



**CHANGES FOR INCREASED FUNDING**

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BTM 119

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## Executive Summary

As a growing non-profit organization working to help students achieve their goal with no cost for education, Year Up could work on expanding personalized resources for all incoming students to ensure inclusion and financial security throughout the program. Since the year 2000 when it was first founded, Year Up has worked to ensure full support to students of different backgrounds, income, or academic levels ensuring reasonable access to education opportunities and stipends to help with basic expenses. Nevertheless, with all the economical advancements and challenges we have been facing in the last couple of years, it has been very hard for students to have a stable income let alone have no job to support themselves to attend school or programs full time. With this in mind, our report focuses on finding different approaches to accessing extra resources and measures that Year Up can use to expand on their funding, eventually providing full financial security for their students(YearUp).

### Key Points:

- Year Up can certainly find ways to utilize its interest in helping students to gain more investments or open funding options for students based on different aspects such as the programs offered, or categories that could pertain to specific students. Considering that the amount of the stipend provided by Year Up is low and does not replace the amount a full job could potentially give, Year Up could start by initiating fundraising events that work with bigger companies to help raise funds that target specific programs.
- Year Up is an organization that works with schools and colleges to offer different career paths, it could also set up membership programs that they could use to partner with bigger companies and corporations to help students build wealth before their internship. This in turn could allow students to have time to build stronger relationships with these companies and be more involved with community building.
- Year Up could also work with financial advisors or allow for volunteering alumni to help mentor current students on learning to budget and be financially stable while going through the program. Year up works with over 250+ corporate partners to drive donations and create scalable solutions to increase funding, therefore with a little drive on expanding those means, Year Up could meet the goal of providing financial security to all its students attending.

## Introductions

YearUp's mission to fill the opportunity gap for students of lower socioeconomic status was first initiated by the Pathways for Advancing Careers and Education (PACE) project. The objective of this research was to determine how effective career path programs such as YearUp are. Students at YearUp are trained to refine their professional, communication, and technical skills.

Throughout a span of a year, the student cohort will receive a stipend income of less than \$25,000, this includes during and after the program. According to this research Abt Associates' conservative cost-benefit analysis concluded that every \$1.00 spent on Year Up results in a gain of \$1.66 to society—in other words, a \$100M investment in Year Up could generate a return of \$166M. (YearUp, 2021) This approach of generating a significant return to society does not reflect the students' needs, the framework induces the struggle to make basic needs, individualism, and lack of adequate resources.

The demographic YearUp chooses to represent are ages 18-27 characteristics of the PACE study found that most Year Up participants are members of racial or ethnic groups that face discrimination in the labor market. When students applied to Year Up, 81% of participants lived with a parent or guardian, a higher percentage than for the overall population of young adults. 35 percent attended college at some point. Only one individual had obtained an associate's degree, and only six percent had attended college during the semester immediately prior to applying to Year Up. (Heinrich, n.d.) The research statistics above show a neglect for the issue that can be improved at YearUp and other Pathway programs. YearUp's mission of "equitable access to economic opportunity, education, and justice for all young adults—no matter their background, income, or zip code" should be placing a larger value on the young adults in the program. Poverty is expensive. The current model of relying on committed partners is an inconsistent program model and, in any instance that a couple of company partners stop working with YearUp, opportunities for students will be limited. The value system that YearUp places on their interns is not sufficient. (Fein, [https://www.yearup.org/sites/default/files/2019-03/cpioscalingupyearup\\_b508.pdf](https://www.yearup.org/sites/default/files/2019-03/cpioscalingupyearup_b508.pdf), 2016)

The need for more opportunity is not lacking but is surprisingly the alienation and dismissal of students of color, low-income, and others. Oftentimes there is a biased belief that this demographic of students is not skilled enough; this is an assumption. Upon reviewing the data, investing in students as they are instead of what they can contribute after the program can help invoke a holistic approach to YearUp. YearUp's funding mechanisms are too closely tied to the demand their corporate partners have which disengages the non-profit from their core mission to support young adults. Increased funding to allocate more stipend funds to students can target more students that will make a greater impact in their family towards generational wealth.

<b>Figure 1. Characteristics of Study Participants</b>	
<b>Gender</b>	
Male	57%
Female	43%
<b>Age</b>	
18 to 21	72%
22 to 24	28%
<b>Race</b>	
African American or Black	50%
Latino	34%
White	5%
Asian	3%
Other	7%
<b>Highest Degree</b>	
GED	14%
High School Diploma	85%
Associate's Degree	1%
<b>Work Experience</b>	
Ever Worked for Pay	88%
Working at Time of Application to Year Up	43%
Held Longest Job for Less Than One Year	58%
Median Hourly Wage in Longest Job	\$8.25
<b>Other Characteristics</b>	
English is Not Primary Language	15%
Not a U.S. Citizen	8%
Have Children	9%
Convicted of a Crime	8%
Live in Public Housing	18%
<i>Note: Table includes both treatment and control group members. [ N=164]</i>	

(Roder & Elliott, 2011)

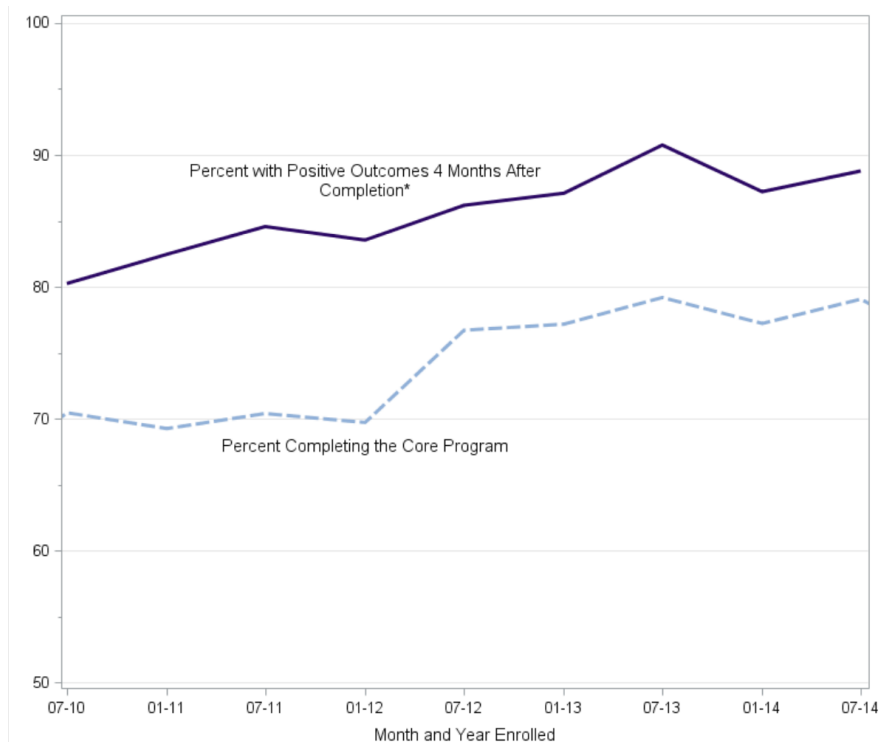
## Discussion

Year Up's main mission as a non-profit organization is to help young adults get access to opportunities and train them to gain the skills and experience that they need for them to reach their full potential. As the opportunity divide is huge in the states, even though many young adults have the motivation and inspiration to reach higher places and get a professional career, the lack of educational opportunities has hindered that. That said, YearUp has been working to achieve its mission as an organization "through a high support, high expectation models that combines marketable job skills, stipends, internships, college credits, a behavior management system and several levels of support to place these young adults on a viable path to economic self-sufficiency". (YearUp, n.d.). The 2019 Year Up financial statement revealed that in the fundraising mix, out of all the donations being made, corporations only contributed 7% of investment and the government gave 1 %. While funds raised from individuals was 41% and funds raised from foundations was 51% (Fein, [https://www.yearup.org/sites/default/files/2019-03/cpioscalingupyearup\\_b508.pdf](https://www.yearup.org/sites/default/files/2019-03/cpioscalingupyearup_b508.pdf), 2016). If Year Up could work to find ways to increase their focus on creating ways that the government and cooperation can donate and invest more, the resources to provide for students would also increase drastically.

Investors and corporate partners are the variables that support YearUp, without the generous contribution of such individuals, change to bridge the diversity gap would not even be possible. In 2019, more than 4,700 young adults enrolled in YearUp to enhance their professional skills and find greater career opportunities. This was made possible through investors which also contributed to the growth of the program, allowing new sites to be open. The return to these investments was significant, statistics show that employer contributions covered 62 percent of the program's average cost of \$27,100 per student in 2015. (Fein, [https://www.yearup.org/sites/default/files/2019-03/cpioscalingupyearup\\_b508.pdf](https://www.yearup.org/sites/default/files/2019-03/cpioscalingupyearup_b508.pdf), 2016)

The results of the Year Up reports are quite impressive: 70 percent of students entering the program complete it, and only *qualified* students are placed into internships. Ninety-five percent of Year Up interns meet or exceed their internship manager's expectations, and 85 percent of program graduates are either employed or attending college full time within four months of program completion. Employed Year Up graduates earned about \$21 an hour on average, or approximately \$30,000 per year. However, what these figures do not tell us is how much of these results are attributable to the program, compared to what these highly motivated young adults would have achieved on their own. (YearUp, 2021)

## Trends in Selected Outcomes for the Year Up Core Program: 2010–2014



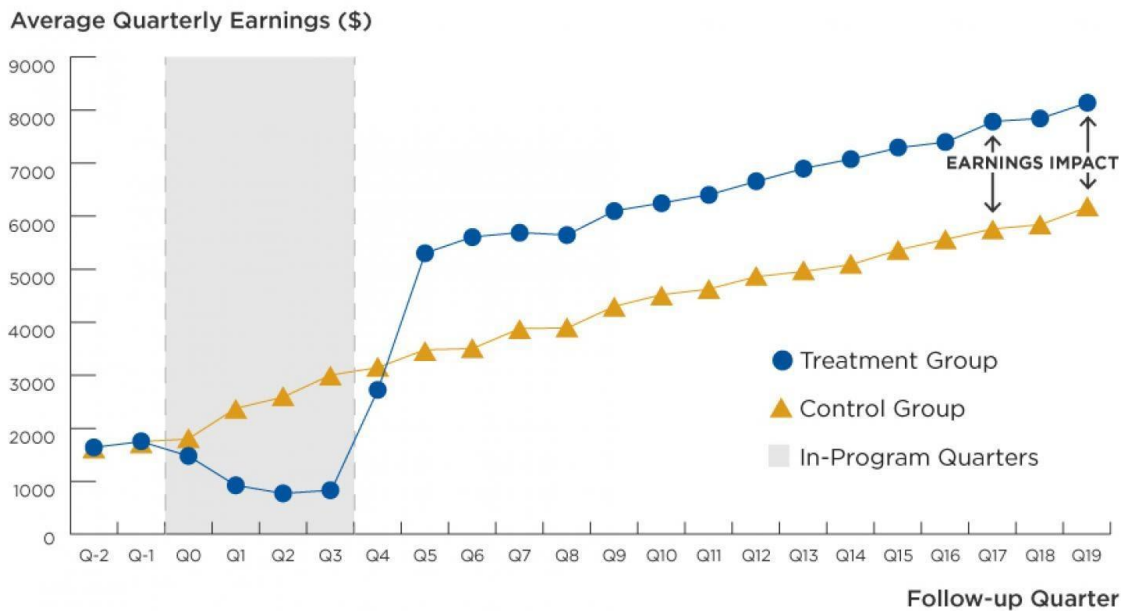
(Fein, [https://www.yearup.org/sites/default/files/2019-03/cpioscalingupyearup\\_b508.pdf](https://www.yearup.org/sites/default/files/2019-03/cpioscalingupyearup_b508.pdf), 2016)

Year Up is one of nine leading programs selected to take part in the federally sponsored Pathways for Advancing Careers and Education (PACE) Evaluation. This evaluation's purpose is to evaluate Year Up outcomes four years after graduation. In other words, to evaluate if Year Up really works. The report uses a randomized controlled trial of studies. The purpose of the research undertaken here was to evaluate whether Year Up was successful in increasing earnings and related outcomes, and whether its benefits exceeded its costs.

Confirming that Year Up generates the largest earnings impacts ever captured in an RCT, young adults who participated in Year Up earnings were 34% higher than for young adults in two control groups. This study focused on 4 years after these young adults completed Year Up. Analysis by Abt Associates calculated that every \$1.00 spent on Year Up results in a gain to society of \$1.66. This means that a \$100M investment made into Year Up generates a return of \$166M. Results show that Year Up was financially worthwhile for society as well as for participants. The net gain to society was \$15,349 per participant, that is the difference between a net benefit of \$38,484 and a net cost of \$23,135.

This analysis also calculated that society would see significant benefits even if Year Up was entirely government and foundation funded. Year Up led to reductions in public assistance

receipt, debt, and financial hardship. This analysis assumed an average return to employers of 50% of their average investment in interns, but it could be much higher given that employers may see a net gain. According to the study, corporate partners report that Year Up hires are a good source of new ideas, more productive in their positions, and add value enhancing diversity to the workplace. Several commented that Year Up interns often out-performed new college graduates, particularly on communication, motivation, and other soft skills. As defined by age, gender, race/ethnicity, high school grades, educational attainment, and training commitment, the earnings impact was significant for all eight Year Up locations included in the study and most importantly for every student subgroup.



(Fein, Dastrup, & Burnett, Still Bridging the Opportunity Divide for Low-Income Youth: Year Up's Longer-Term Impacts, 2021)

Four years out, most of these young adults are working full-time in targeted occupations at \$40,000 – \$59,000/year. Participants in the Year Up group accumulated over \$27,500 more in average earnings compared to the control group over the four years after the program despite having slightly slower rates of completing associate's degrees.

Overall, these reports show that Year Up actually works and is helping low-income adults find good jobs. More young adults would get these opportunities if the government could help with funding. These government funding could also empower young adults to participate in this program without having to worry about financial barriers. Additional funding has proven to substantially increase participants' earnings.

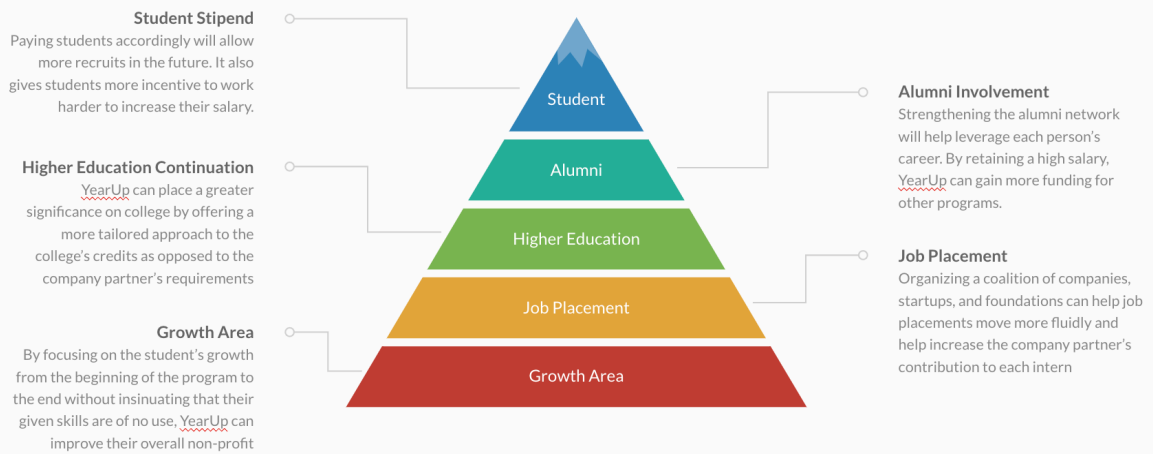


## Recommendations

1. YearUp Should consider a value system that can be used as a framework for allocating funds. At the top of the chain, students would be given priority. For YearUp to target the opportunity gap divide, they will need to reflect that in stipend funding by giving students an increase of at least \$500 per month. Then working to understand each student's needs by using their income to determine how much in stipend they will receive.
2. Create a mentorship program for Alumni to promote learning after the program and receiving a job. According to the PACE report it takes about 2 years after graduation for the average YearUp alumni to land a full time/noncontract work. Strengthening the resources provided to Alumni can help increase after program salary. YearUp can utilize various company partners to conduct mock interviews, technical interviews, and certificates provided by their company.
3. Factoring in the relationship YearUp already has with education, there is a potential of expanding from community college to four-year university that can foster more growth in funding. Currently, 35 percent of YearUp students have attended college at some point, and more than 85% of YearUp students graduated college. (Fein & Hamadyk, Bridging the Opportunity Divide for Low-Income Youth: Implementation and Early Impacts of the YearUp Program, 2018) Keeping this in mind, YearUp can encourage more students to obtain a degree by creating more opportunities with colleges they work with.
4. A company partner's membership of some sort would benefit companies that always outsource YearUp students for contracted positions. This way, YearUp students are almost always guaranteed help finding a job whether it may be short term or long term. Doing this would generate more income to YearUp, especially if students can use the coalition's resources year-round.
5. The last bar on the value system is the growth area, this does not mean the growth area is a lower value than the rest but more of how all these recommendations can be measured. YearUp should give students, alumni, and company partners a chance to come together and share their experiences. One way this could be organized is through an annual conference. All the variables that make YearUp: students, alumni, and company partners, come together to talk about how we can improve in each area.

## Value System: The Ultimate Investment

A new methodology to increase, improve, and recenter Year's funding model.



Created by Deborah Keme

## Conclusion

We would like to strongly encourage YearUp to try new things in pursuit of becoming a more versatile, accessible, and effective non-profit organization. By trying one or more of the recommendations presented here, YearUp could not only increase their enrollment nationally, thus serving their communities even more than they were before. On top of that, they would be able to offer a more inclusive and accessible service to their students. YearUp's statement for the future is "In the future, every young adult will be able to reach their full potential" and the recommendations given will be increasingly helpful in doing just that. (YearUp, n.d.)

It would be foolish to believe that this change can happen over a short period of time, so these should be a guideline for steps to take going forward to eventually reach the goal of becoming the best, most inclusive gateway for young people to reach a career in technical fields. This not only benefits YearUp's standing as an NPO, but also the field of technology in general. By having a constant influx of new professionals, new ideas and perspectives can make the future of technology more successful, diverse, and as all-inclusive as ever.

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## Appendix

<b><u>OVERARCHING GOAL:</u></b>	<b><u>Personalized resources for YearUp students to ensure inclusion and financial security throughout the program.</u></b>	<b><u>LOGIC MODEL DATE:</u></b>	<b><u>05/04/2021</u></b>
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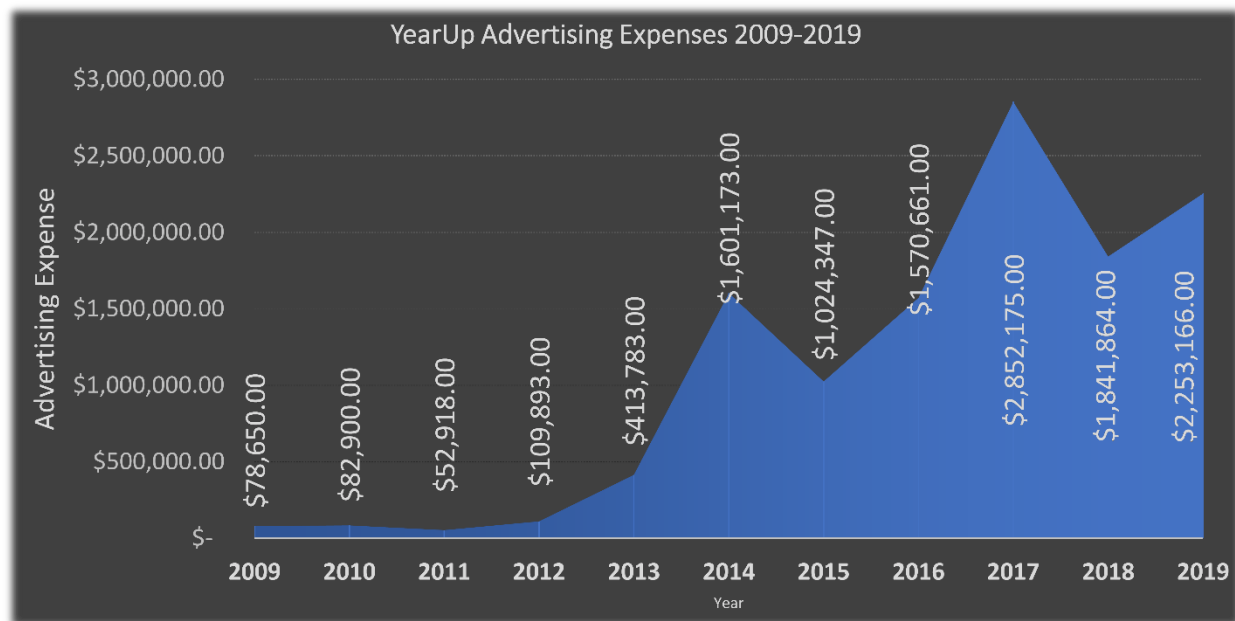
<b><u>INPUTS</u></b>	⇒	<b><u>OUTPUTS</u></b>		⇒	<b><u>OUTCOMES</u></b>	
<b><u>Mobilized Resources</u></b>		<b><u>Activities and Interventions</u></b>	<b><u>Specific processes to measure</u></b>		<b><u>Short-term outcomes and measures</u></b>	<b><u>Long-term outcomes reflecting program objectives</u></b>
<p>1. Salesforce (customer of YearUp since 2015, has hired 4,000 students from Year Up.) Heavily influenced in the education field</p> <p>2. Accenture: Goal to hire more than 50% of non-traditional educated</p> <p>3. Things to be called to action: Companies pay for intern even before they receive them not just after</p>		<p>1. Start a membership with all company partners to ensure that all interns and alumni of the year up always have access to a job.</p> <p>2. Set up a mentorship with year-up alumni working full time to make students more comfortable out of their experiences. whether it is for budgeting and/or jobs</p> <p>3. Partner with the state for stipends, to train young professionals that give back to the community</p>	<p>1. Companies with membership must hire at least 100 interns each year to fund current YearUp students.</p> <p>2. Create a financial class or elective to allow Financial advisors and year-up alumni to meet with current students and provide financial counseling.</p>		<p>1. Introduce YearUp partner companies to the membership program.</p> <p>2. Initiate fundraiser for this new program</p>	<p>1. Target a bigger audience of people coming from the lower socioeconomic class</p> <p>2. Help students build wealth even before their internship/full-time position</p> <p>3. Build stronger relationships with partners and work on community building together</p> <p>4. Inspire more companies to take an oath to help close the opportunity gap</p> <p>5. Diversifying the tracks/ more tracks</p>

### **ASSUMPTIONS (root cause analyses, prior learning/experience)**

- Our survey shows that ?? many students need more financial assistance than we provide
- Several students have “fired themselves” due to financial reasons. This sets back out plan to close the opportunity gap.
- Students are only able to use 10% or so of stipend

### **EXTERNAL FACTORS (barriers/facilitators)**

- There is a bias of students coming from a non-traditional background
- POC/women are less desired in the tech field



Source: (YearUp, n.d.)