

Report - July 2016

Building the Workforce of the Future

In November 2014, New York City launched Career Pathways, the de Blasio administration's signature overhaul of the workforce development system. This in-depth, independent report highlights the initial successes of Career Pathways, identifies areas where progress has stalled, and offers concrete recommendations to improve the new system's reach and effectiveness.

by Christian González-Rivera

- The following is the introduction to *Building the Workforce of the Future.*
- Read the full report (PDF).
- View the recommendations from the report.

In November 2014, Mayor de Blasio launched a sweeping new approach to workforce development in New York City. Unlike the previous model, which prioritized connecting workers with available jobs as quickly as possible, the administration's new Career Pathways framework focuses on helping jobseekers and workers to build the skills required to be more competitive in the labor force. Drawing from a broad range of stakeholders—including employers, providers of workforce services, and government officials, as well as representatives from labor unions, educational institutions, and private philanthropy—Career Pathways emphasizes training and education for workers and jobseekers, deeper connections with the city's employers, and a commitment to improving working conditions for the city's lower-wage workers.

This report is part of a series of policy briefs and commentaries about workforce development and human capital issues made possible through

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Refocusing the workforce development system could not have happened soon enough. The rapidly transforming labor market of the twenty-first century is making obsolete traditional ways of training and educating. Whereas a high school or college education supplemented by on-the-job training was once enough to ensure that workers were ready to perform their jobs well, today's labor market demands that workers constantly upgrade their skills and learn new ones in order to remain competitive. Skills and credentials are the currency of the modern economy, and workers who lack them stand little chance of securing employment that assures them a decent living. Employers, too, choose to locate and grow where they have access to a talented labor pool, making a strong workforce development system an essential component of a comprehensive economic development strategy for New York City.

Now, more than a year and a half after the rollout, Career Pathways shows significant promise to reform and overhaul the way that the city funds, provides, and measures the success of skills-building programs. But what specifically has been accomplished so far, what challenges remain, and what additional steps should be taken in the months ahead by city officials, philanthropy, workforce providers, and employers to realize the ambitious vision set forth by Career Pathways?

This report aims to provide an independent assessment of the progress made since the launch of Career Pathways. Based on interviews with more than 30 workforce development experts, the study details where the administration's new approach to workforce development has achieved success or taken important steps forward, where it has stalled, and what challenges have limited the new system's effectiveness. The study also includes a series of recommendations to bolster Career Pathways.

The following are the recommendations from *Building the Workforce of the Future.*

Read the full report (PDF).

Build skills employers seek

Implement career exploration curricula in all public middle and high schools

Youth development principles suggest that the best way to introduce young people into the workforce is by giving them an opportunity to explore their career options before committing to a single track. However, programs that work with young people once they are out of school are faced with the pressing need to help clients find jobs immediately and earn income. As a result, many young people who do not go on to obtain postsecondary credentials end up in lower-wage jobs in retail, food service, and other fields that tend to collect young people with similar educational and social backgrounds. In-school youth (ISY) programs run by DYCD introduce work skills and career exploration to youth as young as fourteen, but those programs serve very few people; the current ISY RFP is designed to serve just over 1,200 young people ages fourteen to eighteen, compared to a New York City public school population of close to one million.

By beginning career exploration in middle school and continuing it through high school, young people would be better able to participate in their educations and shape their futures. A good career exploration program will not only introduce students to the diversity of careers available, but will also reveal the educational and skill pathways required to get there. Showing young people concrete ways in which education and skills lead to better careers and a brighter future is likely to motivate more of them to complete high school and obtain postsecondary credentials. This is particularly true for young people who have been exposed to few positive role models along the way. Embedding career exploration into the DOE's curriculum would harness the agency's considerable per-student funding in the service of workforce development. The DOE could also draw on the information gained from the Industry Partnerships and its expanded CTE network of schools to help create and enhance

career exploration curricula. The DOE has made its strongest efforts to connect students with career-building opportunities in these CTE schools. The agency should redouble its efforts and expand them to the rest of the public school system.

Support efforts by CUNY to develop system-wide alternative credit policies that apply to all of its 25 campuses
CUNY's capacity to offer training, education, and bridge programs makes the university system a crucial piece of the city's workforce development infrastructure. Yet CUNY schools have maintained a rigid system that makes it difficult for students with existing work experience or training credentials to build on their knowledge by turning it into credits toward a degree. Workers looking to go back to school are faced with the hurdle of having to spend time and money taking more basic classes before they can enroll in classes that would build on their existing knowledge. CUNY has set up a task force to study the possibility of developing an alternative credit policy. The city should support the task force's progress and provide resources where necessary to ensure that CUNY can become a more active partner in the city's efforts to align its workforce development resources. CUNY should also develop articulation agreements with community-based organizations (CBOs) that offer exceptional programming. SUNY Empire State College has established one with Year Up New York in which students who complete academic tracks through the CBO can receive between 18 to 21 credits at the college.

Ensure that the Industry Partnerships can be a resource to all parts of the workforce system
Keeping the Industry Partnerships functioning and relevant across mayoral administrations is critical to the success of the entire Career Pathways framework. While the original Career Pathways report left open the possibility that the IP would be established either within the city or contracted out, the current plan has been for all of the partnerships to be established within SBS. Many in the workforce community have called into question whether SBS would be the most appropriate host for the partnerships. On the one hand, the agency is one of the most important sources of knowledge and capacity in the city's workforce system, but on the other hand, workforce experts fear that the agency will not share the partnerships with other agencies.

In order to maximize the effectiveness of the Industry Partnerships, their host entity should fulfill three conditions. First, the partnerships ought to be housed in the entities that have the greatest credibility within each of the industries, to ensure that there is continuing support for their work. These entities may include independent intermediaries, unions, or perhaps the city itself. Second, funding support for the partnerships should be diversified to ensure that they are not vulnerable to the vagaries of political support across administrations. Finally, the entity that hosts them should be completely open to sharing the capacities of and learnings from the partnerships with all of the other workforce stakeholders, both inside and outside the city administration.

Set standards for job quality

Create more incentives for businesses to treat their employees well The Best for New York program provides a benchmark for what good employer practices look like, and can offer public recognition to these companies. However, instead of waiting for other employers to voluntarily improve the treatment of their workers by emulating the best performers, the city could provide a business case for improving job quality by extending preferential treatment to Best for New York companies that bid for city contracts. A process for doing this is already in place for minority- and women-owned enterprises (MWBE). The city is generally required by law to grant contract work to the lowest bidder, so when the city is considering competing bids, it reduces the prices of bids from MWBEs by 10 percent in order to make them more competitive. In Los Angeles, companies that have their headquarters in the city also receive such preferential treatment.

Leverage existing relationships between workforce development providers and employers to address job quality
Many providers believe that pushing employers too forcefully to improve job quality will threaten their relationships, limiting job opportunities for their clients. At the same time, behind many successful employer-provider relationships are one or two managers or executives who believe in the work that their provider partners are doing and want the workers who get placed

at their companies to succeed. The city should leverage these existing relationships and individuals, supporting their grassroots efforts to improve job quality and developing peer networks of managers and executives that encourage other companies to follow suit.

Expand and modernize work supports.
The passage of paid sick leave last year and paid family leave for nonunion city employees is a good start, but the cityshould also use its advocacy leverage to support paid family leave at state level, encourage participation in the federal Earned Income Tax Credit (EITC), advocate for increasing state and local EITC, and sign people up for SNAP. The city should also build on its investment in universal prekindergarten to expand access to childcare, especially for parents in training and education programs. By strengthening and modernizing work supports, the city can raise the floor on all jobs.

Increase policy and system coordination

Secure permanent sources of new funding, especially from local sources.
Career Pathways presents a framework for a workforce system that delivers much higher-touch—and therefore much more expensive—services than the previous system. It is therefore impossible to serve the same number of people with higher-quality services at the current funding levels. Without a concerted effort to secure permanent sources of funding through both government and private sources, policymakers are going to have to make a tough tradeoff between offering some level of service to many people or serving fewer people well. As it is, the proposed HRA programs only expect to have enough capacity to serve 10 to 15 percent of their clients through training and education programs, because they are bound by federal regulations to serve the entire cash assistance pool. DYCD programs, in contrast, are funding deeper services for far fewer people. It is essential that the additional funding is flexible enough for providers to fill important gaps in services, which other funding streams do not always fill, such as case management, referrals, wraparound services, and post-placement follow-up. Local city tax levy funds are potentially the best source for this kind of flexible funding, but obtaining them will require deeper buy-in from the deBlasio administration and the City Council. State and federal sources of funding can include SNAP E&T funds, the Regional Economic Development Councils, the state Department of Education, and Community Development Block Grants.

Increase support for capacity building.
The second most significant limiting factor in the development of Career Pathways is the relatively small number ofworkforce organizations that have experience providing the higher-touch services required by the new framework. Although there are perhaps a dozen organizations in the city that have offered occupational training and bridge programs and developed deep and productive relationships with employers, many others do not have the capacity to offer such services. This is because public funding streams have neither required nor incentivized organizations to offer these services. As a result, there are not enough seats in existing programs to ensure that clients who need these services can actually access them. Not all of these providers can or want to greatly scale up their programs, so the workforce system as a whole should seek to migrate practices from the best programs to the system as a whole, thereby increasing the system's capacity to provide quality services. The city has already funded capacity-building services through CEO for organizations interested in providing bridge programs and the Workforce Funders have supported organizations seeking to respond to the RFPs issued by HRA. The city should continue to provide opportunities for organizations to build their capacity to learn and implement best practices, and foundations should be a critical partner in this work.

Create stronger incentives, guidance, and support for partnerships and referral networks.
Private funding has generated many examples of effective partnerships, such as Y Roads, which links Opportunities for a Better Tomorrow and the YMCA; Jobs First NYC's Lower East Side Employment Network and Bronx Opportunity Network (BON); and the Career Access Network Program, a bridge to Per Scholas run by The Door. In all cases, resources were allocated to fund the entire partnership, not just individual organizations' interventions. For example, OBT and the YMCA

developed a joint proposal for the Y Roads program in which OBT provides training and job preparation and the YMCA provides wraparound services. These organizations shopped the program around to funders as a single vision. LESEN was formed when private funders decided to support a job developer who would work with all six member organizations and recognize each other's outcomes, allowing the member organizations to freely refer clients to other providers within the network without fear of not being reimbursed.

All of these partnerships create broader and tighter support nets for clients by combining organizations that offer complimentary services, thus vastly extending the reach of each individual organization. In the case of LESEN and BON, the partnerships are also geographically concentrated, which is an important way of targeting areas of the city where poverty and joblessness is concentrated. Local organizations that have the capacity to deliver quality workforce services are especially important for young people who are more likely than adults to depend on a local organization to connect them to opportunities outside of their neighborhoods. Encouraging partnerships is also a good way to stretch workforce dollars further and to prevent duplication of services.

The city has many options for encouraging more cooperation among providers. At the most basic level, the city should make available a directory of workforce development and other human services organizations that would allow front-line workers in all human services organizations to make appropriate referrals. This directory could take the form of an interactive online map, making it easier for organizations to locate organizations by neighborhood. The city could also change the structure of new RFPs to ask for large-scale performance outcomes that can only be delivered as part of a consortium, while at the same time creating a clear structure for how each organization in a partnership would be reimbursed and credited for those outcomes. The city has begun to implement this model through the Rockaways Economic Advancement Initiative, a privately funded partnership among SBS, CEO, and NYCHA.

Develop customized solutions for populations with specialized needs. Career Pathways does not articulate how the framework should adapt to serve immigrants, youth, formerly incarcerated people, and other groups that need specialized services or who have specific barriers to achieving self-sufficiency through employment.

Bridge programs are a key component of any strategy to address these specific populations. These programs should range from pre-literacy programs aimed at people who have limited English proficiency and limited literacy in their native language to workers seeking to transition to a career in tech who need to skill up before entering the field. In all cases, care should be taken to ensure that the structure and expected outcomes of the programs are appropriate for the populations being served. For instance, immigrants who could be served by pre-literacy bridge programs often work low-paid jobs with unpredictable schedules, making it difficult for them to attend classes contingent on regular attendance. This population needs programs that are more flexible than the standard ESOL programs. The city should work with organizations that specialize in serving these populations, identify the challenges their clients face in finding jobs and navigating the workforce development system, and supporting programs and policies that address those challenges. The Mayor's Office of Immigrant Affairs has begun to address these issues.

Give the Mayor's Office of Workforce Development more accountability over workforce programs and policies
WKDEV has assumed the crucial task of developing the Career Pathways vision and coordinating the activities of the workforce agencies in order to align their work with that vision. But the office lacks the power and resources to keep workforce agencies accountable, and has only an advisory role in shaping the programs of individual workforce agencies. The mayor should consider delegating more direct power to the office and giving it more resources to shape programs and control funding streams in partnership with city agencies, modeled along the lines of the Boston Private Industry Council's ability to engage employers, the Philadelphia Youth Network's ability to braid and blend various funding streams, and the Washington State Workforce Training and Education Coordinating Board's ability to use workforce data to shape programs and policy and coordinate workforce assets.

Create a participatory planning process for workforce development Involving providers and other workforce experts in the process of creating public workforce programs would help ensure that the programs the agencies propose can be implemented successfully. The city has often claimed that procurement rules limit the extent to which they can involve providers in the planning of programs, but there may be room for flexibility. For instance, workforce development experts commend the Economic Development Corporation's systematic process of involving professionals to shape its LINK suite of workforce programs that were targeted at specific populations, and youth providers credit DYCD with incorporating feedback from the youth workforce development community to strengthen its recent RFP. In contrast, many in the workforce community say that HRA took limited outside feedback into account when crafting its RFP, leading to program proposals that are highly problematic. The city should think outside the box when engaging providers and revise procurement rules that create an unnecessarily restrictive barrier to effective engagement of the workforce community.

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