

DOCUMENT RESUME

ED 274 758

UD 025 174

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**TITLE** Lessons from a Job Guarantee. The Youth Incentive Entitlement Pilot Projects.  
**INSTITUTION** Manpower Demonstration Research Corp., New York, N.Y.  
**PUB DATE** Jun 84  
**NOTE** 28p.  
**PUB TYPE** Reports - Evaluative/Feasibility (142) -- Reports - Descriptive (141)

**EDRS PRICE** MF01/PC02 Plus Postage.  
**DESCRIPTORS** Adolescents; Dropout Programs; \*Economically Disadvantaged; Employment Opportunities; \*Employment Problems; \*Employment Programs; Federal Programs; Incentive Grants; \*Job Development; Low Income; Student Employment

**IDENTIFIERS** Department of Labor; \*Employment and Training Administration; \*Youth Incentive Entitlement Pilot Projects

**ABSTRACT**

The Department of Labor's Youth Incentive Entitlement Pilot Projects (YIEPP) was the nation's largest demonstration to test a new approach to solving the employment problems of disadvantaged youths. Sixteen- to 19-year-olds from low income or welfare households who had not yet graduated from high school were offered minimum-wage jobs, part-time during the school year and full-time during the summer, on the condition that they remain in or return to school and meet academic and job performance standards. This report highlights key findings from studies focused on the period of YIEPP's operations and discusses the demonstration's post-program period. Issues discussed include the following: (1) successful delivery of the job guarantee; (2) the role of the private sector; (3) high participation rates confirming disadvantaged youths' interest in work; (4) increases in employment and earnings during the program which continued after operations ceased; and (5) the absence of any significant impact on school enrollment, graduation, or dropout rates. Related to this last issue is the conclusion that many youths need more than what YIEPP and traditional education can offer. For many youths, however, the program worked. YIEPP showed that the employment deficit is not of the youths' making; the shortage is jobs, not motivation. (LHW)

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# Lessons From a Job Guarantee

## The Youth Incentive Entitlement Pilot Projects

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## Lessons From a Job Guarantee

The Youth Incentive Entitlement Pilot Projects (YIEPP) was the nation's largest demonstration to test the feasibility and effectiveness of a new approach to solving the employment problems of disadvantaged youths. Youth Entitlement was not "business as usual" for programs operating under the Comprehensive Employment and Training Act (CETA),<sup>1</sup> but a bold \$240 million experiment in which 76,000 youths were employed in a research study to determine whether this new idea would correct what seemed an irreversible deterioration in the employment position of poor youths.

Youth Entitlement tested three major innovations. First, the approach itself, where 16- to 19-year-old youths from low-income or welfare households who had not yet graduated from high school were offered minimum-wage jobs, part-time during the school year and full-time during the summer, on the condition they remain in or return to high school (or its equivalent) and meet academic and job performance standards. Second, the scale of the implementation, where the job offer was extended as an entitlement to all eligible youths in 17 demonstration areas across the country. Third, the unprecedented role of the private sector, where for the first time work experience positions with private employers could be fully subsidized.

The test was a major challenge to the CETA prime sponsors charged with operating the program since it combined an early attempt to link schooling and work with the country's first effort to deliver on a job guarantee, which also involved private sector cooperation. The program operated from February 1978 through August 1980 in seven large and ten smaller areas as a full-scale job entitlement program and, for an additional transition year (through August 1981), on a sharply reduced scale.

Youth Entitlement was one of the four major programs initiated under the 1977 Youth Employment and Demonstration Projects Act (YEDPA). From the outset, YEDPA had mixed goals: to learn about the long-term effectiveness of different approaches to reduce youths' high unemployment rates and low

labor force participation — and to provide jobs directly in an immediate attack on the problem. While Youth Entitlement shared with the other YEDPA programs in the pressure for a rapid start-up, it responded also to the first of the YEDPA goals in that it was the most research-oriented, the most experimental, and the most targeted of the four YEDPA efforts.

The Employment and Training Administration of the U.S. Department of Labor (DOL), which had overall responsibility for the demonstration, contracted with the Manpower Demonstration Research Corporation (MDRC) to manage the research and evaluation of Youth Entitlement and to coordinate its administration at the sites. MDRC worked, under the policy direction of DOL's Office of Youth Programs, to assist in the selection of sites and the development of operational and fiscal procedures, and to spell out a three-part research plan to address the key issues, most of which had been detailed by Congress in the YEDPA legislation.

The study focused on a number of questions:

### Implementation Issues

- Can the managing agencies (CETA prime sponsors and school districts) deliver on the job guarantee?
- Can they enforce the eligibility and school performance requirements?
- How many youths are employed? What is the nature of the jobs and the employers?
- What is the role of the private sector in providing worksite positions?
- What is the quality of the work provided to youths, and does it satisfy YEDPA's prohibition against "make-work"?
- How well, and to what extent, do the prime sponsors and schools cooperate?
- What effect do different administrative strategies and local conditions have on the program's implementation?

### Cost Issues

- What is the cost of the demonstration? What would it cost to implement the program nationwide?

## Participation and Impact Issues

- What proportion of all eligible youths participate? How do the participation levels vary for in-school and out-of-school youths and other critical subgroups?
- What effect does the program have on school enrollment, dropout, and completion rates?
- What effect does the program have on the employment and earnings of eligible youths, both during the program's operational period and on a longer-term basis?

Implementation and cost studies were conducted by MDRC staff in all 17 demonstration areas. The impact research was subcontracted to Abt Associates, Inc., and was limited to four of the large sites.

A number of reports present the detailed results of studies focused on the period of program operations.<sup>2</sup> This report both highlights their key findings and discusses the demonstration's post-program period, in which the youths' labor market and schooling experiences are examined at a time when Youth Entitlement operations had ceased.<sup>3</sup>

Issues discussed in this summary include:

- The successful delivery of the job guarantee;
- The important, but limited, role of the private sector;
- Unusually high participation rates, confirming that disadvantaged, minority youths have a strong interest in work;
- Exceptionally large increases in employment and earnings during the operational period, which continued at very substantial levels during the post-operational period; and
- The absence of any significant impact on school enrollment, graduation, or dropout rates.

After a brief description of the problem Youth Entitlement sought to remedy, this report turns to specific findings and the lessons for research and policy.

## The Problem and the Youth Entitlement Approach

The demonstration was designed against a background of serious and increasingly negative indicators on the future labor market success of minority youths: a substantial school dropout rate and a dramatic 25-year deterioration in employment. While minority school dropout rates had remained relatively steady over this period, they were substantially above those for white youths. Nationwide, during the demonstration period (1977-1980), between 20 to 26 percent of black male and female youths aged 18 to 19 years were school dropouts, compared to 14 to 18 percent of 18- and 19-year-old white youths.<sup>4</sup> This difference persists, despite a recent increase in school enrollment for younger black youths.

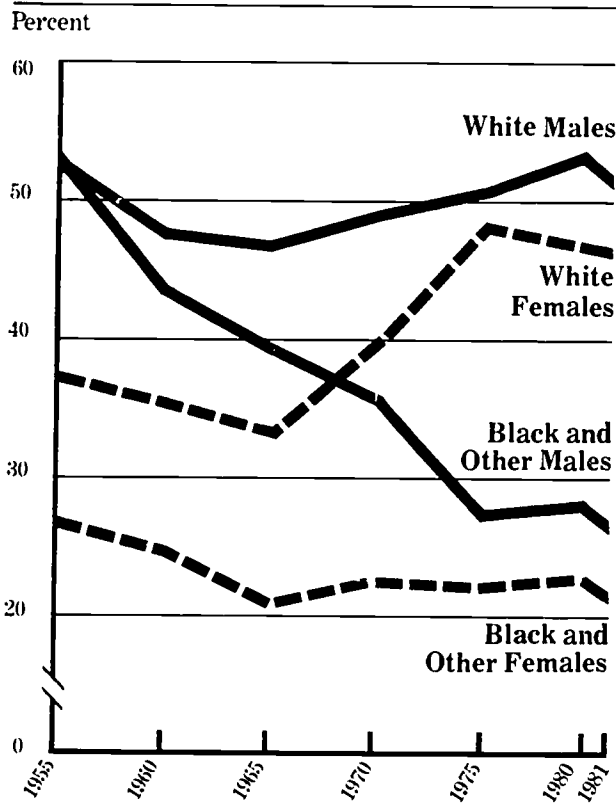
The patterns in employment rates for minority and white 16- to 19-year-old youths, male and female, over the past 25 years are traced in Figure 1. While male minority youths were employed at the same rate as white youths in 1955 (53 percent worked compared to 52 percent of white youths), minority employment had been cut in half by 1981, although the rate for white youths remained roughly constant. For minority females, the pattern was different, but equally serious: an 11 percent gap in employment rates in 1955 more than doubled by 1981 (when 21 percent versus 46 percent were employed), as minority female youths failed to share in the substantial employment gains experienced by white females.

While the trends are clear, the reasons have proved elusive. Alternative explanations offered have ranged from job shortages, minimum-wage legislation, and discrimination (the demand side view) to lack of motivation, unrealistic wage expectations, education and skill deficits, demographic factors, and the attraction of more profitable illegal activities (the supply side view). In response, the Youth Entitlement demonstration was designed to act on both sides of the labor market.

First and most directly, on the demand side, the job guarantee offered a short-term solution to high rates of unemployment by promising to eliminate any shortage of minimum wage jobs

**FIGURE 1**

**Employment Rates For 16-19-Year-Old Youths,  
By Sex and Race, 1955-1981**



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics

(although the offer was limited to youths willing to return to school and meet specified performance standards). This feature was, in effect, a unique test of whether the elimination of demand side constraints would cause a major increase in employment, thereby providing important new information on the extent to which the minority youth employment problem resulted from too few jobs or the youths' lack of interest in minimum-wage work.

Second, on the supply side, it was hoped that the direct provision of quality work experience would provide general employment skills, and that the school enrollment and performance requirements would increase school retention and graduation, and thereby raise the youths' competencies and reduce educational deficits.

Youth Entitlement's model and its unusual approach to the youth employment problem —

both the job entitlement and the school linkage — had been suggested by recent evidence that:

- Work experience alone may not be effective. This was most clearly demonstrated for a special population of school dropouts in the National Supported Work Demonstration.<sup>5</sup>
- A job offer alone may, in fact, draw youths out of school.<sup>6</sup>

However, while Youth Entitlement's model sought to link and increase schooling and work, it remained a relatively straightforward and lean approach. It guaranteed a federal minimum-wage job and a place in school, but it did not specify new types of educational opportunities or restructure the school options, either those offered to in-school youths or to returning dropouts. While it shared in the ultimate aim of all YEDPA programs — that of increasing the youths' long-run employment and earnings — the linkage specified in the model raised a number of possible ways to achieve this goal. Would the promise of a job induce potential dropouts to stay in school or bring those who had already left school back to it, thereby increasing human capital through education and work experience? Alternatively, would Youth Entitlement primarily provide jobs to unemployed youths who would have stayed in school anyway, thus fulfilling its function as a work experience program, but one not competing with school enrollment?

The impact study — by examining both the employment and educational outcomes — speaks to which of these, in fact, occurred, and the extent to which the program met its short-term goals of reducing school dropout rates, providing meaningful work experience, and reducing unemployment. The final impact report addresses Youth Entitlement's longer-term goal: the degree to which in-program effects continued after demonstration operations ended.

## Implementing the Demonstration

Youth Entitlement's intention was not just that of a "program" offering an opportunity to a certain number of youths. Rather, it was an intervention which set out to change the functioning of the youth labor market. As such, it offered an unusual challenge to program operators.

Program managers, used to slot programs and fixed budgets, now had to provide youths with open access to a job entitlement for as long as the youths remained eligible. As a result, in contrast to most youth programs (where the primary open question is whether the treatment will produce long-term impacts on employment or earnings), there were major uncertainties about the feasibility and cost of the approach. Could operators deliver a school-conditioned job guarantee? Would the school system welcome returning dropouts? How many youths would come forward to claim their entitlement?

Previous discussion of a national job guarantee had pointed to the potential of such programs to attract unpredictably large numbers, far in excess of those currently counted as "unemployed," if the offer acted to bring people not looking for employment back into the labor force, or to draw others away from less attractive alternative employment. Either way, this could disrupt the low-wage labor market or displace other workers. In addition, the management challenge was not only that of creating enough program jobs and paying all interested youths. As specified in the Youth Act, the jobs had to be real and productive, not "make-work" rewarded by income transfers.

Further, the costs of an entitlement program could soar, yet the mechanisms to control costs were limited, differing radically from those prevailing in slot programs, where the number served can be reduced and costs kept to predictable levels. Managers of entitlements can vary the tightness of eligibility screening and the enforcement of program standards, but eligibles cannot be denied jobs. Managing Youth Entitlement was closer to running a means-tested, work-conditioned transfer program than operating a traditional employment and training program.

Reliable answers to questions of management feasibility, participation, and cost required a "real world" test — using replicable administrative structures, varied local conditions, and relevant program costs — not atypical or "hot-house" conditions. As a result, Youth Entitlement was designed as a large-scale field test, using a laboratory of local areas, which were purposely varied, and the existing CETA prime sponsor management structure.

Implementing the Youth Entitlement design was the responsibility of competitively-selected CETA prime sponsors (sometimes with a major role for school districts) in 17 sites across the country. Seven of the areas were very large, encompassing all or major parts of cities or multi-county areas; these sites averaged 3,000 working participants per month and enrolled 72,000 youths overall. The other ten sites were smaller, averaging 240 participants a month, for a cumulative enrollment of 9,000 youths.<sup>7</sup> Program managers designated by the prime sponsors had responsibility for recruiting the youths, developing sufficient work positions, and placing them into the jobs. In enrolling the youths, they had to assure that participants met the demonstration's extensive initial eligibility requirements, as well as the subsequent school and work performance standards.<sup>8</sup> In developing the jobs, they worked not only with the traditional providers of youth jobs — the public and non-profit agencies — but were encouraged as well to test the response of the private sector through the provision of full wage subsidies.

The summary below covers the period of full-scale operations (February 1978 through August 1980).

### Outreach and Participation

Over the 17 sites, almost 82,000 youths enrolled and 76,000 worked in program jobs. During most months of the demonstration, between 20,000 and 25,000 youths were employed at any one time. Most participants were young (58 percent were 16 years old), black (73 percent, with 18 percent white and 7 percent Hispanic), and enrolled in school (86 percent had never dropped out of school for a semester or longer). Half were male, 43 per-

**TABLE 1****Characteristics of Participants at the Time of Enrollment in Youth Entitlement**

Characteristic	Percent
Age	
16 years old	58.0
17 years old	25.7
18 years old	11.9
19 years old	4.4
Sex	
Male	49.1
Female	50.9
Ethnicity	
White (Non-Hispanic)	17.6
Black (Non-Hispanic)	72.9
Hispanic	6.7
Other	2.8
Marital Status	
Never Married	99.2
Ever Married	0.8
Head of Household	1.2
Living With Own Children	5.7
Family Receiving Cash Welfare — AFDC, SSI, or GA	43.1
Ever Dropped Out of School For a Semester or Longer	14.0
Out of School in the Semester Prior to Enrollment	8.8
Highest Grade Completed	
0-7	2.8
8	10.8
9	31.6
10	34.9
11	19.9
Ever Participated in a CETA Employment Program	23.4
Ever Worked in a Non-Subsidized Job	6.0
<b>Total Number of Participants</b>	<b>76,051</b>

SOURCE: Diaz, et al., *Linking School and Work for Disadvantaged Youths: The YIEPP Demonstration, Final Implementation Report*, New York: MDRC, 1982. Table III-1.

NOTES: The data cover all youths enrolled in the 17 sites between February 1978 and August 1980 who worked in an Entitlement job at some time during that period.

cent from families receiving cash welfare, few (6 percent) had ever held an unsubsidized job, and over 20 percent had been in another CETA program. (See Table 1.)

Data from selected sites show the extent of the youths' disadvantaged backgrounds. More than half were below grade level in school at the beginning of the demonstration, and one-quarter were at least two grades below normal. There was also an alarming pattern of childbearing. In the fall of 1977 (just before Youth Entitlement began), under 10 percent of the young women who were 15 or 16 years old at program start-up had a child. By fall, 1981, however, 45 percent of these same young women, who were now 18 and 19 years old (and mostly unmarried), had at least one child.<sup>3</sup>

Results from the large-scale survey of program eligibles in four of the major sites (Baltimore, Cincinnati, Denver, and eight counties in Mississippi) provide a detailed picture of the flow of individuals through the program.

- Most eligibles (91 percent) knew about the program.
- Participation rates were high. Fifty-six percent of the youths eligible at the beginning of the program worked in a program job by the demonstration's end in August 1980. Of those who had heard of the program, four out of five enrolled.
- Substantially more in-school than out-of-school youths knew of the program and participated in it. Ninety-four percent of the in-school youths had heard of the program, 80 percent applied, and 63 percent participated, compared to 75, 46 and 25 percent, respectively, for out-of-school youths.
- Black youths participated at higher rates (63 percent) than white (22 percent) or Hispanic youths (38 percent). Females participated at slightly higher rates than males (57 percent compared to 55 percent).
- Participation rates were higher for youths who were 15 and 16 years old when the demonstration started, the group most representative of probable behavior in an ongoing program. Overall, 66 percent of these youths participated at some point over the two-and-one-half-year period, with the highest rates of participation (73 percent) recorded for



black youths. In contrast, only 46 percent of those who were 17 to 20 years old in 1978 ever participated.

- Participation rates varied substantially among sites, reflecting outreach, administrative, and general implementation strategies, as well as differences in youth characteristics and local economic conditions.
- Duration of program participation was relatively substantial. On average, participants worked 56 weeks at program jobs, with some site variation and longer participation for black (57 weeks) than for white (46 weeks) or Hispanic youths (54 weeks). Youths who were 15 and 16 years old when the program started stayed an average of 57 weeks, or over 13 months.
- Most participants were enthusiastic about the program approach, citing, in particular, the opportunity to combine school and work, the jobs themselves, and the chance to make money. Most participants also felt that the program improved their long-run chances of finding a job.

The participation story is impressive, but complex. As seen above, participation was high, particularly compared to that found in other entitlement programs. Youth Entitlement's offer was clearly attractive, notably to in-school, younger minority youths who held program jobs at a high rate and for long periods. The program was much less attractive to out-of-school youths, for whom a part-time, minimum-wage job was not an adequate incentive to return to, and stay in, school. When drop-outs returned, it was to alternative schools and General Equivalency Diploma (GED) classes, and then usually for only a short time.<sup>10</sup>

### Job Development and Assignment

Overall, program operators delivered on the job guarantee. They developed an adequate number of jobs to keep up with the flow of enrollees and provided a total of 45 million hours of work for more than 76,000 youths. To do this, they developed positions with almost 11,000 work sponsors. Most of the jobs were typical entry-level positions, with the three largest categories being clerical (27 percent), building maintenance (26 percent) and community recreation aides (15 percent). Despite

the volume, the average number of youths assigned to any one work sponsor was low, ranging from five at public schools and other agencies to fewer than two at private businesses.

In an extensive study of a random sample of over 500 jobs, worksites were assessed to determine whether they provided exemplary work experience — by encouraging good work habits and conveying the importance of a day's work for a day's pay — or simply served as an expensive means to transfer income. Researchers examined a large number of factors, finding that:

- Most worksites provided enough work for participants. Youths and their employers reported that they were generally kept busy at over four-fifths of the worksites, while field assessors rated the youths busy in at least two-thirds of the jobs.
- The work performed by participants was generally valued by employers; on three related dimensions designed to gauge output and its congruence with the work sponsor's mission, three-fifths of the sponsors found the work valuable on all three measures, and four-fifths reported the work was of value on at least two of the three measures.
- At nine out of ten worksites, youths were satisfied with their assignments.

Under various formulations, the results showed that the large majority of worksites (86 percent) were of adequate or better quality and did not constitute unproductive "make-work."<sup>11</sup> The study also found that the two factors that contributed most to the worksite quality were whether the youths were kept busy, and the presence and use of work performance standards. Rather unexpectedly, the study revealed that worksite quality was the same for summer full-time and school-year positions, and for private, public, and non-profit work sponsors.

A unique feature of Youth Entitlement was its provision for a full subsidy of participant wages. While the great majority of program jobs were in the public and nonprofit sectors, the proportion of work hours provided by the private sector grew steadily over time, reaching 23 percent during the last year of the demonstration. The share of all work sponsors was higher — at 55 percent, or nearly 6,000 of the

almost 11,000 sponsors — since most private firms were small and could only sponsor one or two youths at a time. Overall, most private employers appeared satisfied with the performance of program enrollees, their work habits and attitudes. As a result, nearly one-fifth of surveyed businesses eventually hired youths who had originally worked for them in the Youth Entitlement program.

However, while private sector participation was substantial during the demonstration, it required an extensive job development effort. Only a small minority of businesses contacted were interested in sponsoring youths, and these were, for the most part, small retail service firms rather than large manufacturing businesses that could sponsor several youths at a time. A special wage-subsidy variation experiment conducted in two sites found that employer participation was very sensitive to the level of subsidy: 18 percent of the employers offered the 100 percent wage subsidy agreed to sponsor a participant, but that rate fell to 10 percent at a 75 percent subsidy, and to 5 percent at a 50 percent subsidy.<sup>12</sup>

### **Enforcing Standards and Establishing Linkages**

Because of the job guarantee and the schooling requirement, program eligibility and monitoring guidelines were explicitly designed more to resemble those found in welfare and other entitlement programs than in CETA programs. Nonetheless, implementation of the detailed procedures for verifying eligibility enrollment went smoothly, although a quality control study revealed some income ineligibility.<sup>13</sup> Monitoring of the youths' job performance, which relied primarily on employers to set standards and notify program staff of problems, also was routine. Only 13 percent of all program terminations resulted from poor job performance or attendance.

The school role for the prime sponsors was more complex. The Youth Entitlement design did not specify extensive cooperation between schools and prime sponsors, nor did it necessarily embody a vision of educational innovation or improvement of the youths' school performance, except insofar as it was necessary for them to meet minimum requirements. Although there was nothing to preclude

schools' involvement in such areas as curricular modification, flexible scheduling of hours, academic credit for work experience, or overall project management as delegated by the prime sponsor, their mandated role in the program was relatively narrow. Generally, they were to provide the information needed to manage the projects effectively and to show that they had the capacity for educating eligible youths. More specifically, they were to assist in recruitment of youths and to cooperate in the monitoring and enforcement of attendance standards, although ultimately the responsibility for this monitoring rested with the prime sponsors. Thus, the model called for relatively limited involvement of the program in school-related activities. Nevertheless, even this degree of involvement proved in many cases to be more challenging to the prime sponsors than the familiar responsibility of monitoring worksite performance.

Thus, both monitoring and enforcement of the demonstration's school enrollment, attendance, and performance requirements were problematic in the start-up year of the demonstration, particularly in some of the large-scale program sites. While ensuring that youths were enrolled in school when they applied to participate — and terminating the jobs of youths who dropped out of school — was relatively easy (even at the sites that enrolled as many as 15,000 youths), there were serious difficulties in monitoring performance standards. CETA prime sponsors and school systems had typically not worked closely together at this level, and the logistics of reporting monthly on participants' school attendance, as well as grades every marking term, were complex and engendered delays at the larger sites.

Further, the Youth Act required that prime sponsors hold youths to the minimum local standards required for students to progress from grade to grade. At the outset of the demonstration, prime sponsors discovered that in many school districts there were no minimum standards, especially for attendance. In some Youth Entitlement areas, several districts with different standards were involved. And, in others, authority to set standards resided with the school, not the district. In all these instances, standards had to be negotiated.

In the end, as the Youth Act had envisioned,

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there was considerable local variation in the standards. Baltimore, for example, required a 60 academic average and no more than four unexcused absences per month; Cincinnati set "D" as a satisfactory average, but students could be absent one-fourth of the time.

Setting standards, monitoring, reporting, and enforcing them proceeded faster and with less difficulty in the smaller sites, particularly those where the school system played an active role in the joint management of the program. Nevertheless, performance standards were not consistently enforced at most sites over the demonstration period, although the requirement that youths be initially enrolled to obtain program jobs was successfully upheld.

Problems in establishing reporting procedures with the schools exemplify the broader issues of coordinating employment programs when both manpower operators and the educational systems are involved. Prime sponsors are used to a rapid start-up of jobs programs, no matter what time of year, while school systems typically need lead time to synchronize new activities with the academic calendar. This led to difficulties in the flexible scheduling of classes to help students meet the work requirement and hampered other cooperative ventures which might have emerged in the demonstration. Further, until additional funds were made available in the second demonstration year to finance some modest remedial educational programs and other enrichments, there was a limited role and relatively few incentives for active school system coordination with CETA prime sponsors.

Substantially closer links developed in half of the smaller, sub-city programs. In some instances, the school system operated the entire program, under contract to the prime sponsor. In others, the program was jointly staffed by school and CETA personnel. In general, these closer relationships reflected a legacy of cooperative arrangements which had been worked out in the years preceding the Youth Entitlement program. These inter-agency successes serve to underscore observations of other YEDPA school-CETA linked projects: that such relationships often take years to solidify.

## Site Variation

Although the model for Youth Entitlement was unusually explicit — and a number of clear implementation trends could be observed across sites — there was considerable diversity in the way the program was played out at the various sites. Several factors helped to shape local programs.

First was the nature and state of the labor market. Entitlement sites encompassed many different settings — large central cities, smaller towns, rural areas — and a variety of economic conditions. The local economies ranged from relatively healthy (Seattle and Denver) to severely constrained (Baltimore and Detroit) to very sparse (Mississippi). While this was intended by program planners, who sought to study Entitlement's implementation under different conditions, these factors strongly influenced the supply of jobs available in the communities which, in turn, affected job development efforts, recruitment strategies, and participation levels (since the degree to which youths found the Entitlement offer attractive was likely to depend on other jobs open in the area).

Two prime sponsors faced problems in serving geographically large and jurisdictionally diverse Entitlement areas. In the state of Washington, the area included the central city of Seattle and an adjoining rural county. In Mississippi, the project spanned 19 counties, including 28 separate school districts. Applying a uniform program model was a special challenge for these prime sponsors. However, with the help of experienced youth program staff in Seattle — and some strong private sector job development efforts in Mississippi — both Entitlement managers eventually operated sound programs.

Another important variable was the extent to which each local CETA delivery system enjoyed political support. In Baltimore, for example, the stability of prime sponsor staffing and the mayor's prominent support facilitated implementation and even helped in setting up cooperative arrangements with the school system. In contrast, the then turmoil of Boston's changing delivery system — complicated by school desegregation issues in the Entitlement area — hampered smooth operations initially. A similar factor affecting ease of

implementation was the degree to which the prime sponsor and the school had worked together in the past, or the degree to which the local school system was committed to and involved in the project.

The final, and perhaps most significant, factor was the strength of the prime sponsor as a managing agent. Some prime sponsors were focused and coordinated in their project operations; others were weaker, sometimes because they themselves were in the midst of internal change. Among the 17 sites, Denver had uniquely serious program difficulties. That site's prime sponsor originally subcontracted large portions of Entitlement operations to four different agents. Communication between them was haphazard and, during the first year, three reorganized or underwent major staff changes. Concurrently, internal difficulties led to the reorganization of the prime sponsor itself and the unit responsible for Entitlement, with the result that there were no reliable systems for key administrative functions.

In June 1979, Denver's program intake was frozen, and while the site subsequently regained some stability, it reopened in January 1980 at a considerably reduced participant level. During the last year of the demonstration, the program functioned with relative ease, but enrollments averaged only 400. In effect, the Denver site operated during most of the demonstration as a slot, rather than an entitlement, program.

### **Implementation Lessons**

Several lessons emerge from the experience of implementing the Youth Entitlement program:

- Large numbers of youths enrolled, indicating a strong interest — primarily by in-school, minority youths — in the Youth Entitlement offer.
- The offer of a part-time job and the requirement to return to the regular school program was not sufficiently attractive to bring many dropouts back into school or to keep them there for a very long time.

- Despite start-up difficulties and some particular site problems, the demonstration's overall record was one of significant managerial achievement.
- Operational success varied across the sites. Of the larger programs, Denver experienced a variety of problems and did not implement the program model. Given the challenge of Youth Entitlement's approach, variation should be anticipated in any replication of this model.
- There were no major problems in delivering the job guarantee. The management record of the Youth Entitlement prime sponsors points to the feasibility of rapidly creating large numbers of work experience positions.
- Youth Entitlement jobs provided meaningful work experience, not make-work.
- While only a small minority of private sector firms was interested in providing work positions, the opportunity to use private sector worksites contributed significantly to the ability to develop an adequate number of jobs.
- While Youth Entitlement called for closer school-CETA linkages than nearly any other of the YEDPA programs, actual cooperation was limited, more by program design than other considerations.
- Enforcing the school performance condition proved troublesome. While the initial school enrollment requirement was generally met, performance standards were not consistently enforced.

### **The Transition Year**

From September 1980 through August 1981, after the demonstration data collection was complete, a smaller Youth Entitlement program was operated under the Department of Labor and MDRC management. This additional year was funded to hold operations in place because major new youth legislation, which would incorporate some form of the Youth Entitlement approach, was a strong possibility. In fact, such legislation did not materialize, and Youth Entitlement ended in August 1981.

During this year, however, Youth Entitlement continued to operate with much the same program design as during the demonstration.

Low-income youths in the 17 sites were employed part-time during the school year and full-time during the summer, conditioned on school attendance and performance. The principal difference between the so-called "transition year" and the demonstration was that sites were no longer allowed to enroll all eligible youths. Instead, each local program was assigned specific slot levels to fill.

To convert the program from an entitlement to a slot model, sites were given a set of procedures. First, they were not allowed to enroll any new participants during the eight-week summer session of 1980. That period was followed by a two-week hiatus, after which sites were allowed to enroll dropouts immediately and then in-school youths, if all required documentation on the demonstration period had been submitted to MDRC. By the end of November 1980, enrollment levels could be no higher than two-thirds of the highest paid-participant level between the beginning of October 1979 and the middle of May 1980. Later in the fall, sites took another slot reduction for the second semester of the program.

Although these guidelines could have forced sites to turn away youths who would have otherwise been "entitled" to participate during the demonstration, that in fact did not happen. Probably because some youths had drifted away from the program at the end of the summer (especially with the two-week hiatus), many sites had difficulty reaching their maximum slot levels in the early months of the transition year. Overall, however, the transition year program enrolled over 23,000 youths, with participants closely resembling demonstration youths except that they were a younger group: 75 percent of the transition year participants, as opposed to only 58 percent of the demonstration youths, were age 16 at the time of enrollment.

## The Cost of a Guaranteed Job

Employment and training programs normally operate with fixed budget allocations and targeted slot levels. In this demonstration, sites functioned under a different mandate: to provide jobs to all interested youths meeting the program requirements, with an assurance of sufficient funds to cover operating expenses. Thus, instead of working backward from fixed resources, sites were to operate a jobs program as an entitlement, with both the unit and aggregate costs major open issues.

Obviously, sites could attempt to control certain costs: program management, worksite supervision, support services, and the amount of work offered to participating youths (i.e., the exact number of weeks of part-time and full-time work during the year, the hours of work per week, the handling of school vacations). They could not, however, determine in advance, with any precision, the size of the eligible pool of youths or their participation rates and patterns. The cost of delivering the Youth Entitlement guarantee was thus a major concern to Congress, both during the demonstration and in the future, were the program to be expanded nationwide.

Overall, during the two and one-half years of the full-scale demonstration, \$224.3 million was spent on site operations, with 63 percent of that amount going to participant wages. Research and oversight costs brought the total cost of the demonstration to \$240.2 million.

The cost of keeping a participant in the program for one year averaged \$4,382 across the 17 sites, varying from under \$3,500 in the site with the lowest cost, to over \$6,100 in the highest-cost site. Service year costs were particularly sensitive to the number of hours the youths worked per week (which averaged 15.2 hours during the school year and 29.1 hours during the summer, but varied substantially across sites) — a factor amenable to control by the administering agencies. However, the cost analysis indicated no evidence of administrative economies of scale: larger projects were not any less expensive to operate on a unit cost basis than smaller ones. Finally, since youths entered and left the program on a fairly regu-

lar basis, and generally did not work the full year, the program cost per participant during any year was about \$2,000.

The service year costs of Youth Entitlement were relatively low, averaging about the same as the cost of a typical Youth Employment and Training program during fiscal year 1980.

Youth Entitlement costs were also substantially less than the costs of programs funded under the Youth Community Conservation and Improvement Projects, the Youth Adult Conservation Corps, or the Job Corps, which also operated during this period.

Projections of the cost of operating expanded Youth Entitlement programs build on these unit costs and on estimates of the size of the eligible population, the participation rate among eligibles, and the rate of ineligibility among participants. Four different projections were made, as follows.

If eligibility were extended to all youths in the nation residing in households with incomes below the poverty standard (as in the national demonstration), an estimated 976,000 youths would participate per year, for an annual cost of about \$1.581 billion in 1980 dollars. If income eligibility were set at 70 percent of the Bureau of Labor Statistics Lower Living Standard (an alternative definition of economic disadvantage used in most CETA programs), 1,140,000 youths would participate per year at an annual cost of about \$1.846 billion. If the entitlement were restricted to youths living in census-designated poverty areas, the annual cost in 1980 dollars would be \$624 million for the 382,000 participating youths if a poverty standard were used to determine eligibility, or \$729 million for the estimated 450,000 participants under the 70 percent of the Lower Living Standard.

While these estimates represent the researchers' best guess at the projected costs of expanded programs, a number of different assumptions were made on participation rates, eligibility rules and their enforcement, matching funds, hours worked, and other variables. Some of these shifted the costs by as much as 50 percent from the basic estimate.<sup>14</sup>

## The Impact of Youth Entitlement

The funders and managers of the demonstration in the Department of Labor and MDRC were committed to designing a research effort to provide reliable answers to the questions posed by Congress. Quickly, however, tension was evident between two issues: obtaining accurate estimates of program participation and cost, on the one hand, and answering questions on program impact, on the other.

As discussed earlier, the legislation had posed a cluster of questions on the feasibility and costs of the strategy: What proportion of eligible youths would participate? What factors affected participation? What would it cost to guarantee jobs, given certain participant levels? Was it feasible to implement the model on a real-world scale?

Answering these questions had implications both for the study focus and the operational scale. For the research, it suggested that the impact analysis should study youths *eligible* for the demonstration, rather than youths participating in the program. Only by following the behavior of eligibles could the youths' interest in the program and participation levels be accurately measured. On the operational issue, the questions indicated the need for a saturation program, which would test not only the eligible youths' response to the offer, but the ability of the CETA and school systems to administer the program and of the local economy to generate enough jobs. An accurate answer on feasibility and cost required that the entitlement be applied and publicized area-wide to test both the eligibles' take-up and the systems' capacity.

However, Congress also sought information on the program's effect on school enrollment and employment rates. Most studies do this by estimating the program's impact on participants. A focus on all eligible individuals — as in Youth Entitlement — would be unusual and complicate interpretation of the results, although this kind of an analysis would correspond to the stated congressional interest in the program's effects on all youths in the demonstration areas. In addition, it was critical to have a standard against which to measure the behavior of individuals who received the pro-

gram treatment. The most reliable method is random assignment, whereby individuals eligible or applying for the program are placed by chance in a treatment or control group.

While random assignment had clear advantages, there were a number of compelling drawbacks to its use in Youth Entitlement. Area-wide saturation was essential to obtain realistic answers on feasibility and cost. Also, clear questions existed on the legality of denying jobs to youths in a control group, given the explicit entitlement language in the YEDPA bill. Finally, a random assignment design could lead to an incorrect estimate of the impacts of a very large-scale program if the behavior of the treatment group affected the employment or other opportunities of the control group. For example, it would overestimate employment impacts if control group youths found it difficult to obtain jobs because of competition from Entitlement participants who benefited from the 100 percent wage subsidy and the potentially aggressive job development efforts of program staff.

All of these factors led to the adoption of an evaluation approach focusing on eligible youths in matched program and comparison sites.

## Research Methodology

**Program and Comparison Site Design.** The impact study compares the behavior of a sample of youths in four large Youth Entitlement sites, (which together accounted for over 50 percent of active participants) and another similar sample in four matched comparison locations, where no program operated.<sup>15</sup>

### Program Sites

Baltimore, partial city  
Denver, full city  
Cincinnati, full city  
Mississippi, 8 of the  
19 rural counties in  
the demonstration

### Comparison Sites

Cleveland, Ohio  
Phoenix, Arizona  
Louisville, Kentucky  
Mississippi,  
6 neighboring  
rural counties

To assure, to the maximum extent possible, that differences in the behavior of youths in the program and comparison areas reflected program effects rather than site differences, the comparison areas were chosen to match program sites over a wide array of dimen-

sions.<sup>16</sup> The resulting overall match was close; however, differences at baseline (i.e., the period of program start-up) appeared to increase over time, and by the end of the demonstration, these had contributed to a number of anomalous results for individual site pairs. As a partial corrective, the study uses a number of analytic techniques to adjust all estimates for the measured differences in individual site characteristics.

**Focus on Eligibles.** The study focuses on a stratified random sample of all youths in the program and comparison sites who met the program's technical eligibility of age, income, high school non-completion, and residency at the time the research started (spring 1978), or who met these criteria except for age, but would become age-eligible before the end of December 1978. Most of the results in this summary are presented for *eligible* youths, regardless of whether they actually participated in the program or subsequently became ineligible for reasons of age, graduation from high school, or other factors. Taken together, the samples in both the program and comparison sites provide an unusually detailed portrait of the community-wide employment and schooling behavior of all poor youths, with and without the presence of the Youth Entitlement job guarantee.

In the impact analysis, the differences between the findings for the two groups of communities show the effect of introducing the Youth Entitlement program on the area-wide measures of concern — the employment/population ratio, the unemployment rate, and the school enrollment and dropout rates — for a representative sample of all poor teenagers. In a few cases, results are presented only for youths who participated — those holding a Youth Entitlement job. This is a measure more directly comparable to that used in other evaluation studies.

**The Sample and Follow-Up.** The study sample was selected in early 1978, and youths were interviewed in four survey waves: at baseline (or program start-up) between March and August of 1978 and in the falls of 1979, 1980, and 1981. The interviews spanned three distinct periods: the period of full-scale Entitlement operations (February 1978 through August 1980), a period of operational phase-

down, or the transition year (September 1980 through August 1981), and a period after all operations had ceased (fall 1981). In comparing the behavior of sample youths over this time, the first will be called the during-program period; the second, the transition year; and the third, the post-program period.

It is important to note, however, that the during-program period does not necessarily refer to a time when sample youths actually participated in Youth Entitlement, or even continued to be the correct age or otherwise eligible. It refers, instead, to a fixed calendar period of full-scale operations during which, at times, some youths were eligible, some were participants, and some post-eligible and post-participation. In contrast, the post-program period is unambiguously one during which no youth in the program sites could have held Youth Entitlement jobs. From the perspective of the individual youths in the sample, the period of eligibility or post-eligibility, participation or post-participation, will vary, but the post-participation period clearly averaged much longer for most youths than the fall 1981 post-program period.<sup>17</sup>

This complex interrelationship is important, given the brevity of the post-program period. (The original design envisioned a longer post-program period, since all Youth Entitlement operations had initially been scheduled to end by August 1980.) In particular, the pattern of activity during the phase-out, or transition, year will help in assessing the reliability of the fall 1981 estimates of post-program impacts.

The Youth Entitlement analysis uses several samples to report on participation and impact during these periods. The full analysis sample includes the 3,765 youths who were aged 15 through 19 years at program start-up and completed all four interview waves.<sup>18</sup> Some of the participation and employment findings use this "full sample," since it is most appropriate for describing the program's overall impact on the youth labor market in program sites. However, several factors led to the selection of a more focused sample for most of the analysis of post-program impacts.

First, because Youth Entitlement was designed as an open-ended job entitlement, only that subset, or cohort, of the sample aged 15 or 16 at program start-up had the opportunity to take advantage of, and make school and work decisions based on, the full offer.<sup>19</sup> Their response is the best estimate of the effects of an ongoing program available to all youths when they turn age 16.

Second, a number of implementation events convinced researchers that the most reliable estimates of program impact were for the black subgroup within the 15- to 16-year-old sample, excluding youths in Denver and Phoenix. In brief, the black subsample was more homogeneous than the white sample, which was smaller and affected by emerging site mismatches. (The Hispanic subsample was both too small and concentrated in the Denver site to allow any confidence in the separate results.) Finally, as noted earlier, Denver was the only one of the 17 sites to close enrollment for a long period; in effect, it never offered a job entitlement. These exclusions left a sample of 1,436 youths who also had completed all four interviews, hereafter known as the "young sample."<sup>20</sup>

The Youth Entitlement data come primarily from in-person interviews for which respondents were not paid. Completion rates were moderate: for the full sample, 62 percent of the relevant youths completed all follow-up waves.<sup>21</sup> A study of a special attrition sample and a number of different analyses suggest that sample losses did not bias the estimates of program impacts.

### **During-Program Impacts on Youth Employment**

Youth Entitlement offered a unique opportunity to address two critical questions: How will a guaranteed job affect youth employment rates? Will it reverse the 25-year decay in employment for black youths, compared to white youths, as seen earlier in Figure 1? These questions are best answered using the full sample, including all youths aged 15 to 19 in the four site pairs.

As indicated previously, the findings on partic-



icipation reflected the youths' enthusiasm for Entitlement jobs. This was particularly true for black youths, who joined the program in greater numbers and stayed longer than other groups. Moreover, program jobs did not merely substitute for other jobs open to eligible youths. Rather, as shown in Table 2, the program had a dramatic impact on the employment rates of these youths, particularly in the school year.<sup>21</sup> During that time, Youth Entitle-

ment raised the share of eligible youths employed from an estimated 21 percent in comparison sites to 40 percent in the program areas, an increase of 19 percentage points, or 88 percent.<sup>21</sup> This difference is particularly notable in light of the very extensive regular YEDPA-funded employment programs available to youths in the comparison sites. In the current environment, the impact of a job guarantee would undoubtedly be even higher.

**TABLE 2**

**Effects on Youth Employment Rates for the Full Sample and Key Subgroups During the Period of Operations of the Youth Entitlement Program**

Period and Sample	Percent of Youth Employed			
	Program Site Mean	Comparison Site Mean	Difference	Percent Increase
<b>Full sample</b>				
School-year average <sup>a</sup>	40.3	21.5	18.9***	87.9
Summer average <sup>b</sup>	42.7	30.9	11.8***	38.2
Total during-program average	41.2	24.6	16.6***	67.5
<b>White Male</b>				
School-year average	46.6	34.5	12.1**	35.1
Summer average	47.0	42.6	4.4	10.3
Total during-program average	46.7	37.2	9.5*	25.5
<b>Black Male</b>				
School-year average	43.0	21.2	21.8***	102.8
Summer average	46.5	34.4	12.1***	35.2
Total during-program average	44.1	25.6	18.5***	72.3
<b>White Female</b>				
School-year average	29.1	25.3	3.8	15.0
Summer average	30.8	29.5	1.3	4.4
Total during-program average	29.6	26.7	2.9	10.9
<b>Black Female</b>				
School-year average	38.5	13.8	24.7***	179.0
Summer average	39.0	23.3	15.7***	67.4
Total during-program average	38.7	17.0	21.7***	127.6
<b>15-16-year-old subgroup</b>				
School-year average	39.6	18.4	21.2***	115.2
Summer average	42.8	29.3	13.5***	46.1
Total during-program average	40.7	22.1	18.6***	84.2

SOURCE: Farkas, et al., *Impacts From the Youth Incentive Entitlement Pilot Projects: Participation, Work, and Schooling Over the Full Program Period*, New York: MDRC, 1982, Table 2.

NOTES: <sup>a</sup>Includes the two school years of fall 1978-spring 1979, and fall 1979-spring 1980.

<sup>b</sup>Includes the summers of 1978, 1979, and 1980.

\*Statistically significant at the 10 percent level.

\*\*Statistically significant at the 5 percent level.

\*\*\*Statistically significant at the 1 percent level.

Program impacts were smaller, although still substantial, at a 38 percent increase during the summer, when comparison youths had access to the heavily funded summer jobs programs. Overall, during the two-and-one-half-year demonstration period, Youth Entitlement led to a 68 percent increase in the employment rate of poor teenagers in the demonstration communities.

From these and other data, the impact researchers calculated a net job creation rate among the sample of eligible youths. This study suggested that most of the Entitlement jobs were new jobs, rather than substitutions for existing jobs held by these youths. Every one and two-thirds jobs funded by Youth Entitlement created one new job for the eligible population, with net job creation substantially higher in the public than the private sector, and in the winter rather than summer.<sup>24</sup>

Employment impacts were particularly large for black males and females, for whom school-year employment more than doubled.<sup>25</sup> A comparison of black and white school-year employment rates in sites with and without Youth Entitlement reveals the following key findings:

- Youth Entitlement eliminated and even reversed the gap between black and white employment rates.
- Under the Youth Entitlement program, employment of black males increased from two-thirds that of white males to become equivalent with the rate of that group. For black females, employment increased from about half that of white females to a one-third higher rate.

Table 2 shows that employment increases were particularly large for the 15- and 16-year-old subgroup, whose employment more than doubled under Youth Entitlement. Impacts were even larger for black youths within this young subgroup.

In an earlier section, this summary pointed to a number of alternative explanations offered for the consistent decay in minority youth employment. Before Youth Entitlement, there was relatively little evidence to help sort out conflicting supply- and demand-side explanations. The Youth Entitlement results add strong evidence that the low rate of black

youth employment is not voluntary. When minority youths were offered minimum-wage jobs (even part-time work tied to school enrollment), they came forward in large numbers. This points to the importance of job shortages as a major explanation for the gap between the employment of black and white youths.

## **During- and Post-Program Impacts for the Young Sample**

**Labor Market Impacts.** Youth Entitlement's during- and post-program impacts on earnings and school enrollment were calculated for the important subgroup of the young sample: i.e., black youths who were 15 and 16 years old at baseline, excluding those in Denver and Phoenix. This group had the highest participation rates of all youths (73 percent held program jobs) and spent an average of almost 14 months, or over 50 percent of their eligible time, in program jobs.<sup>26</sup>

Table 3 shows the average weekly earnings of program and comparison area sample members by follow-up period. It also indicates the percent of sample youths in program sites who held Youth Entitlement jobs in each period, as well as how this particular sample aged until the youths averaged 19 years by the post-program period. The results show an important trend in earnings as a result of the job guarantee, seen graphically in Figure 2.

During the period of full program operations (the 1978/79 and 1979/80 school years, and the 1978 through 1980 summers), between 23 and 45 percent of sample members worked in program jobs, which led to large and statistically significant increases in average earnings of about \$10 to \$13 a week. This translated into a percentage increase in earnings that was generally greater during the school year (with earnings going up between 58 and 161 percent) than in the summer, when jobs in both the program and comparison sites were more generally available. This is reflected in the smaller program percentage gains of between 48 and 65 percent.

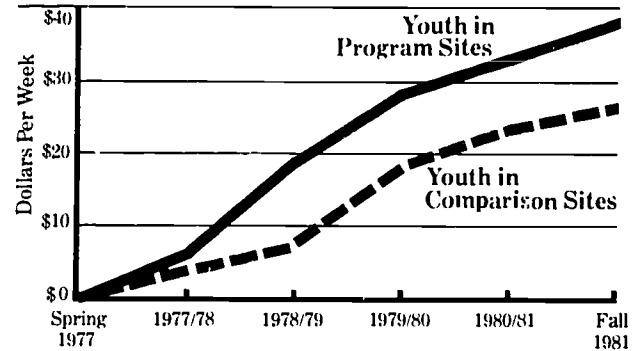
During the transition year, earnings effects continued at the same level during the school year, at \$10.52 per week. However, since only

13 percent of the sample youths in program sites worked in Entitlement jobs during this period, most of the gain (\$6.73) was from post-program employment, with only \$3.79 attributable to Entitlement jobs.<sup>27</sup> The overall earnings gain declined somewhat to \$9 a week during the summer, when few youths held program jobs and comparison site employment increased.

Finally, and most importantly, the substantial transition period impact held constant during the fall 1981 post-program period at \$10.48 a week (\$45.41 per month), an almost 40 percent increase over the adjusted earnings of youths in the comparison areas. This is a sizable gain, particularly since it averaged over all eligible sample youths, including those who never participated in Youth Entitlement and never

**FIGURE 2**

**Trend in Average Weekly Earnings for Black Youth in Program and Comparison Sites, 1977-1981 School Years**



SOURCE: Table 3

NOTE: All data for the young black sample. Average values include youth with zero earnings.

**TABLE 3**

**Effects on Weekly Earnings for the Young Black Sample During and After the Operations of the Youth Entitlement Program**

Period and Age of Sample Members	Mean Earnings Per Week			Percent Increase	Percent in YIEPP Job <sup>a</sup>
	Program Site Mean	Comparison Site Mean	Difference		
<b>School Year</b>					
During-program					
1977-78/15-16 years <sup>b</sup>	\$ 5.30	\$ 2.39	\$ 2.91***	121.8	16.1
1978-79/16-17 years	18.63	7.14	11.49***	160.9	42.5
1979-80/17-18 years	29.02	18.42	10.60***	57.5	39.2
Transition year					
1980-81/18-19 years	33.23	22.71	10.52***	46.3	13.0
Post-program					
Fall 1981/over 19	37.20	26.72	10.48***	39.2	0.0
<b>Summer</b>					
During-program					
1978/15-16 years	25.45	15.44	10.01***	64.8	26.2
1979/16-17 years	39.71	26.34	13.37***	50.8	44.8
1980/17-18 years	38.74	26.14	12.60***	48.2	30.3
Transition year					
1981/over 18 years	43.33	34.58	8.75***	25.3	8.4

SOURCE: Farkas, et al., *Post-Program Impacts of the Youth Incentive Entitlement Pilot Projects*, New York: MDRC, 1984. Table 4.1.

NOTES: Average values include youths with zero earnings.

<sup>a</sup>Calculated as the percent of sample members in program sites ever working in YIEPP jobs for more than two weeks during the summer or the spring of the indicated school year.

<sup>b</sup>Includes data for the full school year.

\*\*\*Statistically significant at the 1 percent level.

**TABLE 4**

**Summary of Post-Program Effects on Selected Employment Outcomes for the Young Black Sample**

Outcome	Program Site Mean	Comparison Site Mean	Difference	Percent Increase
Weekly Earnings (\$) <sup>a</sup>	37.20	26.72	10.48***	39.2
Employment Rate (%) <sup>a</sup>	27.5	23.0	4.5*	19.6
Hours Worked per Week <sup>b</sup>	34.3	32.3	2.0*	6.2
Hourly Wage (\$) <sup>b</sup>	3.83	3.63	0.20	5.5

SOURCE: Farkas, et al., *Post-Program Impacts of the Youth Incentive Entitlement Pilot Projects*, New York: MDRC, 1984. Tables 4.1, 4.5, 4.7, 4.9.

<sup>a</sup>Includes youth with zero employment.

<sup>b</sup>For employed youth only.

\*Statistically significant at the 10 percent level.

\*\*\*Statistically significant at the 1 percent level.

worked. If Entitlement had no positive or negative effects on non-participants (e.g., through displacement), this finding suggests a post-program effect of \$14.36 per participant (or \$10.48 divided by 73 percent, the share of sample members who held program jobs).

What does this suggest about the long-term effects of the program? Unfortunately, the unambiguously post-program follow-up period studied is short, up to three months in the fall of 1981. However, the similarity between impacts during this period and the prior, largely post-program, transitional year provides an indication of a more durable impact.<sup>25</sup> Were the estimated post-program effect to continue for a year at the same level, it would translate into a \$545 average annual increase over the total young eligible sample, or \$747 per participant.

Program impacts varied across different subgroups within the young sample. Post-program effects were about twice as large for male youths as for females — \$14 compared to \$6 per week. The full study speculates that this follows from the high fertility rate of the females in the sample, roughly half of whom had at least one child by the fall of 1981. Impacts were also larger for high school graduates than non-graduates.

There were, in addition, sharp variations in impacts among site pairs, with substantial, positive, post-program effects in Mississippi and Cincinnati (\$21 and \$16 per week, respectively), but none in Baltimore. Given the

exceptionally high participation rates and strong during-program impacts in Baltimore, the lack of post-program impacts is more likely the result of increasing differences between Baltimore and Cleveland, its companion site, than a lack of program effectiveness.

Post-program impacts for this young sample are also somewhat reduced, but still significant, if all ethnic groups or the Denver/Phoenix sample are included, with increases in earnings ranging between \$7.45 and \$9.11 per week. Finally, post-program earnings impacts were smaller for youths who were 17 to 19 years old when the program began, suggesting the value of beginning the job entitlement at age 16.

A number of factors could have led to these earnings gains, such as increased rates of employment among sample members in the program sites, more hours of work, or higher wages. When Entitlement earnings effects were examined over the full period, it was determined that they resulted primarily from increased employment, although by the post-program period there were also modest increases in the hours worked per week and hourly wages. Table 4 summarizes the post-program changes in these outcomes.

In addition to increased employment, Youth Entitlement led to improved labor force participation — as black youths were attracted into the job market — and a reduction in unemployment, with both changes larger during the in-program than the post-program period. For

example, during the 1979/80 school year, Entitlement increased the labor force participation of black youths by over 50 percent while reducing their unemployment rate by approximately one-third — bringing it down essentially to the rate of disadvantaged white youths. Youth Entitlement did not eliminate black youth unemployment, but it did eliminate the black/white differential. However, during the post-program period, black unemployment rates returned to high levels, with a remaining program-induced reduction of only 3 percentage points.

**Schooling Results.** The Youth Entitlement model was based on the belief that jobs and education were both important to future labor market success. That is, while the program intended to increase employment and earnings, it also hoped to increase high school retention and graduation. The school-conditioned job offer could have had several potential effects. For in-school youths, it might have

provided employment in such a way as to keep youths in school who otherwise might have left to obtain jobs, thus increasing high school retention rates. For out-of-school youths, Entitlement jobs might have provided the critical incentive to return to school.

The evidence from the young sample suggests that, instead, the program served primarily to provide work experience to youths who, even without Youth Entitlement, would have stayed in school. As suggested by the participation data, Entitlement's part-time job offer did not prove sufficient to draw many dropouts back into the school system, or to keep them there once they returned. However, for the in-school youths who would have otherwise been unemployed, the job offer had the potential to enhance their future labor market success.

Table 5 summarizes the schooling results. The first panel shows the school enrollment rates over time, as the youths grew older. These rates declined, in the comparison sites, from a

**TABLE 5**

**Effects on Secondary School Enrollment, Graduation, and Dropout Rates for the Young Black Sample During and After the Operations of the Youth Entitlement Program**

Period	Percent of Youth		
	Program Site Mean	Comparison Site Mean	Difference
Enrolled in Secondary School <sup>a</sup>			
Fall 1977	97.2	98.4	-1.2
1978	89.6	88.9	0.7
1979	73.2	73.6	-0.4
1980	39.2	40.6	-1.4
1981	13.6	13.1	0.5
Graduated from Secondary School			
Fall 1979	8.7	7.4	1.3
1980	30.6	30.6	0.0
1981	46.9	50.2	-3.3
Enrolled in or Graduated from School			
Fall 1979	81.9	81.0	0.9
1980	69.8	71.2	-1.4
1981	60.5	63.3	-2.8
Dropped Out of Secondary School (Cumulative)			
Fall 1979	18.1	19.0	-0.9
1980	30.2	28.8	1.4
1981	39.5	36.7	2.8

SOURCE: Farkas, et al., *Post-Program Impacts of the Youth Incentive Entitlement Pilot Projects*, New York: MDRC, 1984. Table 5.1.

<sup>a</sup>Enrolled at all during the period indicated.

high of 98 percent in the pre-program fall period, when the sample averaged 15 years, to 13 percent in 1981 when the youths were aged 19. The rates in the program sites were almost identical.

Panel 2 shows that high school graduation explains only part of the decline: by 1981, only half of the comparison youths had graduated, a slightly higher rate but not significantly more so, than in program sites. Combining the two activities, Panel 3 shows that 63 percent of comparison area youths were either still in school or had graduated by the fall of 1981, with the complement (shown in the final panel) having dropped out of school. The dropout rate climbed sharply and similarly over time in the comparison and program sites, from around 19 percent in the fall of 1979 to almost 40 percent by the fall of 1981.<sup>39</sup>

Thus, these data provide no indication that Youth Entitlement resulted in increased school enrollment or graduation rates or lower dropout rates.<sup>40</sup> Other data also suggest that the program does not increase college enrollment.<sup>41</sup> Clearly, while the part-time, minimum-wage job provided a substantial opportunity for in-school youths, it did not meet the needs of dropouts who, often living on their own with children to support, required more than part-time work. Moreover, many were behind in grade level for their years and were unwilling to return to the school environment they had already left. The program model, which stressed the job guarantee and provided very limited other services and educational options, seemed inadequate to stem the pattern in which by age 19 (fall of 1981), only half of the youths had graduated and almost two-fifths were school dropouts.

While Table 5 indicates that Youth Entitlement did not reverse the pattern of high dropout rates, it suggests that the program did avoid having a negative impact on school enrollment, a phenomenon that is suspected to occur when jobs are offered to in-school youths without the requirement that they stay in school.<sup>42</sup> Thus, while the school-conditioned job guarantee may not have brought youths back into school, it did not appear to draw students out or have a negative effect on school grades or performance.

While the zero or very small schooling impact follows from a number of different analyses, the results are less robust than the earnings findings. Diverging patterns among program and comparison sites and anomalous results suggest some caution. Partially as a result, a number of interim reports during the demonstration reached a different and more positive conclusion by analyzing a sample which included white youths.<sup>43</sup> Throughout the during- and post-program period, when white youths were included in the sample analyzed, school enrollment appeared 4 to 6 percent higher in the program sites than in comparison areas (although even within this sample, there was no positive effect on high school graduation). However, the evidence is persuasive that this finding did not result from increased enrollment in the program sites, but rather from a specific comparison site condition where a school busing controversy reduced the enrollment of white youths. When the effects for this site were discounted, the positive school enrollment finding disappeared.

## Major Lessons

The Youth Entitlement demonstration provided important information on the feasibility, effectiveness, and design of a new approach for increasing the labor market opportunities of disadvantaged youths; on the causes of youth unemployment; and on the design of research demonstrations.

### Feasibility of the Job Guarantee

Of major significance in these findings is the demonstrated feasibility of the then existing administrative structure (the CETA prime sponsors) to deliver a job guarantee on a large scale and for a substantial segment of the unemployed population. Not only were enough jobs provided, but they met standards of quality sufficient to constitute real and productive work experience. The jobs were primarily new ones, rather than substitutions or displacement.

While public agencies and nonprofit organizations provided most of the jobs, the program contained a unique provision for fully subsi-

dized placements in private firms. The response from the private sector was sizable and important for delivering the job guarantee, but it was also limited and confined for the most part to small businesses. Most firms were not interested in employing disadvantaged youths, even at no direct cost. Moreover, there were no measured differences between the quality of private and public sector worksites.

Operating an employment and training program as an entitlement — one open to all youths in the demonstration areas with incomes below a certain level who met the age, school and work performance standards — required special attention to eligibility and monitoring. While the manpower system adequately screened eligibility and school enrollment, monitoring and conditioning jobs on academic performance and attendance proved difficult and was only partially enforced. This suggests in the future that early and clearly defined relationships should be established with school systems when cooperative ventures are planned.

Despite this difficulty, the findings point to the substantial administrative and employment capacity of the public sector. They further suggest that most private firms will play only a limited role in providing training and jobs for unskilled, disadvantaged youths.

### **Effects of the Job Offer**

Youth Entitlement was designed to address the alarming combination of increasing unemployment and high dropout rates among poor, particularly minority, teenagers. The program's offer was straightforward: a job, part-time during the school year and full-time during the summer, which could last up to three years for 16-year-old youths (and a shorter time for the older youths). While the offer was contingent on the youths meeting school enrollment, attendance and performance requirements, it did not directly affect the public school system: the institutions, their services, or demands.

The program offer proved particularly attractive to younger, black youths. (For Hispanic and white youths, the results are less clear and reliable.) Fully 73 percent of black youths took program jobs and held them for over a year — an unusually high rate for any entitlement

program. The program had noticeably more appeal for in-school rather than out-of-school youths. For the former, it was an unusual and much appreciated opportunity to combine school and work; for the latter, it was insufficient in its part-time, minimum-wage offer to draw many back to a school system they had already rejected.

This response led to mixed outcomes: positive overall labor market impacts, but little or no effect on schooling results. Stated differently, the program benefited primarily in-school youths, but did not have a major effect on school dropouts. For the young black youths in the sample, for whom the most reliable data are available, the school-conditioned job guarantee did not increase high school enrollment or graduation. By age 19, only 60 percent of these eligible youths had either graduated from high school or were still in school; the other 40 percent had dropped out.

However, while Youth Entitlement thus functioned primarily as a work experience program for in-school youths, the job guarantee, through its impacts on the young black youths in this group, met its other objectives of combating high youth unemployment and increasing later labor market success. While it operated, Youth Entitlement reduced the overall black youth unemployment rate in program sites by one-third and more than doubled the employment rate, effectively wiping out the black/white differential.

The results also provide important new data on the causes of black youth unemployment. Lack of motivation, unreal wage expectations, and similar supply side factors appear less likely to be causes of the youths' low employment; job shortages or discrimination seem much more probable explanations. However, this does not mean that a lack of job opportunities is the only difficulty, or that job creation is the exclusive appropriate response. To the extent that educational or skill differences exist, efforts to address these deficiencies remain of major importance.

In addition to its dramatic in-program effects, the four-site impact study suggests that Youth Entitlement led to a substantial increase in the short-term, post-program earnings of young black youths, averaging \$10.50 a week per eligible youth, or over \$14 a week for participat-

ing youths. On an annual basis, the increase is \$545 per eligible youth in the program sites, or \$747 per participant. Youth Entitlement thus provides significant new evidence that a work experience program for in-school youths can produce post-program effects. Given the magnitude of these impacts, however, and the brevity of the post-program period, it would be important to examine the effects' durability and stability over a longer period of time.

## Lessons on Program Design and Implementation

The Youth Entitlement demonstration tested a multi-dimensional program model in 17 different locations. The implementation experience and impact findings suggest a number of lessons for future programs.

### Duration and Targeting

- Youths should be offered a three-year entitlement starting at age 16, since Youth Entitlement's impacts were smaller for youths who were aged 17 to 19 when the program began. The program should also be targeted primarily to in-school youths.
- The multi-year period of eligibility does not have any major cost implications because, on the average, the youths stayed in the program for 13 months.
- Measured impacts were greatest for black youths in the sample, suggesting that this group will benefit from similar interventions. Youth Entitlement results are less certain for white and Hispanic youths, whose samples were small and too concentrated in idiosyncratic sites to allow for confident conclusions in this analysis.
- Continued targeting on extremely disadvantaged youths seems both feasible and warranted.

### Program Scale

- Implementing a nationwide, targeted job guarantee would cost between \$1.6 and \$1.8 billion a year in 1980 dollars.
- While a job guarantee will have the most dramatic effects on employment and unemployment rates, the program approach (a school-conditioned work experience) can be implemented as a fixed slot, limited budget

program. If this is done, program operators should continue to reach out to a broad range of in-school youths.

### Design

- Quality work experience — without skills training or systematic educational enrichment — has a positive impact on subsequent employment for in-school youths. While Youth Entitlement provided important evidence that large-scale job creation can close the black/white employment gap, this does not mean that training or other programmatic approaches are not also useful. Unfortunately, little hard evidence exists on the different programmatic strategies.
- The program model was inadequate to attract older school dropouts, who needed more income and a specially tailored educational program.
- While Youth Entitlement's school-conditioned feature did not increase school enrollment, it was probably important in ensuring that the employment offer did not draw youths away from school. Youth Entitlement participants reported that the opportunity to combine school and work was a very positive aspect of the program.
- The inclusion of private sector worksites contributed to the program's ability to provide quality work experience positions. However, a high subsidy level is essential to induce substantial private sector cooperation.
- On a unit basis, Youth Entitlement was a relatively inexpensive program. Costs varied substantially because of local administrative practices, but not as a function of program scale.
- While the program model was unusually specific, implementation varied substantially across the sites. Participation rates varied by over 50 percent, reflecting different recruitment strategies, eligibility screening procedures, local economic conditions, and other factors. Under an Entitlement approach, program costs will be sensitive to these and other program practices, and to local conditions.



- While most sites satisfactorily met the challenge of job creation, job placement, eligibility verification, and monitoring, a few did not. Given the potential cost of an open-ended job entitlement, careful oversight and clear program guidelines are strongly suggested.
- The Youth Entitlement demonstration was conducted during a period in which an exceptional number of alternative youth employment and training programs were in existence. The program's evaluation strategy, which compared the behavior of youths in program and matched comparison sites, could not abstract itself from this environment. Comparison site youths were employed in other special demonstration programs, which themselves may have had positive effects. Thus, a youth entitlement program would probably have larger impacts under current conditions.

### Lessons on Research Design

Embedded in the research agenda established for Youth Entitlement by Congress were questions that could best be addressed by quite different designs. At the time of the program's enactment, of primary concern was the entitlement feature, which distinguished Youth Entitlement from other YEDPA programs.

Questions of most interest were: Could it be done? With what take-up rates? At what cost?

To obtain answers relevant to future saturation programs, it was important to test the model on a "real world" scale, where the job offer could be widely publicized within and outside the schools, the job slots developed in appropriate quantity, and the participants not pre-selected. This was the approach taken, and the answers on feasibility, participation, and cost are particularly reliable. The resulting high application and participation rates for in-school youths suggest the importance of accurately measuring these outcomes.

But Congress also wanted answers on program effectiveness — questions that assume even greater importance now that replication on an entitlement scale seems unlikely. In relatively small-scale demonstrations, where the program will not usually distort the control group outcomes, an experimental design — in which individuals are placed in the program or

a control group through random assignment — is the preferred approach. However, in Youth Entitlement — with the issue the effectiveness of a saturation work experience rather than work experience *per se* — an experimental design was rejected in favor of the less rigorous quasi-experimental design using comparison areas.

This led to some problems. While the overall findings on employment seem relatively robust, the data for individual site pairs are often perplexing. Moreover, the approach appeared problematic for estimating effects on variables which were sensitive to institutional factors that could not easily be observed, or were difficult to include in the original matching criteria, or were particularly susceptible to shocks or to factors that changed differently in program and comparison sites during the study period. While these issues were more troublesome in analyzing the program's educational effects, they were relevant to the employment impacts as well.

Nevertheless, given the care taken in the design initially, it is unlikely that site matching could have been improved in the Youth Entitlement demonstration beyond making a greater attempt to assure that program and comparison sites were situated in the same geographic region. However, if the comparison sample had been drawn from a larger number of sites, some of the problems generated by the anomalous behavior of particular comparison sites might have been avoided.

While the tension between addressing different knowledge objectives is clear, the solution is not. No single approach would have best answered both clusters of questions. Given the cost considerations that necessitated a small number of study sites, a split approach — some comparison sites, some random assignment — would have simply confounded site factors with other explanations. The Youth Entitlement research does, however, suggest the importance of a careful early focus on such trade-offs to assure that the key policy issues receive the appropriate priority.

The other major methodological problem is the brief post-program period. The extension of the job entitlement from a minimum of six months in the original legislation to two and one-half years, plus the additional transition

year, had a related effect on the analysis sample and design. It shifted the focus to youths 15 and 16 years old at program start-up, which, in turn, reduced the post-program follow-up, since most of these youths continued to be eligible for the program during the transition year. While the transition year findings provide evidence of the stability of the post-program impacts, the data are not conclusive. Given the substantial magnitude of the measured impacts for this sample, particularly compared to those estimated for other programs and to this program's relatively low unit costs, the duration of post-program impacts remains a critical open question.

## Conclusions

**The data collected in the Youth Entitlement study provide a vivid portrait of the problems facing poor, minority youths: high dropout rates from the schools, involuntary high unemployment, educational deficits, and teenage pregnancy. Many of these youths needed more than the Youth Entitlement job guarantee and the traditional educational system could offer. This was the case for school dropouts, for whom other approaches are suggested. But other youths could benefit from the program. For the 76,000 youths who worked in the program, a key need was a job.**

**Before the study on Youth Entitlement, the appropriate response to the growing gap between black and white youth employment rates was unclear. Would targeted job creation make a difference? Could adequate jobs be found? Would the youths take them?**

**We now have convincing evidence that the employment deficit is not of the youths' making. The shortage is jobs, not motivation. The achievements of Youth Entitlement stand as evidence against a complacent acceptance of the deteriorating employment situation facing most poor youths. It is possible to reverse this, and in a way that will not only increase short-term equity, but yield longer-term benefits as well.**

## Footnotes

1. CETA, the Comprehensive Employment and Training Act, enacted in December 1973, was the nation's principal manpower training program. Operated through state, county, and local units of government, CETA provided job training and public service employment to disadvantaged youths and adults, and included the large-scale summer youth employment program. The program was replaced by the Job Training Partnership Act (JTPA) in 1983.
2. Unless otherwise noted, the material in this summary is drawn from the following major reports:  
Ball, Joseph; Gerould, David M.; Burstein, Paul. *The Quality of Work in the Youth Entitlement Demonstration*. New York: MDRC, 1986.  
Ball, Joseph; Wolfhagen, Carl. *The Participation of Private Businesses as Work Sponsors in the Youth Entitlement Demonstration*. New York: MDRC, 1981.  
Diaz, William A.; Ball, Joseph; Wolfhagen, Carl; with Gueron, Judith; Sheber, Stephanie; Widman, Albert. *Linking School and Work for Disadvantaged Youths, The YIEPP Demonstration: Final Implementation Report*. New York: MDRC, 1982.  
Farkas, George; Smith, D. Alton; Stromsdorfer, Ernst W., Trask, Gail; Jerrett III, Robert. *Impacts From the Youth Incentive Entitlement Pilot Projects: Participation, Work and Schooling Over the Full Program Period*. New York: MDRC, 1982.
3. The full analysis of post-program impacts is reported in: Farkas, George; Olsen, Randall; Stromsdorfer, Ernst W.; Sharpe, Linda C.; Skidmore, Felicity; Smith, D. Alton; Merrill, Sally. *Post-Program Impacts of the Youth Incentive Entitlement Pilot Projects*. New York: MDRC, 1984.
4. See Farkas et al., 1984, Chapter 1.
5. See The Board of Directors, Manpower Demonstration Research Corporation. *Summary and Findings of the National Supported Work Demonstration*. Cambridge, Mass: Ballinger Publishing Company, 1980.
6. See Farkas et al., 1984, Chapter 5.
7. The large sites were Baltimore (one-third of the city), Boston (four school districts), Cincinnati (entire city), Denver (entire city), Detroit (five high schools), King-Snohomish (two counties, including the city of Seattle), and Mississippi (19 counties).
8. Initial requirements were that the youths reside in the demonstration area and be 16 to 19 years old, have not completed, but be enrolled in, high school or a program leading to a General Equivalency Diploma (GED), with family income at or below the poverty level or whose family was receiving welfare. Ongoing requirements included being within the correct age range, school attendance and performance, and appropriate income and residency.
9. See Farkas et al., 1984, Chapter 2.
10. See Diaz et al., 1982, Chapter 3.

11. See Ball et al., 1980. The U. S. General Accounting Office reached similar conclusions on the quality of Youth Entitlement worksites. See *CETA Demonstration Provides Lessons on Implementing Youth Programs*. Report by the Comptroller General to the Congress of the United States. Washington, D.C.: General Accounting Office, December 8, 1980.
12. See Ball et al., 1981.
13. See Leiman, Joan. *Quality Control of Eligibility: Results of a Pilot Project, Youth Entitlement Demonstration*. New York: MDRC, 1980.
14. See Diaz et al., 1982. Chapter 6.
15. Cost constraints limited the study to these four sites, which were chosen to include both urban and rural areas and to provide a range of geographic and local conditions.
16. The selection of comparison sites systematically aimed to obtain the closest possible match for each of the Youth Entitlement sites chosen for the evaluation. Pairs were matched on the following dimensions:
  - Population
  - Size of labor market
  - Population growth, 1970-75
  - Unemployment rate
  - Labor market distribution of jobs
  - High school dropout rate
  - Ethnic distribution, particularly of the youth population
  - Characteristics of the poverty population
17. For example, on average, over eight months of follow-up information is available for youths in program sites who became ineligible for Entitlement jobs as a result of high school graduation. Obviously, the average time since they last participated would be even longer.
18. This sample excluded youths who were high school seniors in the spring of 1978.
19. When Youth Entitlement was first enacted, the program period and job entitlement were both shorter. As the entitlement and operational period were extended, the greater relevance of the younger sample increased.
20. For further discussion, see Farkas et al., 1984. In fact, the results for the full 15- and 16-year-old sample are quite similar to those for this reduced sample, with the exception of the estimates of impacts on school enrollment.
21. The baseline survey was conducted by Mathematica Policy Research, Inc., and the follow-up surveys by Abt Associates, Inc.
22. The employment rate is the ratio of the number of employed persons in a given group to the total number of people in that group (often called the employment/population ratio). It is calculated for Youth Entitlement by taking the number of weeks employed as a proportion of the total number of weeks that the youth could have been employed, which is equivalent to the percent of the sample employed in any given week.
23. In this and other tables, the data are regression adjusted. Comparison site means are the predicted values for youths in the program sites in the absence of Youth Entitlement and are calculated using the characteristics of program site youths. For further details, see Farkas et al., 1984, Chapter 2.
24. That is, 60 percent of Youth Entitlement jobs represented job creation and 40 percent displacement of other disadvantaged youths from jobs that would have been performed anyway. While this rate of job creation is relatively high, it does not include the potential displacement of non-eligible youths or adults by program participants. For a detailed discussion of how these rates were calculated, see Farkas et al., 1982, Chapter 5. These results are similar to those found in two other Youth Entitlement studies which used a different methodology. See Ball et al., 1981; and Gould, William; Ward, Michael; Welch, Finis. "Measuring Displacement: A Field Monitoring Approach." Santa Monica, California: Unicon Research Corporation, December 1982 (unpublished).
25. Separate data are not presented for Hispanics, since almost all of these youths were located in Denver and affected by the implementation problems at that site.
26. These participation data are actually for all young blacks, including a small number in Denver and Phoenix.
27. See Farkas, et al., 1984, Chapter 4, for a discussion of this calculation.
28. In addition, supplementary analysis of employment rates for a subsample of black youths who were ineligible for the transition year program because of high school graduation suggests that Youth Entitlement's post-program impacts continued unchanged over a longer observation period. See Farkas et al, 1984, Chapter 4.
29. Moreover, data from the youths who were aged 17-19 when the program began and were followed until they were older suggest the ultimate dropout rates will be higher, as the remaining youths in school fail to graduate.
30. A separate analysis, using a somewhat different approach for the same sample, did find a small (2 percent) statistically significant, positive effect on school enrollment. While individual estimates vary slightly, they support the conclusion of zero to small school enrollment effects. See Farkas, George; Smith, D. Alton; Stromsdorfer, Ernst. "The Youth Entitlement Demonstration: Subsidized Employment with a Schooling Requirement." *Journal of Human Resources*, Fall, 1983.
31. In fact, there is some indication of a negative effect on college enrollment, although this finding seems less reliable.
32. Farkas et al., 1984, Chapter 5.
33. See, for example, Farkas, George; Smith, D. Alton; Stromsdorfer, Ernst; Bottom, Christine. *Early Impacts from the Youth Entitlement Demonstration: Participation, Work and Schooling*. New York: MDRC, 1980; and Farkas et al., 1982.

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Manpower Demonstration Research Corporation. **THE YOUTH ENTITLEMENT DEMONSTRATION PROGRAM: A SUMMARY REPORT ON THE START-UP PERIOD OF THE YOUTH INCENTIVE ENTITLEMENT PILOT PROJECTS, 1979.**