



**Testimony to the Joint Economic Committee
of the United States Congress
Avoiding a Lost Generation: How to Minimize the Impact of the Great
Recession on Young Workers**

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President and CEO
Community Service Society
May 26, 2010**

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Good morning. My name is David Jones. I am President and CEO of the Community Service Society of New York, an organization that has been battling the causes of poverty for over 160 years. About five years ago, we started to turn much of our attention to the issue of young people who were not successful in school or work. We produced a report in 2005, *Out of School, Out of Work... Out of Luck?* that showed that at the nadir of the mid-aughts recession, New York City was facing an unprecedented and staggering number of 16 to 24 year olds who were neither enrolled in school, nor working: nearly 200,000 in our city alone. This represented nearly 20 percent of the youth and young adult population. And although our rates were high compared to other areas, this trend toward youth disconnection was not unique to New York City, with some reports estimating a figure of nearly 5 million young people out of work and out of school across the country.

Five years later, I have both good and bad news to report. First, the good news: more young people are returning to school in New York City. This is an unequivocal step forward. School reform efforts kept young people from leaving school, as well created a series of new school environments specifically designed for young people already at risk of dropping out – these are the programs known as Multiple Pathways to Graduation.

Now the bad news: labor market participation has only gotten worse for young people. We first reported on this trend in 2006, when one of our regular labor market reports noted that the then booming economy in New York City was helping everyone – except young people. Even though New York City (and the country) was adding jobs, young people were not just not part of the upturn, they were continuing to lose jobs.

Our recent recession has only exacerbated this dynamic, which must be viewed as a full blown crisis. Since December 2007, young adults have attained the highest unemployment rates on record: 19 percent. The situation is worse for young men (at nearly 23%), African-Americans (33%) and Latinos (24%). As the economist Andrew Sum has said: “If this happened to any other group of people, we would call it a national disaster.”

Remember when I said that school enrollment was increasing? Sadly, it is not nearly proportionate to make up for the numbers of young people who are out of work. And let us remember that many young people need to work and attend school at the same time, particularly when we are talking about college. And the unemployment rates do not even show the complete picture of this crisis, in that they only show those who are actively seeking work. Far more young people have become discouraged in this labor market, and are even further on the sidelines.

Why are jobs for young people important? Considerable research has shown that workforce success is “path-dependent”: having a job at an early age, makes you more likely to have it at a later age. Furthermore, studies have shown tipping points for young adults; not having a positive workforce experience by age 25 can have severely negative impacts on an

individual's chances over their lifetimes. We need to invest in helping our young people get workforce experiences now, so they can help our economy now *and* in the future.

So, what can we do? We need serious action and investment in “tried-and-true” efforts for which considerable infrastructure and expertise exists, as well as new initiatives. I will start with what we know works:

- **Fund a federal summer jobs program.** Summer youth employment is the best complement to school for young people. It gives them skills, money in their pocket, and a way to help their families. The best way to make this happen is a \$1.3 billion federal summer jobs program that exists separate from other Workforce Investment ACT (WIA) funding. If we allow summer jobs to be part of the WIA youth formula, then other important WIA activities, particularly those for out-of-school youth, will suffer.
- **Reauthorize and increase funding for WIA, with a focus on expansion of initiatives for Out of School Youth (OSYs).** WIA funding, which represents one of the few resources for comprehensive workforce development programs for this population, has decreased dramatically since the inception of WIA. We should fund it at a much higher level, and turn its focus to out of school youth – far too many WIA funds are spent on in-school youth, who are best served by education funding. With the proper funding and support, OSY programs that are already in place across the country would be able to ramp up to implement such a jobs program and provide the education, training, and supports that this population needs.

CSS is part of the *Campaign for Tomorrow's Workforce*, which has developed recommendations for WIA reauthorization focused on Title I Formula Funds for Youth, particularly out-of-school youth. The recommendations come from leading organizations with experience engaging young people and implementing local WIA youth programs.

These recommendations have been attached to my testimony.

I now want to discuss two new initiatives that my organization believes could have a strong impact on young people's labor market outcomes. Congress should:

- **Invest in Transportation Infrastructure Projects that Target Employment of Young People.** CSS has worked with Representative Jerrold Nadler on HR 2497, the Transportation Job Corps of 2009, a bill that would specifically target disconnected youth for basic skills training and pre-apprenticeship programs for jobs in the transit industry. The Act would create a career-ladder grant program within the Federal Transit Administration to help existing workers retain jobs in the public transportation industry, while also recruiting and preparing young adults across the nation for jobs in the transit sector. The bill already has 23 co-sponsors in the House of Representatives. The current jobs legislation that is under discussion represents the ideal opportunity to pass HR 2497. Similar programs, such as those operated by our nation's network of Service Corps, have shown strong outcomes for young people in rigorous evaluations.
- **Use HUD Funding Streams for Housing and Community Development to Maximize Job and Training Opportunities for Low-Income Individuals.** Section 3 of the 1968 Housing Act requires that HUD funds be used to leverage such opportunities. It needs to be more strenuously enforced by HUD and by local housing authorities and agencies. The

Earnings and Living Opportunities Act, now being drafted by Representative Nydia Velazquez, will strengthen Section 3 implementation and should be rapidly enacted by Congress. CSS has worked with Youthbuild, a national youth employment organization with a strong record of success, to develop a proposal for how Section 3 and other funds could support a targeted effort to provide employment programming for young adults in public housing.

I want to thank you for giving me the opportunity to speak about these issues. Please consider me and my organization a resource to your efforts moving forward. Above all, I urge you to take dramatic action on the part of our nation's young people, particularly those who have already been left behind.

Thank you very much.