

# **H3696/H1852- The Youth Solutions Act of 2009 – An Act establishing a youth workforce system in the commonwealth**

**Joint Committee on Labor and Workforce Development  
January 13, 2010  
Testimony on H3696 and H1852**

## ***Overview of Crisis and Goals of Legislation***

- Don Gillis, Massachusetts Workforce Board Association
- Joseph McLaughlin, Center for Labor Market Studies
- Christie Getto Young, United Way of Massachusetts Bay and Merrimack Valley

## ***School to Career Connecting Activities***

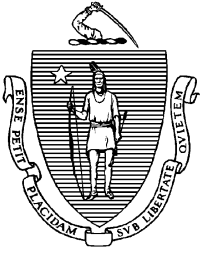
- Ed Powell, Boston Private Industry Council
- Loretta Dansereau, River East STC Partnership Director
- Candace Burns Johnson, Dana-Farber Cancer Institute
- Ada Lei, Charlestown High School, Guidance Counselor and 2003 graduate

## ***Dropout Prevention and Recovery***

- Kathy Hamilton, Boston Private Industry Council
- Jamessa Sowards, EDCO Youth Alternative
- Tanya Sofia, Crittenton Women's Union GED program
- Jermaine Hamilton, Brandeis University
- Emmanuel Allen, Boston Private Industry Council

## ***Summer and Year Round Youth Jobs***

- Dan Gelbtuch. Massachusetts Association of Community Development Corporations
- Antonio Gutierrez, Lynn Street Outreach worker, ECCO
- Samantha LeBlanc, Oasis Youth Group, Lynn
- Gloria Williams, YouthBuild New Bedford



## **H3696/H1852- The Youth Solutions Act of 2009 – An Act establishing a youth workforce system in the commonwealth**

We need to rededicate ourselves to the *future of young people in the Massachusetts economy*. Through a multi-agency and interdisciplinary approach, the Youth Solutions Act of 2009 seeks to respond to the crisis facing Massachusetts's young people. *We need to simultaneously invest in school-based connecting activities, respond to the dropout crisis and increase employment options for youth.*

### **The Figures**

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#### ***A few facts about teen employment***

- 1) Nationally, the teen labor market has weakened considerably since 2000, and teens have seen their job prospects deteriorate further during the 2007-2009 economic recession.
  - a. **The nation's teen unemployment rate in December of 2009 was 27.1%, as compared to the national December unemployment rate of 10.0% and the Massachusetts October unemployment rate of 8.9%.**
  - b. The national teen employment rate during 2009 was the lowest rate recorded in post-WWII history. The annual average employment rate of teens in 2009 was only of 28%, down 17 percentage points from 45% in 2000.
  - c. The employment rate of the nation's teens this summer was also the lowest on record in a data series dating back to 1948. Even with the federally-funded programs the 2009 summer employment rate at 28.9% was 16 points below the rate in the summer of 2000. The summer of 2000 had a high rate of 45%.
    - i. Under the Jobs Training and Partnership Act, which began in 1982 and was replaced by the Workforce Investment Act of 1998, youth were served under the Summer Youth and Employment Training Program. During the transition, youth being served as of June 30, 2000 could be grandfathered in to the WIA system and existing funds could be carried over; however, summer youth funds were cut significantly in the change from JTPA to WIA.
  - d. Employment rates of teens have declined considerably for the youngest teens (16-17), men, blacks, and low-income teens.
- 2) In Massachusetts, the overall labor force participation rate of teens has declined considerably since 1999, falling by 13 percentage points between 1999 and 2006 and the teen employment rate fell very sharply, dropping from 53% in 1999 to 39% in 2006, a reduction of 14 percentage points. The state's teen participation

rate was 10<sup>th</sup> highest in the country in 1988 but it was only 37<sup>th</sup> highest in 2006. We are no longer a national leader in the labor force attachment of our teens.

- 3) The state’s high school students faced considerably lower employment rates in recent years than they did in 2000, near the peak of the economic boom. In 2009, only 29 of every 100 high school students (16-19) were working during a typical month, down from a near 38% employment rate in 2000. The rate of 29% is also down from 31% just three years ago. In 2006, Massachusetts ranked only 22<sup>nd</sup> highest on this measure tied with Virginia. Four of the other five New England states outpaced us on this measure by anywhere from five (Rhode Island) to 10 percentage points (Vermont).
- 4) The employment rates of Massachusetts students in 2006 were:
  - a. Higher among women than men (35 versus 28 per cent),
  - b. Highest among whites (33%) and lowest among blacks (22%) and Asians (17%),
  - c. Very low among Asian males (5%) and black males (10%) especially low income black males (4%),
  - d. Lowest among poor students (22%) and other low-income students (25%) and highest among students who were living in families with incomes three or more times the poverty line (34%).
- 5) Nationally, the teen employment rate is not standard across income or race:

Income	Under \$20K	\$20K-\$40K	\$40K-\$60K	\$60K-\$75K	\$75K+	\$150K+
Teen Employment Rate	25%	29%	35%	Just below 40%	42%	Drops down

- a. With white non-Hispanic teens being twice as likely to have worked June-July as compared to Asian and black teens
- 6) What is the benefit for early introduction of teens into the workforce?<sup>i</sup>
  - a. “Youth who participate in work-based learning activities during high school are more likely to see the **relevance of school work to career success** and acquire **stronger employability skills**”
  - b. “Among economically disadvantaged youth, especially Black and Hispanic males, national research suggests that some work in high school can help **promote school persistence and graduation**, and metropolitan areas with higher employment rates for female teens are characterized by **lower pregnancy rates**”
- 7) What are the consequences of not introducing teens to workforce early on?<sup>ii</sup>
  - a. “Lost employment of youth today curtails both the work experience and employability skills of youth, including **hard occupational/ technical skills** and the **soft skills** of punctuality, team work, customer relations, and working under supervision that many employers claim young workers lack

in sufficient quantity.<sup>21</sup> These **soft skills cannot be acquired in a classroom setting or by learning in isolation from work.** They are learned by doing real world work for sustained periods of time.”

### ***A few statistics about high school dropouts***

- 1) Due to less payment in payroll and income taxes (state and federal), sales taxes and property taxes and increased collection of cash income transfers and in-kind transfer assistance high school dropout result in a net loss of funds in the state and federal governments. Also, dropouts have a higher incarceration rate leading to another cost increase attributed to not completing high school.
- 2) Results from a study completed by the Center for Labor Market Studies at Northeastern University of 16-64 year olds over 2004/2006 resulted in annual calculations of the cost/benefit to the state and federal governments across varying educational attainment groups.<sup>iii</sup>
  - a. Annually, a dropout receives \$5,300 more in cash and in-kind benefits than he/she pays in state and federal payroll and income taxes. This figure leads to an average \$221,182 lifetime drain on the government per dropout, which rises to \$273,860 when accounting for the costs associated with the increased incarceration rate.
  - b. Annually, a high school graduate contributes \$2,125 more in taxes than he/she receives in cash and in-kind benefits. This figure leads to an average \$205,343 lifetime contribution to the government per high school graduate, which falls slightly to \$181,494 after accounting for incarceration rates. (These numbers increase to \$13,620 annually, \$828,704 lifetime, and \$825,571 lifetime, respectively, for bachelor’s degree holders).
  - c. High school graduates (18-64) earned approximately \$10,000 more per year (2004/2006) than high school dropouts, leading to \$455 more per year being collected in state income taxes than high school dropouts. (This figure increases to five times more state taxes being paid by bachelor’s degree holders than high school dropouts).
  - d. On average, high school graduates paid \$126 more in sales tax in 2005 than high school dropouts (\$168 vs. \$294)- almost twice as much, increasing to almost three times as much spending by bachelor’s degree holders.
  - e. Solely at the state and local level the mean cost in cash and in-kind benefits from the State per year of a dropout was \$491- increasing to a net loss of \$1,567 after factoring in incarceration costs. Whereas high school graduates contributed \$1,986 more per year in taxes than they received in cash and in-kind benefits from the State- still remaining high at \$1,513 after factoring in incarceration costs.

- 3) Beyond the purely fiscal impact, the quality of life of high school graduates has the potential to be far greater than that of high school dropouts who often continually struggle in both work and social life.<sup>iv</sup>
- a. In Massachusetts over a 2004-2005 average, only 24.9% of adults who have not completed high school have pension coverage, compared to 41.5% of those who completed high school or have their GED. Similarly only 36.2% of adults who have not completed high school have healthcare coverage, compared to 47.6% of those who completed high school or have their GED.
  - b. In Massachusetts in 2005, the average time a male/female high school dropout will be in a low income status was ten years longer than their high school graduate and GED holding counterparts (18/24 vs. 8/14).
  - c. In Massachusetts in 2005, males with a high school diploma or GED were 6.7 percentage points more likely to be married than dropouts (42.8% vs. 49.5%) and females with a high school diploma or GED were 17.4 percentage points more likely to be married than dropouts (53.2% vs. 35.8%).
  - d. In Massachusetts in 2005, 77% of births to women who did not complete high school were out-of-wedlock births- compared to only 47% of births to women with a high school diploma or GED.
  - e. In Massachusetts in 2000, of men aged 18-64, 4% of high school dropouts were incarcerated (increasing to 11.2% of black male dropouts). Only 1.9% of high school graduates were incarcerated.
  - f. Nationally in 2004, of those who would have been ages 39-46, those who did not complete high school had an average death rate of 7.4% (8.8% for males and 5.2% for females). Those with a high school diploma or GED had an average death rate of 3.4% (4.2% for males and 2.5% for females). High school dropouts were more than twice as likely to die before reaching ages 39-46 than their high school graduate and GED holding counterparts. Black male high school dropouts had the highest rate among racial separations with 11.6%, decreasing to 7.8% for black males who completed high school.
  - g. Nationally in 2004, of people 18+ only 41.7% of those who did not graduate high school voted in the presidential election, compared to 62.6% of high school graduates.
  - h. Nationally in 2003, of people 25+ only 10% of dropouts were volunteering, compared to 22% of high school graduates.
- 4) In Massachusetts, of the 11,436 students who dropped out of school in the 2006-07 school year, based on the above statistics:
- a. **846 will die before reaching age 46** (as compared to only 389 for their high school graduate counterparts)
  - b. **265 of the males dropouts (6,614 total male dropouts) will be incarcerated at any one time**
  - c. There will be a combined total of **234,780 years spent in a low income status** for these 11,436 dropouts

- d. The state and federal governments will **spend in net (after tax contributions) \$3.13 billion** on these 11,436 dropouts over their lives through cash and in-kind benefits- if all of these students had graduated they could have contributed a **net gain up to \$2.08 billion** in tax contributions (after cash and in-kind benefit costs)

### ***What the Facts on Teen Employment and Statistics on High School Dropouts Tell Us***

- 1) Clearly the lifetime cost to the federal and state governments of \$273,860 for one dropout merits preventative funding for youth employment programming with ties to educational attainment and dropout prevention and recovery efforts. **The programming costs average below the lifetime cost per person, and that is before even taking into consideration that high school graduates contribute \$181,494 to the federal and state governments over a lifetime.**
- 2) **Each student who goes through a program and graduates, who otherwise would not have graduated, represents a net gain of \$455,354 for the federal and state governments over the student's lifetime. In addition, the wages paid through the programs (with either state and/or federal grants or directly from employers) are taxable wages that youth will then be able to spend on consumer goods, therefore increasing sales taxes paid immediately.**
- 3) Since the programs focus on the most at-risk youth populations, the graduation efforts are instrumental in decreasing the financial burden on the government and transitioning into a financial benefit.
- 4) Based on the results of youth programming and the cost/benefit analysis of taxes, cash and in-kind benefits, and incarceration costs, it is evident that the government would fare better to make a relatively smaller investment in the future of youth rather than to end up paying more over the lifetime.
  - a. An example, in FY2009 Massachusetts invested \$4,129,687 in Connecting Activities. In total, 25,633 youth were served in student internships and student job shadowing. This represents an average of **\$161 invested in each student** (which in turn was augmented by an investment of \$29,355,507 in employer wages).
- 5) Without employment programs and work-based learning programs for at-risk teens there will need to be other programs for these targeted youth to keep them engaged during the summers and during out-of-school time. During the summer of the 2006-07 school year 3,308 teens dropped out of high school. These programs in the bill are programs with the infrastructure in place and with a proven track record of helping achieve these goals for teens. The programs in need of support will increase engagement during out-of-school times and will increase youth engagement in their school work during school time.

## **The Programs**

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### ***School-to-career connecting activities***

Connecting activities programs can help achieve the following objectives:

- Improve overall employment rates for the state's high school students during the regular school year and during the summer,
- Provide students with exposure to jobs in a broader array of industries and occupations, especially low-income students,
- Help more students see the connection between school-based learning and work-based learning, increasing their incentives to stay in school and obtain some post-secondary education.
- Over the past eleven years the state investment in School-to-career connecting activities has leveraged \$438,871,883 in private sector wages paid. During FY98-FY09 connecting activities supported a total of 197,862 student internships.

There is no question based upon the data that there is a positive economic and schooling effect on in-school employment. Specifically:

1. Youth who work in the summers of their high school years are more likely to work in the senior year,
2. Those youth who work more in their senior year are more likely to be working in the fall after graduation and in the spring of the year after graduation. These results hold true for those the youth enrolled in college as well as for the non-enrolled, for men as well as for women, and for blacks, Hispanics and Whites,
3. Those youth who work in the summer immediately following graduation are more likely to be working in the fall and spring after graduation,
4. Three to four years after high school graduation, the single best predictor of the quarterly earnings of BPS high school graduates was their quarters of employment during their junior and senior years of high school.
5. A recent study of the Boston Public School system class of 2000, showed that despite an increasing percentage of graduates enrolling in college (64.2%) on average after 7 years only 35% of students have completed as compared to the national average of 43.6%. Evidence indicates that those who participate in school-to-career connecting activities have higher college completion rates.

### ***Dropout prevention and recovery***

The economic and social benefits from successfully reducing dropout rates could be quite substantial. Integrated education, skills and employment programs are a key aspect of dropout prevention and recovery. In addition to connecting school and career activities to help teens stay in school, increasing outreach and the use of second chance programs can help youth and young adults recover from dropping out. Particularly,

- The P-21 model adopted by the Commonwealth should be supported and expanded to include: dropout intervention and prevention; connecting activities

support in all Massachusetts high schools; and, summer youth employment in all workforce regions,

- Governor Patrick should both be a champion with Massachusetts businesses but also join efforts to expand the federal support under the Workforce Investment Act or other legislation to respond to the growing national crisis.
- The Commonwealth should continue expansion of the at-risk funding and restore connecting activities to \$7.000 million and grow it to fund employer partnerships in all school districts,
- The recent report from the Massachusetts Graduation and Dropout Prevention and Recovery Commission identified specific strategies for dropout prevention, intervention, and recovery. A grant program should be established to support these intervention strategies:
  - **Targeting interventions** to individual students, such as increased adult attention and supervision, increased academic support, wrap-around services, and advisories; some school districts have begun using an approach that features a “coach” who organizes interventions for at-risk students;
  - **Connecting school to college and career** by providing internships, career explorations, or mentoring programs;
  - **Active recovery** that includes reaching out to dropouts and providing them with support and alternative pathways to graduation; and
  - **Providing alternatives to traditional high schools** that may feature benefits such as smaller class sizes, coaches or case managers who provide increased support, competency-based instruction, accelerated credit recovery, and access to social services.

Teen dropout rates are increasing in Massachusetts’ public high schools at the same time that the consequences of dropping out are becoming more severe. Recently released estimates of the annual number of dropouts in grades 9-12 for Massachusetts reveal that 11,436 students or 3.8% of the total public high school enrollment dropped out of school in the 2006-07 school year. This represents a near 16 percent increase in the number of dropouts from the 2005-06 school year. Especially important to youth programming, the number of **summer dropouts** increased from 1,600 in the 2005-06 school year to 3,308 in the 2006-07 school year, **more than doubling over one year**.

Research conducted by the Center for Labor Market Studies at Northeastern (2006 and 2007) and the Youth Transitions Task Force (2006) has shown substantial consequences to dropping out of high school.

1. In 2005, only 38% of Massachusetts’ teenage dropouts were employed compared to 65% of out-of-school teenagers.
2. In 2004-05, the mean annual earnings of high school dropouts in Massachusetts (age 16-64) was \$16,762 compared to \$38,998 for all Massachusetts adults.
3. High school dropouts in Massachusetts face many other consequences, including being less likely to have health insurance coverage and more likely to report being in poor health than better-educated counterparts. And, particularly for males (and

compounded for those who are Black or Hispanic), high school dropouts experience higher rates of incarceration.

4. Negative fiscal impacts result from the increasing dropout rates. Net annual government transfers to Massachusetts high school dropouts average \$5,300; whereas, high school graduates generate an average of \$2,125 in net tax receipts.

***Youth-at-risk*** includes males, low-income youth and Blacks and Hispanics who are employed at rates well below their peers and are most at risk for joblessness. Disadvantaged youth lost federal funding for jobs through the demise Summer Youth Employment Program in 2000. And in the past 8 years, the Bush Administration and U.S. Congress have not spent any money on teen employment despite passing a number of economic stimulus bills. ***There is more pressure than ever on states and cities to solve the teen employment crisis.*** With more than 11,000 youth dropping out of high school each year, Massachusetts has not been able to meet the demand for employment and training programs for out-of-school/out-of-work youth. ***This has left many young people in Massachusetts behind and at risk for violence, gang problems, and substance abuse.***

### ***Pathways to education for older youth***

Teen employment is one critical piece in the puzzle of connecting youth to long-term employment and high demand careers but it is not the only piece. Multiple Education Pathways that provide opportunities for young people to gain valuable work experience, achieve a credential and acquire a skill set that will position them for entry into high demand industries is critical. Our mainstream education system is losing many young people before graduation and in many of our urban centers, the 4-year graduation rate hovers at around 50%. We are in need of different models to educate and train young people so they are prepared for a 21<sup>st</sup> century economy. According to research compiled by Paul Harrington at Northeastern University's Center for Labor Market Studies, the educational profile of the current workforce in Massachusetts is:

- Of those currently employed, 43% (or 1.25 million) have at least a bachelor's degree,
- 25% (or 710,000) have 1-3 years of college,
- 25% have a HS diploma, but
- ***High school dropouts make up only 6% of those employed in Massachusetts.***

Additionally, current educational requirements in the Massachusetts job market include:

- More than half (64%) of the critical vacancy occupations require at least a post-secondary certificate,
- 50% require at least a bachelor's degree,
- 7% require an associate's degree, and
- 27% require moderate on-the-job training.

Increasing the graduation rate and improving youth education and employment outcomes will not happen by focusing exclusively on improvements within mainstream school

systems or on the workforce development system alone. ***The solutions lie within communities by recognizing that learning can happen in a wide variety of environments.*** The Multiple Education Pathways approach seeks to engage partners within communities to lower the school dropout rate and help re-engage disconnected youth by increasing the quality and quantity of rigorous learning pathways, helping youth access and succeed in postsecondary learning, and strengthening transitions from educational environments into the labor market.

***Multiple Education Pathways*** are networks of programs and services at the community level that serve young people who are not succeeding in a traditional public school environment. Alternative learning environments offer students opportunities to achieve in a different setting through creative and innovative teaching methods. These alternative-learning environments typically:

- a. Follow high academic standards that are consistent with statewide academic standards,
- b. Use creative and engaging instruction that emphasizes the connection between real life and learning,
- c. Have clear academic and applied learning goals,
- d. Create opportunities for youth to catch up and accelerate knowledge and skills particularly in the area of basic literacy and math,
- e. Build on a culture of high expectations for all students,
- f. Are designed with an approach that is culturally relevant for participating youth, and
- g. Can and should include strategic partnerships and alliances with industry standards and employers and offer internships and employment opportunities for real hands-on learning.

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<sup>i</sup> *The Collapse of the National Teen Job Market and the Case for an Immediate Summer and Year Round Youth Jobs Creation Program.* CLMS. March 2008. (bold emphasis added)

<sup>ii</sup> *The Historically Low 2009 Summer Teen Employment Rate.* CLMS. August 2009. (bold emphasis added)

<sup>iii</sup> *State and Local Fiscal Consequences of High School Dropout Problems in Massachusetts.* CLMS. March 2007.

<sup>iv</sup> *An Assessment of the Labor Market, Income, Health, Social, Civic and Fiscal Consequences of Dropping Out of High School: Findings for Massachusetts Adults in the 21st Century.* CLMS. January 2007.