

ASSESSING NEW YORK CITY'S PLAN TO CREATE 100,000 GOOD JOBS

New York City can boast 975,000 more jobs than 20 years ago, nearly 700,000 of which were added in the past decade. The city's unemployment rate is near a historic low, which is an achievement worth celebrating. But today's most pressing economic challenge isn't job creation, or further diversifying the economy. It's the need to generate more middle-income jobs that are accessible to a broader range of New Yorkers and build pathways to the good jobs that exist today and will be created in the near future.

New York's recent job growth has been fueled by the highest and lowest-paid sectors. Of those 700,000 jobs added in the past decade, roughly 260,000 are in retail, restaurant, and home healthcare sectors, all of which have among the lowest average wages. These low-wage industries struggle to provide long-term stability and a pathway to the middle class. New York has also seen significant growth in high-wage industries such as advertising and tech, but many of these positions are out of reach for New Yorkers without a bachelor's degree.

To drive economic growth that expands economic opportunity, New York needs more jobs in the middle. Those jobs won't appear on their own: Of the ten sectors projected to add the most jobs in New York City over the next decade, seven are low wage, three are high wage, and none are in middle-wage industries.

As part of our Middle Class Jobs Project, the Center for an Urban Future (CUF) organized a forum on September 20 at the New School to discuss New York Works, the de Blasio administration's plan to create 100,000 well-paying jobs over the next decade. The event was moderated by **Winston C. Fisher**, a partner at Fisher Brothers and co-chair of the New York City Regional Economic Development Council, with keynote remarks from Deputy Mayor **Alicia Glen**.

Panelists agreed that the de Blasio administration deserves credit for focusing on the pressing need to create more middle-class jobs and launching a detailed blueprint for creating 100,000 good jobs over ten years. "The middle class jobs issue, to me, is one of the signature political issues of our time," said Fisher. "I commend the mayor for taking the initiative to craft a plan focused on solving just this problem." The city's plan aims to grow industries and occupations that pay at least \$50,000 per year, with a focus on rapidly expanding sectors such as tech, healthcare, and the creative industries.

But the panel also made it clear that there are a number of promising ideas missing from the administration's plan which, if included, could bolster middle class job creation in the five boroughs and help more New Yorkers from low-income backgrounds access them.

Four important takeaways emerged from the discussion:

1. To create good jobs, help ensure more of the city's small businesses can grow.
2. Develop a good jobs ecosystem—a foundation of strong policies that create the conditions for growth.
3. Invest in infrastructure upgrades as a good jobs strategy.
4. Help more New Yorkers access the good jobs that exist today, as well as the new ones being created.
 - Make workforce development a priority.
 - Invest in college and career readiness to prepare more New Yorkers for jobs in growing industries.

The following experts participated in the forum:

- **Marlene Cintron**, President, Bronx Overall Development Corporation
- **Dan Garodnick**, New York City Council Member and Chair, Economic Development Committee
- **Seth Pinsky**, Executive Vice President, RXR Realty; former President, New York City Economic Development Corporation
- **Kevin P. Ryan**, Founder and Chairman, MongoDB, Zola, Workframe, and Nomad Health.
- **Jonathan Bowles**, Executive Director, Center for an Urban Future
- Moderator: **Winston Fisher**, Partner, Fisher Brothers; Co-Chair of the NYC Regional Economic Development Council

Our panel identified the following ideas that should be part of a comprehensive effort to bolster middle class job creation in the five boroughs:

To create good jobs, scale up more of the city's small businesses.

In an economy driven by small business, creating more good jobs will require economic development strategies that go beyond sectors and industries. “We don’t know what sectors are going to be the major area of growth,” said Jonathan Bowles, executive director of the Center for an Urban Future, “but we do know that small businesses are going to be expanding. To create more of the conditions for that to happen is so critical.”

Instead of focusing primarily on plans to create jobs in specific industries, New York City should recognize the untapped opportunity to turn more of its promising small businesses into medium-sized and larger companies. As small businesses expand, they create more jobs with higher wages, benefits, and room for advancement. But small firms today face a host of challenges on the path to growth, including finding, training, and retaining workers with the basic skills and competencies they need.

Despite the potential impact of small business on a good jobs strategy, “The plan makes only passing

reference to those general conditions which are necessary for businesses to be successful in New York,” added Council Member Dan Garodnick. Panelists agreed that a plan to boost the number of good jobs New York City is producing should address the obstacles that prevent successful small businesses from scaling up.

Investing in the capacity of small businesses to make new hires could have a major impact, according to Seth Pinsky, executive vice president of RXR Realty. To encourage the creation of more middle class jobs accessible to people with lower levels of education, the city could subsidize job creation strategies the way it subsidizes affordable housing development. Pinsky elaborated: “What I can imagine is creating a program where you offer businesses the opportunity to create

This event was part of the Center for an Urban Future’s **Middle Class Jobs Project**, an ongoing research initiative generously funded by **Fisher Brothers** and **Winston C. Fisher**.

jobs, and those jobs have to go to a certain population of people—let’s say people who don’t have college degrees—and they have to pay certain wages and have certain benefits attached to them. And then to offer those subsidies to [businesses] to create them because they’re not really being created in the city today. The details of that someone is going to have to spend a lot of time thinking about, but at a higher level that’s what I think we should be doing, just like we do with affordable housing.”

The city could take several practical steps to support small businesses as they grow—and panelists offered a variety of ideas to do so. For example, the city should help ensure that firms seeking to grow have access to affordable commercial space in neighborhoods across the city that can accommodate them as they expand. That could mean protecting Class B and C office buildings, which have rents at or below the city’s average, along with other creative strategies like capitalizing on the sprawling spaces owned by self-storage companies in the boroughs outside Manhattan. The

city could require new self-storage buildings to include affordable commercial space, suggested Bowles.

Panelists also cited access to capital as a major obstacle for small businesses seeking to expand. As the Center for an Urban Future has previously reported, many businesses cite a specific financing gap between \$50,000 to \$500,000 as a particular problem for smaller firms. Loans from microfinance organizations are usually in the range of \$15,000 or less, and most community banks do not make loans greater than \$50,000 or \$100,000, regardless of the company's revenue stream. At the same time, big banks do not make small business loans for less than \$500,000. The result is a lack of affordable and accessible financing options for small businesses looking to scale up.

Garodnick pointed to commercial rent tax policy as another area where changes might benefit small businesses and spur job creation. "When it comes to these burdens, the city is actually right now stepping on the necks of small businesses—for example, with the commercial rent tax in Manhattan, where New York City is taxing businesses south of 96th Street in Manhattan alone. This is something which is having a crushing effect on business," said Garodnick. "That results in lack of employment, lack of growth, and anybody who's walked around the city sees vacant storefronts everywhere. We shouldn't ignore some of these issues that the city can actually act on right now."

Develop a good jobs ecosystem in New York City—a foundation of strong policies that create favorable conditions for businesses and job seekers.

Several panelists emphasized that the best way to create good-paying jobs is not to bet on the future success of specific sectors or companies, but to invest in improving the overall conditions that lead businesses to start and grow in New York.

"As a general matter, I do think it's a mistake to focus too much on sectors," said Pinsky. "I think that especially people in government think that they're chasing the next big thing when what they're really chasing is the last big thing. We're much better off creating conditions for all sectors to thrive and then letting the market decide."

Panelists pointed to New York City's achievements in creating an environment that is spurring the development of affordable housing as an example of coordinated policies that can incentivize beneficial private-sector activity when the market is not producing the desired results. A similar toolkit could be developed to help incentivize accessible, middle-wage job creation and inclusive hiring practices, boosting the number of good jobs and expanding access to a range of different populations.

Creating those conditions means investing in things that keep the city's economy competitive and improve the overall quality life. According to the panelists, this includes everything from reducing subway delays to making sure residents and businesses across the five boroughs can access and afford a high-speed Internet connection.

"I think that one of the most important points for economic development in New York City is that those fundamentals have to work or nothing else works," said Garodnick. "We have a crisis in our subways, we have a crisis with congestion in midtown Manhattan, and we are not dealing with that adequately today."

Meanwhile, Kevin Ryan, a serial entrepreneur and founder of several successful tech start-ups, pointed out that many low-income New Yorkers still struggle to access reliable, high-speed Internet service. "The fact that kids are going to schools that don't really have broadband and they go home to places that don't have broadband—it really is a crime," said Ryan. "We can't expect kids to grow up with a technology background and an interest in technology if they don't have access to it. That has to be one of those fundamental rights."

Overall, panelists agreed that the mayor's plan to create 100,000 good jobs is a promising start. But policymakers face some critical opportunities to strengthen this nascent approach. A strategy to create more middle class jobs should be coupled with efforts to strengthen the city's fundamentals by investing in workforce development, education, and infrastructure, while tapping the potential of the city's small businesses. Taken together, this combined approach would result in a network of policies that support the good jobs ecosystem New York needs.

Invest in infrastructure upgrades as a good jobs strategy

New York is long overdue for infrastructure improvements. CUF has already reported that the city needs at least \$47.3 billion worth of work just to bring its infrastructure to a state of good repair, including roads, bridges, and subways, as well as public schools, water mains, and parks.

Infrastructure improvements double as a job creation strategy. “If the city were to make a big investment in modernizing its aging infrastructure, that’s one of the very best things that we could do to create more good-paying jobs,” said Bowles.

There is plenty of work to do. In areas ranging from sewer and water main replacement to resiliency planning and public housing repair, New York’s infrastructure needs are increasing by the billions. Meeting these needs would generate a lot of well-paid work. According to a 2014 study by Duke University’s Center on Globalization, Governance & Competitiveness, every \$1 billion invested in transportation infrastructure creates more than 21,000 jobs.

“I think infrastructure is a key piece of this puzzle,” agreed Pinsky. Along with creating jobs, infrastructure investments can help support the growth of new commercial corridors and open up more affordable parts of the city for additional housing. “The easier it is to get to places far away, the more people will be willing to go to those places, the more land you have on which to develop, and the lower the cost of development will be.

“Without infrastructure, everything has to get squeezed into a smaller area. With infrastructure, you can spread it out,” Pinsky continued. “And we have to start thinking of investment in infrastructure as investment in affordable housing, as investment in good-paying jobs.”

Develop New York City’s human capital system to help more New Yorkers access the good jobs that exist today—as well as the new ones being created.

Creating more middle-income jobs isn’t enough on its own. The challenge is both to

generate more middle-class jobs that are accessible to New Yorkers without a college degree and to prepare far more New Yorkers to access the opportunities of the future through education and training.

“Our problem is not creating jobs that pay at least \$50,000,” said Pinsky. “It’s who’s getting the jobs. Pinsky and several other panelists pointed out that the recent growth in New York’s economy has produced tens of thousands of new high-wage jobs in the tech sector, in creative industries such as advertising and design, and in a range of other industries. The problem is that too few of these jobs have been going to New Yorkers from low-income backgrounds. In large part, that’s because most of these positions require at least a bachelor’s degree, and far too few New Yorkers have attained this level of education. According to an analysis by the Center for an Urban Future, more than 3.3 million adult New Yorkers lack an associate’s degree or higher level of educational attainment.

“The unemployment rate for people who don’t have a high school degree is three times as high as the unemployment rate for people who have a master’s degree or higher,” Pinsky continued. “It’s two and a half times as high for people who only have a high school degree versus people who have a master’s degree or higher. And similarly, people who have a master’s degree or higher earn \$78,000 per year in median income, whereas if you have a high school degree it’s \$37,000 a year, and if you have less than a high school degree it’s \$26,000 a year. So when we measure the success of this plan, and really when we think about solving the fundamental problem our society is facing—namely keeping the pathway to the middle class open—it’s not about creating 100,000 jobs that pay \$50,000 a year, but creating 100,000 jobs that pay \$50,000 a year that are going to this underserved population.”

Marlene Cintron, president of the Bronx Overall Development Corporation, sees an especially pressing need for pathways to the middle class among Bronx residents. The city has to couple middle class job creation with investments in the public school system and postsecondary education, she argued, so that young New Yorkers are prepared to fill the jobs of the future. Additionally, the city should invest in workforce

development programs, particularly employer-guided skills training that allow residents without postsecondary credentials to access middle class jobs.

Make workforce development an integral part of the city’s good jobs approach.

The workforce development system plays a crucial role in opening paths to the middle class. Pipeline programs built with industry partners, along with other skills-building efforts, enable New Yorkers from low-income backgrounds to access jobs that might otherwise have been out of reach. But today’s workforce development programs lack the capacity to prepare 100,000 New Yorkers for the good jobs that exist today—let alone the jobs that will be created in the near future. Panelists agreed that workforce development needs to be a key element of any good jobs strategy, both for sectors with existing pipelines that can be scaled up and for sectors that lack a strong workforce development component today.

Bowles suggested that the city expand and improve on city initiatives like the Tech Talent Pipeline, which aims to give a much broader base of New Yorkers the skills need to access jobs in the fast-growing tech sector, and help scale-up similar tech training programs operated by nonprofit workforce development organizations. In addition, he urged the de Blasio administration to create similar programs for creative industries like advertising that offer well-paying jobs but, as in the tech sector, have a current workforce that does not reflect the diversity of the city’s population.

Panelists also agreed that the City University of New York (CUNY) has the potential to be a stronger player in the workforce development system. CUNY schools can explore ways to partner more closely and more often with employers—for instance, by using input from employers to adjust their curricula in exchange for a commitment to hire CUNY students.

Whether the provider is the city, a nonprofit, or CUNY, workforce development programs must be informed by the needs of employers. The success of workforce development programs hinges on the effectiveness of that partnership, which allows job seekers to acquire

the most relevant industry-specific skills and employers to feel comfortable that candidates from workforce development programs will make strong employees.

“We have to actually educate our workforce differently,” said Pinsky. “If the skills that people have today are not getting them jobs that pay well, then we have to give them the skills that they need in order that they can match up with the jobs that the economy is actually creating.”

“We also need to make sure we invest in those really good ideas that the mayor’s already out there on,” Bowles added. Career Pathways, a de Blasio administration initiative announced three years ago to reform workforce development, is one such idea that still hasn’t reached its potential. It includes a structural shift away from rapid attachment to available jobs and toward making lasting placements and a call for major investments in innovative approaches like “bridge” programs, which combine workforce training with related coursework. “That plan needs to be funded more than it has been so far,” said Bowles.

Invest in the education system, including college access and success.

Though skills-building programs are an important resource for job seekers who lack a college degree, they can only go so far. The vast majority of today’s middle-class jobs, including those that the administration’s plan hopes to create, will require a college education credential. As the panelists stressed, the city can’t address its middle class jobs deficit without improving outcomes in its public education system.

New York City has made tremendous progress in boosting high school graduation rates, which are at an all-time high. But though more students are graduating high school and entering college, the city’s college graduation rate hovers at an unacceptably low level. Only 22 percent of students who enter community college associate’s degree programs at CUNY earn a degree in three years.

The city’s college completion problems are driven in part by the daunting costs of attending college while affording New York’s high cost of living—especially

for students who are juggling work and family responsibilities. The city should make tackling college success a top priority, which means addressing some of the financial burdens that hold low-income students back. “I go back to the whole issue of affordable education,” said Cintron. “We need to use the CUNY system, the SUNY system, to make sure that those who really and truly want to can afford to go to school.” Panelists went on to suggest that investing in effective alternatives to a four-year degree, like industry-recognized credentialing and apprenticeship programs, should also be a larger part of the city’s human capital development strategy.

But the problem starts at the K-12 level. Many of New York’s K-12 public schools struggle to prepare students to succeed academically in college—or to be ready for career and technical education programs. Panelists argued that the school system needs to do more to provide all students with a strong foundation in the critical thinking skills that are essential for success in today’s economy, while teaching both up-to-date tech skills and the basic math competencies that are a key prerequisite for college. “We need more people who come through high school and have taken computer science,” said Ryan. “Even with Computer Science for All, which I think is a great program, there are so many other tech skills and competencies that touch a very small percentage of total students. Does that make sense over the next 40 years? I’d make a pretty strong case no.”

The panelists agreed that without significant improvements to the city’s education system, economic success for New York won’t mean economic success for New Yorkers. “When New York City itself doesn’t educate its own workforce, the city pulls people in from other places who were properly educated,” said Pinsky. “There really are two distinct interests that we need to make sure we’re taking care of. One is the interests of New York City’s economy, which actually can succeed even with a poor education system—which is not good, but it’s possible. And the second is the success of New York City’s residents, which may be different.” As it stands, too few New Yorkers have the skills or educational credentials needed to access many of the well-paying jobs being created.

Center for an Urban Future

The Center for an Urban Future (CUF) is a leading New York City-based think tank that generates smart and sustainable public policies to reduce inequality, increase economic mobility, and grow the economy.

CUF has been shaping the local economic policy debate for more than 20 years. Known for generating data-driven solutions to pressing problems, CUF’s ideas serve to increase the city’s prosperity, advance the number of well-paying jobs, and provide low-income New Yorkers with a pathway to the middle class.

Through its distinctive research on diverse issue areas, populations, and communities across all five boroughs, CUF influences public policy that strengthens the economy for a more equitable and inclusive city for all New Yorkers.

For more information or to sign up for our email bulletin, visit www.nycfuture.org.

Center for an Urban Future
120 Wall Street, Floor 20
New York, NY 10005