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# **BUILDING BACK BETTER: A NATIONAL PLAN FOR YOUTH EMPLOYMENT**

Prioritizing Young People for an Equitable Recovery

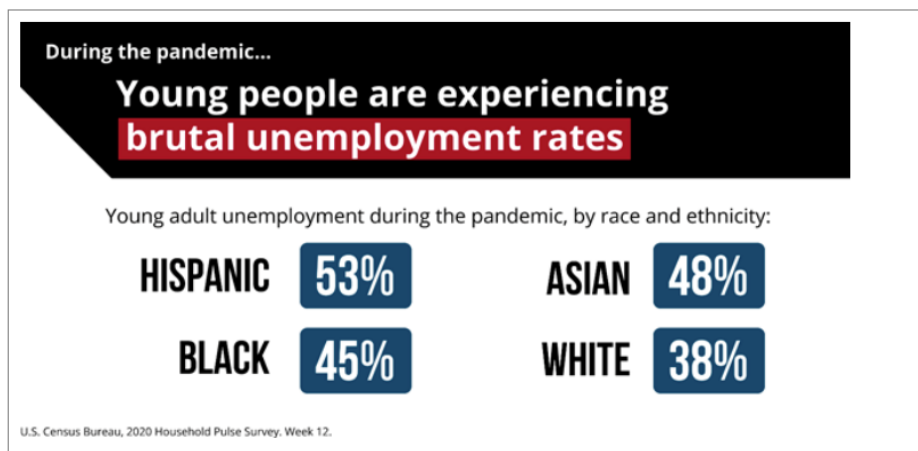
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## Introduction

More than half of all Americans are millennials, Gen Z, or younger. These are the most racially diverse generations in the history of the nation. Our economic viability depends on their access to early work experience, civic engagement opportunities, educational pathways, and jobs that allow them to earn an income while they learn and build careers. In contrast, low wages, insufficient hours, and involuntary disconnection from work drive high poverty rates that dampen young people's prospects and harm the whole country. Moreover, disconnection from school and work increases after high school – the problem does not naturally resolve itself. [One analysis found](#) that one percent of 18-year-olds, were disconnected, rising to 5% at age 20 and 12% at age 26.

- According to the Brookings Institution's 2019 report [Meet the Low-Wage Workforce](#), people ages 18–24 account for 24 percent of all low-wage workers. More specifically, [7 million of these workers](#) are not in school and do not have a post-secondary degree, leaving them with very limited job prospects. They have median hourly wages of \$8.55 and median annual earnings of \$12,700. Many young people rely on these low wages to meet their own basic needs, support their families, or pay for their education.
- In 2019, prior to the COVID-19 pandemic, the poverty rate for youth ages 18–24 was [13.3 percent](#)—well above the rate of 10.5 percent among all adults.
- Among young people who were unemployed in July 2020, [over half](#) were out of work due to the pandemic.
- Millions of young adults carry overwhelming education debt, which threatens their economic stability far into their futures. Disparities in student debt load also perpetuate long-standing racial wealth gaps.
- [Freshmen enrollment](#) in higher education declined 13.1 percent in fall 2020, driven by an unprecedented 21 percent decline at public two-year colleges.
- As of July 2020, young people of color were suffering unemployment rates over [45 percent](#). [Experts estimate](#) that the number of opportunity youth (those ages 16–24 who are not working or in school) will top six million as a result of the pandemic.

Ages 16 through 24 are critical development years when young people begin to take on adult responsibilities. Employment is an important part of youth development, and early exposure to the world of work through summer and year-round employment, internships, and service opportunities is a **key predictor** of consistent employment in adulthood. High rates of youth unemployment have plunged many into financial crisis and presage long-term challenges to economic security. Unemployment rates are even higher among youth of color, deepening existing racial inequities that will require significant, targeted investments to reverse.



Source: <https://www.clasp.org/why-we-cant-wait-economic-justice>

Federal investments in workforce development have plummeted over the last 20 years, leaving millions of people without resources to connect or reconnect to the workforce or advance their careers. In today's economy, careers with family-sustaining wages require more education and higher-level skills than ever before, yet federal investments reach only a fraction of youth and young adults seeking economic opportunity. To support youth and their communities in recovering from the COVID-19 crisis, Congress must consider the loss of connection to critical work experiences and income over this past year and its long-term impacts. Congressional response in the Great Recession understandably focused on quick wins but failed to seize the opportunity to address the long-standing challenges youth have faced as they try to gain a foothold in a rapidly changing economy. The inadequate federal response had **brutal and lasting** consequences for young adults and the economy as a whole. Due to the economic effects of the COVID-19 pandemic, our country is once again at risk of losing the professional and economic potential of an entire generation. In this recovery, we can and must do better.

## Lessons from Federal Youth Investment in the Great Recession

**Inadequate funding to level of need:** In the Great Recession, a \$1.2 billion investment in youth services included in the American Recovery and Reinvestment Act (ARRA) served 355,000 young adults through summer employment. To date, however, there is no evidence that the employment effects for participants were long lasting. Drawing [lessons from ARRA implementation](#), future efforts should not only increase funding levels for young people, but also broaden the scope of services and tools that can mobilize additional public and private investment in youth beyond summer employment programs.

**Disconnect between youth employment strategies and educational advancement and attainment:** While ARRA offered funds for young people to access paid work experience, those experiences did not offer a platform for further classroom education and on-the-job training to prepare for a career. Furthermore, investments in education and training, particularly in community colleges, were not adequately targeted to youth or connected to the labor market. Future efforts must focus on paid work as an initial reconnection strategy, but long-term success depends on linking paid work experiences to investments in structured education and training opportunities. This will ensure the response serves as a building block to future education and career goals.

**Lack of vision and coordination across government:** Without a clear national strategy and interagency coordination, our country missed opportunities to leverage youth stimulus dollars with other discretionary federal education and workforce resources. To meet young people's near- and long-term needs, future efforts must include a clear national plan for expanding strategies that effectively blend paid work experience with the attainment of postsecondary credentials.

## Principles of a Comprehensive Federal Youth Employment Strategy

For better results, we need a national plan for meeting young people’s immediate needs, while also taking steps to clear their paths to success in the economy of the future. A national strategy should articulate a set of clear policy goals that center race and gender equity in a whole-of-government approach to mobilizing leadership and resources. The strategy should provide relief for young people today, promote an equitable national recovery, and reimagine how we support transitions from education to employment and integrate youth into the labor market. To that end, we have organized the following recommendations into three focus areas: **relief**, **recovery**, and **reimagining education-to-employment transitions**.

Policies and programs across these areas must address race explicitly by prioritizing people of color for services, actively remove structural barriers to participation and access, collect data to support analysis and accountability for equity measures, and be informed and driven by the people they are designed to support. We believe federal investment and action for youth must be guided by the following principles:

- **Expand opportunities for historically oppressed communities and those that have experienced systemic underinvestment:** Policies must prioritize young adults facing the greatest barriers to employment, adopt performance measures that encourage serving these young people, and reflect our understanding of the effects of trauma and opportunities for healing.
- **Ensure community-driven and data-informed solutions:** Investments should support community-based solutions, capacity-building for local systems and programs, and local decision-making. Solutions should build on the wisdom and experience of communities that have developed effective interventions and innovations that can be expanded. Funding should provide resources to support strong local conveners or intermediaries, thriving local service ecosystems, and a healthy workforce of youth-serving professionals.
- **Enhance interagency and cross-system alignment at the federal level:** Better federal coordination is necessary to help state and local jurisdictions carry out effective strategies and service delivery models that meet the full range of youth needs.

- **Engage young people through co-design:** Youth voice and leadership are at the heart of positive youth workforce development. Effective programs recognize youth as assets and listen to their experiences to understand what they need. With opportunities, training, support, and financial compensation, young people can be invaluable contributors to the design of programs and policies at the federal level.

## Recommendations for Relief

The [American Rescue Plan](#) (ARP) included several provisions that are critical to many youth, including:

- **Increasing and expanding the Earned Income Tax Credit (EITC)**, which will help keep young workers (including non-custodial parents and those without children) out of poverty. This is a fitting form of pandemic relief for youth, since cashiers, home health aides, delivery people, and other essential workers are more likely to be youth and young adults.
- **Extending unemployment insurance enhancements from the Coronavirus Aid, Relief, and Economic Security (CARES) Act** so youth and young adults, including [working high school and college students](#), can access unemployment relief.
- **Removing harmful provisions in the Supplemental Nutrition Assistance Program (SNAP)**, so young people will not lose these basic benefits.

Despite this progress, however, the ARP did not succeed in raising the minimum wage, eliminating the subminimum wage for youth and those with disabilities, or improving the federal financial aid system to better support low-income students—all issues that affect young people’s ability to achieve economic security.

## Recommendations for Recovery

To avoid a repeat of the painfully slow national recovery from the Great Recession, the federal government must leverage [all of its powers as an investor, purchaser, and employer](#) to support the employment of workers in high-quality, well-paid jobs. Federal recovery efforts directed at job creation must prioritize youth through targeted investments and new federal policies that support their connections to work and learning. These policy actions should include the following:

- **Connect young people to work through a new, federal subsidized jobs program.** Access to paid work is critical for national recovery and as a building block for long-term economic success, [particularly for young adults from low-income backgrounds](#). Congress must work with the Biden-Harris administration to advance the American Jobs Plan and enact an equity-centered national subsidized employment program in any recovery legislation. Congress must prioritize and target investments to youth and young adults, and [should also support capacity-building](#) for localities and organizations to improve program design, operations, and assessment.
- **Include young people in pathways to careers and infrastructure investments proposed in the American Jobs Plan.** The U.S. Departments of Energy and Transportation, in coordination with the Domestic Policy Council and the U.S. Departments of Education and Labor, should identify job roles necessary to support transit infrastructure and climate change mitigation, and develop quality career pathways to prepare youth for those jobs. Further, they must ensure that these pathways emphasize integrated education and training and subsidized employment and prioritize youth and young adults who have been historically excluded from economic opportunity. [The Connecting Youth to Jobs Act](#) recently introduced Reps. Jesús “Chuy” Garcia and Marcy Kaptur provides a good starting point for structure and implementation.
- **Establish a national youth on-the-job learning initiative.** Congress should develop and fund a dedicated on-the-job training (OJT) initiative that reimburses employers for up to 75 percent of wages paid for up to 12 months for hiring youth who are also participating in an eligible education and training program. Under the Workforce Innovation and Opportunity Act (WIOA), Governors and local workforce development boards are permitted (but not required) to use a portion of their funding to offer wage reimbursements of up to 75 percent for OJT contracts

that target eligible youth WIOA participants. Additionally, while the U.S. Department of Labor's discretionary National Dislocated Worker Grants can be used to support OJT, youth without an employment history are not the target population. Congress can improve youth access to OJT by providing dedicated funds to incentivize private, for-profit, not-for-profit, and public sector employers to hire young people and reconnect them to work and learning. Wage subsidies should be available only for jobs that pay at least \$15 an hour and which include opportunities to earn college credit or industry credentials at no cost to the worker. Hazardous occupations as defined under the Fair Labor Standards Act should be ineligible for wage subsidies for workers under 18 years of age, and employers receiving subsidies should be forbidden from laying off existing workers.

- **Fund state and local intermediary organizations to coordinate dramatic expansion of paid work experience aligned to postsecondary education and training pathways.** Studies of [youth employment programs](#) indicate that intermediary organizations and community-based partnerships can be key to [connecting more youth](#) to meaningful employment experiences and supporting their success. Even without Congressional action, the Biden-Harris administration can guide new and existing investments in intermediaries by setting new baseline standards for employment program quality, including paid work experience that is aligned with postsecondary education and training. Investments in state and local intermediaries, including community colleges, could be targeted to organizations coordinating paid work experiences for youth in critical fields such as IT, manufacturing, energy, and the care economy.
- **Increase aid for youth services.** State and local governments need additional support for youth services offered in partnership with community-based organizations, educational institutions, and other programs. While many young people were eligible for earlier stimulus payments, they have faced difficulties navigating overwhelmed and overburdened public systems. In fact, according to data analysis by CLASP, during the pandemic [more than 90 percent of unemployed young people were unable to access any income](#). Community-based organizations and educational institutions often step in to help them access available resources, without additional funding to do so.
- **Establish an interagency cabinet response to coordinate federal investment and policy to support youth across systems.** Meeting the needs of young people demands a whole-of-government approach—a national



youth strategy that aligns employment and education goals, linking the efforts of multiple agencies into a coherent whole. A national youth strategy would not only help young people participate in the COVID-19 recovery, but would also start to prepare them to thrive once the pandemic is behind us. Interagency coordination is critical to using federal resources efficiently and effectively and to send a signal to innovators in the field. By executive order, the Biden-Harris administration can establish a National Cabinet on Youth, charged with articulating a national youth policy vision and delivering interagency guidance on the use of public resources to support connections to work and learning. This would include:

- Clear definitions for program outcomes in key areas such as employment, industry-recognized credentials, Registered Apprenticeship and pre-apprenticeship, and youth entrepreneurship.
- A full summary of federally supported youth employment programs that state and local governments should integrate into recovery strategies.
- Analysis of how workforce programs across agencies (including DOL, DOT, ED, DOI, HHS, and HUD, for example) can and should integrate pathways for youth to advance equity.
- Clarification on use of WIOA, Federal Work-Study, and TANF funds to subsidize wages for young people.
- Guidance on how states and regions can blend and braid existing federal resources and additional funding made available through COVID relief and recovery investments to support innovative programming for youth.
- Identification of administrative, regulatory, and legislative changes, similar to those made available through the [Performance Partnership Pilots for Disconnected Youth](#) (P3), that more effectively align federal investments in support of high-quality youth programs.

## Recommendations for Reimagining Education-to-Employment Transitions

Government and the private sector have failed to respond to labor market changes that have made it more difficult to secure stable, well-paid jobs with only a high school diploma. It is time to reset public expectations about what we owe our young people to prepare them to thrive in a 21st-century economy.

Across the U.S., state and local leaders are developing and implementing strategies to reimagine the design of the traditional high school, strengthen career and technical education, and expand access to apprenticeship and other earn-and-learn opportunities. These efforts, cutting across industry, K–12, and higher education, share the goal of providing young people affordable postsecondary options. A coherent national investment strategy should:

- **Invest \$10 billion in a postsecondary Bridging for All initiative.** The nation’s K–12, higher education, and workforce development systems have all suffered extensive disruptions related to the pandemic. Bridging models have shown [success for a variety of populations](#) such as at-risk, school-age young people, older people, and chronically disconnected adults. A robust national postsecondary-bridging initiative would link long-standing federal efforts across K–12, higher education, and workforce development. Drawing funds from the Dislocated Worker Assistance National Reserve or the Department of Education’s Fund for the Improvement of Postsecondary Education, the investment should:
  - Provide funding through community leads (local education agencies, community colleges, municipal agencies, or other intermediaries) to strengthen the local bridging ecosystem.
  - Use flexible funding that includes access to college and career readiness programs and supports evidence-based counseling and retention supports.
  - Include support for a range of bridging programs, including those focused on [in-school youth](#), those focused [on reengaging youth who left school without a diploma](#), those focused on workforce strategies such as youth apprenticeship and pre-apprenticeship, and blended programs such as the federal [GEAR UP program](#).

- **Strengthen federal commitment to workforce and education systems that support young people, especially those with barriers to employment.** We must strengthen and expand federal commitments to serve individuals and communities that have been hardest hit by loss of work and income and are most likely to suffer from the long-term effects of the economic crisis. Congress must increase funding for the Perkins Career and Technical Education Act and make flexible resources available for equity-focused innovations through the CTE National Activities Fund. Congress must also reauthorize WIOA and the Higher Education Act with funding commensurate with the scale of the employment challenges youth are facing. These reauthorizations should at minimum match the funding levels outlined in the [Relaunching America's Workforce Act](#), which called for \$15 billion in new workforce investments, including \$2.5 billion for youth-serving programs and an additional \$1 billion increase for CTE formula funding. In addition, new reauthorizations should:

  - Include a range of workforce, skills-building, and career pathways strategies.
  - Strengthen provisions for education and employment pathways to [better serve opportunity youth](#).
  - Support interventions that mitigate the employment consequences of incarceration for youth and young adults.
  - Provide for services that help young people navigate education and workforce opportunities available to them.
  - Eliminate barriers to participation for undocumented immigrant youth.
  
- **Invest \$100 million over four years in state career and technical education (CTE) systems to support innovation in credit for work-based learning.** To support long-term success and mobility for students, particularly in fields where a college degree remains a prerequisite for career advancement (e.g., in health care, IT, education, engineering, or business and finance), the Biden-Harris administration should build on DOL's Registered Apprenticeship-College Consortium and launch a major national initiative to support college credit for Registered Apprenticeship and other work-based

learning. If apprentices could acquire credit for rigorous learning in the workplace, credential completion and employment could be accelerated dramatically. Innovations are piecemeal across the U.S., but the Biden-Harris administration can support broad-based innovation by dedicating use of CTE National Activities Fund to provide grants to state and local CTE systems that develop credit-bearing Registered Apprenticeship programs, in partnership with education and industry partners. The Department of Education can use specialized accreditation authority to support innovations in postsecondary accreditation. A multi-year grant program could generate data to explore broader policy and investment implications for federal financial aid.

- **Articulate and develop a national opportunity pathways initiative so young adults can access careers through credit-bearing Registered Apprenticeships.** The Biden-Harris administration’s recovery and economic priorities include an emphasis on jobs in key fields such as advanced manufacturing, technology, care, and energy. In each of these fields, the administration should work across government to identify top pathways for young people to access the opportunities created by strategic investments in these sectors. This effort could be modeled after the National Initiative for Cybersecurity Education, whose [Workforce Framework for Cybersecurity](#) has been used by employers and education providers to develop career-focused training pathways, including Registered Apprenticeships, that support access and opportunity in well-paid cybersecurity occupations. Opportunity pathways can be overseen by multiple federal entities, such as Manufacturing Extension Partnerships and U.S. Department of Agriculture extension programs, HHS’s Health Resources & Services Administration, the National Science Foundation, and the Department of Energy. The effort should focus on making standardized pathways for credit-bearing, earn-and-learn programs broadly accessible to education and industry partners. This pathway-building effort should:
  - Outline critical entry-level job roles with prospects for advancement, and core competencies and credential requirements to enter these roles.
  - Develop national competency standards for youth-focused apprenticeship programs and register them with the U.S. Department of Labor.

→ With support from the U.S. Department of Education, engage relevant accreditors to support college credit through on-the-job learning.

- **Establish a national initiative to expand youth apprenticeships and pre-apprenticeships.** Youth apprenticeships can connect underrepresented populations with paid, high-quality work experience, debt-free postsecondary credentials, and career opportunities across diverse fields including manufacturing, IT, health care, education, and the skilled trades. Further, [high-quality pre-apprenticeships](#), often delivered by community-based organizations in partnership with labor unions and employers, serve as on-ramps to careers for youth who are no longer in school. However, the average age of an apprentice in the U.S. is closer to 30 than 18. Congress and the Biden-Harris administration can expand opportunity for youth by building on the focus on youth apprenticeship and pre-apprenticeship pathways in the National Apprenticeship Act. This should include:
  - Updated joint guidance from the Departments of Labor and Education and support for interagency activities aimed at developing high-quality youth apprenticeships and pre-apprenticeships. (The Partnership to Advance Youth Apprenticeship identifies a [high-quality youth apprenticeship](#) as one that is career-oriented, equitable, portable, adaptable, and accountable.)
  - A requirement that at least 20 percent of the NAA’s proposed \$3 billion in Congressional appropriations over five years for Registered Apprenticeship intermediary activities be set aside for intermediary partnerships focused on expanding youth apprenticeships and pre-apprenticeships.
  - A national pre-apprenticeship registration system, mirroring the system used for Registered Apprenticeships, to provide quality controls and monitor programs’ success at deliverable equitable outcomes.
- **Establish a Classroom to Career innovation grant initiative focused on postsecondary earn-and-learn pathways for youth who are in school and those who are not.** The school-to-work effort in 1994 was an unprecedented federal investment in work-based learning. However, it neglected to focus on real-world paid work experience or postsecondary attainment, and it failed to sufficiently strengthen existing state- and district-

level career and technical education infrastructure. By contrast, the TAACCCT investment in community colleges during the Obama administration focused on postsecondary workforce pathways and individual institutions, but it did not build adequate connections to state education systems or credit-bearing pathways. Learning from these initiatives, the Biden-Harris administration can dramatically expand access to credit-bearing earn-and-learn pathways that start in high school. Congress can authorize and fund a Classroom to Career grant competition, jointly administered by the Departments of Labor and Education, to encourage state and local efforts to build partnerships among K–12, postsecondary institutions, industry, and workforce development systems to meet expansion goals. The Biden-Harris administration should request that Congress invest \$5 billion over four years to encourage program innovation and systems change by:

- Awarding 48-month grants to states to bring education, workforce, and industry leaders together to develop priority opportunity pathways that provide paid work experiences for high school and community college students.
- Identifying and incentivizing clear intermediary strategies that connect employers and education partners to grow and expand Registered Apprenticeship and work-based learning opportunities.
- Developing and implementing articulation agreements that provide high school and college credit for on-the-job learning and Registered Apprenticeship programs.
- Improving cross-system data quality to link education and labor market outcomes.

The COVID-19 pandemic has exacerbated persistent inequities in our systems of education and work with significant and far-reaching consequences for young people. Without dramatic action, our country risks losing the professional and economic potential of our most diverse generations yet. We must act now to provide immediate relief, expand federal rescue efforts, and reimagine a coherent national approach to supporting equitable, effective education-to-employment transitions for youth.

## BETS Youth Workgroup Members

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## About the BETS Taskforce

The Better Employment and Training Strategies Taskforce (BETS) is a coalition of more than 40 leading practitioners and experts working to modernize the United States' outdated patchwork of workforce policies. The five BETS workgroups were convened in November 2020 to develop recommendations aimed at informing the incoming Biden-Harris administration and the 117th Congress on issues and policy options related to unemployment insurance, workforce development, job quality, youth employment, and federal jobs initiatives.

The BETS Taskforce was convened by Prof. Stephen Crawford of the [George Washington Institute of Public Policy](#), Stuart Andreason of the [Federal Reserve Bank of Atlanta](#), and Larry Good of [Corporation for a Skilled Workforce](#).

The above document is the final product of the youth employment workgroup chaired by Kisha Bird, of the [Center for Law and Social Policy](#), and Taylor White and Brent Parton of the [Center on Education & Labor at New America](#) (CELNA).