



Statement of the U.S. Chamber of Commerce

ON: Opportunities for Youth and Young Adults to Break the Cycle of Poverty

**TO: House Committee on Ways and Means,
Subcommittee on Human Resources**

**BY: Cheryl Oldham, Vice President of
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The Chamber's mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation, representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. The Chamber is dedicated to promoting, protecting, and defending America's free enterprise system.

More than 96% of Chamber member companies have fewer than 100 employees, and many of the nation's largest companies are also active members. We are therefore cognizant not only of the challenges facing smaller businesses, but also those facing the business community at large.

Besides representing a cross-section of the American business community with respect to the number of employees, major classifications of American business—e.g., manufacturing, retailing, services, construction, wholesalers, and finance—are represented. The Chamber has membership in all 50 states.

The Chamber's international reach is substantial as well. We believe that global interdependence provides opportunities, not threats. In addition to the American Chambers of Commerce abroad, an increasing number of our members engage in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Good morning Chairman Smith, Ranking Member Davis, and members of the Subcommittee on Human Resources. My name is Cheryl Oldham, Vice President of Education Policy at the U.S. Chamber of Commerce (“Chamber”). The Chamber is the world’s largest business federation, representing the interests of more than three million businesses and organizations of every size, sector, and region. I appreciate the invitation to testify today on behalf of the businesses that the Chamber represents.

It is an honor to be invited to testify at today’s hearing: **Opportunities for Youth and Young Adults to Break the Cycle of Poverty.**

In 2015, the most recent year for which data is available¹, 43 million Americans were living below the federal poverty line, including 14.5 million under the age of 18, or 1 in 5 of every youth under the age of 18 in the United States. While recent trends show positive movement, we have a long way to go in this nation to address the issue of poverty and specifically, poverty among our youth.

There are many federal, state and local programs designed to help families living in poverty meet basic needs, but addressing the long-term cycle of poverty takes much more than these programs are often able to provide. While youth in poverty often face many barriers, a good education and job skills are imperative to moving up the economic ladder. A quarter of Americans with no high school diploma live in poverty. This percentage is cut in half among those with a high school diploma, while just 4.5% of Americans with a college degree are in poverty.

The good news is that the nation’s high school graduation rate has increased from 72% in 2002 to a record 83.2% for the class of 2015. However, there are still over 500,000 young people dropping out of our schools every year. Initiatives, including GradNation, which is supported by employers including State Farm, AT&T, and Boeing, have made increasing graduation rates a priority, with a goal of 90% for the class of 2020.

The clear connection between low graduation rates and poverty is reflected in that fact that individuals without a degree are far less likely to be in the labor force

¹ Proctor, Bernadette D., Jessica L. Semega, and Melissa A. Kollar U.S. Census Bureau, Current Population Reports, P60-256(RV), *Income and Poverty in the United States: 2015*, U.S. Government Printing Office, Washington, DC, 2016.

and earning a wage. Of the 513,000 young people who dropped out of high school between October 2015 and October 2016, only half were participating in the labor force, and the jobless rate for recent high school dropouts was 31.9%.²

In the face of these numbers, is the reality that there are over 5 million jobs unfilled in the United States due in part to a lack of skilled workers. In fact, half of all employers are unable to fill vacant positions, and only 11% of employers feel newly credentialed graduates are ready for work.³ This provides a genuine opportunity to significantly improve the lives of millions of at-risk youth by developing and implementing innovative strategies that can provide the skills, support and education necessary to break the cycle of poverty.

To address this challenge, federal and state policies have increased the focus on youth employment and career pathway initiatives that address both in-school and out-of-school youth. Corporate and private philanthropy are seeding new efforts to build a national movement of youth employment initiatives.

Some of these examples were highlighted in our 2015 report released by the U.S. Chamber of Commerce Foundation, “Making Youth Employment Work: Essential Elements for a Successful Strategy.”⁴

One organization highlighted in our report was Year Up, which I am pleased is also testifying today. They are a remarkable example of how corporations are successfully working to empower low-income young adults to move out of poverty through training, internships and a professional career.

Another example of employers working to provide opportunities for at-risk young adults, and in turn benefiting from their skills, is the Hillside Work-Scholarship Connection. Originally launched in the 1980s by Wegmans Food Markets to help at-

² BLS, Economic News Release, “College Enrollment and Work Activity of High School Graduates,” April 27, 2017 <https://www.bls.gov/news.release/hsgsec.htm>.

³ Lucia Anderson Weathers, “Today’s Business Leaders Say, ‘It’s What You Know, Not Where You Go’ When Making Hiring Decisions, New Study Shows,” Lumina Foundation, <https://www.luminafoundation.org/news-and-events/todays-business-leaders-say-it-s-what-you-know-not-where-you-go-when-making-hiring-decisions-new-study-shows>. You can access the original Lumina/Gallup study, What America Needs to Know about Higher Education Redesign, by visiting <https://www.luminafoundation.org/files/resources/2013-gallup-lumina-foundation-report.pdf>.

⁴ <https://www.uschamberfoundation.org/reports/making-youth-employment-work-essential-elements-successful-strategy>.

risk youth finish high school, this program has been run for the past 20 years by Hillside Family of Agencies and helps youth throughout New York as well as in Prince George's County, Maryland and here in Washington D.C. Through this partnership, Hillside provides tutoring, mentoring, college preparation and job-readiness training to prepare young adults for jobs at Wegmans and 20 other employer partners. This program has helped hundreds of youth find and maintain jobs. More than 600 young adults are employed at Wegman stores alone.

Many youth, particularly those who are at-risk, are simply not aware of the many opportunities that exist in the labor market because they have not been exposed to professional careers. There is no better way to tear down this barrier than by engaging youth and bringing them into the workplace. Internships, apprenticeships, work-study, and job shadowing are all examples of ways to provide these opportunities, which often have an academic component.

One such example is Quality Float Works, Inc., a small manufacturing company which established a work-study program in which students attend academic classes in the morning and work on the shop floor in the afternoon. They test their skills on approved equipment, assist with prep work, and explore different roles in the firm. Students receive school credit for participating in the program and benefit from coaching on soft skills and have the opportunity for high-paying careers in manufacturing. In turn, Quality Float Works has an opportunity to identify promising young talent that might have otherwise gone unnoticed.

Building on our 2015 Report, the U.S. Chamber of Commerce Foundation (USCCF) launched a Youth Employment initiative that is supporting employers and business associations championing scalable and sustainable solutions. In particular, this effort focuses on building the capacity for greater employer leadership and identifying promising practices for how the business community can more deliberately engage youth as an overall part of their talent strategy. Through this effort, USCCF has released a series of papers that highlight youth employment strategies that are not just demand-driven, but employer-led.

Specifically, we believe that in order to address the youth employment challenge of our time, we must activate the large network of business associations and

other intermediaries that are well positioned to partner with employers. Our federation of state and local chambers of commerce alone is over 2,500 strong. Many of them regularly engage with their members on issues related to finding and retaining talent as well as ensuring that education and workforce programs are aligned to business needs. In our report *Talent Orchestrators: Scaling Youth Employment through Business-Facing Intermediaries*, we highlight how business associations and other intermediaries can organize a set of talent management services that place youth in high-quality employment experiences while also providing additional training, such as improving foundational professional skills, or “soft skills.” These talent orchestrators play a critical role in making sure employers can meet their hiring needs while also scaling up and improving youth employment efforts.

The Denver Opportunity Youth Investment initiative, supported by the Denver Chamber of Commerce, is dedicated to improving educational and employment outcomes for youth between the ages of 16-24 in the City of Denver, who are disconnected from school and work. This initiative is focused on building connection points and pathways for youth, along with developing tools and resources for the business community and the many community-based partners that work with opportunity youth. The structure includes a Workforce Intermediary, a Workforce Navigator, and on the job supports working in tandem to support opportunity youth.

Another example is Genesys Works, an internship provider with operations across the country. It focuses primarily on information technology (IT) positions and provides a ready source of young talent for its client companies in cities like Chicago, Houston, and Minneapolis.

While many of its employer customers initially engage to give back to the community, Genesys Works is able to secure long-term engagement by demonstrating value such as increased productivity and reduced costs for employers. This is achieved by providing job-ready interns capable of executing entry-level work tasks. Interns are Genesys Works employees, which makes the engagement process simple and straightforward. Through this combination of services, companies experience high rates of satisfaction by addressing their need for talent while Genesys Works simultaneously fulfills the needs of their target youth population. Another network that needs to be activated is community-based organizations that can better reach

disconnected youth. One example of such efforts is i.c.stars. As a technology training program for low-income young adults in Chicago, Illinois, they leverage project-based learning to equip participants with not only the technical proficiencies, but also the behaviors, values, and attitudes to be leaders in the workforce and their communities. With about 1,000 hours of hands-on experience, the 16-week core curriculum creates small teams of young adults to solve real-world business problems, allowing them to develop the critical foundational professional skills employers need in the innovation economy. It is a good example of how alternative networks and ways of learning (i.e., challenges) can make a big difference for opportunity youth. This program has been highly successful at increasing the earnings of youth. The average 12-month earnings of youth prior to participation in the program was \$9,846, while the average 12-month earnings after the program was an amazing \$57,240.

For our part, the U.S. Chamber remains committed to efforts in strengthening our nation's education system. This is truly the single most important step toward addressing poverty. In addition, we believe that many more employers must become involved in initiatives to help at-risk youth and must understand how these initiatives can benefit both students and their business alike.

Through our vast network of businesses of all sectors and sizes, as well as thousands of local and state chambers of commerce—we will continue to educate the business community on the opportunities effective youth employment strategies present. We encourage policymakers to consider how through activating employer leadership and business associations as part of the solution we can go a long way toward scaling up youth employment.

Again, thank you for this opportunity to testify here before you today, and I would welcome any questions.