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Testimony - September 2003

Workforce System in Transition

CUF project director David Jason Fischer addressed a joint hearing of the Youth and Economic Development Committees of City Council on Monday, Sept. 15.

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. The Center conducts research primarily on topics in economic development and workforce development that affect the prosperity and well being of New York City residents.

I'm very pleased to address this joint hearing on the future of workforce development in the city under the newly bestowed authority of the Department of Small Business Services and the Department of Youth and Community and Development. My testimony today will focus on the Department of Small Business Services and workforce policy for adults and dislocated workers.

First of all, the Bloomberg administration deserves credit for its decision to place responsibility for adult workforce and dislocated worker services with DSBS. For years the Center for an Urban Future has urged the city to more closely align workforce programming with economic development and the staffing needs of the private sector. In a dual-client system designed to serve both jobseekers and employers, there is no substitute for close collaboration with the business community. The move indicates that Mayor Bloomberg recognizes the significance of workforce programming and its potential to strengthen the city economy and improve the lives of New Yorkers, and offers great promise to invigorate a field of policy that traditionally has been a backwater in New York City.

But the obstacles to successful policy change remain formidable. DSBS has had the misfortune to inherit an underdeveloped area of policy and a budget crisis not of its own making, and I would like to briefly comment on these issues before offering two recommendations for the direction we believe the agency should pursue.

Service Providers Begin the Fiscal Year with Major Cuts: The first obstacle is the ongoing scarcity of resources that in the short term is manifesting itself as a major crisis: the tremendous cuts to adult and dislocated worker services. The budget shortfall that necessitated these cuts has brought into focus some long-term problems in the system that had long been overlooked. There have always been blank spots in our knowledge of the city workforce system, including which communities have the greatest need for services, the quality of the service providers we've contracted with, and what kinds of services are most effective in providing value to jobseekers and employers. For example, there's very little data on how effective the Individual Training Accounts, disbursed as vouchers to people seeking job training, have been-—despite the fact that we've spent millions on them. With these painful cuts, which by the city's own admission weren't carried out in an ideal manner as far as favoring effective providers, we're paying the price for this lack of knowledge. DSBS and the Bloomberg administration need more information to better make policy decisions of this nature.

The Business Community Isn't Leading the System:
DSBS is currently engaged in what sounds like a vigorous and well thought out process of thinking through how to integrate workforce services into its pre-existing portfolio of programs for business. This is encouraging, but the relationship between the administration and the city's Workforce Investment Board is still a matter of some concern. Under the federal Workforce Investment Act, it's clear that the Board is intended to set policy priorities on behalf of the private sector, essentially serving as a bridge between local government and the business community on workforce issues. While the Board has improved in the twenty months since Mayor Bloomberg took office, in part because of a series of effective appointments by the mayor, it still cannot truly be said to lead. Since WIA went into effect in the summer of 2000, the Human Resources Administration and later the Department of Employment have set the policy agenda with the general acquiescence of the Board, rather than the other way around. We have maintained for years that successful workforce development programming must follow the direction of employers, for which the Board ostensibly speaks. We hope that DSBS, with its business focus, is ready to put business leaders in the driver's seat. An important step toward doing this would be to bring on additional staff for the Board, to carry out its work in the three months between its full meetings and better inform Board members on issues in city workforce policy.

The bold move to transfer workforce responsibilities to DSBS should be matched by an equally bold policy vision. I am very happy to hear that the agency is exploring an approach other cities like Boston and Seattle have successfully followed: a sector-based strategy for job training and employment services. The state Department of Labor, City University of New York and other entities have done extensive research on which sectors of the city economy are likely to see robust job growth in coming years; by pegging training priorities to those anticipated growth industries, we could take a long step toward finally moving the system from a supply-driven model to one where demand for workers sets the agenda. The Center recommends picking three industries as demonstration projects, pulling together top industry leaders with the Workforce Board and DSBS and finding the most qualified providers to design training and, working with industry employers, directly place people into jobs in those industries.

There are more immediate steps we can take to connect city jobseekers and the unemployed with employers as well. The AOL/Time Warner Center in Columbus Circle, where employer tenants have committed to working with city staff to provide job opportunities to community residents, is a great example of what can be accomplished. Thanks in large part to the efforts of Councilwoman Gale Brewer and staff from DSBS who began working on this with the Department of Employment, employers like the Mandarin Oriental Hotel, AOL/Time Warner, CNN and Jazz at Lincoln Center have committed to work with

the city to fill job openings and already have begun hiring after an overwhelming response from New Yorkers seeking positions.

Connecting city development projects to employment opportunities is a common-sense strategy that's long overdue. With the Republican Convention next summer and other major projects down the road, there's a great opportunity to further explore the very promising model of AOL/Time Warner in offering value to employers and putting New Yorkers to work.

This is a pivotal time in this chapter of workforce policy evolution. The federal Workforce Investment Act is up for reauthorization in Congress, and New York City remains in the national spotlight for its frequent changes of direction and perceived policy stumbles. As we all know, unemployment remains high in the city, and we frequently see a mismatch between what jobs are available and many of the people looking for work. But these challenges should provide strong motivation to reform and improve our system, to better serve New York's jobseekers and business owners and buttress the city economy with a strong, steady flow of qualified workers.

Thank you for this opportunity to testify today.

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