

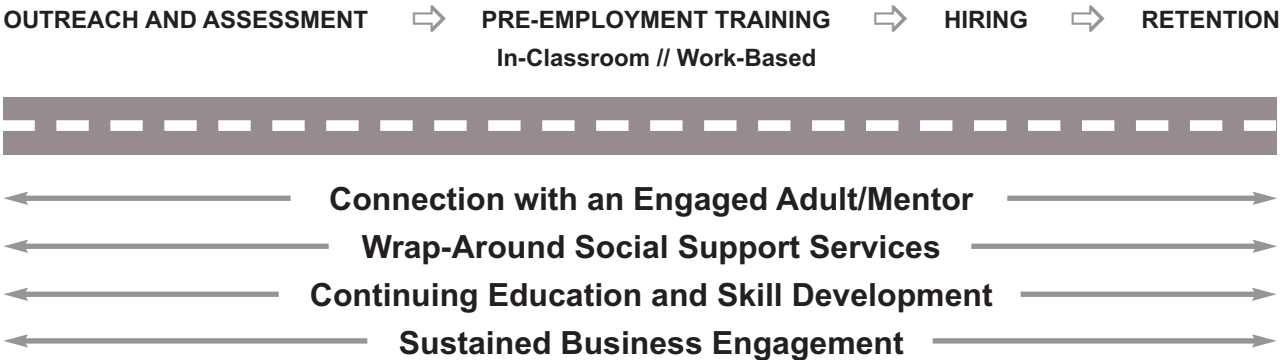


# POLICY RECOMMENDATIONS: Alternative Pathways for Disconnected Youth

As the country faces dramatic economic challenges, it is critical and prudent that we pursue policies that are good for business and help support populations who are particularly vulnerable, including the disconnected youth population. The current dropout crisis, with 30 percent of our high school students failing to graduate in four years, along with the lack of workforce preparedness of many who do complete school, demonstrate that the current education system is failing far too many young people. At the same time, employers report a need for skilled entry-level talent, and the Department of Labor projects significant labor shortages in the coming decade.

In order to address these dual challenges—the lack of opportunity for disconnected youth and the lack of skilled entry-level talent for employers—Corporate Voices for Working Families and its partner companies have developed a model alternative career pathway for disconnected youth. The graphic illustrates the key elements to address challenges for employers, as well as the underlying components of successful alternative pathways programs.

## Alternative Employment Pathways for Disconnected Youth



The four main challenges employers articulated are shown above the pathway:

- **Outreach and Assessment:** The system needs to do better providing *outreach to and assessment of* at-risk young people in order to identify their skill sets.
- **Pre-employment Training:** This training should correlate with the assessment and assist workers with communication, teamwork and professionalism skills.
- **Hiring:** Tax incentives are one strategy to help neutralize the risk employers take when they hire from the disconnected youth population.
- **Retention:** Increasing retention rates for this group of young people requires special effort to help new workers stick with a job despite its challenges.

Underpinning this foundation are four structural beams—ongoing supports that address areas generally outside the scope of an employer’s expertise:

- **Connection with an Engaged Adult:** An adult can serve as a mentor, helping the young person navigate the various challenges and opportunities they encounter.
- **Social Support Services:** Employers need a partner to address challenges that arise in a young employee’s life, including housing and transportation issues.
- **Continued Education and Skill Development:** Career advancement for entry-level workers depends heavily on some post-secondary education or training.
- **Ongoing Business Engagement:** A strategy to educate and engage employers will be required to deepen the business community’s investment.

## ► **POLICY RECOMMENDATIONS**

Below we review several critical ways that federal policy could address the challenges disconnected youth and employers dedicated to assisting this population face.

“It is clear that our workforce is diminishing and, as a result, we cannot afford to waste any potential resource available. Out of school youth represent a great untapped resource and, if they cannot be nurtured to be a resource, they may quickly become a liability.” — *Steve Wing, Director of Workplace Initiatives, CVS Caremark*

- **Creating Alternative Pathways Legislation:** To change the landscape of opportunity for disconnected young people and at the same time help American business develop the critical talent needed to compete in a global economy, Congress should create an Alternative Pathways bill. The legislation should identify key elements of a model pathway, as well as key outcomes by which to measure effectiveness. In addition, the bill should set aside federal dollars to fund model programs with the goal of scaling the most successful models.

Other more incremental steps to develop alternative pathways include the following:

- **Using the tax code to broaden opportunities for at-risk youth:** One key element of an alternative pathway for disconnected youth is incentives to encourage employers to create work opportunities for young people. The Disconnected Youth Employment Tax Credit (DYETC) would apply to young people who are not in school, are not in work and lack basic skills needed to easily find employment. The core component of the DYETC would provide employers with a tax credit for hiring disconnected young people; it would be graduated over time and designed to encourage employers to invest in the training and development of the employee with the goal of supporting them on a career path. In addition, a more modest tax incentive should be available to companies that target mentoring programs, internships and apprenticeships to disconnected youth.
- **Building on and improving the Workforce Investment Act:** Congress should set aside 15 percent of annual funding for model programs that deliver against the outcomes described above and authorize new pilot programs to test different models. Local workforce boards and school districts should be required to outline how the needs of at-risk and disconnected youth will be addressed as part of their high school reform processes. These plans should require stronger collaboration with area employers.