



## Work in Progress

Four years after Mayor Bloomberg moved to remake workforce development in New York City, much has been accomplished—and even more remains to be done.

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The Center for an Urban Future is a New York City-based think tank dedicated to independent, fact-based research about critical issues affecting New York's future including economic development, workforce development, higher education and the arts. For more information or to sign up for our monthly e-mail bulletin, visit [www.nycfuture.org](http://www.nycfuture.org).

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## WORK IN PROGRESS

Four years after Mayor Bloomberg moved to remake workforce development in New York City, much has been accomplished—and even more remains to be done

WHEN MAYOR MICHAEL BLOOMBERG TOOK OFFICE IN JANUARY 2002, the city's workforce development system was in near complete disarray. Jobseekers and employers alike had little confidence in—or even awareness of—the system. And Bloomberg's predecessor at City Hall hadn't shown much interest in making things better: The Giuliani administration had let tens of millions of dollars for workforce services pile up, unspent.

The deficiencies were in plain sight in the months after the September 11 terrorist attack, when the city had virtually no capacity to provide employment services to the thousands of New Yorkers who had lost their jobs as a result of the tragedy and the subsequent slide in the city's economy. The city had just one federally mandated center offering "one-stop" employment services to the city's eight million residents—and it was located in Jamaica, Queens, an hour by subway from stricken lower Manhattan. By contrast, Los Angeles had 36. The city's Workforce Investment Board (WIB), a federally mandated entity that has nominal oversight over workforce programs in every municipality, was demoralized and isolated from the private sector. Local and national opponents of government-supported workforce programs pointed to New York City as proof of their uselessness; advocates and researchers, including the Center for an Urban Future (CUF), called for a "revolution" in the city's approach to workforce policy.

Five years later, that revolution is well underway. Operating from a simple but powerful premise—identify employer demand, then direct services to meeting that demand—city agencies have placed tens of thousands of residents into jobs, rebuilt credibility with the employer community, demanded accountability from service providers, and developed innovative programs to serve businesses, jobseekers and workers alike.

To be sure, the hardest work of building a workforce development system remains to be done. City programs today reach only a small number of those in need of assistance, and there is still little coordination among the many agencies that provide workforce services. However, for perhaps the first time ever, city leaders can argue with conviction that New York City is on its way to a workforce system that works.

This report, based on more than 100 interviews with city officials, providers, employers, and jobseekers, is the first comprehensive assessment of the Bloomberg administration's five-year effort to improve city workforce development policy and programs. The report, the culmination of nearly two years of research, examines all facets of the city's workforce development system, from the Workforce Investment Board (WIB) and the Workforce1 Career Centers to the role of other players on the city's workforce landscape, like the City University of New York (CUNY) and the Department of Youth and Community Development (DYCD). The study also includes a Q&A with the former top mayoral adviser who spearheaded the city's 2003 reorganization of workforce programs, and offers a series of recommendations to address persistent problems and build upon the accomplishments of the last few years.

The gains made thus far have been impressive, earning high marks from an array of independent policy experts, businesses and advocates. "Five years ago, the New York City workforce system was, at best, seen as broken and in serious need of life support," says Kathy Krepcio, executive director of the Helldrich Center for Workforce Development at Rutgers University. "When I look at the system today, it is very evident that an enormous effort has been made to create a much better and certainly more responsive system for jobseekers and employers."

Many of the improvements spring from Mayor Bloomberg's 2003 decision to shift responsibility for adult workforce development services to the city's Department of Small Business Services (SBS), an agency whose primary mission is to serve the needs of businesses. The move signaled a major philosophical change in direction, and demonstrated a newfound commitment to serving both employers and jobseekers. For many years prior to the shift, workforce programs in New York and most everywhere else had focused on addressing the perceived needs of those who sought work while ignoring the types of jobs companies had to fill. The all-too-common result was a system that produced jobseekers who lacked the skills employers needed and the workplace competencies—how to dress, speak and interact with customers and colleagues—they demanded. It also sent the message to businesses that they should hire program participants out of a sense of charity rather than self-interest.

The shift to SBS fundamentally altered those perceptions. It also laid the groundwork for a series of meaningful achievements. There are now seven "one-stop" employment facilities, now known as Workforce1 Career Centers, around the five boroughs—up from one when Mayor Bloomberg took office. The city's vastly improved WIB has taken a leading role in setting workforce policy. SBS has pulled down millions of dollars in state workforce development funds that the city wasn't able to access in the past, and has secured millions more from employers: the agency has made 30 Business Solutions Training Grants since 2004, using more than \$2.6 million in public money to leverage upwards of \$3.67 million in employers' own resources to provide skills upgrade training for more than 1,800 city workers already on the job. Overall, SBS helped facilitate more than 25,000 job placements in the last three years, including more than 16,000 in 2006 alone.

Another important change is that the city is now focusing its workforce services where the jobs are. The Workforce1 Career Centers regularly partner with large employers in each borough that have recurring hiring needs, including Time Warner, FreshDirect, JetBlue and Washington Mutual. SBS also routinely connects workforce services to city-backed economic development projects, a linkage that might seem glaringly obvious, but that never had occurred before. For instance, the agency has coordinated with the city's Economic Development Corporation to place community residents in jobs created by major development projects like the Hunts Point Fish Market, Mandarin Oriental Hotel in the new Time Warner Center, Fairway supermarket in Red Hook and Atlantic Terminal mall in downtown Brooklyn.

SBS is also attempting to tailor workforce services towards industries that are expected to achieve significant growth in the years ahead. For instance, the agency developed an unprecedented public-private partnership with a consortium of foundations, called the New York City Sector Initiative, which invests both public and private money in training for careers in the health care and biotechnology industries. This initiative illustrates how the Bloomberg administration has begun to innovate beyond the traditional workforce model of short-term job placement toward developing programs that help workers earn family-supporting incomes and advance through careers. Even better, the Sector Initiative has leveraged millions of dollars to expand the

resources of a fiscally strapped system.

The administration has also registered modest improvements in the difficult area of youth workforce services. For instance, DYCD has made significant progress with its Summer Youth Employment Program (SYEP), a city- and state-funded effort that places over 40,000 young New Yorkers in short-term jobs every summer, and added two new youth employment programs as a next tier for successful SYEP participants.

Perhaps most significant, there is a sense that, for the first time, issues of workforce development command the attention of the mayor and top city leaders. Indeed, workforce programs are a key part of Mayor Bloomberg's ambitious plan to dramatically reduce poverty in New York City by implementing the recommendations of the Commission on Economic Opportunity (CEO), the high-profile anti-poverty task force that the mayor convened in 2006. Nearly \$15 million of city tax levy funds will support the commission's workforce-related initiatives set to launch in 2007.

All this said, much more needs to be done.

The city is still nowhere close to its goal of a holistic workforce development system that serves all city jobseekers, workers and employers, and is fully aligned and integrated with New York's economic development priorities. A serious lack of coordination persists among the various city agencies and other stakeholders responsible for workforce services. While the federal Workforce Investment Act (WIA) calls for integration of all agencies and programs into a seamless continuum of services, the reality on the ground in New York City is much closer to "every agency for itself." For example, the Human Resources Administration (HRA), the city's public assistance agency, has minimal connection to the workforce system despite the fact that its public assistance customers badly need employment services—and that most Workforce1 clients receive or are eligible for a wide range of public benefits, from food stamps to child care, that could help keep them on the job. The absence of coordination has meant overlap and duplication of some services, while other major needs have gone practically unaddressed. Only a tiny fraction of the city's approximately 200,000 disconnected youth—young people who are neither in school nor working—are getting assistance. The same is true for adults who are either out of work or in poverty-wage jobs.

New York City's operational problems are com-

pounded by an ever-shrinking federal budget for workforce development that provides far too little funding to adequately address the full potential demand for services. The trend of federal disinvestment in the workforce system, discernable since the mid-1980s, has greatly accelerated in recent years: Between program years 2000 and 2006, the state's total allocation from WIA, the single biggest funding source for workforce programs, has shrunk by almost 40 percent in nominal dollars, from \$125.6 million to \$77.5 million.

These cuts have ensured that the city's workforce system lacks the staff and funding to serve the vast majority of New Yorkers in need of job assistance. Through the seven "one-stop" centers offering a full range of employment services for adults, and 14 contracts for special populations and disconnected workers, the city served a total of about 60,000 people in 2006. Labor statistics indicate that the total population of New York City workers either actively looking for work or employed but stuck in jobs that pay sub-poverty wages approaches 10 times that number.

The want of greater capacity is matched by an unduly limited vision on the city's part of what workforce development should entail. While New York has gotten much better at placing jobseekers into employment, service providers have only begun to pursue the more difficult tasks of ensuring that customers stay in their jobs and move toward career-track employment with family-supporting pay. At the same time, providers are struggling to serve those who come to the Workforce1 Career Centers with serious barriers to employment, such as low skill levels, little or no work experience, or health issues. Non-English speakers report particular dissatisfaction with the services offered in the centers.

Finally, while its performance has dramatically improved in the last few years, the WIB still is not providing the leadership necessary for the system to reach its full potential. Critics charge that the WIB remains an appendage of city government rather than an independent entity setting priorities and exercising oversight as the WIA legislation prescribes. Its focus on WIA dollars and policies run through SBS and DYCD contributes to the relative exclusion of other important institutional actors both within and outside government. And the board is not sufficiently high-powered to command the attention—let alone the participation—of the city's business community for supporting workforce programs.

# THIRD TIME WAS THE CHARM

After two previous major reorganizations of workforce services in a five-year span, city leaders finally got it right in 2003

NEW YORK CITY FIRST RECEIVED FEDERAL FUNDING for job training and employment services nearly 50 years ago, but until very recently, mayors paid little attention to this area of policy. The field went from dormant to chaotic between 1998 and 2003. First, Mayor Rudolph Giuliani chose to shift federal funds and policy responsibility for adult workforce programming from the city's Department of Employment (DoE) to the Human Resources Administration (HRA), which at the time was focused on sustaining and accelerating the dramatic decline in New York's welfare caseload. Unfortunately, HRA's status as "the welfare agency" did not appeal to the private-sector employers who ultimately would have to hire customers of public workforce programs.

Soon after taking office in 2002, Mayor Michael R. Bloomberg returned authority over all workforce programs to the Department of Employment. Over the following year, that agency made some progress, opening two new one-stop centers providing employment services and emphasizing the need to build relationships with the private sector. But despite these major gains, it soon became evident that a more fundamental change was needed. The administration ultimately decided to dismantle the agency and divide the workforce system in half: funds and policy responsibility for adult employment were moved to the Department of Small Business Services (SBS) and responsibility for youth workforce programming to the Department of Youth and Community Development (DYCD).

This third shift has proven by far to be the most effective. "Moving the city's workforce development efforts to SBS was a good move," says Kathryn Wylde, president and CEO of the Partnership for New York City, the city's leading business group. "These resources should be concentrated on small business employers and entry level jobs."

Ester Fuchs, a Columbia University professor who served in the Bloomberg administration as special

advisor for governance and strategic planning from 2002 to 2006, adds that sending the youth funds to DYCD made sense because the agency already was "actually doing workforce training but did not have the workforce money."

The shift of adult workforce services to SBS was intended to make businesses full partners in the city's workforce system. In previous years, many businesses sensed that they were supposed to hire program participants out of a sense of charity rather than self-interest. "The private sector never had a good reason to trust government when it came to help with hiring people. Who can blame it?" wrote SBS Commissioner Rob Walsh in a September 2004 article for *Urban Land* magazine. "There was never any track record of success or achievement." The article sent a clear message to current and potential workforce contractors with the city: henceforth, they would have to produce results, or they would lose their funding. Performance-based contracting, rarely emphasized before the Bloomberg years, would now become the norm.

As we detail in this report, SBS has set out to win the trust of the private sector. At the same time, DYCD has taken steps to better integrate workforce programming for young New Yorkers into a holistic approach to youth development. Most participants and observers feel that the progress on both fronts has more than justified the administration's decision, and other cities, including Chicago, have followed suit in dividing workforce funds and responsibility between adults and youth.

But the strategy has both advantages and drawbacks. "The pluses are you better integrate the youth money with after-school, tutoring, teen pregnancy, et cetera," says John Twomey, executive director of the Albany-based New York Association of Training and Employment Professionals and president of the National Workforce Association. "The minuses are you weaken the oversight and create two separate systems."

# ADULT WORKFORCE SERVICES: IN WORKING ORDER

A new focus on employer demand has added value for both businesses and jobseekers

“DEMAND-DRIVEN” WORKFORCE DEVELOPMENT IS a pretty simple concept: if you want to place individuals into jobs in the private sector, it’s a good idea to find out what positions employers are looking to fill and then craft programs to match jobseekers with those openings. But until SBS took responsibility for adult workforce programs in mid-2003, New York City never much bothered putting this theory—or any other, for that matter—into practice. For most of the previous 40 years, mayors thought of workforce development, if at all, as little more than a source of federal dollars that could be spread through struggling communities to buy a measure of political support. Any actual accomplishments that helped individuals find employment was a nice bonus.

After taking over adult workforce responsibilities, SBS set about changing this paradigm. It has devoted significant attention and thought to how to better support employers’ hiring needs and leverage private-sector resources to supplement limited public funds available for training and employment services.

Over the nearly four years since the transfer, SBS has developed four primary strategies to pursue these goals: connect employment services to major economic development projects that allow for large numbers of job placements in one location; push

vendors at the Workforce1 Career Centers to build relationships with major employers who have recurring hiring needs; use the city-originating Business Solutions Training Grant while leveraging funds from the state-run Building Skills in New York State (BUSINYS) program to support training for workers already on the job; and create pilot projects focusing on career specific training such as the New York City Sectors Initiative, a partnership with the foundation community to develop career-track training and placement within the high-demand health care and biotechnology industries.

Given the historically poor performance of public workforce programs in New York City and elsewhere, agency officials wanted to make a quick splash with a high-profile success story. The major development project at Columbus Circle in Manhattan, anchored by the Mandarin Oriental Hotel and supported by the city’s Economic Development Corporation (EDC), fit the bill. Working closely with City Council Member Gale Brewer and other local leaders, SBS helped the hotel and other employers at the site to streamline their hiring by pre-screening applicants, pushing forward jobseekers from the community whenever possible. In all, Mandarin Oriental hired 268 applicants, at a dramatically lower interview-to-hire ratio than

**TABLE 1: CITY DEVELOPMENT PROJECTS AND RELATED HIRING**

Employer/Project	Number hired	Time span
Mandarin Oriental Hotel (Manhattan)	268	Summer/Fall 2003
Atlantic Terminal (Brooklyn)	173	Spring/Summer 2004
Fairway Supermarket (Brooklyn)	180	Spring 2006
Whole Foods (Lower Manhattan)	349	Winter/Spring 2007

Source: New York City Department of Small Business Services

is common for private-sector employers. The project both helped make the administration's case that economic development and workforce development work best when connected, and began the long-term task of winning over skeptical employers.

SBS followed up its Mandarin Oriental success by working with tenants in the Atlantic Terminal shopping center in downtown Brooklyn. As the development neared completion in 2004, the Brooklyn Workforce1 Career Center worked with local community-based organizations, community colleges and the Brooklyn Chamber of Commerce to help staff newly opening stores for a number of national chains, including Target and Bath & Body Works. In all, 173 applicants, mostly neighborhood residents, found jobs out of 584 interviewed—an exceptionally low ratio of 3.4 interviewees per hire.

For their part, employers within developments like Atlantic Terminal were appreciative of how city workforce programs were adding value to their businesses. Shelli Torrevillas, a store manager for Bath & Body Works, hires as many as 85 workers each holiday season. With applications pouring in everyday, she says, "I don't have the time to go through some of these." Torrevillas reports that the screening performed by Workforce1 saved her valuable time while providing some assurance against the high turnover that often characterizes retail employment.

The managers at Workforce1 did their best to provide this service. "My function here at Workforce1 is to just find employers and work alongside participants who come in here and hopefully place them," says Pam Parker, who made the matches for Bath & Body Works on behalf of Goodwill Industries, which operates the Brooklyn Workforce1 site. "I work as a liaison between employer and jobseeker. On a daily basis, I cold-call, make connections with employers, forecast who's going to be moving to the city and what their plans are as far as expansion, opening new stores, or downsizing."

The city's other partnerships with major development projects have included Steiner Studios, the movie production facility being developed in the Brooklyn Navy Yard, the relocated Fish Market in Hunts Point, and Fairway supermarket in Red Hook, which opened in May 2006. More recently, EDC's connections with major retailers helped facilitate a partnership between SBS and Whole Foods to create a customized recruitment strategy for staffing the company's new super-

market on the Lower East Side. More than 1,600 New Yorkers interviewed for 700 jobs at Whole Foods, with 349 placed.

## WORKFORCE1 OPERATIONS

The federal Workforce Investment Act (WIA) mandates that every service district in the nation that is funded with federal money establish and maintain one or more "one-stop" job center at which jobseekers can access a wide range of services. When SBS took over adult workforce services from DoE in 2003, its first step was simply to finish rolling out the city's one-stop system. Doing so would create economies of scale, while making it easier for both jobseekers and employers to make use of the agency's programs.

By spring 2003, when the Bloomberg administration decided to close DoE, one-stop centers were operating in Jamaica, the Bronx and 125th Street in Upper Manhattan. By the end of 2004, one-stops had opened in downtown Brooklyn and Staten Island. In June of that year, the city became eligible for millions of dollars in competitively awarded state grants after the New York State Department of Labor finally certified the city's one-stop system—the last local area in the state to be so recognized.

Meanwhile, SBS and the city's WIB had redesigned the contracts for operating the one-stops, dividing services at each center into jobseeker and business services contracts, and reopened the bidding for interested organizations. Each set of services was also known by a new name: for jobseekers, the erstwhile one-stops would now be called Workforce1 Career Centers, while on the business side, the sites are known as NYC Business Solutions Centers, which provide entrepreneurs and small business services with an array of services aimed at helping them start and grow their company. The contracts for the full centers were newly awarded in 2004; the following year, two additional Workforce1 Centers operated by CUNY opened at LaGuardia Community College in Queens and "CUNY on the Concourse," a facility in the Bronx primarily operated by Lehman College, with a slightly different focus and rationale but entirely integrated within the system. (See "Unkindest Cuts," page 27) An eighth site, in Hunts Point, began placing clients in spring 2006. (See Table 2, page 9)

With the vendors in place, the new contractors and SBS quickly began to focus on building capacity and

**TABLE 2: WORKFORCE1 CENTER OPERATORS AND PLACEMENTS**

Site	Operator Start Date	Jobseeker Services	Business Services	Job Placements, Q4 2006	Total Placements Since Opening
Bronx	Spring 2004	Wildcat	Wildcat	467	4,337
Brooklyn	Spring 2004	Goodwill	Brooklyn Chamber of Commerce	938	6,362
Queens	Fall 2005*	D.B. Grant Associates	D.B. Grant Associates	932	5,194
Staten Island	Fall 2004	ARBOR Education & Training	Staten Island Chamber of Commerce	453	2,396
Upper Manhattan	Spring 2004	Seedco	Seedco	648	5,458
LaGuardia	Summer 2005	n/a	n/a	450	1,966
CUNY on the Concourse	Fall 2005	n/a	n/a	301	1,465
Hunts Point Works	Spring 2006	Hunts Point Economic Development Corporation	Hunts Point Economic Development Corporation	183	487

\*The Consortium for Worker Education ran the Queens Workforce1 Center from April 2004-September 2005

Source: New York City Department of Small Business Services

boosting performance. As the first year of the new contracts unfolded, the performance numbers—particularly placement of customers into jobs—began to rise. In the two years between the third quarter of 2004 and the third quarter of 2006, total placements from the Workforce1 Centers more than quadrupled, from 1,062 to 4,334.

The Workforce1 Career Center model is also a key component in several of the initiatives SBS has been charged with in support of the Commission on Economic Opportunity, the anti-poverty task force Mayor Bloomberg convened in 2006. In the next year or so, the agency will pilot programs that focus explicitly on career advancement and earnings gains, including a neighborhood-based Workforce1 Center in Bedford-Stuyvesant in Brooklyn and an industry-specific Center at a site to be determined.

**BUILDING REPEAT BUSINESS:  
“STRATEGIC EMPLOYER” PARTNERSHIPS**

One reason for the Workforce1 Centers’ success was SBS’s emphasis on building relationships with the largest local and citywide employers, in hopes that they would begin to regularly use the Centers to fill job orders. Each Workforce1 site was asked by the city to identify 10 “strategic employers” with significant

and ongoing hiring needs. With limited funds and staff levels, the Centers have come to focus on business clients with ongoing hiring needs that can be expected to come back with job orders into the future.

D.B. Grant Associates, the Workforce1 operator in Queens, cultivated relationships with North Fork Bank, CVS, Washington Mutual and Federal Express. Elizabeth Duncan, a regional assistant for North Fork, recalls that Grant Associates initially referred a group of 20 applicants for bank teller positions in her region. Of those, Duncan reports that at least half were hired, adding that these entry-level jobs offer opportunity for advancement. “You can go from being a teller to being anything you want to be,” says Duncan.

As previously hired workers gain experience and move up within the company, Grant Associates—or whichever vendor is working with the business customer—is more likely to get the call to fill the vacancies they leave.

To provide major citywide employers a single point of contact where they could place larger job orders, SBS established NYC Business Solutions Hiring in 2005. This unit operates through a coordinated network of account managers based at the Workforce1 centers, who work with city businesses in key economic sectors to hire and train workers in areas of

need. As of late 2006, Business Solutions Hiring began to focus on three particular high-demand areas: retail, health care and financial services.

In its first year, the program made a total of 630 placements. In 2006, the number shot up to 1,691, an average of 36 placed workers for each of the 45 major employers served through the program. Among those that hired at least 50 workers were: Time Warner Cable (105 placements—mostly customer service representatives and other administrative and technical positions); People Care, a Manhattan-based home health care company (118 hires); and the Association for the Help of Retarded Children (53 hires—mostly home health aides and residential counselors). SBS attributes the program's high placement rate to better coordination among the seven Workforce1 Career Centers.

### WORKSOURCE1: TRACKING JOB PLACEMENTS

The Workforce1 Centers' placement numbers have risen as the sites have made dramatic improvement in how they handle administration and information on customer assessments, needs and services offered. Until recently, the Centers had to work with badly outmoded data tools that put a drag on operations. "All the systems, which are unexciting but critical, were allowed to lag," WIB Executive Director Marilyn Shea said in April 2005. "SBS inherited a 20-year-old case management system. The intake and evaluation system is probably 50 years old. It creaks."

Shea is just one of many within and outside city government who cheered the 2006 rollout of Worksource1, a Web-enabled system designed to facilitate service delivery, streamline administrative tasks and increase the time that staff can spend serving customers. Among other assets, Worksource1 drastically reduces the need for data entry by using swipe cards, and enables staff to more quickly search through a database of jobseekers from the entire system citywide in looking to fill job orders. Late last year, Worksource1 earned an award from the city's Department of Information Technology and Telecommunications for "Best Application Serving an Agency's Business Needs."

Dale Grant of D.B. Grant Associates, which runs the Workforce1 center in Queens, notes that the improvement over the old system, ACMS, is particularly striking. "ACMS was a dinosaur," Grant says. "If you wanted to look up somebody you were providing services to, it was arduous; things weren't all in the same

place. If you try to find somebody under Worksource, you have their whole history in one place, which is lovely when you're trying to provide them services."

### TAKING OFF THE TRAINING WHEELS

If one were to put a date on when workforce development hit the big time in the Big Apple, we would nominate December 12, 2005, when supermodel Heidi Klum put her imprimatur on New York City's workforce revival. Klum stood on the set of her fashion designer reality show, "Project Runway," with Mayor Michael Bloomberg, SBS Commissioner Robert Walsh, and other government and fashion industry leaders to announce the city's grant of \$244,000 to the Garment Industry Development Corporation (GIDC). The money would go to upgrade the skills of more than 300 sewing machine operators and front-line supervisors working at eight garment manufacturing firms within the city.

In addition to simply adding glamour to the world of workforce services, the announcement put the spotlight on an important new job training initiative created by the Bloomberg administration: the New York City Business Solutions Training Grant. This program helps employers address more advanced workforce needs by raising the skills of workers already on the job. As Commissioner Walsh stated at the event, "These training grants provide New Yorkers with the skills to be successful in their careers, and give employers a competitive edge."

Under the program, the city acts as a training partner to qualifying employers, putting up a portion of training costs; the employer or intermediary pays the remainder. As of May 2007, the city had made 30 grants and awarded more than \$2.6 million to train more than 1,800 workers in fields from manufacturing to hospitality to construction. Participating employers must provide at least an equal amount of funding to match the city's commitment. Thus far, the grant has leveraged more than \$3.6 million in employer contributions.

"What we like about this is that training is definitely tied to business need," Scott Zucker, a deputy commissioner at SBS, says of the city's program. "And outcomes [such as promotions and raises for participating workers] are locked up from the very beginning."

The Business Solutions Training Grant provided to GIDC was used to teach workers advanced sewing techniques and managerial skills, while also provid-

ing wage reimbursement for the work time trainees miss. “I would say that it would enhance their business tremendously, in terms of quality of work they put out and gaining more business, when employees are trained at a higher level,” says Fatiah Hosein, former executive director of GIDC. “For workers, it leads to higher wages and advancement within that company or with another company.”

Wage gains for workers receiving training under the grant can be dramatic. Deborah King, executive director of Hospital League/1199 Employment, Training and Job Security Programs and a member of the WIB, notes that 17 of her union members each received annual raises of \$10,000 after completing training programs made possible by the grant.

As SBS has refined its approach and added new programming, the agency has begun to combine some of its services to position it as a more attractive partner for employers. In the case of the Fairway supermarket that opened in Red Hook in 2006, not only did the agency and its local partners help the market with recruitment and training of local residents for the approximately 200 jobs created, but a \$40,000 Business Solutions Training Grant matched by Fairway helped train assistant managers to give them necessary skills to advance and increase their earnings. In his remarks at Fairway’s opening, Mayor Bloomberg said, “The partnership with Fairway to recruit and train employees is exactly what we envisioned when we merged the Department of Employment with the Department of Small Business Services back in July of 2003.”

But while SBS has strived to reduce the red tape that traditionally has frustrated private-sector partners, not all feel that the battle for simplicity has been won. Anthony Onesto, director of human resources for FreshDirect, the fast-growing grocery delivery service based in Long Island City, says that the city grant application process is more demanding and time consuming than applying for state money. Onesto says that the company repeatedly submitted applications to the city, only to have them returned with requests for more information or clarity. “It was very convoluted,” recalls Onesto. “At some point we just stopped applying for these grants, because it takes a lot of resources to put it together.” (An SBS spokesperson notes that FreshDirect was among the first customers for this training grant, and says, “We have certainly improved our process significantly since then.”)

The Business Solutions Training Grant program has been so successful that the city is planning to expand it beyond the original concept. In support of the recommendations made by the Commission for Economic Opportunity, the grant will receive additional resources through city tax levy dollars to fund activities not allowed under WIA monies, including work readiness, adult literacy, English as a second language and “soft skills” such as workplace conduct and problem-solving. Given the struggles of the workforce system to serve less job-ready customers through Workforce1 (See “Are you Being Served?” page 20), this expansion offers promise to address a fairly serious problem facing the current system.

In addition to the city grant program, SBS has helped 49 New York City companies draw down state funds for training incumbent workers through programs such as Building Skills in New York State (BUSINYS). Since 2005, BUSINYS and other grants totaling more than \$1.9 million have helped train nearly 2,600 workers in the city.

## SECTORAL HEALING

Beyond working with individual employers, SBS and the WIB have tried to identify entire sectors poised for job growth and develop programming to help employers and jobseekers within those sectors. Perhaps the most prominent of these efforts is the New York City Sectors Initiative, jointly supported by SBS and the New York City Workforce Funders Group, a quasi-formal convening of grant-makers from 21 foundations and corporations that give money for programs and research within workforce development. (The Center for an Urban Future receives grants from several foundations that participate in the Funders Group.)

The Sectors Initiative, launched in 2005 with an initial commitment of \$800,000 from the city and \$500,000 from the Funders Group, seeks to create career development opportunities in fields projected to have high demand for well-compensated jobs. As with the Business Solutions Training Grant and the Workforce1 Centers generally, the Sectors Initiative serves both sets of workforce system customers: jobseekers looking for career-track positions, and employers in need of adequately skilled workers. The partners demanded that potential provider organizations include work experience and educational components in their proposals, as well as

## CHOICE VS. VALUE: TRAINING VOUCHERS

Rather than choosing from a limited menu of classroom-based training options, the Workforce Investment Act sought to empower jobseekers customers to choose what job training they wished to pursue by letting them apply for Individual Training Account (ITA) vouchers. The law charges each jurisdiction to set maximum dollar values for these ITAs, which can be accessed through one-stop centers or other authorized providers.

In 2002, as New York City looked to rapidly spend down millions in unallocated WIA funds rather than see them rescinded by the federal government, few constraints were put on the ITAs, which then had a maximum value of \$5,000 each. Current SBS staffers estimate that \$44 million worth of vouchers were awarded and spent that year. The collective return on this expenditure, however, was of dubious value. The process of applying for state approval was simple, and once providers got on the approved list, they had no meaningful performance requirements to meet in order to stay on.

Not only were ITAs an inefficient investment for the system as a whole, their availability—and the questionable pretenses under which providers sometimes sent potential students to request them—posed operational challenges for Workforce1. Providers that understood how to “game the system” sent waves of ITA applicants to the centers, clogging intake and taking up valuable and scarce staff time and resources.

To realign the incentives, in late 2005 the WIB established a new policy declaring that providers that wished to remain eligible for training vouchers would have to place 50 percent of their students in jobs, and that 75 percent of those who enrolled would have to complete the courses. Further, provider performance information would now be publicly available online.

Since the new policy went into effect, SBS has completed two cycles evaluating ITA vendor performance. The first, which looked at outcomes from April-September 2005, evaluated 91 providers and sanctioned 20 for failing to meet the standard. The second, from October 2005 through March 2006, looked at 75 providers and found that 13 had fallen short. These providers were removed from the eligible list but allowed to reapply after six months.

In 2003, the city’s WIB made a strategic decision to reduce the value of the ITA vouchers from their former maximum value of \$5,000 to a cap of \$2,500, looking to serve more customers through this change. The tradeoff, though, is that the lower cap often isn’t enough to pay for training in sectors such as biotechnology where the city has an investment interest; while \$2,500 is sufficient to pay for a commercial driving license course, it’s not enough to cover the costs of training for more technology-intensive positions—even though the return on that investment might be much bigger in the long run. ❖

strong, sustainable partnerships with employers.

SBS and the Funders Group initially targeted health care, biotechnology and aviation. The partners ultimately chose not to make a demonstration grant for aviation, citing too few career-track opportunities, but the other two programs are well underway. The biotech consortium, led by SUNY Downstate Medical Center, began its first cycle of training in January 2007, offering college seniors a one-month workshop that includes both daily morning lectures and afternoon lab work. After the month is complete, participants begin three-month internships with biotech companies in the city to give them experience and help acculturate them to the field.

“The purpose of the internship is to give them additional training in new techniques and work experience, with the possibility of getting a job at that site or a reference from that employer, so when they go into the marketplace they’re not just fresh out of school,” explains Eva Cramer, vice president for biotechnology and scientific affairs at SUNY Downstate, who is helping to run the program. The contract calls for the biotech consortium to train 180 technicians through five cycles of workshops and internships; Cramer says that the average starting salary for these positions is approximately \$40,000 per year.

Within the health care project, the Metropolitan Center on Jewish Poverty, an organization with years of experience in skills training, began classes for radiology technicians, or “Rad Tech,” and emergency medical technicians in 2006, and is now recruiting for paramedic training. Met Center’s grant is for \$1.5 million, and its contract calls for 131 individuals to be trained over a three-year period.

Among Met Center’s courses, the “Rad Tech” track offers the greatest return and addresses the greatest need, according to Met Center Director of Training Sandra Greenstein. “There’s such a shortage of Rad Techs in the city,” Greenstein states; indeed, the health care union 1199/SEIU estimates that New York City will need 710 additional Rad Techs by 2012. Noting it can take three or four years to complete the program, Greenstein adds that those who do finish are virtually guaranteed to work for as long as they want to, at wages well above the city median. “They’ll get hired immediately at \$45,000 a year, with benefits,” she says. “Within a year, many of them are making close to six figures.”

# TEEN ANGST

Despite severely limited resources and a fuzzy mandate, the Department of Youth and Community Development fights to build a workforce system for young New Yorkers

IN CONTRAST TO THE RADICAL BREAK FROM PAST workforce practice advanced at SBS, the Department of Youth and Community Development (DYCD) has pursued an approach that has been more evolutionary than revolutionary. Confronting an arguably tougher assignment than its sister agency, DYCD has focused its efforts on doing a better job administering contracts than DoE had done when it handled youth workforce programs. Providers generally agree that the agency has succeeded on this score, particularly in areas like its management of the Summer Youth Employment Program. However, the agency still has a long way to go on perhaps a far more important measure: DYCD serves only a fraction of the young people who could benefit from workforce services.

The need for workforce development services geared towards young New Yorkers only appears to be growing. Recent studies show that New York City is home to more than 170,000 “disconnected youth,” individuals between the ages of 16 and 24 who are neither in school nor working. Yet, DYCD served fewer than 1,000 young people through its Out-of-School Youth contracts during program year 2006.

DYCD’s ability to serve this population—as well as thousands of other young people who are still in school who would like to take advantage of employment services—has been severely constrained by recent federal funding cutbacks. Indeed, federal funding for youth workforce services dropped from \$35.1 million for program year 2005 to \$28.8 million for the following year, a cut of nearly 20 percent. “Given the amount of money we get from WIA,” says DYCD deputy commissioner Suzanne Lynn. “We are serving a very small slice of the eligible population.

While the federal cuts have been painful, the city’s youth workforce development programs face other problems as well. The one-stop Workforce1 Career Centers across the city set up by SBS to provide workforce services to adult jobseekers have not proved to be well equipped to serve youth, even though the

centers technically are intended to serve a universal population. There has also been little coordination among the many agencies that have some responsibility for providing workforce services to young people, from DYCD and SBS to the Department of Education and the Administration for Children’s Services. Perhaps most of all, youth workforce development programs in New York continue to take a back seat to those serving adults.

“Youth development was never seen as sexy,” says Lisette Nieves, DYCD’s former chief of staff. “Workforce development’ seemed to mean serving people of an older age, through a separate agency, with more money, more career focus and different priorities. That’s tough for an agency charged with youth workforce development.” Nieves is on the board of City Futures, the Center for an Urban Future’s parent organization.

Adding to the difficulties, “success” in workforce development programs for youth is a more slippery concept than for adults, where the unambiguous goal is placement into a job with possibilities for career advancement and subsequent wage gains. Work is very important for young people—studies have shown that holding a job at an early age is the single biggest determinant of success in the labor market as an adult—but educational attainment is as well. It’s estimated that over the course of a working life, the average college graduate will earn \$1 million more than one who has only a high school degree.

For disadvantaged young people—those most likely to need help getting connected to jobs and finding a career path—the challenges are greater still. “The school system, generally speaking, doesn’t equip folks with soft skills: how you work in a team, how you take direction, how you comport yourself in the workplace, how you use technology,” explains Reg Foster, a WIB member and longtime chair of the city’s Youth Council, an advisory group of employers, providers and outside experts that works with DYCD to help set priorities for youth workforce policy. “So [DYCD] has

to look at these soft skills.”

DYCD’s mandate in this area is also clouded somewhat by the fact that several other city agencies offer services relevant to the future job and career prospects of young New Yorkers. The city’s Department of Education runs the public schools, while SBS can serve workforce system customers from ages 18 and upward. The Administration for Children’s Services runs programs for young New Yorkers in foster care, and other agencies such as the Department of Juvenile Justice have a hand as well. The Interagency Coordinating Council, which has the nominal responsibility of making sure all these agencies are working in concert, lacks any real power and meets only a few times per year. The Youth Council and Youth Board, both advisory groups mandated by WIA and the New York City Charter respectively, work with DYCD, meet infrequently, do not have full-time staff and have taken little action beyond quarterly discussion and sporadic outreach to the business community to raise awareness around issues of youth employment and career exploration.

Experience on the ground has shown the results of this muddle. In 2004, four high school students who served on the Youth Board visited several of the Workforce1 Career Centers to better gauge how well, or not well, these facilities served older youth. They reported back that the centers were not set up to give the more focused and individualized attention that young customers need, for either job preparation and placement or accessing educational opportunities.

These observations matched the prevailing theory in the field: workforce facilities designed to serve adults are generally a poor fit for young people with different needs and less experience in the world of work. “Unless you have a separate youth component for a one-stop, it is an inappropriate setting [for younger customers],” explains Megan Keenan, director of DYCD’s Out-of-School Services targeted at New Yorkers aged 16 to 21 who aren’t in school. “It takes hiring staff people who understand what youth need. An 18 or 19 year-old can’t do as much self-directed job search as an adult.”

Howard Knoll, senior director with ARBOR, Inc., a workforce services provider that runs the Staten Island Workforce1 Career Center and a nationally recognized expert in workforce services for youth, points out some of the opportunities missed. “We

could have built into the current one-stops a youth help desk, or to create a youth area within the centers that met more developmental needs and workforce needs of young people,” he says. “But it’s off the radar screen.”

In 2004, following the report of the Youth Board students, the stars seemed to be aligning toward city efforts to at least create a pilot facility for serving youth. Rae Linefsky, a member of both the WIB and Youth Council who was then working as a consultant with United Way of New York City, proposed a youth one-stop center to be located in midtown Manhattan, that would offer assessment, referrals to more specialized providers, and on-site services from computer literacy and job readiness training to health and nutrition information. At the time, United Way pledged to make the project a priority and commit substantial resources. DYCD responded with enthusiasm, and toward the end of the summer Linefsky made a presentation to her colleagues on the Youth Council.

“The members were extremely excited,” she recalls. “They wanted to make it happen.” Her vision had less to do with job placements per se and more about creating a centralizing focus for the entire system. “The youth one-stop could train CBOs [community-based organizations] all over the city on how better to serve youth,” she adds. “The Department of Education, DYCD, and ACS would all have a role, with DYCD in the lead.”

Unfortunately, all progress suddenly ground to a halt. It appears that limited resources were at the heart of the problem. Indeed, insiders say that city support for the initiative would have had to come from federal funds already being used for out-of-school youth programs. Assistant Commissioner Miguel Almodovar acknowledges that the money wasn’t there on the city side to create the youth one-stop, but does not share Linefsky’s assessment of how much enthusiasm there was for the concept. “There really wasn’t much support in the Youth Council for it,” he remarks.

Youth Council Chair Reg Foster cites “no money and a lack of consensus on the concept” as the reason the initiative did not move forward. But he also admits, “I don’t think there’s comfort with how youth are served at the adult one-stops.”

Youth Board Chair Rich McKeon echoes this sentiment: “If the city were to set up centers or an office

## SUMMER YOUTH EMPLOYMENT PROGRAM

While DYCD has absorbed criticism for its caution around major new initiatives, the agency has garnered near-universal praise for its efforts in improving and refining the contracting responsibilities it inherited from the Department of Employment. Perhaps the most notable success has been the Summer Youth Employment Program (SYEP), which places tens of thousands of city teens into jobs across the five boroughs every summer.

Thanks in large part to greater administrative efficiencies the agency pushed through, SYEP served 41,650 young New Yorkers in 2006—the most since 2001—despite the higher cost of jobs, owing to recent increases in New York’s minimum wage. One such change was to streamline how participants were paid within the program. “The way we used to pay participants was very inefficient,” says DYCD Commissioner Jeannie Mullgrav, citing “thousands of time sheets, a whole day to distribute checks, and security issues” as particular problems. The old system had deterred a number of potential employers from participating in SYEP.

Beginning in 2004, DYCD began to implement an electronic payment system in which participating teens used debit cards to access their funds. By summer 2005, the payroll and time sheet system had become web-based, with four major banks—Washington Mutual, Commerce Bank, Bank of New York and Signature Bank—providing no-fee debit card transactions. In large part because of these changes, DYCD was able to reduce seasonal staff hires needed to manage the program from 212 in 2003 to 53 in 2004 to 40 a year later. As a result, says Mullgrav, “The money we saved allowed us to add about 1,000 slots to the program.”

DYCD also expanded the focus of SYEP beyond just work to include 17 hours of skills training and information designed to help participants succeed in both their summer jobs and their longer-term educational and career goals. Areas of focus included work readiness, financial literacy, career exploration, college and post-secondary planning, and health education on issues from HIV/AIDS to nutrition.

Beyond these improvements, Mullgrav and her colleagues within the agency were eager to expand the agency’s programming related to SYEP. They began that work in 2006 by piloting two programs that build on the SYEP experience: CAPITAL (Corporate Allies Program for Training, Internships, and Leadership) and GirlsREACH.

The concept behind CAPITAL is that successful SYEP participants should have the opportunity in subsequent years to experience a more involved and demanding job placement in the private sector. Through late 2005 and early 2006, DYCD and the advisory Youth Council screened high school juniors and seniors who attended a series of workshops run by the agency, and secured commitments for job placements from prominent employers such as Grey Advertising, Ogilvy & Mather, the Federal Reserve Bank of New York, Major League Soccer and Modell’s Sporting Goods. In all, 50 young New Yorkers were placed with these and other companies and completed internships. For the program’s second year in 2007, CAPITAL hopes to place 200 city youth into private-sector internships; every company that participated last year plans to do so again.

GirlsREACH is a joint effort of DYCD and the Mayor’s Commission on Women’s Issues to connect high school girls with internships and raise their awareness of career options available to young women who show academic success and personal maturity. In this six-week program, 50 city teens interned with public and private sector employers such as the city Departments of Buildings and City Planning and Ernst & Young, Bloomberg LP and The Bank of New York. Additionally, interns took a college exam preparation course in advance of the October 2006 SAT, and will be eligible for college scholarships. The initiative was enough of a success that in March 2007, Mayor Bloomberg announced plans to create a complementary BoysREACH to expand opportunities for young men. ♦

around youth employment and tracked the placements, it would be helpful as a clearinghouse for youth looking for jobs and employers looking for youth.”

In the absence of such facilities, DYCD continues to offer services largely through contracts with providers that customize offerings for in-school and out-of-school youth. But, as Suzanne Lynn and other agency leaders acknowledge, DYCD’s extremely limited resources mean that it reaches only a tiny share

of the need. The agency reported that in 2005, a total of 4,500 young New Yorkers received work readiness training; 1,050 out-of-school youths returned to the classroom to earn a high school diploma or GED; 5,450 youths received tutoring to improve their basic literacy and numeric skills; and 6,350 individuals who were identified as at risk to drop out of high school received services designed to keep them enrolled and working towards a degree.

## THE CUNY CONNECTION

With a Workforce1 Career Center, a wide range of programs and prominent oversight role, the City University of New York is virtually a full partner in New York City's workforce system

IN RECENT YEARS, THE CITY UNIVERSITY OF New York (CUNY) has assumed an ever-larger presence within New York City's workforce system. With an annual enrollment of nearly half a million students at its 23 campuses, CUNY offers both traditional academic and vocationally targeted education as well as focused workforce programming. CUNY serves as a member of the city's one-stop system operator consortium, along with SBS and the state Department of Labor, administers the Individual Training Account voucher system, and sits on the city's Workforce Investment Board in the person of Senior University Dean for Academic Affairs John Mogulescu.

But that's not all. Since 2005, CUNY has operated a Workforce1 Career Center at LaGuardia Community College in Queens. LaGuardia nearly quadrupled its number of job placements between the fourth quarters of 2005 and 2006. A second Workforce1 site in the Bronx, CUNY on the Concourse, also opened in 2005 and improved its own placement total by more than 50 percent over that same period. Unfortunately, the deep cuts to the city's adult WIA allocation prompted the city to close CUNY on the Concourse in April 2007. (See "Unkindest Cuts," page 27)

For years, CUNY has provided training and employment services to New Yorkers at all levels of skill and job-readiness—from vocationally oriented adult education classes to employer-customized training and instruction for professionals. But Jane Schulman, LaGuardia's vice president for Adult & Continuing Education, observes that the Workforce1 Center she oversees offers something new. "If there's one thing I've felt for years was missing from our workforce development programs, it was trying to get businesses involved in a systematic way," she explains. "SBS is doing that for the city, and that's what we're trying to do at LaGuardia as well." LaGuardia's services for employers include its Center for Corporate Education, which provides customized contract skills training, and a Small Business Development Center that offers technical assistance for small businesses. "And

now we can also do your staffing," adds Schulman.

In addition to its partnership with SBS within the Workforce1 system, another success for CUNY in the last few years has been its program to reconnect out-of-school youth to high school completion and college study, known as CUNY Prep. CUNY has developed this program, begun in October 2003, in close partnership with DYCD. In its three years of operation, CUNY Prep has served 600 New York City students, helping approximately 275 to complete their GEDs.

CUNY Director of Special Initiatives Mia Simon believes that the program owes much of its success to the ways in which it differs from traditional GED preparatory efforts, which often meet no more than a couple nights per week. "When we say 'full-time,' it's Monday through Friday, five hours a day," Simon explains. "Students are involved in student government, in peer events." CUNY Prep even has a prom.

Initially, the program was funded entirely with WIA dollars, through DYCD. Unfortunately, the strictures of WIA were onerous for CUNY Prep. "The nature of WIA makes the program very difficult," explains Simon. "The way [program performance] outcomes are derived makes it very difficult to run a younger youth education program." Still, DYCD's early support was crucial for CUNY Prep, and Commissioner Mullgrav and others have continued to speak out about the program's strong model and results.

Declining WIA funding levels also played a role in the program's gradual move away from DYCD. By December 2006, according to Simon, WIA supported just 48 of the 200 students in the CUNY Prep cohort that were going through the program at the time. The City Council made up for some of the funding shortfall; going forward, the Center for Economic Opportunity, the newly created administrative arm of Mayor Bloomberg's Commission on Economic Opportunity, will fully fund the program for 2007-2008. With these new resources assured, CUNY Prep was recently able to expand capacity for its evening program, CUNY Prep @ Night, from 100 to 200 students.

# BOARD SEEKS HAMMER

New York City's Workforce Investment Board has come a long way in a short time—but maybe not quite far enough

PERHAPS NO ENTITY IN THE WORLD OF CITY workforce development policy embodies both how far the city has come, and how difficult are its remaining obstacles, than the New York City Workforce Investment Board. This group, mandated by the federal Workforce Investment Act and comprised of mayoral appointees from the business, labor and nonprofit sectors, is responsible for setting priorities for workforce policy within the five boroughs and coordinating the activities of city agencies and other public and private sector institutions that receive federal, state and local funding. In the last few years, the WIB has increased membership, raised its profile and pushed for innovative new programming. Yet, in many ways, the board has been constrained by a limited vision, and still has much work left to create a more cohesive and effective workforce system in New York.

Much of the WIB's improvement can be traced to the hiring of executive director Marilyn Shea. Her appointment in 2004 signaled a new seriousness about the WIB on the part of City Hall. A veteran of more than 30 years in workforce policy, Shea served as the regional administrator for the New York City office of the U.S. Department of Labor from the mid-1990s until 2002. During her last year in that position, she came into conflict with the Giuliani administration, which had stashed away upwards of \$67 million in unspent federal WIA funds. In the face of attacks from the administration, Shea worked with state regulators to keep the city in compliance with WIA while helping city workers displaced after the 9/11 attacks. (See the Center for an Urban Future's November 2001 report "Under the Mattress.")

Infusions of staff talent and more assertive members have transformed the WIB's quarterly meetings. Once little more than spottily attended gatherings at which city officials virtually monopolized the floor, the meetings now regularly feature guest experts and spirited discussion on core issues like how to better integrate immigrants into the city's workforce, emerging economic sectors and their employment pros-

pects and how the city is trying to integrate workforce programming into its economic development agenda. (Full disclosure: the author of this report presented at a September 2006 WIB meeting.)

"You don't see that level of enthusiasm and honest back-and-forth discussion at most WIBs," says Aaron Fichtner, director of research and evaluation with the Heldrich Center for Workforce Development at Rutgers University, who worked closely with a committee of the New York City WIB on a project to map sources of labor market information in the five boroughs.

In addition to making internal improvements, the WIB has been more assertive in both public advocacy and seeking more resources for the workforce system. One long-time goal was achieved in June 2004, when the New York State Department of Labor certified the city's network of one-stop centers—the last workforce area in the state to earn certification. This step rendered New York City eligible to receive grants from state programs; since then, the city has drawn down at least \$1.4 million in state-originating funds for programs like BUSINYS (Building Skills in New York State), which requires businesses to match public dollars to support training for incumbent workers.

For all these positive developments, however, the WIB has yet to fully realize its three primary responsibilities: to provide oversight and guidance to public officials, mediate between the various stakeholders in federally funded programs and strengthen connections between workforce training programs and the business community.

While even the critics grant that the quality of board meetings has improved, they argue that more interesting get-togethers can't substitute for the body truly discharging its duties. Others assert that the work of the WIB is too driven by its staff and SBS, in contrast to boards in other cities where members drive the agenda, helping to ensure greater enthusiasm and stronger buy-in from the local business community.

Some believe that the WIB remains too closely tied to the city's lead agency for workforce policy—

## NYC WORKFORCE INVESTMENT BOARD MEMBERS

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**Robert Battista**  
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Medical Center

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**Charles Callahan**  
Plaza College

**Louis Coletti**  
Building Trades  
Employers' Association

**Roy Cosme**  
Arcos Communications

**Rocco Damato**  
A.L. Bazzini Company, Inc.

**Rex Davidson**  
Goodwill Industries  
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**Mark Elliot**  
Independent Consultant

**Michael Flanigan**  
Citibank

**Reg Foster**  
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**Ester Fuchs**  
Columbia University

**Mildred Garcia**  
Berkeley College

**Colvin Grannum**  
Bedford Stuyvesant  
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MACY'S

**Neil Hernandez**  
NYC Department of  
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**Tino Hernandez**  
NYC Housing Authority

**Chuck Hunt**  
NYS Restaurant  
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**William Janowitz**  
NYS Office of Vocational  
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Disabilities

**Kathleen Kearns**  
Continuum Health  
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**Deborah King**  
1199 SEIU

**Robert Lieber**  
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ment Corporation

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C3 Consulting

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Consortium for Worker  
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NYC Department  
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**John Mogulescu**  
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**Thomas Moloney**  
Cleary Gottlieb Steen &  
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**Jeanne Mullgrav**  
NYC Department of  
Youth & Community  
Development

**George Ntim**  
Marriott Marquis

**Robert Purga**  
NYS Department  
of Education

**Rosemary Richmond**  
American Indian  
Community House

**Stuart Saft (Chair)**  
Wolf Haldenstein Adler  
Freeman & Herz

**Carole Sobin**  
ConEdison

**Sara Spatz**  
NYS Department of Labor

**Joseph Spinnato**  
Hotel Association  
of NYC, Inc.

**Ramon Tallaj, M.D.**  
St. Clare's Hospital /  
St. Vincent Midtown  
Hospital

**Howard Van Jones**  
Central Labor Council  
AFL-CIO

**Robert Walsh**  
NYC Department of Small  
Business Services

currently, SBS. They charge that this close connection with SBS limits the WIB's vision, causing officials and staff to view the entire system through that agency's narrow perspective: what can be done with federal WIA funds, and what should be done to serve employers in New York City first and foremost. This is not a new complaint. During Mayor Giuliani's final two years in office, the board was little more than an appendage of the city's Human Resources Administration (HRA), which then was led by officials whose disdain for job training was transparent. Since the 2003 reorganization, the WIB has physically shared space with SBS, and there seems to be little if any operational distinction between the two entities.

Arguments can and have been made asserting the value of the WIB's relationship with SBS—not least that it creates some budgetary efficiencies and operational convenience. But given the at-times contentious relationships between SBS and other city agencies involved in workforce development (See "Fractured System," page 22), the perception of too-close ties has troubled both board members and outsiders. Even casual observers at WIB meetings and other public events can see that the board has a much closer relationship with SBS than with DYCD. And HRA, which once dominated the system, now has hardly any presence at all. Among the negative results of this arrangement is a system that has given comparatively short shrift to the workforce issues facing younger New Yorkers, those transitioning off welfare, and other groups in need of services.

Some suggest that this is an all but impossible assignment—not just in New York City, but anywhere. "While the WIB role should be to bring everyone together, I haven't seen too many WIBs that are really good at that," says Heldrich Center executive director Kathy Krepcio. "Unless somebody from the mayor's office steps up to the plate, [this probably won't change]."

Still another charge is that in its composition—most of the members hail from the private sector, with the rest representing city agencies with workforce responsibilities, service providers, and outside experts—the WIB hears every voice but that of those who utilize workforce services. "I wonder if the representation has gone so much on the side of industry and business that the workers themselves are not adequately represented in the body," asks Sondra Youdelman, acting director of Community Voices Heard, a grassroots membership group of low-income New Yorkers.

# WHO USES THE WORKFORCE SYSTEM, AND FOR WHAT?

DATA SUGGESTS THAT THE TYPICAL JOBSEEKER IN the New York City workforce development system is an African-American woman between the ages of 30 and 44. She has a high school diploma, and she goes to the Workforce1 Career Centers for one simple reason: to find a job. She's probably been there before, and first found out about the center either from the state Department of Labor or a family member or friend.

As the centers seek to improve the quality of service delivery and more effectively work with both jobseekers and employers, the One-Stop Operating Consortium (comprised of the New York City Department of Small Business Services, the New York State Department of Labor, and the City University of New York) has stepped up efforts to better understand who its customers are. The data presented below came from a survey of Workforce1 Career Center customers conducted by SBS between mid-2004 and mid-2005. Among the findings:

African-Americans comprised a majority of those who received services (55 percent), with Hispanics (21 percent) the next largest racial group.

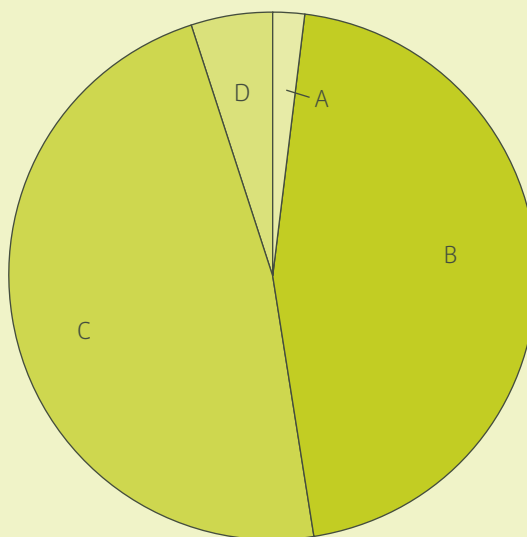
- A majority of system users (52 percent) were women.
- Despite some lingering perceptions around the educational shortcomings of users of workforce services, 78 percent had at least a high school diploma or equivalency.
- The overwhelming majority (94 percent) of Workforce1 users were between the ages of 21 and 55.
- Nearly 50 percent of respondents, regardless of gender and age, said that they came to the centers to find a job, the largest single group by far. The next most common motivations were to obtain an Individual Training Account voucher (21 percent), to access Unemployment Insurance (11 percent) and to participate in workshops (9 percent).
- Slightly over half (53 percent) of respondents were returning customers; 47 percent were new customers.
- More than half of respondents came to the Workforce1 centers after either receiving a referral

from the state Department of Labor (28 percent) or on the recommendation of family or friends (27 percent). About 15 percent of respondents were referred by training providers, and about 9 percent were walk-in customers. Most others learned of the center from advertisements (4 percent), the Internet (3 percent) and flyers (under 1 percent).

- Most users expected that they would achieve their goals—whether employment, obtaining a training voucher or something else—either within a few weeks (36 percent) or in between two to five months (35 percent). Only 2 percent anticipated needing six months or more to find a job.

**CHART 1: BREAKDOWN BY AGE**

A: Under 21: 2% (31)  
 B: 21-35: 46% (949)  
 C: 35-55: 48% (977)  
 D: Over 55: 5% (103)



Source: NYC Department of Small Business Services

## THE REST OF THE WAY

A few hurdles remain before the city can plausibly tout a workforce system that works for all

IN AUGUST 2002, THE CENTER FOR AN URBAN FUTURE PUBLISHED A critical study about the state of the city's workforce system, titled "Rebuilding Job Training From the Ground Up." The study found that while day to day operations left much to be desired, the fundamental problem of workforce development in New York City was philosophical: programs remained driven by government and service providers, focused almost exclusively on entry-level jobs and unconnected to the business community.

Nearly five years later, New York has gotten many of the big questions right through its embrace of a demand-driven model. The immediate challenges now are not philosophical, but operational in nature: difficulty in effectively serving all customers, unwillingness or inability to get all the city agencies and outside stakeholders working collaboratively toward shared goals, and insufficient resources to build on successes and redress problem areas. All three concerns represent barriers both to fixing specific problems now, and to making operational the more ambitious vision of career development that all stakeholders claim to share, but cannot yet put into practice.

### ARE YOU BEING SERVED?

While business customers are engaged with the workforce system as never before, the decision by SBS to focus on employers has meant that jobseekers who are not work-ready often find little of value at the Workforce1 centers.

Part of the problem has to do with the Workforce Investment Act itself. WIA offers an incentive to serve those who are most ready for work rather than those who most need services. For adults, WIA rewards goals such as entry into employment, job retention and wage gains within six months of being hired. The city passes the mandate to reach these goals on to vendors through their contracts. Thus, the provider agencies that operate the centers have little financial motivation to engage clients with very low educational attainment, limited English proficiency, substance abuse issues or other barriers to employment. While their core organizational missions might push them to focus on the hardest to serve, thin operating margins and overstretched staff frequently render this a near impossibility.

Vendors who operate those centers admit as much. "You always try to balance the services you give to businesses and the services you give to jobseekers," says Dale Grant, whose agency, D.B. Grant Associates, runs the Queens

Workforce1 Career Center. “But they’re conflicting in some ways. To maximize with employers, you want to put as many candidates in front of them as possible. But some people are going to end up without jobs. If you’re working to place the full jobseeker population, you want to have tons of openings that will never get filled. You get more placements out of that, but you’re not providing the same level of service to businesses.”

There is simply no incentive to work with those clients, since the city contracts do not reward vendors for engagement with harder-to-serve customers. The more SBS and its contractors focus on matching job-ready customers with the hiring needs of employers, the less time and resources are available for serving customers with greater needs.

City officials are trying to devise an answer to this problem. Angie Kamath, assistant commissioner for program design and development at SBS, is in charge of the effort to extend the reach of the system in both filling job orders and serving less work-ready jobseekers through stronger ties to community-based organizations. “It’s happened organically at the center level,” says Kamath. “Now we are bringing more strategy and process to the way the Centers engage partners.” Kamath’s division is putting together a resource guide for career advisors at the Workforce1 Career Centers that features a list of community-based groups that can provide vocational, pre-vocational, literacy and work-readiness services.

Then the question becomes, can CBOs handle an influx of new referrals without additional resources? Many within the system say no. “Both federal and state workforce development funding have been cut over the past few years,” says Bonnie Potter, former executive director of the New York City Employment and Training Coalition. “It will be difficult for CBOs just to service their own community residents, much less referrals from the workforce one centers.”

While less job-ready customers have struggled to find appropriate services at the Workforce1 centers, even some of the more immediately employable individuals who walk into the centers looking for work have found themselves discouraged by the experience. Emily Shubrick, a former teacher with a college degree and extensive experience in office work, repeatedly visited the 149th Street center over the first seven months of 2005. She says she was dismayed to

find that her information never seemed to stay in the system. “I’ve been over there a good seven or eight times,” she told the Center for an Urban Future later that year. “Every time I go over there I deal with other people and have to give them the same information over and over again.”

Non-English speakers face additional frustrating hurdles in getting served. Zoila, a native of the Dominican Republic, described her Workforce1 experience through a translator: “I went to the orientation. I asked the receptionist and was told to wait for the orientation. After a few minutes we were given documents, forms to fill out in English. I wasn’t offered a translator, and the orientation was conducted in English.” Luckily, the orientation facilitator spoke Spanish and was able to translate for Zoila. But when she had questions about filling out the form, there was no one to ask. “I was told that if I didn’t do it, there would be no opportunity to access services,” she said. Frustrated, she took the papers and left.

For many of those who do find work, the next question becomes how to advance and increase earnings. Unfortunately, the Workforce1 system is often of limited help in finding answers.

Just as WIA creates a disincentive for providers to work with the hardest-to-serve, it also offers little financial incentive for vendors to work with placed customers beyond six months, at which point they can achieve a retention benchmark. The contracts provide some additional payment for customers’ wage gains and promotions, but most vendors don’t seem to feel that the compensation justifies devoting resources toward achieving and documenting these goals.

Too often, the result is that the worker is not as able to take advantage of advancement opportunities. This can be a source of frustration not just for workers, but for their employers as well. FreshDirect hired approximately 1,700 people citywide in 2006, including at least 37 from Workforce1. With its rapid growth, the grocery delivery company often needs to promote workers as rapidly as it hires them. “We [promote] internally, but obviously it’s advantageous to everyone if we were able to partner with folks to help move them up,” says FreshDirect Human Resources Director Anthony Onesto. The most common problem he finds is not with skills training, which the company provides directly, but rather in employees’ capacity to handle “difficulties they have just coming into work every day.”

# THE FRACTURED WORKFORCE SYSTEM

Some key agencies don't communicate—and others barely acknowledge that a system even exists. Can these pieces fit together?

A KEY OBJECTIVE OF THE WORKFORCE INVESTMENT Act was to align all state and local agencies that provide job training and employment services, with clearly delineated lines of responsibility and comprehensive coordination between all providers, under the direction of a local business-led Workforce Investment Board. But in New York City, the gap between this theory and practice has been vast. The city's tradition of contracting out services and the serial reorganizations of workforce responsibilities before 2003 made the system less coherent. Other obstacles more universal in nature, such as haggling over turf and money, petty rivalries between officials and unclear lines of responsibility for various areas of policy, made coordination and real partnership even more difficult.

The result today is a collection of programs and services that, for all the ground gained over the last five years, still has yet to cohere as a system. Many programs are duplicative across agency lines, while other areas of importance have gone mostly unaddressed.

Linda Roma, a veteran workforce services provider who is a senior administrator with Borough of Manhattan Community College (BMCC), has had to contend with the disconnection that pervades the workforce world. Roma works with SBS on a range of projects, has done work with the Human Resources Administration, and is a grantee under the City Council-funded NYC-Works program launched in 2005 (See "NYCWorks," page 25). She feels that the manner in which agencies and programs operate makes it more difficult than might be the case for them to collaborate.

"Every program is so focused on what its own goals are and how to get there, that too often we don't effectively communicate and collaborate," Roma says. "There are a lot of good programs and staff who care, but we're not linked. The result is that client services are compromised."

## THE GREAT DIVIDE: SBS AND DYCD

Since the 2003 reorganization of city services, both agencies empowered to run workforce development

in New York City—SBS and DYCD—have improved the performance of old programs, created new ones, and built credibility among stakeholders. But while splitting workforce responsibilities between two agencies has helped provide greater strategic focus to serving adults and brought a wider range of resources to serving youth under one roof, the generally acknowledged failure of the two lead agencies to work in partnership has caused longstanding problems to continue to fester. Most notably, the Workforce<sup>1</sup> centers are unable to meet the employment and training needs of young people, and only a fraction of the hundreds of thousands of New Yorkers between the ages of 16 and 24 who are neither in school nor working are being served.

Some of the reasons for the division are clear. The two agencies operate from two very distinct cultures and environments. "When you walk into SBS, you feel like you're in a business environment," says consultant Rae Linefsky, a former acting commissioner of HRA and a WIB member. "When you walk into DYCD, you feel like you're in a city agency." The difference in atmosphere, she says, indicates a deep divide in mindset and priorities.

The two agencies are accountable to different deputy mayors, an important distinction in an administration where the deputies hold considerable power. Consistent with the mayor's view that workforce development is a key component to growing the economy, SBS reports to Deputy Mayor for Economic Development and Rebuilding Dan Doctoroff. DYCD, however, reports not to Doctoroff but to Dennis Wolcott, deputy mayor for education and community development, whose portfolio also includes the public school system, CUNY and the School Construction Authority. The lines of accountability indicate the gulf between how the agencies, and their commissioners, conceive of their core missions.

This philosophical gulf has important operational consequences. Current and former DYCD staff we spoke with for this report described DYCD as "a con-

tracting agency,” focused above all else on designing and administering city contracts for the best return on the public dollar. By most accounts, DYCD has excelled in this. But the agency’s attention to its clearly delineated responsibilities, some feel, has constrained its leaders from pursuing possibilities for big steps forward. “They’re risk avoiders,” states one executive at a major workforce service provider. The agency’s reluctance to take on the project of a “youth one-stop” (See “Teen Angst,” page 13), for example, supports the charge.

SBS, while thoughtful in designing its contracted services and attentive in administering them, has a much more entrepreneurial outlook and has been more aggressive in launching new programs. In working directly with major employers and setting up sector-based training initiatives, the agency has pushed hard for progress. But staffers in other city agencies, as well as some contractors, have complained that SBS officials fail to share information, shrug off constructive criticism and outside feedback, and at times run roughshod over their putative partners.

This antipathy toward collaboration has had consequences large and small. The same non-profit executive who characterizes DYCD as “risk avoiders” tells of a proposal made soon after the 2003 reorganization by which older teenagers who weren’t in school could simultaneously enroll in DYCD-run programs and register with a Workforce1 center. Under this concept, as each individual aged out of the DYCD programs, he or she would seamlessly move into services offered by Workforce1. “That’s a system,” the provider asserts. “But it didn’t happen because of the gulf between SBS and DYCD.”

The very group that this proposal would have targeted has since become a major concern for policymakers. New York City is home to an estimated 160,000 to 200,000 disconnected youth—individuals between the ages of 16 and 24 who are neither working nor in school. Both DYCD, charged with serving young people ages 14 to 21, and SBS, which serves those 18 and older, are empowered to offer services to this population, but neither has seized the issue.

While DYCD has set up a well-regarded system of programs to serve disconnected youth through its Out-of-School Youth contracts, its funding to operate these programs—approximately \$8 million—is sufficient to serve only about 950 young people per year. The Young Adult Task Force, a cross-sector col-

laboration of city officials, advocates, philanthropists and policy experts, estimated in a November 2005 report that less than one in 10 disconnected young New Yorkers were receiving services to help them reach educational or vocational goals.

Consultant Bret Halverson works closely with the New York City Workforce Funders Group, a convening of philanthropic funders with investments in different pieces of the system. Like others within the group, he expresses frustration at the failure to focus on serving older youth and younger adults. “No real thinking has gone into it,” he says. “The consultants they use don’t know anything about the youth area.”

Advocates and foundation officials find the absence of strategic and collaborative thinking around the question of disconnected youth even more frustrating than the absence of adequate resources to serve them. “If there are 200,000 disconnected young people in New York City, there are at least that many disconnected responses to dealing with them,” says Chuck Hamilton, executive director of The Clark Foundation, a member of the Funders Group. Hamilton lists uncoordinated funding streams, not enough cooperation between city agencies and other service providers, low program quality and insufficient data collection among the specific problems. Hoping to push the issue, Hamilton and colleagues within the Funders Group have committed several million dollars over the next few years to developing a new youth workforce entity, JobsFirst New York, to serve as a policy clearinghouse and convener around the question of disconnected youth.

The city finally has developed plans for a coordinated response to the problem of disconnected youth through the Commission on Economic Opportunity. The Center for Economic Opportunity, which was recently established to implement the recommendations of the commission, plans major initiatives around education and employment for the city’s disconnected and at-risk youth population. The administration has pledged over \$50 million for the effort; however, the operational specifics and timetable for these efforts are not yet known.

#### AN UNTAPPED RESOURCE: HRA AND THE WORKFORCE SYSTEM

When Mayor Bloomberg took office in 2002, he shifted the funding and policy responsibility for adult

workforce development from the Human Resources Administration back to the Department of Employment, which had held the funds and portfolio until 1998. A bit more than a year later, however, the mayor announced his intention to close DoE in spring 2003, and speculation initially held that the portfolio would return to HRA. After all, some argued, many among the population that needed job training and employment services also required the work supports that HRA provided, and had spent time on public assistance.

Eventually, Mayor Bloomberg went in a different direction, signaling that his workforce policy would be more closely tied to addressing employer demand

Since the 2003 reorganization, HRA largely has disconnected from the city's workforce system. The agency has had virtually no presence at WIB meetings or in committees for at least two years, nor is it represented at the city's Workforce1 Career Centers.

and integrated with youth development than to social services. The politically fraught recent history of HRA and workforce development likely contributed to this decision, as did the widely held view that close association with "the welfare agency" was a turnoff for the private-sector decision-makers whose support would be crucial to building the system.

What wasn't expected, however, was that HRA would largely disconnect from that system. Although the agency's commissioner is officially a member of the WIB, HRA has had next to no presence at WIB meetings or in committees for at least two years. Records indicate that recently departed Commissioner Verna Eggleston never attended a meeting. HRA also is not represented at the city's Workforce1 centers, belying the notion that the facilities truly offer "one-stop" access to all the services and information job-seekers require in finding and keeping a job.

In fact, HRA has its own system of programs for public assistance recipients trying to transition off welfare. Many of these programs address the same barriers to employment—low literacy and basic skills, mental or physical health issues, and the like—that Workforce1 has struggled with. Meanwhile, HRA's "Back to Work" program, which serves those individuals leaving public assistance who are most ready for employment, covers much the same ground and

takes much the same approach as Workforce1. Both systems prepare customers for many of the same jobs, in the same citywide labor market, and those customers have overlapping needs. The sole difference, the determinant whether an individual will enter one system or the other, is whether or not that individual is receiving public assistance at a given point in time.

Unfortunately, while it might seem more logical to construct one system of employment services that focuses on job readiness and barriers to employment rather than two systems based on whether or not an individual is on welfare, there are very significant hurdles to doing so. Temporary Assistance to Needy

Families (TANF), the federal welfare program, has very different rules and oversight—not to mention political salience—than WIA. The distinction might not seem to matter for low-income jobseekers on the fringes of the labor market, but it is very real to government officials and the service providers they contract with; their funding depends on it.

"The reality is there are specific employment requirements for public assistance recipients in terms of the kinds of activities in which they can participate and the documentation required for those who do participate," explains HRA Deputy Commissioner Seth Diamond. Diamond acknowledges "similarities in the services" offered by the two systems, but adds that the different funding streams, reporting rules and purposes of the programs make it administratively difficult for vendors "to do both in the same space using the same staff."

Still, without some effort to collaborate, the results can be catastrophic for clients. "There's no explicit way that the Workforce1 Centers are connected to the HRA Back to Work vendors," says Sondra Youdelman, acting director of Community Voices Heard (CVH), a grassroots membership group of low-income New Yorkers. "Someone in need of a job at a Back to Work Center and ideal for placement with a strategic Workforce1 employer might not know about that position

or not be directed to it.”

Worse, if they try to use Workforce1 services, they could face penalties. “People receiving services from HRA are virtually mandated to HRA programs only,” CVH member Michelle Canady testified at a New York City Council hearing in February 2007, noting that her own efforts to make the jump from welfare to work were hampered by an inability to use Workforce1 without fear of being sanctioned by HRA and losing some of her benefits. “People receiving services from HRA should be allowed to seek employment opportunities at any Workforce1 Career Center offering pathways to employment.” Closer partnership between the two systems could better serve job-ready welfare leavers by giving them access to the stronger employer connections and institutional resources of Workforce1.

But some vendors familiar with both systems argue that HRA’s approach works against partnership and ill-serves clients themselves. “The person on public assistance suffers most because of the paradigm at HRA,” says Linda Roma of Borough of Manhattan Community College (BMCC), a former HRA contractor. “No one ever asks the person what they want. They assume that they know better than the client. The mentality is ‘herd ‘em in, herd ‘em out.’”

City officials note that SBS and HRA are exploring a new collaboration around Workforce1 customers who are receiving food stamps or eligible for them, with an eye toward drawing down federal dollars under the Food Stamp Employment and Training Program. Hopefully this endeavor will start both agencies down the path to greater coordination, better service for customers, and a greater return for taxpayers.

### NYCHA PROGRAMS

The New York City Housing Authority (NYCHA) provides homes for more than 412,000 New Yorkers, many of whom fit the profile of Workforce1 jobseekers: people without college degrees either trying to secure a foothold in the local job market or advance to a better-paying position with greater opportunity. Unfortunately, the Housing Authority operates programs that run parallel to the city’s workforce network rather than within it.

NYCHA Director of Resident Employment Services Sonia Torruella describes her agency’s relationship to SBS programming by saying, “We sort of see

## NYCWORKS

When the New York City Council announced plans in 2005 to allocate \$10 million in city tax-levy funds for workforce services, local advocates cheered: For the first time in many years, New York City would put its own dollars alongside federal resources. The new program, NYCWorks, was spurred in large part by a series of reports from the Community Service Society of New York detailing employment crises among African-American men and other disadvantaged groups in the city. The Council reached an agreement with United Way of New York City to award and administer grants to providers who submitted proposals to serve high-need populations, and to provide technical assistance to grantees and track outcomes. United Way also agreed to cover costs for administration, technical assistance and professional development for staff of the grantees.

The program ultimately made 31 grants based on the evaluations of a review committee. (The author of this report was a member of this committee.) The contracts began in early 2006; most of the programs funded run either 12 or 15 months. The Council later added a supplemental \$4 million to the initial allocation.

The money has had an impact: United Way staff report that as of early 2007, its grantees had “reached” more than 11,000 individuals through assessments, referrals or direct services. Of these, grantees enrolled more than 7,600 New Yorkers into occupational or entrepreneurial programs, including hundreds with special needs such as disabilities or prisoners seeking re-entry into the workforce. Among those who had received training, 441 were placed into jobs, and another 982 entered into adult basic education, pre-GED or GED training. Sixty-nine individuals had earned a GED; of these, 38 went on to enroll in post-secondary instruction at a community college. As of November 2006, more than 1,200 participants had found jobs through the effort. The national nonprofit and technical assistance provider Public/Private Ventures is conducting a full assessment of the program.

But despite these positive outcomes, the effort has been fraught with difficulties. Though the City Council initially took a hands-off approach to the awarding of NYCWorks grants, members subsequently began to push for awards to applicants based in their districts and more generally to inject political considerations. Some of the grantees proved unable to fully deliver on their proposals, for want of administrative capacity and other reasons. By the second half of 2006, the future of the funding was uncertain, and many of the provider organizations scaled down operations and began to lay off staff. At last report, the programs were authorized to continue operating, using current resources, through mid-2007. While the full story has yet to be told, many within the workforce community fear that NYCWorks ultimately will represent an opportunity missed. ❖

ourselves as an extended arm to Workforce1.” The arm, however, seems to be longer than necessary. According to Torruella, NYCHA serves approximately 1,200 residents per year with offerings very similar to those at Workforce1 Career Centers: outreach and recruitment, assessments, career counseling and coaching, direct job placement assistance, referrals to training, linkages to education providers, workshops for employment readiness and computer labs at three dedicated Resident Employment Services (RES) sites around the city and a number of NYCHA-run community centers.

Operating on a bare-bones budget—RES spent just \$94,000 in 2006—the agency provides many of

enough dollars to serve at least 50 residents.” One such grant funded a partnership with the Borough of Manhattan Community College to train city residents to work directly with physically or mentally disabled individuals. Linda Roma, director of training at the college, describes what NYCHA brought to this partnership: “The recruitment piece was done by NYCHA, from their public housing developments. As long as someone was in good standing with housing, they could come to our orientation.” The program lasted 12 weeks, and some 110 NYCHA residents ultimately were placed in jobs.

While these jobs do not pay a great deal at the outset—average overall wage was \$10.38 per hour—

**NYCHA’s director of Resident Employment Services describes her menu of programs as “sort of an extended arm to Workforce1.” But the two systems have been painfully slow to coordinate their efforts.**

its services through partnerships with community-based organizations and larger providers such as the Consortium for Worker Education, which offers some occupational training and help around GED preparation, a priority for many NYCHA residents looking to increase their earning power.

RES provides post-placement services as well. “Once the person is employed,” Torruella says, “a follow-up specialist takes over. We track for up to a year, trying to use the same system as Workforce1 so when we get to the point of sharing data it’s easy to do so.”

But while NYCHA collects the same information as the newly launched Worksource1 data management system, she admits that, “unfortunately we are a long way from actually sharing data electronically.” One result of this inability to share data is that NYCHA residents who seek services both within NYCHA and at Workforce1 must give all their information twice, and whatever assessment and progress was made at one location does not inform the other. Needless to say, this is highly frustrating for customers, and a waste of resources for the public.

NYCHA’s workforce efforts are funded largely through federal multi-year grants from the federal Department of Housing and Urban Development (HUD). “We look to partner with established training providers that have good track records, then find

Roma notes that they do offer a clear career progression. “Even without a BA degree, there is career movement, which I think makes the program so special and valuable.” A former direct care worker herself, Roma explains that care for individuals with mental disabilities typically comes from an inter-disciplinary team that might include a doctor, nurse, speech pathologist, social worker, and psychologist. “As a direct care worker, you’re in an environment where you can go back to school if you choose, and go back to continue working in the field as a professional.”

The grant for this project ended in 2006. After two extremely lean years in which NYCHA did not receive any new HUD grants, RES found out in the summer of 2006 that a \$500,000 proposal to partner with LaGuardia Community College and the College of Staten Island in placing 150 residents had been funded.

There have been other recent positive developments as well. For instance, 23 NYCHA residents were among the first class to graduate from a city-supported program for careers in construction and will move on to apprenticeships in the building trades unions. And in February 2007, NYCHA and SBS finally completed a Memorandum of Understanding delineating how the two agencies could work together.

# THE UNKINDEST CUTS

As federal funding for workforce services continues to decline, city agencies must “do more with less”

THE GREAT IRONY OF WORKFORCE DEVELOPMENT services in New York City is that even as the quality and management of programs has dramatically improved, federal resources to support them have dramatically lessened. After a modest overall decline between program years 2002 and 2005, the city’s allocation from the federal Workforce Investment Act plummeted by \$19.4 million in 2006. The factors involved in the reduction included the overall federal budget crunch, the city’s declining overall unemployment rate, and a late change in the formula that New York officials only found out about in August, more than a month after the official start of the program year.

Even before the city knew how bad the damage would be, former Bloomberg adviser Ester Fuchs put it bluntly during a June 2006 forum on America’s changing workforce: “We have a crisis in funding. We can’t bring things to scale or go for systemic change.”

At this point, far from attempting to implement systemic change, the city system is barely able to meet its mandate and serve those who come through the doors. SBS now has a total budget of \$49 million in federal funding to run services for adults and dislocated workers. By contrast, in 2002, the city had spent \$44 million just for individual training account vouchers.

The cuts have forced officials at SBS to rethink their programs. “We’ve had to make some painful decisions,” says Scott Zucker, deputy commissioner at SBS. One of the most painful was to end funding for CUNY on the Concourse; the agency concluded that with two other Workforce1 facilities in the Bronx, the site could be closed with the least overall disruption to service offerings. But given the larger strategic importance of CUNY and its almost unlimited potential to help move the overall system toward greater emphasis on career advancement and filling higher-level job openings, this decision for the short term could carry a large opportunity cost down the road.

Another consequence of the cuts is that contracted services for “special populations” with serious skill

deficiencies and other barriers to employment are likely to shrink even further. While praising the community-based organizations that carry out these contracts with the city, Zucker lamented in January 2007 that the contracts—with a total budget of just over \$6 million—were “an expensive approach [that] only serves a couple thousand people a year.” The agency continues to search for a more cost-efficient way to effectively serve the hundreds of thousands of New Yorkers with significant barriers.

Future plans are also in jeopardy. The city would like to raise the current \$2,500 cap on Individual Training Account vouchers, which jobseekers can use to access vocational training from a list of approved providers, to allow jobseekers to pursue more expensive, and perhaps more rewarding, training. But this is off the table, at least for now.

**CHART 2: NEW YORK CITY WIA  
TOTAL FUNDING LEVELS, 2002-2006**



Source: New York Association of Training and Employment Professionals

**TABLE 3: WIA CUTS BY FUNDING STREAM, PROGRAM YEAR 2005-06**

Funding Stream	Program Year 2005 allocation	Program Year 2006 allocation	Change (\$)	Change (%)
Adult	\$35,825,728	\$29,538,390	-\$6,287,338	-17.55
Dislocated Worker	\$25,953,865	\$19,108,017	-\$6,845,848	-26.38
Youth	\$35,095,172	\$28,808,500	-\$6,286,672	-17.91
Total	\$96,874,765	\$77,454,907	-\$19,419,858	-20.05

Source: New York City Workforce Investment Board

With more cuts a possibility, SBS officials also hesitate to make multi-year commitments to contractors or programming partners in the private and philanthropic sectors.

The city's infusion of \$14.7 million in tax-levy funds to support initiatives under the Commission on Economic Opportunity helps somewhat. But that money is allocated for very specific purposes; it can't be used to plug gaps in WIA funding.

If further deep cuts are to come, their impact will be even greater than those made to this point. Until 2006, the city was somewhat able to absorb the shrinkage of federal appropriations by spending "carry-in" money left over from previous years' allocations. That cushion, however, is now gone. The challenge now, as Scott Zucker puts it, is figuring out "how to take a system that costs \$65 million and run it on \$45 million."

The Department of Youth and Community Development (DYCD) has been equally beset by the federal reduction, particularly in its efforts to address the problem of the city's disconnected youth—the approximately 200,000 New Yorkers between the ages of 16 and 24 who are neither working nor in school. In response to this emerging issue, DYCD had revised its programmatic guidelines for Out-of-School Youth (OSY) services as funded by WIA. The resulting new program, begun in July 2006, has gained nearly universal praise from advocates and analysts.

But DYCD Commissioner Jeanne Mullgrav bemoans the lack of capacity to do more. "We have \$8 million to serve dislocated youth in this city," she says. "Compared to the need, that's a drop in the bucket." The more than \$6 million cut to the city's WIA youth allocation for program year 2006 has meant that the Out-of-School Youth programs, already minimal in scope, will be further pruned back. Last September, Mullgrav an-

nounced that the OSY contracts would now serve just 935 out-of-school city youth, less than 0.5 percent of the city's total disconnected youth population.

Mayor Bloomberg has devoted more attention to workforce development, both in terms of policy focus and "bully pulpit" pronouncements at events like the December 2005 Project Runway announcement, than any of his predecessors at City Hall. But he has been largely silent on the issue of Congress's ongoing disinvestment in job training and employment services. Former mayoral adviser Ester Fuchs anticipates that Bloomberg will take a more visible position on the term as his second term progresses. "This is an area in which I really believe that the U.S. Conference of Mayors and our mayor can take a very strong leadership position nationally," she says. "I expect that he will be doing that, to push the federal government to increase funding in this area."

For now, WIA remains in political limbo, as it has been since the law first came up for reauthorization in 2003. The stalemate on issues such as whether or not to block grant funding streams for adult and dislocated worker programs, rather than the more fundamental questions at issue here, has combined with the chronic uncertainty around budgets to make it even more difficult for city and state policymakers to plan ahead.

Even with a new Democratic majority in Congress, most experts believe that the ongoing federal budget deficit, the cost of the war in Iraq, and competing priorities such as the under-funded No Child Left Behind law, make increases under WIA a fairly remote possibility. Unless and until the long-term trend of smaller federal allocations is reversed and greater resources are brought to bear, New York's system will never approach the capacity required to serve city workforce needs, no matter how good the programs get.

## Q&A WITH ESTER FUCHS

*AFTER FOUR YEARS AS MAYOR BLOOMBERG'S special advisor for governance and strategic planning, in January 2006 Ester Fuchs returned to her academic career as a professor of political science at Columbia University. During her tenure in city government, she was perhaps the most important voice in the Bloomberg administration's 2003 decision to reorganize social services by dismantling the Department of Employment and shifting workforce funding and policy responsibilities to the Departments of Small Business Services and Youth and Community Development.*

*Fuchs remains a member of the New York City Workforce Investment Board. The Center for an Urban Future sat down with her in August 2006.*

### **How did the administration come to the decision to close the Department of Employment and shift funds and responsibilities to SBS and DYCD in 2003?**

The WIA funding was coming to the Department of Employment, but it was completely segregated from the rest of anything that might be going on in the city related to worker training, business development and all the ancillary services that go with creating a quality workforce and a competitive workforce. So you had this Department of Employment there whose sole purpose seemed to be to spend Workforce Investment Act money, and it seemed like a somewhat anachronistic arrangement which was, as we later on found out, essentially a carryover from previous policy that was put into place to spend the JTPA [Job Training Partnership Act, the federal workforce law superseded by WIA in 2000] money.

In the past, it had a purpose that was fairly clear. But when we got in, the complexity of the workforce issue and the change in the landscape and the need was so large, partly because of all the displacement of 9/11, that I think a brighter light was shining on the workforce area. And to the Mayor, to have this agency that was sitting out there all alone, not integrated into any other thinking about how you create a quality workforce in the city, just didn't really make any sense.

To make a long story short, a variety of options were proposed about what to do with this workforce

agency. And logic prevailed: the argument was made that the workforce agency should be more engaged with the business community, and that we had a youth agency that was actually doing workforce training but did not have the workforce money.

### **What are the advantages and disadvantages of breaking the system into two pieces?**

The reasons for splitting it at that time were the logic of the existing structure of city government, partly, and where it made the most sense to put these funds so that we could really improve the system quickly. It's hard work, and we were very lucky to have these two commissioners in place to do this work.

The reality is that while those of us who do workforce look at workforce as a system, the workforce issues connect to a whole range of other issues, and so they always have to be coordinated with other agencies. You have to look at workforce both from the perspective of the employee and the employer. We want a quality system that trains people well, but we don't want to train them in a vacuum for jobs that don't exist. Commissioner Walsh had the best network in place to link training to the needs of the business community, which we viewed as the primary consideration at that point.

It seemed very obvious that this should be linked to the needs of the business community, not just simply because we wanted to help business but because this improves people's ability to get a job. I don't mean to be flip, but it's basic here. If this is a growth area and there is a need that we can address, then the people that are being trained have a better chance of being employed at the end of the training period. And from the youth side, what happens to these kids who are no longer in school and not in the workforce? That's a big population. These are kids at risk and aging out of foster care; these are kids who need the attention of a workforce system to get them back on track.

I think this was the right decision to split it. I continue to believe that it needs to remain split. Where the cooperation needs to happen now is at the WIB Board, and it's starting to happen.

**Is the Workforce Investment Board too closely tied to SBS to effectively mediate the system and engage the business community?**

New York is a wonderful place; it's street-fighting pluralism. We want a thousand organizations to bloom, and in a way that has always been our strength. So the idea that you can think that a WIB in New York City could manage the relationship between workforce development and the entire business community in New York, in my mind doesn't fly. The idea was, "Let's make the best possible WIB we can make, given where we're starting from." This was my view also: the quickest way to get a bang out of this WIB was to link it more closely with the mayor's agenda.

I don't actually believe it's that functional to have a completely independent WIB; I think that's a Washington fantasy. You can look at the other cities; I've looked at them. The boards that function best are the ones that are closest to City Hall's economic development agenda. That's where the power's at.

**Now that progress has been made on administrative and operational issues, what can the city do to expand the reach of the system?**

I think one of the biggest challenges for the workforce investment system is how to deal effectively with a lot of the community-based organizations which have niche markets or specialty skills. And I don't think the one-stop system has yet figured out how to compensate them for their work adequately. There's no incentive for these small organizations to come into the system with their training and also with their job development skills, because the one-stop peels all the money off of the top. They get paid for that job placement. So how much are they giving that second-tier organization at the neighborhood level? They want to get the whole grant for that client; they don't want to share it. So they have no incentive to work with those community-based organizations.

Part of it is that we like to be neighborhood-based, but in reality you want to get a person a job that's not in their neighborhood, if they're qualified for that job and it's an easier match. You want to be able to do the matching across the whole city, and you want to be able to do the job search across a reasonable distance where people can go, where people who are getting jobs through the private companies. You don't say, "I want a job that's three blocks from my house," or, "I'm on the Number 1 line and I don't

want to transfer." And if you do, you take some lower-level job and that becomes your priority. But that's not for people who are looking for the best possible salary and the match when they start; they're looking for the whole scan.

The neighborhood provider is critical; I'm not arguing that they aren't. But they need to be linked to a citywide system, and it's important to get the incentive structure right. I think that's a challenge.

**What can we do to bring the system closer to scale?**

New York City has this problem across the board: we don't get our fair share from the state, and we don't get our fair share from the federal government. There are two things that we can do and we are doing. One is the increased partnership with the private sector and the philanthropic sector.

The philanthropic sector cannot bring it to scale. Not even the largest foundations can do that. They can fund pilots, and what we learned in OST [Out of School Time, a major initiative of DYCD] is they can help and partner with government and with the not-for-profit sector to fund the planning process around systemic change and then they can help fund pieces of that puzzle.

Once you've outlined systemic change as we have in workforce development, philanthropy should be encouraged to continue to partner with government. Fill in a piece of the puzzle instead of going off to some sideline and replicating something.

The other [element] is advocacy. On that front, I'm very committed to this idea that New York needs to be part of a nationwide advocacy operation on workforce. Everybody knows we're at a competitive disadvantage now in the global economy because we're not training our workers to compete. This is in the interests of business, and government needs to engage the business community in a much stronger partnership on workforce issues. We should be engaging the WIB and the rest of the business organizations in New York and start the advocacy that way, with a strong business presence.

I think what we're working to undo is years and years of the public's view that government is basically incompetent and can't do anything. Workforce needs to be viewed as part of the range of services that government has a responsibility to provide, and it can be in partnership with business and philanthropy, as it should be. If you have a good set of programs, and business has a need, they can kick in money.

# RECOMMENDATIONS

For all the great improvements that the city's workforce programs have made over the last four years, the hardest work remains to be done. Fortunately, city leaders have indicated that, at long last, they grasp the importance of this area of policy and are committed for the long haul. Perhaps even better, the necessary improvements are both fairly straightforward and universally recognized. In a nutshell, they are: bigger vision, better coordination, and broader resources.

## VISION

The biggest change is a philosophical one: the Workforce Investment Board and the Department of Small Business Services must broaden their focus beyond short-term job placement to put greater emphasis on job retention and career advancement. SBS has enjoyed some initial success in this area through its New York City Sectors Initiative and the Business Solutions Training Grant. But the system as a whole remains too narrowly focused on short term placements.

We believe that the WIB, SBS and other decision-makers should embrace a career development vision through the following actions:

- Form industry-specific consortia of trainers and employers to both gauge demand for workers and devise appropriate training curricula.
- In conjunction with these consortia, develop industry-specific physical or virtual Workforce1 Career Centers to give sharp focus to training and employment efforts in areas of well-established need for new workers.
- Continue tweaking the Individual Training Accounts, the vouchers through which jobseekers can access training within the system, to allow users to access a wider range of certification and other post-secondary instruction options connected to job outcomes. SBS or foundations could create low-cost or no-cost loans to ITA awardees wishing to access training that costs more than the current \$2,500 cap on the vouchers.

## COORDINATION

The ongoing failure of the different agencies, programs and stakeholders offering job training and employment services to cohere into a true "system" is perhaps the most disappointing aspect of workforce development in New York City since the 2003 reorganization. Even granting that SBS and DYCD might have needed time at the outset to get their own houses in order, by now it is long past time for them to figure out how to share resources, coordinate operations, and work together to provide services for segments of the customer base where responsibilities overlap, such as older youth/young adults.

Further, administration-run programs must better connect with external systems, most notably the state Department of Labor and the City Council-run NYCWorks

program. In all these cases, it falls directly onto the mayor and his direct deputies to make this happen. The task will be messy and difficult, but the stakes are too high to allow the current disconnections to continue.

For this reason, we urge City Hall to:

- Regularly convene the agency commissioners or their top deputies from all the mandated partners under WIA to share information and brainstorm around system expansions.
- Adopt city-specific performance measures for all agencies that offer workforce services.
- Reposition the WIB, currently almost totally integrated into SBS, to serve as a true "honest broker" among all city agencies with workforce responsibilities.

## RESOURCES

While the above recommendations will help New York do more with the resources it has, it is impossible to ignore the limitations the city faces as a result of shrinking funds coming from Washington. In 1977, the federal budget included \$9 billion to support workforce services; with inflation, that amount is equivalent to \$30 billion today. Instead, despite the ever-greater need for well-qualified workers and the rising importance of education and training, the federal government currently spends \$3.4 billion—about 11 percent, in constant dollars, of our investment in workforce programming 30 years ago.

With his bully pulpit and unmatched credibility among New York City business leaders, Mayor Bloomberg should be a leading voice in pushing the private sector to leverage its resources through public dollars, along the lines of the city's Business Solutions Training Grant but on a far larger scale. Additionally, the mayor should speak out nationally for greater public investment in workforce development, working with other mayors through entities such as the U.S. Conference of Mayors and the National League of Cities, and coordinating closely with the city and state congressional delegation. Other steps might require action by state and city legislators. We recommend the following:

- Mayor Bloomberg travel to Washington, DC to call for more federal money to support job training and employment services, as he has done for homeland security, mass transit and other areas of need for New York City.
- State and city legislation to create a fund of training and employment monies from economic development projects.
- Good-faith agreements with private-sector members of the city's WIB to contribute financial or in-kind resources, whether through funding for training, internships or hiring agreements, or other measures.

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