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Transferring Workforce Programs to the Department of Small Business Services

CUF Project Director David Fischer speaks to the General Welfare Committee of the City Council on the Bloomberg Administration's move to shift job training responsibility to the Department of Small Business Services.

by David Jason Fischer

Good afternoon. I'm David Fischer, project director for workforce development policy at the Center for an Urban Future. For those of you not familiar with the Center, we are an independent, nonpartisan think tank located in lower Manhattan. Our primary research interests are in economic development and in workforce development.

With that focus, you might not be surprised to hear that we support the Bloomberg Administration's recently announced decisions to incorporate workforce programs for youth into the Department of Youth and Community Development, and the adult job training portfolio into the city's Department of Small Business Services. In my comments today I'd like to focus on the adult workforce portfolio.

For years, the Center has made the argument that New York City's workforce services system could only succeed within the larger context of the city's economic development strategy, and that tailoring job training and related services to employers of all sizes is an indispensable component of any workforce system. In a time when it's clear we don't have the means to simply spend our way out of troubles, the decision to move workforce programs to DSBS sends an encouraging signal that City Hall wants to better coordinate and extract more value out of existing resources.

The decision to move this portfolio to DSBS can't be the end of the story, however. As this Committee knows, merely transferring workforce programs from one agency to another doesn't solve any policy problems or improve services to New Yorkers in need. There are two issues I'd like to touch upon quickly: an immediate concern about the funding for these programs, and a longer-term challenge concerning the focus of workforce services in New York City.

First the budget issue. Workforce programs have been shifted back and forth between three different agencies over the last

five years, and the patterns of spending and program priorities have been just as unstable. The city's appropriations under the Workforce Investment Act have shrunk since the law went into effect three years ago, our spending skyrocketed after program responsibility passed from the Human Resources Administration to the Department of Employment in early 2002. With the city's economy reeling after September 11th, there was an urgent need to get the money out the door—but now we find ourselves at risk of running out of money, and with a new agency in charge, there will be little time for a learning curve. DSBS will have to make hard decisions within a short time frame. I urge Council to remain vigilant in its fiduciary oversight role and push the agency to set out a spending plan in the shortest feasible amount of time, as there is a real danger that without some retrenchment, our workforce programs will run out of money before the calendar year ends.

Beyond the immediate challenge of the budget, there are a couple other philosophical issues Council should bear in mind that relate to how workforce programs might better serve the employer community. Anywhere job training has really been successful, it's been because policymakers have tailored services to the needs of local business. Cities like Boston and Austin, Texas, and states such as Washington have been successful in doing this, as have some communities in upstate New York, so there is something of a "best practices" model to follow. This is a challenge that will require persistence and patience on the part of agency staff, service providers, and the Workforce Investment Board, and a much more robust and strategic outreach strategy to the business community regarding workforce services than the city has unveiled to this point. As Council looks to evaluate the agency's management of these programs, I strongly suggest that you include an assessment of how it is doing in reframing workforce services to really assist city businesses.

A critical aspect of working with business, and one that has never been a priority in New York City, is offering much more training for currently employed workers. Surveys of employers consistently show that a majority of them feel their current workforce lacks the skills necessary to do the best job possible. Workforce officials at DSBS can address this need, and provide value for small business operators in particular, with a menu of skill upgrade, on-the-job and customized training services. This builds business support for programs, provides an economic development benefit for the city, and allows for workers currently employed to move up the jobs ladder. So far New York has failed to do much of this variety of training. It is our hope that at the DSBS this incumbent worker training will be integrated into traditional employment offerings.

Finally I would urge both the Council and the newly responsible officials to keep in mind that while it's crucial to incorporate workforce services into the menu offered to small businesses in the city, it has been the corporations and bigger employers that traditionally have offered job opportunities to low-income jobseekers in large numbers. The Department of Employment entered into successful customized training collaborations with Marriott Hotel and Washington Mutual Bank, among others; DSBS should have the same access. As the agency reports to deputy mayor for economic development Dan Doctoroff, we hope that workforce services-—whether through DSBS, the Economic Development Corporation, or some other entity-—continue to reach out to the city's biggest employers.

Thank you for this opportunity to testify. I look forward to working with this Committee and the Administration to continue refining and improving our city's workforce system.

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