

Report - November 2001

Under the Mattress

Even as recession and terrorism combined to throw tens of thousands of New Yorkers out of work, city government has sat on hundreds of millions of federal dollars designed for job training.

by David Jason Fischer

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New York Governor George Pataki recently made the pilgrimage to Washington, D.C. to request an additional $54 billion in federal government aid to his state, still reeling from the terrorist attacks of September 11. Among his arguments for the money, Pataki made the case that in New York City, the destruction of the World Trade Center drove tens of thousands more out of work in an economy that had already faced worsening unemployment.

Despite enduring public sympathy for the city's plight, it's hard to imagine how Congress would respond to requests such as Pataki's if members were aware that the city has been sitting on hundreds of millions of dollars in federal funds for job training and workforce support. Of the approximately $184 million allotted to the city under the federal Workforce Investment Act (WIA) for 1999-2000, as of August 31, over $97 million remained "under the mattress"—a fitting description, since the city is legally barred from earning interest on it. As of August 31, HRA has spent none of the $114.6 million appropriated for this year, according to state figures.

The Center for an Urban Future estimates that the total amount available for workforce development in New York City islikely close to $250 million, including additional unspent welfare-to-work funding, training money available under Temporary Assistance to Needy Families (TANF), and dollars earmarked for employment services under the recent National Emergency Grant.

It's not as if there's nothing to spend it on. Far from having a strong network of trainers, employers, and governmentagencies at the ready to help with quick job placements for some and retraining for others, New York City's workforce development

resources at the time of the attacks were shockingly slight: a lone one-stop job training center for the entire city located in Jamaica Queens, a one-hour subway ride from lower Manhattan, with few satellite locations and negligible connections with businesses and the city's educational institutions. For its delay in complying with WIA, the city has been at risk of losing millions of dollars earmarked for job training.

Judging from how local authorities have responded to that threat, one might get the idea they wouldn't mind being relieved of the burdensome funds. The responsibility for spending New York City's federal workforce money has fallen to the Human Resources Administration (HRA), which through August 31 failed to spend a stunning 62 percent of the city's total allotment for last year, in addition to the entire 2001 allocation. As of September, HRA has also sat on an additional $114 million in federal TANF money earmarked for helping to put welfare recipients to work, expending just $25.5 million—just 18.2 percent of the total funds available.

Under Commissioner Jason A. Turner, HRA has focused its energies on keeping the welfare rolls as low as possible—and has shown a pronounced antipathy toward any job training beyond the bare minimum needed to secure a low-wage position. HRA's power over the WIA purse strings and central role in human service delivery has given it an effective veto over the city's workforce community.

The failure to spend available funds and develop a solid workforce system left city officials with little to build upon when the workforce crisis hit after September 11. Fortunately, as was the case in so many other facets of life in the city, heroes emerged. Two days after the attacks, a group that included Workforce Investment Board chair Stuart Saft and executive director Dorothy Lehman, Joe McDermott of the Consortium for Worker Education (CWE), and representatives of various city agencies and private firms with an interest in the system, met at the CWE offices to discuss possible actions to ease the economic pain already descending on the city.

What emerged in the meeting was a collective decision to do everything humanly possible to ease the economic pain that would inevitably follow the worst disaster in the city's history. The resultant response, highlighted by the creation of the Twin Towers Job Link Centers and the CWE employment clearinghouse, has helped thousands of New Yorkers find stability in the aftermath of the tragedy. Several of the key participants—most notably Board officials Saft and Lehman, McDermott and his CWE colleagues, and staff involved in implementing the Twin Towers sites—have earned praise for their tireless efforts.

City, state, and federal agencies have come together to staff the Twin Towers Job Centers, the first of which opened at the one-stop site in Queens just six days after the attacks. At the four locations, displaced jobseekers can access employment services and get information on city, state and federal emergency benefits from unemployment insurance to disaster loans from the federal Small Business Administration. Over 4,000 New Yorkers have been served through the Twin Towers sites as of Oct. 23. The city has also set up a job bank into which employers have put 28,000 openings, according to officials at the one-stop.

The Consortium's emergency employment clearinghouse, meanwhile, has sought to identify jobs for those displaced bygoing straight to the source. Through its own resources, as well as those of the New York City Central Labor Council, the New York City Partnership, and the Real Estate Board of New York, CWE has reached out to more than 5,000 local employers. Officials approached these companies with a request: provide temporary positions for some of the thousands of workers displaced by the attack and its aftermath. As the employers sent in their vacancies, CWE and the Central Labor Council have screened displaced workers to match them with appropriate positions. Through Oct. 22, employers had called in with 4,500 positions to be filled; over 13,000 jobseekers have come in search of work, with about 3,000 already scheduled for interviews.

CWE asked the employers for jobs lasting at least 90 days, to help displaced workers and their families through the holidays and the end of the year. According to associate executive director Saul Rosen, many could last considerably longer. “Almost all the offers [from employers] have been full-time and permanent,” Rosen says. “They haven’t been the temporary jobs we’d requested; they’re filling their ongoing needs through this.”

CWE’s central role in the response comes as little surprise to longtime observers of workforce issues in the city, who cite the organization for its strategic vision, political savvy, and deep pockets as well as for the generally high quality of its programs. In the comparative void of workforce development in New York City, the Consortium has taken a dominant role within the publicly funded system while continuing to operate outside of it. New York’s lone one-stop center in Jamaica, Queens, in which various local and state agencies involved in job training gather to offer their services to those seeking work, is administered by CWE through an arrangement with city agencies HRA and the Department of Employment. Finally, CWE has supplied the voucher-based system WIA mandates for paying job training providers. Time and again, the city has turned to the union-backed nonprofit to ensure that NYC stays on the right side of WIA; according to federal sources, if it weren’t for CWE, the city would not be in compliance with the law.

Most other providers within the city’s workforce system, however, have found themselves hamstrung by cash flow crises and the unrealistic performance standards of the city’s welfare to work contracts. Their difficulties in finding a role within WIA have been made worse by the striking inaction of the city itself. Fifteen months after opening the Jamaica facility, New York City has yet to open any additional one-stop centers. (HRA announced the awards for operating rights at six one-stop centers on November 1, immediately sparking controversy over the awardees and the negotiating process.) By contrast, Los Angeles has established 18 full one-stop centers.

“A single one-stop in a city of eight million people is tragic,” says one federal Department of Labor official. “The city has not been able to put an effective system together in the five boroughs…there’s no system in place to respond rapidly to crisis issues.”

Like almost any policy issue, workforce development tends to languish unless political leaders send the signal that it’s a priority. While past and present mayors elsewhere like Thomas Menino in Boston and Paul Schell in Seattle have emphasized the importance of job training, Mayor Giuliani has ignored New York City’s workforce system. Through nearly eight years, local workforce advocates claim that the mayor has not publicly emphasized the importance of a skilled workforce.

The city has held two jobs fairs at Madison Square Garden, with a third scheduled for mid-November, but these events have been more PR than substance. After more than 8,000 New Yorkers showed up at the first one on October 17, city officials claimed that over four thousand people were “tentatively hired.” But the Center for an Urban Future has since learned that only 500-600 individuals were hired at the event, while another 1,500 or so were subsequently invited to apply or interview for positions.

Rather than emphasize training, the Giuliani administration years ago made its primary human services goal to cut the welfare rolls to the lowest level possible. In pursuing this mission, the Human Resources Administration has sharply restricted any training beyond the bare minimum necessary for jobseekers to find simple work. Since HRA has effectively taken control of the WIA funding, the result has been stasis.

In the last year of the Job Training Partnership Act, (the predecessor to WIA), HRA was given control of adult funds for job training. HRA was allowed 15 percent for administrative expenses; according to state sources, they have spent the entire administrative portion, but virtually nothing on services.

Against these entrenched forces, the Workforce Investment Board, chaired by Stuart Saft, has had an uphill struggle since it first convened in June 2000. According to WIA, private sector representatives must comprise a numerical majority of the

Board, and the chair must be from the business community. The Board's mission is to set priorities for training by identifying high-demand occupations and reaching out to employers in those industries. City agencies, training providers, and community-based organizations who also serve on the Board provide a sense of the resources available to pursue those priorities.

But the lack of support from City Hall has served to discourage private sector Board representatives unused to the incremental progress of government work. "I'm not sure the city or state ever embraced the notion of the Board," says one member from the business community. "They've never given it adequate support, and there always seems to be turf battles between the Board and HRA and the New York State Department of Labor, which slowed progress, if not undermined it completely."

Even after the terrorist attacks, the Board remained on the sidelines in the evolving policy response. When it met on September 25, most members just listened as Saft and other participants in the September 13 discussions informed their colleagues about the Twin Towers Job Centers and CWE clearinghouse. Representatives of some potentially key players, like CUNY and other large job training providers, wondered if they could have made a contribution to the response… and if they would be consulted as the system continued to evolve.

After the Sept. 11 attack, a planned federal rescission that would have punished states with the most unspent WIA funds—a dubious category in which New York ranks second—was put on hold. Though it would seem politically foolhardy for the federal government to take money away from New York in the current clime, the rationale behind the proposed federal take-back—if New York City isn't going to spend its job training money, there must be some better use for it—is difficult to argue against.

But the reluctance of the state and the city to spend money in the months and years preceding the current crisis is nowtaking a toll as officials struggle to respond to an imminent recession. In early October, New York state received $25 million in emergency funds explicitly to serve those who lost their jobs in the attacks or their immediate aftermath. But the absence of a network of one-stops and providers—and the concern of state officials that HRA would just add the money to its stash—has meant that little of the money has yet reached training providers waiting to start serving jobseekers. By contrast, workforce officials in Boston and Union County, New Jersey (home of Newark Airport) have moved quickly to set up facilities to serve displaced workers in the airline industry.

With thousands already out of work and the near-certainty of further layoffs, Board chair Saft spoke at the September 25WIA Board meeting about the need to identify growth sectors of the economy, fields such as security, telecommunications, and construction in which those displaced or laid off after September 11 could be retrained and ultimately placed. But without an array of contracts in place for training providers in those fields to provide services to jobseekers—and without a functioning, citywide system of one-stops for displaced and laid-off workers to come and learn what services are available for them—the large-scale retraining necessary has yet to begin. If there were a system in place, the money could be serving people now.

While the conversations continue, those most closely involved in both the immediate response and the ongoing work of the WIB are determined to seize this chance to finally get it right. They have some reasons for hope. Several of the institutions crafted in response to this crisis, most notably the job banks and the idea of reaching out to employers on a continuing basis, are likely to be folded into the evolving one-stop approach. The experience of the Twin Tower Centers, in which different agencies effectively shared space and resources, should help ease the transition when the city finally does open more one-stops early next year. And with a more balanced outlook in HRA, and any visible leadership at all from the long-somnolent Department of Employment, agencies that previously have been obstacles to progress could well become key contributors.

With an eye toward that brighter future—and the city's crying need for enhanced workforce services—the Center for anUrban Future offers several recommendations:

1. City government must lead. Both the next Mayor and the incoming City Council have to show their commitment to the economic well-being of New York City's workers. Within 90 days of taking office, the Mayor should issue a "State of the Workforce" report detailing his priorities for training and reaching out to the business community to use the resources of the public workforce system. City Council should create a Committee for Workforce Affairs to track both system performance and provide a forum outside the system for jobseekers and employers to make suggestions and air grievances. The council must also assume an oversight role to ensure that the missed opportunities of the last several years—when New York squandered a chance to set up its system during a period of economic expansion, rather than the current darker climate—never are repeated.

2. Listen to employers. The entire workforce system, from political leaders and Workforce Investment Board members to frontline job trainers, relies upon information from the private sector—what positions are open in large numbers, what skills provider graduates have and lack, where not enough money is being spent. After years of relative neglect, actors within the system must convince employers that they can and will produce skilled workers who can contribute to businesses. Soliciting feedback from employers, about their workplace needs and their experiences with the workforce system, is a crucial first step.

3. Build ladders. For those fields that are projected to see a surge in worker demand in the coming years—information technology, security, and telecommunications among them—the city should support processes to advance workers in those careers over time, through a mixture of on-the-job experience and classroom learning. Such a model has been tentatively established with the New York City Information Technology Career Ladder Consortium, a project supported by the Federal Reserve Bank of New York, New York Software Industry Association, CUNY and other partners, and can be replicated in other fields.

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