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***A Proposal for the Establishment of an  
Obama Youth Empowerment Administration  
within the U.S. Department of Labor***

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## **EXECUTIVE SUMMARY**

The establishment of a Youth Empowerment Administration within the U.S. Department of Labor (DOL) would bring national youth employment programs together under one roof in order to:

- Develop a comprehensive graduation/employment strategy for out-of-school youth;
- Create economies of scale and cost efficiencies through collaborative efforts and shared administrative systems;
- Improve accountability across all programs serving out-of-school youth;
- More efficiently and proactively share best practices and coordinate services; and
- Increase the number of young Americans who complete high school and transition into post-secondary education or secure productive employment.

### **The Challenge: 11.2 Million Young Adults Unprepared for Work or Higher Education**

Three out of every five youth leave high school without the skills to sustain employment or succeed in higher education. There are 11.2 million young adults out-of-school and unprepared for productive employment. Our economy will not sustain itself if the majority of the next generation of Americans lack the skills our economy demands. While our nation has pursued many school reform and dropout prevention strategies since *A Nation at Risk* first drew attention to our dropout epidemic, our nation has never had an organized strategy for dealing with the millions of young adults who are left behind.

### **The Solution: The Focused Attention of a Youth Empowerment Administration**

Current federal efforts to assist these youth are disjointed and dysfunctional. They should be organized through the creation of a Youth Empowerment Administration in DOL that would elevate the issue of preparing these youth to succeed in the workforce to a level commensurate with the seriousness of the economic and moral challenges we face. An Assistant Secretary of Youth Empowerment would have the clout and authorities that elude bureaucrats buried in subcabinet agencies mitigating their effectiveness. He/she could better coordinate with other federal agencies serving out-of-school youth (i.e. foster care, juvenile justice, etc.); ensure administrative efficiencies through economies of scale; publicly lead campaigns to meet special and emerging needs; and ensure greater program accountability to the President and Congress through standardized measures of success and consistent oversight.

### **Congress Already Created the Foundation for a Youth Empowerment Agency**

In 2005, the Congress laid the foundation for such an agency when it mandated the creation of an independent Office of Job Corps within DOL that has its own administrative infrastructure, including budget management, procurement systems, accountability systems, and policy development. This Office's existing administrative infrastructure could, and should, be leveraged by other youth empowerment programs. Creating this continuum of youth empowerment services would reduce duplicative efforts and promote cost-effectiveness, allowing more youth a chance to complete their high school education and transition into higher education or the workforce.

### **Renewing our Commitment to America's Forgotten Youth**

Our current disjointed efforts to reengage disadvantaged youth are not meeting the needs of the 21<sup>st</sup> century. Each year 2.2 million young adults leave our schools without the skills they need to succeed in our economy. These young people are being lost to the American workforce, consumer marketplace, and tax base. That is bad business, bad politics and bad news. Congress has already taken the initial step towards a better strategy by creating an independent Job Corps office. President-Elect Obama should build on this first step to create a national Youth Empowerment Administration that will bring greater efficiency and accountability to our efforts to ensure all America's children become productive members of our society and support his assertion that "youth are not an interest group, they are our future."



## THE CHALLENGE: AMERICA'S FORGOTTEN YOUTH

### **The Nation's Education Crisis**

The nation is in the midst of an education crisis. It estimated that:

- 30 percent of our youth do not graduate from high school;<sup>1</sup> and
- 40 percent of those who do complete high school are unprepared for work or higher education.<sup>2</sup>

Taken together, this means that an astounding **three out of five American youth leave traditional schools without the skills to succeed in work or post-secondary education.**

Despite the principles of the No Child Left Behind Act of 2001, millions of youth, particularly those from already disadvantaged backgrounds, continue to be "left behind" without the skills to succeed in our economy. Four million American youth between the ages of 16-24 are high school dropouts.<sup>3</sup> An additional 7.2 million have no more than a high school education and are not enrolled in school.<sup>4</sup> In total, 11.2 million young Americans likely do not have the skills needed to succeed in our economy. Each year an additional 1.2 million youth drop out of school and an additional 1 million will graduate high school insufficiently prepared for their adult life.<sup>5</sup>

This is not a regionally isolated epidemic. Schools across every region of the nation are failing to adequately prepare our youth for success. Major metropolitan areas, with the largest disadvantaged populations, host most of the 'dropout factories' that produce the majority of the nation's dropouts. However, while on average rural and suburban schools perform better than urban schools, they still fail to graduate more than a quarter of their students.<sup>6</sup> In addition, students in the West and South annually drop out of school at a greater rate than students in the Northeast, despite its concentrated population centers.<sup>7</sup> This crisis demands a national solution, not simply regional or state solutions.

The youth we leave behind find themselves lacking the skills to meet the rising expectations of employers. Of the 3.4 million dropouts age 16-24 in October 2006 who had not reenrolled in school, only half were employed. When combined with high school graduates not enrolled in higher education, only two-thirds of out-of-school youth are employed.<sup>8</sup> Their inability to participate in our economy makes these youth much more likely to be living in poverty, receiving public assistance, in prison, on death row, unhealthy, divorced, and single parents of children who drop out.<sup>9</sup>

### **The Nation's Workforce Crisis**

Our economy is in the midst of an economic crisis sparked by nonperforming assets. The millions of out-of-school youth we leave behind each year are the next class of nonperforming assets that could potentially cripple our economy. This is particularly troubling given that the Bureau of Labor Statistics (BLS) projects that by 2020, U.S. labor demand, or employment needs, will exceed the American labor supply by 20 million.<sup>10</sup> This labor shortage means the U.S. economy will demand more productivity from American workers including the millions of youth who leave our schools undereducated.

At the same time, the American workforce is facing greater competition from cheaper and equally or more highly educated workforces across the world. From manufacturing to information technology, the increasingly international labor markets for blue and white collar jobs demand greater productivity and skills from American workers. Many of these jobs can ably be handled by trained and capable young workers. However, unlike the workforce of 40 or even 20 years ago, a secondary education is no longer a benefit for the vast majority of jobs in this new economy; it is a minimum requirement to compete. Yet, though the wealthiest and most productive economy in the world, the United States has slipped to 18<sup>th</sup> among developed nations in graduating students from secondary education.<sup>11</sup>



To maintain economic growth and our standard of living, the American economy will need to squeeze the maximum productivity out of every American capable of working. Our nation simply cannot afford to inadequately prepare willing young Americans to be productive contributors to our economy.

### **The Cost of Inaction: Billions Lost Annually**

It is estimated that 1.2 million dropouts in the class of 2007 will cost the American economy \$329 billion in lost productivity and earnings over the course of their lifetimes. The 12 million students who are projected to drop out over the course of the next decade will cost our economy more than \$3 trillion.<sup>12</sup> Rather than productively contributing to the economy, these youth often become a burden upon it as well as upon already strained federal and state budgets.

- Dropouts are estimated to contribute \$60,000 less to state and federal revenues over the course of their lifetimes. That amounts to \$50 billion lost annually.<sup>13</sup>
- It is estimated that each class of dropouts costs states \$17 billion in publically subsidized health care costs alone over the course of their lives.<sup>14</sup>
- Individuals lacking more than a high school education make up 90 percent of our nation's prison population accounting for \$45 billion of the \$50 billion spent annually on incarceration.<sup>15</sup>

### **The Nation Cannot Afford to Neglect These Youth**

In hindsight most dropouts regret their decision to do so. Three-quarters of dropouts say that if given a second chance they would have stayed in school.<sup>16</sup> Though many of these young adults still face barriers to completing their secondary education, most are not far from significantly more positive and desirable outcomes. In fact, increasing the educational levels of one year's dropouts by just one grade level, would recoup \$192 billion in lost earnings and productivity over the course of their lifetimes.<sup>17</sup>

Despite this substantial return, the federal investment in dropout recovery and youth empowerment programs has dropped from \$15 billion in the late 1970s, when high school graduation peaked, to just \$3 billion today.<sup>18</sup> This is endemic of the lack of attention dropout recovery has received at the federal level. Since *A Nation at Risk* first drew our national attention to the failures of our schools, dropout prevention and education reform have always been a high priority. However, our nation has never had a coherent or cohesive strategy for recovering the lost potential of the millions of young adults who have been "left behind."



## **THE SOLUTION: A YOUTH EMPOWERMENT ADMINISTRATION**

Our nation desperately needs a cohesive and comprehensive youth empowerment strategy. Unfortunately, youth empowerment policy today is disjointed and dysfunctional. We need to cut through the bureaucracy to start a new campaign that more effectively meets the challenges of preparing at-risk youth for employment and responsible citizenship in the 21<sup>st</sup> century. Towards this end, coalescing our various youth empowerment efforts under the umbrella of a Youth Empowerment Administration could achieve several of President-Elect Obama's goals by 1) elevating the mission of youth empowerment to a federal priority commensurate with the seriousness of the challenge we face, 2) promoting accountability, 3) improving cost-effectiveness so we can reach more of our disconnected youth, and 4) promoting national and community service.

### **Elevating the Mission of Youth Empowerment**

The seriousness and scope of the challenge we are confronting with regards to out-of-school, marginalized youth demands more than being one of many competing priorities in a subcabinet agency's bureaucracy. As long as this issue is paired with other priorities, government officials will prioritize immediate crises such as dislocated workers and trade adjustment assistance over the long-term catastrophe these youth could represent to our economy.

Addressing this issue with any seriousness requires leadership. An Assistant Secretary of Youth Empowerment who is dedicated to, and accountable for, our progress and who has the stature to facilitate coordination and action across federal and state agencies would ensure that we make progress on this front. By the nature of their position, bureaucrats' hands are tied in terms of the impact they can have in effecting real change. Eventually, political leadership is required.

Finally, youth programs fill a void between the public education system and the workforce investment system. Marginalized youth need far more comprehensive services than the vocational training and placement services adult programs appropriately focus on. Unfortunately housing these programs in an agency primarily focused on adult employment has limited the focus and innovation around meeting these youth's need. A youth agency would allow for a more balanced approach that would facilitate greater innovation and more effective delivery of services.

### **Promoting Accountability**

Former Secretary of Labor Robert Reich, a strong supporter of social programs, declined to request additional funding for many of the youth programs under his jurisdiction because they failed to demonstrate results. The scope of the challenge we face in reintegrating 11 million young adults into our economy means we cannot just throw money at the problem, we must demand accountability and results. A Youth Empowerment Administration would be able to enforce greater accountability through standardized measures of success, inter-program reviews, and more efficient and consistent oversight.

### **Improving Cost-Effectiveness So More Youth Can Be Impacted**

Bringing youth empowerment programs together under the umbrella of one agency would also enable administrative and programmatic efficiencies. Cost-efficiencies could be achieved by consolidating federal administrative functions such as budget development, contract or grant administration, and policy development. This agency could also reduce duplicative programmatic efforts, such as individual programs' recruitment efforts, freeing up resources to serve more students. Housing all youth programs in one agency would also ensure best practices are more efficiently shared and implemented across the entire system so that all programs are made more effective.



### **Promoting National and Community Service**

As part of the New Deal, President Roosevelt created a National Youth Administration that put nearly half a million youth to work on behalf of their communities and country. An analogous Youth Empowerment Administration would allow us to capitalize on the potential our nation's youth represent for both our nation's immediate economic recovery and long-term prosperity.

Service-learning is the foundation for many of the nation's most successful youth empowerment programs including YouthBuild and Job Corps, which was modeled after the Civilian Conservation Corps. Under the umbrella of Youth Empowerment Administration, youth could be encouraged to participate in service projects in conjunction with service organizations such as AmeriCorps or through the Health Corps, Clean Energy Corps, Homeland Security Corps or Veterans' Corps that President-Elect Obama has proposed. This would bolster our nation's volunteer corps and strengthen our communities, while providing these youth valuable vocational and social experiences.

### **THE WAY FORWARD: CONGRESS HAS LAID THE FOUNDATION FOR A YOUTH EMPOWERMENT ADMINISTRATION**

In 2005, Congress took the first step towards creating a Youth Empowerment Administration when it created an independent Office of Job Corps in the U.S. Department of Labor that reports directly to the Secretary of Labor. In doing so, Congress not only elevated Job Corps, the nation's largest dropout recovery program, but also elevated the importance of youth empowerment in DOL's mission.

President-Elect Obama should take the next step and expand this independent agency into a Youth Empowerment Administration with the mission of reengaging out-of-school youth in education and service in order to make them more employable, responsible, and productive citizens. By cost-effectively leveraging Job Corps' existing administrative infrastructure, President-Elect Obama could finally create a youth empowerment strategy that befits our nation's responsibility to these forgotten youth.

### **CONCLUSION**

Our nation's enormous population of out-of-school and undereducated young adults demands a national youth empowerment strategy. With 2.2 million young Americans added to the ranks of those unprepared to contribute to our economy and support themselves independently, we cannot afford to merely chip away at the problem. We need a proactive, comprehensive, and cost-effective national youth empowerment strategy.

The independent Office of Job Corps that Congress created in 2005 has the administrative infrastructure to serve as the foundation for a Youth Empowerment Administration. We should consolidate the administration of national youth empowerment programs under one roof in order to improve efficiency and accountability and to ensure that all America's youth are prepared to succeed. President-Elect Obama has stated that "youth are not an interest group, they are our future." Creating a Youth Empowerment Administration that could lead a national campaign to leave no marginalized youth behind, would be a strong step towards securing the promise of our future.



<sup>1</sup> Swanson, Christopher. *Cities in Crisis: A Special Analytic Report on High School Graduation*. Editorial Projects in Education Research Center. April 1, 2008.

<sup>2</sup> *As Many as 40 Percent of American Public High School Graduates are Unprepared For College and Work, According to the Graduates, Their Employers and College Professors*. Achieve, Inc. February 7, 2005. <http://www.achieve.org/files/pollrelease.pdf>. Retrieved April 1, 2008.

<sup>3</sup> *College Enrollment and Work Activity of 2006 High School Graduates*. U.S. Department of Labor Bureau of Labor Statistics. April 26, 2007.

<sup>4</sup> *Detailed Information on the Workforce Investment Act – Youth Activities Assessment*. Office of Management and Budget. 2003.

<sup>5</sup> *College Enrollment and Work Activity of 2006 High School Graduates*. U.S. Department of Labor Bureau of Labor Statistics. April 26, 2007 and Swanson, Christopher. (2008) Calculation of 1 million undereducated high school graduates is based on BLS estimate of 2.5 million high school graduates in 2006.

<sup>6</sup> Swanson, Christopher. (2008).

<sup>7</sup> Chapman, Chris et al. *Dropout Rates in the United States: 2004*. U.S. Department of Education. NCES 2007-024. November 2006.

<sup>8</sup> *College Enrollment and Work Activity of 2006 High School Graduates*. U.S. Department of Labor Bureau of Labor Statistics. April 26, 2007

<sup>9</sup> Bridgeland, John M. et al. *The Silent Epidemic: Perspectives of High School Dropouts*. Civic Enterprises. March 2006.

<sup>10</sup> Carnevale, A. *ASTD Training + Development*. American Society for Training & Development. January 2005. [http://www.astd.org/NR/rdonlyres/42633C17-75A2-44C2-B98E-CD3F3D2F40F3%7D/DSGBROCHURE\\_FINAL.pdf](http://www.astd.org/NR/rdonlyres/42633C17-75A2-44C2-B98E-CD3F3D2F40F3%7D/DSGBROCHURE_FINAL.pdf). Retrieved April 2, 2008.

<sup>11</sup> Organisation for Economic Co-Operation and Development. (2007). *Education at a glance 2007*. Paris: Author.

<sup>12</sup> Ibid.

<sup>13</sup> Rouse, Cecilia. (2005).

<sup>14</sup> *Healthier and Wealthier: Decreasing Health Care Costs by Increasing Educational Attainment*. Alliance for Excellent Education. November 2006. <http://www.all4ed.org/files/HandW.pdf> Retrieved April 2, 2008.

<sup>15</sup> *Saving Futures, Saving Dollars: The Impact of Education on Crime Reduction and Earnings*. Alliance for Excellent Education. August 2006. <http://www.all4ed.org/files/SavingFutures.pdf> Retrieved April 2, 2008.

<sup>16</sup> Bridgeland, John M. et al. (2006)

<sup>17</sup> Rouse, Cecilia. (2005).

<sup>18</sup> Barton, Paul E. *One-Third of a Nation: Rising Dropout Rates and Declining Opportunities*. Educational Testing Service. Princeton, NJ. February 2005.