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7 Ways New York State Can Expand Economic Opportunity in 2017

As Governor Cuomo and the State Legislature set their agenda for 2017, a key theme should be economic opportunity: why it's vital to take action now and how the state can help more New Yorkers take advantage of today's economy. These seven policy proposals elevate practical ideas that New York's leaders can use to invest wisely in its residents.

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As Governor Andrew Cuomo crisscrossed New York this week on his six-city State of the State tour, a key theme is economic opportunity: why it's vital to take action now and how the state can help more New Yorkers take advantage of today's economy. The governor's announcements hinted at a coming period of federal retrenchment, which will force New York to become more self-reliant in identifying and scaling strategies to reduce inequality and build pathways to the middle class.

Governor Cuomo has peppered his speeches with important proposals to make college tuition free, build new affordable housing, support immigrant families, expand after-school care, and identify the industries of the future for local economic development. While the governor has rolled out several major initiatives, there are many other smaller, specific reforms that could improve the lives of New Yorkers struggling to get ahead. State policymakers should make a renewed commitment to investing in human capital, adapting promising ideas from other states that have tackled similar problems with strong results, and strengthening programs piloted by the state and various localities that have achieved great results.

This policy brief presents seven policy ideas for the governor and state lawmakers to invest wisely in New York's residents: connecting youth to jobs and careers, helping skilled immigrants rebuild their careers in a new country, improving college graduation rates, enabling working adults to pay for their college education, and more. At a time when federal support for human capital is shrinking, the state should seek a leadership role in the national conversation, piloting and scaling innovative strategies to support expanded economic opportunities for all New Yorkers.

Double the number of low-skilled youth and adults served by bridge programs

In today's economy, most New Yorkers without a high school diploma are blocked from the path to a middle-class job. Even those who achieve a high school equivalency (HSE) degree often struggle to find stable employment and earn family-sustaining wages. As more and more employers seek workers with at least some postsecondary education, opportunities for youth with limited education and training slip further out of reach.

Bridge programs offer a promising hybrid model of workforce development and education that merges job training and adult literacy to boost young people with as little as a seventh grade reading level into an upwardly mobile career. Students in these programs learn basic math and literacy skills and occupational skills at the same time, all adapted to a specific industry sector such as health care, tech, or business administration. A careful analysis of a bridge program at LaGuardia Community College found that bridge students were twice as likely to pass their HSE exam and three times as likely to enroll in a community college.[1]

The bridge model clearly works, and a number of states have embraced it. New York is not one of them. There are onlyabout a dozen bridge programs statewide, serving only a few hundred students at most. That's because the bridge model approach that has been proven effective requires two teachers to work well, which costs more than the traditional model of adult literacy, and New York's public funding has been too rigid to adapt. The current system supports the cheapest programs and lacks any mechanisms to reward collaboration or innovation.

Governor Cuomo and the legislature should embrace this important new hybrid model and set a goal of doubling the number of low-skilled youths and adults served by bridge programs by the end of 2018. State officials can accomplish this with a relatively small investment. One approach would be to expand operating aid the state already provides to community colleges. New York provides funding to non-credit adult literacy programs at community colleges. If the state extended that aid to bridge programs, it could finance an expansion of the model to meet student needs. To maximize efficiency, this expanded funding model could require collaboration between community colleges and nonprofits that provide highly regarded adult literacy services. Another approach would be to provide competitive grants to both colleges and nonprofits to build collaborative bridge models and evaluate their effectiveness.

Support community colleges in rethinking developmental education

While more than 40,000 students enter community colleges throughout the state every year, an alarmingly high number of them drop out—and the state's developmental educational system deserves much of the blame. By reforming the state's outdated approach to developmental education, New York could significantly increase the number of community college students who stay in school long enough to earn a credential.

Each year, 80 percent of students entering CUNY community colleges and half of those entering SUNY's system are found lacking college readiness in math, reading, and writing skills. CUNY and SUNY assign these students to remedial courses, which they must pass prior to taking credit-bearing courses. The consequences are devastating: Remedial students are far more likely to drop out by the end of their first year and the vast majority will fail to graduate with a degree, while using up their limited financial aid dollars in the process.

Traditionally, college administrators faulted students for dropping out, assuming that their lack of academic readiness was to

blame. But new research and practice models have overturned all the old assumptions about developmental education. Researchers now know that many first-year students assigned to developmental education can succeed without taking a remedial course at all, and many more could accelerate their progress with the right supports—or take alternative math courses in highly practical subjects such as statistics. A more effective, evidence-based system could enable thousands of college students to pass credit-bearing college courses right away and begin working toward a credential.

Both CUNY and SUNY are now seeking to implement reforms at community colleges with extensive developmental education programs. But they need outside funding to boost colleges that are launching reforms and incentivize the rest to get started. New York can learn from a remarkable breakthrough in California. In 2015, the California legislature approved the Basic Skills and Student Outcomes Transformation Program. The program provides $60 million in incentive grants for community colleges to improve their basic skills practices over a three-year period. It requires colleges to adopt or expand the use of evidence-based models of placement and remediation that accelerate student progress toward completing a college-level English or math course, and earning an industry-relevant certificate or degree. With the right incentives, New York can similarly transform its ineffective system and help thousands of students in the process.

Cut the red tape that holds back New York's career and technical schools

New York's career and technical education (CTE) schools have experienced a renaissance over the past generation. Once derided as vocational schools for students unable to hack a traditional education, they have flowered into an educational model that provides rigorous and hands-on learning attractive to employers and colleges alike. By providing students with an alternative pathway into growing fields such as network engineering, fashion and design, health sciences, and emergency management, CTE schools give disadvantaged young people a boost toward an upwardly mobile career.

Unfortunately, New York is weakening a vital competitive edge of CTE: the ability to connect students with industry-recognized credentials, putting them on the fast track to skilled employment. The most effective approach would enable students to earn a credential that employers know and trust, whether it's a skills test on in-demand programming languages or an assessment of computer-assisted manufacturing techniques.

The New York State Education Department (NYSED) approves assessments so that students can receive a CTE-endorsed diploma and substitute an assessment for one of the state's five Regents exams required for graduation. But CTE professionals express concern that NYSED's process for approving these assessments is too slow, seemingly arbitrary, and poorly connected to the real expectations of employers. For example, the system lacks many tests widely accepted by employers, such as assessments on common programming languages including Java and Python. As employers' needs shift, reflecting rapid changes in technology, Albany's 20th-century bureaucracy is struggling to keep up.

The state's dysfunctional CTE assessment oversight process hurts students and schools. Students may end up taking state-approved assessments for credentials that lack market value because employers have never heard of them. Schools may have to choose between industry-recognized assessments and state-recognized ones. If they choose the industry-recognized assessments, which will benefit their students, these schools put their access to federal funding at risk.

The New York State Education Department should set default standards for an assessment to become state-recognized, such as having a certain number of employers attest to its value and relevance. If the assessment meets this standard, then CTE schools would be able to use it immediately. Such an approach would put authority over CTE assessments where it urgently needs to be: in the hands of employers.

Modernize the Tuition Assistance Program (TAP) to meet the needs of today's students

Colleges across the state are establishing academic programs that provide intensive instruction over a shorter period so students can complete their studies rapidly and return to the workforce. These "accelerated degree" programs provide real

value to students, but they often do not fit neatly into the standard semester format on which financial aid programs are based—an innovation that is costing some students dearly. The federal government has adjusted Pell Grants to accommodate accelerated degree programs, but New York has failed to follow suit with its Tuition Assistance Program (TAP).

Both TAP and the federal Pell Grant program require eligible programs to provide at least 600 clock hours of instruction across 15-week semesters. However, the federal government provides guidelines for institutions that wish to make shorter degree programs eligible for Pell grants, while the state has declined to do the same for TAP. For example, Rochester's Monroe Community College created an accelerated degree program in advanced manufacturing that takes 80 percent of the time a traditional degree program would take (24 weeks instead of the standard 30 weeks). Pell therefore provides students with 80 percent of the full grant. TAP provides nothing. As a result, colleges seeking to establish accelerated degree programs often find students reluctant to enroll, since they cannot access TAP financial aid for those programs.

The state should establish clear guidelines around financial aid eligibility for degree programs that are shorter than astandard academic semester or year, perhaps by adopting the Pell model. Shorter-term degree programs in welding, medical coding, and other in-demand fields can open the door to better jobs for thousands more New Yorkers, if only TAP could facilitate access to this education.

Harness the abilities of skilled immigrants by getting their careers back on track

New York State is home to more than 200,000 immigrants who came to the United States with at least a bachelor's degree from their home countries, but who work in low-skilled jobs or lack any job at all. Many of these educated immigrants have been unable to obtain licenses to practice in their fields because of the time and costs required, or due to limited English proficiency. Yet few public services exist to help skilled immigrants get their careers back on track. In New York City, for example, one out of every four immigrant taxi drivers has at least a bachelor's degree. Allowing New York's educated immigrants to put their skills to use is a relatively simple way for the state to expand economic opportunity at little cost.

A one-time public investment in retooling or adapting the skills of educated immigrants could pay big dividends to the state itself through greater tax revenues and reduced demand for public supports, while helping thousands of immigrants access meaningful career opportunities. One temporary program in New York City funded three nonprofit workforce providers to help clients develop roadmaps (called "learning plans") to gateway careers in their fields. The program reported a 720 percent return on investment and posted a placement rate of 56 percent for people with training in high-demand careers in healthcare and business who had been in the United States for less than a year. Canada went a step further with its Immigrant Access Fund, which offers a zero-interest, $10,000 loan over four years to clients who complete a learning plan so that they can pay for exams, preparation courses, specialized language classes, and even living expenses in order to reenter their chosen field. Four out of five clients repaid their loans in full after just 2.5 years and most reported significant wage increases.

New York State has already done pioneering work to support new immigrants. For instance, Governor Cuomo established the Office for New Americans (ONA) to help newcomers navigate the path to citizenship and access government services that ease their transition. As part of that important initiative, ONA should partner with Empire State Development Corporation to pilot a program like Canada's Immigrant Access Fund. This program would provide immigrants with degrees obtained abroad with access to specialized services and a short-term character-based loan to get back on a path toward working in their field of study in the United States. Such a program would not only help thousands of immigrants lead more fulfilling lives and improve outcomes for their children, but would also produce an incredible return on investment by enabling people with valuable skills to contribute more to the state's economy.

Create a statewide workforce development fund to support worker training

The rise of the knowledge-based economy has left New York behind the skills curve and struggling to catch up. Over thepast generation, industry sectors have adopted new technologies and automated every possible aspect of their work, so that

virtually all well-paying jobs in these sectors require skills beyond the high school level. Over this same period, the federal government has slashed its investment in workforce skills training. In fact, the main federal workforce development program saw its funding cut by two-thirds since 2001, and much of the remaining budget is devoted simply to matching employers and job applicants.

Several states—notably California, Minnesota and Massachusetts—have found creative ways to replace federal skillstraining dollars with state dollars, while developing programs that are more responsive to employers. These states established workforce development funds to support critically under-resourced components of the workforce system such as apprenticeships, bridge programs, occupational training, technical assistance, and program evaluation. These funds have strengthened the middle-skill labor market in each of these states and provided career opportunities for many disadvantaged youths and adults looking for a way out of low-wage work.

New York should design and implement its own workforce development fund. Taking on what has traditionally been a federal responsibility may frustrate state lawmakers. But the upside is that the state is in a far better position to design a program customized to meet the needs of employers, residents, and communities than the federal government could ever be. Given the clear benefits of a state-focused workforce development fund, the question is how to fund it in an equitable and efficient way.

There are multiple approaches available. Minnesota generated $48.6 million from a 0.1 percent assessment on employer payrolls. In California, a payroll tax of up to $7 per employee per year goes towards a customized training program called the Employment Training Panel (ETP) that upgrades the skills of incumbent workers. In 2013 the ETP spent $67 million to train more than 69,000 workers in California. Massachusetts supports its Workforce Competitiveness Trust Fund though state tax levy dollars. New York could make this basic benefit available to all the state's workers in growing industries by adapting one of these state models, or dedicate money from the Regional Economic Development Councils (REDCs) to focus on the specific needs of regional labor markets and local employers.

Repurpose the Urban Youth Jobs Program and scale more effective interventions

Connecting New York's young adults to the workforce is an urgent statewide priority. More than 340,000 young people between the ages of 16 and 24—one out of seven New Yorkers in this age group—are out of school and out of work. A few will bounce back on their own. But these disconnected youth are likely to struggle throughout the transition to adulthood, due to the scarcity of economic opportunities in their communities and too few role models for success. The financial cost to New York is vast: approximately $1.7 billion in 2013 alone in incarceration, Medicaid, and other public expenditures.[2]

The Cuomo administration, recognizing the urgency of pulling disconnected youth back into the labor market, established the Urban Youth Jobs Program (UYJP) in response. UYJP provides tax credits of up to $5,000 over two years to businesses that hire youth ages 16 to 24 who are unemployed or have any of a number of risk factors, such as lack of a high school diploma or a family member who receives a public benefit such as Medicaid or free or reduced-cost school lunch. Since its creation in 2012, over 1,500 businesses have hired 27,000 youth who qualified for a UYJP tax credit. In 2016, Governor Cuomo expanded UYJP's funding from $20 million to $50 million.

Unfortunately, there is no evidence to show that UYJP works, and several findings suggesting that it doesn't. Aninvestigation by researchers for Young Invincibles, a national policy and advocacy organization focused on young adults, found that employers were making hiring decisions for other reasons and then claiming their tax credits as a bonus—which means that taxpayer money spent on the tax credit is money wasted. "Tax incentives make no difference to us, we don't pursue them," declared a store manager for a Fortune 500 company they interviewed. Youth advocates throughout the state argue that this program does not really increase the number of disconnected youth hired by employers, raising the question as to whether the state's $50 million investment could be better spent on directly serving disconnected youth.

Governor Cuomo and the Legislature would be wise to phase out UYJP and reallocate the program's $50 million budget into other, more promising programs that create pathways for teens and young adults. Fortunately, promising strategies to assist disconnected youth are being implemented in New York and other parts of the country. For example, apprenticeships provide young people with hands-on experience, mentorship by adult role models, and a career pathway into middle-income jobs. Yet getting into an apprenticeship can be difficult for disconnected youth who lack needed skills and connections. The state should invest at least $10 million to expand a pre-apprenticeship program launched in early 2016 that provides industry-based training through grantees that participate in a Registered Apprenticeship program.

They should also create a new grant program to support targeted internships, work readiness programming, on-the-job training, and other approaches, an idea originally floated by Young Invincibles and New York Association of Training and Employment Professionals (NYATEP). If funded at scale—at least $10 million—and paired with a rigorous system of external evaluation, such a grant program could turbocharge New York's ability to pilot and scale up the most effective programs to help disconnected youth build skills and connect with a promising career.

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1. Vanessa Martin and Joseph Broadus, "Enhancing GED Instruction to Prepare Students for College and Careers," MRDC, May 2013.
2. Kristen Lewis and Sarah Burd-Sharps, "Zeroing in on Place and Race: Youth Disconnection in America's Cities," Measure of America, July 2016. Data obtained by multiplying estimated national cost of $26.8 billion by New York share of total disconnected youth population (6.2%).

Photo credit: Kyle Lee

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