

Minnesota's Investment Opportunity: Homeless Youth

Foldes Consulting, LLC, studied the economic burden of youth homelessness in Minnesota, focusing on the short- and long-term costs to taxpayers and society. The study examined the comprehensive costs of more than 1,400 16-to-24 year olds who were homeless or at risk of becoming homeless and who visited YouthLink in 2011. The full study can be found at www.youthlinkmn.org/the-cost-of-homelessness

Working to End Homelessness

On track to solve veteran homelessness in 2016 according to state officials

Homeless count down for first time since the Great Recession, according to the Wilder Foundation

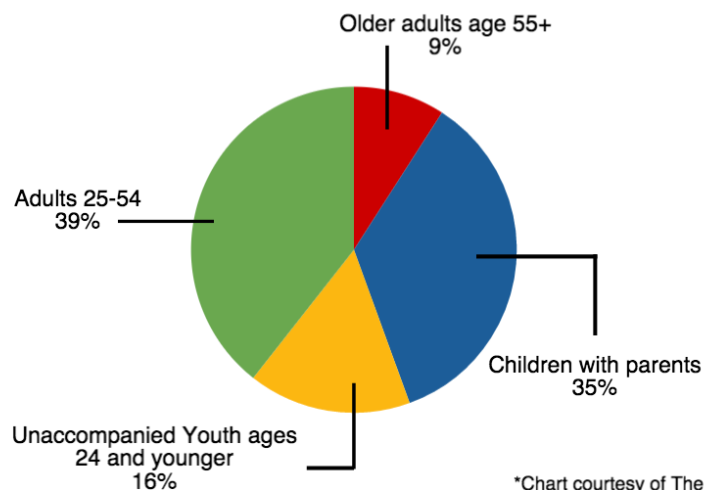
Legislation including the Safe Harbor Act and the Homeless Youth Act serve at-risk youth.

...but there is still work to be done.

Young People Still at Risk

On any given night, it's estimated that 4,000 Minnesota youth experience homelessness. According to the 2015 Wilder count, children and youth under age 24 are the most likely to be homeless. Overwhelmingly, homeless youth are people of color.

Number of Homeless Persons by Age Group*



*Chart courtesy of The Wilder Foundation

The Cost of Homelessness

The cost of supporting participants in the Foldes study group was \$18.6 million in 2011 or an average of about \$12,800 per person. That includes helping to meet their day-to-day needs through welfare transfer payments and other services, and supportive housing, healthcare, shelter, education and other transformative services. Foldes Consulting examined the data to identify the break-even cost – how many of the 1,451 people in the group would need to achieve financial self-sufficiency to equal the \$18.6 million? In addition, might there be significant savings for Minnesota taxpayers? Here are the numbers:



Compared to the general population, on average a 20-year-old member of the YouthLink cohort studied will impose an excess taxpayer burden of over \$248,000 and an excess social burden of \$613,000 over their lives.



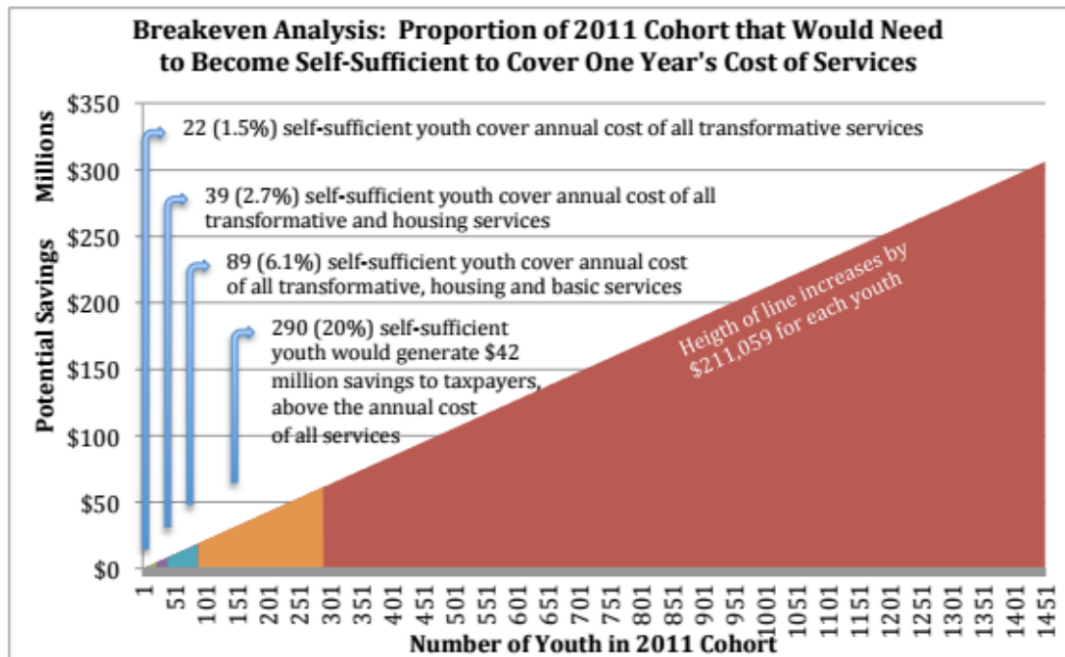
The study group of 1,451 teenagers and young adults would impose lifetime excess costs of more than \$360 million to taxpayers and an excess lifetime social burden of more than \$889 million if they continued on the same life course and failed to achieve financial self-sufficiency.

The Opportunity

The findings of the study are stunning. Equally as stunning though, are the break-even costs of investing in these young people as shown in the graph below.

The full year's intervention and support costs for the entire group can be covered if 89 youth (6.1 percent of the cohort) were to earn enough so that they no longer need any public support, beginning at age 20.


If just one in five clients of YouthLink were to become financially independent adults, the net present value of expected taxpayer expenditures that would be avoided over their lifetimes is an estimated \$61.2 million, exceeding the cost of funding all annual intervention and support efforts by \$42 million.





Source: Authors' calculations.


Minnesota's Challenge

Minnesota's overall economic forecast is positive, but it also highlights some unmistakable warning signs. Smart investments in Minnesota's homeless youth population could help.

 Despite a project surplus, the state faces significant demands on public funds, leaving less and less capacity for other pressing needs.

 The Minnesota demographer projects slow-to-no-growth in the state's labor force, reaching a low point of .1% average annual growth during 2020-2025.

 The long-term outlook suggests that by the early 2020s, Minnesota could return to the deficits experienced during much of the last decade.

 Many of Minnesota's schools, including the largest districts, are still not meeting goals to close the achievement gap in education by 2017.

Why Now

Minnesota is at a crossroads, and so are young people in this stage. While most of their peers are establishing themselves and forming educational, social and professional networks as independent adults for the first time, youth experiencing homelessness fall behind.



Putting adults on a path to financial independence before age 25 significantly increases their chance to lead a fully independent life.

Find the full study at www.youthlinkmn.org/the-cost-of-homelessness

St. Paul Pioneer Press analysis, Jan. 17, 2015; http://www.twincities.com/politics/ci_27336511/education-health-care-make-up-66-minnesotas-budget
Minnesota State Demographic Center; <http://mn.gov/admin/demography/data-by-topic/labor-force/>
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Minneapolis Star Tribune analysis, Feb. 17, 2016 <http://www.startribune.com/minneapolis-schools-not-closing-education-gaps-new-state-report-shows/368987671/>

