

ECONOMIC MOBILITY CORPORATION

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SUSTAINED GAINS

Year Up's Continued Impact on Young Adults' Earnings

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Executive Summary

In 2007, Mobility began a small-scale impact evaluation of Year Up, a nonprofit workforce development organization based in Boston that at that time also operated programs in Providence, Rhode Island; New York City; and Washington, DC. The principal goal when the study began was to assess the likelihood that Year Up would demonstrate impact in an evaluation using a randomized controlled trial design. Despite the small scale of our study, the earnings gains for program participants were so large that they proved statistically significant, and we shared the findings publicly in *A Promising Start* in 2011.

We had initially planned to follow the participants during the yearlong program and for one post-program year to see how they fared in the job market. With support from the Charles Stewart Mott and Edna McConnell Clark foundations, however, Mobility was able to continue following the study participants for an additional two years, through September 2011. Our findings indicate the following:

- Year Up participants earned about \$13,000 more than members of the control group over the three years after the program. Participants' earnings were 32 percent greater than those of the control group.
- These earnings gains were driven primarily by the higher wages paid to Year Up participants, which averaged \$14.21 an hour—\$2.51 more than wages earned by the control group.
- Year Up participants who graduated and secured jobs in either of the program's two target occupations, information technology and financial operations, earned the highest hourly wages (\$17.42–\$18.89) and annual incomes (\$24,148–\$28,691).
- Year Up participants were somewhat less likely than those in the control group to be attending college toward the end of the study period, although, among young people from both groups who were enrolled in college, a higher share of Year Up participants were attending full-time and were receiving financial aid.

- Year Up incorporates a number of innovative program features including a student contract with monetary incentives, a weekly stipend paid from the beginning of training through the entire program, and a six-month internship at one of several major corporate partners, such as JPMorgan Chase and State Street Corporation.
- Year Up invests about \$25,000 in each of its participants, substantially more than typical youth employment programs. Year Up has a unique revenue model in which corporate internship partners cover a significant portion of this cost (about 40 percent during the time of this study).

Year Up has grown to eleven sites and currently serves more than 1,900 students annually. It has also begun collaborating with community colleges in an effort to enable more young people to participate. It is one of very few youth employment programs to demonstrate sustained, large earnings gains for its participants in a rigorous evaluation.

Introduction

More than 6.5 million young people ages 16 to 24 were “disconnected” in 2011: that is, they were neither attending school nor working (The Annie E. Casey Foundation 2012). Young adults from low-income families and from minority racial or ethnic groups are more likely than others to be disconnected from the labor market and postsecondary educational systems. The recession has been particularly detrimental to youth and young adult employment. During the past decade, teens (ages 16 to 19) and young adults (ages 20 to 24) have experienced the greatest declines in employment rates among all age groups. From 2000 to 2011, the employment-to-population ratio dropped from 45 percent to 26 percent among teens and from 72 percent to 61 percent among young adults (Sum 2013). Among new 2012 high school graduates not attending college, just 46 percent were employed in the October following graduation, down from 70 percent in 2000. The employment rate was only 31 percent among youth with family incomes under \$20,000 and 14 percent among young African American males (Sum et al. 2013).

While high school graduation and college enrollment rates have risen over the past 40 years across racial and income groups, young people from low-income communities still face significant challenges in obtaining a college degree. These young people often confront low expectations from their teachers and often attend low-quality schools that do not prepare them for college-level work. As a result, many need to complete remedial classes that increase both the cost and time required to obtain a degree. Many students drop out of college due to a lack of support and funds (Matus-Grossman et al. 2002; Deil-Amen and Rosenbaum 2002). Only 10 percent of youth from low-income families graduate from a four-year college (Kent 2009).

The consequences for young adults’ future earnings are significant. Young people who are disconnected from work and school for long spells are more likely to face extended periods of unemployment and to earn lower wages as adults (Levitan 2005).

Disconnected young adults do not build the knowledge, skills, and experience needed to succeed in the labor market. They are at a considerable disadvantage in today's economy, where well-paying jobs increasingly require skills obtained beyond high school.

Young people who are not in school often lack the support of adults or institutions that can help them succeed in the labor market. In the youth development field, young adults have been overlooked as programming has become focused largely on youth in school-based or after-school settings. Many studies of employment and training programs targeting out-of-school youth have found little or no lasting impact. These results have led many observers to conclude that job training does not work, a sentiment that has contributed to a decline in public funding for these programs over the past three decades.

The research on youth employment and training programs suggests that the lack of positive impacts is related to issues of program design and implementation. Programs have provided too narrow a range of services, and have failed to engage young people and to meet their needs. As a result, participation levels have been too low for youth to reap benefits from these programs. Observers of the field suggest that a combination of education and training, paid work experience, the development of resiliency and leadership skills to build self-esteem, and supportive services, such as help with transportation or child care and counseling on personal issues, is needed to engage youth and help them succeed (Ivry and Doolittle 2003). The relationships built between youth and staff or other adults associated with a program are also critical to keeping young people engaged. The few programs that have had a positive impact on young people's earnings have had close ties to the employer community, have made strong efforts to place youth in jobs or in work-based learning activities, and have provided career-related guidance (Cave et al. 1993; Kemple 2004).

The historically high unemployment rate among the nation's youth has led to calls for national policy initiatives to help young adults gain skills and enter the labor market. One organization that has garnered significant attention is Year Up, which provides young people ages 18 to 24 from low-income urban communities with a combination of training, work experience, college credit, and ongoing support from counselors and mentors. In 2011, Mobility released a report on the initial findings from a random assignment evaluation of Year Up that found that program participants earned substantially more than members of a control group in the year following the program (Roder and Elliott 2011). This report presents updated results on young people's employment and educational outcomes four years after study enrollment. We first describe the Year Up model and the study design before turning to the findings on the program's impacts and their implications for the youth employment and training field.

The Year Up Model

Year Up provides a year of training to prepare low-income young adults ages 18 to 24 for positions with good wages and career advancement opportunities in the information technology and financial operations fields. Key features of its model include the following:

- Six months of technical skills training that is regularly updated to meet the needs of the program's corporate partners. All students receive basic training on operating systems and software for word processing, spreadsheets, and presentations. Students in the information technology track learn about computer installation, repair, and networking, while those in the financial operations track learn about investing and managing a portfolio.
- Classes in business communications focusing on verbal communication, grammar, and composition and proofreading of e-mails, memos, and reports.
- The opportunity to earn college credits. Classes are structured to meet the requirements of the program's college partners so that students can earn college credit for the satisfactory completion of classes.
- A six-month internship with major corporations in each region, such as State Street Corporation, Merrill Lynch, JPMorgan Chase, and CVS Caremark, to help young people build their skills, professional experience, and networks.
- Instruction in professional skills, both through classroom training and through a performance contract that encourages and enforces professional behavior. The contract stipulates that students must attend the program regularly, be on time, and complete assignments. Students who repeatedly fail to meet these expectations end up "firing themselves" from the program. Additional skills taught include appropriate dress and body language and how to interact with coworkers, make small talk, engage in social networking, and manage conflicts.
- A stipend during both the classroom and internship phases of the program that is tied to the performance contract. Students receive the stipend only for the days they attend the program, and a portion of the stipend is deducted for each violation of the contract.
- Support and guidance from staff and other professionals. All students have staff advisers with whom they may discuss personal issues or problems with the program. Social workers provide counseling and help students access services and supports. During weekly group meetings, students receive feedback and have the opportunity to give feedback to staff and peers. Supervisors at the internship sites are expected to provide support and guidance. Students are also paired with a mentor—a professional from outside of the program—to guide their professional development.
- Assistance with the job search process and/or with college enrollment upon program completion. The information technology track prepares students for jobs as desktop support technicians and help-desk analysts. The financial operations track prepares students for jobs as fund accountants, portfolio accountants, and accounts payable/receivable clerks.

In sum, Year Up makes a significant investment in young people to help them build both the technical and the behavioral skills needed to succeed in the professions and workplaces the program targets.

The Study

In 2007, Year Up engaged Mobility to conduct a study of its program's performance and outcomes. One goal of the study was to assess whether participation levels and outcomes were strong enough to suggest that Year Up could be successful in demonstrating positive impacts in an evaluation using a randomized controlled trial design. Year Up enrolls young adults who are motivated to improve their economic situation and seeks to engage them in an intensive, full-time, yearlong intervention. Given the results of past evaluations in which workforce development programs have failed to target occupations with sufficiently high wages or to engage youth at adequate levels to produce positive impacts, Year Up wanted to ensure that the program sites were performing up to expectations before embarking upon a large-scale, rigorous evaluation. Also, because of the design of a random assignment study, the control group and the treatment group would be equally motivated to succeed; therefore, Year Up wanted to learn what opportunities young people who were eligible for the program could access on their own outside of Year Up.

To achieve the intended goals, Mobility took advantage of the excess demand for Year Up's services and conducted a random assignment study with applicants to Year Up programs in three cities—Boston, New York City, and Providence, Rhode Island. Given the study's exploratory intent, we did not plan to publish a report and Year Up did not want to require individual program sites to have to endure the rigors entailed by random assignment for long. Therefore, the sample size was smaller than typical in this type of evaluation. Of the 195 young people enrolled in the study, 135 were randomly selected to be in the treatment group and were invited to take part in the program, and 60 were randomly selected to be in the control group. Those assigned to the control group were told that they were being placed on a waiting list and could reapply to the program after ten months. They could also pursue employment or postsecondary education or training elsewhere.

In a random assignment design, members of both the treatment group and the control group are equally qualified for the program and equally motivated to take part in it at the time of enrollment. Therefore, differences between treatment and control group members' employment and educational outcomes can be attributed to program participation. With such a small sample size, Mobility cautioned program staff that only very large differences in the outcomes between the treatment and control groups would be statistically significant. However, the data would give them a sense of how program participants performed compared to control group members.

Despite the small sample size and the fact that the study took place during one of the worst recessions in decades, the evaluation results were very positive. As described in our initial report on the study, in the second year after random assignment—the year after the program took place—the annual earnings of Year Up participants were 30 percent greater, on average, than those of control group members, largely due to Year Up participants' ability to obtain jobs commanding higher wages. Given the poor track record of other youth employment programs in similar types of studies, Mobility and

Year Up agreed to publish our findings. Only then was the decision made to seek support to continue to follow both the treatment and control group members to see if the earnings gains would be sustained and whether the program influenced postsecondary educational attainment and persistence.

This report examines the outcomes of treatment and control group members during the four years after random assignment, from September 2007 to September 2011. We contracted with the RAND Corporation's Survey Research Group to interview sample members by telephone about their employment and educational activities during the third and fourth years following random assignment. The overall response rate on the follow-up survey was 73 percent, resulting in a final sample of 102 treatment group members and 41 control group members. There were very few significant differences in study attrition rates between the treatment and control groups across many demographic and economic characteristics, and there was little evidence that such differences led to bias in the estimated program impacts. Data for the first and second years after random assignment were collected by Year Up staff members and a survey firm. The appendix provides details about the data collection methods and response rates.

Analytical Issues Raised by Control Group Members Who Participated in Year Up

As noted earlier, the original goal of our study was to provide Year Up staff with information to assess the program's performance before Year Up embarked on a larger-scale study. We did not intend to publish a report. Therefore, members of the control group were allowed to reapply to Year Up 10 months after their initial application. (Typically, impact studies do not allow control group members to reapply for the duration of the study period.) In fact, 29 percent of the control group members in our final sample returned to participate in Year Up during the second and third years after random assignment, which complicates our ability to assess program effects without compromising the experimental design. Removing these sample members from the analysis would bias the impact estimates because the factors that influenced whether control group members returned to participate in the program might also have influenced their employment and educational outcomes. Therefore, we present the results for all members of the treatment and control groups who completed the survey, regardless of whether or not they attended the program, which represents the average effect of the intent to treat (ITT). We also adjust the ITT results to provide estimates of program impacts for the treatment group members who participated in the program, that is, the average effect of treatment on the treated (TOT).¹

Because the control group members who ended up participating in Year Up did so a year or more after most treatment group members, the effects of the program on treatment and control group members who participated differ in years one through three and the TOT adjustments cannot be applied. Therefore, we provide the TOT estimates only for the fourth year after random assignment, when members of both groups were no longer participating in Year Up and program effects were likely to be the same for both treatment and control group members who participated in Year Up.² We discuss the TOT estimates for selected outcomes in the report and present the full set of estimates in the appendix. In this report, when we refer to Year Up participants, we mean the individuals who were assigned to the treatment group.

Characteristics of Study Participants

Year Up serves young adults ages 18 to 24 from low-income urban communities. Most Year Up participants are members of racial or ethnic groups that face discrimination in the labor market. Of the 143 young adults in the final study sample, 52 percent were African American and 34 percent were Latino. Just over half of the participants (54 percent) were male.

When they applied to Year Up in 2007, 84 percent of participants lived with a parent or guardian, a higher percentage than for young adults in the US overall, who are more likely to leave home to live on their own.³ Seventeen percent lived in public housing, while 2 percent lived in shelters, halfway houses, or other group housing.

Figure 1. Demographic Characteristics of Study Participants at the Time of Program Application

Gender	
Male	54%
Female	46%
Age	
18 to 21	76%
22 to 24	24%
Race	
African American or Black	52%
Latino	34%
White	2%
Asian	4%
Other	8%
Highest Degree Earned	
GED	11%
High school diploma	89%
Work Experience	
Has ever worked for pay	90%
Was employed at time of application to Year Up	39%
Held longest job for less than one year	56%
Median hourly wage at longest job held	\$8.25
Other	
English is not primary language	16%
Is not a US Citizen	10%
Has children	9%
Has ever been convicted of a crime	6%
Lives in public housing	17%

Note: Table includes both treatment and control group members. (N=143)

Eleven percent of participants had dropped out of high school and had attained a GED. Just over a third (37 percent) had attended college at some time, but none of the participants in the final sample had attained a college degree prior to applying to Year Up. In focus groups conducted by Mobility, participants who had attended college reported that they had dropped out for financial reasons or because required noncredit remedial courses prevented them from making progress toward a degree.

At the time that they applied to Year Up, most participants (90 percent) had some prior work experience, but only 39 percent were employed. Forty-four percent of participants who had work experience had held their longest job for 12 months or more—a substantial proportion given their age. However, for the most part participants had held low-wage jobs. The median hourly wage in the longest-held jobs was \$8.25. The most common jobs were in food service and retail trade.

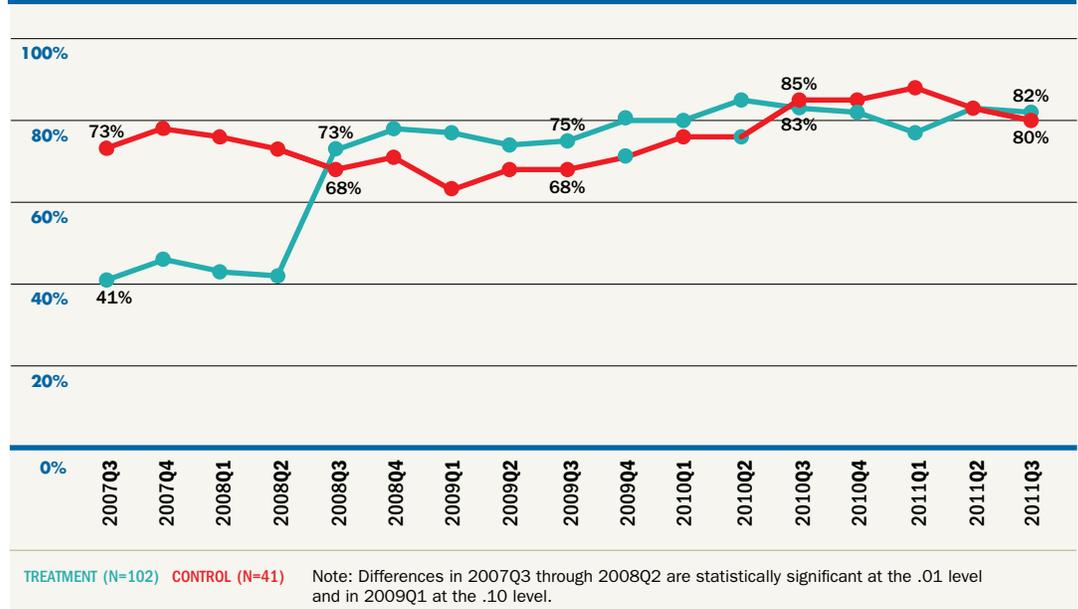
In addition to limited work experience and education, some of the young people faced other potential barriers to success in pursuing training and employment. The primary language of 16 percent of participants was not English. Six percent had been convicted of a crime. Nine percent had children of their own when they applied to Year Up.

Key Findings

Employment

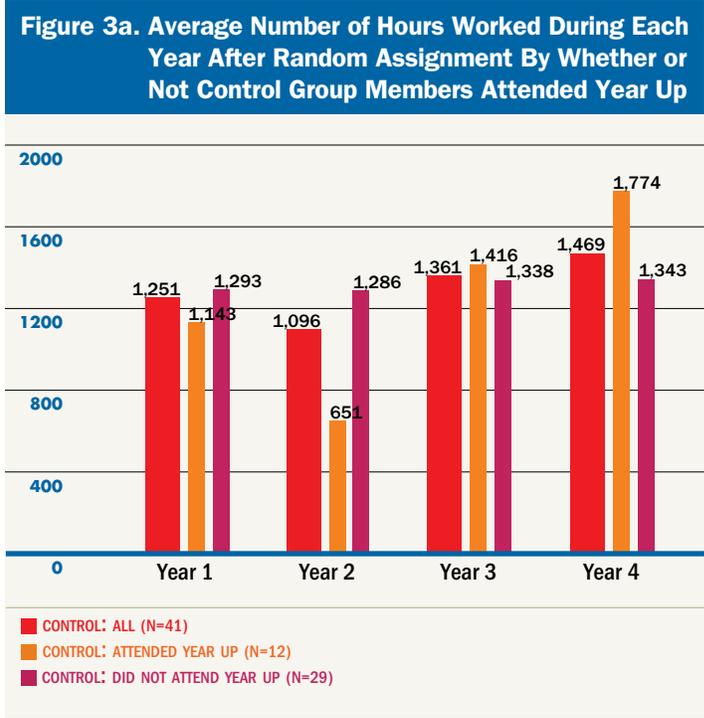
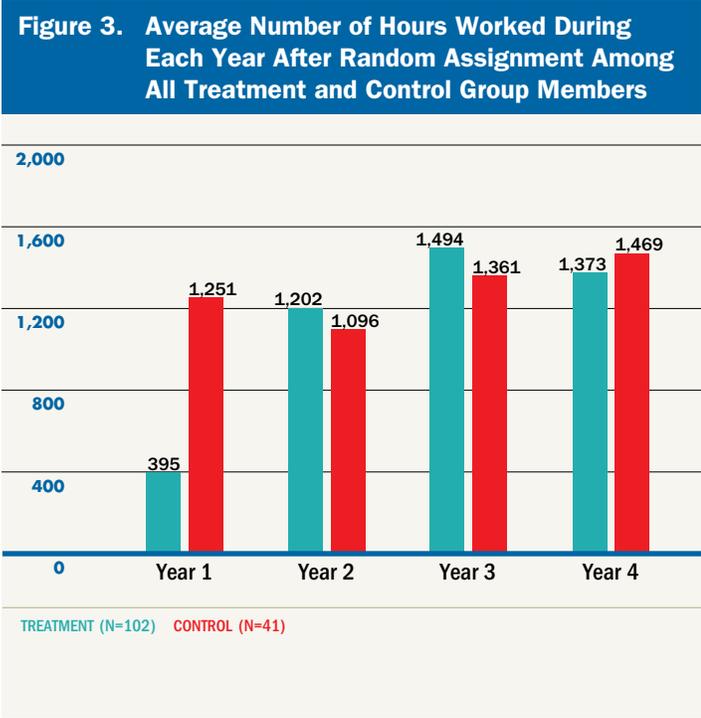
Nearly all Year Up participants and control group members—all but one person in each group—worked at some time during the four years after random assignment. The study took place during the peak of the recession, and many participants experienced job losses or job changes. Individuals from both groups had an average of three jobs during the four years after random assignment, although Year Up participants were more likely than control group members to hold one job during the four-year period (22 percent versus 5 percent).⁴ The quarterly employment rate among Year Up participants increased in the second year after random assignment—the year after the program—and peaked at 85 percent at the end of year three (Figure 2). By the last quarter of the study period, the employment rate among all treatment and control group members was nearly identical (82 percent versus 80 percent). Employment rates among control group members who returned to attend Year Up and those who did not were also similar in the third and fourth years after random assignment.

Figure 2. Percentage of Participants Employed During Each Quarter After Random Assignment



The number of hours that Year Up participants worked increased during the second and third years after random assignment (Figure 3). In the fourth year, the hours worked decreased as some lost jobs and remained unemployed at the end of the study period or worked fewer hours in their new jobs. The control group members who returned to participate in Year Up in the second or third years after random assignment considerably

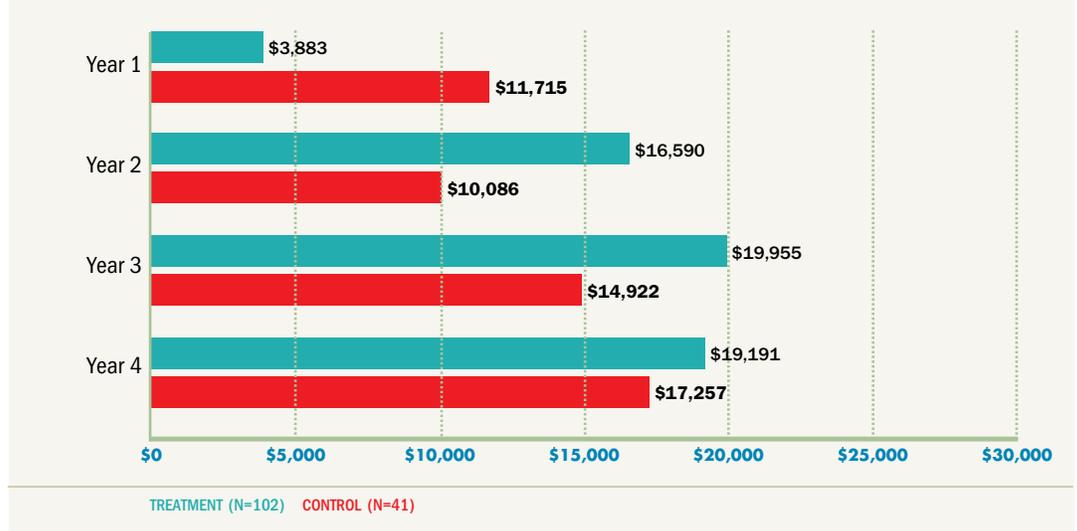
influenced the number of hours worked and the earnings of the group as a whole. To demonstrate this effect, we present the hours worked and the earnings of control group members who eventually participated in Year Up and among those who did not, in addition to figures for the group overall. As shown in [Figure 3a](#), the hours worked among control group members who did not participate in the program remained steady over the four years. They increased substantially in year four among the control group members who participated in Year Up, resulting in an increase for the control group as a whole.



Note: The difference between treatment and control group members is statistically significant at the .01 level in year one. The difference between control group members who attended Year Up and those who did not is statistically significant at the .05 level in year two.

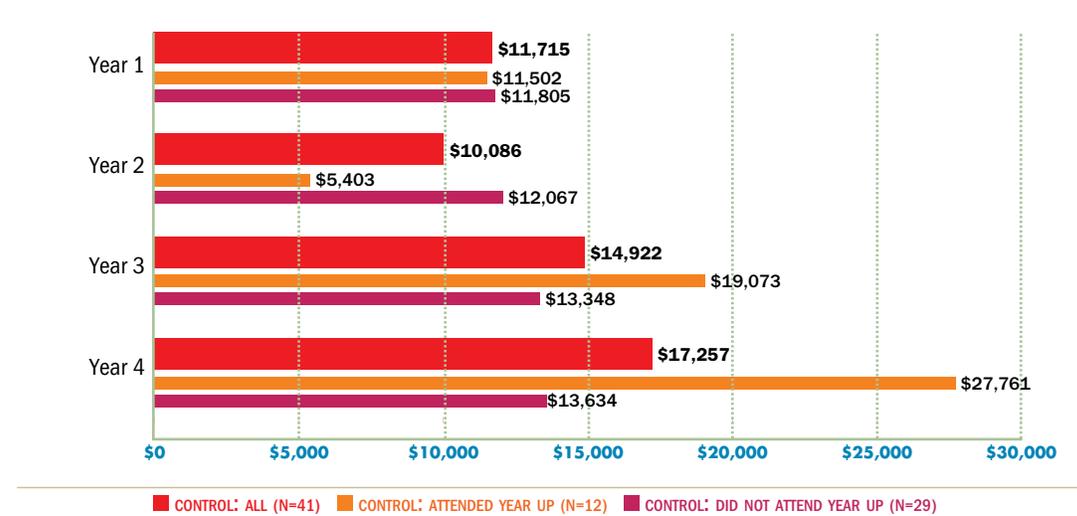
Year Up participants earned more than control group members in the second through fourth years after random assignment. As shown in [Figure 4](#), the average annual earnings of Year Up participants increased substantially in the second year after random assignment as participants exited the program and obtained jobs. Earnings continued to increase in year three, as participants worked more hours, and then declined slightly in year four. The increases in earnings among control group members in years three and four were brought about largely by those who attended Year Up in the second and third years ([Figure 4a](#)). Control group members who did not attend Year Up had gradual increases in earnings each year but continued to earn substantially less than Year Up participants. Adjusting the results to account for treatment group members who did not participate in Year Up and control group members who did, the average effect of Year Up on the annual earnings of those who participated in the program represents an increase of \$3,278 in the fourth year after random assignment.

Figure 4. Average Earnings During Each Year After Random Assignment Among All Treatment and Control Group Members



Note: Differences between treatment and control group members are statistically significant at the .01 level in years one and two and at the .05 level in year three. Differences between control group members who attended Year Up at some point and those who did not are statistically significant at the .10 level in year two, at the .05 level in year three, and at the .01 level in year four.

Figure 4a Average Earnings During Each Year After Random Assignment by Whether or Not Control Group Members Attended Year Up



Note: Differences between treatment and control group members are statistically significant at the .01 level in years one and two and at the .05 level in year three. Differences between control group members who attended Year Up at some point and those who did not are statistically significant at the .10 level in year two, at the .05 level in year three, and at the .01 level in year four.

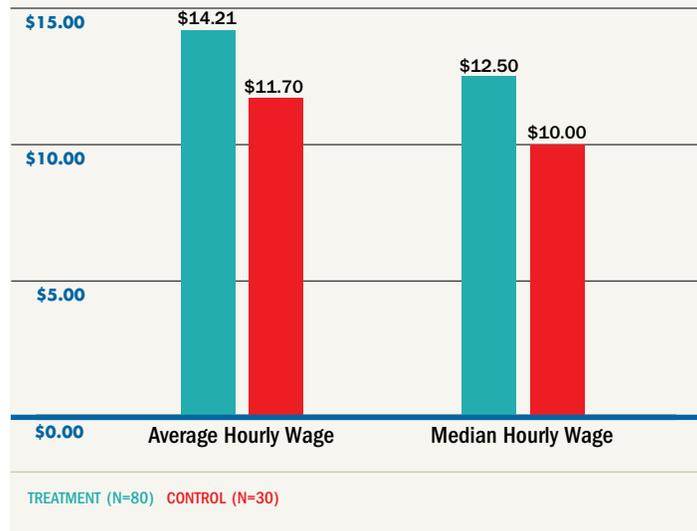
Figure 5 presents estimates of the impact of Year Up on the earnings of participants during the three years after the program.⁵ The first column shows the unadjusted difference in earnings between all treatment group members and all control group members who responded to the survey, regardless of whether or not they participated in Year Up, that is, the intent-to-treat (ITT) estimate. The estimated difference in earnings across the three post-program years is \$13,645.⁶ Because some control group members participated in Year Up during this time, we believe that the ITT results overestimate the difference in earnings in the first post-program year, when the highest percentage of control group members were participating in Year Up and were not in the labor market, and underestimate the difference in earnings in the third post-program year, when the control group members who participated in Year Up were realizing the program's benefits.⁷ In the second column in Figure 5, we present the estimated effect of Year Up on the treatment group members who participated in the program (the treatment-on-the-treated, or TOT, estimates), which adjusts the impact estimates to account for treatment group members who did not participate, control group members who did participate, and for differences in the timing of when treatment and control group members participated.⁸ The estimated average effect of Year Up on those who participated is an increase in earnings during the first three post-program years of \$12,856 more than what they would have earned without participating in the program.

Figure 5. Estimated Earnings Impacts in the First through Third Years After the Program

	Unadjusted Impact Estimate Among All Study Participants (Intent-to-Treat or ITT Estimate)	Estimated Effect on Treatment Group Members Who Participated in Year Up (Effect of Treatment on the Treated or TOT Estimate)
First Post-Program Year	\$6,504	\$4,135
Second Post-Program Year	\$5,033	\$4,934
Third Post-Program Year	\$1,934	\$3,278
Post-Program Years One Through Three	\$13,645	\$12,856

The earnings differences between Year Up participants and control group members resulted from the fact that Year Up participants worked in jobs that paid higher hourly wages. In the last month of the study period, September 2011, 79 percent of Year Up participants and 73 percent of control group members were employed. Among the study participants who were working at that time, Year Up participants earned an average of \$2.51 more per hour than control group members did (**Figure 6**). Control group members who had taken part in Year Up at some point earned substantially more, on average, than those who had not (\$14.05 versus \$10.69 per hour). Adjusting the results to account for treatment group members who did not participate in Year Up and control group members who did, the average effect of Year Up on the wages of those who participated in the program was an increase of \$4.25 per hour four years after random assignment.

Figure 6. Average Hourly Wage at Job Held Four Years After Random Assignment

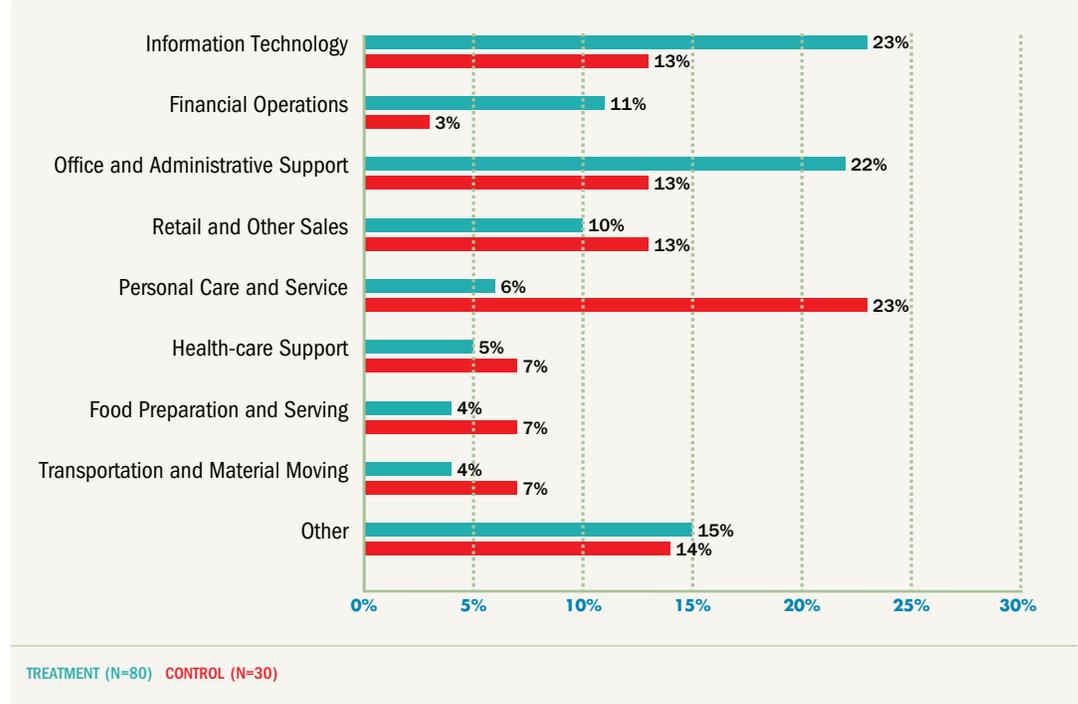


At the end of the study period, a similar percentage of Year Up participants and control group members were working at least 30 hours per week in their current job (65 percent and 67 percent). In addition, Year Up participants were:

- more likely than control group members to be employees of the company where they worked (85 percent versus 70 percent) as opposed to being employed by a temp agency or self-employed;
- somewhat more likely than control group members to have medical insurance available at their current job (59 percent versus 53 percent) and to have accepted the insurance (35 percent versus 30 percent);
- significantly more likely than control group members to have tuition assistance available from their current employer (34 percent versus 17 percent).⁹

Year Up participants were more likely than control group members to work in the fields the program targeted—financial operations and information technology. Nearly half (49 percent) of Year Up participants worked in one of these fields at some time during the four years after random assignment, compared to 17 percent of control group members.¹⁰ Among those who were employed in September 2011, 34 percent of Year Up participants and 17 percent of control group members were working in either financial operations or information technology (Figure 7).¹¹ All but one of the control group members who were working in the targeted occupations had participated in Year Up in the second or third years after random assignment. Year Up participants were also more likely than control group members to have other office or administrative jobs.

Figure 7. Types of Jobs Participants Held Four Years After Random Assignment



Nearly all Year Up participants (97 percent) who were not working four years after random assignment said they wanted to work, in contrast to 80 percent of control group members. Year Up participants were slightly more likely than control group members to feel very or somewhat confident about finding a job (91 percent versus 80 percent).

Differences in Outcomes Among Year Up Participants

Program completion was crucial to Year Up participants' success. Those who completed the program earned substantially higher hourly wages than program dropouts (\$15.67 versus \$11.30), were more likely to have full-time jobs (69 percent versus 57 percent), and had greater annual earnings in the fourth year (\$21,862 versus \$13,932, on average).¹²

Year Up participants who completed the program were more likely than those who dropped out to be working in financial operations or information technology positions four years after random assignment (47 percent versus 11 percent).¹³ Helping participants access jobs in the targeted occupations was essential to the program's success. Average hourly wages were significantly greater among treatment group members who were working in financial operations or information technology four years after random assignment than among those working in all other fields (Figure 9).¹⁴ The higher wages resulted in substantially greater annual earnings among graduates who had worked in the targeted fields at some point than among graduates who had never worked in these fields during the three years after program participation (Figure 10). The

Figure 8. Average Hourly Wages by Program Completion Status Among the Treatment Group

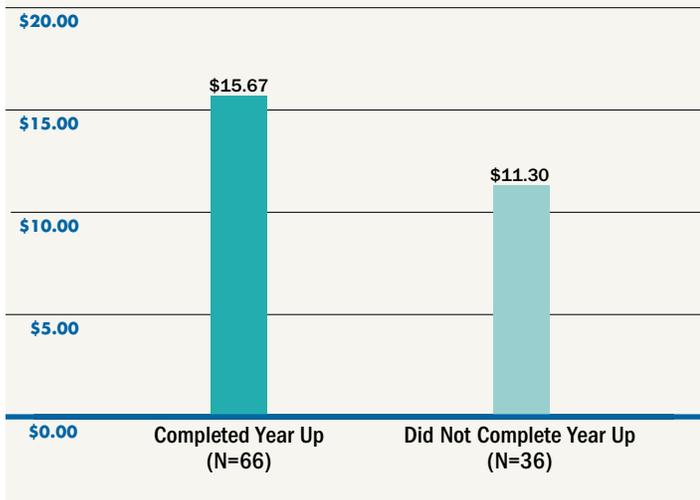


Figure 9. Average Hourly Wages by Occupation Among the Treatment Group

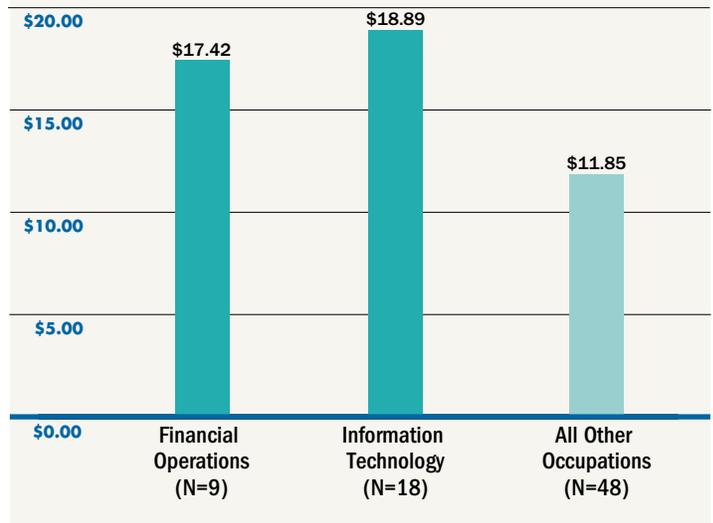


Figure 10. Annual Earnings by Program Completion Status and Work in the Targeted Fields

	First Post-Program Year	Second Post-Program Year	Third Post-Program Year
Graduates (N=66)	\$18,920	\$24,108	\$21,862
Graduates who had worked in the targeted fields at some point (N=46)	\$24,148	\$28,691	\$26,042
Graduates who had never worked in the targeted fields (N=20)	\$7,089	\$13,798	\$12,182
Program dropouts (N=36)	\$11,774	\$12,016	\$13,932

program’s internships facilitated many graduates’ entrance into the targeted fields: 38 percent of graduates were hired by their internship employers and another 9 percent were hired by another of Year Up’s corporate partners.

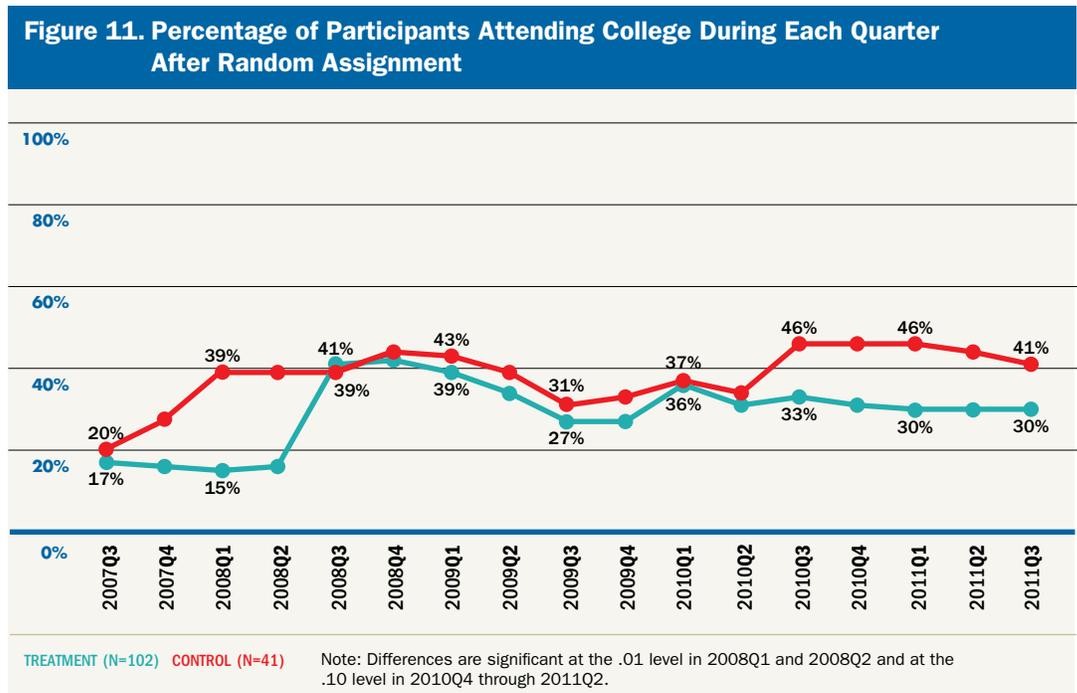
Year Up teaches students the importance of using networking to learn about job opportunities. We asked participants how they had found out about their jobs in order to learn whether there were differences in how program participants and control group members found work, particularly given that many experienced multiple job changes during the four-year period. Among those working four years after random assignment, 30 percent of Year Up participants said they had learned about their job through a Year Up staff person or mentor. These participants earned considerably greater hourly wages than participants who had found their jobs in other ways. Control group members were more likely than Year Up participants to find jobs through family members or friends (34 percent versus 18 percent). These individuals had much lower earnings than those who had found their jobs in other ways. There were no substantial differences in the percentages of Year Up participants and control group members who said they had found their jobs by contacting the employer directly, by responding to an ad,

or through a classmate or coworker. The results provide more evidence that Year Up’s connections to employers are important to graduates’ success in the labor market, at least during the first three years after program participation.

The data also reveal how challenging it is for the young adults whom Year Up serves to maintain a foothold in the targeted career paths. Among Year Up graduates who worked in financial operations or information technology at some point during the four years after random assignment, just over half (53 percent) continued to do so at the end of the study period. Twenty-nine percent were working in another occupation, and 18 percent were unemployed. As illustrated in **Figure 10**, the declines seen in annual earnings between the second and third post-program years among Year Up participants were driven by program graduates, particularly those who had worked in the targeted fields at some point but who no longer had these jobs at the end of the study period.

Education and Training

Year Up participants were less likely than control group members to attend college at some time during the four years after random assignment (60 percent versus 73 percent). As shown in **Figure 11**, college attendance was greater among the control group members than among Year Up participants in the fourth year after random assignment. In the last month of the study period, September 2011, 41 percent of control group members and 30 percent of Year Up participants were attending college. Adjusting the results to account for treatment group members who did not participate in Year Up and control group members who did, the average effect of Year Up on those who participated was to decrease the likelihood of college attendance four years after random assignment by 20 percentage points.



Among those who attended college at some point during the four years after random assignment, 54 percent of Year Up participants and 63 percent of control group members either continued to attend college at the end of the study period or had earned an associate’s degree (Figure 12 shows the percentage who achieved each outcome).¹⁵

Among those who were attending college at the end of the study period, Year Up participants were more likely to be attending full-time (Figure 13). About half of those attending college from each group were seeking bachelor’s degrees and half associate’s degrees. Year Up participants were more likely than control group members to have received some form of financial assistance, such as loans, grants, or scholarships (Figure 13).¹⁶ Year Up participants were more likely to have assistance that did not have to be paid back, including Federal Pell Grants and grants or scholarships from their college, foundations, or community groups (Figure 14). A similar percentage of participants received state grants or scholarships. We asked participants who were attending college at the time of the follow-up survey a series of questions to assess their sense of self-efficacy or confidence in their ability to perform college-related tasks.¹⁷ We found no differences between Year Up participants and control group members on these measures.

Year Up participants who graduated from the program were less likely than those who dropped out to attend college at some point during the four years after random assignment (49 percent versus 81 percent), but graduates were only somewhat less likely than program dropouts to be attending college in the last month of the study period (28 percent versus 33 percent). Among those who attended college, graduates were as likely as program dropouts to obtain an associate’s degree (16 percent versus 14 percent).

Figure 12. Outcomes Among Those Attending College During the Four Years After Random Assignment

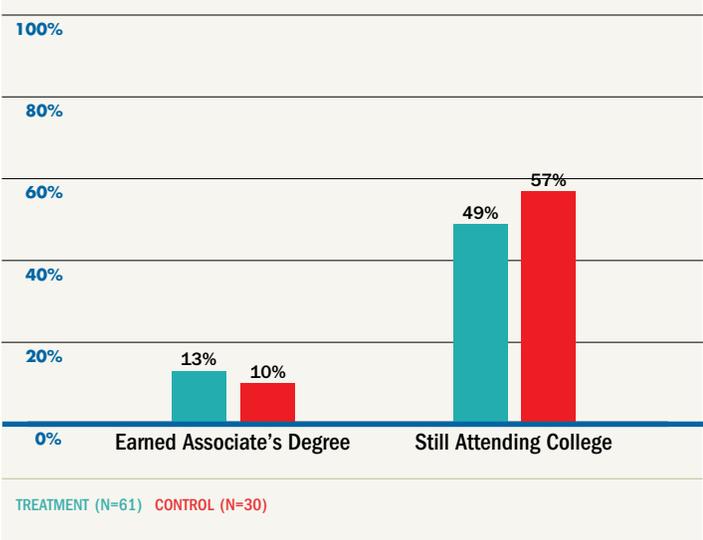


Figure 13. Status of Those Attending College at the End of the Study Period

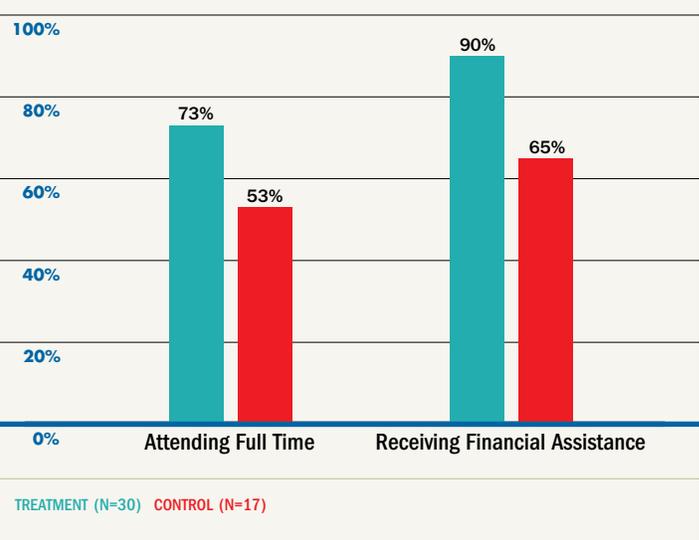
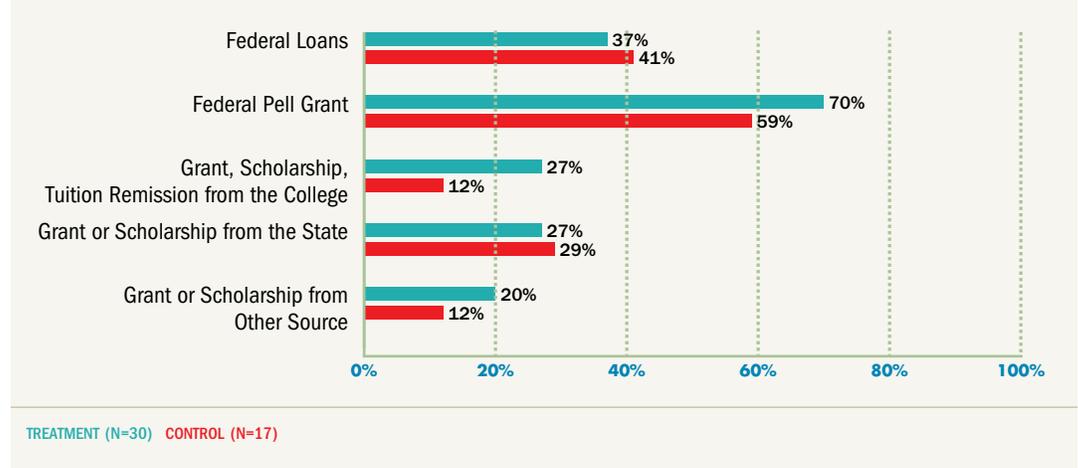


Figure 14. Percentage of Participants Receiving Various Types of Tuition Assistance Four Years After Random Assignment



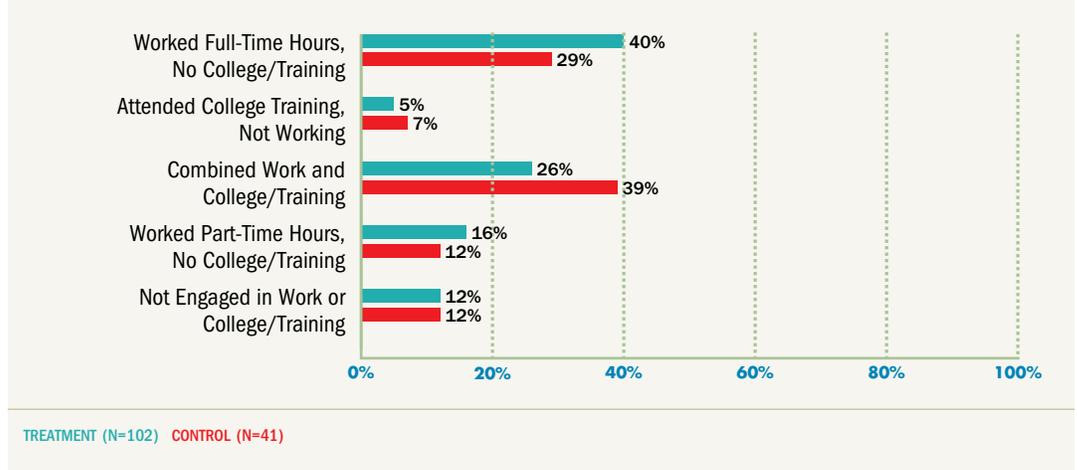
Among the 71 Year Up participants and 26 control group members not attending college at the time of the follow-up survey, Year Up participants were more likely to express interest in attending college in the future (92 percent versus 77 percent).¹⁸ Among all participants, control group members had somewhat higher expectations about the highest level of education they would eventually complete. Forty-six percent of control group members said they hoped to obtain a graduate degree, compared to 36 percent of Year Up participants.

During the four years after random assignment, 41 percent of control group members and 23 percent of Year Up participants attended a training program other than Year Up. Participants in both groups who did not attend or complete Year Up obtained training for a variety of occupations, including home health care, medical assistance, security, social services, technology, and cosmetology. At the time of the follow-up survey, a similar percentage of Year Up participants and control group members said the highest degree they had earned was a vocational certificate (27 percent and 25 percent).

Combining Employment and Education

In the last quarter of the study period, from July to September 2011, 72 percent of treatment group members and 76 percent of control group members either worked full-time,¹⁹ attended college or training programs, or both worked and attended college or training programs. As shown in Figure 15, 12 percent of both Year Up participants and control group members were not engaged in any employment- or education-related activity during the quarter, while Year Up participants were slightly more likely to have worked only part-time and not to be attending college or training programs.

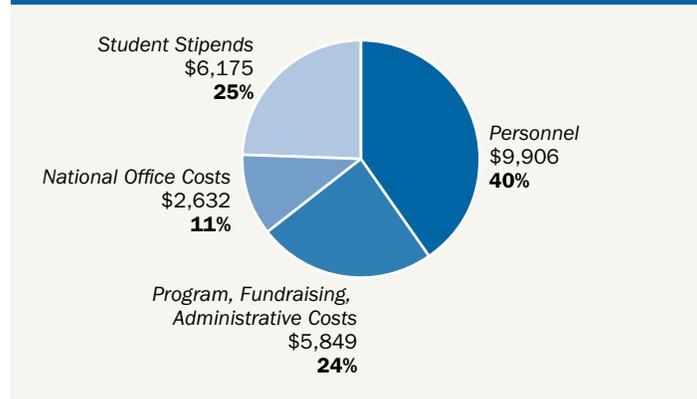
Figure 15. Percentage of Participants Engaged in Work, College, and Training Programs During the Final Quarter of the Study Period



Program Costs and Revenues

Costs

**Figure 16. Breakdown of Program Costs per Participant
Total Costs = \$24,562**



Across the three study sites, the average operating cost per participant was \$24,562. This includes the 12 percent fee that each site was assessed to pay for Year Up’s national office. Most of the expenditures were for staff (\$9,906 per student) and other program operating costs (\$5,849 per student), which included rent and catering (Figure 16).

An unusual and critical component of Year Up’s costs is the student stipend, which provided each participant with \$150 to \$250 per week from the beginning of classes through the six-month internship from 2007 to 2008. Students received up to \$150 per week during the classroom training period and \$225 to \$250 per week during their

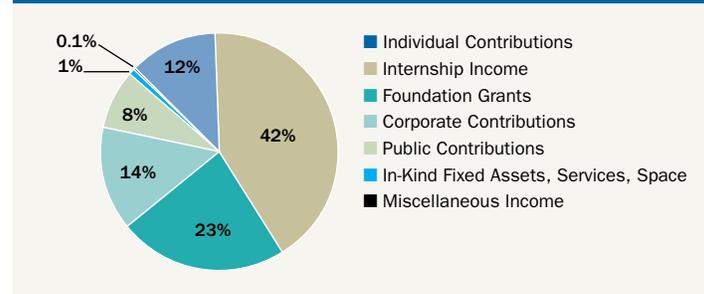
internship. As indicated in the chart below, student stipends and other supports such as transportation passes amounted to \$6,175 per participant from 2007 to 2008, equivalent to 25 percent of the program’s operating cost. Student stipends are a rare feature in workforce development programs today and can be crucial to participants’ ability to complete long-term programs.

Year Up structured the stipend to enable students to participate in the yearlong program and to reinforce habits important to success in the workforce. Each participant was required to sign a contract with Year Up that outlined the program’s expectations as well as the consequences of failing to meet those expectations. The contract specified that each student began the program with 200 points. Each infraction resulted in a deduction of points. For example, arriving late or leaving early resulted in students losing 15 points if they had notified staff, 25 points if they had not. Nearly every infraction, from inappropriate use of computers to not completing an assignment on time, resulted in at least a 15-point deduction. Students could also earn 15 points each week for meeting all of the expectations stipulated in the contract. Once a student’s points dropped below 100, an action plan was created, and if students reached zero, they “fired themselves” from the program.

Stipends were disbursed every two weeks, like paychecks. However, the amount of the stipend was reduced by a dollar for every point deducted for infractions. Earning points for meeting expectations did not increase the stipend but did offer the possibility of other rewards.

Revenues

Figure 17. Breakdown of Revenue Sources per Participant, 2007-2008
Total Revenue= \$25,554



From 2007 to 2008, the three Year Up sites in the study raised just over \$22 million in revenue from several sources including individuals, corporations, and foundations. The largest single source was internship income, which accounted for 42 percent of revenue (Figure 17). Internship income derives from the contributions made by businesses that participate in Year Up’s internship program. These corporate contributions ranged from \$650 to \$795 per week from 2007 to 2008. These contributions provide

a critical, repeatable source of revenue for the program and demonstrate the significant level of corporate commitment that Year Up has been able to garner. Year Up's ability to generate repeatable corporate revenue is unusual in the workforce development field, especially on this scale. The \$9.3 million generated from 2007 to 2008 was enough to cover not only the students' stipends for the entire year but also a significant portion of other program costs.

Implications and Conclusions

The study's results demonstrate that four years after study enrollment, young adults who participate in Year Up continue to earn substantially more than those who do not participate. The program achieves these impacts by helping young people obtain well-paying jobs that they would not have been able to access on their own. The findings underscore the importance of working in the program's targeted occupations; graduates who were employed in financial operations or information technology earned nearly \$79,000, on average, over the three years after the program compared to about \$33,000 for graduates who did not work in these occupations.

We also see a slight dip in earnings and hours worked for graduates in the last year of the study, even among those who had worked at some point in financial operations and information technology. Close examination of the survey responses reveals that some graduates lost jobs in the targeted occupations and remained unemployed or obtained jobs in which they worked fewer hours or earned lower wages at the end of the study period. We do not know whether this is a temporary blip in graduates' employment trajectory or indicative of a larger trend.

The findings suggest that Year Up students' success in the labor market reduces the likelihood that they will attend college during the four years after program enrollment. The longer-term implications of this finding are uncertain. At the end of the four-year study period, Year Up participants and control group members had attained the same level of education. Among the young people who were attending college at the end of the study period, Year Up participants were more likely to be attending full-time and to have received financial assistance to cover their tuition costs, factors that may bolster their success in earning a degree in the future.

As noted in our initial report, Year Up's results lend support to previous research findings about effective practices for youth development and employment programs. In particular, policies should support programs that have the following features:

- **A focus on opportunities in strong sectors of the local economy and involvement of employers in program design and implementation.** Two key features of Year Up are that it designs curricula that meet the needs of its corporate partners and that it obtains employer commitments to participate in the internship program. Many student interns obtain regular jobs with these employers after program completion.

- **A curriculum that teaches corporate workplace standards of attitude, behavior, dress, and communication, in addition to the technical skills needed for the targeted jobs.** While many job training programs include instruction in basic workplace skills, two aspects of the Year Up program appear to be critical to the success of its professional-skills training. The first is the respectful manner in which staff members interact with students when providing feedback, which appeared to make the students more receptive to the messages about what they needed to do to succeed. The second is the program staff's ability to produce results, helping participants find well-paying opportunities at leading firms that otherwise would be out of reach to them—evidence that supports the lessons the program teaches.
- **Supports for students to achieve consistently high program graduation rates.** Young people need to build the necessary skills to be qualified for the targeted opportunities. Despite the best motivation and the potential opportunities available, completing a yearlong program poses challenges, particularly for young people who lack a support network, have family responsibilities, or otherwise face significant financial burdens. Programs should have high expectations that young people will graduate, while providing multiple supports to give students every opportunity to succeed. At the same time, students who fail to meet the expectations should not be allowed to graduate, as this can hurt a program's credibility. A key aspect of Year Up is the multiple opportunities it offers young people to receive support and guidance from adults, including program staff, social workers, workplace supervisors, and mentors. The stipends Year Up offers can help students cover some of their expenses while providing an incentive to abide by the program's policies.
- **Continuing support after program graduation and the initial job placement.** In the final quarter of the study period, 28 percent of Year Up participants were either not engaged in work, education, or training or had worked only part-time hours for the quarter. The four-year results suggest that young people will continue to need help making transitions, either between jobs or from employment to college enrollment. This is particularly true in a struggling economy in which youth face layoffs and increased competition for entry-level jobs from older, more-experienced workers. While Year Up emphasizes the importance of a postsecondary degree and seeks to build the skills and confidence that young people need to succeed in college, graduates who enter the labor market may need support and encouragement later on to continue their education.

Since our study began, Year Up has expanded to 11 metropolitan areas around the country. It is currently taking part in a large-scale random assignment study as part of the US Department of Health and Human Service's Innovative Strategies for Increasing Self-Sufficiency project. The program's strengths also pose challenges for expanding the model to serve a greater portion of the country's disconnected youth. Year Up is an intensive program that seeks to provide a talented pool of workers to its corporate partners. As such, Year Up targets young people who have basic skills, including a high school diploma or GED, as well as the motivation to succeed. One question is how the program can be adapted to serve a larger pool of youth, including those who lack a

high school diploma or GED. The model also requires a substantial investment, even beyond the portion covered by the internship income. Year Up is experimenting with partnerships with community colleges to expand the program while taking advantage of the colleges' existing infrastructure. Maintaining program quality and producing well-prepared graduates will be essential to the program's continued success.

Endnotes

1. See the appendix for details about how the ITT results are adjusted to estimate the TOT effects.
2. Given that control group members who participated in Year Up did so a year or more after most treatment group members, one might expect the effect of the program in the fourth year after random assignment to differ between the two groups. However, there was little change in key outcomes, such as earnings, between the second and third post-program years among treatment group members. Most control group members who participated in the program were in their second post-program year during the fourth year after random assignment. Therefore, we assumed the effect of Year Up on treatment and control group members who participated in the program was similar in the fourth year.
3. According to the U.S. Census Bureau, 51 percent of young adults ages 18 to 24 lived in their parents' home in 2007. See US Census Bureau, Current Population Survey, March and Annual Social and Economic Supplements, 2011 and earlier.
4. Difference is statistically significant at the .05 level.
5. The three post-program years are years two through four after random assignment.
6. Difference is statistically significant at the .05 level.
7. In the second post-program year, a small percentage of control group members were still participating in Year Up while others had already graduated and obtained jobs; therefore, it is unclear whether the net effect of the crossovers is positive or negative.
8. See the appendix for the methodology used to adjust the results to account for both crossover among study participants and the timing of participation.
9. Difference is statistically significant at the .10 level.
10. Difference is statistically significant at the .01 level.
11. Difference is statistically significant at the .10 level.
12. The differences in hourly wages and annual earnings between graduates and program dropouts are statistically significant at the .05 level.
13. The difference between the percentages of graduates and program dropouts working in the targeted fields is statistically significant at the .01 level.
14. The differences in hourly wages among those working in information technology, financial operations, and all other occupations are statistically significant at the .01 level.
15. Eight percent of Year Up participants and 3 percent of control group members earned associate's degrees during the study period as well as continued to attend college at the end of the four-year period.
16. Difference is statistically significant at the .05 level.
17. To assess college self-efficacy, we examined participants' responses to 15 items from the College Self-Efficacy Instrument (CSEI) developed by Solberg et al. (1993).
18. Difference is statistically significant at the .05 level.
19. We defined full-time hours as working an average of at least 30 hours per week during the quarter.

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- U.S. Census Bureau, Current Population Survey, March and Annual Social and Economic Supplements, 2011 and earlier.

Appendix

Data Collection Methods and Response Rates

Mobility subcontracted with the RAND Corporation's Survey Research Group to interview study participants about their employment and educational experiences during the third and fourth years after random assignment. RAND attempted interviews with all 195 study participants who were randomly assigned to the treatment or control groups, regardless of whether or not they had completed previous waves of the survey. If participants had not completed earlier waves of the survey, the interviewers asked them about their employment and educational experiences during the first and second years after random assignment as well. The response rates on the follow-up survey were 76 percent among the treatment group and 68 percent among the control group, resulting in a final sample of 102 treatment group members and 41 control group members.

In addition to the follow-up survey conducted by RAND, the analyses in this report are based on data collected earlier by Year Up staff members and another survey firm. Year Up collected information about the demographics and pre-program employment and educational experiences of all of the young people who applied to the program in the summer of 2007. Year Up staff also collected data on program graduates' employment and educational experiences during the first and second years after random assignment. Mobility contracted with the Institute for Survey Research at Temple University to interview members of the control group and treatment group members who dropped out of the program about their employment and educational experiences during the first and second years after random assignment.

Analysis of Attrition Rates between Treatment and Control Group Members

As noted in the study description, we found very few significant differences in attrition rates between the treatment and control group members and little evidence that such differences led to bias in the estimated program impacts. We found no statistically significant differences in the attrition rates between the treatment and control group members by whether they were female, African American, US Citizens, English-language learners, ages 22 to 24, had attended college or job training at some point prior to applying to Year Up, lived in public housing, had a criminal record, had children, lived on their own, had worked in the 12 months prior to applying to the program, earned more than the median hourly wage of \$8.25 in their longest-held job prior to applying to the program, or had worked in their longest-held job for 12 months or longer.

There were significant differences at the .05 level on two factors. Attrition was higher among control group members ages 18 to 19 (36 percent) than among treatment group members ages 18 to 19 (10 percent). Attrition was higher among control group members who had a GED rather than a high school diploma (67 percent) than among treatment group members who had a GED rather than a high school diploma (29 percent). In regression analyses of how these significant factors are associated with earnings in the fourth year after random assignment, we found that being ages 18 to 19 and having a GED rather than a high school diploma are negatively associated with earnings. Only the relationship between earnings and being 18 to 19 years old is statistically significant.

Adjusting the ITT Results to Estimate the TOT Effects

Given that the original goal of the study was to provide Year Up staff with information to assess the program's performance, and given that we did not intend to publish a report, control group members were allowed to reapply to the program 10 months after random assignment. Twenty-nine percent of control group members in our final sample returned to participate in Year Up during the second and third years after random assignment, complicating our ability to assess program effects. In the report, we present the average effects of the intent-to-treat (ITT) results. That is, the estimated impacts do not account for non-compliers, or treatment group members who never received the service and control group members who did receive it.

We adjusted the ITT results to provide estimates of program impacts for the treatment group members who participated in the program, that is, the average effect of treatment on the treated (TOT). It is not possible to estimate the effect of the treatment on those treated experimentally. However, we used an adjustment developed by Bloom and expanded by Angrist, Imbens, and Rubin to estimate the local average treatment effect (Bloom 2006). This involves dividing the estimated impact of randomization on the outcomes by the estimated impact of randomization on treatment receipt. In this case, 88 percent of treatment group members and 29 percent of control group members had participated in Year Up at some point. Therefore, we estimated the TOT impacts by dividing the ITT impact estimates by .59, the difference between the percent of treatment group members who ever participated and the percent of control group members who ever participated. It is important to note that the TOT effects do not apply to the full treatment group but only to the treatment group members who had participated in Year Up at some point.

The full set of ITT and TOT impact estimates for the year-four results are presented in Figure A1. We provide the TOT estimates only for impacts in the fourth year after random assignment, when members of both groups were no longer participating and program effects were likely to be the same for both treatment and control group members who participated in Year Up. We expect the effects of the program to differ for treatment and control group members in years one through three because most treatment group members who took part in Year Up did so during year one and all of the control group members who took part in Year Up did so during years two or three.

Methodology for Estimating the Three-Year Post-Program Earnings Impact

To estimate the TOT impacts on Year Up participants' earnings during the first three years after the program (Figure 5 of the report), we made adjustments to account for both crossover among study participants and the timing of participation. First we substituted the earnings from years two and three for members of the control group who participated in Year Up with their earnings in years three and four, respectively, to account for the fact that they participated in Year Up later than members of the treatment group. Control group members who participated in Year Up experienced earnings gains in years three and four similar to those experienced by treatment group members in years two and three. Given that Year Up participants' earnings were similar in years three and four, we did not make adjustments to the year-four earnings of control group members who participated in Year Up. We then applied the adjustment described above to estimate the TOT effects for earnings during the three post-program years.

Figure A1. ITT and TOT Impact Estimates

	ITT Impact Estimate	TOT Impact Estimate
Percent employed in 2010Q3	-2.0%	-3.4%
Percent employed in 2010Q4	-3.0%	-5.1%
Percent employed in 2011Q1	-10.4%	-17.5%
Percent employed in 2011Q2	-1.6%	-2.6%
Percent employed in 2011Q3	1.9%	3.2%
Average hours worked in the fourth year after random assignment	-96	-163
Average annual earnings in the fourth year after random assignment	\$1,934	\$3,278
Employed in the last month of the study period, September 2011	6.0%	10.2%
Average hourly wage at job held in September 2011	\$2.51	\$4.25
Worked at least 30 hours per week in job held in September 2011	-2.1%	-3.6%
Were employees of the company where they worked rather than employees of a temp agency or self-employed	14.8%	25.1%
Had medical insurance available at their job in September 2011	5.7%	9.7%
Accepted the medical insurance at their job in September 2011	4.6%	7.8%
Had tuition assistance available through their job in September 2011*	17.5%	29.7%
Worked in the targeted occupations at some point during the four years after random assignment***	31.9%	54.1%
Worked in the targeted occupations in September 2011*	17.5%	29.7%
Wanted to work, among those not working at the time of the follow-up survey	16.9%	28.6%
Felt very or somewhat confident about finding a job among those not working at the time of the follow-up survey	10.6%	18.0%
Attended college during the last month of the study period, September 2011	-11.8%	-20.0%
Attained an associate's degree or was still attending college at the end of the study period, among those who had attended at some point	-9.2%	-15.6%
Attending college full-time, among those attending in September 2011	20.4%	34.6%
Received any form of financial assistance for college, among those attending in September 2011**	25.3%	42.9%
Interested in attending college in the future, among those not attending at the time of the follow-up survey**	16.1%	27.3%
Attended a training program other than Year Up**	-19.0%	-32.2%
Worked full-time, attended college or a training program, or combined work and college or training in the last quarter of the study period	-3.9%	-6.6%

Statistically significant ITT impact estimates: *** $p < .01$, ** $p < .05$, or * $p < .10$.

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