Center for an Urban Future

OFF THE CUF

By David Jason Fischer

WORKING TOWARD A WORKFORCE SYSTEM

Bolstered by $70 million in federal stimulus money, New York City's workforce system finally turns toward training and career development

Sometimes it takes a crisis to push things forward. In 2007, the Center for an Urban Future published a lengthy report about New York City's workforce development system, titled "Work in Progress." The report noted both how far the city had come since Mayor Michael Bloomberg reorganized workforce programs in 2003, and how far the city still had to go before the system truly fulfilled its goals of providing high value services to both employers and jobseekers.[1]

But we also acknowledged that addressing any of the problems we identified, much less all of them, would be very difficult given ever-shrinking support under the federal Workforce Investment Act (WIA). In real dollars, New York City's WIA allocation fell by more than half between 2001 and 2008, tying the hands of workforce policymakers.[2]

It took arguably the worst economic downturn since the Great Depression to break that trend, but financial reinforcement has arrived. The American Recovery and Reinvestment Act (ARRA), passed by Congress last month to help soften the impact of an increasingly harsh recession and lay the foundation for future growth, has given New York City a desperately needed infusion of resources to begin the remaking of its workforce system. Among the $787 billion allocated through ARRA is nearly $4 billion for job training and employment services. The New York City Workforce Investment Board (WIB) estimates that the city will draw down approximately $70.5 million of that money—with the funds going for youth ($36.4 million), adult ($16.8 million) and dislocated worker ($17.3 million) services.[3] The sum comes on top of, and surpasses, the city's regular allocation under WIA, which was just $66.4 million for Fiscal Year 2008.

The two city agencies with primary workforce responsibilities, the Department of Small Business Services (SBS) and the Department of Youth and Community Development (DYCD), recently announced preliminary plans for how they intend to use the money. Given the imperatives of the moment—to spend it quickly and in a way that provides the most relief to the most people—the agencies have done a commendable job of pushing the system toward the more audacious vision it needs.

The critique of the city's workforce system we articulated in "Work in Progress" had several primary components. We concluded that publicly funded and administered workforce programs emphasized short-term job placement, not career development—the standard for providing real value to workers and jobseekers. Another significant concern was that programs seemed to serve only jobseekers that were "work-ready" but not easily able to find jobs on their own—leaving out both those who most needed help, and professionals looking to change jobs or careers. We also saw the need for greater emphasis on sector-specific programming, as a means to better engage employers and create career pathways within specific industries. Finally, we found that the system was fractured both vertically, in that workforce programs were not well integrated into the city's larger economic development framework, and horizontally. There was little interaction, much less coordination, between SBS, DYCD, the Human Resources Administration, the Department of Education, and other city agencies—several of which did not even bother attending the quarterly WIB meetings.

Fortunately, several of the programs to be funded with ARRA dollars should help to move the system beyond simple job placement toward career development. For one, SBS plans to use $3 million to revise the contracts of the seven current Workforce1 Career Centers to put more emphasis on retention and promotion for people already employed, leading to 1,200 additional promotions.[4] This is a bigger change than it might initially seem: traditionally, vendors that run the Centers had few incentives to keep working with customers after placing them into jobs. It is anticipated that the revisions to these contracts will lead to more sustained engagement—a much greater value-add at this time than simply pushing more New Yorkers to find jobs that right now aren't out there. Economist Doug Reamer of the New York State Department of Labor recently estimated that statewide, 650,000 unemployed individuals are chasing just 80,000 openings.[5]

SBS also plans to use $14 million of its stimulus funding to provide much more support for job training and skills acquisition. If history is any guide, these programs will offer the biggest long-term payoff for New Yorkers: through the years of the Great Depression, the high school graduation rate in the mid-Atlantic states nearly tripled, rising from just over 20 percent to almost 60 percent.[6] When recovery came, those graduates took higher-skill, higher-paying jobs that catapulted them into the middle class. Similarly, workforce policymakers seem to grasp that the current downturn will not reverse—and ultimately could accelerate—the long-term trend toward greater financial returns to education and skills, and are determined to help more New Yorkers enjoy those returns.

Specifically, ARRA training investments will include support for 2,400 additional Individual Training Account (ITA) vouchers over the next two years.[7] Other training initiatives, including partnerships with other city agencies to train electricians and other skilled workers, are described below.

City workforce programs will reach a broader share of jobseekers through two planned initiatives. The first is projected to use $12-14 million for 10 to 15 contracts to serve "special populations" that have specific barriers to employment, such as ex-offenders, with training and placement assistance. These contracts were a staple of SBS programming until 2007, when funding cuts impelled the agency to eliminate them. At the other end of the jobseeker spectrum, SBS plans to use about $1 million in stimulus funding to support entrepreneurship training for individuals laid off from the financial services sector—an effort that agency officials feel could broaden the reach of the workforce system, with long-term rewards.

Another promising new initiative is the planned launch of two new sector-based Workforce1 Career Centers in partnership with the City University of New York. Last year, SBS rolled out its first sector-based workforce Center in Jamaica, Queens, which focused on transportation employment. The next two Centers will target opportunities in health care and hospitality. WIB and SBS staff believe that health care is likely to better withstand the recession than other industries, and that hospitality will be among the first sectors to recover as the economy improves—though the current dismal landscape for restaurants and hotels suggests very hard times until then.

But there is room for skepticism here as well as hope. The true value of these Centers will be determined by how deeply they engage with their industries, and how committed they are to sustaining that engagement when problems arise. The city's first meaningful foray in this area came in 2005, when Mayor Bloomberg's Commission on Construction Opportunity convened stakeholders representing employers, educational institutions and workers.[8] Initially the Commission was effective in bringing together industry actors to share resources and guide programming for job training and placement. But when faced with more difficult issues, such as enforcement of prevailing wage laws, the city walked away; the Commission has not even met since 2007, leaving supporters deeply skeptical of the administration's commitment. Though the Commission produced mixed results, its model of stakeholder engagement is worth trying again—provided that officials this time have the determination to see things through.

The question of whether the workforce system is beginning to break out of its agency silos also gets a mixed answer through the agencies' plans. The news that ARRA dollars will support some training through the Career and Technical Education (CTE) offerings of the NYC Department of Education offers grounds for hope. CTE represents a potentially vital source of skilled workers for high-value jobs, and the Center for an Urban Future has long advocated for closer ties between the public schools and workforce programs. Another training effort across agency lines is the plan to expand the Parks Opportunity Program, run by the Human Resources Administration, through a 600-hour training for up to 170 individuals seeking to become electricians.

Less encouraging is the issue of disconnected youth. Even before the downturn, New York City was home to about 220,000 individuals ages 18 to 24, who were neither in school nor working.[9] It is virtually certain that this number has increased as conditions have worsened. The Department of Youth and Community Development is reportedly undecided on how much of their $36 million to devote to creating jobs for young New Yorkers through the Summer Youth Employment Program (SYEP). Indeed, SYEP deserves support: more than 43,000 participants enrolled in 2008, but another 60,000 were turned away for lack of funds. Considering the city's worst-in-the-nation job market for teenagers even before the recession struck, it's certain that the vast majority of young New Yorkers who don't find summer work through SYEP simply won't find summer work at all —an outcome with ominous long-term implications for their working careers.[10]

But the plight of disconnected youth in the city is an outrage: of those 220,000, city programs serve less than 12,000.[11] DYCD should reserve at least 25 percent of their ARRA allocation for efforts such as the Young Adult Internship Program and expanding Out of School Youth contracts.

Significant as the ARRA workforce allocation is, it's not in itself sufficient to make up for years of ever-smaller WIA budgets. Nor can it alone redirect a city workforce system that remains too fractured and myopic to fully accomplish its mission. But the agencies' plans for the windfall from Washington should do much short-term good in our increasingly hard-hit city, and—as President Obama said of the stimulus bill itself—serve as a down payment for better days and bigger changes to come.

ENDNOTES

[1] "Work in Progress," Center for an Urban Future, June 2007.
[2] "An Investment That Works," Center for an Urban Future, September 2008.
[3] "Policy Corner," NYC WIB Wire, February 2009.
[4] NYC Workforce Weekly, March 6, 2009.
[5] NYC Workforce Weekly, February 27, 2009
[6] David Leonhardt, "Job Losses Show Breadth of Recession," *New York Times*, March 4, 2009.
[7] NYC Workforce Weekly, March 6, 2009.
[8] For more detail on the Mayor's Commission on Construction Opportunity, please see "Something to Build On," Center for an Urban Future, February 2008.
[9] Lazar Treschan and Christine Molnar, "Out of Focus," Community Service Society of New York, June 2008.
[10] "Summer Help," Center for an Urban Future, June 2007.
[11] Treschan and Molnar.

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This *Off the CUF* was written by David Jason Fischer and edited by Jonathan Bowles. Fischer is the Center's project director for workforce and social policy.

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