



Youth Homelessness Break-Even Economic Study

April 6, 2016

A Growing Crisis:

Wilder Research estimates more than 4,000 young Minnesotans are homeless and on their own every night. According to Wilder's 2015 Minnesota Homeless Study, the fastest growing group of those experiencing homelessness is unaccompanied minors under age 18, increasing 46 percent between 2012 and 2015.

The Window of Opportunity:

As young people move through their late teens and early 20s, most complete their education or training, build social capital, enter the workforce and move toward financial independence. Youth experiencing homelessness fall behind in these crucial steps. Successfully intervening with homeless youth before they turn 25 is an essential window of opportunity.

The Study Goal and Study Population:

YouthLink retained Foldes Consulting, LLC, to conduct a rigorous economic study of the question - What is the break-even point for programs that support youth experiencing homelessness in their effort to become financially independent? How many homeless youth need to become self-sustaining to offset the costs of providing a full year's support and interventions to all of the youth?

A cohort of 1,451 clients served by YouthLink in 2011 were studied. The study found that an average of \$12,800 was spent per member of this group – or a total of \$18.6 million in 2011 – on supportive programs, including basic needs (e.g., shelter, public support payments) and transformative services (e.g., supportive housing, healthcare, education and job training supports).

The Key Findings:

- ✓ If just 89 of the 1,451 youth in the study cohort gain financial independence – only 6% of the group – Minnesota taxpayers break even on the total one-year cost of intervention programs providing supportive services to the entire group. In other words, **investment in the full group pays for itself when just 6% of the group achieves self-sufficiency.**
- ✓ Each person who remains financially dependent costs taxpayers \$248,000 between the ages of 16 and 64. In other words, if we fail to provide support to all 1,451 members of the group and they, as a result, remain dependent on taxpayer-funded programs (welfare, shelter, healthcare, interactions with the criminal justice system), Minnesota taxpayers face lifetime costs of \$360.1 million.
- ✓ The **social cost of lost opportunity is staggering.** When homeless youth do not get support that enables them to become self-sustaining, Minnesota will lose their economic productivity, the taxes they would pay from earnings and other social costs. The estimated social costs over the lifetime of the study group are \$613,000 per person, or a total of \$889.8 million for all 1,451 youth.

The Study's Authors and More Details:

The study was conducted by Steven Foldes, Ph.D., Principal of Foldes Consulting LLC and an Adjunct Associate Professor of Epidemiology and Community Health at the University of Minnesota, and Andrea Lubov, Ph.D., an economist and independent consultant. It was completed under contract with YouthLink, a Minneapolis-based nonprofit that supports homeless youth through the Youth Opportunity Center and a number of supportive housing programs. The full study is available at www.youthlinkmn.org/the-cost-of-homelessness. Contact Frances Roen at Roen@youthlinkmn.org with questions about the study.