

United States Senate Committee on Health, Education, Labor and Pensions
The Workforce Innovation and Opportunity Act: Supporting Efforts
to Meet the Needs of Youth, Workers, and Employers

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Chairman Sanders, Ranking Member Cassidy and Members of the Committee, thank you for the opportunity to testify. It is a privilege to be with you today. In my role at New America, I lead a body of work focused on policies and programmatic innovations designed to promote economic opportunity for youth and young adults. Since 2018, we have led an initiative called the Partnership to Advance Youth Apprenticeship (PAYA), which includes a national network of dynamic partnerships made up of state and local agencies, schools and community colleges, community-based organizations, non-profit intermediaries, and employers, all working to build earn-and-learn pathways to connect young people with the training they need to access good jobs, launch careers, and transition successfully into adulthood.

Now 70-members strong, the PAYA Network has provided powerful examples of how the Workforce Innovation and Opportunity Act (WIOA) can make a difference in the lives of young people. But it has revealed many of the legislation's limitations, as well. Most significantly, PAYA has proven to us the importance of investing in our economy's youngest workers, especially those who face historic barriers to entering and succeeding in our labor market. I appreciate the chance to share these learnings with you today.

It is a difficult time to be a young American. Persistent inequities in our systems of education and work limit access and opportunity based on gender, income, disability, citizenship status and, mostly starkly, race. In secondary and postsecondary education, overall enrollment has increased, but performance and completion gaps remain. As just one example, Latino and Black Americans have experienced the most significant attainment growth but still remain the least likely to earn a college degree.ⁱ

Gaps in labor force participation, wages, and wage growth follow suit. Economic mobility, long-considered a hallmark of American society, has been declining for decades, putting the U.S. well behind other advanced economies.ⁱⁱ With or without a college degree, a young adult today is less likely to earn as much as their parents. Basic necessities—housing, health care, education, child care—that were affordable to previous generations are far more expensive today, making the transition into adulthood harder for young people to navigate.ⁱⁱⁱ

There are about 39 million young adults in America between 16 and 24 years of age. This is a pivotal time of life, both developmentally and economically. It is a period of rapid skill development and identity formation, during which young people crave new challenges and are exceptionally well-primed to learn from them. Many of the experiences people have in their late teens and early twenties have a lasting impact on their futures. The experiences they do not have access to matter, too.

This is certainly true when it comes to their professional lives. Research suggests that early career experiences can have positive effects on workers' wages, annual earnings, and labor market attachment. For example, a 2018 study from the Brookings Institution and Child Trends found that early access to mentors (for example, through internships and apprenticeships) and jobs that pay good wages led to

better employment outcomes later in life.^{iv} Unfortunately, for too many Americans, these early-career assets remain out of reach.

In 2021, 12.1 percent of Americans ages 16 to 24 were disconnected from education and the labor market.^v Prior to the pandemic, the number sat below 11 percent, after a decade of decline following the Global Financial Crisis. In the U.S., we refer to these young people as Disconnected or Opportunity Youth. Many have dropped out of high school without a diploma. Others have completed high school but are struggling to get a foothold in the labor market. Still others may have started postsecondary education but withdrew before earning a credential or degree (but often not without taking on debt). Rates of disconnection are highest amongst Native Americans (23.5 percent), Black youth (18.9 percent) and Latino youth (14.0 percent).^{vi} Young men are more likely to be disconnected than young women. Compared to their peers who are working or enrolled in education, Opportunity Youth are twice as likely to have grown up in poverty and three times as likely to have a disability.^{vii}

A robust body of research has demonstrated that youth disconnection is associated with lower levels of educational attainment and increased rates of substance abuse, physical and mental illness, and criminal activity.^{viii} Disconnection can be costly not only for individuals but for communities and our economy as well. In 2012, a study by researchers at New York and Columbia Universities considered the lost earnings potential of Opportunity Youth, as well as the costs associated with providing various public services and benefits to support them into adulthood. The study estimated that “each year the average opportunity youth imposes a total fiscal burden of \$13,890 and a total social burden of \$37,440” in 2011 dollars.^{ix} Adjusted for inflation, that is a cost of approximately \$71,915 per youth, per year, or more than \$3 billion dollars annually in today’s dollars.^x

Our public workforce system plays a critical role in identifying these young people and helping them access education, training, work experience, and the supportive services they need to stay connected or re-engage after periods of disconnection. Each year, WIOA-funded programs such as Job Corps, Youth Build, and myriad local programs, supported by Title I Youth dollars, provide training and services to more than 225,000 youth, a majority of whom are neither enrolled in school nor working.

But the number of youth served through WIOA is a shockingly small fraction of those who need support to access jobs and the education and training they need to succeed in them. By failing to serve this population of youth in much greater numbers, we squander an opportunity to harness the potential of more than four million Americans who are at the very beginning of their working lives. In an economy that currently has twice as many open jobs as workers to fill them, this is unacceptable.

Congress should substantially increase its investment in youth programming through WIOA to a level that is commensurate with the scale of the challenges young people are facing in launching their careers and in line with the costs associated with their disconnection. That would require at least doubling current investment in youth through WIOA, and ensuring a majority of new resources are reserved for local workforce development boards who know the needs of their communities best.

Additional funding would be a start. But there are other improvements to WIOA that could promote the public workforce system’s ability to deliver positive outcomes for youth, too. Currently, the system is oriented toward strategies that provide quick, near-term wins without much regard for their potential to produce lasting, long-term benefits. That’s not to say that quick wins are not important; for young people who have struggled to succeed in traditional educational and work environments, they can build confidence and increase their likelihood of pursuing further resources and support. But for youth, whose

careers will likely span decades, a focus exclusively on quick wins is myopic. To land good jobs now and advance in their careers in the economy of the future, young adults need both credentials *and* work experience. Working with partners in their communities, local workforce boards can provide both, but WIOA does not offer adequate resources or incentives for them to do so. The reauthorization of WIOA is a prime opportunity to improve the public workforce system's approach to supporting the long-term career trajectories of youth. For example, WIOA should be reimagined to:

Reduce barriers to cooperation with other youth-serving systems and improve the coordination of service delivery to reduce disconnection. A 2018 study by Measure of America found that “by the time they reach their thirties, people who worked or were in school throughout their teens and early twenties earn \$38,400 more per year and are 45 percent more likely to own a home, 42 percent more likely to be employed, and 52 percent more likely to report excellent or good health than those who had been disconnected as young people.”^{xi} We also know that a high school diploma is more valuable than a GED.^{xii} Reducing disconnection to improve high school completion should be a priority for workforce boards under WIOA.

Since 2014, under WIOA, local workforce boards have been required to dedicate at least 75 percent of their Title I Youth dollars to serving Out-of-School Youth (OSY); the remaining 25 percent can go toward programming for In-School Youth (ISY). This was a dramatic shift from the prior legislation (the Workforce Investment Act, or WIA), which required just 30 percent of Title I Youth dollars be dedicated to OSY. On one hand, this change has been positive in that it has ensured that the youth who face the most significant barriers to employment are prioritized for services through WIOA (though, notably, many states sought waivers from the U.S. Department of Labor to retain a higher level of spending for ISY). On the other hand, practitioners have also reported that this change has reduced their focus on leveraging WIOA to prevent the disconnection of ISY, as well as the “time spent communicating with high school or community college partners.”^{xiii} Given the cost of disconnection and the importance of credentials, including a high school diploma, these are not positive developments.

But the WIOA system need not return to WIA-era requirements to improve a focus on youth at-risk of disconnection. A more expansive definition of youth who can be served with different pots of resources could help, but should be accompanied by a requirement and incentives that ensure the most vulnerable youth continue to remain a focus. Clarifying and simplifying co-enrollment policies could also help. Likewise, allowing more extensive, proactive exchange of student-level data between state and local education agencies, institutions of higher education, and public workforce boards would ensure practitioners in both systems have the information they need to act quickly to keep at-risk students connected to school or to locate and enroll students quickly when they drop out.

Greater system-level cooperation across youth-serving agencies, such as with the career and technical education (CTE) system, could also help to reduce disconnection. This could be achieved through incentives to states to encourage the development of shared federal plans (e.g. WIOA and Perkins plans), shared goals, aligned performance metrics, among other tools. To improve collaboration and information sharing across systems, Congress should require that state and local workforce boards include relevant CTE leadership among their members. Additional resources and flexibility to support braiding and blending of federal funding for youth education, employment, and training programs, such as through innovations like the Performance Partnerships for Disconnected Youth, would also be beneficial.

Invest in state and local data infrastructure and promote cross-system data alignment. WIOA requires training providers to collect individual data on program participants, including age, race, sex, and barriers to employment. State and local agencies collect individual-level data on WIOA participants, too. Some have longitudinal data that can link workforce, education, and employment data, but many lack the ability to track employment outcomes beyond one year past exit (or simply do not). Especially for youth, most of whom are at the very beginning of their careers, the ability to capture data two or even five years into the future would help generate valuable evidence about which programs yield the greatest long-term benefits. Likewise, more granular information about program dimensions could also help advance our understanding of what aspects of youth-serving programs matter most for particular populations or occupational pathways. This information can help the system improve and gain efficiencies in the future.

Flexibility and infrastructure to improve data alignment across systems that support WIOA-eligible Americans would also be beneficial, as noted above. However, this should go beyond cooperation with education partners. While some progress has been made in aligning definitions across federal programs, room for improvement remains. As JFF reported in a 2024 report, “programmatically alignment across Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance (SNAP) WIOA, and the Department of Veterans Affairs is highly encouraged, and yet data collection approaches and definitions of shared variables are not standardized, and performance metrics are not aligned.”^{xiv}

Expand support for youth work experiences while adopting quality criteria to increase their value to youth and employers. One analysis of LinkedIn jobs data found that 38 percent of entry-level jobs posted on the site require at least 3 years of experience. For young people, especially those who face significant barriers to employment, this trend could be disastrous. Fortunately, WIOA currently requires that local workforce boards dedicate at least 20 percent of their Title I Youth funding to providing work experiences and activities. Eligible activities include job shadowing, on-the-job training, summer youth employment, internships, pre-apprenticeships, and registered apprenticeships. This positive feature of the current law can be strengthened and expanded. As a starting point, to ensure that these work experiences are attractive and accessible to youth, especially those who need to earn a wage to support their families, Congress should require that all youth work experiences longer than two-weeks be paid. Expanded funding would ensure WIOA dollars can provide wage subsidies.

WIOA’s 20 percent work experience requirement has resulted in an increase in the number of young people who complete work experience, but a decline in the duration of services they receive through the workforce system, according to analysis from Mathematica.^{xv} This was due in part to the increased cost of administering the work experiences.^{xvi} To cut costs, some programs in Mathematica’s study reduced occupational skills training programs. In practice, this may seem like a creative solution. But in reality, it could have negative long-term effects for youth, especially if a reduction in time spent in occupational training means young people earn fewer or less valuable credentials.

To acknowledge the realities of today’s labor market, WIOA should prioritize earn-and-learn opportunities that provide components that we know matter: meaningful credentials, paid work experience, mentorship opportunities, and clear paths to good jobs. Congress should establish a work experience fund that can be used to:

- Reimburse employers for up to 75 percent of wages for providing work experiences to youth who are also participating in an eligible education and training program. Subsidies should be reserved for jobs that pay at least \$15 an hour and which include opportunities to earn industry recognized credentials or credit, to ensure public dollars are used to create paths to prosperity

rather than to poverty. Hazardous occupations as defined under the Fair Labor Standards Act should be ineligible for wage subsidies for workers under 18 years. Employers that receive subsidies should be prohibited from laying off existing workers to preference youth.

- Offer incentives for local workforce boards to create progressive work experiences that “link” to a clear next step toward further training, a more advanced work experience, or a full-time job. Youth-serving pre-apprenticeship programs that confer preferential access to or advanced standing in registered apprenticeship programs are just one promising example of “linking” that is currently supported through WIOA, but could and should be expanded, especially given the conclusion of the Department of Labor’s historic and successful Youth Apprenticeship Readiness Grants initiative, which ends this year.
- Offer incentives to employers for hiring youth who face the most significant barriers to employment. Especially in a period when high schools are racing to dramatically expand work-based learning programs for students, WIOA must take steps to ensure the young people it serves are not overlooked by employers fielding multiple requests for partnership.
- Build the capacity of workforce boards and other intermediary organizations to cooperate with education partners and employers to establish local or regional career pathway systems that include different tiers of work experiences and multiple paths to credentials that lead to well-paying, in-demand employment.

Expand supportive services to address the needs of today’s youth, including mental health. In our work across the U.S., the most consistently cited barrier to expanding access to work-based learning opportunities is transportation. Funding for equipment, uniforms, supplies, and career advising services are also common. Research has shown that intensive case management support delivered through WIOA is among the public workforce system’s most effective interventions.^{xvii} For youth, positive impacts have been associated with programs that combine work experience and/or supportive services with training.^{xviii}

Supportive services that can be provided through WIOA are critical to ensuring young people can access and succeed in programs that put them on a path to economic independence and security. Congress should preserve supportive services as an allowable use of WIOA dollars.

Youth today report high rates of anxiety, depression, and other mental health challenges that affect their ability to learn and to work productively.^{xix} Counseling to support mental health is already an allowable use of WIOA funding, and local workforce board staff are well-positioned to refer youth to other providers that can meet their needs. However, resources to support staff development, training programs for youth-serving employer partners, and better coordination with other youth-serving systems would be beneficial. Congress should provide state workforce agencies with grant funding that can be distributed to local boards (either by formula tied to youth unemployment rates or competitively) to support strategies that address the mental health challenges youth in their service regions are facing.

For too many young adults in America today, the future is bright, but the path to get there is long, expensive, and hard to navigate. The public workforce system provides training, work experience, and support to some of our nation’s most vulnerable young workers to help them chart a path toward economic security. But we can do better for them and for all young people. And we need to – not just for their sake, but for the sake of our communities and our future economy as well. An ambitious approach to WIOA reauthorization is a start. Thank you for your time and consideration.

Endnotes

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- ⁱⁱ Bhash Mazumder, *Intergenerational Economic Mobility in the United States*, (Chicago: Federal Reserve Bank of Chicago, 2022) <https://www.chicagofed.org/research/mobility/intergenerational-economic-mobility>; Raj Chetty, David Grusky, Maximilian Hell, Nathaniel Hendren, Robert Manduca, and Jimmy Narang. "The Fading American Dream: Trends in Absolute Income Mobility Since 1940." *Science* 356, no. 6336 (April 28, 2017): 398–406. <https://doi.org/10.1126/science.aal4617>.
- ⁱⁱⁱ "The Cost of Living in America: Helping Families Move Ahead." (Washington, DC: The White House, Council of Economic Advisors, 2021) <https://www.whitehouse.gov/cea/written-materials/2021/08/11/the-cost-of-living-in-america-helping-families-move-ahead>.
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- ^v Kristen Lewis, *Ensuring An Equitable Recovery Addressing COVID-19's Impact On Education* (Chicago: Measure for America, 2023). <https://ssrc-static.s3.amazonaws.com/moa/EnsuringAnEquitableRecovery.pdf>.
- ^{vi} Lewis, 21.
- ^{vii} Lewis, 15-22.
- ^{viii} Lewis, 7. Evidence is also available in international research, including, Gariépy, Guillaume, Sarah M. Danna, Leanne Hawke, Joanna Henderson, and Sylvia N. Iyer, "The mental health of young people who are not in education, employment, or training: a systematic review and meta-analysis," *Social Psychiatry and Psychiatric Epidemiology* 57, no. 6 (June 2022): 1107-1121, doi: 10.1007/s00127-021-02212-8.
- ^{ix} Clive Belfield, Henry Levin, Rachel Rosen. *The Economic Value of Opportunity Youth*. 2012. (New York City: Corporation for National and Community Service, 2012) <https://eric.ed.gov/?id=ED528650>.
- ^x To obtain this figure, the author used the Consumer Price Index Inflation Calculator provided by the Bureau of Labor Statistics to estimate the 2024 value of the dollar estimates provided by Belfield, Levin, and Rosen, and assumed a total of 4.4 million Opportunity Youth, recognizing that the 2021 number may have come down slightly as our economy has continued to grow and enrollment in postsecondary education has begun to creep back upwards. Thus, \$3 billion may be a conservative estimate.
- ^{xi} Kristen Lewis, 10.
- ^{xii} Roberto Agodini and Mark Dynarski. *Understanding the Trend Toward Alternative Certification for High School Graduates* (Princeton, NJ: Mathematica, 1998).
- ^{xiii} Kate Dunham, Caitlin Grey, Mary Hancock, Pamela Holcomb, Brittany English, and Grace Roemer, *Operationalizing Changes to the Title I Youth Program under WIOA* (Princeton, NJ: Mathematica, 2020), xiii, https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/WIOA_Study_Youth_FINAL508.pdf.
- ^{xiv} Brooke Valle, *Driving Improved Workforce Outcomes Through Data Access, Alignment, and Integration* (Boston, MA: JFF, 2024).
- ^{xv} Kate Dunham, Caitlin Grey, Mary Hancock, Pamela Holcomb, Brittany English, and Grace Roemer, *Operationalizing Changes to the Title I Youth Program under WIOA* (Princeton, NJ: Mathematica, 2020), 19-20, https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/WIOA_Study_Youth_FINAL508.pdf.
- ^{xvi} Ibid.
- ^{xvii} Irma Perez-Johnson, Quinn Moore, and Roberto Santillano. *Long-Term Findings from an Experimental Evaluation of Three Service Delivery Models*. Series: ETAOP 2012-06. (Washington, DC: Employment and Training Administration, U.S. Department of Labor, 2011); Kenneth Fortson, David Rotz, Patrick Burkander, Amy Mastri, Peter Schochet, Linda Rosenberg, Sheena McConnell, and Ronald D'Amico, *Providing Public Workforce Services to Job Seekers: 30-Month Impact Findings on the WIA Adult and Dislocated Worker Programs* (Washington, DC: Mathematica Policy Research, 2017).
- ^{xviii} Jonah Deutsch, Katherine Allison-Clark, and Armando Yañez. *The Workforce and Innovation Opportunity Act (WIOA) Research Portfolio: A Research Evidence Scan of Key Strategies Related to WIOA*. (Princeton, NJ:

Mathematica, 2021.) https://www.dol.gov/sites/dolgov/files/ETA/publications/ETAOP2021-20%20WIOA%20Portfolio%20Research%20Evidence%20Scan_508.pdf

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