



**Testimony of New York Association of Training & Employment Professionals
Before the Joint Legislative Hearing on the 2018-2019 Executive Budget**

Economic Development Hearing: January 29, 2018

Presented by Melinda Mack, Executive Director

My name is Melinda Mack. I am the Executive Director of the New York Association of Training and Employment Professionals (NYATEP), also known as New York State's workforce association. Our 150 member organizations are deeply committed to workforce development as economic development and serve more than one million New Yorkers each year. At NYATEP, we strongly believe that our human capital is our greatest natural resource, and should be the center of our state and local economic development strategies. Founded in the late 1970's, our association represents every county in the State, and includes workforce boards, providers of economic development, unions, colleges, literacy, education, job training, and employment services. Our members range from small community based organizations that work within neighborhoods or with special populations, such as veterans, youth, or New Yorkers with criminal justice histories, to huge institutions state universities.

I am here today to talk about a problem that is vexing the State of New York – the shortage of skilled workers. This is not a new issue. It is an issue that has been confounding local communities for decades and in recent years has become an agenda item for economic development offices and elected officials, who are struggling to recruit and retain businesses due to the lack of skilled labor. Now that we have the attention of a wide audience, we are here today to advocate for a real solution to our State's skills gap. As the jobs and the skills needed for work have adapted; the way we as a State addresses workforce development needs to change dramatically.

New York's focus and investment in a "skills agenda" has been focused more on talk and far less on action. Over the last decade, as technology has radically transformed jobs, our response has been to let the statewide 'job training' system erode as the federal government has cut funding by more than 50%. In turn, the State has dramatically scaled back, flat-funded, or chosen not to direct resources for the programs that get New Yorkers the basic education, work readiness, and employer-specific skills needed. In a detailed analysis we completed with the Center for an Urban Future, *Seeking a State Workforce Strategy*¹, we found that just since 2009 funding has decreased by nearly \$30 million in New York State alone, with deeper cuts on the horizon.

The Governor and State Legislature have made investments in important skill development pipelines, including investing in the State University of New York, the City University of New York and the Career and Technical Education, including P-tech schools. These investments should continue, and are critical to ensuring that young adults and adults who are ready to access high quality postsecondary and higher education have a pathway to do so. Additionally, the Workforce Development Institute has been a key source of responsive revenue for partnership on the ground to support businesses and job training

¹ *Seeking a State Workforce Strategy, 2015*, nycfuture.org/pdf/Seeking_A_State_Workforce_Strategy_Update.pdf

programs. However, the Governor has widely ignored the more than 4 million New Yorkers (41%) with a high school diploma or less, who may dream of a college degree or a good paying job, but lack the literacy, numeracy, work-based experience or skills to achieve these goals.

Despite limited resources, the federally funded statewide workforce system – the network of one-stop career centers, Workforce Boards, community-based organizations, literacy programs, and non-credit workforce programs at colleges -- serves hundreds of thousands of New Yorkers each year, and leverages millions of dollars in local and philanthropic investments. To give you a sense of the local scale:

- New York City helped more than 140,000 New Yorkers and 8,000 business and leveraged more than \$70 million in private philanthropic support to serve hundreds of thousands more;
- Rochester served 15,000 New Yorkers and nearly 150 unique businesses; and
- The Finger Lakes area served more than 4,500 New Yorkers, and nearly 120 businesses.

I share this with you to underscore the infrastructure is already in place; including programs and relationships with businesses that are ready to scale – the system simply lacks funding and a statewide vision for the future.

This year the tide is turning. The Governor has put forward an ambitious agenda to redefine how New York approaches workforce development. This is exciting, and as I described, desperately needed. From Buffalo to Plattsburgh, to Garden City to Syracuse and the Bronx – when you speak with employers, they will tell you **one of their key issues is finding and retaining talent**. As detailed in our 2017 State of the Workforce Report: 14% of New Yorkers have LESS than a high school diploma and the young adult unemployment rate is more than double the state rate at 10.5% with New York City at a rate of 14%. Additionally, nearly a quarter of New York’s workers are ages 55 and older and nearing retirement, further exacerbating the skills gap and worker shortage.

This is a critical opportunity to align economic and workforce development initiatives in the State. Site Selection magazine publish in their January 2018 issue that the *TOP issue in site selection is workforce*; this puts it above state and local tax structure, incentives and regulations. (See graphic to the right: <https://siteselection.com/issues/2018/jan/site-selectors-survey-more-than-some-like-it-hot.cfm>).

We support the Governor’s push to deepen the connection between economic and workforce development. We also encourage the Legislature to carefully consider what it means to have a talent pipeline in your community. Who is already working? Who needs better jobs? What types of jobs are you looking to retain or recruit to your region? A true workforce and economic development strategy, is one that allow ALL New Yorkers to access good jobs; and allows small and large businesses alike to grow and prosper.

Name, in priority order, the three leading factors driving expansion or greenfield site selection processes for your corporate clients today.

1. **Workforce**
2. **Transportation infrastructure**
3. **Available buildings & sites**
4. **State & local tax structure**
5. **Incentives**
6. **Utilities**
7. **Regulatory environment**
8. **University & college resources**
9. **Cost of real estate**

The Governor has proposed using the Consolidated Funding Application (CFA) process for the \$175 million in 'new' workforce development funds. In this proposal, the State will create a new Consolidated Funding Application (CFA) for workforce investments that "would support strategic regional efforts that meet businesses' short-term workforce needs, improve regional talent pipelines, expand apprenticeships, and address the long-term needs of expanding industries—with a particular focus on emerging fields with growing demand for jobs like clean energy, health technology, and computer science". The funding for the workforce CFA will consist both of \$150 million in new, flexible resources and \$25 million in existing streams of workforce funding; and a subset of resources will be dedicated to support those with barriers to employment and young adults.

NYATEP has been a vocal advocate for increased job training and workforce solutions to be included in the Regional Economic Development Council process. Historically, workforce development investments hover around 1% of the total REDC awards. We are strongly in favor of the increased financial commitment to postsecondary education, job training and employment services. However, the devil is always in the details. The current structure of the REDC process is not conducive to the labor market. Businesses do not hire, train or recruit talent once a year. Therefore, any process instituted to award funding will require significant adjustment to how resources are allocated in a timely manner.

The core value of the REDCs is regional decision-making. We feel strongly that this philosophy should continue. Local businesses, local community-based organizations, local workforce boards, local training providers know their community the best. They should be at the core of deciding what workforce problem they are working together to solve. Resources need to remain flexible to address the specific needs of the community—including the needs of job- and career-seekers and employers. Regional partners including economic development entities like Industrial Development Agencies, community colleges, and employers should be true partners in investing in the talent pipeline. The REDC process, as well as the Legislature, should entertain ideas that will increase the ability of regional stakeholders to work closely together and co-invest in workforce strategies. Additionally, we face a changing future of work – through automation and technology – we need the flexibility to upskill current workers.

Finally, the Governor's proposals to create a new office of workforce development and utilize demand-side data more effectively are promising steps. NYATEP is a strong believer in investing in what works. Without oversight, a deep, and commonly-held understanding of the economic realities within communities – we cannot invest in what is effective. Workforce development is not a program we implement because it feels good, we invest in people to put them on a real path to economic security. NYATEP and its members are strong proponents of holding the system of education, job training and postsecondary partners accountable for getting New Yorkers the right skills for the jobs of today and tomorrow. Additionally, housing the Office of Workforce Development in a business-facing entity like Empire State Development could go a long way to coordinating the supply and demand for labor.

In summary, as I shared at the Workforce Development Hearing, we will continue to push this issue through a new coalition called ***Invest in Skills New York***. The campaign is a statewide advocacy partnership between the employers and the economic & workforce development community aimed at making a skilled workforce an economic priority for the Governor and the New York State Legislature. These principles include:

- **Funding and Scale:** New York needs a stable, State-funding to scale evidence-based workforce development programs & practices;
- **Intentional System Design:** New York needs to deliberately align economic and workforce development strategies; and connect the systems delivering education, job training and employment so that job- and career-seekers, and employers engage in a seamless system of services;
- **Modernize Infrastructure:** New York needs to invest in workforce strategies based on data. The workforce system should rely on real time labor market data and utilize an integrated data system to measure performance and reduce duplication.

We believe that this Coalition, in collaboration with the State, can make significant progress in advancing our three key policy principles to build an education and workforce system that is responsive to current needs and is adaptable to the changing nature of work. We hope we can secure the Legislature's support for this effort.

The NYATEP membership and the *Invest in Skills NY* coalition strongly believes that our human capital is our greatest natural resource, and should be the center of the State's economic development strategies. The best workforce development programs are intentional partnerships between the business community, education and training providers, and community based organizations. They are flexible, regionally based and responsive to both the jobseekers and the employers. These are the strategies that can change the lives and economic security for millions of young adults and adults who are low-skilled, working in low wage/low skill jobs or are unemployed/underemployed and want to work. If we only invest in traditional education pipelines – which are critical – we are leaving millions of “skillable” workers behind. We hope you support and join the movement to #InvestinSkillsNY