of-school youth. Male youth arrestees in the experimental group apparently substituted less valuable JTPA services for work experience and thus lost out to controls. Some of this substitution may have affected male non-arrestees as well. Thus, despite JTPA's relatively low cost (about \$1,900-\$2,800 per enrollee in 1996 dollars), its benefits to youth enrollees were insufficient to make the program a sound government investment.<sup>9</sup>

### ***Job Corps***

This program is distinctive in several respects. It is by far the most intensive and most comprehensive job training program. Not only do participants live at Job Corps centers, they also receive counseling, education, training, health care, and job placement services. Job Corps is the longest operating youth program and is managed directly by the federal government through Civilian Conservation Corp centers and through private companies who compete for contracts to operate centers. It was intended to serve the most at-risk, disadvantaged youth. Today, Job Corps enrolls over 70,000 participants, or about 2 percent of the entire population of 16-24 year-olds and, as of 2000, spent nearly \$19,000 per enrollee. Given that enrollees spend about eight months in the program, costs per participant year amount to about \$25,000. .

The National Job Corps evaluation, one of the largest and most systematic evaluations of a job training program, used random assignment to designate Job Corps applicants in 1995 as experimentals (and eligible to enter Job Corps) and as controls (ineligible to enter Job Corps). The evaluators then followed both groups for up to 48 months after application. The estimated impacts of Job Corps are based on comparing education, employment and various social outcomes of the experimental group (73 percent enrolled in Job Corps) with comparable outcomes of the control group. The enrollees in the experimental group participated extensively; the total hours spent in academic and vocational instruction averaged 1,140 hours. The evaluation includes studies documenting the implementation of Job Corps, its impact on literacy, its social costs and benefits, differential impacts by types of centers, and effects on those who attain GEDs or vocational certificates.

The study documented a number of beneficial impacts of Job Corps. Most importantly, it found that the opportunity to participate in Job Corps raised youth earnings by an average of \$1,258 or 12 percent during the fourth year after application. The positive impacts of Job Corps extended to the share of weeks employed (61.8 for experimentals to 59 percent for controls) as well as to earnings per week (\$217 for experimentals to \$195 for controls) as of the 16<sup>th</sup> quarter after application. Hourly wage rates showed only a slight improvement, as the experimental group workers averaged \$7.55 per hour and control group workers averaged \$7.33 per hour.

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<sup>9</sup> JTPA appeared to generate earnings gains for adult men and women during the initial three years after entry into the program (Orr, et al., 1997). However, a five year follow-up conducted by the U.S. General Accounting Office indicated declines in the extent and significance of the gains by the fifth year.

The large and strikingly persistent earnings gains attributed to Job Corps encouraged evaluators to project constant annual benefits for 40 years when estimating the program's long-term benefits. Using this assumption, social benefits exceeded costs by nearly \$17,000. For a net cost to taxpayers of about \$3,000, Job Corps participants obtain a lifetime gain of about \$20,000. As LaLonde (2003, p. 574) points out, the impacts on annual earnings in the fourth year appear to vary sharply by age at enrollment, ethnicity, and type of center. Very large earnings gains per year emerged for 16-17 year-old whites (\$3,146), 20-24 year-old whites (\$5,872) and 20-24 year-old African Americans (\$3,432). Hispanic participants and participants in centers with large concentrations of Hispanics generally experienced losses or no gains.<sup>10</sup>

The earnings gains generated by Job Corps apparently resulted from the ability of some participants to achieve a GED or a vocational certificate. Among those without a high school degree or equivalent at application, 47 percent of the experimental group attained a diploma or GED, as compared to only 34 percent of the control group. The gap in vocational certification was even higher, with 37 percent of the experimental group but only 15 percent of the control group earning a certificate. An analysis using non-experimental techniques (Gritz and Johnson 2001) found that Job Corps participants attaining a vocational certificate earned \$40-50 more per week through the 16<sup>th</sup> quarter than they would have without a certificate. Those earning a GED gained even more, earning \$60-70 more per week than with no GED. In stark contrast, the gains were nonexistent among those Job Corps participants or enrollees who neither earned a vocational certificate or GED. Although these GED and vocational certificate impacts are based on non-experimental methods, they nevertheless strongly suggest the importance of attaining these two certifications.

Did the benefits generated by Job Corps extend to progress against crime, non-marital births, and welfare dependence? The answer is yes for two of three impacts. Job Corps reduced criminal activity, convictions, and incarcerations. Among males, controls exhibited a higher rate of convictions (35 vs. 31 percent) and a higher incarceration rate (26 to 23 percent) than the experimental group. Welfare dependence was modestly lower among experimentals than controls, with the average difference in benefits amounting to about \$100 per year for the third and fourth year after application. Fertility and non-marital births were unaffected by Job Corps. About 41 percent of experimental group females without children at application had at least one non-marital birth, as against 39 percent of comparable controls.

Overall, the record of Job Corps is positive. Though the magnitude of some of the impacts is modest, the gains were sufficient to justify the large government investment in the program. Still, it is striking that even the most intensive and most successful job training program for out-of-school youth still leaves a high share without jobs (about 40 percent), modest average earnings, relatively high rates of incarceration, and high rates of non-marital fertility (40 percent of females).

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<sup>10</sup> The exception was African Americans in Hispanic centers; they gained about \$744.

## *Youth Conservation Corps*

The National and Community Service Act of 1990 funded the Conservation and Youth Service Corps program to expand job opportunities for 18-25 year-old out-of-school youth, to produce goods and services beneficial to the public, to instill a strong work ethic and a sense of public service, and to enhance skills. In four sites, evaluators used a social experiment methodology, with random assignment of applicants to a treatment group allowed to enter the program and to control status. The evaluators followed individuals for 15 months after entry into the program.

The evaluation examined the costs of the service corps programs, the value of the output produced through the program and the effects on participants over a relatively short follow-up period. Corps members participated in projects ranging from tutoring children, to assisting in child care and escorting patients to examinations, to planting trees along a highway, to rehabilitating buildings for housing future participants, to improving parks and to helping clean up debris after a hurricane. About 70 percent of the work took place under the auspices of nonprofit institutions and the remaining 30 percent involved government agencies. More than half the corps members were economically disadvantaged, and most did not have a high school degree or GED.

Evaluators obtained information about what projects accomplished, interviewed beneficiaries of the projects, and determined what it would cost a private, unsubsidized supplier to produce the output generated by the corps. The reports were largely positive. Over half the beneficiaries rated the quality of work by corps members as excellent or very good, but about 30 percent stated the work had some problems or was poor. Using data from a representative sample of projects, the evaluators estimated value of program output per service hours as averaging \$13.24, with individual project values ranging from \$8.64 to \$15.18 per hour.

The evidence of the effects on participants deals mostly with the period corps members were still working on projects. Many remained with the corps for 12 months of the 15 month follow-up period. The corps did stimulate added employment, as participants worked almost 40 percent more hours than controls (2,030 to 1,465) and earned \$83 more per month. Still, more than half of the earnings of corps members (\$114 of the \$197 per month) simply offset what they would have earned in the absence of the service corps. Further, participation in the corps diverted members from obtaining certificates or diplomas from technical schools; 13 percent of controls but only 8 percent of corps members earned these certifications. On the other hand, participation in the service corps reduced arrest rates by nearly one-third (from 17 to 12 percent). Another program benefit was that participants gained satisfaction from producing valuable services for the community and from learning on-the-job.

Turning to the cost-benefit analysis, evaluators distinguished the perspective of participants from those of the rest of society and of the entire society. The operational costs of the program other than stipends or other participant benefits were \$9.66 per hour and salaries of participants averaged \$6.76 per hour. The two taxpayer figures, which equal \$16.42 per hour, made up nearly all the costs of the corps. While participants obtained \$6.76

per hour in stipend or fringes, they gave up \$2.92 per hour they would have earned outside the program. Although participant salaries are not a social cost, their foregone earnings are a real cost as they represent lost production. The largest benefit component is the program output, valued at \$13.63 per hour.

Despite a lack of information on the benefits from reduced crime and added work experience, the evaluators still concluded that the social benefits exceeded social costs. The combined benefits, including the value of program output (\$13.63) plus a modest \$.19 return on added education, exceeded the combined costs of \$12.78 per hour (operational costs of \$9.86 per hour plus \$2.92 in foregone earnings) by \$1.04 per hour.<sup>11</sup>

Overall, the Conservation and Youth Service Corps shows up as a cost-effective way to utilize out-of-school youth, especially minority males. The provision of low wage jobs in ways that give young people a chance to serve their communities is a sensible approach to influencing both the citizenship and job market capabilities of disadvantaged youth. At this point, it is too early to determine whether the approach improves the chances of dropouts for success in the job market.

## ***JOBSTART***

Unlike the three ongoing programs—Job Corps, JTPA, and the Youth Service Corps—JOBSTART was a demonstration project. Like the other three programs, JOBSTART used an experimental design for its evaluation. Moreover, JOBSTART drew on JTPA and Job Corps for its operating funds and used JTPA rules to determine the eligibility of applicants. The purpose of JOBSTART was to determine whether a nonresidential program with Job Corps' intensity could be cost-effective.

The project embodied: instruction in basic skills with self-paced learning; occupational training involving both classroom activity and hands-on experience in high demand occupations; training-related support services including transportation, child care, and life skills training; and job placement assistance. The model required sites to offer at least 200 hours of basic education and 500 hours of occupational training. The program dealt with particularly disadvantaged youth. All were high school dropouts, 75 percent were between the ages of 16 and 19, 90 percent were minorities (black or Hispanic), 26 percent were women living with their own child, and only 35 percent lived with both parents at age 14. Of the 2,312 youth who applied for the program and were randomly assigned to treatment or control status, the evaluators interviewed 1,941 applicants, or 84 percent of applicants.

JOBSTART substantially increased the receipt of education, training, and employment services, with almost the entire increase taking place during the year after application. About 90 percent of experimentals and only 26 percent of controls received

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<sup>11</sup> One caution about these results is that the value of the program's output might be overstated. If the public places a low value on what the program produced, then the measure of value used by the evaluators (the costs of producing the services through normal channels) could well be an overestimate of value of program output.

education and training in months 1-12 after application. The mean differential amounted to approximately 300 hours (415 for experimentals to 115 for controls). The average gap narrowed to 65 hours in year two, and it declined to zero for the last two years of the follow-up period.

The increment to the hours of education paid off by raising the proportion earning a GED or high school diploma from 29 percent to 42 percent. The positive impact came entirely through increased numbers of GED (37 percent to 21 percent); controls were slightly more likely to earn a high school diploma (7.5 percent to 4.4 percent).<sup>12</sup> Occupational training yielded a 16 point advantage in the receipt of trade certificates (from 17 percent to 33 percent). These positive educational impacts are impressive and were in fact quite similar to the gains observed in the National Job Corp Evaluation.

Nevertheless, JOBSTART yielded few or no gains in earnings, employment, reduced childbearing or criminal activity. Even by the fourth year after the program (three years after nearly all of the added training), the experimentals had virtually the same rate of employment and a slight, though statistically insignificant, rise in earnings. By this time, when the youth were 20-25, over one-third did not work at all during the year, and average annual earnings were only about \$5,600 (in 1988 dollars). Among males, the employment and earnings levels were higher; 79 percent worked at least some time during the year and earnings for the experimental group averaged \$7,600. Although experimentals earned about \$500 more per year than controls, this difference turned out not to be statistically significant at the 10 percent level. Moreover, male experimentals gave up more in lost earnings during the first two years after entering the program than they gained in the last two years of the follow-up period.

JOBSTART did worse than Job Corps in reducing crime and fertility, but resembled Job Corps in reducing welfare dependency. JOBSTART managed to attain slight reductions in the proportion ever arrested or using any illegal drugs. Yet, the only statistically significant positive was in a lower rate of using illegal drugs other than marijuana. Only 3.7 percent of experimentals as compared to 10.5 percent of controls admitted using such drugs. The effects on childbearing and pregnancy reductions were also disappointing. Among women who began JOBSTART as custodial mothers, experimentals experienced a higher rate of childbearing than controls. On the positive side, the rate of welfare receipt was significantly lower among experimentals than controls (31 percent vs. 39 percent) for women with no children at the start of the program.

Why should the JOBSTART-induced increases in GED have failed to generate gains in earnings? Cave and Bos (1996) attempted to answer this question. Using a matching model and performing the matching process 100 times, Cave and Bos developed simulations of impacts. They strongly suggest that JOBSTART exerted a positive and significant impact on the earnings of the specific youth induced to attain a GED but not on any other youth groups. Since most of the sample falls into the three categories that did not benefit from the program, the overall impact turned out not to be statistically significant.

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<sup>12</sup> The evidence suggests much smaller earnings gains from the GED than from the regular high school diploma. Indeed, some researchers find that the GED does not yield any increase in earnings.

## *The Center for Employment Training (CET) Replication*

Despite the generally disappointing results of JOBSTART, one site—the Center for Employment Training (CET) in San Jose, California—did demonstrate effectiveness in raising the employment of disadvantaged youth. CET was also unique in achieving positive impacts in another experimental demonstration aimed at improving employment outcomes of disadvantaged youth, the Minority Female Single Parent Demonstration. Such impacts might have come about by chance, by a distinctive local job market, or by a charismatic leadership. However, the CET program built a distinctive and well-designed model that differed from most employment and training programs in four key ways.<sup>13</sup>

1. **Intensive participation in services**—trainees participate on a full-time basis.
2. **Employment and training services that mirror the workplace.** The basic education component of CET helps participants gain skills directly relevant to the jobs for which they are preparing. The model's full-time and full-day activity and requirements that mirror the work place are designed to create expectations among participants that they are treated as though they are employees.
3. **Close involvement of industry.** CET uses employers to help design and deliver training and encourages peer instruction.
4. **Organizational capacity and stability.** The CET organization developed its service model over decades of experience and working with a largely Hispanic population.

These components made sense theoretically and appeared to be effective in practice at CET. On the basis of the CET experience and its distinctive model, the Department of Labor sponsored a demonstration project to replicate the CET approach in 12 sites throughout the country. The goal of the demonstration was to determine whether extending the CET model to other sites could yield employment and earnings gains for disadvantaged youth. In the participating replication sites, random assignment of disadvantaged youth into treatment and control status began in 1995 and ran through 1999. The site selection was not random. All the sites had been receiving some CET technical assistance prior to the start of the experiment. Of the ten Eastern and Midwestern sites that had received CET assistance for only about a year and invited to take part in the demonstration, six agreed to participate in the random assignment demonstration. An additional six were drawn at random from 17 sites that had been directly administered by CET in California and Nevada for at least five and as many as twenty years.<sup>14</sup>

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<sup>13</sup> The discussion of the CET replication is taken from Miller et al., 2003.

<sup>14</sup> The participating sites were Camden, New Jersey; Chicago, Illinois; El Centro, California; New York City; Newark, New Jersey; Orlando, Florida; Oxnard, California; Reidsville, North Carolina; Reno, Nevada; Riverside, California; San Francisco, California; and Santa Maria, California.

The young people entering the CET replication in either treatment or control status came from groups normally classified as disadvantaged or at-risk. Nearly 60 percent were high school dropouts, 56 percent lacked a significant work history, 69 percent were unemployed at application, 30 percent already had children, 24 percent were welfare (AFDC or TANF) recipients, 51 percent were African-American, and 41 percent were Hispanic. Women outnumbered men in the project by 58 to 42 percent. While highly disadvantaged, these participants (both treatment and control groups) were entering their early 20s in the very high employment economy of the late 1990s and 2000.

About 75 percent of the group assigned to CET actually participated in CET training. The participation rate varied widely. Excluding Chicago's 52 percent rate, the CET participation rate would have reached 84 percent. These participants averaged 629 hours of training over about 6 months. Although 24 percent of participants had less than 300 hours of training, another 24 percent experienced over 900 hours. Still, average hours in training were substantially less than the published course hours required for most of the occupations for which CET participants received training.

Surprisingly, being assigned to CET raised participation in education and training activities only modestly during the 30 months from program entry to the follow-up survey. Including those with zero hours of activity, those in the treatment group took part in a training, job search, or education activity for an average of 422 hours, while the comparable number of hours for the control group was 361. The main difference related to the timing of participation. Those in the program group had significantly higher participation in training activity during the first six months after application. However, even during the first six months, educational activity was virtually identical for the treatment and control groups. Notwithstanding the modest impacts on education and training hours, one might still expect CET to exert positive impacts on employment and earnings because of its close coordination between education and job preparation, the discipline learned when the training mirrors the workplace, and the major involvement of employers. One indicator attesting to the relevance of the CET training is that the share earning a training certificate was significantly higher among the CET treatment group than among the CET control group (39 to 25 percent).

Nevertheless, the results through the 30 month follow-up are disappointing. Virtually no indicator of employment or earnings showed a statistically significant benefit from CET, as replicated in the 12 demonstration sites. At 30 months after application, 57 percent of the control group and 55 percent of the treatment group were working. Average earnings during the six months just prior to the 30 month follow-up (including those with zero earnings) were about \$4,300 for the control group and \$4,075 for the treatment group.

One possibility is that the absence of positive job market impacts was due to the limited degree to which replicating sites implemented the CET strategy. The CET study by Miller and her colleagues (2003) found that not all sites closely followed the CET model. The four that showed a high fidelity to the CET model were, not surprisingly, in sites that had CET involvement for many years. The other sites often had some connection with employers and two had strong employer linkages, but they often lacked organizational stability and intensive participation in training. Although the degree of CET replication

varied, CET-induced positive effects might still have materialized if the sites closely following the CET model (high-fidelity sites) exerted a positive impact and the other sites (medium/low-fidelity sites) exerted no effect at all. Moreover, were the high-fidelity sites to generate positive impacts while the medium/low-fidelity did not, the results would provide additional confirmation of the strength of the CET model.

Unfortunately, neither group of sites led to a statistically significant increase in the employment and earnings of the treatment group. In a few cases, the impacts in the high-fidelity sites differed from those in the medium/low-fidelity sites. Employment at the 30 month follow-up was 6 percentage points higher for the treatment group in high-fidelity sites and 6 points percentage points lower for the treatment group in medium/low fidelity sites. All of these employment gains in high-fidelity sites were among women. While the programs in high-fidelity sites may have helped women, young men who were in the CET treatment group in these sites did significantly worse than the young men in the control group in these sites.

Another explanation for the absence of a robust CET impact is that the 30 month follow-up period took place in a period of close to full employment. It might be that the CET experience did help young people weather the recession of 2001. The 54 month follow-up will yield evidence that may or may not support this hypothesis.

At this point, we are left with discouraging results that are hard to understand in light of CET's past success and the promising nature of the CET model. Despite the replication sites' use of a well-designed model and despite the CET-induced 15 percentage point positive impact on the receipt of a training credential, the CET experience did not translate into systematic gains in employment and earnings.

### ***Youthbuild***

Youthbuild began as program operated by a private, nonprofit organization helping disadvantaged youth with academic training, skills training and subsidized jobs in construction, and projects involving rebuilding units in poor communities. Since 1992, Youthbuild sites have received direct funding from the federal government through the Department of Housing and Urban Development (HUD). Federal, state, and local governments as well as foundations have provided Youthbuild close to \$100 million per year (Sum, Mangum, and Taggart 2002). Like many programs, Youthbuild has multiple goals, including: expanding the supply of affordable housing for low-income families, providing economically disadvantaged young adults with meaningful work serving their communities, providing young adults with education and employment skills required for economic self-sufficiency, and fostering leadership skills and commitment to community development (Mitchell, Jenkins, Nguyen, Lerman, and DeBarry 2003).

Youthbuild has reached an especially disadvantaged youth population. At program entry, 79 percent of participants lacked a high school diploma or GED, 47 percent were parents, 39 percent were on public assistance, 22 percent were living in public housing and 18 percent had been convicted of a felony (Stoneman and Marouf 1999). Most Youthbuild recipients were male (73 percent) and minorities.

Despite its size, Youthbuild has not been examined through a rigorous impact evaluation. However, two recent reports shed light on the way it operates and potential impacts. The Applied Real Estate Analysis (AREA) researchers (Mitchell et al. 2003) conducted site visits with 20 local programs and compared Youthbuild outcomes with those of other youth programs. All sites delivered academic training aimed at leading to a GED or high school diploma and all provided classroom and on-site vocational training that could help youth attain construction skills. The specifics of these interventions varied. Some began with two to four week orientations. Some provided vocational training only after participants completed academic training though most alternated the academic and vocational training on a weekly basis. HUD mandated half of participant's time be spend on academic instruction, leadership training, and counseling and the other half spent on vocational training and on-site construction work. Many sites also offered support services, including group counseling, substance abuse interventions, and prevention of unwanted pregnancies. Participants engaged in community service, often with the help of AmeriCorps members.

One natural question is, how well did Youthbuild perform on its goal of increase the supply of housing? Ideally, one would determine the value added to the housing stock resulting from Youthbuild. Unfortunately, such data are not available. Although the 20 sites visited by AREA built or rehabilitated 277 dwellings, youth labor under Youthbuild contributed only a small share of the construction labor for many of these units. Most sites had only about 30 participants and built or rehabilitated between one and five units. They clearly cannot and do not make a major contribution to the local housing stock of affordable housing. To my knowledge, there are no good estimates of the value of output associated with Youthbuild's construction activities.

The size of Youthbuild's impact on young participants is hard to determine in the absence of a control group or good comparison group. The AREA evaluation reports that 29 percent of those with no high school credential at entry obtained a GED or high school diploma by the time they exited the program. Another study (Hahn and Leavitt 2004) found that about 26 percent of Youthbuild graduates had achieved a GED or high school diploma. Employment outcomes vary markedly by study. The AREA evaluation found that only 36 percent of the 846 participants were employed at program exit and about 35 percent of this group was employed in construction. Thus, at program exit, only about 10 percent of participants were engaged in construction. In the Hahn-Leavitt study, about 65 percent of Youthbuild graduates were working and about one-quarter of graduates were working in construction at the time of the mail survey. Note that the AREA study focuses on participants while the Hahn-Leavitt study examines the situation for Youthbuild graduates. According to AREA, about half of the participants leave Youthbuild before they graduate.

Youthbuild is a high cost program. Excluding construction costs, the average costs are about \$15,000 per participant and perhaps twice as high per completer. With construction costs, the figures reach about \$20,000 and about \$41,000. Given these high costs, one would expect to see a rigorous evaluation of program impacts and of the program's value added to the nation's production. While the program outcomes look modest relative to the costs, the achievements may be significant given the nature of the types of participants entering the program.

## **V. Lessons and the Development of New Approaches to Helping Out-of-School Youth**

In improving public policies, there is sometimes a tension between focusing on the lessons of past programs and inventing new ways of approaching problems and programs. This section tries to do some of both. Developing new models to test and to implement requires building on what we have learned but also recognizing that many ideas have gone untested and many potential approaches involve new ideas or borrowing old ones from other areas.

### ***Lessons of Relevance***

The first step is to summarize what we know about out-of-school youth that is relevant to policy. The traditional way of doing so is to highlight problems, such as shortfalls in education and employment and such social problems as crime, drug abuse, and early unwed parenting. The natural policy reaction is to try to minimize such problems. The alternative is to focus on healthy youth development and to highlight the steps required for young people to gain the life skills, self-discipline, self-confidence, and coping and thinking skills to succeed in career and family life. Promoting healthy youth development can complement the strategy of reducing problems but policies emphasizing problem reduction are not always the same as policies aiming at development.

The transition from the teen years to the mid-20s is certainly critical. Although most young people are able to make a healthy transition, finding a steady, career-oriented job and settling into a stable family takes a long time. Many young people falter during this transition period. Youth from low-income families often drop out of high school and never complete a high school diploma or equivalent; many gain little work experience; some commit crimes and serve time in jail or prison; and others have children before marriage. Many of these patterns have existed for decades and it is by no means clear that today's situation is worse. Still, we have learned that high rates of non-employment affect a high proportion of out-of-school dropout or low-income youth even in economic booms. Thus, the problems remain severe.

Policymakers and policy analysts often appear to believe that solving one of these problems will inevitably help solve the others. Controversy does emerge over what should be the central point of intervention. Some favor educational initiatives on grounds that stimulating young people to graduate high school and perhaps attend college will lead to less unemployment, crime, and unwed childbearing. Others favor job training and argue for connections to education, jobs, crime, and unwed childbearing. Still others push for programs aimed directly at crime prevention and pregnancy prevention, again believing that the side effects will be favorable for education and employment. One might even favor marriage-oriented relationship training on grounds that the attaining such skills will assist people in finding a job.

Discussions for dealing with these problems typically concentrate on the content of the intervention. However, other questions are also and perhaps equally important, such as:

- What are the concrete goals for the interventions? Instead of simply wanting to see a statistically significant impact on improving education and/or earnings, we should specify some realistic, ambitious, concrete targets. Such goals might include doubling the share of out-of-school youth who ultimately earn high school diplomas or cutting in half the number of young women who become unwed mothers (Ivry and Doolittle 2003). Should we aim at achieving highly positive outcomes for a subset of youth or modest improvements for many?
- Who should be the target group for the interventions? For example, should it be selected disadvantaged youth or all of a local community's young people? Should it focus on those most able to take advantage of training? To what extent does helping the most problematic weaken incentives, increase stigma, and segregate youth?
- Who should be the providers and how should they be chosen? How can programs leverage existing institutions to achieve improved outcomes?
- What mechanisms will lead to high levels of performance by providers and participants? How can the project be structured to increase flexibility and adaptability and to promote continuous learning?

In confronting this broad array of questions, we have learned much that is relevant. The experience of the most favorably evaluated program—Job Corps—is worth noting. First, the project aims at helping at-risk young people achieve realistic goals, such as attaining a GED or vocational certificate. However, there is little explicit analysis around these goals. No objectives are set to determine the appropriate share achieving one or another goal (GED, diploma, vocational certificate, or high test scores). The decision to focus on GEDs in the face of evidence as to its weak labor market benefit should be subject to review. Perhaps, the emphasis should be on achieving the SCANS skills. Second, the target group issue may seem straightforward, but even here adjustments to limit access and adopt a no tolerance policy on crime and drug use apparently improved discipline and the atmosphere of the centers, potentially improving operations. There may be tradeoffs between keeping programs highly targeted for equity reasons (thus including the most at-risk youth and even ex-offenders) may interfere with effective performance associated with too heavy a concentration of at-risk youth.

Third, the implementation analysis suggests the content of the intervention includes many solid elements, especially the intensive nature of the programs. However, weaknesses exist in the coordination of vocational and academic training and in the job placement functions. In addition, some key elements may be lacking, including education and training on marriage and relationships. Fourth, the providers are chosen largely through a competitive process but have considerable continuity. Moreover, scale economies are easily attained both because of the size of the individual projects and because of the federal role in management and evaluation. On the other hand, the providers do little to leverage other bodies affecting the disadvantaged youth population. Fifth, the federal government's close

and continuing involvement with providers encourages continuous improvement through new curricula and approaches. Although these do not always work out, the mechanisms are available to upgrade systems.

What other lessons can we learn from existing practice? Ivry and Doolittle (2003) offer several interesting points relevant to framing any new initiative. They point out that at-risk youth often are disengaged from the initiatives developed on their behalf. Often, they do not apply and when they enroll, many leave before they make any significant gains in education or employability. Ivry and Doolittle cite "...a growing distrust and cynicism among young people about programs..." as well as the program's poor outreach, intrusive eligibility certification, weak marketing, and inability to offer stipends. They argue that programs are often too limited in scope (not enough supplementary services), too inaccessible in terms of location, use too many unqualified workers, and are too insensitive to the needs of employers. Finally, Ivry and Doolittle note that youth may not succeed because of inadequate positive reinforcement from family and friends as well as sudden breakdowns in housing or child care arrangements.

Other lessons relate directly to the content of programs. Despite the successful initiative of the Department of Labor to document the necessary skills to succeed in jobs and careers, few programs develop and test for the work relevant skills highlighted in the SCANS report, including: managing time and money; gathering and communicating information; listening; working in a team; and serving clients. Few programs develop clear incentives or place strong demands on the participants. Some programs have tried to adopt school-to-work approaches—well-structured combinations of work-based and school-based learning leading to competency in a skill standard—but few have succeeded in doing so. The result is the absence of clear, transparent pathways by which participants know the impact of their extra efforts on their labor market success. Perhaps the central problem is absence of close linkages with employers and local labor markets that insure placement for successful graduates and that adapt program content to changing labor force demands. Evidence from programs emphasizing sectoral approaches suggests that it is important for operators to gain the expertise and trust of specific industries in order to conduct sound training, to incorporate relevant work experience, and to place workers in career-oriented jobs.

Other considerations also involve program models. Stand-alone training programs for disadvantaged out-of-school youth rarely work, especially in the absence of a mentor or some other person who monitors and takes a serious and sustained interest in the participant's success. Job creation programs often can create useful public outputs, with dollar value estimates that can be defended. Moreover, direct job creation toward a community purpose also leaves participants with a great deal of satisfaction and with a credible reference. Still, without output measurement and the clear incentives to produce and document the value of production, such programs are often dismissed as not useful or cost-effective.

Lessons drawn from an analysis produced by the GAO and the Department of Labor are worth considering as well. Though the evidence for some of these lessons is hardly conclusive, the points are certainly consistent with program experience. Among the most compelling lessons relevant to program design are:

1. Make sure that participants are committed to training and getting a job; one can require a small payment by participants and strict discipline after initial counseling.
2. Commit to removing geographic, attitudinal, family and other barriers to finding and keeping a job.
3. Improve the skills employers require of all workers, such as dependability, working in teams, taking instruction, and resolving conflicts sensibly; some successful programs require participants to use a time card to clock in when they arrive and leave, and they sanction those who are late or miss days.
4. Link occupational skills training with the job market to make sure that employers can absorb successful graduates.
5. Integrate basic skills training with occupational training so that participants can learn by doing and can see the relevance of their skills; and
6. Use individual case management to mentor participants and to help them overcome temporary setbacks.

Finally, the administrative and managerial effectiveness of many local providers of youth is questionable. Although there are no empirical studies documenting the weaknesses of groups administering youth programs, authors have long cited operational problems linked to such difficulties as unstable funding and inexperienced managers (Hahn and Lerman 1985).

### ***Demonstration Options***

Given these lessons, what demonstration options make sense that could in principle make a major difference in the lives of groups of out-of-school youth?

### **Project 1: Employer-Led Training in High Wage Careers**

Ideally, such an intervention should take account of the incentives and aspirations of the two main actors—youth and employers. For young people to exert maximum effort, they must see a sizable reward in the not-too-distant future. They must see the connection between what they are doing and their life prospects. They must understand why it is critical to take life skills training seriously and to concentrate on occupational skills. Employers must have an incentive to work with young people and to see them as prospective long-term employees. Program officials must have an incentive to learn what structures can help youth take responsibility to deal with various deficits and to provide young people and employers with the appropriate incentives.

Work-based learning is appealing because individuals often learn better at work sites and by practice than in classrooms dealing with theoretical issues. Involving employers and

perhaps employer associations in developing these work-based learning opportunities may be critical.

The employer-led training approach would draw on components of the time-honored system of apprenticeships. Despite the widespread interest in youth apprenticeships during the late 1980s and early 1990s, no rigorous demonstration tested its potential impact on youth and on employer hiring. This demonstration would build on youth apprenticeship concepts but adapt them to an out-of-school environment. A proposed demonstration project would include the following components: 1) emphasizing an occupation/industry area that is in high demand, leads to high wages, and does not require a B.A. degree; 2) insuring industry leadership in program design, in hiring youth for try-out employment and for long-term work-site training; 3) linking the training to the achievement of a well-recognized credential that has credibility and at least some portability; 4) involving a national or at least regional industry association and accrediting body; 5) using institutions in selected communities with a good track record in recruitment and teaching work discipline and other generic skills (such as SCANS skills); and 6) attracting sufficient interest and places to merit a significant investment in research and to allow for random assignment.

The Department of Labor could solicit initiatives from three industries working with national partner organizations or coalitions of local or regional organizations. The project would involve in-depth planning involving each of the three industries and partner groups so that the partner organizations recruit appropriate youth, train them in SCANS skills (including the relevant education) and insure they are properly motivated to work hard enough to achieve success in the relevant career. Industry associations would make sure that their member firms know well how to deliver work-based learning and to prepare trainees to meet the qualifications required for certification. The project would no doubt require test sites before becoming a national demonstration.

The research on this demonstration would examine not only the impact of the program on youth participants, but also on the hiring patterns and job ladders of employers and the possibility of extending the model to employers in the same industry in the nation as a whole. Construction and transportation are two examples of industries that might participate and currently have older work forces, pay good wages, and do not require high levels of educational attainment, though both require sound academic skills.

The demonstration has many potential advantages. Moving out-of-school youth into these careers could make a significant impact on their lives, unlike typical programs that offer only a thin set of services to help youth find jobs. Even if only a modest share of young people succeeds in attaining certification and high wage career jobs, the gains would be substantial. The links with rewarding careers are evident and immediate, improving the incentive for youth to take the program seriously. Much of the learning is learning-by-doing and especially accessible to the target population. The training would be long-term but financed largely by firms. Evidence from a variety of studies suggests these investments by firms pay off in terms of higher work force quality and lower turnover. The serious involvement of employers who will actually hire participants can make the project sustainable and beneficial to employers, and can increase the chances for successful replication. The disadvantaged youth have a chance to connect with adult networks and

adult co-workers who can serve as natural mentors. Employers can connect with at-risk populations through structured programs that provide youth with adequate preparation and that screen out youth not ready for such a program. If the approach succeeds, the result may well be a change in their hiring practices and those of other firms in the industry.

The evaluation of program impacts should focus on earnings and employment outcomes of youth participants, but also focus on how participating firms view the program and how it affects their hiring and training strategies. Random assignment of firms might or might not be appropriate. Certainly, the project could invite a number of participating firms to apply for involvement in the demonstration, with attendant technical assistance in implementing the standards, work-based learning, and linking with the partner organizations teaching SCANS skills and providing case management. Then, the project could randomly assign firms either to receive these treatments or not. The controls might still try to implement some phases of the project. Random assignment at the individual level should be feasible since, if the project is soundly developed, there will be a waiting list of youth wanting to enter a high wage career.

The evaluation should certainly examine not only learning and earning outcomes, but also a range of other important social outcomes. Increases in marriage rates, reduction in crime rates, and declines in early unwed parenting are all critical social indicators that may be affected by a demonstration involving an intensive set of activities. For example, there is considerable evidence that early career success of young men increases the likelihood of marriage.

Unlike most demonstrations, this one builds the employer linkage directly into the model and includes employer groups as key actors and suppliers of services. If the project were successful, other groups could replicate the results at far lower costs. The project includes an important development component beyond the effort to increase the human capital of the participants. It leverages employer training and steers the training toward a useful goal for themselves and for the youth participants. Finally, the project has the potential to achieve high wage levels for many out-of-school youth unlikely to do so through even successful traditional programs.

## **Project 2: Second Chance Armed Forces Training and Military Employment**

This demonstration would test in the US context a special education and training program for at-risk individuals enlisting into the Armed Forces. The program would provide intensive training and mentoring to youth normally excluded from the armed forces but given the chance to enlist through this special program. The idea would be to provide enhanced services, mentoring, education, and counseling that would allow these enrollees to enter the mainstream military training within three to six months. The program might have an enhanced basic training or a pre-basic training component.

Youth who may have dropped out of high school and/or have experienced certain behavioral problems would have the chance to enter the army through a special facility and program. Youth referred from schools and social agencies would interview with one of the armed services and apply to enter the special program. Currently, if at-risk youth become motivated and try to enlist, the US Army is likely to reject most candidates under current

provisions requiring a high school diploma. Under this initiative, normally unqualified youth could enlist but initially only as participants in the extensive education, training, and behavior skills instruction provided through the special program.

Although this initiative may appear risky, the US Army has some experience with mainstreaming enlistees initially considered unqualified. This demonstration program could be modeled largely on a similar, very successful program operating for many years in Israel. Without the special program, certain youth attempting to enlist into the Israeli army would have been turned down. Now, living at an army base, these at-risk youth undergo some basic training but also receive remedial education, training in an army occupation, and life skills training. Over the years, the Israeli army has learned to make the program work effectively. Most special enlistees do well in the army, though of course some do not complete their tour of active duty.

The project has several important advantages for integrating at-risk youth into the social mainstream and raising their employability. First, the program can operate at a large scale with professional management and operations. The program will include case managers and natural mentors. Second, completers of the program end up with a reasonably well-paid employment in the military, with attendant educational and other fringe benefits. Third, the chance to succeed in the military and have steady, prestigious employment for at least three years will attract and motivate a number of young people. Many people take pride in serving and in having served in the military. It conveys a sense of prestige in many communities. Fourth, it will ultimately afford at-risk youth training in a range of occupations. Much of the training will be hands-on but other parts will take place in the classroom. Fifth, the army provides a natural place for at-risk youth to learn about discipline and self-discipline. Part of the special program would involve teaching behavioral and other SCANS-type skills, including listening, managing resources, and working well in a team. Sixth, the highly integrated nature of the military will be appealing to minority youth. They will see minorities at the very top of a large organization's hierarchy as well as large numbers of mid-level minority officers. Sixth, upon completing military service, the formerly at-risk youth will have continuing access to various benefits, including education and health benefits.

The program would have to recognize that many youth, and especially at-risk youth, have very short time horizons and limited ability to plan. To cope with this reality, the program should structure the training in short steps, punctuated by award and graduation ceremonies initially every few weeks. At the beginning, participants should be given tasks they can carry out and complete in a very short time. Over time, they should take increasing responsibility to plan their time in completing longer term tasks.

Like project 1, this project would be led by employers and would leverage funding from a mainstream institution. The program would be intensive and long-term relative to standard youth programs. If the program succeeds, the army would have the capacity to expand the program significantly enough to possibly influence the overall employment rates of low-income youth. In any event, the research would no doubt draw significant lessons about how to train various types of people. The armed forces is already one of the largest, if not the largest, trainer in the world.

The impact evaluation of the project could be undertaken using the random assignment of at-risk youth attempting to enter the armed forces and likely to fail. Of all applicants, the demonstration could randomly assign half the applicants to treatment and half to control status. The impact evaluation would examine the treatment group's learning gains relative to controls, their employment and earnings during the army service relative to the civilian employment of controls, and their post-military experience relative to the controls. A final set of questions would deal with the program's impact on life skills, marriage, divorce, and parenthood.

The implementation analysis would assess the motivation of enlistees, their detailed characteristics, and their attitudes about the program and the army in general. In addition, it would obtain information on the performance of youth going through this special program. A related topic would be the reaction of military commanders. Judging from the Israeli experience, the program could prove effective along all of these lines.

The program could build on the existing the National Guard Challenge Academies as well the experience in Israel. In the early 1990s, Congress authorized National Guard to work with at-risk youth and develop a program to help them gain the values, skills, education and self discipline necessary to succeed as an adult. The program focuses on highly at-risk youth: 16-18 year-old high school dropouts, who are unemployed, but not currently on parole or probation for an adult offense, not convicted of a felony or capital offense, and drug free.<sup>15</sup> The core components of the program are citizenship, academic training toward GED or a high school diploma, life-coping skills, community service, health and hygiene, skills training, leadership, and physical training. The program runs for 17 months, with a five-month Residential Phase, followed by a year-long mentoring relationship with a specially trained member from each youth's community. Mentorship and follow-up are key elements; participants identify potential mentors in their applications and mentors are given training. There were nearly 7,000 participants who completed the residential phase of the program in 2003. The costs are estimated at about \$27 per day, or about \$14,000 for the full 17 month program, including the 22 week residential program. On a per-day basis, the costs are somewhat less than the Job Corps. The program reports a 65 percent rate of positive placement of youth in the post-residential phase of the program.

The National Guard Challenge Academy has many impressive features, but has not been subject to an external evaluation. Although the Armed Forces Training and Military Employment demonstration has some advantage, such as three years of built-in employment with career potential and substantial room for expansion while meeting the direct needs of the armed forces, the National Guard Challenge Academy shows potential for helping the most at-risk youth as young as age 17. Thus, if the Armed Forces Training and Military Employment demonstration were infeasible, a second possibility would be to test the impact and estimate the costs and benefits of the National Guard Challenge Academy.

### **Project 3: Civilian Service and Job Market Linkage Demonstration**

This demonstration would extend the approach discussed in the Armed Forces demonstration to the civilian sector. The idea is to provide a 1-2 month initial training in

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<sup>15</sup> See <http://www.ngycp.org/> for a description of the National Guard Challenge program.

SCANS skills (including relationship skills) and remedial education in preparation for a 1-2 year commitment to AmeriCorps or some alternative community service program. There is already some evidence of the effectiveness of community service programs based on the Youth Conservation Corps demonstration. In addition, an evaluation of AmeriCorps reported gains for participants in life skills relative to a comparison group (Aguirre International 1999). The report based its analysis on the improvement in measures of life skills that closely followed the SCANS skills (described in the Secretary's Commission on Achieving Necessary Skills 1992).

The program would include an extensive recruitment component, an enhanced initial training component that incorporates some hours of work site activity, a mentoring component, a major community service component, and an extensive counseling component to help completers smoothly transition to post-program jobs, careers, or education and training. In addition, the program would include a post-program, post-placement component. This component would provide financial education and training in financial planning. The community service activities would build on the experience of AmeriCorps and Youth Conservation Corps programs. A well-trained counselor would be available for each participant to deal with a range of family and financial issues that arise and often serve as barriers to success.

The model would insure that all components of the program recognize the special requirements for success with an at-risk youth population. As noted above, such youth often have short time horizons and limited ability to plan. Many at-risk youth face a complex array of other problems, some of which are linked to family dysfunction and negative peer cultures. The program's initial training would deal with these and other issues. The volunteer opportunities would create linkages to prospective employers and provide work experience (resume-building). Such social connections offer important help to job-seekers. Also, the volunteer opportunities would create linkages to prospective employers and provide work experience (resume-building).

One potential modification on existing community service programs would be to attract payments from groups receiving the goods and services generated in the program. The contributions might be nominal in cases where recipients of services have an extremely limited ability to pay. Alternatively, they might involve a bidding process to determine which public or private nonprofit organizations can best use the services. The payments may give recipients more of a stake in the production as well.

The research on this demonstration would utilize a random assignment design for applicants, but might also use a random encouragement model to determine the impact of enhanced outreach. Under random encouragement, youth from the community who have not yet applied would be randomly assigned to groups receiving or not receiving such outreach efforts as program materials, phone calls from the program or local mentors, home visits, and bonuses. Such a strategy would yield findings on the importance of outreach activities in eliciting the participation of at-risk youth.

The evaluation would estimate impacts on such standard outcomes as employment, earnings, and post-secondary education, but also on the gains in academic skills and in the SCANS skills. A critical component of the research would be to estimate the value of the

goods and services produced through the program, including potential reductions in criminal activity and incarcerations.

## **VI. Concluding Comments**

The Department of Labor, other federal and state government agencies, and private foundations have sponsored extensive programs to help at-risk, out-of-school youth as well as many evaluations to determine the effectiveness of these programs. These programs have no doubt helped many young people, but only a few have yielded solid benefits that clearly exceed their costs. Despite the limited success of many programs and past demonstrations, the evaluation studies and basic research on youth have provided an array of lessons that can be applied to future projects. It is important to utilize these lessons, since the need for action is as urgent today as it has been in recent decades. The evidence is clear that the problems of large numbers of at-risk youth, especially out-of-school minority males without any college education, remain serious. The difficulties experienced by many out-of-school 16-24 year-olds affect not only their own long-term earnings, but also the poverty prospects for their partners and children and the costs imposed on the rest of society because of high costs of incarceration or in dealing with low-income, one-parent families.

It is tempting to try to deal with the large scale problems of at-risk, out-of-school youth with short-term programs. This is largely the strategy currently pursued by the WIA youth component. Such an approach may be necessary since many young people want only short-term or medium-term assistance and less expensive programs can serve more youth. Unfortunately, many such programs falter through weak outreach, limited connections to employers, high rates of attrition, and limited time for youth to gain serious vocational competencies. Such programs could be improved by closer linkages with employers and perhaps with the authority to award stipends to youth with high attendance records and who complete program components. In addition, initiatives that raise the administrative effectiveness of local operators make sense. With modest improvements, such programs might well yield impacts high enough to justify their costs.

Overall, the biggest payoffs are likely to come from long-term, intensive programs. Only a concerted effort over a period of at least one year is likely to generate the changes in academic, vocational, and soft skills required for healthy adjustment to a productive career and adulthood. It is no accident that the most intensive federal program for out-of-school youth, Job Corps, exerts the largest and most robust positive impacts on employment and earnings. Yet, even the full Job Corps term is relatively short in comparison to postsecondary degree programs or apprenticeship programs. Many Job Corps participants leave well before completing a full year program. In addition, Job Corps is only modestly integrated with employers and employer organizations.

Programs must have the potential to achieve genuine improvements in career outcomes to attract the high and sustained levels of youth participation and commitment required for success. The key to achieving these goals is to make sure that both participants and employers become highly invested in the programs. Employers must see how their involvement can improve the productivity of their work force at the same or reduced costs. Youth participants must have confidence that working hard in the program and after the

program can yield long-term success. In addition, counseling or mentoring must be available to help at-risk youth deal with intermittent barriers without weakening their commitment and participation in the program or on the job.

How to move from these principles to concrete programs with verifiably positive impacts is a major challenge. This paper recommends testing three strategies that combine several of these principles. If successful, each of these demonstrations could expand into programs that could operate at a large scale without enormous government resource costs. All would offer new routes to career success for those currently left behind and all would fill productive needs in civilian, military, and public life. All would provide participants with the sustained involvement of major organizations and constructive adults. All would supply graduates with a respected credential and work record.

The demonstrations proposed in this paper are feasible, build on experience, are potentially cost-effective, and can be expanded substantially if they succeed. I strongly recommend the U.S. Department of Labor move to implement all three demonstrations to improve our nation's chances to make a significant dent in the problems of at-risk, out-of-school youth.

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