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“Ensuring Economic Opportunities for Young Americans”

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Chairman Miller, Ranking Member Kline, I thank you for the opportunity to present testimony today.

My name is Matthew Segal and I am the executive director of the Student Association for Voter Empowerment, otherwise known as SAVE. A national non-profit organization founded and run by young people, our mission is to bring young Americans into the political process by eliminating barriers to electoral participation and encouraging youth-led policy solutions that address significant national challenges. Currently, SAVE represents a constituency of over 10,000 students with chapters on more than 35 college campuses across the country.

I am also a founder and national co-chair of the *80 Million Strong for Young American Jobs* coalition, which has organized nearly 30 nationally leading youth organizations to tackle the staggering rate of unemployment, increasing cost of a college education, and growing debt our generation faces. Co-chaired by SAVE, the Roosevelt Institute Campus Network, and Mobilize.org, our aim is to engage and direct our economic future by discussing the economic challenges of today's young workers, proposing solutions to these challenges, and packaging these recommendations into legislative proposals at the federal, state, and municipal level. Born after 1980, the millennial generation is 80 million strong as a demographic, and more than 23 million voted in the 2008 election.¹

Mr. Chairman, the current economic crisis is disproportionately affecting young Americans, digging a hole that will place a long-term burden on our generation as we attempt to build a stronger future workforce. Among the many national and global challenges today's 20-somethings face, we are the first generation likely to be *less* better off than our parents. In order to reinvigorate our economy, we must overview the scope of the problem while identifying new fields, industries, or career pathways that shape a robust 21st century labor force.

According to the July 2009 Bureau of Labor Statistics, 4.4 million youth (ages 16-24) were unemployed, up nearly 1 million from the previous year. The youth unemployment

¹ <http://www.civicyouth.org/?p=323>

rate stood at 18.5 percent, the highest July rate on record since 1948, and roughly double the national average. Among African American youth, unemployment was 31.2 percent, while for Latinos it stood at 21.7 percent. In terms of summer jobs, the national employment population for teenagers (ages 16-19) was a record low 28.9 percent.²

Income is also shrinking. According to Demos, the average earnings of full time workers ages 25 to 34 are lower today than they were a generation ago, except among women with college degrees. And young men without a college education are earning 29 percent less than they did in 1975. Income disparities in recent years are also acute—as typical incomes for White young adults are 25 percent higher than African Americans and 30 percent higher than Latinos. Nearly 18 percent of 18-24 year olds are living below the official poverty line.³

The cost of an education is also contributing heavily to our generation's economic hardship. Two thirds of students holding a bachelor's degree graduate with more than \$20,000 in debt, twice as much as a decade ago. Law and medical school graduates have it even worse, with roughly \$76,000 and \$155,000 dollars of debt respectively. Approximately 23 percent of freshman borrowers drop out of school because of debt; and the college enrollment gap between Whites and African American students is 10 percentage points, while the gap between Whites and Latino students is 17 percentage points.⁴ Employers expected to hire 22 percent fewer new grads from the college Class of 2009 than they actually hired from the Class of 2008, and an additional 7 percent fewer graduates are expected to be hired from the Class of 2010 according to the National Association of Colleges and Employers (NACE).⁵

Mr. Chairman, on July 14th and 15th in the Capitol Visitors Center in Washington, DC, we assembled over 100 diverse young people from more than 30 states around the

² <http://www.bls.gov/news.release/youth.nr0.htm>

³ <http://www.demos.org/publication.cfm?currentpublicationID=2C71F2BC-3FF4-6C82-5C6F2D4C190AA787>

⁴ <http://www.demos.org/publication.cfm?currentpublicationID=2C71F2BC-3FF4-6C82-5C6F2D4C190AA787>

⁵ <http://www.naceweb.org/press/display.asp?year=&prid=297>

country for a two day summit focused on addressing many of these stark statistics. Numerous members of Congress, including some members of this committee, such as Mr. Hinojosa, spoke with our coalition, and we worked collaboratively to endorse various policy platforms that will create jobs and economic opportunity for the 80 million members of the millennial generation.

Our proposals center on four areas: increasing entrepreneurship resources, student debt reform, access to public service careers, and the creation of “mission critical” jobs that tap young talents. Because several of our entrepreneurship ideas are more salient to the House Committee on Small Business and because we are thrilled that the House of Representatives recently passed the Student Aid and Fiscal Responsibility Act, our recommendations today will mainly focus on increasing public and civil service opportunities in mission critical industries.

Recent data shows that young workers and students are highly compelled to engage in public service more than ever before. As President Obama reinvigorated the Kennedy call to service throughout his campaign, over 441,000 more young adults (ages 16-24) volunteered in 2008 than in 2007, representing an increase from about 7.8 million to more than 8.2 million. And since Congress passed the Serve America Act several months ago, there has also been a 217 percent increase in applications to AmeriCorps programs.⁶

While this data is quite encouraging, there is more that can be done to establish volunteer to career pathways. Millions of Americans forego public service every year because of low or non-existent wages associated with it, and a mounting issue of social stratification is propagating with regards to civil service and internships. For instance, the salary for AmeriCorps varies between \$7,640 and \$15,280 per year, placing participants well below the poverty line.⁷

A recent *New York Times* article from August 8, 2009 also discussed the growing number of college graduates whose parents are paying thousands of dollars to services that will

⁶ <http://www.volunteeringinamerica.gov/assets/resources/VolunteeringInAmericaResearchHighlights.pdf>

⁷ <http://www.indeed.com/salary/Americorps-Member.html>

help them accrue a summer internship. One of the featured internship providers, University of Dreams, charges \$8000 per person, guaranteeing an 8 week internship placement with dorm housing in New York City. The Washington Center, here in our nation's Capitol, charges participants a \$5,195 program fee in addition to a \$60 application fee. If students choose to pay \$3,395 for 10 weeks of prearranged housing, which more than 90 percent do, the final cost amounts to \$8,650. These figures also do not include weekend meal costs or any entertainment expenses, both of which add hundreds of dollars to the price of an internship.⁸

An economic divide is exacerbating between students whose parents can afford to subsidize an internship vs. those whose cannot. Yet internships are becoming more of a prerequisite and less of a distinction by the day. This is because students with internship experiences have a clear leg up in getting hired upon graduating. According to the National Association of Colleges and Employers, more than three-quarters of employers say they would prefer to hire new college graduates who have relevant work experience such as an internship.⁹ Additionally, according to the career website Vault, roughly 90 percent of college students plan to complete an internship before graduating, even though about half of all internships are unpaid.

As Anya Kamenetz from the New York Times notes, "Lost wages and living expenses are significant considerations for the two-thirds of students who need loans to get through college. Since many internships are done for credit and some even cost money for the privilege of placement overseas or on Capitol Hill, those students who must borrow to pay tuition are going further into debt for internships."¹⁰ And in a difficult economy, internships without pay are becoming the norm for the 80.3 percent of young adults who graduate college without a job.¹¹

Above all, and at its core, this is also an issue of representation. Representative democracy depends on the input, perspective, and experience of all of its citizens, not just

⁸ <http://www.nytimes.com/2009/08/09/business/09intern.html>

⁹ <http://www.naceweb.org/press/display.asp?year=&prid=294>

¹⁰ <http://www.nytimes.com/2006/05/30/opinion/30kamenetz.html>

¹¹ <http://www.naceweb.org/press/display.asp?year=&prid=306>

the privileged few. If the majority of young America is saddled with debt in order to work pro-bono, or prevented from the active citizenship experience of serving their government because of financial hardship, then we are condoning a discriminatory system. This is not to mention the homogeneity we are institutionalizing or the diversity, qualifications, or incredible talent we are not tapping. Ironically, it is the citizens who need representation the most who currently are the least likely to access these civil service or internship opportunities.

Although there have been some significant reforms in the right direction such as the \$1.2 billion in the economic recovery package to help find jobs or part time work for those aged 14-24, our coalition also proposes the following:

1). One way the Congress could exhibit its commitment to socio-economic diversity among interns is through the creation of a fellowship program that would place at least one paid intern in each congressional office to increase access for qualified, need-based young people. Using the District of Columbia's minimum wage standard of \$7.25 an hour and a 40-hour workweek, a government intern could get \$2,900 for a ten-week long internship. For less than 1.3 million dollars, this can be implemented in every congressional office. If this program was continued for all 52 weeks a year in every congressional office, it would cost approximately 6.5 million dollars, while giving over 2,250 young Americans the unprecedented active citizenship opportunity to work in their government.

2). Another way to ensure economic opportunity for low income Americans who wish to seek advanced degrees is by creating incentives for them to help pay for school in return for service. Fortunately, there is an existing amendment that has passed in conjunction with the Higher Education Opportunity Act that seeks to do this. The John R. Justice Prosecutors and Defenders Incentive Act of 2008 directs the Attorney General to repay student loans for borrowers who agree to remain employed, for at least three years, as federal, state or local criminal prosecutors or public defenders. It also allows a borrower and the Attorney General to enter into an additional loan repayment agreement, after the required three-year period, for a successive period of service paying back a borrower up

to \$10,000 per calendar year and \$60,000 total. Unfortunately however, we have not seen any appropriation towards this platform. We are pleased to see that this committee backed significant workforce investments in HR 3200 for aspiring medical students as well, such as increased funding for the National Health Service Corps, which is similar to the John R. Justice provision, only applied to medical students.

3). We support increased scholarships, funding, and training programs for new mission critical health care industry jobs. Since every 8 seconds, one of 78 million Baby Boomers will turn 60 years old, geriatric care will create a wealth of jobs to those with proper training. This area is an excellent way to show that the Millennial Generation is ready to accept responsibility from the Baby Boomers and provide them with the quality and professional geriatric care that they deserve. Electronic medical records, which will increase efficiency in the medical community, can also provide young American jobs both in the IT sector and for medical professionals. Creating jobs in preventative medicine, which will lead to better healthcare and decreased cost, is another way to adapt to a changing healthcare climate in a manner that will increase opportunities for Millennials. While we need to create jobs, we also need to ensure that the job shortages that exist are filled. Currently, there is a shortage of nursing jobs. An estimated 116,000 registered nurse positions are unfilled at U.S. hospitals and nearly 100,000 jobs go vacant in nursing homes.¹² The average age of a nurse is 47 years old.¹³ Young Americans are ready to fill this shortage, but we need more investment in training programs so that those without 4 year college degrees can also enter the nursing and physician assistance industries. Increasing the payment of nursing faculty is an imperative step in achieving this. According to a 2006 survey by The Nurse Practitioner, the average salary of a master's prepared nurse practitioner is \$72,480. By contrast, the American Association of Colleges and Nursing (AACN) says master's prepared nursing faculty earn an annual average salary of \$55,71. AACN also reports that U.S. nursing schools in 2005 turned away 41,683 qualified applicants to baccalaureate and graduate nursing programs and

¹² <http://www.reuters.com/article/domesticNews/idUSTRE5270VC20090308>

¹³ http://findarticles.com/p/articles/mi_m0FSL/is_4_78/ai_108967612/

nearly three-quarters -- 73.5 percent -- of these nursing schools blamed faculty shortages for such rejections.¹⁴

4). We support creating new mission critical jobs in cyber security fields. A recent study by the Partnership for Public Service found broad agreement among federal officials and outside experts that the government has a cyber security workforce problem — a serious shortage of technically sophisticated professionals capable of combating the growing cyber threat from hackers, criminals, foreign governments and terrorist organizations. Congress should lead a campaign to encourage universities to offer, and students to pursue, cyber security educational programs. Congressional funding should also be increased to expand scholarships in computer science and cyber security in return for a commitment to government service.

5). Green jobs are not only mission critical in terms of protecting our environment, curbing pollution and making our infrastructure more sustainable and energy efficient, but they can also reinvigorate the middle class by providing thousands of new career opportunities to workers who are traditionally left behind. We applaud many of the workforce provisions in the American Clean Energy and Security Act, such as the Green Construction Careers Demonstration Project, which will provide grants to low income communities that train workers in clean energy, including wind, solar and geothermal fields. It will also provide training in recycling and waste reduction, water and energy conservation, and sustainable agriculture and farming. We additionally encourage the House to introduce a version of the Green Collar Youth Jobs, Education, and Training Stimulus Act, a senate bill sponsored by Patty Murray and Debbie Stabenow. This legislation gives appropriations to the Secretary of Labor to provide youth with education, paid jobs, and training in green-collar industries, including the weatherization and energy retrofitting of low-income homes and buildings.

6). We propose establishing a youth innovation fund. The Serve America Act allocated \$50 million dollars for FY2010 for the creation of a social innovation fund. The fund makes grants to existing grant making institutions which must be matched by the

¹⁴ <http://www.physorg.com/news79205125.html>

institution. The groups then make subgrants to different non-profit organizations to support proven initiatives or promising innovations in low-income communities. We propose a youth innovation fund that would provide grants specifically to young entrepreneurs who launch socially conscious or community development ventures.

We are confident that many of these proposed programs will pay for themselves many times over again in the strong middle class they build, unemployment gap they fill, and market value they create by spurring healthier, safer, and better educated career pathways. We also know that there are many other fields or industries to grow career opportunities, but what I have stated today reflects the specific ideas of our young membership. Working with the non-profit sector to match government funds is always an effective means of partnership—and we similarly encourage many philanthropists and corporations to direct their gifts towards programs that encourage workforce investment in order to build a more vibrant, 21st century economy.

Mr. Chairman, Mr. Ranking Member: I thank you again for the opportunity to testify here today and welcome any questions.