

FY 2017

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

Job Driven Training Proposals

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JOB DRIVEN TRAINING PROPOSALS

TABLE OF CONTENTS

Summary Budget Authority and FTE by Activity	1
Overview	2
Budget Activities	5
Apprenticeship Training Fund	5
American Talent Compact	7
Career Navigators and WIOA Workforce Data Science and Innovation Fund	9
Opening Doors for Youth	13

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JOB DRIVEN TRAINING PROPOSALS

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2015 Enacted		FY 2016 Enacted		FY 2017 Legislative Proposal		Diff. FY17 LegProp / FY16 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Apprenticeship Training Fund	0	0	0	0	0	2,000,000	0	2,000,000
General Funds	0	0	0	0	0	2,000,000	0	2,000,000
American Talent Compact	0	0	0	0	0	3,000,000	0	3,000,000
General Funds	0	0	0	0	0	3,000,000	0	3,000,000
Career Navigators and WIOA Workforce Data Science and Innovation Fund	0	0	0	0	0	2,000,000	0	2,000,000
General Funds	0	0	0	0	0	2,000,000	0	2,000,000
Opening Doors for Youth	0	0	0	0	0	5,500,000	0	5,500,000
General Funds	0	0	0	0	0	5,500,000	0	5,500,000
Total	0	0	0	0	0	12,500,000	0	12,500,000
General Funds	0	0	0	0	0	12,500,000	0	12,500,000

JOB DRIVEN TRAINING PROPOSALS

OVERVIEW

Introduction

U.S. businesses have created 14.2 million jobs over 70 straight months, extending the longest streak on record.

In spite of increasing employment opportunities, there is still work to be done. The typical family still has not seen its income recover from the recession; since 2009, the median family's income (adjusted for inflation) has fallen by nearly 5 percent. In addition, the Great Recession has left too many people on the sidelines of the economy. While we have made great strides in cutting the unemployment rate in half and reducing the ranks of the long-term unemployed, there are still far too many Americans who are long-term unemployed (2.1 million, 25% of all unemployed individuals) or employed part-time for economic reasons (6.1 million).¹ At the same time, labor force participation has fallen by 3.6 percentage points since December 2007 and, while some of this can be explained by demographic changes such as the aging of the labor force, there is still a substantial fraction of this decline that is unexplained.^{2 3}

Given our strong recovery, we should now be taking every opportunity to ensure that the economy works for every American. This, as the President says, is the “central economic challenge of our time.”

To address this challenge, we need to realign our education and training investments to match the skills required for good middle class jobs and to provide individuals with the information they need to make wise investments in skills for work. A majority of Americans completing an education beyond high school report when they begin their education that they were not sure that the program would lead to a better job and less than 20 percent of businesses find most post-secondary graduates to be prepared for the workforce.

We can better support the millions of Americans seeking to gain skills for better jobs by investing in cutting-edge training for the jobs of today and tomorrow and the tools that give them the information they need to determine which investments will have the greatest impacts. For example, the Employment and Training Administration (ETA) plans to increase apprenticeships, a proven training pathway into the middle class, by encouraging more employers to offer apprenticeships and more workers to become apprentices. ETA also plans to launch the American Talent Compact, which will foster the creation of regional partnerships, to work with workforce boards, economic development organizations, colleges, and employers to meet the workforce needs of in-demand sectors. ETA also plans to empower unemployed and under employed Americans with data and tools to help them take the necessary steps to find better jobs. Finally, ETA plans to invest in year-round and summer paid opportunities for disadvantaged

¹ Bureau of Labor Statistics, The Employment Situation – December 2015, <http://www.bls.gov/news.release/pdf/empsit.pdf>

² Bureau of Labor Statistics, “Labor Force Statistics from the Current Population Survey,” <http://data.bls.gov/timeseries/LNS11300000>

³ Bureau of Labor Statistics, Labor force projections to 2022: the labor force participation rate continues to fall, December 2013, <http://www.bls.gov/opub/mlr/2013/article/labor-force-projections-to-2022-the-labor-force-participation-rate-continues-to-fall.htm>

JOB DRIVEN TRAINING PROPOSALS

youth and launch competitive grant programs to create education and workforce pathways for disconnected youth.

The FY 2017 budget takes a multi-pronged and multi-year approach to accomplishing these goals:

The Department is requesting \$12.5 billion over the course of five years for the following proposals:

1. *Apprenticeship Training Fund* (\$2.0 billion over 5 years; \$400 million in FY 2017): This proposal would put more workers on a proven pathway to the middle class by doubling the number of apprentices across the country. The Apprenticeship Training Fund would accomplish this goal by supporting state-led strategies to expand apprenticeship and encouraging employers to expand participation in registered apprenticeship. Apprenticeships are a proven strategy for preparing workers for middle class jobs, with the average apprentice earning more than \$50,000 after completing training, and through offering apprenticeships employers can train employees with the skills they need to succeed and grow.
2. *American Talent Compact* (\$3.0 billion over 5 years; \$600 million in FY 2017): The Department would launch regional partnerships to give more Americans the skills most in-demand by employers. This proposal will aim to get half a million people trained and placed into high-growth jobs through leveraging regional partnerships between workforce boards, economic development organizations, employers, K-12 Career and Technical Education (CTE) programs, and community colleges to help design job-driven training in in-demand sectors and aid in sourcing talent to fill open jobs.
3. *Career Navigators and WIOA Workforce Data Science and Innovation Fund* (\$2.0 billion over 5 years; \$400 million in FY 2017): The Department will empower new Career Navigators to proactively reach out to every worker who is most at risk of not being able to reset their careers after spells of unemployment, including: (1) the long-term unemployed who have been unemployed for six months or more, (2) those who have dropped out of the labor force altogether, and (3) those who are only able to find part time work. Career Navigators would advise these workers about the steps they can take to find jobs, match them with appropriate training programs, and connect them to federal support services, using best in class data and tools to inform their recommendations. Career Navigators would provide services to 1 million people each year. This proposal would also establish a Workforce Data Science and Innovation Fund, which would invest in state data systems; support the Departments of Labor, Education, and Commerce in developing new data standards, analytical data sets and open source data products on jobs and skills; and recruit and deploy a best-in-class team of data scientists, innovators, engineers, and others to work with states to find new ways to use technology and tools to improve training programs and consumer choice.
4. *Opening Doors for Youth: Making a Commitment to a First Job and a Degree for Every Young American* (\$5.5 billion over 4 years; \$2.035 billion in FY 2017): This proposal would make a down payment on the promise to ensure that all youth have the opportunity to attain a

JOB DRIVEN TRAINING PROPOSALS

degree and a first job. It would invest in year-round and summer paid opportunities for disadvantaged youth and launch competitive grant programs to create educational and workforce pathways for disconnected youth. Through this proposal, we could get more than 1 million young Americans on the path to a successful career.

APPRENTICESHIP TRAINING FUND

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Legislative Proposal	Diff. FY17 LegProp / FY16 Enacted
Activity Appropriation	0	0	2,000,000	2,000,000
FTE	0	0	0	0

Introduction

Apprenticeship is a proven pathway into the middle class, with median starting wages for apprenticeship graduates over \$50,000 and nearly 90% of apprentices employed after completion. Despite this strong track record of success and significant progress over the past two years in increasing the number of apprentices nationwide, the United States still has only 450,000 registered apprentices.

This level puts us far behind our international peers. If the United States had as many apprentices on a per-capita basis as Germany, we would have had 7 million apprentices last year. Even the United Kingdom, a nation with an economy one-fifth the size of ours, has more than twice the number of apprentices.¹ Not only are U.S. apprenticeships far fewer in number than in other countries, but they are also far more concentrated in a handful of industries.

To increase and expand apprenticeship programs, the President is calling on Congress to provide states and regions with needed resources to replicate the dramatic progress that leading localities have made. In five years, South Carolina increased its apprenticeships nearly tenfold and dramatically diversified the types of apprenticeships in the state. Through a comprehensive set of strategies, the state combined small incentives and marketing to employers with a robust program to support employers in starting or expanding apprenticeship programs linked to college credit and an opportunity to obtain a degree.

Other states have also seen success with similar strategies. In fact, with the support of Governors across the country, 14 states have increased the number of apprentices in their state by more than 20 percent, including Michigan, which launched a state-wide skilled trades training fund to support apprenticeship; California, which committed additional state funds to cover training costs; and Kentucky, which created a novel, statewide youth apprenticeship program. With support for such innovative state strategies from Congress, we will meet the President’s goal to double the number of apprentices across the country.

FY 2017

To double the number of apprentices in America over five years, the President’s Apprenticeship Training Fund would invest \$2.0 billion in flexible resources to states.

¹ White House Fact Sheet: Partnering with Employers to Equip Hardworking Americans with the Skills They Need to Advance into Better-Paying Jobs; January 21, 2015.

APPRENTICESHIP TRAINING FUND

Of this amount:

- \$1.3 billion would be used by states to fund innovative strategies to increase employer participation in apprenticeships – including through grants for small businesses or tax credits for new apprenticeships and programs that help employers design and launch apprenticeships in their industry.
- \$500 million would create an innovation fund to reward partnerships among states, cities, regions, non-profits, employers, labor unions, intermediaries and training providers to expand apprenticeships and to link those apprenticeships with pathways for further learning. Strategies to increase the return on investment would include developing flexible and/or accelerated learning approaches; upskilling incumbent workers from low-skill or entry-level positions to mid-skill and more advanced positions; and developing data driven approaches for measuring return on investment. The innovation fund would improve coordination with employers, expand access to underrepresented populations (e.g., greater access to tuition assistance for both employers and workers), and other innovations to create a supportive ecosystem to create and expand apprenticeships.
- \$200 million would support the development and expansion of youth apprenticeships and pre-apprenticeship programs open the door of apprenticeship to a more diverse swath of the nation's workforce. Education agencies, school systems, colleges and universities, apprenticeship sponsors, and industry-led consortiums could receive grants for the cost of training and education; stipends for pre-apprentices and youth apprentices; curriculum development; and marketing to help youth and their parents understand the benefits of apprenticeship.

AMERICAN TALENT COMPACT

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Legislative Proposal	Diff. FY17 LegProp / FY16 Enacted
Activity Appropriation	0	0	3,000,000	3,000,000
FTE	0	0	0	0

Introduction

Two-thirds of companies report that they have positions open today for which they cannot find qualified applicants, and the McKinsey Global Institute estimates that by 2020, the U.S. will have a potential shortfall of 1.6 million “middle skill” workers—those with greater education than high school, but less than a Bachelor’s degree.¹

In the new economy, technology will allow businesses to locate anywhere. In deciding where to place jobs, employers seek the most educated, adaptable, and nimble workforce. A region’s ability to reduce business uncertainty by ensuring a steady and consistent pipeline of highly skilled workers is one key ingredient to helping local economies grow and thrive. For the American worker, one of the surest paths to better, higher-wage jobs is to invest in job-training and education for in-demand skills.

That is why the Administration has followed up on the Job-Driven Training Review to implement reforms over the past year that prepare Americans for in-demand jobs. Additionally, many of the reforms supported by the Workforce Innovation and Opportunity Act — accountability for business engagement, career pathways, additional support for out-of-school youth, new requirements to collect and make transparent program outcomes — have allowed us to be even more aggressive in the steps we are taking to make sure our training programs focus on in-demand skills and match participants with in-demand jobs.

FY 2017

To bring our job-driven training efforts to scale, we are requesting \$3 billion to establish an American Talent Compact, which will spur and support regional partnerships to meet the needs of job-creating businesses. The proposal aims to train a half a million people and place them in jobs in in-demand sectors. Funding would support regional partnerships between employers, workforce boards, economic development organizations, K-12 Career and Technical Education (CTE) programs, and community colleges, with the goal of creating training that will meet the needs of workers in the community who need jobs that can support a family and employers who need skilled workers.

¹ Dobbs, Richard, Anu Madgavkar, Dominic Barton, Eric Labaye, James Manyika, Charles Roxburgh, Susan Lund, Siddarth Madhav: *The World at Work: Jobs, Pay, and Skills for 3.5 Billion People*; June 2012.

AMERICAN TALENT COMPACT

This effort would focus on making local employers more competitive and encouraging foreign companies to bring new jobs to the United States. While the first priority would be on filling jobs of existing local businesses, we would also promote the American Talent Compact to prospective international investors considering locating in the United States through programs that work directly with domestic and international firms, including SelectUSA.

The Talent Compact would build on WIOA's focus on state and local areas' expansion of occupational cluster and sector-based training strategies with a focus on regional growth industries. Under WIOA, Governors must designate regions to undertake local economic planning, including partnerships across Federal programs to coordinate and streamline job training programs, leading to greater impacts for workers and employers.

Funding would be provided through a competitive grant process and would go to 50-60 regions each year. Seventy-five percent of the funding would be focused on developing training and 25 percent would be used to place workers who already possess the required skills into existing high-growth jobs. Regions would be required to form or leverage existing collaborations of workforce boards, economic development organizations, employers, K-12 Career and Technical Education (CTE) programs, and community colleges. Applications would detail the following, among other information:

- A strong partnership between economic development entities, key employers, the workforce development system, the K-12 system, and the community college and university system
- At least one lead entity, which would vary based on which organization is best suited to lead this effort in each community;
- Local financial resources that would be contributed to create systemic and system-wide transformation, including better alignment of the use of state education (K-12 CTE) and higher education funds toward the region's prioritized sector;
- One existing key sector, with associated career pathways, that has a demonstrated long-term need for workers and a demonstration of how the proposed re-employment and training programs will be geared toward this sector; and
- Leadership from mayors and county executives.

Assuming training costs of about \$5,000 per person, this proposal would provide training to an additional 90,000 people per year (representing a nearly 50 percent increase in the number of people trained through WIOA).

CAREER NAVIGATORS AND WIOA WORKFORCE DATA SCIENCE AND INNOVATION FUND

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Legislative Proposal	Diff. FY17 LegProp / FY16 Enacted
Activity Appropriation	0	0	2,000,000	2,000,000
FTE	0	0	0	0

Introduction

People do not purchase a car, retirement account, or home without doing some comparison shopping, getting information about the key features, and understanding how effectively the purchase will meet a family’s needs. And yet each year, millions of Americans make one of the most important investment decisions of their lives—how to invest in education and training—with very little information.

In a recent survey, only 40 percent of people knew post-graduation job placement rates before entering post-secondary education¹. And in a survey published in September, Van Horn and his colleagues found that only one in six unemployed workers visited a federally-funded American Job Center, and only 10 percent of the long-term unemployed attended a job club or professional-networking meeting.² At most community colleges and secondary schools there is only one academic adviser per 800 to 1,200 students.

Collecting and making accessible information about which training programs are leading to strong employment and earnings outcomes and career guidance could mean that billions of individual and taxpayer dollars are spent more effectively each year and many more people obtain better paying jobs.

A Mathematica study with over 8,000 job seekers using different models of Individual Training Accounts found that Structured Choice, which required job seekers to participate in counseling and offered more flexible, higher value training awards, had large, positive impacts on long-term earnings of \$46,000 per job seeker in net social benefits.³ Job seekers participating in Structured Choice counseling also were more likely to complete their training, to earn a credential in the field of their training, and to be employed in the occupation for which they trained compared to those that received no individual counseling.

It is clear that services like skill assessments and individual career counseling should be available and easier to access for any adult worker seeking assistance—whether underemployed, recently dislocated, or unemployed.

¹ Mourshed, Mona; Farrell, Diana; Barton, Dominic. McKinsey Education to Employment Report. McKinsey Center on Government.

² Van Horn, Ph.D., Carl; Cliff Zukin, Ph.D., Allison Kopicki; Left Behind: The Long-term Unemployed Struggle in an Improving Economy, September 2014; http://www.heldrich.rutgers.edu/sites/default/files/products/uploads/Work_Trends_September_2014_0.pdf

³ <http://www.mathematica-mpr.com/our-publications-and-findings/projects/individual-training-accounts>

CAREER NAVIGATORS AND WIOA WORKFORCE DATA SCIENCE AND INNOVATION FUND

FY 2017

Career Navigators (\$1.5 billion over 5 years)

The Department proposes to invest in providing American workers with advice on how to navigate their job search and training options based on their needs and preferences. The United Kingdom and other countries already provide such resources through national career services. In the United States, job seekers should have access to robust assistance when conducting a job search.

This service would start with the launch of *Career Navigators*, who would proactively reach out to individuals who have been left behind in the new economy. The Budget provides \$1.5 billion to states to fund Career Navigators in American Job Centers who will reach out and provide help finding a job to the long-term unemployed, people who are only able to find part-time work, and those who have dropped out of the labor force entirely.

In parallel, the Department proposes to provide \$150 per person for career navigation services and eligibility assessments to the one-third of Unemployment Insurance claimants profiled as most likely to exhaust benefits. This would reach more than 1 million people in FY 2017.

Career Navigators would focus on helping workers as they look for a new job, identifying training options that are producing strong outcomes, and helping workers to complete eligibility forms and assessing what funding they qualify for and where they could get additional services if needed.

A key priority of WIOA is supporting U.S. workers along career pathways to higher-skill jobs. As part of this strategy, Career Navigators would continue to support workers past the point of initial reemployment to advise them on how to leverage that job to shift into higher-paying jobs.

Navigators would have a strong background in business needs so that they could appropriately advise workers on what employers seek and how to get prepared and placed. They would design customized training plans with higher caps on training costs for job seekers who participated in intensive counseling sessions.

While Navigators will be the first point of contact for many people interacting with the system, they may need to direct individuals to other representatives in American Job Centers who have expertise in particular areas (e.g., assessment expert, expert in the educational process, student support & aid expert), as needed.

Assuming counseling costs of \$300 per worker, this proposal would reach 1 million people per year and 5 million people total over 5 years.

CAREER NAVIGATORS AND WIOA WORKFORCE DATA SCIENCE AND INNOVATION FUND

Workforce Data Science and Innovation Fund (\$500 million over 5 years)

The Department of Labor has the opportunity build on the Obama Administration's legacy of improving the quality of existing data, linking private and public data in new ways, and opening up data to developers while ensuring strong privacy protection. The Department can lead 21st-century innovation that has the potential to:

- Give American workers the information to make much better choices about where to invest their time and money in training programs that are producing the best outcomes.
- Provide good data on labor market trends, including jobs and skill needs to upgrade or launch new training programs based on the skills that are most in demand among employers.
- Open up data on jobs, skills, and training for developers and entrepreneurs to respond with whole ecosystems of new applications and services to support American workers, similar to the \$10 billion industry that has been built on open weather data or \$90 billion industry based on GPS data.

The Administration calls on Congress to jumpstart this effort with the creation of a *Workforce Data Science and Innovation Fund*. This fund would focus on improving the quality and usefulness of already existing administrative and program data, managing those data in a way that facilitates analysis, and creating tools and products that connect consumers and policy makers to the resulting information. One of the first investments of the Workforce Data Science and Innovation Fund would be to accelerate the development of workforce training provider scorecards. Inspired by the recent College Scorecard project developed by US Digital Services, state-based Eligible Training Provider Scorecards will, for the first time, publish outcome metrics for every federally-funded training program, allowing eligible participants to better select programs that give them the best chance of success. Creating state training provider scorecards will require an ambitious, coordinated effort to standardize and automate data access, integration, analysis, and reporting across thousands of training providers and employment agencies in every state.

This proposal has several components:

- The proposal will make foundational investments in state data systems in order to reduce the costs and increase the quality and utility of integrated state labor and education data systems to allow for the development of open source data analytics tools, standard data exchange formats, and scalable, open-source database architectures. These investments will focus on improving data access and security; increasing interoperability across datasets and systems; ensuring easy sorting of data, anonymization, and automated data collection and reporting; integrating analysis needs and capabilities into stewardship of data systems; and providing technical assistance to states implementing the open source platform and toolkits. The Budget will provide \$50 million to develop foundational data system structures and open source tools in 5 pilot states and an additional \$380 million to scale up those solutions in the remaining states in years 2-5, building on lessons learned in other domains such as education and criminal justice.

CAREER NAVIGATORS AND WIOA WORKFORCE DATA SCIENCE AND INNOVATION FUND

- The Department of Labor, in conjunction with its partner agencies, will develop new data standards, analytical data sets, and open data products on jobs, skills, and training outcomes. The Department of Labor will pilot a public data resource that incorporates administrative, federal, and private-sector data to disseminate helpful labor market information-based tools, building on existing models. Given its complementary data programs and authorities in collecting, analyzing, and disseminating labor market information, the Departments of Education and Commerce will be partners in this effort. These new Federal labor data APIs and analysis data sets will allow application developers to create and support new data-driven products that would support better decision making of training providers, employers, and individuals similar to what has or is beginning to occur in many other industries like weather, energy and healthcare. \$60 million will be invested in the pilot over 5 years.
- The Fund will establish a Center of Excellence for labor market data science, analytics, and development services with a best-in-class team of private sector researchers, statisticians, data scientists, innovators, entrepreneurs, behavioral scientists, and engineers who would help States and localities find new ways to use technology and data analytics to improve training programs and consumer choice. For example, to support pay-for-success programs across the country, the team could build an open source toolkit that would include algorithms for more targeted enrollment, predictive assessment and risk scores, and open source platforms for automated evaluation. Similar to the Commerce Data Service or USPTO, DOL would open a first-ever office in Silicon Valley to work closely with private labor market data companies and application developers to aid in the development, integration, and scaling of new jointly developed data products. The Budget will invest \$10 million over 5 years in setting up the center.

OPENING DOORS FOR YOUTH

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Legislative Proposal	Diff. FY17 LegProp / FY16 Enacted
Activity Appropriation	0	0	5,500,000	5,500,000
FTE	0	0	0	0

Introduction

Today, approximately 6 million Americans between the ages of 16 and 24 are out of school and work, which represents a tremendous untapped resource of productivity and talent for our nation.

According to a recent report from Measure of America, the cost of youth disconnection — including health care, public assistance and incarceration — was \$26.8 billion in 2013 alone. Even more, youth come from low-income backgrounds with little access to the networks and guidance that are critical for getting on the first step to a good job and economic opportunity.

Despite talent and motivation, these young Americans lack access to higher education and careers that provide them with a living wage and a pathway to better jobs over time. At the same time, U.S. businesses are calling for more and better-trained talent to compete.

Part of the problem is that many young Americans face significant obstacles in transitioning into the labor market. They lack work experience, the soft skills that come from that experience, knowledge about where and how to look for jobs, and well-developed networks to vouch for them and connect them to opportunities.

Additionally, when young people drop out of high school, they are far more likely to face a lifetime of unstable employment and low earnings, making it hard for them to support themselves or their families. Often these young people have not been well-served by the education system, and, facing repeated failure, they leave school. A few methods can get these individuals back on track: (1) developing achievable goals for their future; (2) developing meaningful on-ramps back into education; and (3) making sure that the education system is prepared to help guide them through high school completion, postsecondary education and training, Registered Apprenticeship or work-based learning opportunities, and career options.

These young people can be identified before they drop out of high school through early warning systems (EWS) in each school system, which will include targeted, evidence-based interventions to address the specific needs of youth deemed at-risk based on EWS and other data, including data on chronic absenteeism. These identified youths would become “Opportunity Youth” and would be provided with new opportunities to keep them on track for completing their education. Getting Opportunity Youth on a pathway to success requires a multi-pronged approach that supports two key goals. First, every youth should have the opportunity afforded by a first job.

OPENING DOORS FOR YOUTH

Second, every youth should be given the means and support necessary to complete a high school degree (or its equivalent) and move into employment or postsecondary education and training. Finally, youth in jobs programs should have access to bank accounts or reloadable prepaid cards, helping young people to gain financial management skills that may improve long-term outcomes.

Accomplishing these goals means first identifying and connecting with these opportunity youth; investing in drop-out prevention and recovery, including multiple paths to completing a high school degree; offering work-based learning that a first job affords; building connections with community based organization (CBO) partners who can help re-connect youth; providing navigation and support services to those who have dropped out of school and those who are at risk of dropping out; and ensuring a “no wrong doors” approach that delivers the training and supports most beneficial to each particular youth.

These steps will help give out-of-school and at-risk youth opportunities to earn a high school degree, and in some cases vocational training, which puts them on a path towards employment, post-secondary education, or other viable career pathways.

The enactment of WIOA created an opportunity to provide better on-ramps to youth who are most at-risk by increasing the requirement that a minimum of 75 percent of funds be directed to out-of-school youth (compared to 30 percent under the Workforce Investment Act). Yet disconnected youth are unlikely to reach out for help, and even when they do, there is no systematic way to connect them with dropout recovery programs.

Both traditional jobs programs and secondary education can benefit from building youth intake, data gathering and reporting. Ultimately, we need a service infrastructure that breaks down stovepipes, is tightly integrated, and tailored to the unique needs of disconnected youth.

FY 2017

The Administration’s proposal to connect more disadvantaged youth with long-term career and educational pathways has two primary components:

A Down-Payment on a First Job For Every Youth (\$3.5 billion over 4 years)

A high school degree and real-world job experience, along with the soft and hard skills that they bring, are a requirement for success in the 21st century labor market. Connecting youth with opportunities to build on-the-job experience and skills will have long-term, positive effects on our workforce. To maximize impact, the focus should be on expanding proven skills training and education models to more young people, and particularly to those not engaged in either work or school. It also requires investing more in high-quality paid summer jobs, combining education, paid work, and other networking and supports.

For youth not in school or the workforce, successful programs combine paid work experience with on-the-job educational opportunities; support services to address developmental needs and to mitigate life challenges associated with poverty; and post-program assistance to support a smooth transition to employment or further education. When designed well, these integrated

OPENING DOORS FOR YOUTH

programs can provide an engaging, interactive view of the opportunities in real world jobs and how they can be accessed.

Evidence also shows the benefits of summer jobs for at risk youth. For example, evaluations of Chicago's One Summer Plus (OSP) showed that the program reduced violent crime arrests by about 43%, and even more significantly, the crime reduction effects lasted for over a year after the program ended. This can have a significant effect on future job prospects, given the strong impact incarceration can have on future employment and wages.

Yet in the past 12 years, there has been a 40 percent decline in summer youth employment with a loss of more than 3 million summer jobs for youth and young adults. A recent JP Morgan study found that last summer nearly 46 percent of youth who applied for summer jobs were turned down. This decline has disproportionately impacted low-income people of color. As cited in the My Brother's Keeper report, in 2013, white male teenagers are employed at twice the rate of black male teenagers.

Funding to states in 2009 by the American Recovery and Reinvestment Act (ARRA) set the stage for a dramatic expansion in local summer jobs programs, but a dearth of funding since then has made it hard for cities to build or expand them further. This proposal would make a further down-payment toward ensuring that all American youth can have the valuable experience of a first-job and a paid summer learning opportunity by providing \$3.5 billion over four years in formula grants to support paid employment opportunities for youth.

Of this amount, \$1.5 billion would go to supporting summer job opportunities linked to career information and training opportunities. This funding would require a 50 percent match of youth wages by a combination of other public, business sector, and philanthropic funding, and would provide approximately 1 million more youth summer employment opportunities. The funds, which would be awarded to states via the WIOA youth formula and then distributed to localities, could be used to: (1) secure high-quality summer employment opportunities for participants, (2) subsidize up to half of a participating youth's wages, (3) provide support and coaching to employers on how to successfully employ 16 and 17-year olds in meaningful work, (4) provide related educational programs designed to augment and enhance the summer employment opportunity, and (5) provide coaching, mentoring, and other support services for youth participants.

Another \$2.0 billion would go to investing in first jobs for nearly 150,000 Opportunity Youth. While summer jobs can be an important step in both reducing crime and improving future employment given the right support structures, the roughly 6 million young Americans who are out of school and work and between ages of 16 and 24 also need more full-time pathways to take a first step to a better job or higher education.

Far too many Americans failed to get onto the first rung of the ladder in the Great Recession and despite strong progress we have made on a number of fronts, they are still getting left behind. While the government cannot guarantee everyone a job, we have a critical role to create more "first jobs" given (1) research showing the high correlation between the first job and lifetime earnings / productive contributions to the economy and (2) market dynamics whereby employers

OPENING DOORS FOR YOUTH

are much less likely to hire someone with no job experience. Unemployment for out of school youth (16-24) remains double that of adults with a disturbing number tied up in the criminal justice system.

The \$2.0 billion in funds would help place young adults who have been out of school and work for over four months into up to a year of paid work. Paid work experience could be in the private sector, in non-profit organizations, or in government. Each state would be free to design its own implementation—similar to the Temporary Assistance for Needy Families Emergency Fund established by ARRA—but there would be a required 20% non-federal match (which could include employer matches), recipients must be “needy” (as defined by states), and career and educational navigation services must be provided. Up to 25% of a recipient’s wages spent on employer supervision and training costs could count toward the non-federal match. With an investment of \$2.0 billion, about 150,000 young adults who are out of school and work would gain access to paid employment.

A critical component to the success of these programs is a strong focus on financial empowerment. To that end, all grantees receiving funds to support summer job opportunities or provide first jobs for Opportunity Youth must embed into their programs the ability for young people to access safe and affordable accounts. These accounts must be insured, equipped with consumer protections, and affordable to youth. The accounts will be a tool to allow youth to learn and put into action sound money management practices, and will be used by youth employment programs to implement high quality financial literacy education for participating youth, addressing such issues as use of credit and financing higher education.

Joint DOL/ED “Connecting for Opportunities” (\$2.0 billion over 4 years)

In addition to the investments in a first job, the Administration proposes investing another \$2.0 billion in competitive grant programs to transform communities with high rates of youth disengagement, high school dropouts, and unemployment into places of opportunity for young adults to help them succeed in school and the labor force. The Departments of Education and Labor will jointly administer the “Connecting for Opportunities” program, which will fund the development of comprehensive, community-based pipelines to support at-risk and disconnected youth in achieving high education and employment outcomes in distressed communities across the country. The target population is youth ages 16 to 24 who are not connected to the labor market and: (1) are at risk of dropping out of high school; (2) have dropped out of high school; or (3) have graduated from high school but have no postsecondary education (or very limited experience with post-secondary education).

The program will provide funds to local governments in partnership with local education agencies (LEAs), local workforce development boards, and community-based organizations (CBOs), among other partners, to support at-risk and disconnected youth so that they earn their high school diploma, attain crucial educational, job, and life skills, and improve their long-term job prospects.

All grants will require a strong evaluative component to help build evidence about what works. Grant evaluations will generate evidence about successful solutions to youth disengagement

OPENING DOORS FOR YOUTH

through targeted interventions and cross-sectoral services and supports that create multiple pathways for youth to achieve college and career readiness, including high-quality technical education, such as Registered Apprenticeship, as appropriate.

Lead grantees will be municipalities, in required partnership with school districts, CBOs, institutions of higher education (including community colleges), and Workforce Development Boards. Depending on the needs of the disconnected youth, optional partners may include American Job Centers, employers, criminal justice diversion programs, adult and juvenile detention centers serving the target population, counseling agencies, and state and local complementary agencies.

Grantees would be required to create comprehensive systems of support for at-risk and disconnected youth in their communities, as well as to include school-based dropout prevention and community-based dropout recovery. These elements must be coordinated and complementary, with consistent data systems to allow for better targeting of at-risk and disconnected youth.

Because this program focuses on creating comprehensive pathways to education and employment for all at-risk and disconnected youth in a community, one-half of each award must be dedicated to creating school-based pathways specifically designed to help at-risk and disconnected youth complete their high school education, including models that are tightly integrated with paid, work-based learning and alternative high school or virtual coursework models that can provide flexible, accelerated high-quality learning opportunities and educational support resulting in the acquisition of high school diplomas.

Applicants must demonstrate sufficient need in the local population. In addition, applicants must demonstrate the capacity to implement a comprehensive plan to:

- Adopt a re-engagement center focus or hub approach—and specifically an intake system for disconnected youth or their families to help refer them to the appropriate services.
- Establish or have in place school district early warning systems (EWS) and connect these educational data systems to and utilize existing WIOA data gathering and reporting systems for identifying and engaging Opportunity Youth—this will include using targeted, evidence-based interventions to address the specific needs of youth deemed at-risk based on EWS and other data, including data on chronic absenteeism;
- Provide “youth navigators” that engage in one-on-one case management and counseling services to connect youth with needed services and help them develop near-term, achievable goals; long term aspirations; and overcome social and financial barriers that prevent them from achieving those goals;
- Connect youth to—or directly provide them with—needed social support services, such as: childcare, food stamps, housing support, transportation, and other social support services available in their community;

OPENING DOORS FOR YOUTH

- Offer multiple paths to high school graduation;
- Find and secure paid internship opportunities and/or jobs for all appropriate participants, with a requirement that they be paid at least the minimum wage with an employer match;
- Ensure youth are connected and successfully transitioned into postsecondary education and training along career pathways that lead to long-term careers in in-demand sectors; and
- Rigorously evaluate program outcomes.

Preference will be given to applicants that have a plan for engaging the entire family when appropriate and offering accelerated coursework, alternative school schedules, and the opportunity for credit recovery through prior learning assessments.

Finally, strong links must be built with local workforce training programs so that disconnected youth who are identified but ultimately uninterested in alternative high school models are referred to programs like Job Corps and WIOA youth formula-funded service providers. WIOA Youth service providers may be a “first stop” for youth going through this program so they can be connected to labor market information and career counseling so they start off with a strong sense of their own strengths.