

THIRD DRAFT

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Youth Policy Proposals

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I. Why a Major New Federal Initiative is Needed

The next Administration and Congress should undertake a major new federal effort to help disadvantaged youth, with a substantial new investment of federal dollars into youth programs and systems.

Why is a new federal effort with increased funding for new youth programs and systems urgently needed, even in a tight fiscal environment?

- Over one million young people drop out each year before graduating from high school, and dropout rates have failed to improve during the past few decades. Even among high school graduates, many fail to obtain postsecondary education or succeed in the labor market. At any point in time, 2-3 million youth with high school or less education are “disconnected,” i.e., not in school and not in work.
- Disconnected youth are disproportionately minority --- African-American, Hispanic, and Native American. The disparities in education and early labor market experience exacerbate racial and ethnic inequalities in America. Among young minority men, “disconnection” is heavily associated with high rates of incarceration.
- Not only is this unfair to the young people themselves, who do not get the opportunities in life that most of us have; it also imposes a huge social and economic cost on the US in terms of crime, lost economic output, etc.
- The personal and national costs associated with youth “disconnection” appear to be growing over time, due to some major *economic* and *demographic* changes occurring in the U.S. The labor market increasingly rewards cognitive skills and education, and punishes those who lack skills and education (through low wages and weak employment opportunities). High school dropouts now fare quite poorly in the labor market throughout their lives, while high school graduates with no postsecondary training and limited basic and analytical/communicative skills also struggle. Employment rates among teenagers of all groups, and of less-educated young men more generally, have been declining over time. Furthermore, as Baby Boomers begin retiring in huge numbers, they will largely be replaced in the labor market by immigrants and their children, who have even lower rates of education and higher dropout rates; thus skilled workers will be even scarcer than before, and the earnings gaps between more- and less-educated workers will further rise.

- Other approaches – including early childhood/pre-K and K-12 reforms – are necessary but not sufficient for addressing these problems.
- Current levels of funding for youth services fall vastly short of meeting the need for services, especially for at-risk populations.
- Despite the mixed nature of research evidence, there are many proven and promising approaches in the areas of career and technical education with work experience, youth employment and training, and youth development/mentoring.¹ So a sensible and well-implemented set of programs would likely be cost-effective.
- While much of youth service delivery is and should be local in nature, the federal government has a key role to play in providing resources; spurring coordination, planning, systems development, and innovation; and providing technical assistance and promoting proven and promising practices. The challenge is a national one, and it calls for a strong federal response.

II. General Concepts and their Relevance for Youth Policy

We think the following general concepts should guide any major new federal youth policy legislation

- **Goals:** The law should set forth an explicit, outcome-oriented goal. We think an appropriate goal would be to cut the “disconnected” youth population by half or more by raising employment and school enrollments over 5-7 years. Reducing high school dropout rates and raising achievement of postsecondary certifications among youth would also be an important goal. An additional goal should be to ensure that opportunities for high-quality education and work are universally available, based on the notion of *reciprocal obligations and rewards*.
- **Target Populations:** Any new legislation should target both in-school and out-of-school youth aged 16-24. These groups include; 1) Young people in high school who are “off-track” and at high risk of dropping out – especially those with poor literacy skills and mental health/substance abuse problems; 2) Those who have already dropped out; and 3) High school graduates with poor skills who are failing to connect to regular jobs. But these categories are fluid, as individuals move in and out of school. Youth who live in neighborhoods and areas of concentrated poverty should receive particular attention, as should youth from low-income families wherever they live.
- **Activities:** Compensated work activity is essential to engage youth in the short term and to provide an initial introduction to employment, while education is

¹ “Proven” programs include those that have undergone rigorous evaluation through experimental methods with random assignment and have generated clear positive impacts, at least in the short-term. These include the Career Academies, the Youth Incentive Entitlement Pilot Programs (YIEPP), the Youth Service and Conservation Corps, the National Guard “ChalleNGe” program, Big Brothers/Big Sisters, and CAS/Herrera. In some cases (like YIEPP, the Conservation Corps and ChalleNGe), evidence on long-term effects is not yet available. In a few other programs, like the Job Corps, the Center for Employment Training (CET), and Quantum Opportunities, positive impacts appeared initially that faded somewhat over time or weakened during the replication effort. We regard programs as very “promising” if they have achieved significant scale and generate positive outcomes for participants but have not yet been subject to rigorous evaluation (e.g., YouthBuild, [the Harlem Children’s Zone](#), and the Youth Opportunity grantees).

critical for their long-term success in the labor market. Thus, both should be emphasized. Work opportunities for youth in or returning to school should be actively promoted, and might even be treated as “entitlements” in some places (as was done in the Youth Incentive Entitlement Pilot Projects of the late 1970s).

- **Programs and Systems:** Funding for both of these should be increased. Existing programs that are “proven” (through rigorous evaluation) or “promising” (on the basis of a track record with positive outcomes and scale) deserve explicit funding expansion. But funds for “system-building” by *intermediaries* at the local level are also important. Such systems would involve partnerships between secondary and post-secondary school systems, local employers, criminal justice systems, and various social service providers. Consolidation of some existing expenditures and reforms or restructuring of existing funding streams will also be necessary.

III. Policy Proposals

- **Funding Structure:** To achieve our explicit goal of reducing youth disconnection by half, we propose a combination of new *formula grants* to states (much of which would be automatically passed through to major cities) and *competitive grants* to applicants serving low-income neighborhoods and areas or other intermediary groups.
 - The formula grants would give states and cities significant funding to pursue new education and employment activities for youth who are disconnected or at risk of disconnection, in a flexible manner, within guidelines established by federal policy and subject to performance measurement and other incentives for cost-effectiveness.
 - The competitive grants would encourage innovative policy and program development and implementation at the neighborhood and other sub-city levels and in rural areas, combined with rigorous evaluation efforts to build understanding of effective approaches. The competitive grants would be “challenge” grants that provide some rate of federal matching for new expenditures (broadly defined) at the local levels.
 - The split in funding between the two types of grants would be 75-80% for formula grants and 20-25% for competitive grants.
- **Use of Funds for School and Work:** Funding in both formula and competitive grants would primarily cover: 1) *In-school* efforts to improve literacy and school achievement, high school completion, and higher education attendance among at-risk youth (including the payment of stipends and financial bonuses for strong performance); 2) *Dropout recovery and reconnection efforts* through alternative/charter schools, community colleges, and other nontraditional credentialing efforts (including those providing GEDs as first steps). Community colleges should in particular be encouraged to create components that accept students without a high school diploma, award them the diploma when it is earned, and seamlessly move them along to college-level work. Portland (OR) Community College offers one example of this kind of arrangement; 3) *Paid work experience* for in-school and out-of-school youth, through Career Academies and other forms of high-quality career and technical education, private sector

internships and apprenticeships, national service, and public works (like “Green Economy” or “Transportation Corps”). Linking students to multiple “upward pathways” or “career pathways” that combine school and work, with academic and occupational education as well as work experience, and that lead to good-paying jobs in high-growth sectors would be a major goal in all cases. Engaging local employers in these efforts would also be critical, as would the achievement of scale in any such efforts.² Some spending on supportive services (like mentoring/youth development, building “life skills,” mental health and substance abuse services, offender reentry and reintegration and emergency vouchers) would be allowable and encouraged. Some of the funding might be used to support an age-appropriate component of initiatives patterned on the Harlem Children’s Zone which provide a place-based, comprehensive set of programs and activities geared to work with children (and, as appropriate, their parents) from birth through completion of post-secondary education and/or successful entry into the labor market.

- **Funds for Systems Building, Technical Assistance and Evaluation:** Some specified amount in each grant category would be set aside for “system” building and management at the state and especially the local levels, including the building of “partnerships” between school systems, employer/industry groups, and criminal justice/mental health systems -- all coordinated by some designated intermediaries. Existing “youth councils” under WIA or other entities might play this role, and would be responsible for developing a local “youth plan” that sets goals and benchmarks, coordinates activities and allocates funds for different populations of disadvantaged or at-risk youth.³ Some funding would also be reserved for technical assistance and evaluation.
- **Subjects for Competitive Grants:** Competitive grant applications would need to describe and propose innovative approaches for reducing disconnection. Some grants would be used to create a newer generation of “Youth Opportunity” grants, including efforts similar to YOGs but not geographically focused. A limited number of grants might involve “entitlement” projects (like the Youth Incentive Entitlement Pilot Project of the 1970s) in which certain categories of young people are offered a guarantee of paid work experience while in school. Renewal of competitive grants would be conditional on performance but not guaranteed. Expenditures of these funds on “proven” programs such as Career Academies and the Service and Conservation Corps and “promising” efforts like Gateways to College and YouthBuild would receive preference. All grants would require rigorous evaluation as a condition of receipt. (States and large municipalities could also directly spend or contract with various organizations to provide these services.)
- **Targeting:** Both types of grants would primarily target low-income youth, though not exclusively, both to limit the stigmatization of participants and to allow place-based strategies. Some targeting could be done by *place* (i.e., residence in low-

² Using tax credits or subsidies for private sector wages for limited periods might be allowable for certain target groups (as now occurs under the Work Opportunity Tax Credit). But these should be limited to prevent large windfalls for employers who otherwise would pay these wages on their own.

³ These activities subsume those now included in the Federal Youth Coordination Act.

income neighborhoods) or by *person* (i.e., low-income family background or categories such as dropouts, youth in foster care and those in the juvenile justice system).

- **Federal Agency Responsibility:** Grants would be administered through the Departments of Labor and/or Education.
- **Performance Measures:** Performance measures will not be based on individual program participation, as these measures encourage “creaming” and other manipulation of entry/exit data. Instead each state will be required to improve overall youth participation rates in schooling and/or work. Increasing rates of high school graduation will also be rewarded (so long as they are not based on lowering standards or “social promotion”), as well as postsecondary enrollment and completion. A newer generation of “on-track indicators” for those in school, including 9th grade completion rates and less traditional counts of graduation rates (e.g., over 5-6 years instead of 4) would be included in these measures. Bonuses for high-performance states – especially those making substantial progress toward achieving the goals of reductions in their “disconnected” youth populations by at least half - and penalties for low performance will be included.
- **Existing National Programs;** The Job Corps would be preserved as a separate categorical program, though participation should be coordinated with other state/local efforts. Some funding would also be set aside for YouthBuild, the Service/Conservation Corps, and the National Guard “ChalleNGe” program. All of these programs would be required to participate in rigorous evaluation efforts. Where such evaluations indicate a lack of cost-effectiveness over the longer run (as might now be the case with the Job Corps), they would be required to undertake efforts to remedy these deficiencies.

Funding Amount: Total funding would gradually ramp up to \$10B annually. These funds would include some of those currently allocated under other federal programs, like WIA youth formula funds (currently set at about \$900M annually) and the Job Corps (at about \$1.4B), as this legislation would replace the youth funding stream in Title I of WIA. Some specific sources of funding for youth education and training now included under the Perkins Act, the 21st Century Learning Centers, and the Higher Education Act might perhaps be rolled into this legislation as well. This level of funding would enable states and localities to significantly improve the levels and quality of services provided to youth. For instance, \$10B per year would enable us to provide an average of \$10,000 in total funding over time for 1 million youth (which would cover roughly two-thirds of all those who drop out of high school each year plus about half of the bottom 20% of high school graduates who are most at risk of failure); this sum would be comparable to one year of funding per participant of target programs like Youth Build. We understand that some young people in these populations will require fairly modest interventions while others will require more intensive and persistent ones.

IV. Remaining Questions

- Should the lead agency be the Department of Education or the Department of Labor, and how can we ensure that both participate actively?

- How might these grants relate to High School Reform efforts or NCLB? If they subsume the youth portion of Title I of WIA, how should they continue to be coordinated with WIA?
- Should the 21st Century Learning funds remain a separate entity (and perhaps subject to its own set of reforms)?
- If new funding for career and technical education is included in this legislation, what becomes of funding and programs now included in the Perkins Act? Similarly, if funding to community colleges for relevant programs is included here, what becomes of funds for similar efforts now in the Higher Education Act?