

Testimony - April 2004

Testimony to the Joint City Council Hearing on African-American Unemployment in New York City

On April 22, CUF project director David Fischer addressed a joint hearing of City Council's General Welfare, Economic Development and Community Development committees on a recent report showing that black male unemployment in New York has reached crisis levels.

by David Jason Fischer

I am David Fischer, project director for workforce development at the Center for an Urban Future. We are a nonpartisan public policy research group focusing on economic development and workforce development issues in New York City.

I want to commend the committees for holding this important hearing on an issue that has largely passed under the radar of the press during a busy political season, and also to compliment the Community Service Society and Senior Policy Analyst Mark Levitan for bringing the issue into focus and pointing out that employment losses among New York City's African-American population through the recent economic downturn are qualitatively different than in past recessions.

Overall, in fact, job loss over the last several years has differed from previous downturns. As Federal Reserve Bank economists Erica Groshen and Simon Potter wrote last year, the "jobless recovery" of 2001-2003 is largely explained by structural changes in the workforce, both locally and nationally. Groshen and Potter cite "the predominance of permanent job losses over temporary layoffs and the relocation of jobs from one industry to another. The data suggest that most of the jobs added during the recovery have been new positions in different firms and industries, not rehires."

What does this mean for African-American unemployment? If the positions erased through the downturn were disproportionately filled by black New Yorkers, who for a variety of reasons have not migrated into these new positions in different firms and industries, that indicates a much more serious need for action by the public sector than if we can simply chalk up job losses to the progression of the business cycle. There's some anecdotal evidence that this has been the case, but this is one area in which we need more data.

Race is certainly part of the story here, particularly segregation in housing and physical dislocation of minority communities

from communities in which job growth is taking place. But I do not believe we should not consider it as the sole or even primary element in play. Low levels of educational attainment and inadequate job skills do much to explain the employment numbers here. A relative absence of peer networks connected to work—-informal connections to help jobseekers find out about and pursue openings—-is another key element.

In a broad sense, we can make progress toward solving this problem by improving educational opportunities in all the poor communities of the city and by forging greater connections between employers and those communities. Post-secondary education has a huge role to play here; the Center for an Urban Future just released a report detailing how the City University of New York has taken on a larger role in workforce development, offering a range of programs in adult and continuing education and publicly provided welfare to work training. Both offer hope of progress in this area.

But the problem of lagging employment in minority and low-income communities is too large to be solved by a handful of public or private-sector initiatives, working in isolation. This is a workforce issue, an economic development issue, an education issue, and a community development issue, and to address it effectively will require government and community leaders in all those fields to transcend turf issues and collaborate in new ways. We need to get other city agencies—-including but not limited to the Human Resources Administration and the Department of Education—-into this discussion, and figure out ways to get everyone on the same page. This is easy to say, but incredibly difficult to do: In our workforce development research, we have found a crying need for coordination with 29 funding streams and a plethora of federal, state and city agencies dividing authority—-but failing to coordinate resources or even share information. Just as we need to hold job training providers accountable for connecting training to employment, we also must demand that agencies at all levels of government are also held accountable for making progress toward their stated policy goals.

It takes political leadership and sustained administrative focus to impose coordination and harness these disparateresources toward shared policy goals. Changes to the NYC workforce system under the leadership of Commissioner Rob Walsh and the Department of Small Business Services offer some encouragement in this regard. Despite limited resources caused by federal and state budget cuts, and the challenges of developing and implementing a workforce policy virtually on the fly, they have shown a willingness to look at things in new ways and create new linkages, for example the planned co-location of small business and workforce centers throughout the city.

I’d like to close by briefly commenting on the proposed actions noted at the end of the CSS report:

Renewal of Temporary Extended Unemployment Compensation should be on the city’s lobbying wish-list in DC, as the economic multiplier effect CSS cites will contribute to our economy as well as ameliorate conditions for the unemployed.

Transitional employment through wage subsidy is worth pursuing on a trial basis—possibly along the lines of the effort led by Consortium for Worker Education and Seedco following September 11, which utilized partial wage subsidies to save jobs in small businesses located in downtown Manhattan and other affected communities. Attaching a skills development component would be helpful, but arguably of more lasting value would be to perform a skills assessment for participants and use the opportunity of temporary/transitional work to attach them to the city workforce system on a more permanent basis. The TANF assessment program conducted by a number of CUNY campuses, which won praise from both city and university officials before budget cuts forced its early cancellation last year, could be a possible model for this effort.

A jobs program targeted toward structural underemployment would have to be led at the state level, through governor’s discretionary funds under the Workforce Investment Act. Based on CUF research over the years, it seems dubious that the Pataki Administration would extend a helping hand in this manner, but funding for a pilot program of the sort Mark outlines might be achievable with sufficient backing from the state Assembly.

Collaboration with labor to affirmatively hire for infrastructure projects is a fine idea and mechanisms toward this end are already in place. The Center’s 2003 report on labor-supported workforce training efforts, “Labor Gains", describes several

such programs including the Construction Skills 2000 collaboration between the Building Trades Council and Building Trades Employers Association.

The findings of the CSS study point toward a foreboding trend in New York's economy: the bifurcation of the labor marketinto high-paying jobs for those with skills and credentials employers demand, and a scuffle at the low end of the service economy for most everybody else. It will take real leadership and sustained public attention to attack this problem, and I commend City Council for shining a spotlight on it today.



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