How to Pay Young People: Considerations for Equity & Effectiveness

by Jordan Pineda | Elevating Insights

Compensating young people for their time and their expertise is increasingly standard practice for communities that conduct Youth Participatory Action Research (YPAR), maintain youth advisory councils, or in some form ensure that young people can contribute substantively to decision-making processes. The logic is clear: we pay adults for their time, we should pay young people for the time they spend advising and sharing their expertise. This is particularly true for youth-serving agencies and governing bodies – including the children's cabinets that make up the State and Local Children's Cabinet Networks – and other entities that rely on input from the very people they are designed to serve. After all, who has more expertise about young people's needs than young people themselves?

So, let's pay young people for their work. Sounds simple enough, right? Start cutting those checks. Except that many staff in charge of paying young people are finding that it is rarely that simple.

This guide offers best practices for organizations and agencies to equitably and safely compensate young people who are involved in research and decision-making.

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Imagine for a moment that your name is Ruth. You're 15, live in Odessa, Texas, with your mother and three little brothers, and you have familial responsibilities – a lot more than the average young person. Now imagine that you've navigated all the barriers that keep a young, low-income Latina girl from participating in student government and the youth council that helps Odessa decide where to plan new parks, build more accessible bus stops, design more bilingual signage across the city, and other initiatives that help make Odessa a more equitable community for young people. Wonderful. Now your local children's cabinet wants to compensate you for your time, at $15.00 an hour. Excellent.

They tell you that at the end of the year, you'll have to fill out an IRS 1099 form. You look into this and see that the form asks for your Social Security Number. You're undocumented. So are your brothers. So is your mother.

A 2020 Migrant Policy Report, Immigration Enforcement and the Mental Health of Latino High School Students, found that 56 percent of LatinX students know somebody who has been deported, and 59 percent live in fear of deportation – even the 12 percent of LatinX students who are U.S. citizens fear deportation. Two-thirds of young people in the study met the clinical threshold for anxiety, 58 percent for post-traumatic stress disorder, and 55 percent for depression.

If you're Ruth, would you fill out that 1099?

Unfortunately, Ruth's is not an uncommon scenario. While there are interventions designed to help young people navigate these barriers, they are not available in every community or organization. It's understandable that many young people might decide it is not worth the risk to share their status in order to join a youth council or similar opportunity.

It is important to note that there are many challenges to accessing compensation in safe and accessible ways, even for young people who are not undocumented. Young people may lack the required forms of identification, be unbanked or financially insecure, or face a combination of these barriers; this is disproportionately true for youth of color, young people who have been systems-involved, and Opportunity Youth - young people ages 16 to 24 who are not in school or the workforce.

Below are some best practices for organizations and agencies working to safely and equitably compensate young people as part of a commitment to youth-led research authentic youth engagement in decision-making.

Choose Financial Institutions Wisely

Given the many nuances that go into getting young people paid, coordinating bodies will need flexibility. Jamie Bennet and Mallory Sellers of Cetera, a Florida nonprofit that supports young people leaving foster care, suggest that the most flexible banks are the ones with the least need for national continuity - often, that means working with credit unions. Not only are credit unions likely to be more invested in their communities, but they also:

- **Offer same-day turnaround:** Financial insecurity is real. Many young people have family financial responsibilities - and there are times when young people need access to their money immediately. Having access to funds the day-of can be the difference between being housed or not, being food-secure or not, having bus fare, or not. Many credit unions offer an immediacy that lends itself to the needs of young people.

- **Have no account minimums:** Adults and young people alike can appreciate this benefit. Given that the work that young people are compensated for is often temporary, they may not receive recurring payments and often maintain low account balances. Additionally, credit unions do not typically charge fees for overdrafts or transfers.

- **Have capacity for 1:1 mobile payment:** Many credit unions are developing their own mobile payment platforms that are designed for payments between account holders. This offers an immediacy to payments and enables the fiscal sponsor to set their own security measures and delivery methods in ways that can be tailored to fit the needs and banking preferences of young people.

Pay Young People with Real Money

While there are coordinating challenges with using direct deposits, writing paper checks, and using mobile apps simultaneously, it’s important to prioritize using these methods of payment because they use real money. However, many organizations opt to use gift cards and cash cards as their preferred methods of payment. This should not be considered best practice because:

- **Gifts cards are not cash:** Gift cards benefit a business entity and are ultimately not youth-centered. Compensating young people with gift cards eliminates their agency to practice their own financial responsibility and forces them to make purchases within a constrained market. While gift card hubs like Giftogram may appear to solve this issue, they also constrain young people's agency: a Giftogram cannot be used to pay the rent, buy groceries at a local store, or repair a computer.

- **Cash cards are not really cash:** While cash cards get closer to being cash, they often cannot be transferred to a bank account, they expire within a short period of time, and they often carry high service fees for the buyers. Additionally, the balances that remain on cash cards can promote poor spending habits. For instance, when somebody has a $6.00 balance on a card, they’re more likely to make a round-up purchase so they can zero out the balance, ultimately forcing an unnecessary purchase (this is also true for gift cards).

Be Prepared to Support Youth

It’s critical that staff are prepared to support young people as they navigate a formal financial process for potentially the first time. A great deal of vulnerability is required from young people as they navigate this process. They’ll be sharing their financial status and personal documents, and learning to file taxes. Staff working directly with young people should be prepared to:

- **Establish emotional and psychological safety:** setting up a bank account is a personal process, especially for youth who are financially insecure or disconnected, and it’s important that staff build trust with young people using the most up-to-date best practices.

- **Help young people navigate paperwork:** According to research from Project Vote, 36 percent of Black and LatinX youth do not possess a government ID. Many U.S. banks require two forms of ID to set up an account. Staff should be prepared to help young people acquire identification. For youth who are undocumented or involved in the foster care system, it is critical that staff understand local rules and practices for obtaining required identification.

- **Plan ahead for tax time:** For tax purposes, individuals and organizations must file paperwork after certain pay thresholds (e.g., a 1099). This can pose a barrier for young people, due to factors like complexity, access to information, or mistrust of government systems. Staff should be prepared to help young people navigate tax requirements in advance, based on their individual circumstances. In some cases, organizations working as a partnership may find it effective to spread compensation across partners to avoid triggering certain requirements. Working carefully with experts (e.g., a Chief Financial Officer) is important to remain fully compliant while minimizing paperwork and supporting young people appropriately. Staff should also be prepared to assist young people, particularly those who are undocumented, in setting up an Individual Taxpayer Identification Number (ITIN), if needed. The IRS website has clear guidance for this.

- **Troubleshoot unexpected issues:** Banking issues come up often (especially when using mobile payments apps and authenticating security checks), and for young people who are financially insecure, it's important they can troubleshoot these issues with immediacy. Therefore, it's important staff members have experience working with young people who might be navigating an array of stressors.

Prepare to Utilize Alternative Methods

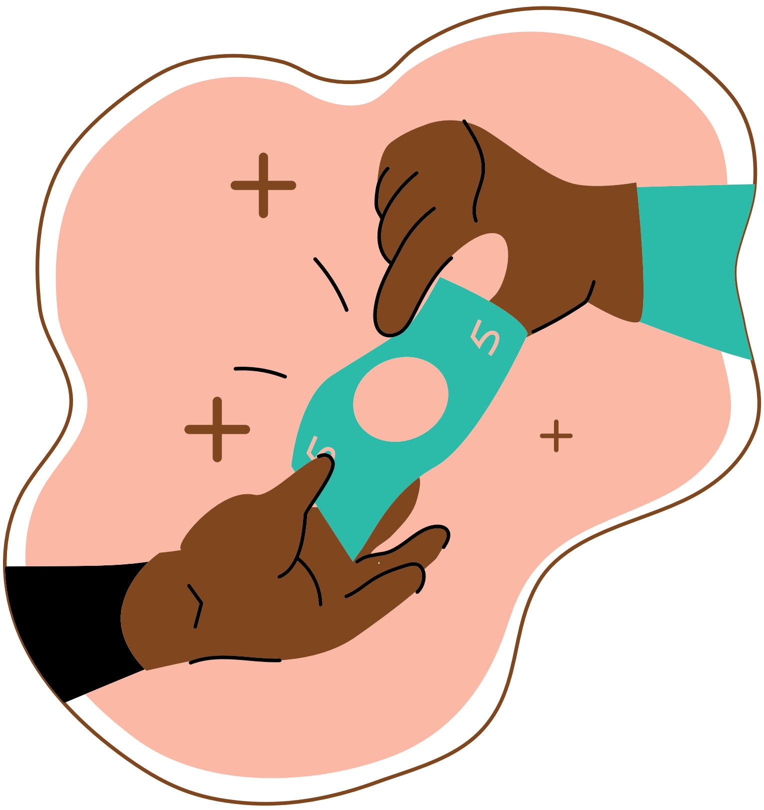
Compensating young people is not a one-size-fits-all process, so organizations working with young people should build in methods to continually hone and improve their processes. Ultimately, there will be young people whose status and resources mean an organization's compensation process may not work for them. In these instances, the most common issue is that the young person does not have the proper documentation for a bank account, like a government issued ID, or they might hold a specific status that could raise issues when filing W-4's and tax returns. In these instances, it's important to remember that:

- **Paper checks provide the most flexibility:** Credit unions (and banks) typically cash all manner of checks - whether or not the customer has an account with them - usually requiring only one form of ID, including a student ID, and mailing address. While this method puts money directly into the young person's hands, it is susceptible to fees, and it does not replace the need for a bank account, which is a near necessity for making digital payments.

- **Identify a shared bank account:** A young person is likely to have a relationship with a family member, guardian, or close third party who maintains a bank account, and may opt to use that account to receive payments. While this poses potential obstacles and is not best practice for centering the young person's autonomy, it is a widespread and common occurrence.

To ensure that a diversity of thought, identity, and lived experience informs action research and youth advisory work, it is essential to identify and share the solutions that promote that diversity.

Organizations and agencies that are committed to authentically engaging and fairly compensating young people can keep up with changing needs and payment solutions by following sources like Documented and Masters In Data Science and, most importantly, continuing to listen and learn directly from young people.



Forum for Youth Investment
7064 Eastern Avenue, NW
Washington, DC 20012

ForumFYI.org | @ForumFYI