

CLASP

Policy solutions that work for low-income people

April 7, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader McCarthy, Leader McConnell, and Leader Schumer:

Thank you for leadership during this unprecedented time in our nation's history.

COVID-19 is wreaking havoc on the health of this nation. Our medical and public health systems are on the brink, thousands of people are dying, schools are closed, millions of workers are unemployed, and millions more are struggling to find food for themselves and their families and dealing with the stress and mental anguish that comes with so much uncertainty. The federal government has a critical role in combatting the economic fall-out that has already happened and that is sure to come as a result of this global pandemic. The Families First Coronavirus Response Act and CARES Act were **steps** in the right direction but failed to adequately address the needs of the millions of workers in low-wage jobs, those already unemployed and struggling to find work, and the millions who live in poverty.

There are 38 million people in the US who live in poverty. America's next generation of students and workers has the highest poverty rate of all age groups. Nearly one in six children under age 18 (16.2 percent) were poor in 2018. Young adults (ages 18-24), who are striving to complete education and find pathways to good jobs, have a higher-than-average rate of poverty at 15.0 percent, with young adult parents even more likely to be poor.

As a national, non-partisan, nonprofit organization with over fifty years of experience advocating for policy solutions that improve the lives of people with low incomes and communities of color, we are troubled by the lack of attention to youth and adult workers and would-be workers who, even before this crisis, were economically fragile and faced severe structural barriers to employment. The recommendations included in this letter are based on CLASP's work and expertise on anti-poverty strategies and workforce, youth development, and postsecondary policies; and the experiences of state and local systems leaders, community-based organizations, students, youth and adult workers.

Background

The coronavirus pandemic is already negatively impacting the nation's economy and workers with low wages, estimated to be about 44% of the **workforce**. Workers in low-wage jobs are more likely to be young, women, people of color, and immigrants. For example,

- African-American and Latinx workers who are **twice as likely** to earn incomes below the poverty level and are **overrepresented** in affected service industries, have been hit the hardest economically.
- Young people—including Millennials and Generation Z—account for approximately **25 percent of workers in low-wage jobs**, a disproportionate share of the unemployed, and **38 percent** of the gig economy.
- Youth and young adults are also more likely to make minimum wage—accounting for nearly **half of all workers** paid the federal minimum wage or less—even though they represent only one-fifth of hourly paid workers.
- Formerly incarcerated individuals were **unemployed at a rate of over 27 percent**. Formerly incarcerated Black men and Black women were unemployed at 35.2 and 43.6 percent, respectively. This is nearly five times higher than the rate for the U.S. population. Research shows that when formerly incarcerated individuals do find work, they are more likely to be low-wage jobs. The **median wages** of those who are employed within their first year of returning to their communities is just \$10,090.

Strengthen and Expand Federal Programs

Resources are needed to provide immediate and long-term funding to state and local workforce systems. These systems are navigating how to continue to serve some of our nation's most disadvantaged in the midst of a global pandemic, while also making sure that as the economy reopens workers in low-wage jobs and those still trying to find work and improve their skills and education can have access to jobs, income and continuing education. These investments will be critical as state budgets continue to be stretched. The workforce system and its partners—community-based organizations, intermediaries, and community colleges—will need to be available to youth and adults seeking work, income, and training to advance their education and skills, and will need to be a lifeline to critical supportive services.

The 2014 bi-partisan passage of Workforce Innovation and Opportunity Act (WIOA) marked the nation's commitment to youth and adults with barriers to employment, including out-of-school youth (Opportunity Youth). These positive policy developments created an opportunity for states and local communities to rethink, reshape, and expand workforce systems, policies, and practices that are grounded in research and experience to improve the education and employability of youth and adults with low-incomes and those facing barriers to employment.

Now is the time to strengthen and expand these programs to serve individuals and communities that will be hardest hit by the immediate loss of work and income and long-term effects of the economic crisis.

Workforce Training Activities and Related Workforce Programs¹

Workforce Training Activities	Our Request	Estimate of Participants who would be served:
Adult Employment and Training Activities	\$5 billion	3,790,750 ²
Dislocated Workers Employment and Training Activities	\$5 billion	1,640,958 ³
Youth Workforce Investment Activities	\$5.5 Billion	938,406 ⁴
Adult Education and Literacy	\$1 Billion	1,600,000 ⁵
Reentry Programs	\$500 million	97,982 ⁶
Indian and Native American Programs	\$300 million	76,394 ⁷
Migrant and Seasonal Farmworkers	\$300 million	62,552 ⁸
Youthbuild	\$750 million	50,000 ⁹
Job Corps	\$500 million	14,285 ¹⁰
Corporation for National Community Service	\$500 million	16,667 ¹¹
Total	\$19.35 billion	8,287,994

WIOA Adult Employment and Training Activities and Dislocated Workers Employment and Training Activities

The outbreak of COVID-19 has disproportionately affected **workers with low wages** and workers of color. Considering up to **ten million** Americans filed jobless claims in the last two weeks, and the number of unemployed and dislocated workers will only rise as the recession worsens, it is imperative that Congress act and provide relief to these essential workers. Adult employment and training programs and dislocated worker training programs must be strengthened and funded. These programs served just over one million workers in 2019. As this unprecedented crisis takes its toll on every industry nationwide, it is clear that far more workers will now need additional training and support in new or re-employment.

Adult education and literacy programs must also be strengthened. An ongoing **survey** of American adults found that about 35% of respondents said they would need more education if they lost their jobs.

Indigenous and tribal communities have also been **disproportionately** impacted by coronavirus as underfunded health-care programs struggle to contain the spread of the virus. Migrant and **seasonal farmworkers**, classified as essential employees, are among the hardest-hit workers from Coronavirus. Many lack health insurance and paid leave, and do not qualify for the unemployment insurance provisions in the CARES Act. These programs must be strengthened and expanded.

Recommendations:

- \$5 billion for grants to States for adult employment and training activities, including supportive services and needs-related payments.
- \$5 billion for grants to States for dislocated worker employment and training activities, including supportive services and needs-related payments.
- \$300 million for grants to States for Indian and Native American programs, including supportive services and needs-related payments.
- \$300 million for grants to States for migrant and seasonal farmworker programs, including supportive services and needs-related payments.

WIOA Youth Workforce Investment Activities

Recommendations:

- \$3.5 Billion for grants to States for youth activities, of which \$1.5 Billion should be targeted to support summer youth employment, and of which \$900,000,000 shall be for supportive services, mental-health services, and other trauma-informed practices.
- \$2 Billion in competitive partnership grants to transform communities with high rates of youth disconnection into communities of opportunity, through local community partnerships in urban, rural, suburban and tribal areas.

The COVID-19 pandemic has disproportionately disrupted the livelihoods and economic stability of many youth and young adults. Our country also has an unacceptable number of young people (ages 16 to 24)—4.5 million—who are not connected to school or work, also known as “**Opportunity Youth.**” They are seeking opportunity and they offer the nation a chance to invest in them. While they are eager to work and continue their education, they struggle to find jobs and programs that will help them build better lives for themselves and their families. **Youth disconnection** impacts all regions of the country—urban, suburban, and rural. Native American and Black American teens and young adults have the highest rates of youth disconnection. Yet, Latinx/Hispanic, white, and Asian youth also find themselves out of school and work and seeking pathways to opportunity.

Many states and local communities have made movements towards improving the employability skills of Opportunity Youth and connecting them to pathways to work and opportunity. **For example, during fiscal year 2018, 81 percent of those served by WIOA youth providers were out-of-school youth, and 69 percent were employed two quarters after exit from their program.**¹² Congress should fund programs that serve Opportunity Youth at levels sufficient to reconnect one million youth each year. In addition, **states reported** spending 99% of their WIOA youth grant funds allotted in Program Year

(PY) 2015, and the number of out of school youth served increased by 12%.¹³ During a relatively stable economy, states and localities were using all of their funds. Additional funds are needed to ensure young people can weather this current crisis and recover.

To support youth and their communities in recovering from the COVID-19 crisis, Congress must consider the potential loss of connection to critical work experiences and income during summer 2020 and the upcoming school year. As states and local communities work towards sustaining employer and industry relationships in the coming months, funding will be needed to ensure young people are afforded robust work opportunities in 2021.

Through the American Recovery and Reinvestment Act of 2009 (ARRA), states received \$1.2 billion in funding for employment and training activities targeted to the country's disadvantaged youth, and Congress expressed an interest in supporting summer youth employment. According to a Mathematica **study**, the Summer Youth Employment Program (SYEP) was implemented **successfully** without any major problems despite challenges. For example:

- States and local areas enrolled more than 355,000 youth nationwide.
- Out-of-school youth accounted for 36 percent of participants nationwide.
- More than 88 percent of participants were placed in summer jobs. Of those in summer jobs, states reported that over 82 percent completed their summer job experience. States also reported that 75 percent of all youth achieved a measurable increase in their work readiness skills.

Additionally, in an ARRA survey of young people from the **US Conference of Mayors**, 74 percent of youth indicated that they would not have a job without the program. Summer youth employment programs can be a critical equity investment. SYEP participants tend to come from high-poverty communities where job opportunities are few and far between. Summer jobs provide much-needed income for youth and their families. **Youth report using earnings to purchase school supplies, help their families buy food, or contribute to college costs.**

Equitable investments to directly support local communities, including urban, rural, and tribal communities are also needed. Geographies suffering from long-term deep poverty need funding, but they also need targeted support to strengthen partnerships with employers, K-12 education and postsecondary institutions, and health, human and social services agencies. These partnerships are critical to supporting and sustaining youth reconnection. A growing body of research demonstrates what strategies work when serving Opportunity Youth and which communities nationwide have been getting it right with few federal resources.¹⁴ This funding would both expand strong work already happening in communities, support leaders in dealing with the current crisis, and support new communities in building the systems and infrastructure to support youth over the long-term.

Additionally, CLASP is supportive of the joint request from the Reconnecting Youth Campaign **supplemental appropriations** request for youth programs.

WIOA Title II Adult Education and Literacy

Recommendation:

- \$1 Billion for grants to States for adult education and literacy programs, including supportive services and needs-related payments.

The **Program for the International Assessment of Adult Competencies (PIAAC)**, defines literacy as “the ability to understand, evaluate, use and engage with written texts to participate in society, to achieve one’s goals, and to develop one’s knowledge and potential.” It is estimated that 43 million U.S. adults possess low literacy skills: 26.5 million at level 1 and 8.4 million below level 1. In addition, U.S.-born adults make up two-thirds of adults with low levels of English literacy skills.

Congress can provide renewed attention on building foundational skills by directing increased funds for adult education and literacy services for workers in low-wage jobs to help them complete their high school diploma or equivalency, improve their English language literacy skills, access integrated education and training, and postsecondary education opportunities. In FY 2019, this federal program served approximately 1.3 million individuals. Given the impact that COVID-19 is having on the economy, particularly on workers in low-wage jobs and youth and adults who have faced barriers to employment, we urge Congress to increase federal funding to serve an additional 1.6 million participants.

Individuals impacted by the criminal justice system

Recommendation:

- \$500 million for DOL Reentry Programs, of which \$250 million should be administered through the Title I Adult Employment and Training Activities.

Congress must intentionally target resources to serve individuals impacted by the justice system during this time of crisis. Congress must also provide additional funding to existing Department of Labor reentry programs. Additionally, federal policymakers must make new, significant investments in the entire workforce system, including through WIOA, to support those impacted by the justice system.

The Department of Labor’s Employment & Training Administration funds reentry programs through the **Reentry Employment Opportunities (REO) program** by providing competitive grants to nonprofit regional intermediaries and local workforce development providers. These grants support employment and training services for individuals impacted by the justice system and youth who did not complete school. These programs provide essential workforce development services that connect participants to education and career pathways, including through transitional jobs programs.

People impacted by the justice system are going to face heightened challenges finding quality employment and economic stability. Some experts predict the nationwide unemployment rate could reach 20 percent—and will almost certainly be significantly higher for those facing the structural barriers of the criminal justice system. These barriers include gaps in employment history, discrimination, licensing bans, and more, that arise from systems and policies, not individual choices.

Reentry programs are proven to increase employment and improve long-term reentry success. Preparing individuals with records for employment improves their ability to support themselves and their families and enables employers to access a workforce that historically has been barred from

employment. REO grantees also help local businesses gain access to the skilled and credentialed employees they need.

REO programs may also offer subsidized wages and other supportive services to participants helping them make ends meet while receiving education and training. The REO program is uniquely positioned to support workforce development programs that meet the needs of individuals impacted by the justice system during the COVID-19 pandemic.

Fund a National Transitional Jobs Program

Recommendation:

- \$44 billion for a transitional jobs program funded through the Dislocated Worker Assistance National Reserve to serve 2 million displaced workers.

A substantial investment in the workforce system must emphasize **subsidized employment and “earn-as-you-learn” models** such as **transitional jobs** that target those with barriers to employment including people impacted by the justice system. These jobs use time-limited, wage-paying jobs that combine real work, skill development, and supportive services to help participants transition successfully into the labor market. Transitional jobs are an effective model for individuals impacted by the justice system and support employers to meet the demands of our workforce.

Congress must respond to displaced workers in low-wage jobs and those with barriers that face structural barriers to obtaining employment. Transitional jobs also improve the long-term employability of workers with severe barriers to employment by giving workers immediate access to employment and earnings while also increasing their skills, work experience and networks. This investment would create transitional job opportunities for 2,000,000 displaced workers over the next 18 months at an estimated per-slot cost of \$20,000 for a 30-week transitional jobs model. This program should target dislocated workers, veterans, opportunity youth, individuals impacted by the criminal justice system, individuals who lack foundational skills, individuals with disabilities, individuals who are English language learners, and individuals who live in areas of substantial unemployment.

Focus on Green Jobs and Infrastructure

Despite the pandemic, we continue to face a global climate change crisis. The people most **impacted by** climate change are people in low income communities and Black and Latinx communities. Similarly, those same communities are suffering the most from the current economic fallout.

Shifting towards a green economy provides the opportunity to revitalize our economy and invest in the future of our young people by investing in green jobs, infrastructure, and equity in accessing jobs. Prior to the pandemic, there were 9.5 million Americans working in the clean energy industry. With the right investments, this is an opportunity to create quality jobs and develop sustainable infrastructure. For example, **studies show that green jobs are more likely to be middle-class jobs than non-green jobs.** **“Low-wage” workers in green jobs earn \$5–\$7 more per hour.** Green economy employment opportunities should engage youth and adults in career pathway models, such as pre-apprenticeships and apprenticeships, that help prepare them for quality employment in the green economy sector.

Accountability and Equity

Along with providing critical funding to federal workforce programs, including WIOA, we urge Congress to promote job quality for workers and the long-term unemployed. As such, we recommend the following:

- Pass comprehensive and inclusive national paid sick days and paid family and medical leave legislation so that all workers are covered by these critical work supports.
- Pass a federal scheduling policy so that workers have stable schedules and can enroll in training and education programs without fear of work scheduling interruptions.
- Incorporate set-asides targeting immediate reemployment and training services to workers in low-wage jobs who have experienced job losses or extended unemployment over the long-term due to the coronavirus.
- Innovate equitable practices, such as affirming **labor-management partnership arrangements** that bring together business, labor, and government to ensure access to quality education and training opportunities while also facilitating strong employment outcomes.
- Incentivize strategies that prioritize the employment stability and earnings of workers in low-wage jobs, especially workers of color and immigrants.
- Subsidies for child care, transportation, mental and behavioral health, and other supportive services as well as assistance with training-related expenses.
- Design resources for workforce intermediaries in partnership with local government to support community colleges, community-based organizations, worker centers, and labor-management partnerships that have a proven track record of providing quality training and placing participants into good jobs.
- Prioritize services to communities with historic barriers to employment, including opportunity youth, people of color, immigrants and individuals impacted by the justice system.
- Assess the workforce system's performance in creating pathways to good jobs with careers with family-sustaining wages and health and leave benefits; require increased data transparency in reporting requirements, including outcome data disaggregation by race, ethnicity, gender, and groups with other barriers.

The next COVID response package must center equity. Youth and adults with low-incomes, people of color, immigrants, and those impacted by the criminal justice system have historically faced barriers to finding work and accessing good jobs with health and leave benefits and family sustaining wages. They will inevitably be further economically marginalized by this crisis. How we will fare as a nation when this once-in-a-lifetime catastrophe is over will depend on how intentionally we invest in them.

We thank you for your continued efforts to address immediate and long-term consequences of this pandemic on workers, states, communities, and businesses. We look forward to working with your offices to ensure the needs of youth and adults with low incomes are included in our next legislative response. Please contact us with any questions at kbird@clasp.org and rgarcia@clasp.org.

Sincerely,

Kisha Bird, Director
Youth Policy

Rosa M. García, Director
Postsecondary Education/Workforce Development

Endnotes

¹ The number of participants serviced is based on current available data for average cost per participant, which is low and at times does not include the full cost to provide youth and adults with barriers to employment comprehensive services.

² Based on cost per participant data and dollars appropriated in PY 2018, US Department of Labor, <https://www.dol.gov/sites/dolgov/files/general/budget/2021/CBJ-2021-V1-03.pdf> - page=28>.

³ Ibid.

⁴ Ibid.

⁵ Based on cost per participant data, Statewide Performance Report - WIOA Title II Adult Education Program PY 2018, <https://www2.ed.gov/about/offices/list/ovae/pi/AdultEd/spr/py2018/nationalsummary.pdf>.

⁶ Based on cost per participant data and dollars appropriated in PY 2018, US Department of Labor, <https://www.dol.gov/sites/dolgov/files/general/budget/2021/CBJ-2021-V1-03.pdf#page=71%3E>

⁷ Ibid.

⁸ Ibid.

⁹ John M. Bridgeland, Erin S. Ingram, and Matthew Atwell, A Bridge to Reconnection: A Plan for Reconnecting One Million Opportunity Youth Each Year Through Federal Funding Streams, <https://aspencommunitysolutions.org/wp-content/uploads/2017/06/BridgetoReconnection.2016.pdf>.

¹⁰ Calculations based on information from the National Job Corps Association, assuming a \$35,000 cost per participant.

¹¹ Calculations based on information from The Corps Network.

¹² Department of Labor, *Workforce System Results*, <https://www.doleta.gov/performance/results/pdf/Quarterly-Workforce-System-Report-PY-2018-Q2.pdf>.

¹³ Government Accountability Office, *Workforce Innovation and Opportunity Act: States and Local Areas Report Progress in Meeting Youth Program Requirements*, <https://www.gao.gov/mobile/products/GAO-18-475>.

¹⁴ There are several collaboratives and networks that inform the needs for youth and young adults, including, the Communities Collaborating to Reconnect Youth Network, Aspen Institute Opportunity Youth Forum for Community Solutions, National League of Cities Reengagement Network, and the National Youth Employment Coalition.