

FY 2016

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYMENT AND TRAINING ADMINISTRATION

Job Driven Training Proposals

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JOB DRIVEN TRAINING PROPOSALS

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JOB DRIVEN TRAINING PROPOSALS

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	2014		2015		2016			
					Current Law		Legislative Proposal	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
High-Growth Sector Training	0	0	0	0	0	0	0	16,000,000
General Funds	0	0	0	0	0	0	0	16,000,000
Apprenticeship Training Fund	0	0	0	0	0	0	0	2,000,000
General Funds	0	0	0	0	0	0	0	2,000,000
Connecting for Opportunity	0	0	0	0	0	0	0	3,000,000
General Funds	0	0	0	0	0	0	0	3,000,000
Total	0	0	0	0	0	0	0	21,000,000
General Funds	0	0	0	0	0	0	0	21,000,000

JOB DRIVEN TRAINING PROPOSALS

OVERVIEW

Introduction

The Budget proposes several new initiatives to support workforce programs that combine strong employer engagement with high quality training to create pathways for workers into high-growth occupations. These efforts will support continued economic growth and help millions of Americans reach the middle class.

- High-Growth Sector Training and Credentialing Grants (\$16 billion over 10 years) is a mandatory proposal that dovetails with the discretionary budget, which provides significant additional funding to provide in-person reemployment services to all of the displaced and unemployed workers who would come into American Job Centers. It provides more resources for training, which due to resource limitations is currently provided to only a small share of people who come into American Job Centers. This additional funding would double the number of recently unemployed individuals who can access training, up from 10 percent now, and help regions with high unemployment serve the long-term unemployed in times of recession. The proposal also includes dedicated funding to develop sector-specific credentials and assessments to more easily connect workers with jobs and ensure that training meets employers' actual skill needs.
- Apprenticeship Training Fund (\$2 billion over 4 years) seeks to help more employers come to the table in providing or expanding high-quality apprenticeships. The fund gives states and regions the flexible resources to help and incent employers to create or expand apprenticeships. This funding, in tandem with the companion discretionary funding, would help achieve the President's goal of doubling Registered Apprenticeships across the country over the next five years.
- Connecting for Opportunity (\$3 billion over 4 years) addresses the needs of disconnected youth with two components: (1) \$1.5 billion for summer and year-round job opportunities; and (2) a \$1.5 billion competitive grant program to reengage and create educational and workforce pathways for disconnected youth. The program will support local governments, or consortia of local governments, in partnership with local education agencies, community based organizations, and local workforce development boards, to assist disconnected youth to earn their high school diploma and attain critical educational and life skills that will improve their long-term job prospects. These grants will generate evidence about successful solutions to youth disengagement through targeted interventions and services that create pathways for disconnected youth to complete their high school degrees, matriculate in college, and/or obtain high-quality technical education including Registered Apprenticeship.

HIGH-GROWTH SECTOR TRAINING AND CREDENTIALING GRANTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	2014	2015	2016	
			Current Law	Legislative Proposal
Activity Appropriation	0	0	0	16,000,000
FTE	0	0	0	0

Introduction

People who lose their jobs need access to career counseling that helps them assess their skills, find available jobs, and identify high-quality training that can help them qualify for those jobs. When people receive training, whether paid for from public funds or their own pockets, that training should provide them the skills required for in-demand jobs available in an economic region. Today, we have examples around the country of communities coordinating in certain sectors around strategies to give job seekers and training providers clarity about in-demand job needs, but we need to expand those best practices throughout the country.

Providing the skills training and credential attainment that people need requires that businesses, the workforce system, and other community partners work together to create strategies that work for the local economy. Communities need to define the jobs that are in-demand, identify the skills needed for those jobs, and work with educational institutions to develop or embed existing standards from industry-recognized credentials into job-driven training and curricula. Around the country, examples exist of communities coordinating sector-based strategies to provide job seekers the necessary skills and credentials to obtain in-demand employment. However, because of limited resources, many individuals are not able to get publicly funded training to help them find a better job.

This mandatory proposal supports sector-specific strategies to more easily connect workers with jobs and ensure that training meets employers' actual skill needs. It supports the development and delivery of assessments as well as the identification and mapping of stackable credentials within career pathways. It also provides more resources for training, including work-based learning opportunities, which due to resource limitations is currently provided to only a small share of people who come into American Job Centers. This proposal is paired with a \$400 million discretionary increase for the Employment Service program to increase access to career counseling and training for two million jobseekers and the long-term unemployed who would come into American Job Centers.

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This proposal would create a new grant program to fund the regional partnerships necessary to create strong training programs aligned to in-demand jobs and provide funding to give more people access to career counseling, assessments, and training.

Industry Credentialing and Career Pathways Grants (\$500 million)

National industry-recognized credentials and assessments exist in a number of industries such as manufacturing (e.g., the Manufacturing Institute's NAM-endorsed skills certifications). The goal

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of this funding would be to drive additional uptake of these types of certifications among many more employers and training providers, create employer-validated credentials where they do not yet exist to encourage development of new certifications, and develop curriculum and assessments that lead to the credential. In addition, it would encourage wider use and adoption of existing credentials, particularly in those industries for which credentials exist but employers do not fully understand the skills and competencies conveyed.

The President's budget provides \$500 million for Industry Credentialing and Career Pathways Grants, including \$300 million specifically targeted at information technology jobs to expand development and adoption of industry-validated credentials. These grants would be awarded to employers who partner with the workforce system and post-secondary institutions such as community colleges and other innovative education and training providers for collaborative planning, development or adoption of credentialing and assessment frameworks, and articulation of career pathways with stacked and latticed credentials, as well as resource alignment across multiple firms within industry or occupational clusters for jobs in high demand regionally. Grantees would be required to partner with postsecondary institutions (including new tech centers), other training providers and the workforce system. These grants also would align with WIOA-funded activities and sector strategies.

The grants would go towards the following sector-based activities:

- Identify and aggregate the training needs of multiple employers within a region including skill requirements for those needs;
- Develop or adopt existing screening assessments that will help determine if individuals are a good fit for particular occupations, and develop credentialing training programs from which employers will agree to hire;
- If grantees are adopting existing frameworks, they would be required to demonstrate the adaptation and use of these competency-based frameworks and credentials for participating employers;
- Assess the competencies currently covered in education and training programs compared to the competencies required for credentials and assessments that are being used by industry partners and determine gaps;
- Increase understanding of existing credentials by translating for employers what skills and competencies individuals attain through specific credentials,
- Help postsecondary institutions and other training providers align credentials and competency frameworks with their curricula with a preference that these programs are competency-based and give credit for prior learning; and
- Include strong performance management and evaluation systems.

Additional requirements:

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- Grantees would be required to show that the industry or occupational clusters selected has a demonstrated current and projected demand for skilled workers and availability of job opportunities that lead to economic self-sufficiency for workers
- Applicants would be required to do a landscape analysis on what exists and build on existing efforts that have already demonstrated success where possible by expanding employer adoption or expanding the career pathway
- \$300M set aside for IT reflects our focus on both industry and occupational assessments and credentials given the number of sectors IT cuts across as well as a group of occupations that are in high demand, growing and pay wages of over \$50,000 on average. Even without dedicated funding, almost \$200M of TAACCCT Round four went to IT.
- Make available the model approach, competency framework and competency-based program(s) including accompanying assessment tool(s) and credentials produced, and widely disseminate information on the uses and benefits of this approach throughout the trade and industry association(s), education and training network, public workforce system, and other credentialing bodies.

High-Growth Sector Training Grants (\$15.5 billion)

The second component of the mandatory proposal would build on the credentialing work of the industry partnerships to provide more funding for high-quality training, in tandem with intensive reemployment services the 2016 Budget funds with discretionary resources.

Recent research shows that investments in sector-based approaches that combine career counseling, assessments, and targeted job placement oriented to specific occupations such as health care, manufacturing, or information technology can increase employment rates and raises workers' earnings by as much as \$5,000 per year. The increased earnings reflect the fact that participants are able to get jobs that require more skills and, thus, have higher pay as well as better benefits and career advancement opportunities than the jobs that many workers obtain on their own. Counselors assigned to these occupations know more about the specific needs of employers and better help workers find jobs. Employers in these high-growth fields know which career centers to engage. Instead of having nearly 2,500 American Job Centers that have to try to meet all industry and occupation needs, states and localities would retool some of their career centers, particularly in more populated areas, to specialize in specific sectors (based on local job market data).

The proposal would achieve this transformation of our workforce system by expanding funding for training and linking this new funding to the industry partnerships. Smaller grants would help to bring together partners and start a pilot program. Larger grants would be used for scaling programs based on evidence of effectiveness, which could include past performance on graduation rates, job placement rates and placement wages, in order to create networks of high-quality programs available to students across the country. Funding would be allocated to states using the WIOA dislocated worker formula, but states would have to apply for the supplemental resources. In order to receive these funds, states would have to submit an application detailing 3-

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5 sectors with job demands in defined regions as well as how their reemployment and training programs (including existing ES/WIOA dollars) will be geared toward these sectors. In addition to required reporting of outcomes of all participants for training providers, the application would have to demonstrate that the state has the following in place:

- Strong employer partnerships that include
 - Employer partners in the identified 3-5 sectors and partnerships with industry-led consortia in the identified region(s);
 - Explanation of how American Job Centers in each of the targeted regions would be organized to reflect high-priority sectors; and
 - Use of work-based learning.

- Career navigation tools to help jobseekers transition into careers, such as the
 - Use of assessments recognized by employers that help determine if jobseekers have transferrable skills and what additional training and/or basic education might be needed; and
 - Articulated career pathways in each of the State-identified sectors from entry-level to more advanced positions. Meaningful gatekeeping procedures will be used to determine if training could lead to better job placement and higher earnings potential than could otherwise be achieved before allocating training dollars.

Total funding available on an annual basis for training would start out at \$200 million with funding ramping up to \$600 million in the third year. This ramp up period will ensure that significant training funds do not go out the door until the infrastructure of credentialing organizations is built up through the first part of the program and the significant discretionary increase in these funds will allow states to improve the availability of high-quality reemployment counseling services. State/local allocations for this training funding will be based on a formula that takes into account the projected participants and economic factors.

An additional amount totaling \$10 billion would be included in this proposal specifically for the long-term unemployed to provide career counseling, training, and subsidized employment proportional to an area's long-term unemployment rate. Funding would be higher in the first few years to meet the demand associated with current elevated long-term unemployment rates. Funding in future years would be tied to the level of long-term unemployment, with funding significantly decreasing as long-term unemployment returns to pre-recessionary levels and increasing if long-term unemployment increases. The maximum annual funding amount would be capped to control costs.

Impact. Assuming training costs of about \$3,000 per person, this proposal would provide training to an additional 200,000 people per year (doubling the current number of people trained through WIA). The funding pot for the long-term unemployed could provide services to about 450,000 people in the first year depending on the mix of counseling, training, and subsidized work that states chose to provide.

APPRENTICESHIP TRAINING FUND

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	2014	2015	2016	
			Current Law	Legislative Proposal
Activity Appropriation	0	0	0	2,000,000
FTE	0	0	0	0

Introduction

The 2016 Budget proposes a \$2,000,000,000 Apprenticeship Training Fund to help more employers and program sponsors come to the table in providing high-quality on-the-job training through apprenticeship, equip states and regions with the expertise and resources to assist employers in creating or expanding apprenticeships, and link apprenticeship with further pathways in higher education. Apprenticeship is a proven pathway into the middle class. According to recent DOL data, Registered Apprenticeship program completers have median wages over \$50,000 and more than 90 percent are employed. Through this one time investment, the President calls on Congress to expand quality apprenticeships with the goal of doubling the number of apprenticeships in America over five years by providing flexible resources to states to support apprenticeship.

Despite their track record of success and significant progress over the past year, the United States has only 400,000 registered apprentices in training currently. 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 Great Britain, a nation with an economy one-fifth the size of ours, has more than twice the number of apprentices. And in the United States, apprenticeships are far more concentrated in a handful of industries than they are in other countries.

The President’s proposed Apprenticeship Training Fund would be divided between a \$1.5 billion amount to provide states and regions with the resources to encourage greater employer participation – including through grants for small businesses or tax credits for new apprenticeships – and a \$500 million innovation fund to reward partnerships between states, cities, regions, workforce boards, non-profits, employers, labor unions, and training providers to expand apprenticeships and to link those apprenticeships with pathways for further learning.

The President is calling on Congress to provide states and regions with the resources to replicate the dramatic expansion seen in places like South Carolina – which increased its apprenticeships nearly tenfold over five years and dramatically diversified the types of apprenticeships in the state through a comprehensive strategy that combined small incentives and marketing to employers with a robust program for helping employers start or expand apprenticeship programs linked to college credit and a shot at a degree. Other states have also seen success with similar strategies, as Michigan has done recently in Detroit with a pilot that pairs \$5,000 to offset training costs with outreach to local employers, labor organizations and trainees from the local workforce system. With support for comprehensive state strategies from Congress, the United States could double the number of U.S. Registered Apprenticeships within five years.

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The President's proposal recognizes significant activity underway in Congress to advance American Apprenticeships – and builds on a bipartisan suite of proposals to replicate the successful model used in South Carolina, Washington, Michigan, and beyond to spur a national effort to double American Apprenticeships.

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The proposed \$2 billion Apprenticeship Training Fund would:

I. Award \$1.5 billion in flexible funding to states for strategies that bring more employers to the table to expand Registered Apprenticeships, including training grants and tax credits, complementing existing state resources and efforts. The Apprenticeship Training Fund would provide states with the flexibility to develop strategies that best meet the apprenticeship needs in their regions and complement on-going state efforts. \$500 million of the funds would be made available on a formula basis and \$1 billion would be awarded competitively to states and regions with the strongest strategies.

States would be able to use the funds to support new activities and additional investments that create economic incentives to increase industry adoption. Wage and training cost supports vouchers or tax credits that can increase incentives for employers to offer high quality apprenticeships and help smaller, capital-constrained employers overcome barriers and commit to provide training. States using economic incentives would be encouraged to utilize the funds to promote high quality apprenticeships, reward industry investment and engagement, and focus on program completion and sustainability. For example, Iowa provides subsidies to employers to cover classroom and on-the-job training costs for apprentices in high-technology jobs.

In addition, these funds could be used on employer outreach and recruitment. Raising awareness among employers about the business case for apprenticeship and publicizing apprenticeship models can increase employer adoption. As the United Kingdom has done, states will be encouraged to utilize multi-pronged strategies and a range of media (including social media) to reach employers and job seekers. Educators and parents of young adults are also critical target audiences for outreach efforts. States are encouraged to combine multiple outreach efforts – as South Carolina has done with its apprenticeship navigators and broader marketing efforts.

The Apprenticeship Training Fund's flexible funding for state strategies to bring more employers to the table to create new apprenticeships would be divided into a base allotment for all interested states and a challenge fund to reward the most promising state strategies to expand apprenticeships:

- \$500 million in a Base Fund for comprehensive state strategies. Formula funds would be available to all interested states based on their proportion of working age population, with no state receiving less than \$2.5 million, to support comprehensive strategies to expand apprenticeships in their region. Where states choose not to participate, cities and counties in that state may come forward to access what would have been their state's share of the funding. If no city or county from such states apply, the unclaimed formula funding would be awarded proportionally to the remaining participating states, cities, and

APPRENTICESHIP TRAINING FUND

counties. In order to be eligible for the formula funding, states, cities, or counties would need to demonstrate or propose a comprehensive program to expand registered apprenticeships and plan to advance training models that meet the requirements for substantive on-the-job training and related technical instruction put forth by the Department of Labor's Registered Apprenticeship Program and requirements established by the appropriate State Apprenticeship Agency.

- \$1 billion Challenge Fund to kick-start state strategies with the greatest potential to expand apprenticeships. The Challenge Fund would reward the best state proposals while incentivizing states and industry to bring resources to the table to increase Registered Apprenticeships. By providing states with an opportunity to compete for additional funding, the Challenge Fund would spur more ambitious, evidence-based strategies and efforts on the part of states to expand registered apprenticeship. While a wide range of state strategies would be eligible for consideration, one important selection criterion would be the extent to which federal dollars would be efficiently used to expand quality apprenticeships – encouraging proposals that include state- or employer-matching funds, reforms to state postsecondary, workforce, credentialing or licensure policies, or other initiatives to increase the number of apprenticeships per grant dollar. The best state proposals would be eligible for up to \$100 million to implement their strategies. To build the evidence base on effective apprenticeship models, a portion of total funds will be reserved for evaluation and other purposes as described below.

States and regions participating in the Apprenticeship Training Fund would be required to conduct all grant management and oversight responsibilities typically required by U.S. Department of Labor grantees, including reporting on apprenticeship outcomes such as program completion and apprenticeship graduates' employment, retention and wages. States with State Apprenticeship Agencies would be expected to monitor and oversee the expansion of Registered Apprenticeships in their areas per their federally approved plan, utilizing resources provided under the \$500 million base grants. States without State Apprenticeship Agencies would be expected to cooperate with U.S. Department of Labor in the registration, oversight and monitoring of these apprenticeship programs.

II. Dedicate \$500 million for an “Innovation Competition” to build capacity in states and regions to assist employers in expanding apprenticeship and link apprenticeship to pathways for further learning. A competitive \$500 million investment in state and regional capacity to support employers in expanding apprenticeship would help replicate the other key ingredient in South Carolina's recipe for success – a strong capability for assisting employers in designing apprenticeship programs embedded in the state higher education and workforce system. In addition, these investments could better align our systems of classroom and on-the-job training by aligning college coursework with apprenticeship programs.

States and regions would compete for funding to build or expand local capabilities to assist employers in expanding apprenticeship. By assisting employers in developing apprenticeship programs and in continuously improving their quality, participation, and completion, the workforce system, community colleges, state apprenticeship offices, economic development entities, and other training providers can serve as technical assistance hubs for apprenticeship

APPRENTICESHIP TRAINING FUND

sponsors and link apprenticeships into pathways to college credit, additional credential attainment, or other further training. For example, building connections between the American Job Centers and Registered Apprenticeship can create a referral source and talent pipeline for the sponsors of apprenticeships. And, in South Carolina, the creation of the Apprenticeship Carolina office within the South Carolina Technical College system provided close integration between apprenticeship programs and community college academic specialists to partner with employers in the development and design of new programs.

At the same time, these funds would galvanize further alignment between apprenticeship and pathways for further learning and a college degree. Incentivizing the use of common credentials and certifications across apprenticeships in a given industry can increase the portability and recognition for an employee's skills. For instance, in Indiana, the Ivy Tech Community College System has created clear articulations and agreements to link apprenticeships into pathways for college credit and degrees. Some apprenticeship programs, like the United States Army machinist apprenticeship program, have linked their skills to employer-recognized certifications such as the National Institute for Metalworking Skills (NIMS) certificate.

Up to five percent of the total funds will be reserved for administration, technical assistance, and evaluations of the impacts of each portion of these funds, including the specific proposals and approaches funded under the innovation portion of the fund.

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	2014	2015	2016	
			Current Law	Legislative Proposal
Activity Appropriation	0	0	0	3,000,000
FTE	0	0	0	0

Introduction

There are more than 6 million youth ages 16 to 24 who are neither in school nor working.¹ Helping disconnected youth get on a pathway to success requires a multi-pronged approach that: focuses on drop-out prevention and high school success; creates multiple paths to completing a high school degree; provides case management and support services to those who have dropped out of school; and offers work-based learning and other successful vocational training opportunities. In all cases, it is critical to set youth on a long-term path toward employment, post-secondary education, or other viable career pathways.

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. In order to get them back on track, we need to help them develop achievable goals for their future, develop meaningful on-ramps back into education, and then make sure that the education system is prepared to help guide them through high school completion, college, Registered Apprenticeship or work-based learning opportunities, and career options.

The enactment of WIOA has 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 prior program). However, disconnected youth are unlikely to walk through the doors of American Job Centers, 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 and service infrastructure that is tightly integrated and tailored to the unique needs of disconnected youth.

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The Budget requests a total of \$3,000,000,000 for Connecting for Opportunity. The proposal has two components: (1) \$1.5 billion in formula grants to provide additional summer-and year-round job opportunities for about 600,000 youth; and (2) \$1.5 billion for competitive grants to municipalities to create educational and career pathways for disconnected youth.

¹ <http://gradnation.org/resource/building-gradnation-progress-and-challenge-ending-high-school-dropout-epidemic-2014>

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The \$1.5 billion for summer and year-round jobs would be allocated via the WIOA Youth formula, and will give localities additional capacity to provide summer-and year-round opportunities for disconnected youth. Work experiences provide youth with valuable exposure to the working world and its requirements. Work experiences also help youth acquire the personal attributes, knowledge, and skills needed to obtain a job as well as advance in employment and reinforce skills that are learned in the classroom and on the worksite. Young people get opportunities for career exploration and skill development, and the employer benefits from the activities performed by the youth. Employers also get to “test out” a potential employee, and the young person walks away with a work history. Work experiences can vary in length and can include career exploration, job shadowing, internships, and jobs – or any combination of the above.

Based on summer employment under the Recovery Act, summer and year round jobs typically cost \$2500 per participant. With the \$1.5 billion for summer and year-round jobs, the Department expects to provide 600,000 youth with summer or year-round jobs. Recent research has demonstrated the importance of summer employment programs. In December of 2014, the National Bureau of Economic Research released a report on The Effects of Youth Employment: Evidence from New York City Summer Youth Employment Program (SYEP) Lotteries. The study found that SYEP participation causes average earnings and the probability of employment to increase in the year of program participation and SYEP participation decreases the probability of incarceration and decreases the probability of mortality. In addition, a new JPMorgan Chase & Co. report released in January 2015 reveals that only 46 percent of young people who applied for summer employment programs were enrolled in 2014. In the 14 major U.S. cities surveyed, local officials also project that tens of thousands of economically disadvantaged youth looking for jobs will not be able to find them during the upcoming summer months. The report, “Building Skills Through Summer Jobs: Lessons from the Field,” shows that there has been a nearly 40 percent decline in summer youth employment over the past 12 years. Further, only 26 percent of young adults in the U.S. held any type of paid job in 2011. The employment shortage disproportionately impacts low-income youth and young people of color. In the summer of 2013, low-income teens (family income less than \$20,000) were 20 percentage points less likely to be employed than high-income teens (family income \$60,000 or more). The employment rate among White teens was 39 percent, nearly 27 percent among Hispanic teens and 19 percent among Black teens. In addition to the investments in summer and year-round job opportunities, the Budget invests \$1.5 billion to provide competitive grants to local governments, or consortia of local governments to improve the educational and life skills attainment as well as long-term job prospects of disconnected youth. These grants will generate evidence about successful solutions to youth disengagement through targeted interventions and services that create pathways for disconnected youth to complete their high school degrees, matriculate in college, and/or obtain high-quality technical education including Registered Apprenticeship. The target population is disconnected youth, with an emphasis on out-of-school youth as defined in WIOA.

Municipalities will be the lead grantee for these competitive grants, in required partnership with school districts, community-based organizations, and workforce development boards. Depending on the needs of the disconnected youth, optional partners may include American Job Career Centers, local community colleges, employers, criminal justice diversion programs, adult

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and juvenile detention centers serving the target population, community based organizations, counseling agencies, and state and local complementary agencies. One-third of all funding (\$500 million in total) must go to LEAs as the partnership administrative lead for creating school-based pathways specifically designed to help disconnected youth complete their high school education, including models like alternative high schools or virtual coursework that can provide flexible, accelerated learning opportunities and educational support resulting in the acquisition of high school diplomas. Applicants must demonstrate there is sufficient need in the local population. In addition, applicants must demonstrate the capacity to implement a plan to effectively:

- Create or grow robust systems for identifying and tracking disconnected youth;
- 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.
- Utilize existing WIA/WIOA data gathering and reporting systems for identifying and tracking disconnected youth;
- Provide coaches that engage in one-on-one case management and counseling services to help youth develop near-term, achievable goals; long term aspirations; and overcome social and financial barriers that prevent them from achieving those goals;
- Offer multiple paths to high school graduation;
- Connect youth to—or directly providing them with—needed social support services, such as: childcare, food stamps, housing support, and other social support services available in their community;
- Find and secure paid internship opportunities and/or jobs for all appropriate participants;
- Ensure youth are connected and successfully transitioned into postsecondary education, training along career pathways that lead to long-term careers 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.

Preference will also be given to applicants seeking to provide paid learning opportunities at junior police academies and with first responders. This can provide youth the opportunity to work in local law enforcement agencies to gain exposure to a wide spectrum of law enforcement activities, promote positive interactions with law enforcement officials, and inspire potential careers in law enforcement, complementing the proposed discretionary investment in this model. These programs also can provide an effective tool for law enforcement agencies to recruit from among members of their own communities.

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 American Job Career Centers for additional occupational training and services. American Job Career Centers 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.

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Costs vary, but a brief review of programs listed on the National Dropout Prevention Center/Network model programs indicates that successful reengagement work requires more than \$3,000 per student. Using this figure, we anticipate that a \$1.5 billion program could serve as many as 500,000 youth over 4 years. More students could be served if a matching requirement from localities is included. Additionally, this approach would help leverage any available WIOA youth funding dollars for paid learning opportunities and placement services.

Overall, trends in high school graduation rates tell a strong story of school improvement and reform. The national high school graduation rate recently exceeded 80 percent in part due to the Administration's efforts on high school turn-around and investment in the lowest performing schools. Because of graduation rate increases between 2008 and 2012, an additional 100,000 Latino students and an additional 40,000 African-American students graduated from high school.

The literature suggests that disconnected youth do not remain disconnected forever. For example, an Urban Institute report shows a significant population of 'later-connected' youth who increased their connectedness from age 18 through 24. Despite reengaging, this population is significantly less likely to complete high school—nearly 30 percent drop out.² For these young people, there is both an individual demand and community need for a pathway back into the education system.

Educational and career obstacles can disproportionately affect boys and young men of color. According to the Interagency Working Group on Youth Programs, there are roughly 6.7 million disconnected youth, aged 14-24 who are homeless, in foster care, involved in the criminal justice system, or are neither employed nor enrolled in an educational institution. While the youth disconnection rate is about 15 percent for the country as a whole, it is 23 percent among blacks and 19 percent among Latinos. Throughout the year, only half of young black men ages 20-24 were employed, compared to over two-thirds of young white men.³ As these young men get older, the employment gap persists. There are many factors that contribute to these disparities. In school counseling, for example, Hispanic males receive lower rates of college entrance advice from a counselor, teacher, or coach compared to their black and white male peers. These conversations increase the probability of enrollment in postsecondary education, not just receiving financial aid.⁴ Overall, young men of color enroll, continue in, and complete postsecondary education at significantly lower rates than their peers.⁵ Providing additional school counseling services helps close the loop for those youth that are out of school.

Cities and states have already begun to invest in drop out recovery efforts, but more action here is needed. New York City's Young Adult Borough Centers provide full-time, evening courses tailored to what each student needs to master in order to graduate. These efforts combined with

² <http://aspe.hhs.gov/hsp/09/vulnerableyouth/1/rb.shtml>

³ http://www.whitehouse.gov/sites/default/files/docs/053014_mbk_report.pdf

⁴ Institute for Education Sciences, National Center for Education Statistics. Higher Education: Gaps in Access and Persistence Study (August 2012), Figures 28-3, 31-1, 29-1

⁵ Ross, T., Kena, G., Rathbun, A., KewalRamani, A., Zhang, J., Kristapovich, P., and Manning, E. Higher Education: Gaps in Access and Persistence Study (NCES 2012-046). U.S. Department of Education, National Center for Education Statistics. Washington, DC: Government Printing Office (2012).

CONNECTING FOR OPPORTUNITY

Transfer High Schools, Learning to Work, and access to GED programs helped New York City reduce their dropout rate from 22 percent to 11.8 percent between 2005 and 2009.

Philadelphia's Project U-Turn helped spur the creation of the Office of Multiple Pathways to Graduation that expands programs for disengaged youth. It brings together representatives of the School District, city agencies, foundations, youth-serving organizations, parents, and youth themselves in citywide collaborative effort. The project has contributed to a 12 percent growth in Philadelphia's high school graduation rate since 2004. Other cities building reengagement centers include Los Angeles, Omaha, Boston, Milwaukee, and Portland (OR).

At the core of many effective dropout recovery (and prevention) strategies is pairing a young person with an adult who can gain the trust of the young person, help them set goals, and then help them navigate education and other systems to achieve them. Georgia's graduation coach initiative worked with 33,884 students who had poor attendance between 2007 and 2008. By the end of the year, more than one-third of those students no longer demonstrated attendance problems. New York City contracts with local CBOs to place advocate counselors in schools to work with students to remove barriers to their graduation; these advocates are treated as partners of the school, as opposed to employees, in serving the students.

Accelerated programs and competency-based education can help reduce the time required for graduation—a key challenge for serving disconnected youth who are over-aged and under-credited youth. Both Project U-Turn and New York City employ a multiple pathways to graduation model to help accommodate for the various reasons why youth become disconnected. Finally, the National Governors Association identified the need for innovative school models and performance based credit to remove barriers and reengage with youth.