Testimony of New York Association of Training & Employment Professionals
Before the Joint Legislative Hearing on the 2019-2020 Executive Budget

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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 175 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 is central to 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 such as the state college and university system.

The challenges facing New York's economy are clear. There is not enough skilled talent to meet the current and future needs of the labor market. By the same token, 40% of New Yorkers have a high school diploma or less and many more lack the supports – such as transportation, childcare, etc. -- necessary to secure family-sustaining employment.   With the tightest labor market in decades, any shortage of skilled talent directly impedes the state's ability to attract employers and hinders employer productivity and growth potential. In New York any New Yorker who wants to work or improve their skills to access a better job, should have a clear pathway to do so.

New York suffers from lackluster investment in workforce development (i.e. literacy, job training, non-college postsecondary training and certification, and employment support services); and has hocked a "strategy" for decades that has been focused top tier jobs and tax credits and far less on solutions that work for the vast majority of New Yorkers. In the last fifteen years alone, New York has let the statewide 'job training' system erode as the federal government has cut funding by more than 50% and has dramatically scaled back, flat-funded, or chosen not to direct resources for workforce services. In a detailed analysis, *Seeking a State Workforce Strategy[1]*, we found that just since 2009 funding has decreased by over $30 million in New York State, with deeper cuts on the horizon. In contrast states like Minnesota, Texas and California have made workforce a priority investing hundreds of millions of dollars of tax levy to help their residents and employers close the skills gap.

As you know the State invests billions of dollars into economic development. In a typical award, human capital has seen around 1% investment in the Regional Economic Development Consolidated Funding Application process, even though site selectors name "talent" as a primary factor for site selection. The argument against investment is – it doesn't work or the return on investment is not evident. In a recent

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

analysis the UpJohn Institute shared that while the ROI from workforce programs is not immediately felt by the tax paying public; the overall returns over a workforce development participant's lifetime are very high. [2]

The interests of the workforce community are deeply aligned with economic development – if you don't have skilled talent, you can't fill the jobs you are creating. If you don't have jobs, communities cannot get on a pathway out of poverty. There is little dispute that states and communities that align education and training to economic development grow jobs, reduce unemployment and increase quality of life. Last year, articulating the urgent need to invest in the workforce development system, Governor Cuomo, with bipartisan support from the New York State Legislature, promoted an exciting vision to grow New York's system. The Governor's 19th State of the State proposal promised to:

1. Re-direct resources into a $175 million for workforce development Consolidated Funding Application (CFA) process.
2. Establish a New York State Office of Workforce Development,
3. Construct a state-of-the-art data analytics infrastructure, and
4. Create a one-stop-shop online platform for job seekers and employers.

As outlined in the Invest in Skills NY coalition brief, *Leveraging Opportunity, Meeting Demand: A Blueprint for Building New York's Workforce System*, effective state workforce development systems have the following key features:

- They are goal-driven and led by a diverse group of external and internal stakeholders from regions across the state who are empowered and held accountable by the governor and legislature. Career pathways systems provide a framework for organizing and formally aligning the education, workforce, and supportive services needed to successfully guide a wide range of individuals through the continuum of education and training courses that are necessary for credential attainment and family-supporting careers.
- They embrace a fully-integrated cross-sector career pathways system that funds innovative, evidence-based workforce development programs and training across a developmental continuum.
- They are transparent, accountable, and measurable because they use regional labor market data to drive their strategy; create a shared performance outcomes framework across all workforce programs; and periodically evaluate results to foster continuous improvement.

These are not new-aged or unfounded ideas. The Urban Institute published a brief in May 2017 titled *"State Workforce and Economic Development Collaboration"[3].* The brief describes the importance of deliberate coordination and collaboration across the agencies that provide workforce and economic development; the necessity of expanding and investing in data to understand the ROI of investments; and the alignment of incentives and funding to achieve the state and local region's goals.   See the chart below for more detail:

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[2] https://research.upjohn.org/cgi/viewcontent.cgi?article=1205&context=up_workingpapers
[3] https://www.urban.org/research/publication/state-workforce-and-economic-development-collaboration

STRATEGIES THAT FOSTER STATE-LEVEL WORKFORCE AND ECONOMIC DEVELOPMENT COLLABORATION

Strategy	Methods
Supporting collaboration between employers and education providers to build workers' skills	▪ Career pathways ▪ Education incubators ▪ Apprenticeship programs
Uniting behind sector strategies to fill in-demand jobs	▪ State sector strategies and industry partnerships
Innovative use of funding to accomplish collaboration	▪ Tax incentives ▪ Incumbent-worker training programs ▪ Braided funding streams
Use of technology and data to connect employers and the workforce	▪ Economic development data tools and longitudinal data systems

New York has a real change, with the Governor's support, to be a national leader on workforce development. However, this commitment cannot be viewed as a passing fad or something that we do when the economy is in recession. In the 2018-19 Budget, the Governor and Legislature did not line-item fund the Governor's proposals leaving it at the full discretion of the Governor to implement. In the Executive Budget this year, the Governor proposed flat or declining funding – with the only outlier being an increase in resources to the federally funded Workforce Innovation and Opportunity Act program due to federal grants. Focusing on an issue is one thing – actually funding it is another.

Therefore, we are asking the Legislature to consider the following recommendations:

- **Dedicate Resources Annually to the Workforce Consolidated Funding Application:**
  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".

NYATEP and the Invest in Skills NY campaign have advocated that resources must be used to support the full continuum of workforce services, starting with youth services in K–12 and ending with services for older adults who need additional training or are changing careers. Examples of programs across the workforce continuum—which together make up a career pathways system—include work-based learning in schools, summer internships, high school equivalency programs, contextualized English-as-a-second-language programs, contextualized adult literacy programs, bridge programs to postsecondary and training opportunities, sectoral employment programs and apprenticeships, advanced training and upskilling, and pre-apprenticeship and youth apprenticeship programs.

This fully integrated approach should incentivize partnerships and connect wrap-around support services to the continuum of workforce development activities in order to address other barriers faced by New Yorkers in accessing training and employment opportunities. Further, the CFA should accept proposals on a rolling basis to support multi-year investments in activities across the workforce development continuum, thereby helping New Yorkers continuously advance their economic situation while also constructing a responsive and nimble workforce development system. A dedicated annual investment in a workforce consolidated funding application ensures that resources remain and are not dependent on political will.

- **Require a Reconstitution of the State Workforce Board and Codify the Establishment of the State of Office of Workforce Development.**

Across the United States, the most effective workforce development systems are grounded in strong leadership, often led by the statewide workforce board. In New York, the State Workforce Development Board—which is required by the federal Workforce Innovation and Opportunity Act (WIOA), one of the largest funders of the state's system—is charged with overseeing spending and directing the policies and practices of New York's workforce development system. The board, by design, is intended to help coordinate the state's workforce strategy. However, there are at least 13 different state agencies administering workforce development programs without any overall direction, shared outcomes, or accountability for results. Moreover, the State Workforce Development Board has not convened since early 2017, leaving New York in violation of federal legislation and with a substantial leadership void. The Legislature should urge the Governor to restructure and reconvene the State Workforce Development Board to include leading employers from growing sectors, experts in postsecondary education, workforce and employment providers, state agency leadership, and economic development stakeholders.

In conjunction the Legislature should move to codify the Governor's proposal to develop and Executive-level Office of Workforce Development, and urge the Governor to hire the Executive Director. Together with the State Workforce Board, the Office of Workforce Development could serve as the statewide coordinator of the system; would serve as the mechanism to reach into the community for feedback and ideas; would set goals and shape the statewide workforce

development plan aimed at increasing training and postsecondary attainment in a way that directly aligns with regional demands of the state's economy; and continuously review and report out the system's performance.

- **Fund Efforts to Expand the Use of Real-Time Labor Market Analysis for New York's Workforce System**
  The Governor has proposed expanding the innovative data mining methodology used by Monroe Community College to identify local workforce needs to all regions in the State. The goal is to use data "to better target its workforce investments and better attract top talent and top companies to the communities that need them most".

  Robust information on the current and future demand for job skills in relation to the supply of skilled workers is critical for ensuring that the state's workforce development system is equipped to meet demand. Monroe Community College is a shining example of creatively investing and engaging the system in labor market analysis and performance outcome analysis to shape program design and for continuous improvement.

  Although New York State Department of Labor and NYS Economic Development Corporation produces labor market information, it is often not public, real-time, regionally organized, nor is it targeted to help employers make investment decisions, to help workforce development trainers create programs, or to help residents make decisions about what career pathways to pursue. New York's labor market data must be reliable, relevant, comprehensive, timely, and accessible to all stakeholders, including businesses (as they make decisions regarding site locations, recruitment, hiring, and advancement), workers and job seekers (as they make career choices), education and training providers (as they develop job training curricula and adapt workforce programs to evolving industry requirements), and policymakers and government officials (as they make program budget decisions).

  Minnesota, Oregon, Texas, Washington, and a number of other states have dedicated a great deal of time and resources to develop suites of labor market information and customizable tools to guide decision making, planning, and investment by all stakeholders. Like them, New York should produce detailed reports showing essential workforce data, such as regional occupations that are in demand, occupational staffing patterns by industry, regional surveys of industry and occupational job vacancies, and gap analyses that reveal opportunities and challenges. These reports should be managed centrally and distributed publicly through the Office of Workforce Development.

  Labor market data is just half the battle. New York must invest in a statewide performance management system that enables the State to capture the system's performance across multiple State Agencies, federally and state funded programs and initiatives, and should develop a plan to evaluate a different set of programs each year to foster continuous improvement and

to ensure that taxpayer money is being spent wisely. In Washington State, as mandated by the legislature, the State Workforce Development Board tracks the results of the state's 12 largest workforce programs and administers biennial outcome evaluations of the state workforce training system based on surveys of program participants and their employers, as well as information from the Washington Employment Security Department payroll and wage files. These evaluations, conducted by the Upjohn Institute, identify participant success in finding employment, earning levels, and participant and employer satisfaction with program services and outcomes. These evaluations have become a tool to help the state identify where to create efficiencies to save public resources. A comprehensive evaluation plan that applies uniform metrics across programs would facilitate diagnosis of the performance of New York's workforce development programs, help identify areas in need of reform, and foster accountability. An annual report and periodic program-level evaluations would also serve as a vehicle for policymakers and practitioners to adjust their program models and resource allocation to better respond to a rapidly changing economy. The Legislature should support investing in a statewide data and reporting system, workforce program evaluations, and eliminate any regulatory barriers that hinder data sharing across state agencies related to workforce programming.

For more information, I have included high level summaries of two key reports, produced by NYATEP and the Invest in Skills NY Campaign. Both reports can be read in full at www.nyatep.org

2019 State of the Workforce: Executive Summary

The State of the Workforce Brief is an annual snapshot, of publicly available data, to inform communities about the dynamics of their regional economy and the workforce impact. The New York Association of Training & Employment Professionals embarked on this project to use readily available data to understand who is working and who isn't; what sectors and occupations are growing across the State; and the number of potential workers produced by New York's education & training systems.

The economic landscape is changing across New York and the U.S.
- Healthcare is a top sector in all regions and takes the largest share of overall employment in New York State at 17%. Retail and education follow at 10% each of the overall share of employment.
- Retail is the only top sector to see a net loss in job growth, as anticipated by the changing nature of retail and growth of online shopping.
- Due to automation, 4.8 million occupations may be eliminated or will need to adapt in New York within the next 20 years. The top occupations impacted will be Retail Salespersons, Cashiers, and Secretaries and Administrative Assistants.
- By 2027, more than 50% of Americans will be freelancers. Currently, there are 5.9 million contingent workers across the country, many of which are part of the "gig economy".

New York must grow its labor force by maximizing underutilized labor.
- The availability of workers will be impacted by the following trends: the unemployment rate for underutilized workers such as young adults and people with disabilities; the aging workforce; and the overall reductions in available labor force in regions.

- Low wage jobs continue to dominate New York's economy; 82% of the fastest growing jobs are projected to pay less than $20 per hour and 75% will not require more than a high school diploma.
- In New York State the median annual wage for full time employment is $44,000. All regions, except for New York City ($51,000) fall at or beneath that threshold. The regions with the lowest median annual wages is the Mohawk Valley and North Country ($36,000).
- The immigration inflow has increased with the total number of immigrants increasing from 146,744 in 2010 to 166,069 in 2016, a 13% increase. In contrast, there was a net outflow of 23,344 New Yorkers.

New Yorkers are facing increasing barriers to succeeding in the workforce.
- Of New York's 7,216,340 households, 14% lived in poverty in 2016 and another 31% were working poor. Combined, 45% (3,262,043 households) are living at or beneath the basic cost of living.
- The cost of the family budget increased on average by 22% from 2010 to 2016.
- Students from low-income families graduate at a rate of 7% less than their counterparts, and only 54% of students with disabilities graduate with a high school diploma.

Workforce development is a core aspect of the State's economic development.
- In order to understand New York's "skills gap" you must look across the many systems that prepare New Yorkers for the labor force. In New York, these programs exist in BOCES, Career Centers, Education Opportunity Centers and more.
- 40% of New Yorkers have a high school diploma or less. Education and skill attainment directly correlate to wages, therefore if New York can increase the number of skilled New Yorkers in its labor force, the overall incomes of New Yorkers will increase.

Invest in Skills NY Blueprint: **Overview of Recommendations**

Recommendation 1: Empower leadership. Set statewide goals. Develop a plan.
- **Restructure and empower the State Workforce Development Board:** Governor Cuomo should restructure and empower the State Workforce Development Board to work with the Office of Workforce Development to provide system-level leadership and accountability for the state's workforce development system and strategy.
- **Set statewide goals:** Governor Cuomo should empower the Office of Workforce Development to work with the State Workforce Development Board to establish a robust set of goals connecting New York's labor supply with the state's labor market demand.
- **Develop a statewide plan:** With a mandate from Governor Cuomo, the Office of Workforce Development and the State Workforce Development Board should begin a transparent and inclusive multi-stakeholder process to build a statewide plan.

Recommendation 2: Build a career pathways system.
- **Mandate government agencies to develop an integrated workforce development system:** Governor Cuomo should charge all government agencies involved in workforce development to work with the Office of Workforce Development to build a fully integrated workforce development system that works across government agencies to connect services, leverage limited resources, and establish shared outcomes.

- **Create a mechanism to fund activities and programs across the continuum of workforce development:** Governor Cuomo should launch a career pathways CFA that accepts proposals on a rolling basis and that annually funds activities across the continuum of workforce development.
- **Foster continuous improvement and innovation:** The Office of Workforce Development, as part of the rollout of the career pathways CFA, should launch a Continuous Improvement and Innovation Fund allowing experts in the field—including employers and workforce development entities—to respond to new demands by testing ideas that can improve existing or create new systems or programs.

Recommendation 3: Build a 21st-century data infrastructure.
- **Use labor market information**: The Office of Workforce Development should develop a regionally organized labor market information tool that is publically available to all stakeholders, including current and prospective employers, job seekers, and workforce development providers.
- **Measure performance outcomes:** The Office of Workforce Development should develop a single and centrally managed set of outcome metrics for all relevant agencies and programs available to the public.
- **Evaluate programs**: The Office of Workforce Development should develop a plan to periodically evaluate workforce programs on a rotating basis made available to the public.

Together, these three recommendations create a blueprint that will position New York State to become a leader in workforce development and gain an important competitive advantage in the 21st-century labor market.

If you have any questions or comments relating to this testimony or any of the aforementioned reports, please reach out to Melinda Mack at mmack@nyatep.org or (518) 545 – 9500.