

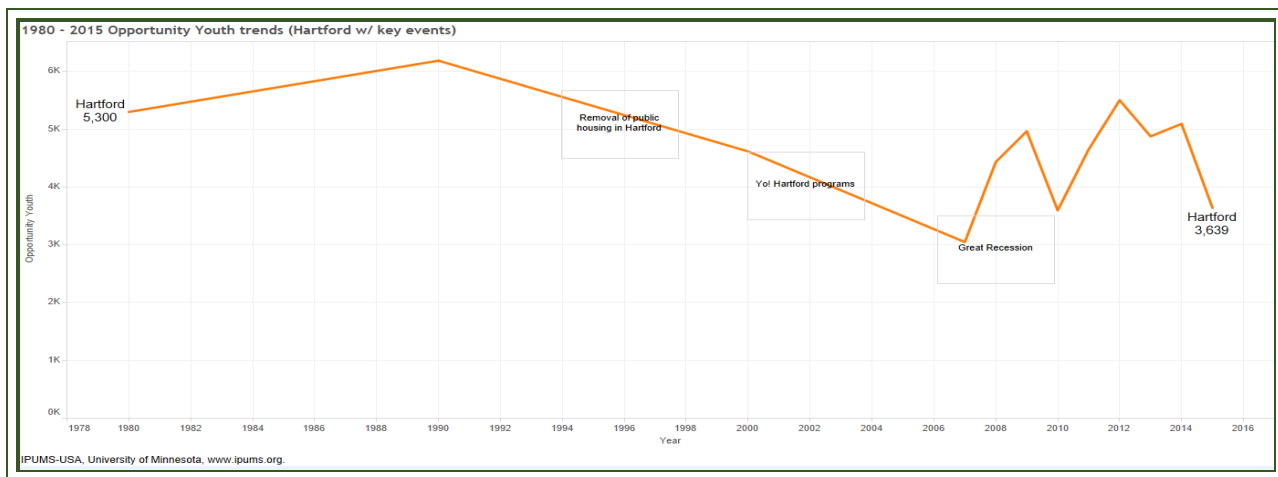
Hartford Opportunity Youth Collaborative

Policy Issues Related to Recent State, Federal Budget Issues

Focus: what impact will federal and state cuts have to Opportunity Youth in Hartford?

I. Background

There is compelling evidence¹ that recent budget inaction and decisions will result in increases in the population of Opportunity Youth in Hartford, which could significantly worsen over the upcoming year. This would reverse the trends of recent years where progress has been made in decreasing the number of Hartford Opportunity Youth to under 4000 individuals. Opportunity Youth are defined as 16 – 24-year-olds that are not at work and not in school, represent untapped human potential, where returning to school or work can reduce public expenditures, stabilize communities, and help keep jobs and revenues in Connecticut. Recent and projected state and federal budget cuts will lead to diminished capacity to support Opportunity Youth (OY) in Hartford and history shows that when investments in opportunity youth decline, the number of opportunity youth increases (see chart below).² This tacit, distressing trend will likely add to the persistent, chronic structural poverty existing in many Hartford communities.

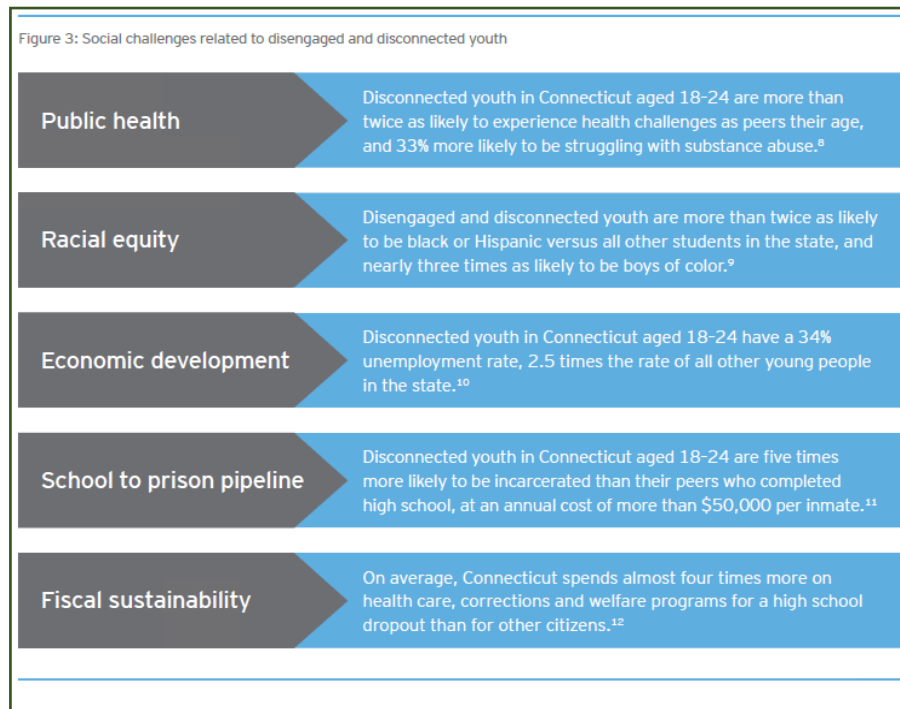


The Hartford Opportunity Youth Collaborative (HOYC), a collaboration of over thirty agencies which serves Hartford's Opportunity Youth (OY), has engaged in a preliminary review of budget impacts on OY services in Hartford that demonstrates impacts in multiple areas: education, workforce development, support services, juvenile justice and economic development, and recognizes the largest OY subgroups, including: Justice-Involved; Young Parents, Young Men of Color and Homeless. We estimate that proposed state budget cuts will reduce funding to members of the Hartford Opportunity Youth Collaborative by more than 10 percent, a reduction of over 3-million dollars. This is a preliminary analysis, and not exhaustive of all programs.

¹ The research was undertaken by Capital Workforce Partners, Hartford Opportunity Youth Collaborative Members, City of Hartford, Hartford Foundation for Public Giving, United Way of Connecticut, Partner Organizations of the State of Connecticut, Connecticut Association of Human Services, Voices for Children, Center for Law and Social Policy and other contributors.

² Analysis of American Community Survey data for HOYC, via ipums.org. The chart shows that the OY population decreased during public-private fund infusions: 2000-2005 with the YO-Hartford Program and the 2009-2011 with ARRA OY programs, and recently through the Hartford Opportunity Youth Collaborative. The methodology utilizes estimates that might require further validation, with some uncertainty for the 2012 results, due mostly to a larger number of people at that time who were out of the labor force. At this time, however, this is the best source data available to chart some of the trends occurring with the Opportunity Youth population.

The implications of reduced investments and increased numbers of Opportunity Youth will exacerbate the state’s fiscal condition. In the Parthenon EY Report the following Figure 3 clarifies the implications.³ In the Economic Value of Opportunity Youth 2012 Report⁴ it is estimated that each opportunity youth imposes – an immediate tax burden of \$13,900 per year and an immediate social burden of \$37,450 per year. After each opportunity youth reaches 25, he or she will subsequently impose a future lifetime taxpayer burden of \$170,740 and a social burden of \$529,030.



II. Review of Major Public Sector Funds (Federal, State) Impacting Opportunity Youth

A. Educational System

Students without High School Diplomas: one out of four Hartford ninth graders drop out of school before 12th grade. These students rely on adult education programs and ‘bridges’ to post-secondary education, often at a cost per student of under \$2,000, compared to \$16,000 per student for an in-school student. The following table lists local and federal cuts that impact these services:

Description	Budget impact	Source of Funds
Adult Education	Flat funded in State Budget	Governor’s Resource Allocation Plan
GED Online Training - innovative models for GED completion	Eliminated from Title II SDE Grants	WIOA Title II Federal
Vocational High-School System	3 – 6% cut	Governor’s Resource Allocation Plan
Afternoon and Evening Youth & Adult Vocational Training	\$3.5 million bond authorization in FY16, partially implemented	State Department of Education (Vocational) State OPM Bond Commission
Department of Corrections Adult Education	Loss off 50% of Adult Education Instructors in Past Five Years	State Department of Corrections District School/Adult Education

³Untapped Potential: Engaging all Connecticut Youth; September 2016, Parthenon-EY Education practice Ernst & Young LLP, p.14.

⁴ Economic Value of Opportunity Youth, December 2012, In association with Civic Enterprises with support from the W.K. Kellogg Foundation for the Corporation for National and Community Service

Hartford Students with High School Diplomas, but many with Remedial Needs often begin post-secondary education within the community college system. Almost fifty percent of Hartford students enter the community college and state university system, where about 2 out of 3 are required to take developmental courses. (12 percent of 11th graders in Hartford Public Schools met or exceeded state goals in Math in 2014.) Remedial courses cost money and delay graduation for students. At Capital Community College, 51 percent of students pass mathematics remedial courses; resources to support students at embedded and intensive levels have been reduced in the new fiscal year. Students who do not graduate may become demoralized or take on loans that they cannot pay back. Research from the Federal Reserve Bank of Boston suggests that ‘borrowers from disadvantaged backgrounds are more likely than other borrowers to be delinquent and to default on their student loans,’ in part because of difficulties finding work post-graduation.⁵ A series of earlier rescissions did result in educational assistants (tutors, student support aides) and student labor positions being reduced.

Description	Budget impact	Source of Funds
Community College System	\$35 million proposed cut, with potential to increase to \$90-million. (statewide)	Governor’s Resource Allocation Plan
Remedial and bridge supports to college (ex. embedded tutoring)	Budget cuts this year, staff reductions followed. Considerations for some restoration through State Block Grant.	State (authorized by PA-1240)
Federal Supplemental Educational Opportunity Grant Program	Elimination Proposed	Proposed Federal Budget
Federal Work Study Program	\$500 million (total)	Proposed Federal Budget
FPL program	Possibly will expire	Proposed Federal Budget
Pell Grants	Inflation adjustment not extended to Grant Maximum (\$165 increase per grant)	Proposed Federal Budget
Interest Subsidy for Students	Elimination Proposed	Proposed Federal Budget
SNAP ET funding for non-credit certificate programs	Significant Reduction Proposed	Proposed Federal Budget

Student financial aid from Capital Community College shows that 91% of full-time students receive some form of financial aid (Pell etc.) and 64% of all undergraduates qualify for some form of aid. Any reduction in financial aid will have a direct adverse effect on student retention.

- B. **The Workforce Development System** serves a considerable number of youth in the Hartford region, where presently eliminated up to 400 youth for summer employment, 50 ex-offenders for Second Chance IBEST, dozens for Jobs Funnel training and employment, and more through cuts to other job training and outreach programs. These programs serve as prevention, enrichment, bridges to career readiness, job training and placement opportunities.

⁵ [Clifford, Robert. Student Loan Debt, Delinquency and Default: A New England Perspective. New England Public Policy Center Research Reports, 2016.](#)

Description	Budget impact	Source of Funds
Summer Youth Employment and Learning Program	Reduction - \$800,000 (400 youth in Hartford)	Governor's Resource Allocation Plan
Second Chance IBEST Program	\$1,200,000 (50 18–24 year-old ex-offenders) budget inaction	Governor's Resource Allocation Plan
Jobs Funnel	Eliminated - \$100,000	Governor's Resource Allocation Plan
Jobs First Employment Services (JFES)	Reduction – 2%	Governor's Resource Allocation Plan
Two-Generation Pilots	Eliminated (25 families)	Governor's Resource Allocation Plan (Department of Labor)
WIOA Youth – career enrichment and bridging	40% cut in proposed federal budget (\$900,000 to Hartford region), some local cuts	Proposed Federal Budget (WIOA)
Jobs for the Future Opportunity Works	Expires at end of 2017, provides \$540,000 locally	Social Innovations Fund (Federal)
Career Pathways Programs (Promise Zone)	Expires (\$500,000 locally)	Proposed Federal Budget
Performance Pilot Partnership (P3)	New \$150,000 for 100 youth in Promise Zone	Proposed Federal Budget
Youth Service Corps	Sustained funds for 200 youth in 2017-2018	Private funders
Reentry Juvenile Justice Grant (Our Piece of the Pie)	New \$400,000 / year grant	Department of Justice

The table also outlines some new federal funds that will augment resources to opportunity youth, through a mix of federal and private funds. The majority of these services will be in the North Hartford Promise Zone.

- C. **Youth Social Assistance, Health, Mental Health, Child Care and Housing Supports** reach many opportunity youth, but as the Connecticut Voices for “Children’s Budget” reports have shown, “state budgets have reflected a large shift in Connecticut’s focus away from young people. Two decades ago, nearly 40 percent of the budget went to young people. Today, only 29.5 percent goes to the young, threatening the longstanding exchange among generations, whereby each generation invests in its children with the expectation that those children will prosper and take care of it in old age.⁶” Some of the services threatened in the current state and federal budgets include:

Description	Budget impact	Source of Funds
DMHAS Employment Opportunities	15% cut (\$123,000 to HOYC members)	Governor's Resource Allocation Plan
DOH Housing and Homelessness	\$4.5 million	Governor's Resource Allocation Plan
DMHAS Housing	\$5.4 million	Governor's Resource Allocation

⁶ Connecticut Voices for Children Children’s Budget Report 2017

Supports and Services and Homeless Youth		Plan
Care4Kids	\$33 million statewide	Federal funds to Office of Early Childhood

In regard to **homelessness** there are an estimated 853 homeless youth in Hartford, who will be impacted by \$4.5 million in cuts. Recent reductions in Care4Kids prompts the question of whether young parents may drop out of work due to funding cuts. Hartford enrollment in Care4Kids decreased by about 500 enrolled children since May 2016,ⁱ with the potential that many parents are either relying on neighbors or family members to provide care for the children, or are exiting the workforce.

- D. **Justice Involved & Youth Protective System-Involved** youth are served by a variety of programs that are also facing significant reductions in resources to support OY reentry (for those returning from incarceration), including behavioral health programs, youth Development, workforce development including internships and academic services.

Description	Budget impact	Source of Funds
Behavioral Health Programs	Reduced funding	State (through Court-Supported Services Division)
STRIVE Core Services	\$200,456 elimination	Governor’s Resource Allocation Plan
Penn-Foster Online High School Diplomas ⁷	\$257,550 reduction to Our Piece of the Pie	Governor’s Resource Allocation Plan
Individual Development Accounts	Same	Governor’s Resource Allocation Plan

- E. **Economic Development** is linked to opportunity youth as key industries in Connecticut continually cite difficulties finding sufficiently trained workers to fill jobs that require at least some college coursework. State investments are critical to training unemployed individuals to meet this employer demand.

Description	Budget impact	Source of Funds
STEP UP Training and Employment Program	Program reduced to minimal status	Governor’s Resource Allocation Plan
CRDA Young Fellows Program	\$500,000 no action taken on approved OPM funds	Approved by State Bond Commission, funds currently inaccessible

There are also new opportunities to link with economic development, such as the start of classes at the downtown campus of University of Connecticut in the fall of 2017, with new employment and training opportunities.

⁷ Note: 85% of these youths continued with OPP past their one year commitment to this funding.

III. SUMMARY

There is compelling evidence that conditions are trending toward increases in the population of Opportunity Youth in Hartford, and this could significantly worsen over the upcoming year. Tightening of the labor market may absorb some youth, yet potentially at low wages or without opening up additional career pathways supporting ‘good jobs.’ Given the breadth and depth of the cuts, we prioritize several areas for immediate attention, discussion, and action -- including the following:

1. **Workforce:** Passage of a new budget should include restoration of employment/training resources for this population. This includes restoring the **State Youth Employment Program, Second Chance IBEST Program**, and considerations of extending the **Apprenticeship, STEP UP, SNAP ET, JFES Subsidized Employment training funds** targeting OY. Existing, but dormant pools of funds from CRDA, Vocational Training Bond funds need to also be acted on. Inaction on the CETC recommended Industry Partnership Training funds needs addressing. Active attention to proposed federal budget cuts to WIOA must be given attention by the CT federal delegation.
2. **Education:** The fragmentation between adult education and higher education is a challenge that has yet to be resolved, and should be made a priority for action. College access, bridge and remediation programs have been given less attention despite high need. Connecticut lags behind other states such as Washington, Maryland, Georgia, Michigan and other states which have recently enhanced contextualized education models to support credit-based and industry-recognized credentials for middle skills attainment. Early college can increase the retention of in-school youth, and have also lagged in support. CT’s inattention to the New Skills for Jobs Initiative by JP Morgan Career Pathways initiative left CT behind all other NE Region in gaining these resources to prevent more OY. Active attention to proposed federal budget cuts and changes to **Pell, SNAP ET, Federal Student Loans** must be given attention by CT federal delegation.
3. **Support Services:** The Care4kids program needs to be restored to support young parents. The waiver for JFES should be extended to other WIOA and related populations to be eligible for Care4kids slots. Additional attention to behavioral health, homelessness supports and other support services need attention.

The implications of budget cuts to Hartford’s OY programs will create immediate increased pain, interruption, and challenges to OY, while the long-term implications are even more devastating. As indicated in a recent document released by Aspen Institute, “youth and young adults under 25, particularly youth of color, experience higher unemployment rates than adults. The costs of disconnection from education and the labor market are high, resulting in loss of individual lifetime earnings and costs to taxpayers. There are additional social burdens associated with disconnection, including increased likelihood of negative outcomes (such as incarceration) and reliance on government supports.”

A year ago, the Parthenon-EY 2016 report, warned that “in a state where some estimate a structural deficit of around \$1 billion per year, there is about that much lost from the budget each year due to the collective failure to meet the needs of disengaged and disconnected youth.’ The present state and federal budgets inaction fails to heed this warning.

Immediate action needs to occur to support the positive results for youth, families, communities and business and industry that occur when Opportunity Youth get reconnected to career pathways and achieve success. This is a critical turning point for the Hartford Opportunity Youth Collaborative to respond.