

**Transcript of NEW YORK'S HUMAN CAPITAL: THE NEXT GENERATION:
What are the current and future workforce needs of the city's employers – and how can
policymakers and New York's business community address these challenges?**

**Thursday, July 23, 2009
8:00 am to 11:00 am
Baruch College Vertical Campus**

Keynote address: **Dr. Matthew Goldstein**, Chancellor, City University of New York

Panelists:

Cristóbal Conde, President and CEO, SunGard
Colvin Grannum, President and CEO, Bedford Stuyvesant Restoration Corporation
Tim Nitti, Principal, KLG Advisors
Dr. Herbert Pardes, President and CEO, New York-Presbyterian Hospital
Frank Sciame, CEO, F.J. Sciame Construction
Kathryn Wyld, President and CEO, Partnership for New York City

Moderator: **Greg David**, Editorial Director, *Crain's New York Business*

Summary discussion: Where Do We Go from Here?:

Seth Pinsky, President, New York City Economic Development Corporation
Jonathan Bowles (moderator), Director, Center for an Urban Future

Andy Breslau, Executive Director, City Futures: Good morning everybody. I'm Andy Breslau, the Executive Director of City Futures, which is the home to the Center for an Urban Future, one of the organizers of today's conference, along with our good friends the Community Service Society. Before we begin today's proceedings, I'd like to first thank Baruch College, its leadership and staff, as well as the Chancellor and Vice Chancellor's offices at CUNY, for all their assistance in facilitating the day's proceedings. I'd also like to take a moment to acknowledge the essential support of the Altman and DeCamp Foundations, whose generosity and commitment to civic life in New York made this event and the entire human capital campaign possible.

Human capital – by today's attendance, it's apparent that the topic has touched a nerve. This project, which will culminate in a blueprint to be published later this year, is grounded in three facts. One: the quality of the city's human capital has been critical to the growth of the city's economy. Two: large segments of the city's population currently lack the skills to fully participate in the labor market or advance their careers. Three: employers in nearly every sector are likely to demand even more advanced levels of skills and educational attainment in years

ahead. This conference, and in fact this entire campaign, will look ahead, and hopefully push our leaders, in the academic, private, public, and not-for-profit sectors, to treat the variety of issues that determine how best to raise up human capital, with the same holistic commitment, that we have so famously in this city approached our infrastructure with. We must do this. For even a physically perfected city will have little value if its residents find themselves on the economic and social margins. Just as we need to ready our infrastructure, so too must we ensure that our residents are prepared to compete in the economy of tomorrow. I'm going to point out in your folders that should have been on all your seats, you'll find today's agenda, bios of our participants, some information about the Center for an Urban Future, and the Community Service Society, a nametag, which we encourage you to fill out and use, as well as a fuller description of the Human Capital campaign.

After this morning's keynote, we have a fantastic panel, filled with keen observers and leading participants in the economic life of New York, moderated by Greg David, who as an editorial leader at *Crain's*, has had a front row seat on the ups and downs and changing face of employment in our city for more than two decades. There will be direct Q&A time for the audience after that conversation, and we'll be closing this morning with a discussion with Seth Pinsky, the president of the city's Economic Development Corporation. For that part of the agenda, we've included some notecards in your packets, so you can pose questions for him as well. We'll collect those cards from you right after the conclusion of the central panel of the day's events. We'll ask you to pass them to the center aisle and we'll have ushers collect them. And now, to tell you a bit about our next event in the series, and to introduce our distinguished keynote speaker, is our partner in this project, someone who has dedicated his life and entire career to the fashioning of a robust economic life of opportunity, and a more equitable city, the distinguished president and CEO of the Community Service Society, David Jones.

David R. Jones, Esq., President and CEO, Community Service Society: I've already told Matt Goldstein I'll be very brief, because we're here to hear his keynote. But I would like to welcome you here. The Community Service Society is not often known for having events this large, and I think this is an extraordinary one. But particularly the mix of people in this audience reflect a wide diversity, obviously representing academia, the business community, activists, policymakers, and we think that's the sort of singular thing that has to go on here. We're holding these events with CUF, because we're very fearful about how the New York City economy is going to develop, particularly because of the schisms that have developed over time, between the very poor, particularly African-American and Latino individuals, and the rest of the city. This is starting to look a little bit more like pre-Mandela South Africa in some ways, and it shouldn't, and we think there are real dangers here. The latest reports showing that we're going to hit 400,000 unemployed, and an unemployment rate well over 10%, really raise critical problems for how the city hangs together. And that's why this event is so careful and important.

But today is just the first part of this event, there's an event in two parts. We're looking obviously at what skills are going to be necessary in this panel discussion, next we're going to focus on the skills necessary for the workforce itself. And that second part of the event will be held on Tuesday, Aug. 25th, it's going to focus on the skills needed for employment. It will especially focus on four groups that are usually excluded from job opportunities in large numbers: immigrants, P.A. recipients, young adults, and the formerly incarcerated. We urge you to join that event as well. I can't say how much is at risk here if we don't start to have a major

move forward for many of those we discussed here in terms of disconnected youth and blacks and Latinos, who are not part of the economy and are falling by the wayside faster than any other groups. And generally, that's what we're going to have to be looking at, in terms of workforce development, or else the divides we already see in this city are going to get worse.

At this point, let me introduce our keynote speaker, Matt Goldstein, I don't want to go on at great lengths. He is the first CUNY graduate to lead the nation's largest urban public university. Previously, Dr. Goldstein served as President of Adelphi University, from '91 to '98, he was president of Baruch, where he'd been a professor of statistics, and a member of the CUNY doctoral faculty since '78. Currently, Dr. Goldstein serves as a member of the American Council on Education, Education's Commission on Leadership Development, he was recently appointed to the New York State Education Commissioner's Advisory Council, on Higher Education. He earned his bachelor's degree from City College, his master's degree from Rutgers, and his doctorate in mathematical statistics from the University of Connecticut. He's the author of several books, and we're looking forward to hearing from him. Thank you, Dr. Goldstein.

Dr. Matthew Goldstein: Thank you, David. What a wonderful turnout, I assume it's the bagels and the danish. Jonathan Bowles, Andy Breslau, and of course David Jones, thank you for organizing this event, and I look forward to our very distinguished panel that will follow this address. We're here to speak about New York City's human capital. So let me begin by sharing a few thoughts of my own, as a way of starting today's discussion.

New York City has long held the distinction as being the world's capital city; the place that attracted more than its share of talent across myriad industries, arts and culture, universities, and sports. Innovations often happened first here and if they were successful, spread to other parts of America and around the world. If you could make it here you could make it anywhere, as the song says—that maxim has often been invoked and has sometimes even been true. But for New York City to continue to lead and be a beacon for talent, to be that place where ideas are born, developed, and then flower, we must understand that a knowledge-based economy has at its central core people who are highly skilled, well educated, and look to live and work in communities that understand their needs and reduce the impediments that often put the brakes on forward momentum.

New York's strength has long been its ability to attract human capital. If we want to know whether that ability can be sustained into the next generation, I think it's important to identify what traditionally has made New York an attractor—and how those factors can continue to draw talent into the future. Let me suggest at least five of the city's key assets:

- First, New York has always been welcoming to immigrants and migrants—educationally, socially, and culturally. No matter where you're from, you can find your native language spoken here, neighborhoods that embrace you, places of worship, and public schools that work.
- New York also offers unparalleled cultural opportunities. Why work in New York City? Because when you're not working, your life is enriched in countless ways: through museums, theater, opera, architecture, literature, history, and every kind of live performance—whether in the heart of the city or in your own neighborhood.
- Our city also offers preeminent health-care options, including access to high-end facilities and esteemed specialists. Few things are more emotionally compelling than the health of

our families. Being in close proximity to top-notch health care offers peace of mind and a sense of security.

- New York has had great public schools, providing families access to high-quality education. We all know, and I know, really close up, of the exemplary efforts of our Mayor Michael Bloomberg and Chancellor Joel Klein to bring back the stature of the schools. This is a critical effort. Knowing that you can send your children to a public school, where they will get an education to prepare them for college, has historically been a significant draw for city parents.
- Likewise, the presence of top-notch universities means not only a range of opportunities for higher education, learning, but the lectures, performances, community service, and research that such institutions bring to this great city. Examples abound of the businesses and talent that have sprung up in close proximity to the intellectual capital at our great universities: just look at Northern California, Rt. 128 right outside of Boston, the Research Triangle in North Carolina, Midwest universities that have basically transformed the way agriculture is studied and developed, and the latest, the Nanotech, which we call Sematech North, at SUNY Albany. These synergies have paid off handsomely.

I would submit that these are some of the major factors that have made New York City vibrant—factors that have allowed it to attract and retain talented, creative, and highly skilled workers. For generations, people have come to New York City not simply for a job, but for the quality of life that the city provides. In order to sustain the city’s human capital advantage, we must preserve these assets. We must sustain the attractors of talent.

So how can we capitalize on what the city offers? It won’t surprise you that I believe that further improving our public schools and universities must be a priority for New York City. Employees need to know that they do not have to go into debt to ensure that they and their children can get an excellent education, one that prepares them well for the future. Employers need to know that they can draw from a well-prepared workforce pool, with a wide range of skills and credentials.

New York’s public schools are a vital resource for the state. An estimated 79% of students enrolled in grades K-12 in New York City are enrolled in public schools. Of the city’s undergraduates who are enrolled in college in New York State, well over half are enrolled at a CUNY college. So, to a great extent, the city’s success depends on the success of our public educational institutions—both K-12 schools and public universities.

Looking forward, I’d like to suggest ways that higher education, with the support of the city and state, can help New York remain a vital attractor for skilled workers.

First, while job training is an essential part of education, a college degree is much more than a job application. Employees and employers will always be well served by a workforce with advanced critical thinking, judgment, and communication skills. In a world that is increasingly unforgiving of those without such skills, a university must maintain a principled, well-rounded, and modern experience.

Second, we must emphasize the importance of graduation. Let’s be clear: a degree matters. Degree holders earn more over a lifetime than those without a degree, and they have greater

career security and resiliency during tough economic times like these. But today, according to the Gates Foundation, only about 20 percent of full-time students at community colleges nationally earn an associate degree in three years. That is unconscionable.

We know that there are many reasons why students don't complete their academic degrees—inadequate preparation, financial pressures, and family obligations, among many others. We simply must address these concerns more aggressively. That's why I have been calling for a concerted effort, both nationally and here at home, to improve graduation rates at our community colleges, where almost half of our nation's undergraduate students currently study. The recent announcement by President Obama to provide \$12 billion in funding to community colleges, mostly to boost graduation rates and to challenge us to think about new designs for student engagement and learning, was particularly welcome news.

We, here in our city at CUNY, we are now in the formal planning phase of developing a new community college in Manhattan. The college will address our explosion in enrollment, but most important, it will draw on lessons we've learned from our current initiative with New York City's Center for Economic Opportunity. The program is called the Accelerated Study in Associate Programs, or ASAP. Like the initiative, the new college will incorporate innovative practices into the curriculum to encourage degree completion—such as full-time study and enhanced employment support. This new approach has already put the ASAP initiative on track to graduate at least 60% of its first cohort in three years, by June 2010. Right now, nationally, we're at 20%, and we're on target to graduate 60% in that same timeframe.

A third piece in sustaining New York's attractiveness involves our ability to identify and respond to growth opportunities in emerging and high-need markets.

For example, two growth areas have been particularly our focus here at CUNY: health care and energy. Not only are we graduating more students in these fields, but we are also developing two new health-related schools: a CUNY School of Public Health, will soon open in Harlem; and a new School of Pharmacy, to be located at York College in Jamaica, Queens. And we are also focusing on how human capital needs will be affected by the “greening” of New York City. We are preparing all levels of the workforce—from creating entry-level positions for “assistant energy auditors” to re-training the way in which engineers and architects relate to the buildings they design and build. And we have made clean and renewable energy a top research priority.

But when we talk about issues like job training, economic development, and labor needs, it's critical that we emphasize a central point. Our city's higher-education degree, retraining, and professional development programs prepare thousands of students each year to work in the city—but the sad reality is that often the jobs they trained for are just not here. As a recent New York Times article pointed out, “Job retraining is...ineffective without job creation.” New York City has about 220,000 small businesses, and they employ half of the city's private-sector workforce of approximately 1.5 million people. But without access to working capital, small businesses can't rent space, purchase equipment and supplies, or hire workers. The job openings they hoped to fill vanish along with their made-out business plan. This recession has largely been a credit recession—and that's had a devastating effect on small businesses. For university training programs to be effective, small businesses (worthy of financing) must get the financing they need—especially now, that the SBA is providing significant protection to lenders. What we need is a coordinated effort, what I would call a triangular compact, among government,

business, and universities. Government can take the lead by creating a climate conducive to attracting private investment around industry segments, while working with lenders to make access to capital more predictable and creating incentives for colleges and universities to develop those targeted programs.

Experience demonstrates that every \$1 million spent on small businesses yields about 34 jobs. So I'm pleased that the city's Economic Development Corporation has advanced financing incentives to encourage entrepreneurial and small business activity in key sectors: the financial industry, retailing, and, most recently, new media. The media and technology initiative comprises strategies to attract top talent to New York, including a Media Tech Bond Program to help companies purchase facilities, retrofit existing buildings, and make large IT purchases; as well as a Media Lab that will bring together companies looking to advance new media technologies with academic institutions undertaking related research. This kind of partnership among government, the financial sector, and universities to my mind, is the key to developing the combination of job creation and job retraining that New York City urgently needs.

But there are two fundamental problems that still loom large. First, attracting risk capital continues to be difficult with conduits to young businesses clogged by an uncertain business climate and the specter of ever-increasing levels of taxation. And second, business units continue to loose to other localities outside NYC due in part to the portability of work provided by sophisticated technological applications. Both work to discourage small enterprises from making commitments in this city.

One more equally important area that must be given priority as we consider New York's future, is advanced research. Our city and our state rely on universities to be the originator of new ideas, the spur for new industries, the catalyst for economic development and high-skill jobs. Quality research takes time and resources, and today, we exist in a far more competitive environment, both nationally and globally. The stakes continue to get larger and are enormous.

Some of NYC's more promising research assets are its premier medical centers, hospitals, and medical schools. Nobody knows that better than Herb Pardes. One is hard pressed to find a richer concentration of leading centers of research, teaching, and practice than we have here in New York City. I have long believed, and this is not a voice alone, that the 21st century will in part be known for advances in biology and medicine rivaling the importance of Watson and Crick's discovery in the mid-20th century of the structure of DNA. Not only will these advances have profound impact on our lives, but with parallel work in technology, the nanosciences, bioengineering, and applied physics, we will see new tools for diagnosis and treatment of diseases beyond anything any of us can imagine at this point in time. These discoveries have the potential for fueling new fields that will enhance significant job creation. New York should take the lead—but supporting such high-end research has become very prohibitively expensive.

That's why I continue to believe the importance of collaboration and shared resources in building our research capacity. A significant example of the power of partnership is the New York Structural Biology Center, which has been developed cooperatively by 10 research centers (including CUNY and SUNY, Columbia, Albert Einstein College of Medicine, Memorial Sloan-Kettering Cancer Center, Mount Sinai School of Medicine, NYU, Rockefeller University, the Weill Medical College of Cornell, and the Watson Center of the Department of Health). By leveraging the work of several partners to advance biomedical research, all of us gain the

advantage of the high-end equipment necessary for that research. This simply would simply be out of reach of individual institution. Today, collaboration is a *sine qua non* in research effort in this city. Today, the center houses the largest and most advanced cluster of high-field research magnets in the United States, and brings to bear an entire community of scientific talent to areas like structural genomics. This is the kind of collaboration that we must continue to foster if we hope to build our research capacity. In the same way at this university, instead of building very high-end scientific facilities at each of our campuses, to do the cutting-edge research that all of our distinguished faculty want to do, we're building an Advanced Science Research Center, which would be a building of the university, like the structural biology center, incorporating all of the intellectual talent, across our university, to look at things like photonics, nanotechnology, water and environmental sensing, structural biology, and most importantly, neuroscience.

When we consider the importance of research, however, we can't forget the point I mentioned earlier—New York's historically welcoming attitude toward immigrants. Today, post-9/11 immigration policies and practices have often brought lengthy and cumbersome delays and created unnecessary obstacles for scholars, scientists, and international students seeking to study and work here in the United States. Backlogs and quotas often keep the most talented international scientists from joining us in advanced scientific education and research. The federal administration must make a priority of addressing these issues.

We must call on the U.S. Citizenship and Immigration Services and the U.S. Department of State to simplify applications by students and scholars. Congress should act to grant automatic employment status to individuals with masters and doctoral degrees, at least in the STEM professions, and by that I mean science, technology, engineering and math and the computation sciences. New York will remain a center of scientific education, and the engine of job creation, large job creation, and development only if immigrants find their legal path here to be simple and smooth.

As I hope I've made clear this morning, there is much that New York can do to maintain its preeminence in attracting the very best talent around. This city must always be the idea capital for creative entrepreneurship, helping the best minds—with their boldness and even their swagger—to plant their seeds here. I hope that you take these ideas to heart, I look forward to hearing the panel, and thank you for coming this morning.

Greg David, Editorial Director, *Crain's New York Business*: Good morning everyone, I'm Greg David, I'm the Editorial Director of *Crain's New York Business*, and it's my job to keep the next hour and half flowing. We're going to do that in two sections, I'm going to run the panel for about an hour, and then we're going to have about a half an hour for questions, and I'm going to start by reading short bios of the people on the panel; you've got longer ones in your packets. Immediately to my left is Frank Sciamè, CEO and founder of the construction company that bears his name, which he established in 1975. His company has recently completed several well-known projects, I'll name a few: the Pierpont Morgan Library and Museum, the New Museum of Contemporary Art, the Museum of Arts and Design, the exterior restoration and mechanical systems upgrade of the Guggenheim Museum, the Cooper Square Hotel, and the Mark Hotel.

Next to him is Kathryn Wylde, President and CEO of the non-profit Partnership for New York City, the city's leading business organization. She joined the Partnership in 1982, and served as founding president and CEO of its two major affiliates, the New York City Investment Fund, and the Housing Partnership Development Corporation. When there's a policy issue of importance to New York's major businesses, you know Kathy will be in the middle of it.

Cristóbal Conde is Sungard's President and Chief Executive Officer, where he has worked since 1990. Sungard is one of the world's leading software and IT services company, and serves more than 25,000 customers in 70 countries, and the 25-largest financial services companies. I'm not sure whether that's good or bad at the moment. Mr. Conde served as Chief Operating Officer between 1992 and 2002 and previously headed up its trading systems division, which he started in 1990.

Colvin Grannum has served as president of the Bedford Stuyvesant Restoration Corporation since March 2001. Restoration, as you all know, is the nation's first community development corporation, founded by community leaders and U.S. senators Robert Kennedy and Jacob Javits in 1967. It owns and operates a 300,000 square foot commercial and cultural center, provides programs and services to the areas of affordable housing, arts and education, commercial revitalization, and youth and workforce development. He's a lawyer who practiced for almost two decades.

Tim Nitti is the head of location strategy practice at KLG Advisors, a consultancy dedicated to assisting companies make location and site decisions. Since joining KLG in 1995, he's advised numerous companies on what to do about location including Goldman Sachs, the New York Stock Exchange, Pfizer, Morgan Stanley, Fidelity Investments, Time, Lehman Bros., Citigroup, Credit Suisse, Charles Schwab, J.P. Morgan, and The Equitable and Reuters.

And at the end of our panel is Dr. Herbert Pardes, who is President and CEO of New York-Presbyterian Hospital, and the New York-Presbyterian health care system. A child psychiatrist by training, Dr. Pardes has turned New York-Presbyterian into one of the three major systems that are winners in the transformation of health care in the New York area, and from having him visit our editorial board, I'm sure he's proudest of one thing, and that is New York-Presbyterian's *U.S. News & World Report* ranking as the sixth best hospital in the nation, and by far the highest-rated hospital in the New York area.

Now much of what we're going to do today is talk about the future. But I thought we should start in the here and now. So my first question to the panel, and one of the things you've noticed from the bio is about half the panel runs business, and the other half works with businesses. So when I ask questions, some people will talk about their own experience, some people will talk about their views of the city and the companies they work with. My first question is: how has the recession changed the workforce needs of your businesses, or those that you work with. And we'll start with one of the industry sector's hardest-hit in this recession, construction. So Mr. Sciame, you're up first.

Frank Sciame, CEO, F.J. Sciame Construction: Thank you, Greg. Well, clearly, the construction industry has fallen off the cliff. As of 2009, January of 2009, it's come from being what was called "white hot" to about as bad as its ever gotten. I've always believed that our most important assets are our human assets, and we are working very hard to keep all of those assets.

We believe if we do that, we will come out of this recession stronger. Fortunately, we didn't over-expand, in the 2008, 2006, 2007 hot period, but we are challenged to keep our people working. I think that we're seeing a little bit of an uptick, and it may end up bottoming out and then coming up, but I don't think it'll be a quick recovery for our industry. We're just using all of our skills, and the creative skills of our people, to find new markets, and to find a new way to not only survive, but funny enough, we may end up thriving, because we have ended up finding markets that we hadn't competed in, and we find ourselves competing very well because of the great people that we have.

Greg David: Dr. Pardes, you probably represent the most recession-resistant industry there is, how has the recession changes your workforce needs, if at all?

Dr. Herbert Pardes, President and CEO, New York-Presbyterian Hospital: Well, it has had an adverse impact in the sense that some of the revenue streams that would ordinarily support health care are constricted, so that includes things like the state support for Medicaid, there have been a number of cuts in the hospital sector. The hospitals in this state, unfortunately, are working at almost invisible margins. There have been other squeezes as well. On the other hand, I would say that health care promises to be one of the areas which will provide opportunities across the board. There are a whole range of health care disciplines which are shortage areas, we need more people. I want to applaud Dr. Goldstein's presentation, because I thought it was superb, and what we have got to do is capitalize on the youth across the board, all the talent we can get and provide them with education. We need them as nurses, pharmacists, technicians, doctors. We may be squeezed in money, we'll try and find the money, but we certainly have to find the wherewithal to be able to provide health care to the entire population of this country.

Greg David: Mr. Conde, can you speak to tech?

Cristóbal Conde, President and CEO, SunGard: Well, tech's been very hard-hit, we're not an industry like medical—our people are subject to off-shoring of jobs—it's hard to stick a needle in somebody's behind from Mumbai, but it's been a real issue. However, it's also given us an opportunity to say: how can we be more important to our clients, how can we solve our clients' biggest problems? The answer is innovation, much like you. I think this crisis, we'll come out of this much stronger than when we entered, and it's by having each and every one of our employees take the innovation challenge onto themselves. Innovation is not my job, it's everybody's job. And that's how we are getting market share and coming out of this. But it's been no fun, and right now, it's a question of how do job candidates, differentiate themselves in a marketplace where many, many people have similar skills. And I think more focus on interpersonal communication, those "soft skills" those things are the things that differentiate. Community service, a huge differentiator.

Greg David: Mr. Grannum, you work with many small businesses, in a borough outside Manhattan, how has the recession changed everything from your perspective?

Colvin Grannum, President and CEO, Bedford Stuyvesant Restoration Corporation: Well, I guess I have two ways that I want to respond to that question. One is, as the chief executive of a not-for-profit corporation, and I guess then I'll also try to address the specific question you ask, which is the effect on the local businesses in the area where I work. But with respect to our organization, we have for some time been trying to upgrade a number of our platforms, for

example, financial management, and energy efficiency, which is a platform that is growing for us because of the increased investment in energy efficiency, which is being driven by the federal budget, as well as our workforce development platform, which involves training and job placement, which is also to some extent growing as a result of the federal budget. What we've been able to do as a result of the recession is literally find candidates for positions, particularly in financial management, that we would not have been able to afford, prior to the recession. The challenge for us is to hold onto these people when times get better, we are trying to work on a range of things, in terms of the environment of the workplace. Unfortunately, with respect to the commercial corridor, which we're focused on, we're losing a lot of businesses, so jobs are, for the most part, not being created along the commercial corridor and so I think, you know, the focus really for us now, is less around employees, more around trying to find ways to support the businesses and help them create additional jobs and preserve jobs.

Greg David: So for broad perspectives at the end we'll turn to Mr. Nitti and then Ms. Wylde. Mr. Nitti?

Tim Nitti: Sure, I'd like to approach it from the aspect of the clients I serve, and what this recession has meant to them and their long-term prospects for what they see as their presence in New York. Traditionally, our clients have struggled with two aspects of maintaining large workforces in this region. One is obviously cost, but if you are a wise and well-rounded executive group in a large company, you understand the country as a whole is facing a demographic crisis. The workforce is going to continue to grow at slower and slower rates, and there will be a national shortage of labor; it seems a little bit odd to say in the midst of a recession, but long-term, corporate leaders know this.

And if you are maintaining a huge workforce, in a place like New York, with demographic trends that are even more dire than the rest of the country, we are a net exporter of domestic talent to the rest of the country year in and year out. You're extremely concerned by that dynamic. The recession has added another dimension to this – costs have always mattered, that's the other thing that employers struggle with in this environment. New York has always been expensive to maintain a workforce in, a lot of the industries are looking forward to, even with recovery, mitigated margins on an ongoing basis. They expect their profit margins to shrink dramatically. The finance industry is not going to operate on a leverage ratio going forward.

If you're looking at access to talent being a constraint, if you're looking at costs being even more a driver of your decisions, industries today are increasingly—even in the midst of this recession, where making long-term, strategic decisions is difficult, and often for some companies impossible—are actually revising long-term plans towards looking carefully at what they need to maintain in this region, and being very careful about how much they can continue to do, simply because it will be difficult to fill the positions, and it will be extremely costly in an environment where they are earning less and less and returning less and less to their shareholders. So while the first portion is recession, it was largely stagnation of any decisions the last several months that have been defined by a number of the city's major employers carefully considering their long-term prospects here, and looking at what really must remain in this environment.

Greg David: Thank you very much, I think I'd like to ask each of you to pull the microphones up a little bit closer to you, I think we can get a little bit better sound. Kathy?

Kathryn Wylde, President and CEO, Partnership for New York City: Just in summing up, I think that the recession has been particularly hard on New York's key industries, financial services we understand has had a significant degree of layoffs but media, which people are less aware of, the number one source of advertising revenues is car companies, number two is banks, number three is pharma, all those industries are in crisis, they're not advertising, and as a result, the media industry has fallen off a cliff, and that is a very, a very bad thing for New York that we haven't paid enough attention to.

Greg David: Some of us personally.

Kathryn Wylde: Indeed! And professional services, particularly in New York, their primary clients in the financial services area, they're cutting back, whether it's lawyers, accountants, or management consultants, there's a whole change there. And there are layoffs across the board in these sectors that make a big difference, layoffs of high-paid jobs, where the implications flow through the economy, and so you see the small retail businesses closing. And then the final industry is tourism, where there's been a six percent drop in tourist visits this year, and that has an impact on both the not-for-profit and particularly the retail sectors of the city and the hospitality sectors. So there's a real ripple effect, and the number of jobs lost may seem relatively small, but the impact on the New York economy is disproportionate and we have to take it seriously.

There's been a proactive response to that effort, particularly by the city, and led by the city's economic development efforts to try and mobilize and plan for a couple of things, one, around the potential of the stimulus package, two, we did very well in securing funds under the stimulus for health, education, those are areas that are stable. But we're seeing a shift in two directions of job generation for the foreseeable future, in New York, which will not come out of our conventional industries but one, out of small enterprise, out of entrepreneurial ventures at start-up companies, and many of the talent, much of the talent that has been laid-off is starting their own businesses, which is a good thing, and number two, government. Those areas that the government will be supporting, whether it's public infrastructure, construction or the transformation of the health care system, there's hope for education areas, government, we will be more dependent on government spending, federal and otherwise.

Greg David: Thank you. One of the most interesting and not understood aspects of the recession is the layoffs and job losses in business and professional services exceed financial services, and that's a little bit unusual, given other downturns.

Kathryn Wylde: And it also in the last decade was our biggest source of job creation, professional services and business services. So in terms of actual people employed, that change is very significant.

Greg David: That's one issue I'm personally watching very closely to see the trends. I'd like to leapfrog the present and go into the future, and I'll just work my way down the panel for each of you to take a few minutes, but only a few, to explain to this group what you see as the workforce

needs in your industry or the city in the future, being five years from now, when the economy's recovered, however you want to frame it. We'll start with the other end with Dr. Pardes.

Dr, Herbert Pardes: Well certainly, as we watch the national focus on health reform, one of the primary tensions is to bring health care coverage to the entire population. That will augment or exacerbate what is already a problem of shortages, with regard to health care professionals. And by professionals, I mean the entirety of the health care staff. There are specific areas which require considerable attention. We'll have to see the generation of a larger number of health care, of general, primary care providers, that includes both doctors and nurse practitioners, we do see a shortage of nurses in general, we will first need to see an expansion of the nurse faculty core, because the interesting thing is there have been a number of students applying for nursing education who are unable to get into schools because of the limitations in terms of the number of nursing faculty. But the physician shortages are not restricted to primary care doctors. There are also shortages in general surgeons, pediatric sub-specialists, child psychologists, and developing shortages elsewhere. You can extend that in terms of technicians, pharmacists, radiologists, really the entire cadre of health care workers.

So the question is: how will the health care reform come out, how will a state like New York do in that context, and I want to emphasize that one of the things that has to be remembered when we think nationally about a policy such as health care, that the sections of the country are widely different. Anybody thinking that northern Montana resembles the nature of the health care challenges in New York has probably been asleep for awhile. So the challenges are much greater here, we have to be much more responsive, innovative in that regard, and so I think if we can maintain as much of a resource flow as possible, there are opportunities both in the clinical area, and then as Dr. Goldstein said earlier, the number of research and technology areas emerging from the medical world are extraordinarily exciting. And we should definitely be in the lead position in that regard.

Greg David: Mr. Nitti?

Tim Nitti: Certainly, as I look across both the folks that I work with directly as clients but also the myriad of executives I talk to across the country, on what their talent needs are going forward, across just about every industry, are technology, science, engineering and mathematics skills, almost independent of what industry you're talking to. That is their greatest challenge. Nobody tells me they are having a hard time finding enough JDs or MBAs or four-year grads in business to fill their needs. It's those areas and it's across companies in finance, pharmaceuticals, not just the organizations that would directly be in those businesses. And what we see increasingly are employers positioning themselves in locales to leverage the university and college systems that are natural feeders and have concentrations in those areas. They're actually making decisions to establish sites in places around universities that can feed that talent, because they're in places that traditionally the universities have been more traditional and have produced liberal-arts grads and business grads and lawyers, and have not retooled their agendas and their curricula for what employers need in this coming century.

On the other extreme, a lot of our clients, oddly enough, find a very difficult time filling customer service roles. Customer service has changed dramatically. The low-end roles either don't exist because they've been replaced by technology, the internet, automated phone systems, or they've moved offshore. A lot of that is mitigated as employers have found that that's not always the best

alternative. A lot of people are filling large-scale customer service operations with fully-exempt, four-year grad workforces because they're touching the customer in a very direct way, and if they don't do it well, it affects revenue, and finding people with those types of skills to deal with the customer base is very difficult for a lot of employers. So that's an area where, it's easy to say technologists, engineers, and scientists, everybody knows that one, it's always been amazing to me that customer service is something that has employers so concerned, and those have become very high-end roles. In some instances, they're very attractive jobs, fully exempt, fully benefited. The days of the hourly call center are largely disappearing.

Greg David: I appreciate your emphasis on math, I've had to teach several generations of reporters how to do percentage increases and decreases, which is kind of crucial in business journalism. Mr. Grannum?

Colvin Grannum: Our focus is to try and assist our neighborhood residents in filling or gaining the skills required to fill positions where shortages are seen or projected, whether it's the highly technical areas such as engineering where math and science and other skills are required, or whether it's the customer service roles, where you have to have strong soft skills, skills to be able to deal with customers and to solve problems. And so we have a tremendous worry about whether the school system or other institutions, including ours, is doing enough to ready people for these positions. It's a very painful situation, when we have so many folks who are unemployed, and have been unemployed even before the recession, but yet there are so many jobs in areas and sectors where they're shortages. So a lot of our work, a growing amount of our work is focused on that and I would have to also say that through my involvement in the Workforce Investment Board, I can see at the city is increasingly investing more resources and trying to identify sectors where shortages are projected and trying to bring to neighborhood residents the skills, training programs, and resources that might help fill that. But there's still, and I can't overemphasize this, the gap between a significant portion of the residents of communities like Bedford-Stuyvesant and a range of neighborhoods in the five boroughs that have been historically low-income or have had a disproportionately high number of residents that are low-income, and the needs of employers. So it's a great challenge there.

Greg David: Mr. Conde?

Cristóbal Conde: I think it's a question of defining the context and defining the problem and what are the jobs that are going to be relevant in the New York economy and what is the New York economy? Actually, it's actually not part of New York State, maybe it's a part of, you know, the greater...

Greg David: We wish we weren't part of New York State! That's what you want to say!

Cristóbal Conde: My point is New York really belongs to the global economy, there is no such thing as a local economy, per se. The industries that do really well here are the ones that compete globally, against competitors from all over the place. That also creates problems, because people that are looking for jobs are competing against a global workforce. And an above average student graduating in New York, is going to be competing against the top one percent of students in China or in India. So how do you differentiate? Well, I would say get relevant job experience, interpersonal skills, communications, try selling something for awhile, get a job in sales on the side, selling something to someone that doesn't want to buy it, it's a lifelong skill, and finally,

community service. If you cannot demonstrate leadership skills, in a traditional work environment, employers will value the fact that you were able to do something in a volunteer job, in community service, and those are things that push job candidates over the line. Because at this point, the technical skills can be filled very easily.

But in terms of the jobs that are going to be relevant, I think there's an explosion of data, in all forms of digital data, an explosion in the computing requirements, and that will lead to an increase in the importance of energy audits and energy specialists. We can't fill our data centers, because we can't get enough of electricity into them, the new computers use up so much juice that we, that we are left with empty space. I talk to ConEd and they say "Cris, do you want me to block off Second Avenue for you and build you a substation there?" We can't get more power into the buildings. So they have to be more efficient. I mean, power consumption by data centers already uses up more energy than the entire airline industry. So this is a real problem. So energy, technology, but the realization that you will be competing on a global scale against people that have studied more math and science and they're willing to work for less. But I think New York still can compete.

Greg David: Ms. Wylde?

Kathryn Wylde: Well, I think that the key areas of technological skills and analytic and problem-solving skills are obviously what employers are looking for. We have over the past couple of years done a project with PriceWaterhouseCoopers where we've analyzed 21 world cities for attractiveness to employers. New York remains one of the top world cities, but our number one competitive advantage is intellectual capital. New York, by all indices, is ranked number one of all world cities, for intellectual capital. Matt Goldstein outlined a number of the reasons for that, because of the concentration of education and research activity here and the diversity of our economy in terms of the leadership, the headquarters operations in so many areas and our welcoming of immigrants where we have attracted, we've basically for years sucked up the best and the brightest from around the world. And I think that one constant theme here is that we have to reconcile the conflict between the notion that somehow immigrants are taking domestic jobs during a period of recession and unemployment; it is just not true. Immigrants are a source of job creation in this country. Immigrants at all levels of the job spectrum and if we do not get our doors back open, and the fact that the banks that were involved in the TARP program couldn't hire the best people in the world because of the H-1B visa restriction is just killing ourselves; it's crazy. So that's one thing; New York has to continue to stay the number one intellectual capital. The only way we'll do that is if the U.S. doors are open, and I think that is really important for the immediate future.

Greg David: I intend to return to the immigration issue in just a minute. Mr. Sciame, on the broad issue about what the future holds.

Frank Sciame: I went to City College and have had a chance to witness firsthand what Matt Goldstein did for the university, and when you see the students that come from all over the world and the talent that's, it is so important to this town, because the future leaders are there, the Rhodes Scholars are back there, they're at CUNY, and it's so important. In terms of our industry, we are going to need skilled people, both in the office and in the field. When you look at the building we're in today, and compare this institutional building to what it would have looked like fifty years ago, it's completely different. Couple that with the energy efficiencies, couple that

with the research facilities that now require this laboratory. We are going to need very smart people who know how to work with computers, who know how to do all these new programs to coordinate what's happening in these buildings. There is a lack of craftsmen, and what's happening is everyone's trying to build it on paper first, that's going to require skilled people in the office, and very skilled people in the field as well to put it together. I think it's also going to open up enormous opportunity in terms of manufacturing. Right now we're buying things from all over the world, there's tremendous property upstate, manufacturing facilities that are gone, I think there's an opportunity to manufacture for ourselves, but we're going to need people with great technical skills. And finally, I think it's going to be real important that we find people who will communicate, and people that are morally grounded. At one of Kathy's meetings, I heard one of the big leaders of a company ask the question, how do you keep your people, you seem to keep all of your people for a very long time, and he said, we hire principled people. And he was asked, well, why do you do that? He said because principled people are predictable. Principled people are predictable. And I think that's—

Greg David: I don't think he was from Goldman.

Frank Sciame: I won't say who. But it was so true, because you can't run a business and have people that will be out the door when the next offer comes in. We like to ask our people, you can't, I'd like to think that our people will stay with us forever. And my attorney reminded me that slavery is no longer allowed in this country. But we do at least ask them if you're making a commitment, please tell us you're not going to leave this job in the middle. Because that's an enormous cost and an enormous disservice to the client, and a principled person, if he tells you he or she will do that, they do it. So I think that's going to be at the top of our list.

Greg David: I want to pick up on the education issues in the chancellor's talk and I've heard it mentioned a couple of times. Yesterday, we did a panel with the candidates for city comptroller, they were asked to give a grade on the improvements in the school system and to say whether they'd fire Joel Klein or not. Two said yes, two said yes, one said no, and one refused to say. So three questions—

Frank Sciame: But Greg, they were politicians!

Greg David: Well, so three questions. Give a grade for how much the schools have improved, would you keep Joel Klein in a third term, and, what is the one thing you want them to do that they're not doing now in the school system. And Mr. Sciame, you're up first.

Frank Sciame: I would keep Joel Klein, I would keep mayoral control, I think that the schools are improving, obviously there are areas that continue to need more improvement, but I think there's been a real change, there's been a great change in the perception of what the education is like, and I think that's critical. If people perceive that the schools are getting better, they'll want to be here and I think that that's clearly been accomplished. I'd like to see more technical training, I think that there is a great opportunity. We need skilled people, we need automobile mechanics, we need people that can build houses, buildings, and I think that if there was one area that I'd like to focus on early, it's vocational training, even at the elementary school level and then certainly at the high school levels and follow through at the junior colleges.

Greg David: Kathy?

Kathryn Wylde: I think there's no doubt the business community generally feels confidence in the New York City public schools for the first time in 40 years, and so I think there's no doubt that Joel Klein gets credit for that, and so he would be a keeper in that sense. Continuity itself, I went out and visited Mayor Daley when we were looking at the opportunity to get mayoral control in the schools and Chicago had had it for a number of years, so I said: what do you think is the biggest challenge to the New York City public schools, and he said term limits. Mayor Daley, as you know, they have a dynasty out there, but his point was: it takes so long to get anything done in the schools, and especially in a large, complicated urban school system that you just need to stick at it with continuity of vision and efforts over a long period of time. We've put enormous resources into the schools, behind that vision and I think that if we were to pull the plug right now, that we would be back to a situation where people were really feeling like the money going into the schools was going into a rat hole and we'd be in very bad shape.

Greg David: Mr. Conde?

Cristóbal Conde: I think Joel Klein gets it and he's brought in people that get it as well. From my contacts with the education department, I'm very pleased. They've been more focused than ever on career and technical education, I think the graduation rates for Latinos and African-Americans are deplorable, not enough people say that it's a crisis but it is. How on earth can you compete with the very brightest from China and India if you're not even graduating, I think that's pathetic. And I think Joel Klein gets it. I think career and technical education should be strengthened, not seen as an alternative way to eventually get to college, but an end in itself, the rightful product end in itself, and I think career and technical education should be expanded to include banking, insurance, and new technologies. And I think Joel Klein gets it.

Greg David: Mr. Grannum?

Colvin Grannum: I have to echo the statements. I consider Joel Klein a friend, and I also think he's probably one of the most eloquent and compassionate spokespeople for public education. I have a very difficult time figuring out what's going on in the public schools, I'll just be honest. I really don't have a clue when we talk about systemic change. I see data all over the place. I'm concerned about the amount of access that some people in the neighborhoods feel they have, in other words they feel they don't have as much access as they would like. And secondly, I'm concerned that while the needle is moving, we're still at levels that are not acceptable with respect to graduation rates and there's still a tremendous amount in the neighborhoods of disengagement by students. The last thing I'd say about this is that there's been a heavy emphasis on small schools and I think that the creation of small schools, whether they're charter schools or vision schools or some other hybrid is a good thing. And I think we need to have as many platforms for learning and experimentation and innovation as possible, and I think that Joel has done a great job in creating an environment where innovation is valued. However, we have some huge schools still, which I don't think in my view, I have to say that my knowledge base is limited, but we have a school down the street from Restoration Corp., Boys and Girls High School, that's got 4,000 students in it, and the school's struggling. And there are others. Reality, in my view, is that I grew up in Bedford-Stuyvesant, and when I grew up in Bedford-Stuyvesant, nobody wanted to go to high school in Bedford-Stuyvesant and the reality today is, nobody

wants to go to high school in Bedford-Stuyvesant. That's just the bottom line. So, we've got a ways to go.

Greg David: Mr. Nitti.

Tim Nitti: Certainly, I can only echo what the other folks have said. Clearly, there's a perception that schools continue to improve in the region. And there's been measurable change. It's interesting—almost universally, public education is so important, that no matter who you talk to about it, where, people always feel there's room for improvement. So I don't think that's a unique aspect of being in New York. In terms of Joel Klein, I never vote one way or the other for someone to lose a job. As a consultant, I'm always one bad meeting from getting fired from the engagement, so that's bad karma. So call me superstitious. In terms of improvement, you know, it's a factor that I don't think is unique to New York. As I talk to businesses across the country, their biggest concern about the public education system is that it struggles to know what to do with training the non-college bound. Largely, not through a fault of their own, but because there is not a clear channel of what comes next for those folks. And therefore, school system administrators, principals tell me, that there's an over-reliance on erring on the side of driving people to four-year degrees, regardless of whether that suits them or not.

On the other side of the fence, I had employers telling me that there are jobs that they have in large quantities, that need not be filled with a four-year degree holder with a liberal arts education or a technology education, that could easily be trained in the public school systems, but it's not being done. And therefore, it is necessary to get those skills from a four-year degree holder, it's inefficient for the business, it is also a disservice to the four-year degree holder, because often that person is in a job, then, that is only minimally utilizing their talent. And so that their first priority is getting out of that job, that leads to high turnover, it's expensive, and by the time you've trained that person, they want out. This is a structural issue that's not unique to New York, though, and I think it's probably one of the biggest things that business leaders complain about when they think about the public education system just about anywhere. What to do with that aspect of our population.

Greg David: Dr. Pardes, the city's public education system?

Dr. Herbert Pardes: Well first, I think when you ask somebody to undertake the improvement of something as complicated as the New York City public school system, you're putting quite a challenge to that person. And my impression is that we've seen distinct improvement. I think we're seeing it in the students, I think we're also seeing distinct improvement in the way teachers are being viewed and the attempt to improve the overall quality and merit of teachers. I think Joel Klein is a remarkable talent, a wonderful leader and I echo the comments of my colleagues on the panel. I think he's first-rate, I think we're lucky to have him, and I think we need a longer look in terms of getting a real fix to the school system. I'm appreciative of the question, the third question, Greg, particularly. I want to say two things about that. With regard to what I'd like to see the school do, I'd like to see the schools make health care, personal health care, nutrition and exercise a mandatory part of the curriculum from grade one. I think one of the ways to improve our health care system is for all of us as individuals to take responsibility for our own health care, and know what health care is about. What better activist can there be than a child trained from age four or five, or even earlier, as to the importance of the right things to do for health, diet, exercise, and the like. And I take it as a very serious issue, place it right along with history,

English, math, whatever the core curriculum, and I'd educate them straight through. Maybe that would mean from day one, we would be less likely to have obese children, children who smoke, children who are on drugs, and all the other things that compromise their health.

The second part of the question, because I think it's a critical question, is I think that one way to attack the issue of capturing the enormous talent that our youth represent is to attach them early to some kind of constructive activity in the society. It can be a business, it can be a university, it can be a library, it can be anything you'd like. As an example, we at the hospital have started the Eugene Lang program, it's a program for 12- and 13-year-olds, youngsters from the community, we give them a six-year program, we're interested in attracting them to health careers, I'm happy to tell you that the first class just graduated, and very nicely, some kids who might have gone in very different directions are going on to good colleges, we anticipate that they become doctors and nurses. I hope they'll take my position, we need them, and I think that the more we can connect youngsters to the whole range of constructive activities in the society, the greater likelihood that they'll stay for the long haul and that they'll become participants in those constructive sectors.

Greg David: I'd like to pick up on the degree issue that Mr. Nitti raised, and I'll start with you, Dr. Pardes. Is the degree required in the health care system, is the degree you think people ought to have rising, are we putting too much emphasis on it, do you think everybody will need an associate's degree in a few years, you think not, you think high school degrees will be okay? How do you view that issue?

Dr. Pardes: Well, I think there are different kinds of jobs in the health community, and obviously, if they are technological or a particular kind of skills required, you have to make sure that the training is there, and so there are a lot of positions for which degrees are absolutely required. But there are a lot of jobs in health care which don't necessarily require that, so I think we can offer a broad access to people at various levels of training. But I do want to just pick up on my colleagues' comments. My concern is that, as somebody said earlier, we have no longer, simply some kind of local economy and society; we're in a global economy and we'd best make sure that we're doing everything we can to facilitate the ability of people in this country to become skilled in technology, computer, information technology, nursing, pharmacy, etc., because their competitors are the many children from other places. We need the labor, but we also need to help our young people become that workforce.

Greg David: Mr. Sciame, what about degrees in the construction industry?

Frank Sciame: I think they're important, I think you have to have some level of training. There are some great certificate programs; NYU, for one, has given us some really great employees. But in general, I think the degree is something to aspire to. I came from a family where I was the first one to go to college, I really didn't want to go. I wanted to get out there and work, I wanted to get out there and make money. Like most typical City College students, I just had the desire to create success. But, having been exposed to the different universities and seeing your professors, learning about what's out there beyond your little world, I think gives you the ability to expand and succeed further. So I think that we should really, really work hard to get the degree, to have the well-rounded people, who can then learn more, and contribute more to society. Also, the community give-back is something that you can learn at a university, so I'm a real fan of it, having been against it growing up.

Greg David: Mr. Conde?

Cristóbal Conde: I think there needs to be a greater role for career and technical education, as far as requirements for two-year, four-year degrees. The issue is, is, you know, not what I would like to do, but rather what does the job market do. And the job market, a degree is important, but a four-year degree, basically, the pay scales tell you that you're getting paid a lot more for the last two years of college, not just the first two. That's just the reality, I think. I think there are many more jobs that could be done without a four-year degree, but you won't get paid for them, that's the reality.

Greg David: Anyone else want to comment on that?

Colvin Grannum: I believe greater emphasis should be placed on vocational and technical education. I think that there are a lot of young people, and I'm very neighborhood-focused and so, you need to accept it, I'm not saying forgive it, but just accept it, and I've worked at a lot of different places and one of the things that I would say is I've always been somewhat concerned, just to be candid, and I have friends, I've worked in the New York Telephone Company, I have a friend who is head of H.R. at ConEd, and one of the things that we have noticed is that some of the high-paying craft positions that don't require any college education at all, the ranks were not filled with many minorities. These positions, for whatever reason, and I'm not claiming to know the reason, were not accessible to many minorities. I think and I've always felt that there should be greater focus on educating young, especially African-American and minority men about the availability or existence of these positions. There seems to be, however, a trend historically in pushing people to college and that has been said earlier, and a lot of neighborhood residents could benefit from early exposure to the existence of these jobs.

One of the things that the city has been doing which I think is good, is promoting internships for your people. And so, I know that Kathy and a range of people here have been participating in this, but DYCD, and a range of other agencies have been soliciting corporations and a range of businesses to take young people in. Early exposure is very important because it helps people put into perspective what the possibilities are, and I think that for a lot of young people, that's not the case. I also think that for a lot of young people, they're not cognizant that they're in a global competition. They're competing against the guy sitting in class next to them, who is not very bright. But we have to elevate that in the public schools, when you get to apply for a job, you see all these different people who are coming from everywhere, and you're like holy smokes! So I think there needs to be more alignment throughout. I think there just needs to be alignment early on so what we're saying in this arena is filtered all the way through the system, because I think it's a great surprise to some people as they come to the workforce.

Greg David: Let me pursue that for a second, because it was on my list. Mr. Sciame, with all due respect, next to the FDNY, you're still the whitest industry in New York, I think. Why?

Frank Sciame: Well, I think it's changing, I think that there has been some time a strong hold by the unions, there were apprenticeship programs that were really just opened up to family members, it was difficult to get into the unions, but I do think that that's been cleared up. I think there's going to be, for the plumbers' application, I don't know what they're going to do, they're going to be sleeping out for two days to try and get an application, it's going to be open to everyone. So I think it has been a real reality, I mean the construction trades have had really, not

that they were discriminatory, but they were just keeping it to their own, which is discriminatory. They just thought that they should keep it. I mean, they didn't think of it as one race, they just wanted to give it to their children, but it's changing. And I do think the non-union is also becoming a major factor in this town, which is not a bad thing, because it's forcing the construction unions to compete and work a little bit harder. I'm a union proponent, I think it's a good thing, I do think we have to be able to be competitive, so I think the mix of non-union and what the unions are doing is going to change that.

Greg David: Dr. Pardes, when I walk into a hospital, your workforce does resemble the city of New York. How did that happen? Why did that happen?

Dr. Herbert Pardes: Well, I think that we tried to make positions available to everybody, and interestingly enough, the patient population is as illustrative of the city of New York as the workforce population. You might be interested to know that New York-Presbyterian now translates in 95 languages, and if you think in terms of a given translation episode, in facilitating the health care, how can you take care of somebody if you can't understand what they're saying? You may be interested to know that last year we did approximately 230,000 such translation episodes. We're very fortunate to have a very mixed workforce, I think that's the right way, and I think it's not only one of the strengths of the hospital, but one of the strengths of the country, and I think that one message Matthew Goldstein started out with and has been restated many times, one of the greatest assets and the strengths of this country is it's ability to have people come in from other countries, they become contributors, and that we should do everything we can, picking up on what Kathy has said, to get rid of the barriers that prevent our taking advantage of them, and them taking advantage of the opportunities here. We need them.

Greg David: Dr. Pardes has to leave in a minute, so I would like to ask him one specific question. You know, I listened to the President's speech last night, all that emphasis on cost-cutting in health care, and that great example about, you know, the person who goes and gets three X-rays in the course of getting three tests. If national health care does come into effect, and if we really do cut costs substantially, might that not change your bullish forecast for the number of jobs in the industry?

Dr. Herbert Pardes: Well I think, Greg, this is a very complicated topic, and you're quite, you're right on. The right principle is that everybody should have health care. The second thing to make sure we maintain its quality. I believe the way to address the cost problem is really a shared responsibility. If everybody puts in something in order to make it work, we can get there. And I think you can't but applaud the President for being courageous and taking this on, it's the right issue, we can't wait too longer. But let's have pharma, the companies, the device companies, the plans, everybody, pitch in to try to make sure that the dollars are not cut too dramatically, because just as you're implying, if we don't have the dollars, as much as we want to give the care, will we be able to support the people and the structure to supply that care. It's a very focal question.

Greg David: Please join me in thanking Dr. Pardes for being with us. We're going to open it up to the floor in just a minute, but I'd like to cover two topics first. In the political discourse of New York, there's an endless obsession about middle-class jobs. We need middle-class jobs, we're losing middle-class jobs, sometimes it's used to keep Wal-Mart out, sometimes it's used to

keep non-labor out, sometimes it's used for other things. What is the future of middle-class jobs in New York, and what do we need to do about it? Kathy, do you want to start?

Kathryn Wylde: Well, I think a lot of that has focused around not having, I think that we haven't had an economic development strategy and particularly at the state level, that other states have had for many years that was focused on creating the next generation of middle-class jobs. Our orientation has been more toward hanging on upstate to the old manufacturing jobs, here to the corporate back-office jobs downstate and I think that that's what has created kind of the problem. Jobs are not created equal. The one program tool we have in this state for economic development are called empire zones, which is a geographically targeted program that treats all jobs alike, in marked contrast to the kind of program they have in New Jersey, which has pirated huge amounts of our jobs with a program that gives a straight rebate to employers that grows with the quality of the job. And I think that hopefully, there is a focus at least among economic development groups, certainly there is in the city, on what we have to do to create a good, competitive economic development strategy, and I think that's the only way we're going to get to this middle-class jobs issue, because when you're hanging onto the jobs of the past, you're using all your public money, to subsidize something that the market isn't supporting, instead of going forward and trying to be at the front of the pack. We can be at the front of the pack, in the green industries, alternative energy, and that area, if we strategically focus and invest there.

Greg David: Mr. Nitti?

Tim Nitti: Well, certainly, you can't have a bifurcated economy with simply entry-level, lower-class jobs and high-paying jobs; it's not sustainable. I echo the former comments, certainly the economic development strategy of New York has not kept up with what some other states are doing, in all fairness. From a city perspective, this is a very complicated economic development environment, you spend a lot of time playing defense, and trying to retain what you have. Going on the offense is difficult, there are a lot of industries where you simply can't compete at a 40 percent to 50 percent cost premium over other locales. Economic development organizations are almost always universally resource-challenged, despite being essentially the sales force for cities as a product. They almost never have the sort of visibility and funding they need, and I think this is no different from other instances where it has to be picking your battles and spending those dollars and that effort wisely. I think the policymakers need to support that effort, and anything they can do, for instance, to mitigate the cost of middle-class housing, could be a huge win. And certainly connectivity of Manhattan with the boroughs, is an issue that comes to mind. It's one of the last opportunities for more affordable middle-class housing, obviously, you know, Manhattan is fine when you're 25 and sharing an apartment, with three other people, it's fine if you're wealthy, but for most people it's not a sustainable lifestyle. The alternative right now in many instances is a two-hour round-trip per day commute. And that is a threat to the labor force, primarily the middle-class labor force. So there are policy objectives that I think could strengthen the effort of the economic developers who fundamentally have a difficult job on this front.

Greg David: Mr. Conde?

Cristóbal Conde: Jobs, and middle-class jobs, I have very little time and very little patience for that kind of longing of historical times, of seeing through rose-colored glasses; many things about the past weren't so great. I think we turn the question around, and say what is the middle-class job? What is the middle-class opportunity? I would say it's a small-business, the question

is: how do we foster the creation of new small businesses, that's where employment grows dramatically, and that is the single best thing we could be doing. And I would say investments in infrastructure, investments in new infrastructures that are needed, such as broadband technology, to me it's really silly that we can find money for two, not even one, but two baseball stadiums, but we can't find the money to pay teachers for what they deserve, and to build up a proper, 21st century infrastructure, that's crazy.

Greg David: Seth can answer that later. I'm going to open it up for questions, I have one final question, that I'll ask at the end, but I think it's time for questions. There are some mics around, and if I call on you and you're in the front, speak loudly. Why don't you start with your name and identify yourself. And I prefer if you ask a specific person the question, that will get us going. There's one right here in front.

Audience member: First of all, I hope that Greg moderates the next presidential panel, this is a wonderful panel and very complex thinkers. Just two questions. One, I guess to whoever wants to take it, we talked about the importance of immigration and welcoming of immigrants, the sad fact that our capital is also depleted, that an African-American college graduate has a harder time getting a job than a white counterpart, one part we haven't addressed. The other is, we're sort of preaching to the choir; everybody here would applaud what President Goldstein said initially, in terms of the need to invest in education, in the structure and so on, and I guess my question is: how do we build support in the nation for funding education and infrastructure? We're constantly seeing cutbacks in those areas. How do we get people to understand that the need for that?

Greg David: Mr. Grannum, do you want to touch the first one?

Colvin Grannum: Well, I think, I don't know the answer to the question, to be honest with you, I think it's important that we keep arguing the point. When I was preparing for this, I talked to a couple of friends about it, and one of the things that strikes me is that we've got this battle going on. Some people are calling the president socialist, and what strikes me is when you press for what I'm going to call 'alignment,' and when you advocate around a set of values, sometimes you get accused of that. And so what I mean by that is, I feel like there's a very laissez-faire attitude in our society about opportunity and preparation. And it's just like, you go out there and you do what you want to do, you study what you want to study, and there's not enough advocacy by us as a country around specific things. I hear it in families, I don't hear it in a broader society. I don't hear in a boarder society, we think that you ought to focus on math; we think you ought to focus on this. I hear it at home, I hear other parents saying that, I even think there's less advocacy and stridency around the values that ought to be taught in schools. So, I don't know the answer to your question, but I do think that there's still this abiding feeling in the nation that a lot of this has to be done in the individual families. And that there's some level of restraint in pushing an agenda that pours more into a public system, and uses the public system to push certain agenda items, whether it's around how you educate, or whatever. I don't feel I'm giving you a satisfactory answer, but I do feel like there's this tension between what ought to be done in the home and what ought to be done in families and the choices, that people ought to be arguing for, in the public square as opposed to the home, and therefore, using public funding to advance any specific agenda is—there's a lot of tension around it.

Greg David: Thank you. We'll go over there.

Thomas Lowenhaupt, Connecting Dot NYC Inc.: Thank you, I'm Thomas Lowenhaupt, founding director of Connecting Dot NYC Inc., the New York State not-for-profit corporation established to evangelize and educate New Yorkers about the dot.nyc top-level domain. For background, dot.nyc is like.com—

Greg David: It's just questions, that's enough. Just who you are and a very short question, and we'll keep going.

Thomas Lowenhaupt: A very short question, okay. What innovative ideas can you offer for developing dot.nyc and for educating and training New Yorkers on its use?

Greg David: Mr. Conde? Do you want to take a run?

Cristóbal Conde: I think your question is right. The value proposition of getting more education in relevant areas is not pushed enough. I think people, I think students, kids, everybody who's an economic being, they're going to do what's best for them. The problem, the question is then, are they making the right, informed decisions about the payoffs associated with more investment in education versus the payoff of getting a job straightaway. And I think that's the issue, and you were referring to that in terms of how do you make a graduation be more relevant, how do you push the value proposition of graduation, the importance of graduation, to people who don't seem to value it that much. And it's not because they're stupid, simply that they're not making informed decisions. So I think the key to solving that is greater engagement with business. And that's why I and so many other business leaders are working so hard for the city on trying to build models for mentorship programs and involvement programs at a young age.

Alan Dlugash: My name is Alan Dlugash, I'm a partner in a firm that employs about 400 people and very involved in advising businesses in the City of New York. The panel very much focused on thinking outside the box but I find that there's a little bit of very much in the box thinking and very short questions in two distinct but related areas. In terms of business—

Greg David: Pick one, pick one question.

Alan Dlugash: Well, education. The need for education and potentially competitive education, potentially vouchers or other alternatives to the public schools. The public schools have not done the job, you go through 12 years of education without a degree in economics, going into this world, is that a viable incentive to improve the public schools by having a committed program to competition towards these public schools in areas that are important?

Greg David: Do we have a volunteer? Mr. Nitti sort of nodded, you're up!

Tim Nitti: Look, I'm simply a business consultant, asking me a public policy question about something as complicated as school choice, being that nobody will pay me fees to look into it, you know, I have my personal—

Kathryn Wylde: Everybody's already made up their minds!

Greg David: I would note that the Bloomberg administration has pursued an aggressive charter school program in an effort to create a lot of competition, so anyway, we only have a few time for questions, your name, a short identification, a quick, to the point question, and you have to ask it of someone. Okay? We're over there.

Karen Fleshman, Year Up NYC: Karen Fleshman from Year Up NYC, we train urban talent for corporate careers in IT and finance, and my question is to Kathy Wylde and Mr. Grannum, and it's with regard to the state's workforce development strategy. We talked a lot about economic development strategy. The Center for an Urban Future put out a report a few years ago, I think it's \$50 billion a year spent on workforce development in New York State. The Community Service Society at the same time documented 50 percent of the black men in this city are not working, 200,000 young adults 16-24 disconnected from the workforce, largely Latino and African-American. So how can we redirect our workforce development strategy to close the gap that Mr. Grannum mentioned previously between our neighborhoods and the economic opportunities in the city?

Greg David: Kathy?

Kathryn Wylde: Well the number that comes to my mind is, and Jonathan or whoever can correct, it's about \$2 billion a year and most of that is programmed federal money that's simply flowing through the state, it's not locally-initiated programs, not that our state would necessarily do any better. But it's highly limited in terms of what you can do with it, a lot of it goes into the retraining efforts that are aimed at keeping people in the same kind of jobs and industries that basically are not growing. And we've done very little, I'll go back to the point that Chancellor Goldstein and Cris mentioned, we've done very little to create programs that are flexible and available to small business to train, to use funds from training for the kinds of jobs that are actually needed and are creating, and I think that's a change that we have to make. The workforce opportunity tax credits that are available to small business, that are available to businesses across the board are not deep enough, they're not user-friendly enough to be of much use. So it tends to be, we're subsidizing training for the jobs that we don't need.

Greg David: Mr. Grannum?

Colvin Grannum: I think that the system is still very fractured. There's a lot of stimulus funds for workforce development, but the number of agencies that are getting contracts, that are related to workforce, there are a whole bunch of them. And keeping track of which ones are issuing which RFPs at which time, we need a consultant. The second thing I want to say about that is, I think that the way in which we approach it is still somewhat short-sighted, and the timeframe for producing results is unrealistically short. So we work with some people, and I think it's true in the school system and I think it's true in the workforce development system, you're expecting so-called results in an artificially short period of time. You're working with a population that requires a tremendous amount of investment, I believe, over a long period of time. But we're measuring outcomes and deliverables in six-month or nine-month intervals, so you get a person in a program, he's out in six months, and he supposed to be transformed. I'm still working on my son, he's 21 years old.

Greg David: I think that's a different relationship.

Colvin Grannum: I've been working with him, well, it's true, but what I'm saying is I still think that we're not making enough long-term investment, and that the funding streams that we're working with are not going to deliver the results that we need, because it's not patient capital.

Greg David: Okay, it's very important that you keep the questions short, direct, and to the point. Over here.

Dr. Brenda Greene, Medgar Evers College: Good morning, I'm Dr. Brenda Greene, and I'm from Medgar Evers College, where I'm a professor of English and direct the Center for Black Literature. A lot of the focus has been around creating jobs around technology and vocational education, and health care, etc. Yet there's also talk about creating people who are ready for a global community, and who have good interpersonal skills and communication skills, etc. So my question is, where do you see the role of the humanities and arts as you create this next generation?

Greg David: I think Mr. Nitti's spoken to that a couple of times, so I will tee you up.

Tim Nitti: There certainly is a role for the humanities and arts. You know, it is easy to focus on our deficit in science, engineering, and math. And while that's our most glaring hole in terms of a talent force for the future, it's important to remember that even at the professional level, at the exempt-job level, college-educated, the vast majority of people are simply well-educated people with the ability to think, and, increasingly, the ability to adapt. You look at any particular job role today, and it looks vastly different from what that job role looked five years ago, and it looks very different from what the job role will look like five years from now. On the technical side, what that means is increased emphasis on retraining, and skill updating, and I think certainly the community colleges in a lot of communities play a huge role in that, even for people with a four-year or more degree. But for a huge number of roles, what is required is somebody with critical-thinking skills, a solid foundation of knowledge and education. And I think our four-year universities have the latitude to inform their students that if you want to pursue a literature or history degree, that is an entrée to a good job in the future, because that does teach those kind of critical thinking skills.

Greg David: Right here, right here in front. Can you stand up?

Audience member: To Tim Nitti, for the mayor and the city council, what would you say are the three things you will do to improve the city economically, and to Kathy Wylde—

Greg David: That's actually some version of my last question, so I'm going to skip it.

Audience member: Which one?

Greg David: What you're saying, I'm going to skip it. What's your second question? And to one person, one person.

Audience member: My second question is to Kathy Wylde, would you increase the amount of math and science taught in the public schools, increase the standards for math and science, even if it caused a risk of a lower graduation rate?

Greg David: I'm not sure that's your pay grade either.

Kathryn Wylde: Yeah, it's not my core competence. I flunked both math and science. No, I just don't think that's, what do they call it, a Hobson's choice. I don't think that's a fair choice, that you've got to have both. And I think that hopefully the work that we're doing on career and technical education is going to make math and science and its application to the job world more relevant, more meaningful, and engage students in a different way than has happened before.

Greg David: We're back over there.

Jeri Chou, All-Day Buffet: Hi, I'm Jeri Chou with All-Day Buffet, which works in social innovation and entrepreneurship. And Kathryn, you mentioned briefly an increase in kind of jobs and the creative and entrepreneurial sectors, especially from, I personally know a lot of people who've worked in the media sector, which has been hit pretty hard, you know, moving towards entrepreneurship and creating their own ventures. What do you see for New York, a role if any, in supporting this kind of new, small entrepreneurial community, especially in competition with, some would say, more innovative cities like San Francisco or Singapore, which really have city government incentives in place for these kinds of businesses?

Kathryn Wylde: I think there are efforts now, right now, and Seth will probably talk at the city level, I'm talking about a task force the governor just set up with the state level, focused on small business entrepreneurial opportunities on the access to capital issues, on removing some of the regulatory barriers, we have 1930's kind of requirements for licensing degrees for small firms, and other kinds of bureaucratic obstacles that we have to get rid of and can, too. We have focused a lot on large employers, we've focused very little on small employers until recently. One silver lining of the recession has been there's been a real refocus and I think the freelancers have helped do that.

Greg David: Over here, this is actually going to wind up being the last question.

Kate Shackford, Bronx Overall Economic Development Corporation: Oh, dear. I'm Kate Shackford with the Bronx Overall Economic Development Corporation, and the Bronx is the poorest county in the nation, so my question, I think this is for Mr. Grannum. Looking at Van Jones' book, *The Green Collar Economy*, which talks about social disparities and saving the planet in terms of global warming, what do you think needs to be done to ensure that as we have to expand green industries in New York City and in New York State, how do we ensure that the people who've been left out historically always, and are continuing to be left out, get included in this kind of training and educational need for green industries?

Colvin Grannum: Here again, I don't have an answer, but I would say, you know, I've read Van Jones' book, and I came away very highly motivated, and exhilarated. But I think there's a struggle for those jobs, there's going to be a struggle, no doubt about it. I think what has to happen is that we have to focus and advocate, I think that's about the only thing we can do. I see a schism already, in terms of how those jobs are going to be allocated. I think that Van is advocating an ideal, but we're going to, this is the same question about political will, the nation is going to have to, maybe it will, maybe it won't, but we're going to have to advocate for inclusiveness, not just along racial lines, but along economic and class lines.

Cristóbal Conde: I just want to say that just because nobody's doing that much on green technology doesn't mean that it's up for grabs. I mean, look at wind technology, for instance. The top-ten companies in wind technology, only one is American, two are European, there's three South Korean, and three Chinese. So don't think that this is an empty space you're taking, just say oh well, we'll do more green, that just by saying that it's going to come true. It's going to require a ton of innovation, and a ton of capital creation, which goes back to the core infrastructure requirements of the city.

Greg David: So we're going to wrap the panel up this way. Seth Pinsky's over there, he has the mayor's ear, the chancellor's over here, you have his ear, you each get to tell them one thing you want them to do they're not doing now. Mr. Nitti?

Tim Nitti: I think certainly looking closely at the city's infrastructure is important from a couple of perspectives, one, directly, it affects large employers and small employers. And it's both things like roads and transportation, but it's also power. Operating a large facility, a data center in this area is exceedingly expensive at 18-21 cents per kilowatt-hour for energy. But it's also important to maintain your talent base. There is a trade-off to living in the New York metro area. It is more complicated to move around, it's more expensive to travel, you know, we all trade something off to be here, and to the extent that that can be at all mitigated, I think it improves your business climate, and what it's like to be an employer here, I think it improves the talent base. And a symbiotic relationship between the two is what's critical to the city's continued success. You can't draw high-quality talent without high-quality opportunities economically, and you can't retain your highest-quality economic opportunities without the talent base to support it.

Greg David: Mr. Grannum?

Colvin Grannum: I would just say thematically, I think that city government should continue along some of the lines that Mayor Bloomberg has invested in. I think the notion of this early exposure for young people, exposure to the workplace, exposure to volunteerism. What we're talking about is two things in my view. One is how to deal with people, negotiate with people, how to be responsive to people, and the second thing is creating an environment where they can imagine and see themselves in different opportunities, because neighborhoods in this city can be pretty isolating at times, and we have to keep that in mind. And if we want achievement, I think that we have to have this exposure, and I think the mayor has been doing a good job around that. The other thing is the notion of alignment that I mentioned, which I think that we really need to focus on saying in the public schools, and saying in the community centers and everywhere what are, what we see as the emerging areas, what we see as the skills that are needed, and really be in alignment in terms of our resources and making sure that the message gets out and the training is provided.

Greg David: Mr. Conde?

Cristóbal Conde: I would say, don't focus on government programs, or things like that, a level playing field will accomplish more and focus instead on what will make the innovation ecosystem thrive, because innovation is what leads to job creation and the key things for the innovation ecosystem are infrastructure, top-flight infrastructure. We should have the world's best wireless, mobile wireless infrastructure in New York. That would generate all kinds of things we've never even dreamed of. I think more focus on core skills, math and science, nothing

new there for me, and finally, the ecosystem depends on having the best and brightest here. And that requires far more immigration reform, the system of quotas and checks is simply broken, and prevents the smartest from coming here and creating jobs. I myself came on a visa, what I invented is not tied to the U.S. or New York at all, I sell things globally. We now have 20,000 people in the company, those jobs would have been somewhere else if I hadn't received a visa. That's just the reality of it, immigration leads to job creation.

Kathryn Wylde: Twenty-four thousand jobs.

Cristóbal Conde: Twenty-four thousand. So that's what I would push. Foster the innovation ecosystem.

Greg David: Ms. Wylde?

Kathryn Wylde: In terms of EDC, we work pretty closely with them, I think they're doing a good job. The one area where I think we all have to work harder, is connecting with New York State. We are in a statewide economy which is a net drain on our New York City tax base of huge dimensions, we have got to come together to figure out how to work statewide in terms of building the statewide economy, in terms of reform of economic development programs. I think that's, just, you know, walled off from them, and hoped they'd go away, and they haven't, they are there, ever a deeper hole. So I think, that would be my suggestion. In terms of CUNY, you know, nobody can, I don't think anybody can second-guess the phenomenal job that Matt Goldstein's done in the transformation of the CUNY system. I would say that when we talk about workforce development, the role that community colleges play, in other states around the country, is very different and more aggressive, than they play here in New York, in that area, and working closely with business so I guess that's one area where I know he's working on now, and that I hope will be, we will have no peers.

Greg David: Mr. Sciame, you get the last word.

Frank Sciame: Okay great. I want to echo what Kathy said about CUNY, clearly that's not going to be something I'll comment on, it's doing everything it should do. Regarding the city, I think that the city is doing exactly what it should do, in terms of infrastructure, I want to concentrate on infrastructure. I think that if we do not improve the infrastructure, we're not going to be able to have the housing, the places for people to live to attract the human capital that we need. I think we have to think the way New York used to think. Remember all commerce started here, we'll be celebrating Henry Hudson, 400 this summer, September, all commerce started here, the Erie Canal, people had the vision to think about the Erie Canal, to make sure that we remained very important, how we do not have high-speed transportation to Upstate New York just boggles my mind. How we can use that to create the Levittowns of this century, he, Mr. Levitt had it best, I mean, I don't think anyone's equaled what he did in terms of prefabricated housing, we can do better now, we have to. And I would say that we really just have to focus on infrastructure.

Greg David: Would you join me all in thanking the panel, it's my time to turn the panel over to Jonathan Bowles.

Jonathan Bowles: Hello, we've had a fantastic panel, but the day is certainly not done, I'm excited to introduce Seth Pinsky, the president of EDC. Before I do, could all of you not only thank the panel, but also Greg David, who really did a fantastic job moderating this panel. Greg also helped secure some of the panelists for this event, and it was really an impressive collection of people, and thank you. You know, the Center for an Urban Future and Community Service Society are really thrilled to really put so many good ideas forward with this discussion, but I'm particularly excited to punctuate this event by introducing Seth Pinsky to come say a few words and answer some questions, and to give his response. He's been gracious enough to sit through all of these comments and ideas today, so I'm going to ask Seth to come up here. Let me just tell you a little bit, Seth's bio is in your packets. All I'm going to say is that he was appointed to be the president of the city's Economic Development Corporation in February of 2008. That's a short time, but in that short time, he's accomplished a whole lot and has really overseen an incredibly ambitious and innovative set of policies and developments for this city, I think largely geared toward revitalizing and diversifying the economy, and I'm really proud to have him here. Seth Pinsky. Could I just remind you, if you haven't already passed up the notecards, with your questions for Seth, everybody has notecards in your packet, please do so, we're going to be collecting them and if you have a question, I'll be reading them shortly.

Seth Pinsky, President, New York City Economic Development Corporation: Thank you. It is a difficult task both to follow a panel that's as distinguished as the one that we just heard, and to try and respond to an hour and a half worth of ideas in five minutes or so, but I will do my best. I know from having heard similar talks in the past that often when economic development officials take the stage to speak to groups such as this, they become rah-rah speeches, telling you how great everything is, and I want to start first by just acknowledging the fact that we in the administration obviously understand how very difficult times are today, and the challenges that people in every stratum of the city are facing.

A few statistics that frame that are the fact that, for example, in the city today, our unemployment rate has hit 9.5 percent, which is almost twice what the unemployment rate was just a year ago. Wages in the city between 2008 and 2010 are expected to drop by some \$39 billion. And the city's revenues, which track that, are expected to drop in the same time period, between 2008 and 2010 by some \$5 billion. And these all translate into real-world impacts on all of us. But that being said, I think it's also important to remember that downturns can take two different forms. They can be part of a long-term decline of a region or a country, or they can be part of a needed adjustment in a region or a country's economy. And at least in New York City's history, 100 percent of the downturns through which the city has gone have been of the latter type. And that doesn't mean that there's a guarantee going forward, that 100 percent of the time, we'll have the same record. But it does mean, I think, that we should put this all into perspective, and realize that New York has gone through difficulties, and that after those difficulties, the city has emerged changed, but also better and stronger. And I personally am optimistic that that's what we're dealing with today.

And so what I wanted to do is just take a couple of minutes and go through a couple of areas where the administration is working to assist the human capital here in the city, and I think this is a very important topic, because human capital really is the only resource that is native to New York. We don't have minerals, we don't have metals, we don't have oil, although under some of our industrial sites, maybe we have oil in the soil. We don't generally have the kinds of resources

that a lot of other places are able to rely on. What we do have is smart and motivated people. So what are we in the administration doing to try to not just take advantage of the intelligence and the motivation that we have today, but also to grow both of those areas for the future? Well one area which the panel spoke about in great detail is education. I think the mayor's efforts in public education are well understood, as the panel indicated, there's certainly room for continued improvement, but I think where we are today is in a much better place than where we were just a few short years ago. We're also working on higher education and promoting higher education in New York, because one of the things that we see is that the regions of the country and of the world that are most competitive are often regions that are attached to the most innovative universities. And so, for example, we're working on physical expansion of our higher education institutions. I think a good example is the work that we're doing with Columbia, in Manhattanville to dramatically expand their physical facility. We're also working with NYU, and we know that CUNY is very interested in expansion as well; this is something that we're highly focused on.

Another thing that we're doing, which was also briefly referenced by the panel, is we're looking to connect our universities better with the private sector to ensure that the training that they're providing is relevant to the needs of the private sector. And we have a whole host of initiatives in this area. One example which we just launched with the mayor only a couple of weeks ago, maybe it's just a week ago, is a new media lab. We're going to create a clearinghouse where the leading media companies in the world, which are all based in New York, will be able to come to this media lab and tap the research capability of New York City-based universities. Often what happens is these institutions, these large companies, will go to Boston, to MIT, or to California, to Stanford, and ignore the fact that we've got world-class researchers here who can provide that information, create new products, create new intellectual capital. We're going to be announcing something along similar lines in the green area in the coming weeks, and are developing other initiatives as well.

Another area where we're trying to connect the universities with the private sector is in the area of bioscience. Something that we've found in talking to educational institutions is they have a very hard time attracting the top talent to New York, because in other places, it's perceived that research scientists can do their research, and then can start new companies, and can benefit from that entrepreneurship. Here in New York, that's been difficult, because we lacked the physical space for new companies to start in bioscience. So we've been working very hard to increase the bioscience lab facilities in the city. We just announced yesterday that Eli Lilly is going to be committing as the anchor tenant to a new research facility that we've been building with a company called Alexandria Real Estate, on the east side of Manhattan, that will be a million square foot research facility. A few months ago we welcomed in Brooklyn our anchor tenant at a new facility that we call BioBAT, that is a group called IAVI, which is one of the leading institutions in the world that's seeking a vaccine against the AIDS virus.

And then, another area in education that we're working on is retraining, nontraditional education. One of the parts of turning lemons into lemonade in this downturn is realizing that we've got an incredible opportunity during this downturn. We've got tens of thousands, if not hundreds of thousands of extremely intelligent people who are looking to be redeployed. And we as a city need to take advantage of that and make sure that we can move those people from the areas where they previously were, or perhaps where jobs aren't going to come back, to new areas. And

so, we've launched a couple of initiatives. One we call Fast Trac, which is being run by the Kaufman Foundation, where we take entrepreneurs and we train them on how do you deal with an economic downturn, we also take people who haven't been entrepreneurs in the past and you teach them how do you start a new business. We think that we can put a thousand people through that program this year alone. We've also launched another program that we call Jump Start, which takes people out of the media industry and also out of the financial services industry, trains them on what the skills are that you need to have to work in a start-up business, matches them in nonpaying internships, with startup businesses, so that they can provide skills to companies that needs those skills. And over the long-term, what we've found is that in many, many cases, those nonpaying internships have turned into full-time paying jobs. In fact, in our first class in the Jump Start program, 50 percent of the people already have full-time jobs.

Another area where we're seeking to increase the human capital of the city is by providing companies with capital. Now why is providing companies with capital relevant to the topic today? The reason is that we recognize that it's extremely expensive to do business here in New York, and that often, what companies are forced to do is choose between hiring more people, or paying the expense of being in the city, and when they stay, the decision that they're making obviously is to pay that expense. We want to make it less expensive for companies to stay here, or easier for them to access capital with which they can hire people. And so for example, the State Senate, in one of the few of the acts of this term, recently passed an initiative that we had been pushing, which was to reduce or eliminate the unincorporated business tax, which will affect some 17,000 small businesses across the city of New York. We've also launched a couple of programs that are designed to pump capital directly into businesses. We have one program we call "Capital Access," where we've taken about \$5 million in city money to guarantee loans from private lending institutions. Those institutions in turn are making loans, about \$14 million in loans to companies that otherwise wouldn't have access to credit in this market. We think that we'll be able to help hundreds of businesses with this, and in just the first couple of months, we've already pushed \$3 million in working capital loans out the door to these deserving businesses. Similarly, the EDC is launching an angel investment fund, trying to fill in one of the gaps in the capital stack of start-up businesses through our angel fund. We've taken some \$3 million in EDC funds and we're going to leverage another \$6 to \$7 million in private funds, and we think that we can increase the amount of angel investment in the city of New York by some 25 percent.

And let me just conclude, because I know I'm going over the time that was allotted to me, by just mentioning three other areas, just very, very briefly. The first, which I think is overlooked, when a lot of people think about economic development, is quality of life, because as I said at the beginning, the number-one resource that we have is people, and people will only come to live in New York if New York is a desirable place in which to live. And so we view our crime-fighting initiatives, we view our education initiatives, we view the building of parks and the funding of cultural institutions, not just as goods that the city is providing because they're inherently good, in and of themselves, although that's an important reason for why we do those things, but also because it's an important tool of economic development. So that's one area that we continue to focus on and I think continue to meet with a fair amount of success in.

The second, which I think has been discussed in great detail today, and I don't need to go into further detail, is immigration. This administration is strongly supportive of immigration reform,

we understand that the strength of New York is in its diversity, and we need to continue to make New York a beacon for people from around the world to come to and so we've been working very hard in Washington to open the gates which have closed after September 11 and allow people better access to this country. And then the last area which is something that I have to admit, I personally pooh-poohed a little bit, when I first came into this position, but I'm increasingly convinced is of great importance is marketing. I think it's extremely important to tell people everything that's going on here in the city, because these kinds of things feed on themselves. People go to Silicon Valley not just because it's where the talent is, but it's because where the talent is perceived to be. And the more people that go there, the more it's perceived to be a place where talented people should go. And we need to do the same thing with New York. We need to market the fact that New York is a center of higher education. In fact, if you put together all of the students in our institutions of higher learning, they're 500,000 people. That's more people than live in the city of Boston. If you put together, another area that we need to market the city on is that we're also a hotbed of technology. Google, for example, is based in California, but do you know where their second-largest office is? It's here in New York, they have over 2,000 people employed in New York, and half of them are doing nothing related with advertising or marketing, they are in New York doing technical work.

We need to let the world understand that that's what happening here in New York, and lastly, we need to market the fact that New York is an entrepreneurial hotbed. It should be more of one, and it can be more of one, but there is an enormous amount that's going on at the small business level in the city. We pay attention to our large corporations, everyone knows us for our large corporations, but it's the small businesses that are the core of our city's economy. In fact, 98 percent of the businesses in this city, are businesses that employ under 100 people and 50 percent of the people who work in the private sector in this city work for small businesses, and that's something that we also need to get out there so that people understand that this is a place where you can be educated, this is a place where you can innovate, and this is a place where you can start a new business and succeed. So that together is really how we're focused on improving and expanding the human capital in this city. I'd be happy to take any questions that you might have.

Jonathan Bowles: I'm going to start with one of my own that builds off a couple of comments from the previous panel, and that has to do with middle-income jobs. You know, with so many people lacking advanced degrees, or frankly, just basic skills to compete in this economy, there's a lot of people who say that we need to be creating more middle-income jobs that have relatively low barriers to entry, that a lot of people can participate in, and have opportunities for advancement. To what extent are you focusing on those issues, are there not only traditional industries that you might be looking to retain here, but do you see new middle-income jobs of the future?

Seth Pinsky: Well, that absolutely is something that we're focused on. For example, a number of the industries that we've made heavy investments in are industries that traditionally have benefited middle-income New Yorkers. For example, last year, the city's own capital budget reached \$10 billion, which is a record amount of capital to be spent in the history of the city. And that capital goes into construction and construction has traditionally been a major employer of middle-income New Yorkers. Just this week, we announced a series of initiatives in Sunset Park, Brooklyn, where we've been working to revive the city's working waterfront, something that I think most of us wrote off a long time ago. Turns out that there are great opportunities for the

city. A number of things have been happening, and a number of things will be happening in the coming years, for example, in Staten Island, there's a facility called the New York Container Terminal, which is very quietly become one of the largest container ports in the port of New York, and it accounts for some 15 to 16 percent of all container lifts in the city and is the largest industrial employer in Staten Island. In Sunset Park, city-owned properties that are managed by EDC employees, some 5,000 people, most of them union jobs, most of them middle-class jobs, we think with the plan that we announced, that we're going to easily be able to double the number, with a number of projects actually starting, and you'll start to see container vessels and other large shipping come into Brooklyn and for the first time in decades, in the coming two or three years.

Other areas that we're focused on: tourism is a major generator of jobs for entry-level and low-skilled workers in hotels and restaurants, and even though this year, we've seen a decline versus years in the past, the decline in New York has been much less sharp than in other parts of the country and New York continues to play the dominant role that it has played in recent years as a tourist destination. So we're conscious of the issue that we need to do more than just create jobs for people who have advanced degrees or college educations, and it's something that we are focused on. I think another area where we're working to help the middle class is in affordable housing, and the mayor's new housing plan which is seeking to create 165,000 units of affordable housing is another step in that direction. So I agree 100 percent with the direction that the panel is indicating and that questions from the audience indicated that the city needs to go in.

Jonathan Bowles: A couple more questions that I've gotten from people in the audience that build on that, is the manufacturing sector a viable sector for New York City?

Seth Pinsky: It's an interesting question. I think the assumption that a lot of people make is that manufacturing does not have a future in New York. I think that there are a few things that actually have led me to believe that not only is there is a future, but there is potentially a very healthy future for manufacturing. And when I talk about manufacturing, I think about it as both manufacturing and distribution. Some of the initiatives that I mentioned a few minutes ago, about the working waterfront, I think prove that there is a healthy demand for manufacturing and distribution jobs in the city, and that there are companies that are looking to invest, in these kinds of facilities here in New York. We did a study about a year ago of the manufacturing in this city, and what was striking was a couple of facts. One, that if you look at the trend of manufacturing jobs over the last several decades, it looks something like this. But if you look in the last few years, this has turned to this. And the rate of decline has dropped dramatically. What we also found, which was even more surprising, was that while certain sectors continue to experience declines, and some significant declines, areas like garment manufacturing, there are a number of sectors where there's actually been growth over the past few years.

And two areas in particular jump out at me. One is a growth in small manufacturing companies. Again, consistent with this theme of small business and entrepreneurship. Another area is in ethnic food preparation and distribution. There's a huge opportunity for the city, both because of its diverse market, and also because of its diverse market, it's able to serve diverse markets throughout the country. And the biggest obstacle that we found that businesses face in New York, is not that there isn't space available, because there is space available, but it's the wrong kind of space. We've got factory buildings throughout this city, that were built a hundred years ago for large integrated manufacturers that did things in very different ways than manufacturing

businesses do today. And so what we need to do is figure out ways, and this is something that we're working very hard on at EDC, we have to figure out ways to update that infrastructure. And when we have updated the infrastructure, as we've done in Sunset Park with the Brooklyn Army Terminal, as we've done in the South Bronx with the Hunts Point Food Distribution Center, the jobs come. Thousands of jobs, thousands of good-paying jobs. And so we hope to replicate that across the city.

Jonathan Bowles: We have another question, I'll just read it. It says, Mr. Pinsky, we need green jobs in minority communities like West Harlem. Will your agency help build sites to create these jobs? Also, as part of that, my own follow-up, there's a lot of talk about green jobs. And I think that, particularly for a lot of people that have been shut out of the labor market, or are looking for jobs with advancement potential, that have relatively low barriers to entry, I mean, when you talk about green jobs, where do you see the best opportunities in New York City particularly for people without advanced degrees, or people that have been unemployed or underemployed?

Seth Pinsky: Well, we're going to be announcing a series of initiatives relating to the green sector, hopefully in the next couple of weeks with the mayor. So I don't want to get out to far in front of that. But what I will say is that, the green sector is a little bit tricky. First of all, it's very difficult to define what "green" jobs are exactly, you know, if you're Dell Computer, and you make a computer that's twice as efficient as the computer that you made a year ago, are you a green company, or are you a computer company, or are you both? So that's one issue. A second issue is trying to figure out where New York has competitive advantages versus other cities. The fact is that a lot of green jobs are going to be competed for on the same bases that every other type of job is competed for, based on. And New York has certain advantages, its work force, its enormous market, and it has certain disadvantages, its cost primarily, and the difficulty in finding space in a dense and built-out environment. So we've been trying to balance those factors and figure out the areas where New York does in fact have that competitive advantage.

As I said, we will be coming out with a set of initiatives which address that issue, but it's one that I think is going to be an ongoing issue to address, and one that's going to be evolving and changing substantially over the course of the next several years, as new technologies develop. I think the bottom line, though, and I forget which of the panelists said this, the bottom line is that with any new industry, the key to making New York competitive in that new industry is not directing people towards a particular industry, but it's making New York a more competitive place in which people can start new businesses. People are really good about figuring out what the "next big thing" is. And governments are often really bad about figuring that out. What we should be doing is creating conditions, and let entrepreneurs make those decisions. And the businesses that are directed toward the right things will succeed, and the businesses that are directed toward the wrong things will fail. But those that succeed have the possibility of becoming huge job generators, tax generators for the city, and that's really what we're focused on. We're focused on industry, but it's the conditions that I think are key.

Jonathan Bowles: One question is about the creative industries, and it was striking to some extent that there wasn't more discussion in the panel about how important creativity has become, when we talk about human capital issues. And that's certainly something that sets New York apart. The specific question was what about investments in education for the creative industries in New York City and cultural organizations, but even more broadly, if you can just address, as a

human capital issue, what can or should EDC be doing, or what is EDC doing about addressing the human capital part of that?

Seth Pinsky: Well, again, I think that the a number of the initiatives that I described as are applicable to the creative industries as the are to any other industry. The mayor, as I mentioned, announced a couple of weeks ago, a set of initiatives that are directed toward media, which is certainly a portion of the creative industry. We're doing things like creating mentorship programs to match entrepreneurs in this industry, with successful business people, we're setting up a fellowship program, where we can provide assistance, to people who are starting businesses in the creative industry, we're creating low-cost space for people in the creative industry, and also making financing less expensive for people in the creative industry. I think though, again, what's crucial for the creative industry is what's crucial for all industries. We've got to make New York a more affordable place in which to live, which is why I think that the initiatives that we're undertaking in public education are so important, it's why I think that the initiatives we're undertaking in affordable housing are so important, we have to support our cultural institutions, the city spends a significant amount on cultural institutions, we could always do more. We're hoping at EDC to have a series of initiatives that we'll be announcing probably in the fall, that are meant to help some of our not-for-profit and cultural institutions. So it's really again, the same answer to many different questions. New York has to be a business-friendly, affordable place in which to live and work. And that's what we're working towards.

Jonathan Bowles: I think we have time for just a couple more. I'm just curious, you know, EDC isn't always thought of as a place that tackles human capital issues. I mean, obviously, you have SBS and DYDC that are really more focused on workforce development. But yet, when we go out and talk to businesses in a variety of sectors, we often hear that workforce issues, getting the right employees, or sometimes having shortages is an issue. I'm just curious, to what extent that you see when you're meeting with businesses, does human capital come up increasingly now, how important is it to the businesses you work with at EDC?

Seth Pinsky: It's crucial. Why would somebody come to a place where it's hard to find space, where it's expensive to do business, where it's congested. The reason businesses come here is because of our people. And you know, I think the mayor has recognized that from the beginning of his administration, and I think it's very important for us to make sure that the people of this city understand that they are the reason why this place succeeds, and without all of us, this place is just a crowded island that people have to pay a lot of money to be in. And so that absolutely is important. I think in the past, EDC has tended to have more of a focus on real estate, and less of a focus on human capital, less of a focus on diversifying the city's economy, although we've been working for, towards all of those things for a number of years. I think that when the economy was humming along, that really was the number one challenge. It wasn't bringing companies here, it wasn't getting jobs, it was creating space for all of that stuff to happen in. I think in this environment, what's become clear, to me at least, is that while space is always going to be an issue in New York, it's making sure that the people are here, making sure that the ideas get commercialized here, that's most crucial for the city's future.

Jonathan Bowles: I guess a follow-up is, one of the strengths of New York, and you talk about people being so important is that New York, perhaps unlike any other place, is able to draw the best and the brightest from around the world. But as some of the panelists mentioned earlier, the long-term trends may be for possible shortages, the retirement of baby boomers, that there may

be certain industries that have a difficult time attracting people. So that means that New York in the future may have to look more to its local population more than it is now. And though we have a question here that was what should we be doing about the nearing-majority of native-born adult New Yorkers seeking employment, who are undereducated and unskilled?

Seth Pinsky: Again, same answer. We can't succeed as an economy with an economy, with a population that's undereducated and unskilled. And so we need to invest in our people, we need to invest in the people that are born here, and grow up here, and that's really what the initiatives at the city is undertaking in public education are the best example of, but we also need to attract the best and the brightest from other places. And that's why I emphasized, Dr. Goldstein emphasized, our panel emphasized, the need for immigration reform in this country. We have to make sure that this is a place that people can come to, and that people can innovate in, and people can contribute to. Our entire history is made up of immigrants who have come to this country and added much more than they've taken away, and for whatever reason, the dialogue over the last few years nationally has flipped that on its head, and I think it's really important for we, especially as New Yorkers, to turn the debate back around.

Jonathan Bowles: All right, with that, thank you so much Mr. Pinsky, thank you all for coming, and hearing a really fascinating set of ideas and a discussion. Thank you to Baruch and to CUNY, and behalf of our partners, the Community Service Society, I also want to thank our funders, the Altman and DeCamp Foundations, thank you very much, to Matthew Goldstein at CUNY, to all the panelists and speakers here today. And just one final note, David Jones earlier mentioned a panel discussion, a conference that we'll be having on August 25, so please mark your calendar, we're going to be having a second conference on human capital issues, that's going to be, well this one focused on the human capital needs of the city's business community, the next one will be focused on the current gaps of our workforce in New York City. Thank you again.