



Testimony of New York Association of Training & Employment Professionals Before the Joint Legislative Hearing on the 2020-2021 Executive Budget

Economic Development Hearing: February 13, 2020

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 175 member organizations are as deeply committed to workforce development as economic development and serve well over a million New Yorkers each year. 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.

We are in the tightest labor market in decades, and I am sure as you speak to businesses in your district, they lament their challenges finding employees. Any shortage of labor directly impedes our state's ability to attract employers, hinders business productivity and economic growth potential. For the last several years I have come before this committee to sound the alarm – we do not have enough skilled talent to meet the needs of employers. Over 50,000 good paying jobs sit open in demand sectors, waiting to be filled. This problem is not going away, it will continue to get worse, as nearly a quarter of workers in New York are at or nearing retirement age, which will particularly impact key sectors like government, healthcare and manufacturing. We also have pools of untapped labor that need investment – low wage workers, individuals with low basic skills, individuals with disabilities, immigrants, and the formerly incarcerated, among others who are an opportunity away from good job.

For nearly twenty years New York's strategy to solve this crisis has been flat funding, cuts, and tax credits. In contrast, 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 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.¹

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

¹ https://research.upjohn.org/cgi/viewcontent.cgi?article=1205&context=up_workingpapers

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.

The Urban Institute published a brief in May 2017 titled “*State Workforce and Economic Development Collaboration*”².

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 for details.

STRATEGIES THAT FOSTER STATE-LEVEL WORKFORCE AND ECONOMIC DEVELOPMENT COLLABORATION

Strategy	Methods
Supporting collaboration between employers and education providers to build workers’ skills	<ul style="list-style-type: none"> ■ Career pathways ■ Education incubators ■ Apprenticeship programs
Uniting behind sector strategies to fill in-demand jobs	<ul style="list-style-type: none"> ■ State sector strategies and industry partnerships
Innovative use of funding to accomplish collaboration	<ul style="list-style-type: none"> ■ Tax incentives ■ Incumbent-worker training programs ■ Braided funding streams
Use of technology and data to connect employers and the workforce	<ul style="list-style-type: none"> ■ Economic development data tools and longitudinal data systems

To address this, for the 2019 budget, Governor Cuomo unveiled a new vision for workforce development; including a “\$175 million” Workforce Development Initiative (WDI) managed by the Governor’s Office of Workforce Development. In an effort to streamline and increase coordination, a Consolidated Funding Application (CFA), which was outside of the Regional Economic Development Council process, was created to pool existing and new workforce resources for job training and employment services. Those resources are beginning to flow, but it does not mean we have addressed the need for increased coordination. We strongly encourage the Regional Economic Development Process be modified to ***require all projects submit a regional workforce plan*** to articulate the immediate, short-term and long-term hiring projects; the occupational titles and required skills for the jobs; as well as the employer investment in job training and employee advancement.

New York is facing two additional challenges. Despite our efforts to grow the economy, low-wage jobs continue to dominate New York’s labor market. Of the top 10 occupations that make up over 1.7 million jobs, nine out of ten pay less than \$32,000 per year. Among the top 10 occupations statewide, only one surpasses \$50,000 at the height of the career. This means that nearly 2 million New Yorkers struggle to make ends meet. As reported by our partners at the United Way, in New York 45% of households are living at or beneath the basic cost of living, putting them one flat tire away from not being able to put food on the table. Nearly a quarter million New Yorkers are stuck in part-time, low wage work, and want full-time employment.

² <https://www.urban.org/research/publication/state-workforce-and-economic-development-collaboration>

As we think about our State's ability to grow and be a great place to live, we must address equitable economic development. One strategy to create equity is to address the lack of foundational and technical skills in our talent pool. As we shared in our annual State of the Workforce Report, 42% of people in our State have a high school diploma or less and many more lack the additional supports like childcare and transportation needed to move out of low-wage work.

Above and beyond continuing to fund and support the Governor's Workforce Development Initiative, there are several initiatives announced in the Executive Budget narrative that would increase the availability of skilled talent and reduce barriers for low wage workers:

Removing Unnecessary Barriers to Obtaining Occupational Licensing (page 193): Advancing legislation to amend the Executive Law, General Business Law, and Real Property Law to remove the restrictive requirement that prospective occupational licensees be either U.S. citizens or green card holders. This common-sense legislation will build on Governor Cuomo's successful repeal of outdated bans on occupational licensing for individuals with criminal convictions and will open the doors to many new employment opportunities for hardworking, lawfully-present communities of immigrant New Yorkers. This should also be extended to include those with military credentials, who are unable to translate their skills into civilian occupations.

Excelsior Banking Network (pg 107), which will increase access to safe, affordable bank accounts and small dollar loans in underserved low-income communities across the State. The State will provide \$25 million in new funding over five years for New York's CDFI Fund, to be used in accordance with State criteria for expanding financial inclusion. As we described in the State of the Workforce per the FDIC, around twice as many African American households' report being unbanked (16.8%) and around 20% of Latino households are unbanked. Approximately 13% of those "not in the labor force" report being unbanked and about 40% of individuals reporting family incomes between \$15,000 - \$30,000 report being either unbanked or "underbanked," meaning they also rely on an alternative financial service. such as a check cashing service which costs New Yorkers between \$200 - \$500 annually.

Train Workers for the Green Economy (page 114): New York will create an industry-driven green jobs, which are in-demand and good paying jobs and training to address the need for an energy workforce by establishing:

- ***Statewide Auto Tech Training:*** Starting in 2020, all 13 public colleges in New York that have an automotive program will enroll at least one instructor in Hudson Valley Community College's five-day Electric Vehicle Train the Trainer Program. When fully implemented, this program will be capable of training up to 2,000 students annually, and students and technicians in every region will be able annually to learn from EV experts at a local facility.
- ***Clean Energy Workforce Training:*** New York State will also invest an additional \$40 million — for a total investment of \$100 million — over the next five years to build a talent pipeline of clean energy workers and provide the existing workforce with opportunities to enhance their skills.

- **Launch the New Offshore Wind Training Institute:** SUNY Farmingdale and Stony Brook will formally solicit partners for the \$20 million Offshore Wind Training Institute, so that training can begin in 2021, when the industry is expected to need a significant number of new skilled employees.
- **Solar Energy Corps to Solarize State Parks:** The Office of Parks, Recreation and Historic Preservation and the Department of Environmental Conservation (DEC) will partner with Hudson Valley Community College, Alfred State University, Excelsior Corps, and Job Corps to create a Solar Energy Corps (SEC). SEC students will be trained to install solar energy equipment and will build solar arrays in State Park and DEC facilities across the state with the goal of half of the electricity used in State Parks generated by solar installations.

Lastly, as we continue to scale job training and upskilling opportunities across New York State, we encourage the State Legislature to consider amending the General Municipal Law and the Industrial Development Agency (IDA) statute by the Authorities Budget Office and the State Attorney to allow IDAs to utilize their funds for education, job training and employment programs. This will unlock funding that would be complementary to locally-based economic development programs.

I sincerely appreciate your continued support and interest in job training, education and employment, and your deep understanding of the needs of your constituents. I would be happy to take your questions or to follow up with your staff following the Hearing. If you have any questions or comments relating to this testimony or any of the reports below, please reach out to Melinda Mack at mmack@nyatep.org or (518) 545 – 9500.

2020 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.

Changing economic landscape in New York and United States

- Statewide the official unemployment rate is 4.2%, but if discouraged, marginally attached, and workers who are part-time for economic reasons are included, the unemployment rate is 7.6%.
- The economy is showing indications of a slowdown. Workforce professionals should stay alert to indicators like the quits rate, shift to part-time employment, auto sales, and multiple jobs per person.
- The youth unemployment rate remains high at 20.7% for ages 16 to 19 and 11.6% for ages 20 to 24. Youth participation in the gig economy is high, with 38% of those ages 18 to 24 working in the gig economy nationwide.
- Low-wage jobs continue to dominate New York's labor market; of the top 10 occupations that make up over 1.7 million jobs, nine out of ten pay less than \$32,000 per year.
- Clean and green jobs continue to grow across New York State, while 80% of employers in the past year had difficulty hiring, with incoming talent lacking experience, training, or technical skills, as well as industry-specific knowledge.

Childcare is a barrier to median and low-wage families

- The cost of childcare has surpassed housing as the most expensive category of basic living, creating a significant barrier for families. Infant care for one child would consume 22.1% of a median family's income.
- Childcare access continues to be a struggle with only 9.1% of childcare programs offering non-traditional hours (evening, overnight or weekend hours).
- Childcare workers also struggle to get by. According to the Early Care and Learning Council, 70% of childcare providers report working a second job to make ends meet. Additionally, 65% of New York childcare worker families are participating in at least one public income support or health care program (EITC, Medicaid and CHIP, SNAP and/or TANF).

Costs facing New York's workforce

- More than 40% of hourly employees get no more than seven days notice about their upcoming schedules and 28% get three days or fewer. This unpredictability can decrease an individual's family stability and quality of life.
- About 40% of individuals reporting family incomes between \$15,000 - \$30,000 report being either unbanked or "underbanked," meaning they also rely on an alternative financial service.
- The average annual cost of not having a bank account is \$196.50 for people who use a prepaid debit card that features direct deposit. That figure jumps to \$497.33 if the card doesn't offer direct deposit, creating an adverse effect for low-income families.

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 publicly 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. With a stronger system and continual investment in skills training all New Yorkers regardless of their socio-economic challenges can have a true opportunity to thrive.