



December 26, 2008

Name: Stephen Patrick, Bill and Melinda Gates Foundation

Transition Sub Group: Social Innovation and Civil Society

Topic: **Follow up on Request for Stimulus Opportunities**

In order to address both the immediate issues of increased job loss and economic slow-down, and the long-term challenges of the intergenerational transmission of poverty, workforce development, and global economic competitiveness, the economic stimulus plan must include work and (paid) service-based pathways out of poverty for low income young adults. A number of current delivery mechanisms exist that can both put low income people to work and help them develop the skills they need and the education that is required for their future success and for the economic future of the country.

Youth Employment and Workforce Development

Since 2001, funding for youth employment services has been cut by 33 percent (\$454 million). The Fiscal Year (FY) 2008 consolidated appropriations bill set an all time low for Workforce Investment Act (WIA) Youth Activities funding at \$924 million, coupled with a \$245 million rescission of 2005 and 2006 WIA funding. Job training and employment services for many disconnected youth and young adults are no longer available. An economic stimulus package that includes support for year round employment/paid service opportunities for out of school youth will assist thousands of low income Americans while simultaneously supporting our nation's economy.

There are an estimated 3.8 million youth disconnected from school and work. In July 2008, youth unemployment reached a sixteen-year high of 20.3 percent. The research of Andy Sum (Northeastern) and recent data released by the U.S. Department of Labor, Bureau of Labor Statistics (BLS) reports that the summer of 2008 (June-August) was one of the worst ever for youth trying to secure a summer job, with only 32.7 percent of teenagers finding summer employment, reflecting the lowest level of unemployment in over 60 years. Rates of employment and of post-secondary success for low income young adults are equally dismal.

A number of recent proposals related to the stimulus include \$2 billion in funding for youth workforce development, education and training programs including year round employment and training opportunities for out of school youth, summer service/jobs and work experience. This investment will contribute immediately to our economy by offering service/work



experiences, income and education opportunities to youth across the nation, and will also improve young people's longer-term employment and earnings prospects by providing meaningful work/civic engagement opportunities.

Corps Work

Approaches that meet multiple needs simultaneously, such as Senator Obama's support of the creation of a modern day CCC by investing in innovative new Corps like the proposed Clean Energy Corps at \$2 billion over two years, represent exactly the kind of innovation we need at this critical time. In addition to the need to reduce our nation's dependency on oil and other carbon based fuels, research has proven that an investment in Corps has a multiplier effect in the community. In addition, an Abt Associates/ Brandeis University random assignment study concluded that Youth Service and Conservation Corps have a high degree of impact on community needs and on participants, including:

- Significant employment and earnings gains accrue to young adults who join a Corps;
- Positive outcomes are particularly striking for African-American men;
- Arrest rates drop by one third among all Corpsmembers; and
- Out-of-wedlock pregnancy rates drop among female Corpsmembers.

The Social Innovation and Civil Society subcommittee should embrace ALL of the corps-based strategies being put forward within a range of federal agencies. Any investment in corps should include resources for post secondary partnerships and for training and technical assistance provided by The Corps Network, the national membership intermediary for the corps – The Gates Foundation recently supported the development of a business plan for the Corps Network in partnership with Bridgespan. Please see the attached list of promising corps investments in a range of federal agencies, with the potential to put over 125,000 low income young adults to work in service to our nation's infrastructure, energy conservation and environmental needs. Please contact Sally Prouty, CEO of the Corps Network sprouty@corpsnetwork.org for more detail.

YouthBuild

President Elect Obama has repeatedly expressed his support for scaling YouthBuild. With a ready-made delivery system and built in accountability/a competitive grants process through DOL, YouthBuild has the capacity and the track record to put hard to reach populations to work, while also serving as an onramp to higher education and a living wage. YouthBuild will require a \$500 million stimulus investment to increase the number of low income young adults it serves to at least 30,000. (See Dorothy Stoneman's memo to the committee).



Low income young adults and young workers who have the will to move into jobs in high growth industries and stimulus-driven projects typically need to combine learning and earning: they need incomes if they are to participate in skill development. The federal government should support the design and expansion of programs that provide individuals with a stipend while they attend a high-quality education program that is responsive to regional employer needs. Investing in programs like YouthBuild and Year Up, a one-year, intensive training program that provides urban young adults, ages 18-24, with a combination of hands-on skill development, college credits, and corporate apprenticeships, would be helpful. Programs that help workers on stimulus projects qualify through work/service-based learning for credits and, ultimately, credentials should also be supported as we seek to achieve more than short-term economic gains.

Incentives to Postsecondary Institutions

Community colleges and other postsecondary institutions need to be involved in the delivery of civic engagement opportunities and skill development and other services related to the stimulus package. Stimulus projects will generally be temporary, and there must be opportunities for workers and trainees to earn credits that can lead to meaningful educational and labor market credentials. For example, funds may be needed to support the delivery of programs and curricula in key industries, to create bridge programs that help underprepared workers gain access to service/work opportunities and training, or to break traditional programs into more modular programs with intermediate (or “stackable”) credentials, as is done in the community colleges in Portland, OR.

Last month, the Bill and Melinda Gates Foundation announced a new initiative that seeks to by 2025: Double the number of low-income young adults who by age 26 earn a post-secondary credential with value in the labor market. To begin this work, the foundation has committed to spending up to \$475 million over the first 3-4 years, with the potential for greater investment after 2012. The foundation will focus much of its initial grantmaking on innovative approaches to helping more low income young people complete college. The foundation will also be supporting national networks/intermediaries that represent nonprofit providers, funding them to develop new models and partnerships that help low income young adults get to and through post-secondary. Though mostly still in the conceptual stage, many of these new onramps to post-secondary success have the potential to incorporate civic engagement and service as a strategy. For instance, new innovations supported by the public sector like a “First Generation College Corps” that would (primarily) utilize community colleges to deliver two year “earn and learn” strategies, would allow for more disconnected populations to both, make gains in developmental/accelerated education, while they also earn a stipend and scholarship funding like the AmeriCorps Education Award, setting them up for degree completion. The foundation



would welcome the opportunity to engage in a conversation regarding potential public-private partnerships that would result in more low income young adults achieving credentials.

Civic Infrastructure and a “Nonprofit Bailout”

As we discussed in our last meeting, one way to reach the nonprofit community with critical resources for human capital and other needs might involve federal stimulus challenge grants that could be run through the Corporation for National and Community Service (CNCS) in partnership with the CNCS State Commissions and state/local community foundations. By pushing \$50-\$150 million down to the community-level through challenge grants that would require the state commissions to apply for funding in partnership with a community or other public foundation (with some match requirement), you would have a built in delivery mechanism for accountability and for reaching small states and programs. This would also leverage additional state, philanthropic and private resources. These federal commission/community foundation grant awards of between \$500,000-\$5 million - depending on the population of the state - could be used in re-granting strategies to cover the cost of “poverty alleviation” and/or nonprofit apprenticeships, nonprofit infrastructure or other needs determined at the community level.

National Service Program Match Waivers

Finally, it might make sense to consider two year waivers for federal match requirements for national service programs that are legitimately employing low income AmeriCorps members or are serving high need populations and high need communities. Too often, what prohibits utilizing national service resources in low income inner-city and rural (and now more recently, suburban) communities is the nonfederal match requirement necessary to receive CNCS funding. Programs could compete for waivers to cover or reduce the match criteria. This simple change in approach has the potential to unleash and catalyze a wide-range of community civic engagement strategies that would focus on the best kind of service – where community members serve themselves locally and build neighborhood self-reliance - reducing the possibility that new national service resources might be limited to an outdated notion of civic engagement that is “done unto others”.

I look forward to further discussing these ideas, along with the many additional important concepts raised by other members of the committee at our next meeting. I also look forward to exploring ways in which the administration’s emphasis on social innovation can address the need to scale innovation within big, complex sets of systems/inside government agencies, as well as in the nonprofit sector. Please don’t hesitate to contact me at anytime.