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Rearranging the Deck Chairs? New York City's Workforce System At The Brink

In this policy brief, the Center blasts New York City's directionless workforce services policy--and offers a blueprint to turn the system around.

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For decades, New York City's workforce system has felt like a certain famous ill-fated ship. 2003 looks like it could be the year the iceberg shows up. The city can either continue to rearrange deck chairs or, it can make bold moves to turn the ship around.

The time to act is now: The city is smack in the middle of a full-blown jobs crisis, with unemployment at its highest level in years. This time the ranks of the jobless include highly skilled workers from Madison Avenue to Wall Street, and their unemployment benefits are dwindling or already gone. Likewise, business is suffering its worst period since the 1980s recession.

While the state and the feds bear some blame for the city's troubles overall, in this area, DC is part of the answer, not the problem. New York City has in hand well over $200 million in federal funds to help the unemployed and to provide low-cost customized business training for companies struggling to stay competitive. The system that spends these funds is far from perfect, but it provides critical assistance to job seekers and businesses. City programs help the thousands of unemployed find new jobs while working with businesses to help them fill openings. Home Depot, Washington Mutual and Toys 'R' Us are three city employers that have recently used these services to meet their hiring needs.

There is more, much more, the city can and should be doing with its federal employment dollars, but the system has largely failed to accomplish its broad goals. Now the Bloomberg administration has weighed in by announcing that the Department of Employment, which was established as an independent city agency 17 years ago and has had a lead role in setting and implementing city policy on job training and employment services, is slated to be closed as part of the city's program of budgetary belt-tightening. The Human Resources Administration, the Department for Youth and Community Development,

and the Department of Small Business Services are leading candidates to split up DOE's responsibilities and funding.

At the moment these proposals are just that. The city's commissioners, deputy mayors and budget office are still determining how to untangle the mess of our workforce system.

This latest meltdown is not surprising considering that when it comes to workforce issues, city leaders have been muchbetter at making a mess than making a system. The pending shift will mark the third time in the last five years adult training dollars have moved back and forth between agencies. In 1998 Mayor Giuliani moved DOE's largest funding stream to HRA along with key staff, leaving a dramatically downsized DOE with little policy responsibility. In early 2002, Mayor Bloomberg signaled that the funds should be transferred back to DOE. Now the administration has changed its mind and wants to transfer all the DOE funds again. This is not a simple electronic transfer of bank accounts: Each transition has resulted in serious disruption of programs and lost opportunities to draw down additional federal dollars.

Beyond losing funds, the ping-pong of money and authority has wreaked havoc on the city's efforts to create a one-stop system for employment services, as mandated under the federal Workforce Investment Act. Quite a few cities have struggled in setting up a network of one-stops, but New York has offered a tragicomic nightmare of false starts, midcourse corrections, and directionless drift. Three separate Request for Proposals (RFPs) for one-stops have been sent out and then declared void over the last six years, with a fourth issued by DOE earlier this year now twisting in the wind. Over 50 groups responded to the latest RFP with major proposals to erect and run a major employment system in the five boroughs—and they may just have to throw it all in the dustbin, at a heavy cost of resources and staff time.

This bureaucratic merry-go-round has to stop and the mayor's bold announcement of an employment shake up is an opportune time to make sense of a badly needed set of services for New York's unemployed and business community looking for help.

This policy brief is a simple blueprint for taking the high road. For building an effective training system for New York and bringing more dollars into the city at a time when we need it most.

We cannot afford to lose a beat—-or a buck.

Next Steps: A Blueprint for Saving Money and Building an Effective Employment System

The experience of other cities that have succeeded in crafting efficient and effective policy around employment services shows that doing it right isn't brain surgery. Only four elements need be present:

- A broad vision backed by leadership from the mayor and his commissioners;
- A practical, streamlined strategy to implement the vision;
- Clear connection to the private sector;
- Adequate resources.

We have the resources, but the rest is missing. Nobody from the administration has come forward with a vision for workforce services, the mayor hasn't been out in front to champion the policy, and the responsible city agencies have drifted without a clear agenda to pursue.

First we need a vision, then a plan to make it real. With those things in hand, for no investment beyond some planning and leadership, the mayor and his administration can leverage this proposal to shake up and streamline workforce programming and build an effective system that will:

- Craft customized business training for companies to stay competitive;

- Provide targeted employment assistance to tens of thousands of unemployed New Yorkers;
- Leverage millions in additional funds

.

Here's a simple step-by-step plan to do it.

Step One: The Vision Thing

What are workforce services? How should federal workforce funds be spent? How does this system help people looking for work? What does it have to offer businesses and employers?

If you work within the world of workforce policy, these questions might seem to have easy answers—but the broader public, and even many within government and media, would be more likely to respond with a shrug or a blank stare indicative of general unawareness or apathy concerning workforce policy. When the mayor released his austerity proposal in April, few expressed concern over the fate of the Department of Employment—-and many didn't even take notice. This indicates both a failure of marketing and a failure of vision: if the city itself doesn't know what its workforce programs are supposed to accomplish, why should a jobseeker or a small business owner?

In our current jobs crisis, we need a clear city workforce policy to pursue two simple goals: Help New Yorkers find work, and assist employers to meet their workforce needs. The added complexity—-the difference between serving welfare participants and white collar dislocated workers, "mandatory partners," memoranda of understanding, and the dozens of other caveats and provisos of the federal Workforce Investment Act-—can be worked out by the agencies once the policy is in place.

Step Two: Provide Mayoral Leadership

Vision has to come from City Hall. Without mayoral leadership, employment services will always be a governmentbackwater. In cities like Boston, Seattle and Austin the mayor has made shaking-up AND fixing training programs a priority. Now those cities use the programs to both attract businesses and put people back to work-—giving their economic development agendas a major boost in the process. Boston Mayor Thomas Menino, speaking recently to a conference on workforce development in New York City, stated, "Companies will not locate or expand in your city unless you can guarantee them an educated and skilled workforce. In the end, it is more important than tax breaks or any other incentive package a city offers."

With his justly lauded business smarts, it would seem that Mayor Bloomberg should grasp this point. But up to now, he has paid little attention to the hundreds of millions in federal employment services funds that come to the city. If the administration is to move forward with a long-term plan it needs the support and promotion of the Mayor-—and there's no better way to catch the attention of employers. One national employer we spoke with, whose company operates employment training centers all over the U.S., told us that, "If Mayor Bloomberg called a meeting around this issue, we would be there in a minute."

Step Three: Consolidate Funds

The proposed shakeup of employment services provides an opportunity to provide bold leadership and save real dollars. The first thing to do to accomplish both goals is consolidate all workforce dollars in the coming employment services re-organization.

New York City receives close 40 federal employment streams that are scattered over at least half a dozen different city agencies. At most agencies there is little recognition that these funds even exist—-until City Hall threatens to take them away, at which time the struggle to hold on to them begins. To gain administrative efficiencies, actualize some of the cost savings proposed in the mayor's budget plan, and to better leverage federal dollars the city must consolidate ALL employment programs to the maximum extent feasible.

On the youth side, collapsing all the funds into the Department for Youth and Community Development is a no-brainer.DYCD already oversees youth development and career-oriented programs and they should have all the funds. By consolidating the money, agency officials will have the capacity and the clout to provide services that directly benefit city children.

The adult side is more complicated. HRA has a solid track record in administering large programs smoothly and shouldretain its training programs for public assistance recipients, but it lacks the credibility with the business community and commitment to serving dislocated professionals that are critical for improved employment programming. The Department of Small Business Services is a wise choice with a credible track record working with employers of all sizes, but the agency must demonstrate a commitment to linking workforce and economic development.

The bottom line is that consolidation must happen. If DOE is collapsed and adult funds are moved to HRA or DSBS then the city should move more than the DOE funds, it should move all employment funds. And if the city maintains an employment agency, then that entity should have control over all of the disparate funds. This will create efficiencies and provide opportunities to leverage additional federal as well as private dollars.

Step Four: Build Business Support for Employment Services

Employment services do not work without business participation; it's that simple. Employers must be involved in the design and delivery of effective employment services.

The mayor's initial proposal of transferring federal employment dollars to HRA may offer some administrative efficiencies, but the tradeoff is greater difficulty attracting businesses to work collaboratively with the city's welfare agency. Bruce Bernstein, president of the New York Software Industry Association and a leading advocate for making workforce programs more responsive to employers, said, "I use these federal funds for business training now, and I don't want to have to work with the city's welfare office. I want to work with an agency focused on business."

It is incumbent on the city to make overt connections to the city's business-oriented agencies: and that means the Department of Small Business Services and the Economic Development Corporation. Linkages to these agencies are essential. The city could consolidate funding within one of these agencies, or at the very least ensure partnership with them. Right now the city's Economic Development Corporation is overseeing a small grant program with the Department of Employment for customized training. Workforce funds should support more such initiatives with EDC and the DSBS, including an aggressive marketing campaign aimed at city businesses.

The next focus should be to continue the positive momentum accumulating on the city's Workforce Investment Board. To complement the quality board members Mayor Bloomberg has appointed, both the Workforce Investment Board and the Youth Council need dedicated staff-—currently they have an executive director and a handful of other employees—-and greater capacity both for research and performing outreach to constituents and other actors in the system. Maintaining staff capacity is essential for the WIB fulfilling its duties as the lead policymaking entity in the field.

Additionally, the city must connect business-oriented agencies to the Workforce Investment Board. The easiest and most effective way to do this is to have them sit on and appoint members to the Workforce Investment Board. Our recommendation is for the Deputy Mayor for Economic Development, the President of the Economic Development Corporation and the Commissioner of the Department of Small Business Services to each appoint two members to the Board. This will help to ensure their participation.

Finally, there's no better way to attract business support for these policies than to deploy the city's most celebrated businessman/politician to make the case to his former colleagues in the private sector. The mayor and Workforce Board members should be at the center of a sophisticated marketing campaign to inform employers about how New York City's workforce services can provide value to them.

Step Five: Demand Implementation Plans from the Responsible Commissioners

Mayor Bloomberg's leadership style has been to allow his commissioners to craft a plan while he provides the support and leadership to carry it out. This 'decentralized' form of leadership has its merits. It has had good initial success in areas of homeless and health services and there is no reason it couldn't work just as well with employment and training.

The problem is that leadership has not been forthcoming. With employment dollars scattered at over five different city agencies and funds being transferred back and forth constantly it is hard to get a fix on exactly who should be taking charge—and what their policy goals are. Often this has led to a situation where the various commissioners have bickered over turf instead of offering needed leadership to the field.

That has to stop.

City Hall must designate one to two commissioners as the central bearers of these programs, demand that they produce a plan to implement the city's vision for workforce services and then fully back them in its implementation.

Each agency's plan should answer these four questions:

- How they will define workforce services within their agency;
- How they will work with other city agencies, especially economic agencies like the Department of Small Business Services and the Economic Development Corporation;
- How they plan to engage the Workforce Investment Board and the Youth Council;
- How they plan to aggressively pursue additional federal and private dollars for the city.

One purpose to which these funds should NOT be put is to close pre-existing holes in agency budgets. It would be a gross disservice to the New Yorkers intended to benefit from federal employment services money to redirect those dollars to other purposes—-and it would doom the city's chances of pulling down a greater share from Albany and Washington for many years to come.

Step Six: Build on the Progress Made

While New York's employment system has been floundering overall, there are pockets of substantial progress to be built upon. Additionally, each of these programs and policies already in place will likely help the city access more federal dollars, not less.

Here's a quick list of keepers from the last fifteen months:

- **Improved Workforce Board**: As noted above, the employer-led Workforce Investment Board has a number of solid and new business executives recruited. And the WIB now has an executive director and staff of four.
- **Improved Youth Council**: The Youth Council is a committee of the WIB that is charged with proving oversight and guidance to all youth employment programs. Until this year, that oversight and guidance didn't exist.
- **Two Technology Programs**: The New York Information Technology Career Ladders Consortium and the Borough of Manhattan Community College and Thirteen/WNET--two coalitions of employers, colleges and community groups--

have secured over $7.5 million in new federal allocations and private grants to meet the IT training and hiring needs of city employers. These important sectoral strategies will train over 1,000 New Yorkers in the coming year and place them in high skilled and well-compensated positions.

- **Outreach to Employers**: DOE began aggressively marketing its services to the private sector, working largely through One Stop employment centers it opened in Harlem and the Bronx, offering valuable services from customized training to compliance with workplace laws. A number of leading city employers partnered with the agency, including Washington Mutual, Banco Popular, Home Depot and Marriott.
- **CUNY and Dept. of Education partnership**: The Department of Employment brokered a unique partnership between the City University of New York and the Department of Education to create a rigorous academic program to re-connect troubled teens to their local high schools. It would be the city's first major educational program working with high school dropouts.
- **Employing Ex-offenders**: The city's Economic Development Corporation and Department of Corrections partnered with DOE to help short-term Riker's Island inmates go straight from jail to a quality job training program.
- **Two New One Stops**: Complimenting the city's first (and for three years, only) one-stop in Jamaica, Queens, two new employment facilities were opened in Harlem and the South Bronx to provide human resources services to city businesses and job search, placement and access to training services for jobseekers and incumbent workers.
- **Philanthropic Initiative**: Under the auspices of New York City Workforce Development Funders Group, 17 national and local foundations began working closely with employment officials to exchange ideas and coordinate funding programs.

It's often said that necessity is the mother of invention. In this case, New York's burgeoning employment crisis indicates a clear necessity to reinvent workforce services in the city. Mayor Bloomberg might not have come into office intending to be "the workforce mayor"—-but whether or not he even realizes it, he now has an opportunity to make right a long-dysfunctional area of city policy, help thousands of his fellow New Yorkers, and maybe even win back a little of their affection at the same time. All it takes is vision and leadership.

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