

**STATEMENT OF
GERALD CHERTAVIAN
FOUNDER AND CEO, YEAR UP**

**BEFORE THE
HOUSE COMMITTEE ON WAYS & MEANS
SUBCOMMITTEE ON HUMAN RESOURCES**

MAY 17, 2017

Subcommittee on Human Resources
Committee on Ways & Means
U.S. House of Representatives
Washington, D.C. 20515

Thank you Chairman Smith, Ranking Member Davis, and all members of this committee for your kind invitation to testify before your hearing on Opportunities for Youth and Young Adults to Break the Cycle of Poverty.

I would like to begin today by describing the talent crisis currently facing our country. Across America today, nearly six million young adults – called Opportunity Youth – are out of school and out of work, unable to find a path to self-sufficiency or a family-sustaining wage. Yet at the same time, a projected 12 million American jobs will go unfilled over the next decade simply because employers can't find the skilled talent they need for the 21st century economy. This paradox is the result of a market failure: our education and training systems are increasingly both out of touch with employers' needs and out of reach for young adults. Correcting this failure is both a moral imperative and an economic necessity.

To give you a sense of what this Opportunity Divide looks like, I'd like to share with you the story of Greg Walton. Ten years ago, Greg was sitting in the South Bay Correctional Facility in Boston. He was in the wrong place at the wrong time, and was sentenced to a year in prison. Having grown up in the foster care system and without a stable home, you can imagine how limited his opportunities were upon his release. But his story didn't end there. Today, he is an IT Service Provider at MIT, where he has worked for the past ten years. I saw him recently, and he told me "Gerald, I don't think you'll ever understand how it feels to carry my son across the threshold of a home I bought with my hard-earned money and tuck him into a bed that I know he'll never be without." Greg's story illustrates what is possible when we give deserving young adults a hand up, not a hand out.

Seventeen years ago I founded an organization called Year Up to give young adults like Greg that hand up. Year Up's mission is to close the Opportunity Divide by providing low-income young adults with the skills, experience, and support that will empower them to reach their full potential through careers and higher education. We serve this mission through the market: first, we work with leading employers like State Street Corporation, JPMorgan Chase, Salesforce, LinkedIn, Bank of America, and Microsoft to understand their entry-level hiring needs. Then, through a one-year intensive program, we equip Opportunity Youth with market-relevant technical skills and professional "soft" skills that employers look for, and provide these young adults with an internship with these employers. Our graduates complete the program ready to begin employment immediately within these companies, and they permanently cross the Opportunity Divide. I am joined today by Jameela Roland, who graduated from Year Up Puget Sound earlier this year, and who will soon share more about her journey of becoming a Microsoft employee.

Our program works through close alignment with the needs of the labor market. Employers contribute nearly \$25,000 to host an intern through Year Up, which they view as an investment in a pipeline of skilled and diverse talent – and indeed many of our partners have integrated Year Up into their hiring practices, taking hundreds of interns per year to meet their talent needs. We also co-locate our program within community colleges, gaining access to their instructors and resources while providing these institutions with a stronger connection to their labor market.

This approach has been proven to deliver unparalleled results for our graduates; one of our randomized control evaluators described our outcomes as “the most exciting evaluation results we’ve seen in youth employment in 20 or 30 years – and the first to show a really substantial earnings gain.” We are committed to rigorous evaluations of our program because if we are not putting our graduates on a path to a W-2 that grows over time, we are not effectively serving our mission. I serve as the chairman of a community college in Boston, and I know many of my colleagues in the higher education system know that our education and training systems need to take a different approach if our country is to remain economically competitive in the 21st century.

To be clear, our American education and workforce systems are not adequately preparing young adults for success in the labor market or to meet the human capital needs of business. These education and workforce market failures threaten not only the dignity of America’s youth but also our nation’s economic prosperity, and are perpetuated by:

- **Poor perceptions of youth.** Opportunity Youth are not seen as a source of talent for businesses.
- **Ineffective program designs.** Outmoded learning methods with limited connection between training programs and employer demand.
- **Compliance orientation.** Education and workforce systems are compliance-oriented and prioritize inputs and participation over skill acquisition or labor market outcomes.
- **Barriers to working.** Employment barriers stand as significant obstacles to many youth living in poverty from fully entering and finding success in the labor market.

Creating more opportunity for America’s youth requires dramatic reforms to our education and workforce systems. I’d like to share three recommendations with you that could help transform education and workforce systems so that they become more responsive to employer needs and more effective at providing Opportunity Youth skills that have real currency in today’s labor market.

1. Align Federally Supported Workforce Investments to Employer Demand

Current education and workforce systems do not provide all young adults with the skills they need for successful and responsible lives. At Year Up, we know that education and training programs work best when programs are tightly aligned to employer demand.

Indeed, this should be an essential design element of any taxpayer education or training program.

Ranking Member Davis, I thank you for your continued support for funding programs that train workers to meet local employer demand.¹ I also appreciate the committee's work to update and align public assistance provisions in programs such as TANF, the Social Service Block Grant, and Foster Care. In order for Opportunity Youth to become a source of entry-level talent, education and workforce systems across the country must become more responsive to employer demand. Seamless alignment to skills demanded in the labor market will ensure education and workforce systems in respective states, regions, and communities are preparing Opportunity Youth for gainful employment and lifelong learning.

The federal Pell grant program is the main financial resource that low-income Americans use to attain skills needed to secure work. I encourage the committee and Congress to modernize the federal financial aid program by exploring the reasonable expansion of the types of education and training institutions where Pell Grant are permitted to be used. This could include demand-driven programs that lead to industry-recognized skills and credentials. The Department of Education already has authority from Congress, called Experimental Sites, to conduct Pell demonstrations of innovations in uses of federal student financial assistance. Much more piloting and demonstration needs to be done and Congress should be agile and move quickly to expand successes.

2. Focus on Outcomes and Results

For decades accountability provisions in our education and workforce systems have made compliance a measure of success. The shift of systemic policies and procedures from a compliance orientation to outcomes-driven orientation is critical for creating competition in the education and workforce-training field so that public resources are awarded to programs and providers that succeed. Chairman Smith, you have illustrated this point well, as you said recently, "We should also avoid the tendency to focus solely on inputs like dollars spent or people served, and instead ensure we focus on outcomes."

Higher education and workforce systems must share responsibility for labor market outcomes by adopting goals and adapting use of public resources to continuously improve labor market and life outcomes that matter for Opportunity Youth.

I want to commend this committee's success last year in drafting, reporting out, and passing in the House the bipartisan "Social Impact Partnership to Pay for Results Act. In fact, I believe Congress should expand Pay for Success procurement practices across all federal workforce and education programs, including training program administered nationally and locally through the US Departments of Labor, Education, Health and Human Services, Justice, and Agriculture. I encourage the committee to build on momentum set by Speaker Paul Ryan, Senator Patty Murray and the Commission on

¹ <http://www.nationalskillscoalition.org/news/blog/u-s-representatives-call-for-increased-workforce-funding>

Evidence-Based Policy. The work of this commission is an important first step to spread the use of pay for success procurement practices at the federal and local levels.

3. Remove Barriers to Labor Market Participation

Despite a recovering labor market, many communities remain cut off from jobs, investments, and hope. Eliminating employment barriers is essential to building ladders of opportunity that lead to a responsible life with dignified work. Increasing opportunity will enhance economic prosperity for Opportunity Youth, set them up for sustainable careers, and help address skill gaps and human capital needs of businesses. Congress should remove barriers that prevent individuals from escaping poverty by advancing sentencing reform for minor non-violent offenses, expanding the Earned-Income Tax Credit, investing in community development, and creating a pathway to citizenship.

Thank you again for the opportunity to submit this testimony. I believe members of this committee and other lawmakers can help level the playing field for Opportunity Youth and close the Opportunity Divide. But minor tweaks to our education and workforce systems will not do the trick. And so I hope that the committee will aspire not just to correct the daily experiences of inequality Opportunity Youth face but to comprehensively change the laws, policies, and economic drivers that perpetuate the Opportunity Divide in our country.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerald Chertavian". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gerald Chertavian
Founder and CEO, Year Up

YEAR UP BY THE NUMBERS



NATIONAL IMPACT¹

16,000+
students

SERVED TO DATE

3,600+
students

WE WILL SERVE IN 2017

100%

INTERNSHIP PLACEMENT

250+

CORPORATE PARTNERS

OUR AMERICAN CRISIS

The United States is home to approximately 6 million² Opportunity Youth—18 to 24 year olds who have not progressed beyond a high school diploma and are neither employed nor enrolled in postsecondary education. More than 70% of low-income, minority youth in the U.S. leave high school and/or GED programs without a path toward either a post-secondary degree or a livable wage job. Year Up is a proven solution to this problem³.

OUR PROGRAM

75%

AVERAGE RETENTION

up to
31

COLLEGE CREDITS EARNED⁴

85%

STUDENT SUCCESS RATE⁵

\$18
Year Up Graduate Starting Wage

\$7.25
Federal minimum wage

HOURLY WAGE⁶

OUR MISSION

Year Up's mission is to close the Opportunity Divide by providing urban young adults with the skills, experience, and support that will empower them to reach their potential through professional careers and higher education.

Year Up is a one-year, intensive training program that provides low-income young adults, ages 18-24, with a combination of hands-on skills development, coursework eligible for college credit, corporate internships, and wraparound support.

CONNECT WITH US



www.yearup.org



www.facebook.com/yearup



www.twitter.com/yearup



www.linkedin.com/company/year-up

PARTIAL LIST OF TECHNICAL, PROFESSIONAL, AND COMMUNICATION SKILLS LEARNED

- » Desktop & Network Support
- » Help Desk
- » Hardware Repair
- » Operating Systems
- » Disk Formatting, Partitioning & Ghosting
- » Peripherals
- » Software Installation
- » Viruses and Malware
- » Microsoft Office & Outlook
- » Networking & TCP/IP
- » Investment Operations
- » Customer Service
- » Fund Accounting
- » Business Writing Skills
- » Time Management
- » Career Networking
- » Working in Teams
- » Communicating Clearly & Effectively
- » Conflict Resolution & Negotiation
- » Presentation Skills
- » Workplace Norms
- » Introduction to Business
- » Personal Finance
- » Workplace Legal Issues
- » Work/Life Balance

INTERNSHIP PARTNERS

40%

INTERNSHIP TO HIRE⁷

90%

PARTNER SATISFACTION⁸

PARTIAL LISTING OF INTERNSHIP PARTNERS



JPMORGAN CHASE & Co.

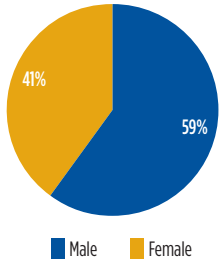


STATE STREET

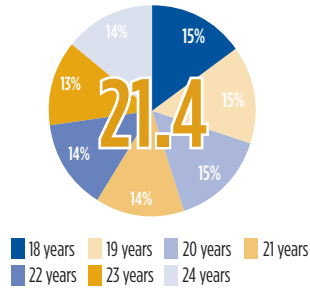


NATIONAL ADMISSIONS STATISTICS⁹

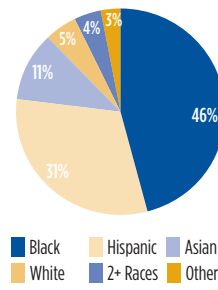
GENDER



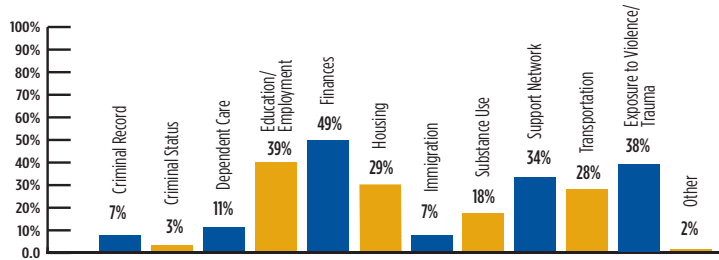
AVERAGE AGE



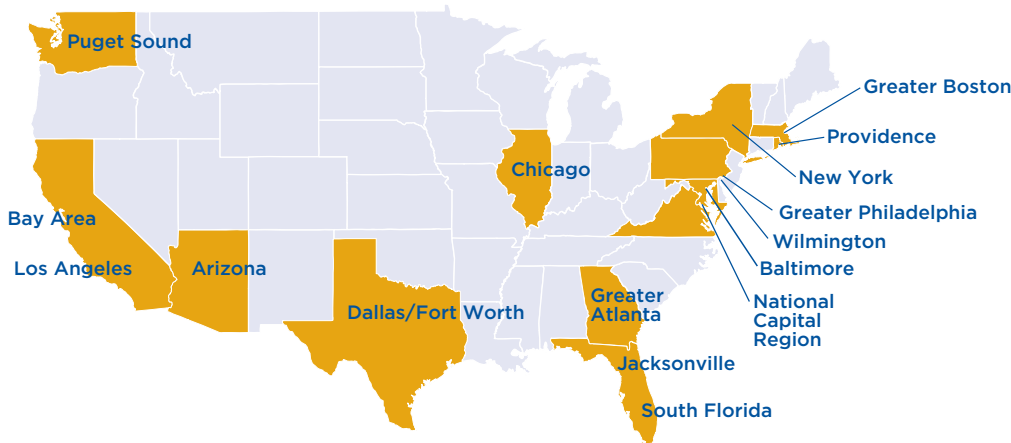
RACE



CHALLENGES OUR STUDENTS OVERCOME¹⁰

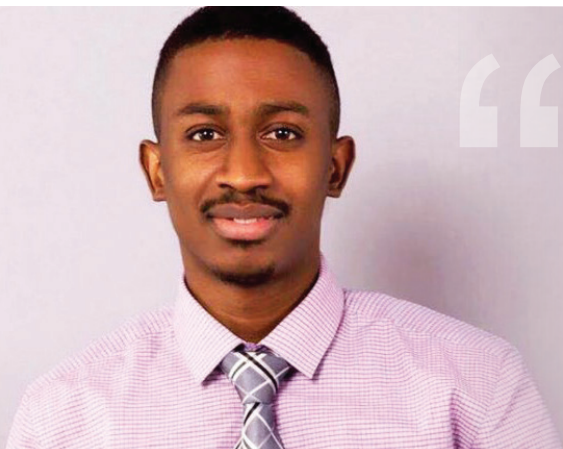


GEOGRAPHIC DISTRIBUTION¹¹



NOTES

1. National Impact—Students served annually reflects projected 2017 figure (Figure includes both traditional and Professional Training Corps locations)
2. <http://opportunityindex.org/national-scores/>
3. Independent evaluation showed that Year Up graduates earned 30% more than non-graduates (“A Promising Start”, Economic Mobility Corporation, 2011)
4. College credit recommendations may vary by site and college partnership
5. Student Success Rate defined as employed or enrolled in postsecondary education within 4 months of graduation
6. Starting salary approximately \$18/hour or about \$36,000/year; minimum wage: <http://www.dol.gov/whd/minwage/q-a.htm>
7. Through January 2017
8. 90% of corporate partners would recommend the Year Up program to a colleague or friend
9. Admission statistics reflect the classes of July 2016 to July 2017 combined
10. As a method of assessing student readiness during the admissions process, Year Up talks with candidates about challenges that may pose a barrier to their success in the program, and potential solutions.
11. As of January 2017



“Today, I am confident, optimistic and determined in accomplishing my goals . . . Year Up sculpted me into a real professional.”

Gregory Boucicaut

Year Up Graduate
Hired as an Anti-Money Laundering Senior Analyst for U.S Global Markets at Bank of America

OUR 2016 CORPORATE PARTNERS (as of September 2016)

CROSS SITE PARTNERS

Accenture
American Express
AOL Inc.
AT&T
Bank of America
BlackRock, Inc.
BNY Mellon
Capital One
Cox Enterprises, Inc.
Deloitte & Touche LLP
Exelon Corporation
Facebook, Inc.
Fidelity Investments
FINRA
Gilbane, Inc.
GoDaddy
Google Inc.
Hasbro, Inc.
Hewlett Packard Enterprise
JPMorgan Chase & Co.
Kaiser Permanente
KKR & Co. L.P.
Liberty Mutual Insurance
LinkedIn Corporation
Marsh & McLennan Companies, Inc.
Providence Equity Partners L.L.C.
Publicis Groupe
Salesforce.com, Inc.
State Street
Symantec Corporation
Vmware, Inc.
Web.com Group, Inc.
WilmerHale

ARIZONA

American Express
Arizona Federal Credit Union
Bank of America
Charles Schwab & Co., Inc.
GoDaddy
JPMorgan Chase & Co.
Liberty Mutual Insurance
Safeway Inc.

BALTIMORE

AOL Inc.
Bon Secours Health System, Inc.
Brown Advisory Incorporated
CareFirst BlueCross BlueShield
Exelon Corporation
Johns Hopkins Medicine
Johns Hopkins University
Laureate Education, Inc.
LifeBridge Health
MedStar Health
PROARC, INC.
SOS Technologies
Symantec Corporation

BAY AREA

Autodesk Inc.
Airbnb, Inc.
Align Technology, Inc.
Bank of America
Bank of the West

BlackRock, Inc.
Box
Deloitte & Touche LLP
eBay Inc.
Facebook, Inc.
Federal Home Loan Bank of San Francisco
FiveStars
Gap Inc.
Gilbane, Inc.
Google Inc.
Intuit, Inc.
Juniper Networks
Kaiser Permanente
KKR & Co. L.P.
Lever
LinkedIn Corporation
Lyft
Marin General Hospital
Marketo, Inc.
NCC Group
NorthBay Healthcare
Pandora Media, Inc.
Quantcast
Salesforce.com, Inc.
Sephora
Shaklee Corporation
Slack
Splunk
Symantec Corporation
Tesla
The Climate Corporation
Twitter
UCSF
Vmware, Inc.
Wealthfront
Wells Fargo
Wineshipping LLC
Workday, Inc.
Yammer
Zynga

CHICAGO

Accenture
Ace Hardware
AkzoNobel Global
Bank of America
Comcast
Exelon Corporation
Federal Reserve Bank of Chicago
Google Inc.
Havas Worldwide
Jack Morton Worldwide
Jones Lang LaSalle Inc.
JPMorgan Chase & Co.
LinkedIn Corporation
Marsh & McLennan Companies, Inc.
Mesirov Financial
Morningstar, Inc.
Northern Trust Corporation
Northwestern Medicine
Northwestern University
Publicis Groupe
Rush University Medical Center
Selective Services System
ZS Associates

GREATER ATLANTA

360i
Aaron's, Inc.
American Cancer Society, Inc.
Arby's IP Holder, LLC
Assurant, Inc.
AT&T
Bridgevine
Careerbuilder, LLC
Classworks
CompuCom Systems, Inc.
Cox Enterprises, Inc.
Elavon, Inc.
Emory University
Encompass Digital Media, Inc.
Equifax Inc.
Federal Reserve Bank of Atlanta
Floor and Décor Outlets of America Inc.
Genuine Parts Company
Google Inc.
Graphic Packaging International, Inc.
GreenSky
Intercontinental Exchange, Inc.
InterContinental Hotels Group
Kaiser Permanente
Marsh & McLennan Companies, Inc.
North Highland
NOWaccount Network Corporation
Purchasing Power, LLC
RaceTrac Petroleum, Inc.
Southern Company
The William Carter Company
Troutman Sanders LLP
TWC Product and Technology, LLC
Vmware, Inc.
Web.com Group, Inc.
WorldPay

GREATER BOSTON

American Tower Corporation
Bank of America
Baupost Group LLC
Bentley University
Beth Israel Deaconess Medical Center
Biogen
Black Duck Software, Inc.
BNY Mellon
Boston Children's Hospital
Boston Financial Data Services
CarGurus, Inc.
Eastern Bank
Eaton Vance
Fidelity Investments
Google Inc.
Grand Circle Corporation
Grantham, Mayo, Van Otterloo & Co. LLC
Haemonetics Corporation
Harvard University
Hewlett Packard Enterprise
John Hancock
JPMorgan Chase & Co.
Keolis
Liberty Mutual Insurance
LogMeIn, Inc.
MIT

Natixis Global Asset Management, S.A.
NEPC, LLC
Northeastern University
Novartis
Partners HealthCare System
Pegasystems Inc.
State Street
Sungage Financial, Inc.
The Phia Group, LLC
Tufts Associated Health Plans, Inc.
Tufts Medical Center
Unbound Commerce, Inc.
Wellington Management Company
WilmerHale

GREATER PHILADELPHIA

Aramark
BNY Mellon
Independence Blue Cross
JPMorgan Chase & Co.
Lincoln National Corporation
PHH Mortgage
University of Pennsylvania

JACKSONVILLE

Ally Financial Inc.
Bank of America
Florida Blue
JEA
JPMorgan Chase & Co.
State Street
Web.com Group, Inc.

NATIONAL CAPITAL REGION

Accenture
Akin Gump Strauss Hauer & Feld LLP
Allegis Group
AOL Inc.
Buchanan & Edwards
Capital One
CareFirst BlueCross BlueShield
Carlyle Investment Management L.L.C.
CGI Group Inc.
College Board
Deloitte & Touche LLP
Deltek, Inc.
Ellucian Company L.P.
Exelon Corporation
Fannie Mae
FINRA
First Guaranty Mortgage Corporation
Fisher BioServices
Freddie Mac
Georgetown University Law Center
Hilton Worldwide
In-Q-Tel
Intersections Inc.
Johns Hopkins University
Kaiser Permanente
Latham & Watkins LLP
MedStar Health
NASA
Navy Federal Credit Union
Neustar, Inc.
New Signature
Salesforce.com, Inc.
Search for Common Ground
Sidley Austin LLP
Symantec Corporation
Unissant, Inc.
WGL Holdings Inc.
Williams & Connolly LLP
WilmerHale

NEW YORK

AllianceBernstein L.P.
Ardian
Bank of America
BET Networks
BlackLapel.com
BlackRock, Inc.
Capital One
Citigroup Inc.
CoreTech
Davidson Kempner Capital Management
Deloitte & Touche LLP
DTCC
Facebook, Inc.
FCB Garfinkel
FINRA
Ford Foundation
Google Inc.
Hewlett Packard Enterprise
Interpublic Group
JPMorgan Chase & Co.
KKR & Co. L.P.
Macquarie Group Limited
Marsh & McLennan Companies, Inc.
MRM McCANN
Neuberger Berman LLC
New York Life Insurance Company
New York University
Northwell Health
Providence Equity Partners L.L.C.
Publicis Groupe
R/GA
Salesforce.com, Inc.
Skadden, Arps, Slate, Meagher
& Flom LLP and Affiliates
Sotheby's
Standard Motor Products, Inc.
Starwood Capital Group
State Street
The Ad Council
The Andrew W. Mellon Foundation
The Blackstone Group L.P.
VaynerMedia
Verisk Analytics, Inc.
Viacom, Inc.
WilmerHale

PROVIDENCE

Accenture
Alex and Ani, LLC
Amica Mutual Company
Bank of America
Beacon Mutual Insurance Company
Blue Cross & Blue Shield of Rhode Island
Brown University
Care New England Health System
Citizens Financial Group, Inc.
Cox Enterprises, Inc.
CVS Health
Dassault Systemes
Embrace Home Loans Inc.
Fidelity Investments
FM Global
Gilbane, Inc.
Hasbro, Inc.
IGT Global Solutions Corporation
Lifespan
Narragansett Bay Insurance Company
Neighborhood Health Plan of Rhode Island
Nortek, Inc.
Providence Equity Partners L.L.C.
State of Rhode Island
Swarovski AG
Textron Inc.
The Washington Trust Company
Tuition Management Systems

PUGET SOUND

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Amazon.com, Inc.
AOL Inc.
Aquent
Bank of America
BECU
Bungie, Inc.
Capital One
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Expedia, Inc.
Expeditors International of Washington, Inc.
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Facebook, Inc.
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GoDaddy
Google Inc.
Hasbro, Inc.
Impinj, Inc.
King County Sheriff's Office
Liberty Mutual Insurance
Microsoft Corporation
Moz, Inc.
Nordstrom, Inc.
Pacific Medical Centers
Perkins Coie LLP
Physio-Control, Inc.
Premera Blue Cross
Recreational Equipment, Inc.
Rover.com
Seattle Children's Hospital
Seattle Mariners
Slalom, Inc.
Swedish Medical Center
Time Inc.
T-Mobile USA, Inc.
Washington Federal
Wilbur-Ellis Holdings, Inc.
Zillow
Zipwhip

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AT&T
Bank of America
JPMorgan Chase & Co.