

The Pipeline Crisis

# Winning Strategies For Young Black Men

Draft Report of the  
Employment & Economic Development  
Working Group

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# THE PIPELINE CRISIS: WINNING STRATEGIES FOR YOUNG BLACK MEN

## EMPLOYMENT OF YOUNG BLACK MEN: WHAT ARE THE PROBLEMS AND BARRIERS THEY FACE?

### INTRODUCTION

Young black men suffer from a range of disadvantages and barriers that limit their employment levels and earnings. These include:

- ***Limited Education and Basic Skills:*** The education level of many young black men, even those who have obtained a high school diploma or GED, is below what is necessary for them to compete successfully in the modern labor market. This is a problem across industries, from construction to banking. Their basic literacy and numeracy skills are also frequently below what is needed for advancement beyond the most elementary jobs.
- ***Limited Previous Work Experience and Job-Readiness:*** Employers do not like hiring people with little or no prior work experience because employers have to use their own resources to train these workers. Before investing in such training, employers want to see that potential employees are “job-ready.” But too many young black men lack the early work experience that signals job readiness, and they often suffer from other problems (like physical/emotional disabilities, substance abuse problems, etc.) that limit their job readiness in reality.
- ***Lack of Access to Employers and Good-Paying Jobs:*** Besides skill deficiencies and lack of work experience, disadvantaged young men lack access to employers due to discrimination, limited transportation, a lack of knowledge about the world of work, and a lack of informal networks and mentors to link them to available jobs. It is especially the large employers and those that offer higher compensation and opportunities for advancement to which these young men have the most limited access.
- ***Employer Aversion to Ex-Offenders:*** A highly disproportionate number of young black men are ex-offenders. Employers operate under the assumption “once a crook always a crook.” Therefore, ex-offenders are a highly stigmatized and feared group of people. In addition to the psychological and conceptual barriers confronting ex-offenders, they face a variety of legal barriers to work that vary by industry, such as occupational and licensure bans for people with criminal convictions. Moreover, employers fear that they will be liable for negligible hiring practices if an ex-offender on their payroll harms other workers, customers, or steals their property. Some employers’ insurance will not cover ex-offenders. This potential liability for “negligent hiring,” deters most employers from hiring people with prior convictions.

- ***Lack of Incentives for Young Black Men to Take Available Jobs:*** Even where these young men can be hired, their incentives to accept and retain jobs are often limited because their wages and benefits are so low, which in some cases encourages them to turn to criminal activity. Low-wage parents with custody of children, especially single mothers, frequently qualify for an Earned Income Tax Credit (EITC) that substantially supplements their very low earnings and raises their net incomes, thus encouraging more of them to work. But young men without custody of children qualify only for a very small tax credit. Furthermore, many young black men are non-custodial fathers and face child support orders that impose large taxes on their earnings, particularly if they are in “arrears” on their support payments. Virtually all non-custodial fathers who have been incarcerated are in arrears, as the payment “clock” has kept ticking while they were behind bars. The high taxes on earnings for those in arrears further reduce the incentives of these young men to accept low-wage jobs.
- ***Administrative Costs to Employers of Obtaining Services and Work Supports:*** In some cases, tax credits (like the Work Opportunity Tax Credit, or WOTC) and other supports are available to employers who hire ex-offenders and other disadvantaged workers. But the smaller employers who can be tempted to hire because of WOTC are often reluctant to cooperate because of the administrative costs. Moreover, after the credit runs out they often do not retain workers whose compensation was partially covered by the credit.

To address these employment needs and address these many barriers, organizations that support young black men must have greater access to real employment experiences and placements for these youth and young men. As is true of high school students seeking job-shadowing or career exposure experiences, out-of-school youth (disconnected young adults) or hard-to-employ young men (noncustodial fathers and ex-offenders) also seek first-time job placements or career-path opportunities.

A variety of “workforce intermediaries” seek to generate links between disadvantaged workers and employers, and to mediate the relationships between them, giving these workers access to jobs, skills training, and the like. But job development activities of workforce intermediaries that work with out of school and hard to employ youth are most successful among small employers (with between 5 and 100 employees)

that lack human resource departments of their own. By offering to perform the recruitment, screening, retention, and employee assistance functions that would otherwise be undertaken by an employer's human resource department, workforce intermediaries have found a "niche" through which they may place their clients.

However, larger employers who have their own human resource departments generally do not need the services of workforce intermediaries. As a result, these intermediaries have more difficulty placing their clients in the kinds of larger, more established firms that offer higher wages, more generous fringe benefits, greater job security and opportunities for advancement. Therefore, the frontier in workforce development practice for out-of-school and hard-to-employ young black men is creating placement opportunities within these larger, more established firms—particularly for those young men who have managed to obtain some educational credentials (*e.g.*, a GED) and to successfully hold an entry-level job for some period of time (*e.g.*, six or more months).

### **PROPOSALS TO IMPROVE EMPLOYMENT AMONG YOUNG BLACK MEN: FEDERAL- AND STATE-LEVEL APPROACHES**

Proposals to improve employment should focus on three distinct groups with somewhat different circumstances and labor market experience: 1) *In-School Youth* (high school and beyond); 2) *Out-of-School and At-Risk Youth*; 3) *Hard-to-Employ Young Adults* (including ex-offenders and non-custodial fathers).

Below we list broad outlines of the kinds of policies and programs that would help young men in each of these three categories gain employment and ultimately advance in the labor market. These should be supported and funded more heavily at the federal and state levels.

1) In-School Youth

Funding should be expanded for programs that generate both general academic and occupational skills, as well as early work experience, which raise student employability and understanding of the world of work. Options for post-secondary education and training should also be encouraged. Wherever possible, *direct involvement with employers* in firms or sectors that offer high-wage career opportunities should be encouraged as well.

The approaches should include:

- Greater access to high-quality career and technical education in high schools, especially Career Academies and apprenticeships/internships with employers;
- Greater access to post-secondary education and training, such as 4-year colleges and universities (including historically black colleges and universities, or HBCUs); community colleges; occupational colleges; and proprietary certificate programs. (Improving access involves greater financial aid to low-income students, through simpler and more generous Pell Grants and refundable tax credits, as well as more counseling and support services.)
- Mentoring by professionals and members of the business community, including black professional and trade organizations; and
- After-school and other youth development programs that reach adolescents (such as Big Brother/Big Sister, Boys and Girls Clubs, etc.).

2) Out-of-School (At Risk) Youth

Many youth have either dropped out of high school or have completed school but have poor academic skills and little labor market experience. Many have also been involved with the criminal justice system. The following efforts would target them, provide some modest skill remediation and work experience, and try to link them to the world of work.

- Creation of “Youth Zones” which would provide targeted case management and work-oriented services for youth in high-poverty neighborhoods. (This would resuscitate and expand the Youth Opportunity Zones of the U.S.)

Department of Labor during the Clinton Administration, which is key to Sen. Schumer's proposals.);

- Increased funding for work-oriented “second chance” programs like STRIVE, Youth Build, the Youth Service and Conservation Corps, Job Corps, etc.;
- Support for (and evaluation of) “drop-out recovery” programs, including charter schools and “early college high school” programs (like the Excel Program at LaGuardia Community College) that offer work-oriented instruction and community college credit; and
- “Sectoral” training efforts involving partnerships between employers from key high-demand/high-wage sectors (finance, construction, elder care, etc.), community or 4-year colleges (including HBCUs), and labor market intermediaries.

3) Hard-to-Employ Young Adults (including ex-offenders, non-custodial fathers in arrears, etc.)

These young men are the most disconnected from the formal world of work, and frequently have poor skills/work experience as well as disincentives to obtain work (because of child support orders and arrearages). Employers are also extremely reluctant to hire them in many cases.

Approaches here would include:

- An expanded Earned Income Tax Credit (EITC) for non-custodial fathers paying child support or for childless adults more broadly, to improve financial incentives to work (Both approaches are currently included in the proposed “fatherhood” legislation by Sens. Bayh and Obama, and both are being considered by Sen. Schumer and Rep. Rangel);
- Expansion of “fatherhood programs” with strong work requirements and supports;
- State policy changes that provide more “pass-through” of collected child support payments to families that have been on public assistance, and “arrearage management” or forgiveness to encourage work and child support payments;
- Piloting adult basic education programs operated by workforce intermediaries (or coordinated with other support services), who may be able to hold their clients more accountable for educational expenditures than the institutions that currently operate GED or ABE programs;

- Increasing the amount of money insured in the federal bonding program for ex-offenders, to make employing this population more appealing to larger companies;
- Expanding temporary transitional work programs for ex-offenders through intermediaries (like the Center for Employment Opportunities, or CEO, in New York) or governments, which means taking on the resistance of unions and other labor groups who typically require no-displacement clauses in programs serving out-of-school youth and hard to employ workers. This option allows ex-offenders to be supervised, trained and supported by the intermediary, so subsequent employers receive a worker with previous work experience; and
- Piloting a major expansion of the WOTC at a local site, where the tax credits would be more generous and last longer than they do currently. This effort should also reduce administrative costs associated with the current WOTC, making it easier for intermediaries and prospective employers to do the paperwork for businesses or for individuals to refer their employers to it.

**WINNING STRATEGIES:  
LOCAL IMPLEMENTATION IN NEW YORK CITY**

Leaders in Winning Strategies are uniquely positioned to influence larger, more well-established employers to respond to development efforts of workforce intermediaries, other non-profit organizations and career oriented schools. The Employment and Economic Development Working Group recommends the creation of a *corporate advisory committee*, led by Winning Strategies participants, to begin the process of exposing more young black men (both in high schools and out of school) to the workplace through paid internships, career apprenticeships, after-school jobs, and so on.

Because most intermediaries working with out-of-school and hard-to-employ youth and young black men often need better placements for clients who have already held entry-level jobs, we recommend that Winning Strategies seek commitments from its current (and future) corporate participants to *place a priority on hiring young black men*—both directly and through their subsidiaries and subcontractors. Beyond that, we

recommend that leaders from Winning Strategies carry the message to other major corporate allies, like the NYC Partnership and the Securities Industry Association—in much the same way that former President Clinton used his leadership as a bully pulpit to open corporate doors to welfare recipients.

Winning Strategies should also *promote changes in government programs* that increase work opportunities for young black men. For example, members of Winning Strategies should pursue opportunities to coordinate with New York City agencies, many of which have employment initiatives that target this population. The Mayor's Commission on Economic Opportunity, and especially the ongoing efforts to expand employment for young minority men in construction, are examples of efforts to improve employment for young black men that Winning Strategies should coordinate with and support.

We also recommend specific efforts by Winning Strategies to more fully *engage local minority-owned businesses* as a key source of employment for young black men.

Finally, the Employment and Economic Development Working Group supports the work and recommendations of the Education and Criminal Justice Working groups, noting that there is a good deal of common ground between their work and ours. The recommendations of the Criminal Justice Working Group overlap considerably with our concern for barriers to employment, and our work on job readiness coincides with the work of the Education Working Group.