

Executive Summary

In 2002, in response to reports by business leaders that applicants for entry-level jobs often lacked basic work skills, New York State initiated an effort to develop a portable credential that could demonstrate job applicants' employability. Four other states and Washington, DC partnered with New York to develop the National Work Readiness Credential (NWRC), a credential intended to show employers that a jobseeker possessed the basic skills required by any entry-level position.

The NWRC was initially designed for an adult population, including recent immigrants, Native Americans, and low-wage earners. But after determining that young adults had the greatest need for work, the New York State Department of Labor (NYSDOL) made the NWRC a cornerstone of its young adult employment and training programs. Since 2006, thousands of young adults aged 14 to 24—mostly unemployed and lacking a high school credential—have prepared for the battery of four tests required to receive the NWRC.

In response to concerns raised by young adult service providers regarding the credential's effectiveness and utility, JobsFirstNYC performed a comprehensive evaluation of the NWRC in New York. We found the following:

1 THE NWRC IS NOT A VALID MEASUREMENT OF WORK READINESS FOR YOUNG ADULTS IN NEW YORK CITY.

- **The NWRC was field-tested on participants who were older, more educated and more likely to be employed in offices than the young adults who now take the test.**
 - > Nearly two-thirds of field test participants were already employed, with the largest share working in clerical/administrative jobs. Only 12 percent of field test participants had left high school before graduating.
 - > To be reliable, test results must be predictive of the results of the population that will take it.
- **The NWRC was never validated for young adults or for members of minority groups.**
 - > After the field test was conducted, the evaluator cautioned against administering the NWRC exam to members of minority groups and others who had not been adequately represented. NYSDOL ignored that recommendation.
- **The test for the NWRC is fundamentally flawed.**
 - > There is no indication the test is a valid measure of the skills needed to perform the entry-level retail and service jobs—the types of jobs sought by the overwhelming majority of young people who prepare for the NWRC.
- **Test materials assume knowledge and experience not common among the target population.** For example:
 - > Questions presuppose that the test taker drives a motor vehicle rather than uses public transportation and that he or she lives in a house, rather than an apartment.
 - > Questions about organizational charts presume that the test taker is already working and familiar with an office hierarchy rather than seeking a first job.

2 FEW YOUNG ADULTS IN NEW YORK CITY PASS THE NWRC, AND THE TEST HAS AN ADVERSE IMPACT ON BLACK YOUNG ADULTS.

- Only 317 young adults passed the test in 2011, out of an estimated 12,000 young adults who prepared for it.
- **The NWRC is unfairly biased and has an adverse impact on black test takers who fail the test at much higher rates than white test takers.**
 - > While 68% of *white* Summer Jobs Express test takers *passed* the exam, 69% of *black* test takers *failed* it.
- **The state's promotion of the NWRC for young adults in New York City may violate Title VII of the 1991 Civil Rights Act.**
 - > The use of an invalid employment test documented to have an adverse impact on a racial minority is construed as an apparent violation of Title VII.

3 THE NWRC HAS NO VALUE TO EMPLOYERS OR TO YOUNG JOB APPLICANTS.

- **Employers in New York City do not use the NWRC to distinguish candidates.**
 - > The National Work Readiness Council was unable to identify any New York State employer that specifically hired a young person because he or she was a certificate holder.
 - > None of the application forms for 22 national retail outlets JobsFirstNYC recently surveyed in New York City (e.g., Home Depot, Target) and chain-dining establishments (e.g., Pret a Manger) ask applicants if they have the credential.
- Most New York City employers recognize academic credentials like a high school diploma or vocational certifications and licenses (e.g., for food handling, health care, security) as indicators of work readiness.
- **Young adults with the NWRC gain no discernible employment advantage.** The hiring rate for individuals with the credential was virtually identical to the hiring rate of those without it.
- **The NWRC was intended to be portable**—so that a credential-holder could benefit from it in any state they lived in—**but only New York State has endorsed the NWRC and mandated its use.**

4 SUPPORTING THE NWRC DIVERTS RESOURCES FROM EFFECTIVE APPROACHES THAT ENABLE YOUNG ADULTS TO COMPETE IN THE LABOR MARKET.

- **Young adults who are unemployed generally lack the academic or vocational skills to qualify for available job openings in New York City**, or have social needs that need to be addressed.
- **Existing State programs do not help them to obtain employer-recognized credentials** that can qualify them for well-paying jobs.
- **New York State also provides no support for programs that partner service providers with employers** and enable young adults to begin careers in growth sectors of the economy.

JobsFirstNYC presented these findings to the NYSDOL and recommended that the agency no longer require service providers to administer the NWRC test to young adults. Agency representatives refused, insisting that the test “gives employers what they want.” JobsFirstNYC asked the agency for the information on which it based this conclusion. After receiving no substantive response from the NYSDOL, JobsFirstNYC formally requested the data under the New York State Freedom of Information Law. Thus far no information has been released by NYSDOL demonstrating that NWRC preparation enhances the employment prospects of young adults.

Consequently, there is no rational basis for young adults to spend eight weeks preparing for the NWRC exam and three hours taking it. It is a futile and costly misadventure and, at a time of shrinking workforce development budgets and high young adult unemployment, it is an expense that New York cannot afford. But it is New York’s young adults who pay the highest price for this ill-conceived initiative.

Building the NWRC test into workforce programs is a waste of scarce resources, diverting funds from more effective approaches and shaming young adults with undeserved failure. The resources committed to this endeavor should instead be redirected to sound practices and evidence-based strategies proven to help young people get and keep good jobs and move along clear career pathways toward economic self-sufficiency.