

# WHY INVEST IN YOUTH

## Reducing disparities with and for youth

We want healthy communities. We want a thriving society. We want a strong economy. We can't achieve these goals unless we invest in young people's lives. When we do, everybody wins.<sup>1</sup>

Unfortunately, we invest more in some youth than others. That means the gap between youth who succeed and youth who don't have access to resources and opportunities widens more and more. As Melvin Carter III, Mayor of St. Paul, stated about young people's experiences in St. Paul, **"I live in a city where a child's life outcomes, for too many of our children, can be better predicted by her race, her zip code and her parent's education, than by how hard she works and how smart she is."**

It's up to us to ensure that all young people across Minnesota thrive. Our society benefits from the talents, gifts, and contributions young people make by being engaged and living up to their full potential within their communities.

The choice is clear when we invest in youth, particularly our most vulnerable young people:<sup>2</sup>

<i>Results of Investing in Youth<sup>2</sup></i>	When We Invest in Youth	When We Don't Invest in Youth
The percentage of youth at risk who graduate from high school	91%	41%
The percentage of youth at risk who enroll in college	38%	4%
The percentage of youth at risk who are convicted of a crime	11%	23%
The percentage of youth at risk who are on probation	8%	22%
The percentage of youth at risk who enroll for welfare benefits	3%	18%

<sup>1</sup> Flavio Cunha and James J. Heckman, "Investing in Our Young People," NBER Working Paper No. 16201 (Cambridge, MA: National Bureau of Economic Research, July 2010) and America's Promise Alliance, Every Child, Every Promise: Turning Failure into Action (Washington, DC: America's Promise Alliance, 2006), 45.

<sup>2</sup> Luke Reidenbach, Chris Hoene, and Steven Bliss, Inequality and Economic Security in Silicon Valley (Sacramento, CA: California Budget & Policy Center, May 2016), 3. Although the source focuses on Silicon Valley in California, it makes the case of how all communities in the United States are held back economically when large income inequality exists.



All young people are essential to Minnesota's economic prosperity. When communities experience high economic disparities they are not the only ones that suffer, but **all** of Minnesota suffers as well.<sup>3</sup> Economists conclude: "inequality is negatively related to economic growth, and that countries with less disparity and a larger middle class boast stronger and more stable growth."<sup>4</sup>

While the Twin Cities ranks #1 among the largest 25 metro areas for the proportion of adults working, the Twin Cities ranks 23 out of 25 for the large employment gap between white and black residents.<sup>5</sup> The median household income is \$65,000 for white Minnesotans, but it's only \$42,400 for Minnesota populations of color.<sup>6</sup> Experts call this the "Minnesota Paradox" where Minnesota ranks among the best in overall quality of life while ranking among the worst for racial and ethnic disparities.<sup>7</sup>

Communities with large gaps in inequality risk a future of young people leaving for more opportunities elsewhere. Minnesota rural communities and certain urban neighborhoods are the most impacted in this regard. Research shows that many young people would choose to stay in (or return to) their communities when their hometowns and neighborhoods have both economic and high-quality-of-life opportunities.<sup>8</sup>

Critics point out that investing in youth, including out-of-school time (OST) programs, requires substantial resources. ROI analyses, however, reveal costs are low compared to the long-term benefits.<sup>9</sup> Even in areas where activities exist, not everyone benefits. Sixty-seven percent of parents living in Communities of Concentrated Poverty say finding an enriching program for their children or teenager during afterschool hours is a challenge.<sup>10</sup>

We spend too much time and money investing in problems rather than investing in the potential and promise of Minnesota young people. Investment is not a one-time thing. We need innovative ways to invest in the brilliance and the capacity of young people. Throughout Minnesota, Youthprise uplifts young people's voices, helps young people engage with their communities, and supports youth as they lead and thrive. All this opens the path to unbounded potential for Minnesota success.

---

3 Heather Boushey and Carter C. Price, *How Are Economic Inequality and Growth Connected?* (Washington, DC: Washington Center for Equitable Growth, October 2014)

4 Paul Mattessich, *The Minnesota Paradox* (St. Paul, MN: Minnesota Compass, March 2015).

5 Craig Helmstetter, *Racial Disparities in Minnesota: Better, Worse, or the Same?* (St. Paul, MN: Minnesota Compass, August 2016).

6 Ibid.

7 Craig Schroeder, *Engaging Young People: Revitalizing Rural Communities* (Lincoln, NE: Center for Rural Entrepreneurship, Updated May 2014), 1. The survey included 40,000 young people living in rural areas across the United States.

8 Wilder Research, *Return on Investment (ROI): Measuring the Financial Benefits of Policies and Programs* (St. Paul, MN: Wilder Research, April 2014).

9 Afterschool Alliance, *New Study Finds Huge Unmet Demand for Afterschool Programs in America's High-Poverty Communities*, News Release (Washington, DC: Afterschool Alliance, August 30, 2016).

10 J. A. Durlak, R. P. Weissberg, A. B. Dymnicki, R. D. Taylor, and K. B. Schellinger, "The Impact of Enhancing Students' Social and Emotional Learning: A Meta-Analysis of School-Based Universal Interventions," *Child Development*, Volume 82, Number 1, January-February, 2011, 405-432.



# Learning, Leadership, and Social Emotional Development

Youthprise promotes learning, leadership, and social emotional development since these activities boost achievement.<sup>11</sup> Why invest in learning, youth leadership, and social emotional development for youth? The ROI in Minnesota is a \$2.72 dividend per dollar spent on quality youth programs, says Wilder Research.<sup>12</sup> For high-risk youth, the return is even higher: \$4.89 per dollar spent in quality early intervention programs.<sup>13</sup>

- A high school dropout costs our country between \$243,000 and \$388,000.<sup>14</sup> The lifetime economic costs of young people who drop out of high school and are unemployed is \$1.6 trillion to the taxpayer and \$4.7 trillion to society.<sup>15</sup>
- Young people have about 2,000 hours of discretionary time every year,<sup>17</sup> which is twice as much time as they spend in school.<sup>18</sup> The way they spend those 2,000 hours matters. The average benefits-cost ratio (BC) for six interventions to improve social and emotional learning found that for every dollar spent was an \$11 benefit.<sup>19</sup>
- Forty-two percent of young people who have dropped out of school say that reconnecting to school is frequently or sometimes a problem.<sup>20</sup> The top obstacles include the cost, the need to make money to care for their families, not having transportation, and needing to work and not being able to balance work and school.
- In one intervention program, the total net present value ranged from \$24,560 to \$76,300 per participant for decreasing substance abuse and from \$76,500 to \$175,680 per participant for lowering the probability of becoming a career criminal.<sup>21</sup>

The Impact of Education on Median Family Income by Race<sup>16</sup>

	Four-Year College Graduates	Non-College Graduates
White	\$94,351	\$41,474
Asian	\$92,931	\$32,668
Hispanic	\$68,379	\$30,436
Black	\$52,147	\$26,581

11 Paul A. Anton and Judy Temple, Analyzing the Social Return on Investment in Youth Mentoring Programs: A Framework for Minnesota (St. Paul, MN: Wilder Research, March 2007)

12 Paul Anton and Judy Temple, Analyzing the Social Return on Investment in Youth Intervention Programs: A Framework for Minnesota Summary (St. Paul, MN: Wilder Research, March 2007)

13 Mark A. Cohen, "The Monetary Value of Saving a High-Risk Youth," Journal of Quantitative Criminology, Volume 14, Number 1, 1998, 5-33.

14 John M. Bridgeland and Jessica A. Milano, 5.

15 Ann Lochner, Gina Allen, and Dale Blyth, Exploring the Supply and Demand for Community Learning Opportunities in Minnesota (St. Paul, MN: Center for Youth Development, University of Minnesota Extension, 2009), 5.

16 Michael Diedrich, Minnesota School Year Requirements in 2014 (St. Paul, MN: Minnesota 2020, February 25, 2014).

17 Clive Belfield, Brooks Bowden, Alli Klapp, Henry Levin, Robert Shand, and Sabine Zander, The Economic Value of Social and Emotional Learning, revised version (New York: Center for Benefit-Cost Studies in Education, Teachers College, Columbia University, February 2015), 5.

18 John M. Bridgeland and Jessica A. Milano, Opportunity Road: The Promise and Challenge of America's Forgotten Youth (Washington, DC: America's Promise Alliance and Civic Enterprises, January 2012), 4.

19 Clive Belfield, Brooks Bowden, Alli Klapp, Henry Levin, Robert Shand, and Sabine Zander, The Economic Value of Social and Emotional Learning, revised version, 62. Economists determine the Net Present Value (NPV) by calculating the difference between the present value of cash inflows and the present value of cash outflows to analyze the profitability of a project.

20 Jose J. Escarce, editor, "Socioeconomic Status and Fates of Adolescents," Health Services Research, Volume 38, Number 5, October 2003, 1229-1234.

21 Kate Hanley, Prathama Nabi, Kaitlyn Bean, Anne Radday, and Colette Stanzler, Youth Career Development, Social Issue Report (Boston: Root Cause, April 2012), 1. Youth included young people ages 16 to 24. Factors that contribute to disengagement include low academic skills, living in a low-income family, pregnancy, a criminal record or court involvement, gang involvement, and/or substance abuse.



## Economic Opportunity

Youthprise empowers young people to succeed economically<sup>22</sup> by supporting families, strengthening neighborhoods and communities, improving schools, and providing access to high-quality programs and jobs. Why invest in economic opportunity for youth?

<b>Hourly Wages by Race and Gender<sup>23</sup></b>	
<b>The median hourly earnings of U.S. men and women for Blacks, Whites, and Hispanics.</b>	
White Men	\$21
White Women	\$17
Black Men	\$15
Hispanic Men	\$14
Black Women	\$13
Hispanic Women	\$12

- **Seventeen percent of young people are disengaged from education, training, and workforce experience, which results in a social burden of \$4.745 trillion dollars to society.<sup>24</sup>**
- **Economists estimate that graduating from high school (instead of dropping out) has a present value of \$263,000 in income and \$98,000 in taxes paid.<sup>25</sup> Students who graduate for high school tend to have higher incomes, better health, and a lower likelihood of getting involved in the criminal justice system, which all can be measured as economic ROIs.<sup>26</sup>**

22 Paul Anton, Economic Return of Afterschool Programs (St. Paul, MN: Center for Youth Development, University of Minnesota, May 1, 2008).

23 Clive Belfield, Brooks Bowden, Alli Klapp, Henry Levin, Robert Shand, and Sabine Zander, 3.

24 U.S. Department of Labor, U.S. Department of Commerce, U.S. Department of Education, and U.S. Department of Health and Human Services, What Works in Job Training: A Synthesis of the Evidence (Washington, DC: U.S. Department of Labor, U.S. Department of Commerce, U.S. Department of Education, and U.S. Department of Health and Human Services, July 22, 2014), 16.

25 Minnesota Department of Employment and Economic Development, Minnesota Youth Program, SFY 2015 Annual Report (St. Paul, MN: Minnesota Department of Employment and Economic Development, 2015), 3.

26 Ibid.



**Wealth Accumulation on Median Family Income by Race<sup>27</sup>**

	<b>Four-Year College Graduates</b>	<b>Non-College Graduates</b>
White	\$359,928	\$80,692
Asian	\$250,637	\$25,632
Hispanic	\$49,606	\$12,160
Black	\$32,780	\$9,006

- Work-based learning (such as paid internships, transitional job programs, and cooperative education) help disadvantaged youth succeed economically, reports four federal agencies, including the U.S. Department of Labor.<sup>28</sup>
- The number-one predictor of future employment success is early exposure to job experience, reports the Minnesota Department of Employment and Economic Development.<sup>29</sup> The ROI for the Minnesota Youth Program is \$5.63 for every dollar invested.<sup>30</sup>

**Minnesota Homeownership by Race<sup>31</sup>**

The percentage by race for Minnesotans who own a home.	
White Householders	77.2%
Asian Householders	53.3%
American Indian/Alaskan Native Householders	50.1%
Biracial and Multiracial Householders	46%
Hispanic Householders	42.9%
Other Races Householders	38.1%
Black Householders	31.5%

- Students express greater interest in attending college, experience improved scores in independent reading, and have higher levels of occupational aspirations when they attend a high school that integrated academics with career and job entrepreneurship training, reports Harvard University.<sup>31</sup>

<sup>27</sup> Michael Nakkula, Claudia Pineda, Amy Dray, and Miranda Lutyens, Expanded Explorations into the Psychology of Entrepreneurship (Cambridge, MA: Harvard University, Graduate School of Education, September 2003), i-iii.

<sup>28</sup> Nathan Goldman, Stephanie Ettinger de Cuba, Richard Sheward, Diana Cutts, and Sharon Coleman, Food Security Protects Minnesota Children’s Health (Boston: Children’s Health Watch, 2014), 3.

<sup>29</sup> Justice Policy Institute, Sticker Shock: Calculating the Full Price Tag for Youth Incarceration (Washington, DC: Justice Policy Institute, December 2014), 11.

<sup>30</sup> Paul Anton, Economic Return of Afterschool Programs.

<sup>31</sup> Paul Anton and Judy Temple, Analyzing the Social Return on Investment in Youth Intervention Programs: A Framework for Minnesota Summary, 2.



## Health and Safety

Youthprise supports the well-being of all young people, ensuring they're safe and healthy in all aspects of their lives. Why invest in health and safety for youth?

- Minneapolis youth who experience persistent food insecurity results in high medical costs, which costs Minnesota taxpayers at least \$1.2 billion a year, including \$925 million in direct medical costs, says Children's Health Watch.<sup>32</sup>
- The over-incarceration of young people costs the state of Minnesota \$104,839 a year (or \$287.23 a day) for each incarcerated young person, reports the Justice Policy Institute.<sup>34</sup> The saved social cost is \$75,300 for each Minnesota young person who avoids one year of residential treatment in a juvenile correctional facility.<sup>33</sup>
- While Minnesota taxpayers pay \$104,839 per incarcerated youth each year, they pay \$6,067 per student to attend public school annually.<sup>36</sup>
- The ROI jumps to \$8.18 for every dollar invested in targeted programs, such as ones that reduce recidivism of property crimes.<sup>37</sup>
- The decriminalization of youth is good for our state. The ROI on targeted intervention programs for youth offenders is between \$7.20 and \$21.60.<sup>38</sup> Monetary benefits from the intervention program ranged between \$174,00 and \$281,000 per participant with a cost of only \$13,000 to \$24,000.<sup>39</sup>



Community Ambassadors Article  
[bit.ly/ypSpeaks02-01](https://bit.ly/ypSpeaks02-01)

<sup>32</sup> Mark A. Cohen and Alex R. Piquero, "Benefits and Costs of a Targeted Intervention Program for Youthful Offenders: The YouthBuild USA Offender Project," *Journal of Benefit-Cost Analysis*, 2015, 1-25.

<sup>33</sup> Ibid.



## The Power of Investing in Youth

Youth thrive when we invest in them throughout their childhood and adolescence. Youth flourish when we give them useful roles and a voice in making their homes, their futures, and their communities strong and prosperous. At Youthprise, we invest in youth through the synergistic work of these three key areas:



**Now is the time to invest in our youth, invest in our communities and invest in economic growth.** One cannot happen without the other. The State of Minnesota succeeds when we not only invest in youth but also in addressing the racial, educational, and socioeconomic inequities that exist. When we work together for all youth, we all win.