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Commentary/Op-Ed - March 2014

8 Ideas for Improving and Expanding NYC's Workforce Development System

In this commentary, Center senior fellow David Jason Fischer lays out a number of specific steps that Mayor de Blasio should take to create a more effective workforce development system, from appointing a workforce czar to shifting the focus from job placements to skills building, job retention and career advancement.

by David Jason Fischer

Through his first months in office, Mayor Bill de Blasio has moved to follow through on his campaign promise to address the challenge of stark inequality in New York City. Thus far, the mayor has pushed for initiatives such as universal pre-K, expanded sick leave and a higher local minimum wage. A logical and helpful next step for the new administration will be to turn his focus toward another area of policy that is critical to improving New Yorkers' economic outcomes: workforce development.

With unemployment still hovering near 8 percent, and an alarming number of New Yorkers simply lacking the educational attainment and skills required to obtain good jobs in nearly every sector of the economy, the need is clear to improve and expand New York City's workforce development system. Building a system that better prepares and trains New Yorkers for employment and careers will require a number of significant changes from Bloomberg administration policies. Mayor de Blasio need not start from scratch, however. His administration would be wise to build on the gains made over the last decade in three important areas: placement, investment, and innovation.

In recent years, New York City achieved unprecedented success in helping large numbers of adult residents find work. Through the early 2000s, publicly funded workforce programs placed only a few hundred New Yorkers into jobs each year; by 2013, the city's 18 Workforce1 Career Centers helped connect nearly 40,000 individuals to employment.[1]

This progress became possible when policymakers realized that workforce programs deliver real value for jobseekers only when they align to employer demand. Until 2003, the city's workforce development system was overseen by the former Department of Employment (DOE), an agency that had no real connection to employers across the five boroughs. Workforce providers largely took a social service approach, appealing to employers' altruism—and businesses saw little value in

programs that did nothing to address their needs. When oversight of adult workforce programs shifted to the Department of Small Business Services (SBS) early in the Bloomberg administration, agency staff pushed contractors to focus on what would make candidates attractive to employers. To walk back from this would be a catastrophic mistake.

But if the large number of placements suggests how far the system has come, the median wage for those placed in 2013—$9.50 per hour[2]—shows how far is left to go. Workforce programs succeeded in placing New Yorkers into jobs, but largely failed to help them develop the skills that employers require today. As a result, most were placed in low-wage jobs that offered no clear path to higher earnings and greater security.

While remaining attuned to employer needs, the new administration should look beyond placement, toward a new emphasis on skills building, retention and advancement. Connecting a jobseeker to a vacancy is a necessary step—but it can't be the last one. Public workforce development contracts should emphasize and reward provider services to keep people on the job and help them add skills to become viable candidates for pay raises and promotions.

New York will have to make this shift without much help from the federal government. For one thing, New York City's total allocation under the federal Workforce Investment Act (WIA) plummeted from $96.6 million in Program Year 2002 to $62.8 million for PY 2013[3]. Second, WIA is overwhelmingly geared toward rapid attachment to work; only under certain circumstances can local areas assist incumbent workers with long-term training.[4]

The good news is that both the city itself and local philanthropy stepped forward in recent years to help balance out federal disinvestment and provide vital program flexibility. Since its launch in 2006, the city's Center for Economic Opportunity (CEO) has spent close to $40 million each year in city tax levy funds to pilot workforce initiatives managed by other city agencies. Additionally, the philanthropic foundations that meet on a quarterly basis as the New York City Workforce Funders collectively gave more than $64 million to support workforce programs, services and related activities in 2013—an amount that has risen steadily over the years.[5] A considerable share of this money is blended with public funds to expand workforce providers' capacity and enlarge the menu of services they can offer.

This infusion of city and philanthropic dollars has powered the most innovative and impactful programs now running. CEO has supported customized training at SBS, high-quality internships for disconnected youth at the Department of Youth and Community Development (DYCD), employment services for public housing residents with the Human Resources Administration (HRA), and community college student retention and completion at selected CUNY campuses, among many other initiatives.[6] The NYC Workforce Funders have partnered with SBS on sector-focused initiatives such as the New York Alliance for Careers in Healthcare (NYACH), which works to gauge current and projected demand within the sector and devise training solutions that serve both employers and jobseekers.

The de Blasio administration can build on this encouraging trend, but must bear in mind that philanthropic investment follows public sector innovation. The funders were willing to commit resources in collaboration with SBS because they perceived the agency was supportive of their priorities, even if this meant operating beyond the strictest lines of federal guidance. Those priorities—programs that result not just in a low-wage placement, but which put participants on track for career employment and family-supporting incomes—seem perfectly aligned to the de Blasio agenda. If City Hall mandates that DYCD and HRA embrace this approach as well, they are likely to attract increased foundation support.

Where the Bloomberg administration fell short was in binding together the fragmented array of programs into a functional system, and in placing the needed emphasis on educational and skills gains to help more jobseekers and low-wage workers succeed in a labor market that increasingly demands and rewards "knowledge workers." The siloed nature of city services largely mirrors the disconnection of the federal funding streams that support programs. But whatever the cause, the resultant mess frustrates employers and jobseekers alike. Neither the federally mandated Workforce Investment Board (WIB) nor the Bloomberg-created Office of Human Capital Development (OHCD) was able to impose coherence and consistency.

Mayor de Blasio is positioned to make a quick and decisive difference here. During last year's mayoral campaign, then-Public Advocate de Blasio issued a policy blueprint titled "Jobs for All New Yorkers" in which he argued for a more unified workforce system: "The city needs to better connect our public education system, our workforce training systems and our economic development programs to create a far more cohesive system that educates and trains people for today's jobs and the jobs of the future."[7]

The mayor can take two immediate and important steps toward this goal. First, he should push the Department of Education and CUNY to more fully embrace their workforce missions and more closely collaborate with DYCD, HRA, and SBS. Second, he should centralize workforce decision-making in the mayor's office, with a designated leader reporting either directly to him or to Deputy Mayor for Housing and Economic Development Alicia Glen. This "workforce czar" should be empowered to set systemic, citywide priorities and goals around job placements, wage targets, and skills gains; create shared processes and information systems across agency lines; and forge partnerships with stakeholders from organized labor, nonprofit organizations, the philanthropic community and the private sector.

The stars might be aligning for dramatic progress. During the spring of 2013, three high-profile reports appeared thattouched on workforce issues. In March, the New York City Workforce Strategy Group—a set of long-time workforce administrators and thought leaders convened by the Workforce Funders—released "Re-Envisioning the New York City Workforce System."[8] A month later, the influential Partnership for New York City published its NYC Jobs Blueprint[9] In May, the de Blasio campaign issued "Jobs for All New Yorkers," the candidate's policy plan. All three documents share an essential vision for workforce development: authority consolidated with one official in City Hall, programs supported through blended public, private and philanthropic funds, and intermediaries focused on specific industries, geographies or populations to guide training, placement and related services.

To realize that vision, here are eight steps Mayor de Blasio should take:

1. **Retain the demand-driven approach, and extend it across all workforce agencies.** HRA and DYCD should embrace the same focus on matching their participants to employer needs—both sector specific and in general terms of competencies and attitudes—that SBS has followed to good effect. A workforce system not grounded in demand simply will not help New Yorkers in need.

2. **Go beyond placement to emphasize and reward retention and advancement.** The system's work isn't done when a jobseeker is matched to a vacancy. The true benefit to the worker—and her/his family and community—comes after s/he leverages that placement and adds skills to secure promotion and higher pay.

3. **Emphasize and expand innovation in partnership philanthropic and private sector stakeholders.** Their investment and flexibility are vital in light of ongoing federal cuts and restrictions on how federal dollars can be spent.

4. **Leverage the city's purchasing power to help New York City's students, jobseekers and low-wage workers.** NYC spends billions every year on goods and services. It's not too much to ask that companies wishing to do business with the city consider hiring qualified workforce program completers, host interns, or review training curricula.

5. **Build a common systems infrastructure across agencies and funding streams.** The different city agencies are serving the same New Yorkers—and they should act like it, by creating shared materials and processes for intake, case management, data and referrals. This will improve the "user experience," save front-line workers significant time and effort, and preserve limited funds.

6. **Appoint and empower a leader for the workforce system.** Superseding the federally mandated WIB and the late Bloomberg creation of OHCD, one individual in the Mayor's office should be accountable for bringing coherence and consistency to the full set of training and employment services.

7. **Make it clear to the DOE and CUNY that they, too, are workforce agencies.** The Department of Education and City University of New York are the city's greatest engines for educational attainment and skills training. But too few young New Yorkers are completing school with the skills and experiences they need for career success, in part because programs aren't geared toward this goal. DOE and CUNY must put more emphasis on work experience and applicable skills.

8. **Lead.** Local workforce systems have made true strides only where chief executives have served as champions and cheerleaders: recently retired Boston Mayor Tom Menino, as well as incumbent Mayors Michael Nutter in Philadelphia and Rahm Emanuel in Chicago, all have effectively utilized the bully pulpit to engage stakeholders and make the public case for workforce programs. If Mayor de Blasio follows their example, he will bring together a broad set of stakeholders toward the goal of broad-based economic growth and expanded opportunity for all New Yorkers—and fulfill the promise of this moment for change.

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[1] Memorandum to NYC Workforce Investment Board, NYC Department of Small Business Services, March 14, 2014.

[2] Ibid.

[3] New York State Department of Labor website: https://www.labor.ny.gov/workforcenypartners/lwia.shtm. Accessed on March 19, 2014. Note that in constant dollars, the 2013 allocation is almost exactly half the 2002 figure.

[4] U.S. Department of Labor Employment and Training Administration, Training and Employment Guidance Letter No. 18-05, at http://workforcesecurity.doleta.gov/dmstree/tegl/tegl2k5/tegl_18-05.pdf and accessed on March 19, 2014.

[5] Figure provided by the New York City Workforce Funders.

[6] A since-discontinued CEO initiative at SBS, Advance at Work, focused on wage gains and access to benefits for low-skilled workers, and should be reconsidered and perhaps brought back in light of the new administration's priorities. For more information, please see http://www.nyc.gov/html/ceo/downloads/pdf/evidence_and_impact.pdf.

[7] "Jobs for All New Yorkers, Growth for All Neighborhoods," Office of the Public Advocate, May 2013. Available online at http://archive.advocate.nyc.gov/jobs

[8] Online at http://www.reenvisionworknyc.org. The Center for an Urban Future served as fiscal agent for this project and provided research and logistical support, but had no authorial or editorial role.

[9] Online at http://www.nycjobsblueprint.org/report/?report=1

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