

Youth Guarantee in Trentino

Monitoring Report 2017 | 2

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Agenzia del Lavoro
Agenzia provinciale per la famiglia, la natalità e le politiche giovanili
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INTRODUCTION

This report contains information regarding the participation in the Youth Guarantee scheme in the Autonomous Province of Trento (PaT). The policy framework for the local scheme is provided by the EU-wide Youth Guarantee principle, endorsed by EU member states in April 2013. The main objective of Youth Guarantee is to ensure that individuals below 30 years of age receive a good-quality offer of continued education, apprenticeship, or a traineeship within a period of four months of becoming unemployed or leaving formal education, in order to improve their employability.

This is the eighth of 18 quarterly reports, which will monitor the implementation of the Youth Guarantee scheme in Trentino, Italy. The reports inform about the current state of program take-up and participants

characteristics. This report describes the situation as of March 31, 2017.

Each issue additionally provides a focus on a specific topic. This report's focus is on employment outcomes.

Youth Guarantee in Trentino

The initial interview represents the starting point of participation in the Youth Guarantee scheme in Trentino. Individuals who expressed interest via the national or regional Youth Guarantee website are contacted by the local Labor Agency (*Agenzia del Lavoro*) of the PaT to set up an interview date. Individuals who concluded such an interview are subject to monitoring and are further called “**program participants**”. Note that we explicitly exclude individuals registered via the website but not available for an interview appointment since they are obviously *a priori* not interested in participating in the program. Instead we monitor participants who drop out of the scheme at any step throughout the program.

If an individual decides to take part in one of the measures of the Youth Guarantee scheme, a **mutual obligation agreement** (*patto di servizio*) is signed, which states the type of measure chosen.

The PaT offers different types of measures within the Youth Guarantee scheme (see also *Deliberazione della Giunta Provinciale: May 26, 2014, no. 807*), which are implemented by external entities selected by a public call:

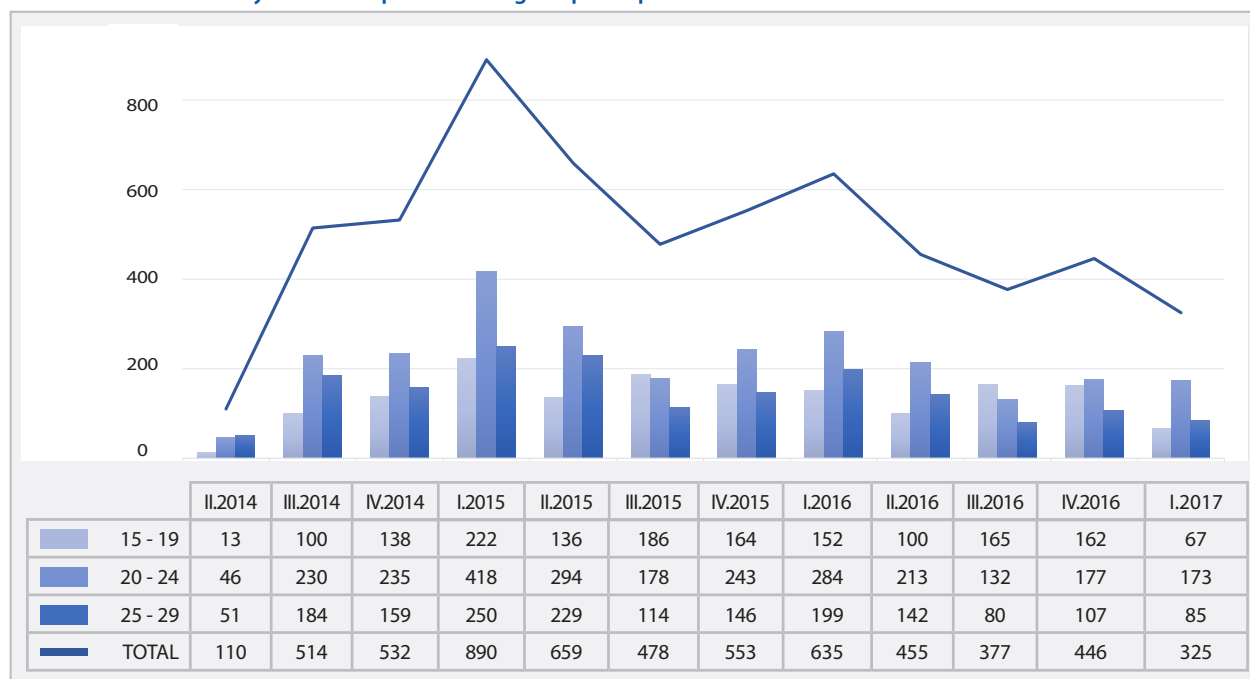
Track A Internship	<ul style="list-style-type: none">• individual orientation activities (up to 8 hours)• preparatory training (up to 26 hours, from 2016 extended to 60 hours)• internship (8 to 24 weeks)• phase of “accompanied labor market insertion”• first activities started on November 10, 2014
Track B Training and Internship	<ul style="list-style-type: none">• targeted to youth aged 15-25 holding a secondary school degree and graduated no more than two years ago• occupation-specific training courses (50 to 200 hours)• internship (16 to 24 weeks)• phase of “accompanied labor market insertion (from 2016)”• first activities started on February 2, 2015
Track C Apprenticeship	<ul style="list-style-type: none">• restricted to 15-25 year olds in possession of credentials corresponding to at least one year of vocational education• apprenticeship (up to two years) in combination with vocational training (up to 460 hours) to achieve a vocational degree (<i>qualifica or diploma professionale</i>)• first activities started on May 12, 2015
Track D Civilian Service	<ul style="list-style-type: none">• targeted to youth aged 18-28• activities in the civilian service (3 to 12 months)• first activities started on April 1, 2015

In addition to these pillars of Youth Guarantee measures, another measure concerns the so-called **bonus occupazionale**, which represents a monetary incentive for enterprises to hire program participants. This bonus was subject to discussion in the Monitoring Report 2017[1]; however, it is not discussed in this report. Similarly, the newly emerged Track E and the new track regarding self-employment administered at the national level are not part of the monitoring report.

As mentioned above, program participants are defined as individuals who concluded an interview with the local Labor Agency (Agenzia del Lavoro). Figure 1 depicts the number of interviews conducted for each quarter since program start, hence the number of program participants entering the scheme. Numbers for the second quarter of 2014 are relatively low since

the Agenzia del Lavoro of the PaT started conducting interviews in June 2014. In total, most interviews are conducted in the 20-24 age group, with the other two age groups being roughly on par. This formation of the 20-24 age group peeking over the other two age groups holds for most of the time. However, the 15-19 and 25-29 age groups are not always similar in size but

Figure 1
Number of interviews by interview quarter and age of participants



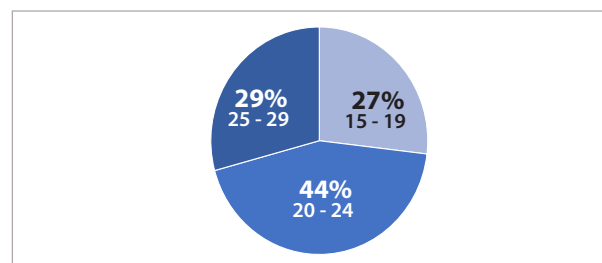
Source: own calculations based on data from the Agenzia del Lavoro of the PaT.

fluctuate with respect to each other. The total number of interviews spikes considerably with 890 interviews in the first quarter of 2015. This is 67% more than the average number of interviews per quarter (533 interviews; excluding the incomplete first quarter). Since then, the total number of interviews has dropped and risen again but depicts an overall downward trend. So far, the lowest number of interviews has been recorded with 325 interviews for the first quarter of 2017. This translates into 39% less than the average number of interviews per quarter (again excluding the incomplete first quarter). This record low can partially be explained by the absence of any activities for Track A during the last quarter. Therefore, NEETs who wanted to participate in Track A (internship) had no reason to sign up. Similarly, the previous record low in the third quarter of 2016 (377 interviews) can partially be explained by a temporary inscription stop for Track B. Nonetheless, the numbers of the second and fourth quarter of 2016 indicate, that these factors just exacerbate an overall downward trend.

On the whole, as displayed in Figure 2, by the end of March 2017 almost half of the program participants (44 percent) are 20-24 years old at program entry, followed

by the group of 25-29 year-olds (29 percent), and the youngest group of 15-19 year-olds (27 percent). The total number of participants in the Youth Guarantee scheme in Trentino amounts to 5,974 individuals, 1,605 15-19 year-olds, 2,623 20-24 year-olds, and 1,746 25-29 year-olds.

Figure 2
Share of total interviews by age of participants



Source: own calculations based on data from the Agenzia del Lavoro of the PaT.

Upon conclusion of the interview with the *Agenzia del Lavoro* of the PaT, participants decide whether to sign a mutual obligation agreement (*patto di servizio*). Signing the agreement entails the choice of one of the four types of Youth Guarantee measures offered in the Province of Trento.

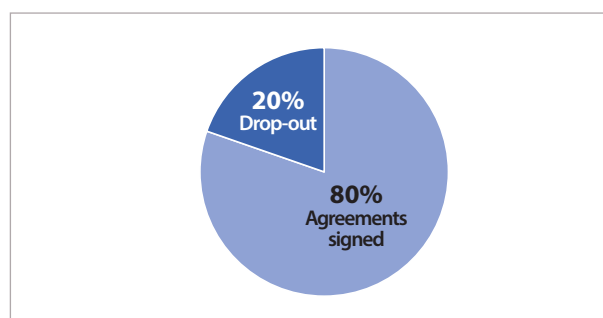
In this section, we provide an overview of the passage from the interview to the mutual obligation agreement, the characteristics of participants who signed such an agreement, as well as an outlook on the types of Youth Guarantee measures chosen.

From interview to mutual obligation agreement

At the passage from interview to mutual obligation agreement, ca. 20 percent of all participants choose not to sign an agreement and hence drop out of the Youth Guarantee scheme (see Figure 3). This amounts to 1,176 dropouts among the 5,974 participants from program start until March 2017. Hence, in the observation period, a total of 4,798 mutual obligation agreements have been signed in the Province of Trento.

There are several potential reasons for a participant to drop out of the scheme. First, participants who (re-) enter the labor market or the formal education system automatically drop out. Second, especially during the starting period of the program, participants dropped out due to long waiting times involved in the activation of their preferred measure, in order to re-enter the program at a later point. Third, participants can at any time drop out to participate in other activation measures provided in the Province of Trento, which are not part of the Youth Guarantee scheme, or for other

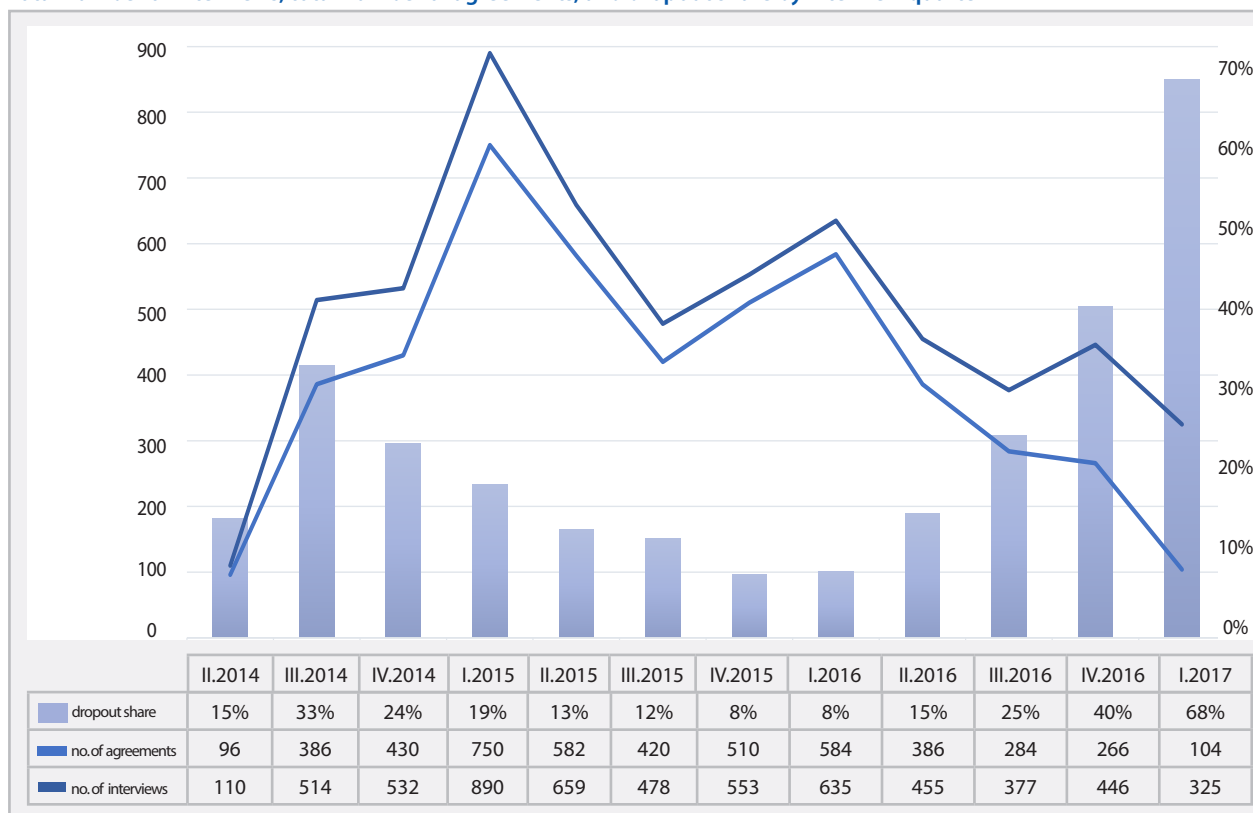
Figure 3
Share of dropouts in program participants at the passage from interview to mutual obligation agreement



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

reasons. Unfortunately, at this point, it is not possible to distinguish dropouts in terms of all the above-mentioned reasons. However, for the last quarter 193 of the 207 drop outs can be attributed to job interviews.

Figure 4
Total number of interviews, total number of agreements, and dropout share by interview quarter



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

Figure 4 reports the evolution of the number of interviews, number of agreements over the observation period by interview quarter, and shows (on the right axis) the share of dropouts among program participants at the passage from interview to mutual obligation agreement. Dropout rates increase from 15 percent at the very program start to 33 percent

in the following quarter. From then on, dropout rates decrease each quarter until the fourth quarter of 2015 when they reach 8% and stagnate at that level for the first quarter of 2016. From the second quarter of 2016 on drop-out rates keep rising each quarter, reaching an all-time high for the first quarter of 2017 with 68%.

Participant characteristics

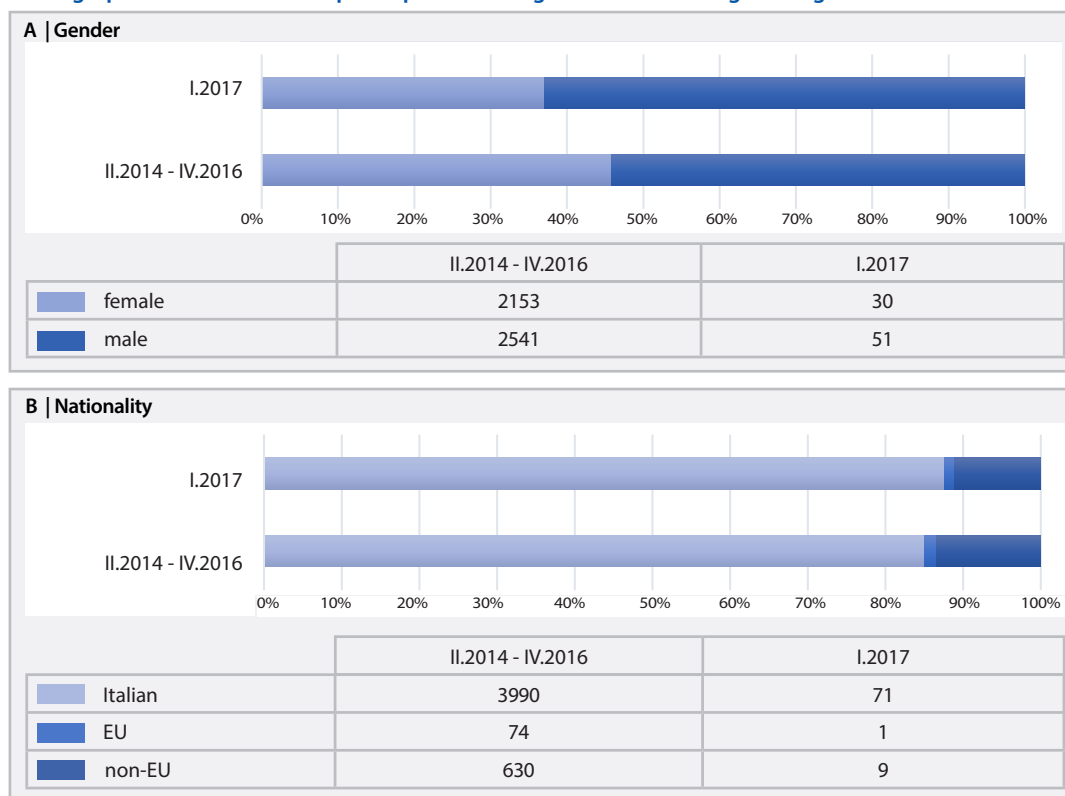
Figure 5 displays demographic characteristics (gender and nationality) of participants who signed a mutual obligation agreement, whereas Figure 6 shows the distribution of educational levels and the prevalent occupational status in the year before the interview. We show distributions of these characteristics for the overall observation period up to the second quarter of 2016 and separately just for the most recent quarter to follow potential recent distributional changes.

It is evident from Panel A of Figure 5 that the gender distribution is roughly balanced with slightly more males than females signing a mutual agreement (54 percent males vs. 46 percent females until the fourth quarter of 2016). This changes for the most recent quarter: The balance shifts to almost two thirds males and one third females (63 percent males vs. 37 percent females for the first quarter of 2017).

The large majority of participants is of Italian nationality (85 percent until the last quarter of 2016 and 88 percent for the first quarter of 2017). Note that – irrespective of citizenship – about 4.2 percent of the participants are not resident in Trentino; this ratio is quite similar to the previous quarter when it was at 6.1 percent.

Panel A of Figure 6 describes the educational attainment among participants who signed a mutual obligation agreement. Note that we lack information on highest educational attainment for around 19 percent for the period until the fourth quarter of 2016 and 17 percent for the first quarter of 2017. It is hence important to note that the fractions displayed in Figure 6 are calculated excluding those observations with missing information on educational attainment.

Figure 5
Demographic characteristics of participants who signed a mutual obligation agreement

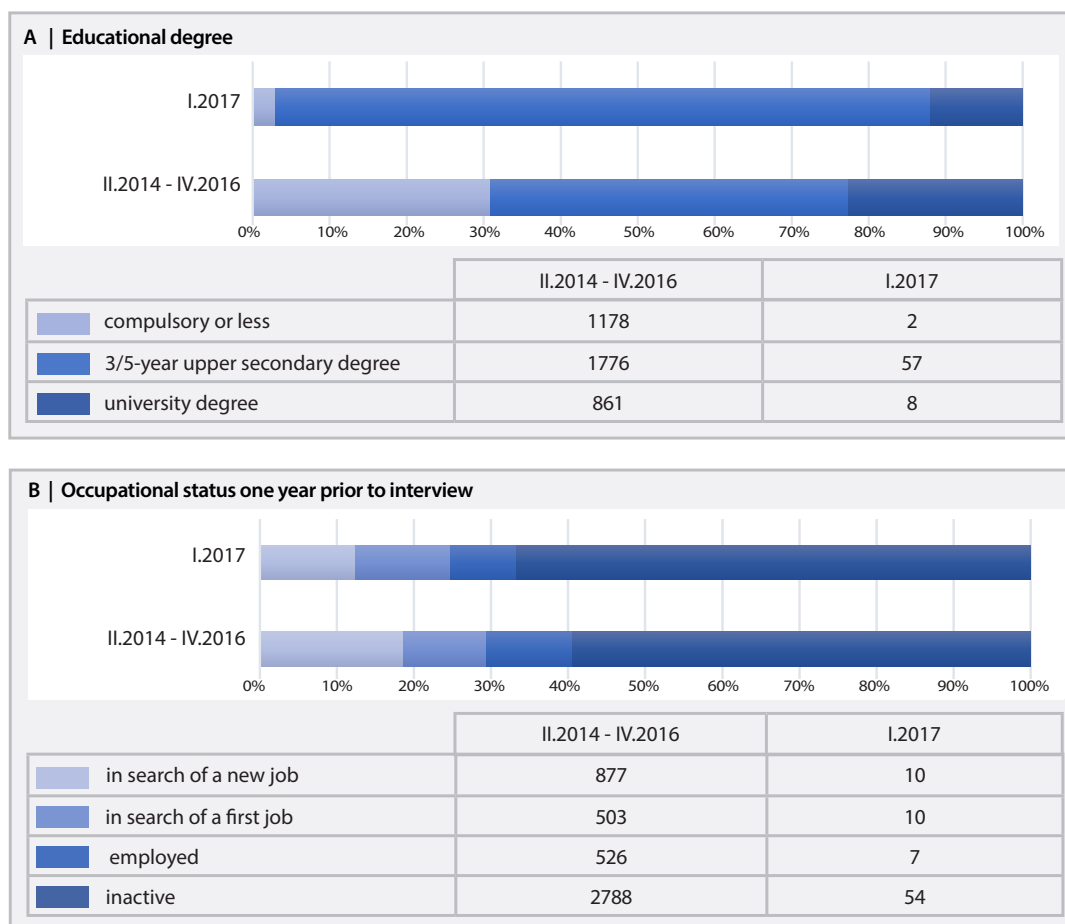


Source: own calculations based on data from the Agenzia del Lavoro of the PaT.

A relatively large fraction, around 31 percent, holds no upper secondary school degree (compulsory schooling or less) in the period until the fourth quarter of 2016. However, for the first quarter of 2017 this share dropped to a mere 3 percent (2 individuals). Up until the fourth quarter of 2016, the majority of participants (47 percent) holds a 3-year vocational degree (qualifica) or a 5-year upper secondary degree (diploma 5 anni). This share soars to 85 percent for the first quarter of 2017. With 23 percent, a sizeable share of participants holds a university degree (laurea) up until the fourth quarter of 2016. For the first quarter of 2017 this share drops to 12%. The extreme drop in participants with obligatory schooling or less can be explained by the de-facto inscription stop of Track A. As this is the favorite Track for NEETs with low education it explains the drastic decrease.

With respect to occupational status, Panel B of Figure 6 shows that until the fourth quarter of 2016 more than half of the Youth Guarantee participants were inactive one year prior to entering the program (59 percent). Presumably, those are the participants who enter the Youth Guarantee scheme directly from the formal education system. This share is considerably larger for the first quarter of 2017 (67 percent). As of the fourth quarter of 2016, the second largest group among participants with a signed mutual obligation agreement entered the scheme from unemployment, either in search of a new job (around 19 percent) or in search of a first job (around 11 percent) and about 11 percent were employed one year prior to their Youth Guarantee interview. In the first quarter of 2017, the numbers changed for entering from unemployment (12 percent, both in search of a new job and in search of their first job) as well as for participants entering from employment (9 percent).

Figure 6
Educational level and occupational status of participants with signed mutual obligation agreement



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

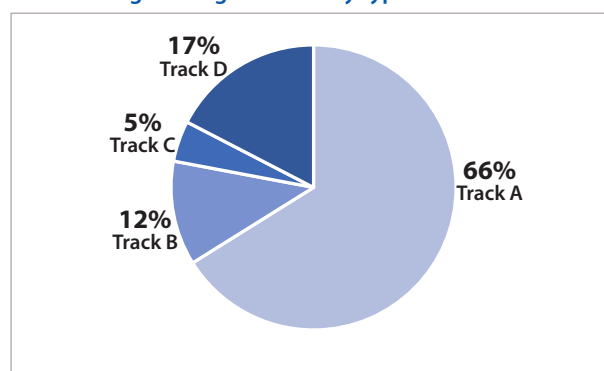
Types of Youth Guarantee measures chosen

This section describes the types of measures chosen by participants who sign a mutual obligation agreement. Note that here we consider all agreements signed in the observation period irrespective of whether the participant began an activity or dropped out beforehand.

Figure 7 displays the overall distribution of types of measures chosen among all signed agreements over the observation period from program start until March 2017. With 66 percent, Track A (Internship) appears to be the most requested measure, followed by Track D (Civilian Service) which is chosen by 17 percent of participants, and Track B (Training and Internship), chosen by 12 percent. To date, Track C (Apprenticeship) is the least requested measure (5 percent).

Figure 8 shows how the number of mutual obligation agreements and the types of measure chosen evolved over the observation period. Up until the first quarter of 2015, we observe an increasing trend in participation for all types of measures with stable proportions over time. In the subsequent quarter, the number of participants choosing track A continues to increase, whereas the participants choosing other measures drop. In the third quarter of 2015, we observe a decrease in participation with respect to all tracks. Note that the sharp drop of participation in Track B for this quarter is due to the fact that inscription has

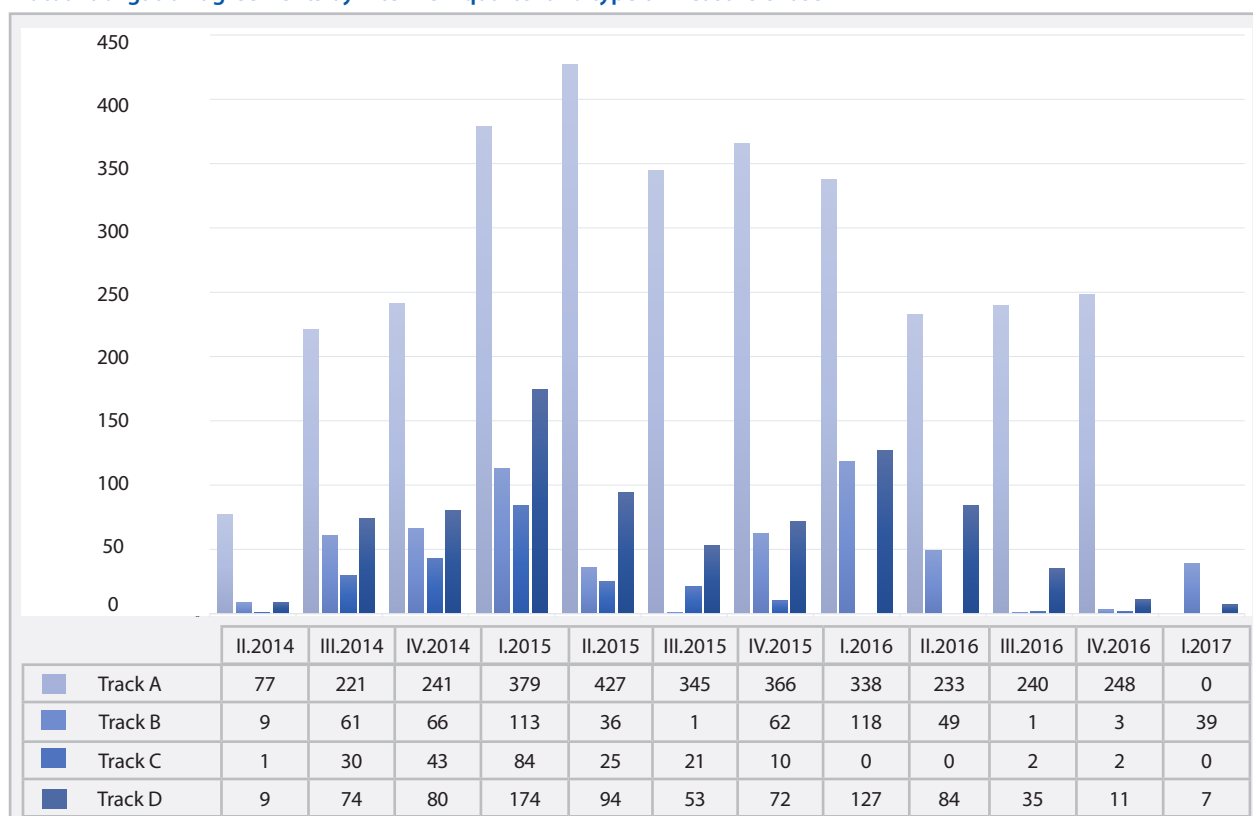
Figure 7
Mutual obligation agreements by type of measure chosen



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

been temporarily suspended due to the introduction of new courses within the Track and the related call for tender. In the second quarter of 2016, participation in all tracks plummets (except for Track C, which already reached zero and hence cannot decrease further). For the third and fourth quarter of 2016, participation in Track A and C remains virtually at the same level, while participation in Track D keeps falling even further and participation in Track B is close to zero. As mentioned before, the decline for Track B can be attributed to the temporary suspension of inscription for this particular

Figure 8
Mutual obligation agreements by interview quarter and type of measure chosen



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

track. Thus, participation in Track B rises back to 39 for the first quarter of 2017, while Track A and C now reached zero and Track D continues to fall to 7 people.

Figure 9 concerns the participants' choice of measure by age groups. We observe that among the youngest age group of 15-19 year-olds, Track A (Internship) and Track C (Apprenticeship) are the most popular choices. Among participants aged 20-24 – the group with the highest number of signed agreements – Track A (Internship) is by far the most chosen, followed by the Track D (Civilian Service) and track B (Training and Internship). Similarly, 25-29 year old participants exert a strong preference for Track A, followed by Track D, and with very low participation in measures of Tracks B and C (that by design are targeted towards the younger age groups).

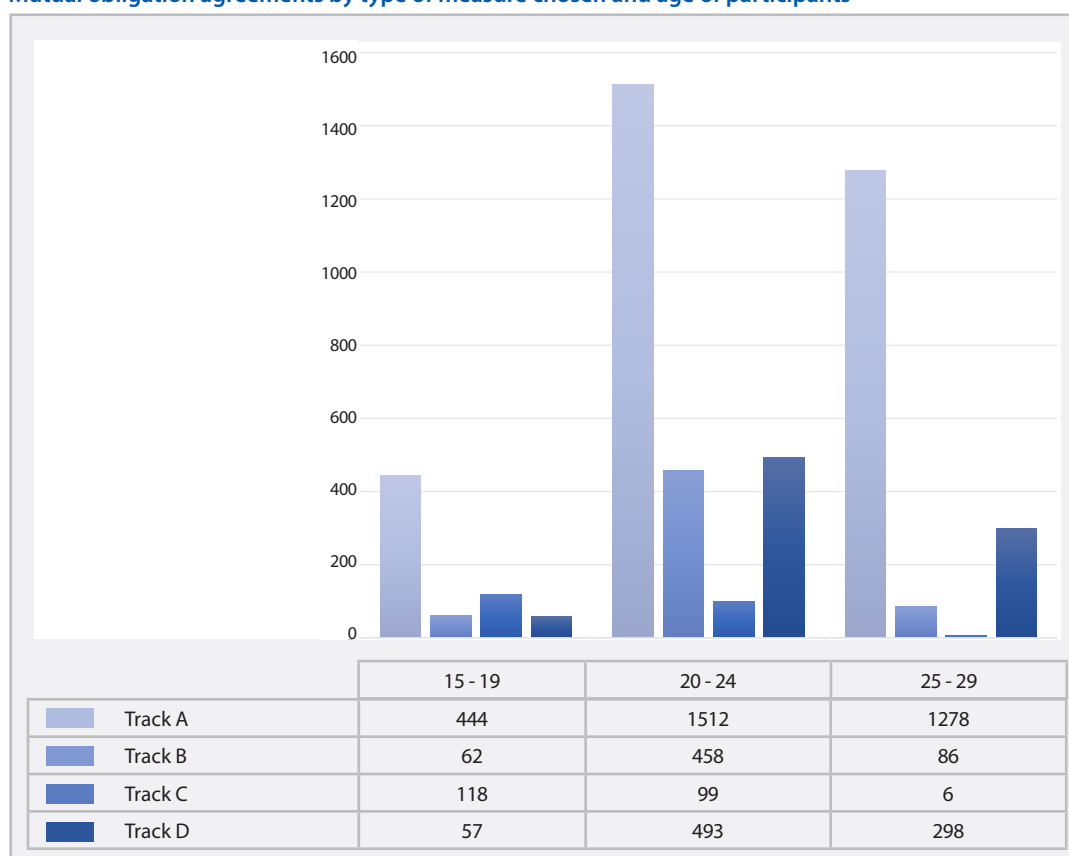
Figure 10 shows the program take-up rate for each Italian region as of the first quarter of 2017. We calculate the program take-up rate for each region with respect to the NEET population aged 15-29. That is, for each region we display the share of the NEET population that signed a mutual obligation agreement within the Youth Guarantee scheme. Overall, we observe a rather heterogeneous pattern across regions. The region of Umbria displays the highest take-up rate with 75

percent of signed agreements among the NEET and Campania displays the lowest take-up rate with 21 percent of signed agreements among NEET youth. Trentino lies in the lower middle of the distribution with a 40 percent take-up rate. This rate is almost identical with the average take-up rate at the national level (38 percent) but considerably lower than the average take-up rate in the rest of the North-East (53 percent).

However, note that in order to comprehensively interpret take-up rates one needs to consider regional variations in the composition of the target population. As described in Section 4 of the Monitoring Report 2015[2], the NEET incidence rate is relatively low in Trentino (as in the rest of Northern Italy).

Given a low level of NEET incidence, the low program take-up rate in Trentino could be due to the availability of other active labor market policy measures outside the Youth Guarantee scheme. However, any analysis of the extent to which a low take-up rate is due to alternative measures available to NEET youth or rather to inefficiencies in program management or in the type of measures offered, needs to be based on individual data. Such an analysis lies beyond the scope of this monitoring report.

Figure 9
Mutual obligation agreements by type of measure chosen and age of participants



Source:
own calculations
based on data
from the *Servizio
Europa* of the PaT.

Figure 10
Program take-up rate by region as of March 2017



Source: own calculations based on data from the *Ministero del Lavoro e delle Politiche Sociali* and ISTAT.

Note: information on NEET population aged 15-29 on which the calculation of program take-up rates refer to the year 2013 (the year before program start).

The statistics we present in this section are exclusively concerned with those participants who signed a mutual obligation agreement. We will describe the

passage from agreement (and the contemporaneous choice of measure type) to activity start.

From mutual obligation agreement to activity start

Figure 11 displays by type of measure the number of participants who initiated an activity, are waiting for the activity to start, or decide to discontinue participation in the Youth Guarantee program (dropouts). The figure describes the situation as of March 31, 2017.

Track A (Internship) is the measure type, which was first available to participants from program start. It is the most popular choice among participants with the lowest overall dropout rate (3 percent, i.e. 81 individuals) and the highest fraction of participants with overall initiated activities (97 percent). Among the other available tracks, we observe higher dropout rates (highest in Track C with 83 percent, followed by 55 percent in Track D) as well as lower rates of initiated activities (lowest in Track C with 4 percent). One difficulty that emerged with respect to Track C (Apprenticeship) is that the number of participants

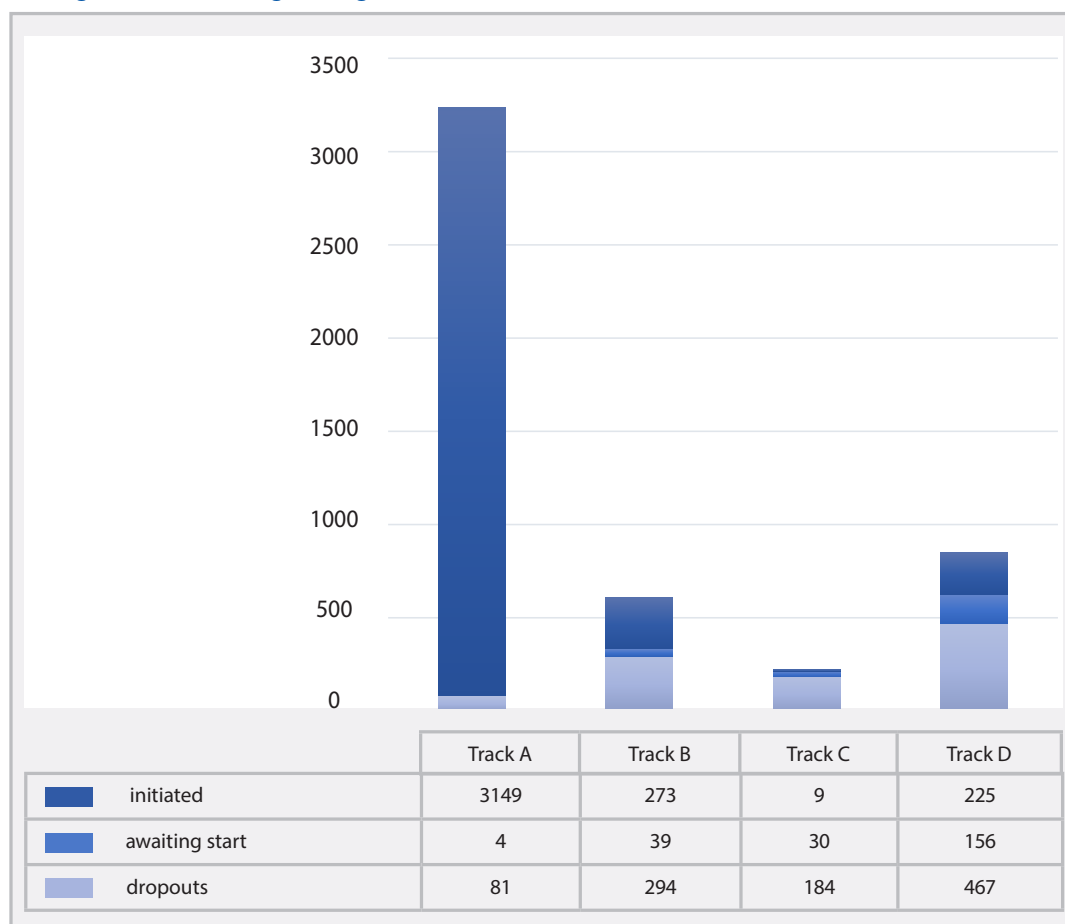
significantly exceeded the number of offers of apprenticeship positions from firms in Trentino.

We note an elevated rate of individuals (about 156) awaiting the start of activities in Track D (Civilian Service). Furthermore, for Track D 27 percent started activities and 55 percent dropped out.

Figure 12 exclusively concerns participants who initiated an activity. For this group, the figure displays the waiting time from interview to activity start. Overall, we observe that a bit more than two thirds of the activities were initiated within 2 months of the interview (ca. 29 percent in the first and 42 percent in the second month); this represents a tolerable timing. As can be seen by the dark blue area, which is much smaller for Track A than for the other tracks, Track A allows for much faster entry.

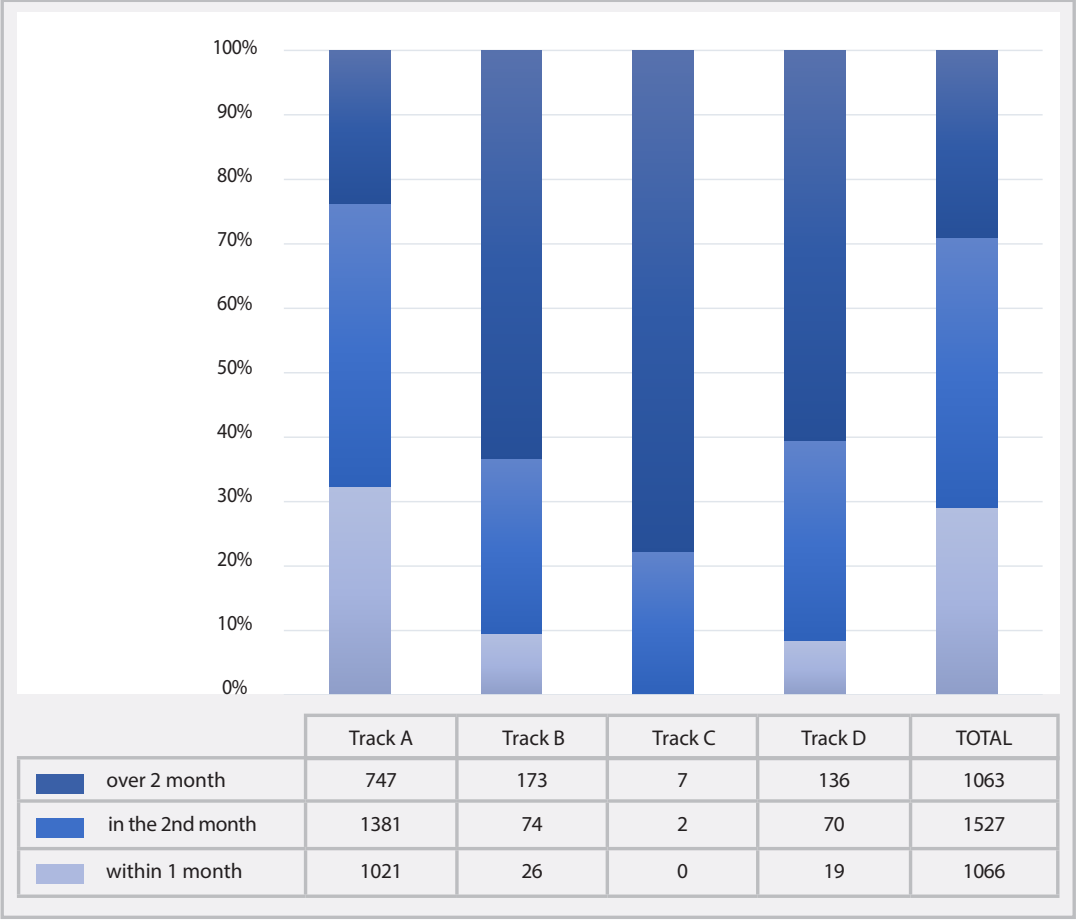
Figure 11

Initiated activities, awaiting activity start, and dropouts by type of measure chosen, among participants who signed a mutual obligation agreement



Source:
own calculations
based on data
from the *Servizio
Europa* of the PaT.

Figure 12
Waiting time from interview quarter to activity start by type of measure chosen, among participants who initiated activity



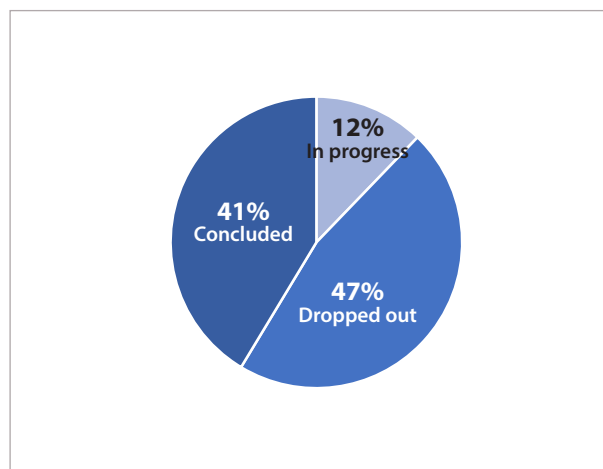
Source:
 own calculations
 based on data
 from the *Servizio Europa* of the PaT.

The statistics we present in this section are exclusively concerned with those participants who started a track. We will describe the passage from start of the activity to its termination.

Figure 13 depicts the overall situation as of March 2017. 41 percent of program participants concluded a track, which amounts to 1,512 individuals (1,187 for Track A, 160 for Track B, 2 for Track C, and 163 for Track D). Furthermore, the overall dropout rate amounts to about five out of ten (half of Track A, about three out of 10 for Track B, about 4 out of 10 for Track C, and two out of 10 for Track D). Among the individuals who dropped out a considerable number dropped out for employment related reasons. Precisely, among ten individuals who dropped out of Track A, about four dropped out because they took up some kind of work. The same holds true for about half of the dropouts of Track B, none for Track C, and every fiftieth individual who dropped out of Track D.

Figure 13

Distribution of program participants after program start



Source: own calculations based on data from the *Servizio Europa* of the PaT.

In this section, we explore the position on the labor market of participants who have already completed the Youth Guarantee program. It is important to note that no causal relationship between participation and further occupational opportunities can be established here. We only intend to present an informative and descriptive framework of the transition from the Youth Guarantee to the labor market.

The analysis below considers only youths who concluded a Youth Guarantee program until December 2016 and have therefore finished within three months. This amounts to 1,421 individuals; 1,089 concluded Track A, 164 Track B, and 168 Track D. All information on labor activities following the conclusion of the Youth Guarantee program have been taken from administrative archives (the Comunicazioni Obbligatorie COB archive, i.e. the archive of firms' mandatory communication to the CPI).

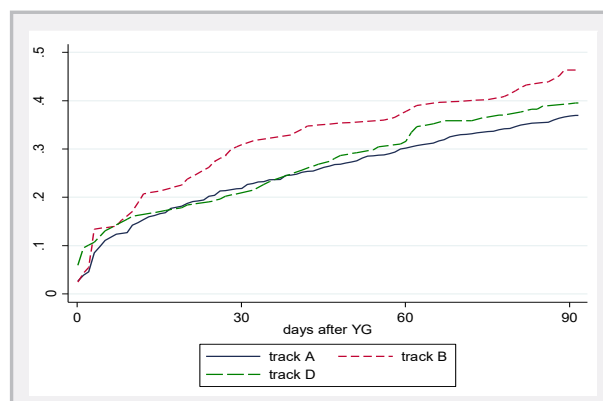
How has the youths' employment status changed after the end of YG activities? Within three months after exiting the program, about four out of ten people (543 individuals) had at least one contact with the world of employment; i.e., at least one employment episode lasted more than a week. Specifically, this holds for 36.9% (i.e. 401 individuals) who finished Track A, 46.3% (76 individuals) who finished Track B, and 39.3% who finished Track D.

The proportion of youths entering the labor market is growing over time: on average, highest growth is achieved in the month directly following the end of Youth Guarantee (over 20% entered the labor market) but for the second month growth levels decline (10% increase) as well as the third month (10% increase).

Moreover, the time of entry into the labor market varies according to the track. In particular, youths finishing Track B enter the labor market currently

Figure 14

Proportion of individuals who enter in the labor market within 90 days after Youth Guarantee (Kaplan-Meier estimates)



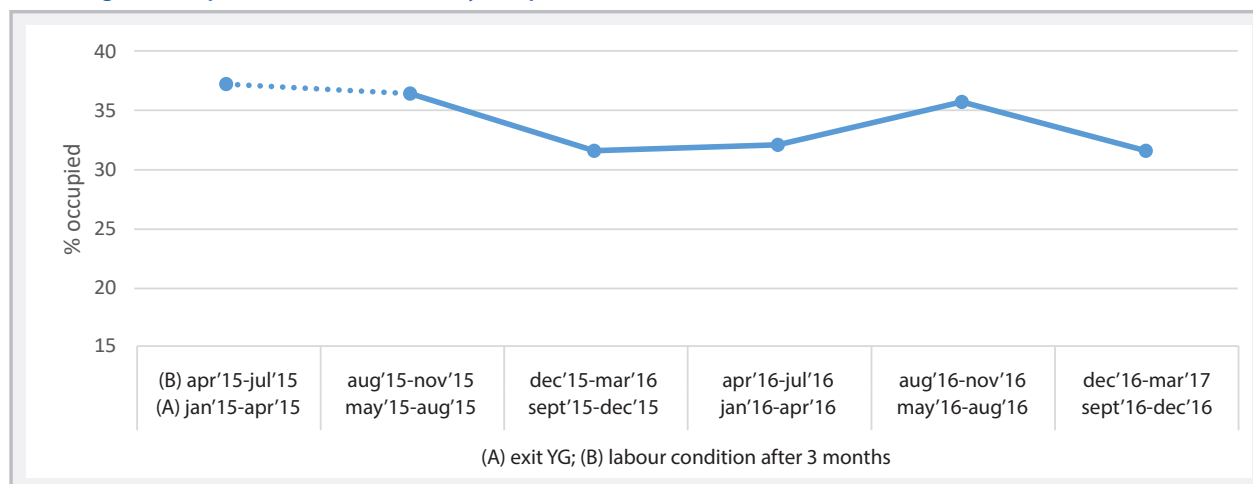
Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.

rather quickly: 15 days after finishing the internship 21% already started working, within 1 month 30% had started working and within 3 months 46%. For youths finishing Track A the entry rate is systematically lower (17% within 15 days, 22% within one month, and 37% within 3 months); the same holds for participants who completed Track D (17% within 15 days, 20% within one month, and 40% within 3 months).

Figure 15 shows the percentage of employed 3 months after finishing Youth Guarantee with respect to the quarter in which they finished Youth Guarantee. Taking into account the slight seasonal changes, the trend appears to be rather constant: the highest peaks are observed for August / November (36.4% in 2015 and 35.7% in 2016); while for the remaining periods, the employment share is stable at around 31%.

Figure 15

Percentage of occupied 3 months after YG, by exit period. Absolute values



Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT; the value for April/June 2015 has to be interpreted with caution as it relies on a very small number of people who finished Youth Guarantee

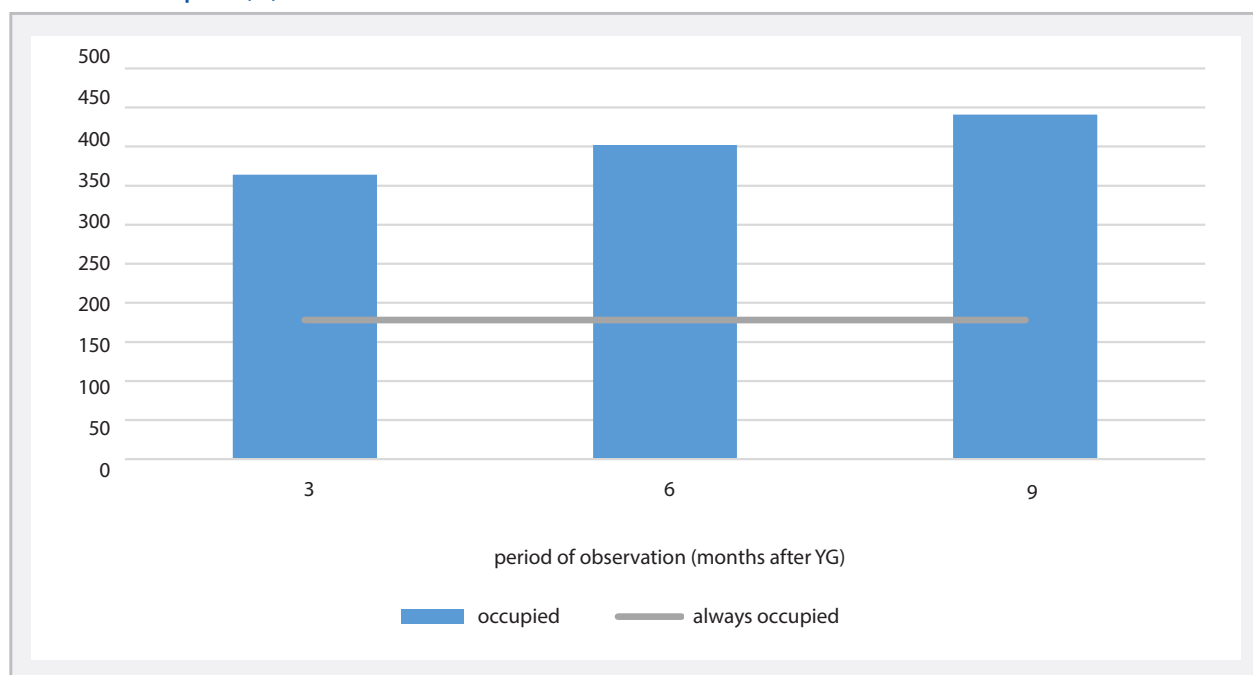
Looking at these jobs more closely, one can see that three months after leaving Youth Guarantee the largest part of employed; i.e., 62% (281 individuals), hold a fixed-term contract, 22% (99 individuals) hold an apprenticeship contract, and 7% (32 individuals) hold a permanent contract. The remaining 6% hold intermittent jobs (25 cases), or 3% occasional jobs (14 cases).

Most of these youths hold jobs that require medium to low education (45%; i.e. 202 individuals) mainly in the service sector (e.g. clerk, barman and waiter/tress); 36% (164 individuals) hold technical or office jobs (mainly administrative office workers, secretaries and accountants); 13% (57 individuals) perform manual unqualified labor, mostly in agriculture or construction; and only 6% (28 individuals) hold a high-qualified job (e.g. educators, museum technicians and software developers).

Furthermore, when considering the type of occupation 6 and 9 months after Youth Guarantee, the number of permanent contracts increases (by 9% and 12%, respectively) while the amount of limited contracts decreases. However, no significant changes can be observed in the type of employment.

For the youths who finish the program until June 2016 (1057 individuals) it was possible to identify their status in the labor market in three different moments, namely 3, 6, and 9 months after leaving Youth Guarantee. As shown in Figure 16, the number of employed increases slightly over time (from 34,4%/ 364 individuals in the third month, over 38%/ 402 individuals in the sixth month, to 41%/ 441 individuals in the ninth month). Within this trend, the amount of those who were continuously employed during all three periods corresponds to 17% (178 individuals). On the other hand, 40% (418 individuals) have never been employed, and the remaining 44% (461 individuals) have changed their status at least once from employed to unemployed.

Figure 16
Numbers of occupied 3, 6, 9 months after Youth Guarantee^a. Absolute values



(a) Only those are who finished the Youth Guarantee program at least 9 months ago (i.e. until June 2016; N=1057)
Source: own calculations based on data from the *Agenzia del Lavoro* of the PaT.