Compulsory Connectedness: The Effects of Australia’s Mandatory Participation Program

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Abstract

Disconnected youth—those who are neither working nor in school—are especially vulnerable, and their persistent disconnection is costly to society. This paper studies a unique Australian reform implemented since 2003 that introduces a period of what I call “compulsory connectedness.” The policy targets those most likely to become disconnected by requiring individuals, up to age 17, to participate in approved modes of education, training, and employment for a minimum of twenty-five hours per week. Exploiting the variation in the timing of implementation of the reform across states, I provide the first empirical test of the causal impact of the program on labor market and crime outcomes, as well as youth disconnection dynamics. Using tax return data, I find that the program increases earnings, and reduces the probability that an individual receives government income support. Analysis of crime data provides suggestive evidence that the program reduces youth offender rates. The policy also raises reconnection rates for those who become disconnected during post-program years. Taken together, the results suggest that the compulsory connectedness model for late teens that focuses on alternative pathways to higher education and the labor market is able to alleviate the youth disconnection problem substantially.

Keywords: Disconnected youth, compulsory connectedness, compulsory schooling, participation age.

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