



Testimony to:

**Joint Legislative Budget Hearing
RE: Workforce Development**

Addressing Workforce Shortages

Presented by:

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My name is Crystal Griffith, and I am The Director or Workforce Development at The Business Council of New York State, Inc. We are New York's largest statewide employer association, representing approximately 3,500 private sector employers across New York. Our membership is a diverse group of businesses from all sectors of the economy ranging from large scale employers, minority and women-owned businesses, entrepreneurs, and small business owners. Presently, seventy percent of our 3,500 members would be defined as a small business.

We appreciate this opportunity to submit testimony to the Committee on workforce shortages and identify actions that can be taken to help reduce these shortages. The problems New York is facing are not uncommon to the problems other states are facing, but we must understand that these shortages mean that businesses cannot grow, compete, and thrive without a strong employee base. Additionally, our state continues to struggle to recover from the impact of COVID. To maintain our competitive edge and foster inclusive economic development, it is imperative that we prioritize workforce development investments and enact progressive legislation that supports the evolving needs of our labor market.

The Benefits of Workforce Development Investments

Investing in workforce development is an investment in the future of our state. According to recent data from The U.S. Chamber of Commerce, the current landscape of the New York State labor market reveals both challenges and opportunities. While open roles in various sectors continue to rise, a significant portion of our workforce is still grappling with unemployment. This gap underscores the urgent need for strategic investments in training and education to align our workforce with the demands of the modern economy.

Recent Data on NYS Labor Participation, Open Roles, and Unemployment

As of September 2023, New York State's labor participation rate stands at 61.5%. The U.S. Chamber of Commerce's data also shows that there are over 440,000 open roles and 384,655 unemployed workers. This leaves the state in the same predicament as the previous year— even if all 384,655 individuals were matched with an open role, we would still have thousands of jobs unfilled. This shows that the state needs emphasized targeted interventions to bridge the gap between available jobs and our available workers. It is important that we recognize that this numbers of unemployed individuals does not account for people who have stopped looking for work for various reasons that include not feeling support in their search of employment that matches their skill set, the decision to become a 1-income household because of the lack of affordability of child care, and because, in some instances, earning more in income even just \$1 causes more hurt to a family than joining the workforce.

Addressing the Benefits Cliff: The Case for a 6-Month Income Disregard

One key area where legislative action can make a transformative impact is in addressing the Benefits Cliff as per S.2144/A.5875 sponsored by Senator Persaud. The proposed legislation with a 6-month income disregard is a thoughtful step toward supplying financial stability for workers transitioning into new roles. This measure recognizes that the path to economic self-sufficiency may require time, and it prevents individuals from facing an abrupt loss of crucial benefits as they strive to improve their skills and employability.

A report from the U.S. Chamber of Commerce shows the most severe effects of the benefits cliff are seen in housing and childcare. "Nearly 70% of public benefits – such as childcare, food, and housing subsidies – go to non-elderly employed individuals, and over half of workers in the bottom 20% of the wage distribution receive benefits from the public programs."i These restrictions do not take into consideration instances where increased earnings or income do not equal to the amount of public assistance and, therefore, may force a family into poverty and unable to meet a livable wage.

Decoupling

While there have been significant and record setting investments in the child care system during this previous year, decoupling child care assistance from guardian work hours still calls for attention. The

Decoupling legislation, S.8152 (Brisport), offers support to the state's part-time workers, and workers in various settings with rotating work schedules. Decoupling child care assistance hours from traditional work hours allows those who are parents/guardians to still be a part of the workforce without barriers. These are the same barriers that discourage individuals from seeking employment.

Expanding Business Attraction Through FAST NY & ON-RAMP

Manufacturing workforce investments in New York are crucial for revitalizing the state's industrial sector, fostering economic growth, and creating job opportunities for its residents. A robust manufacturing workforce is the backbone of a resilient economy, contributing to innovation, technological advancement, and overall economic stability. By investing in FAST NY and investing in the One Network for Regional Advanced Manufacturing Partnerships proposal, we can address skill gaps, ensuring that its workforce is equipped with the technical expertise needed in today's advanced manufacturing environments. This is especially important given that over 400,000 workers in NYS are in the manufacturing workforce and the industry is responsible for over \$80B added to NYS' GDP in 2022, as quoted by the National Manufacturing Association.

NAM also notes that for every \$1 spent in manufacturing there is \$2.69 returned to the economy. For every 1 worker in manufacturing 4 workers are added to the economy. For every \$1 earned in direct manufacturing sector, \$4 in labor income earned in added to the economy. Manufacturing workforce investments play a pivotal role in diversifying the state's economy, reducing dependency on specific sectors, and creating a more balanced and sustainable economic landscape. Attracting businesses to New York State requires a strategic approach, including incentives, infrastructure development, and workforce programs that align with the needs of potential employers. These investments contribute to job retention and job creation, providing stability for families and communities across the state.

Apprenticeship Programs

NYS must continue to expand apprenticeship programs. Apprenticeship programs have an impact not only on students, and young adults, but also individuals looking to re-enter the workforce and working adults currently in the workforce with the hopes of upskilling and staying employed. Apprenticeship programs bridge a skills gap and ensure that the workforce meets the demands of evolving industries. This is necessary. On-the-job training and mentorship through apprenticeship programs promote innovation and competitiveness. It creates a direct pathway to employment, reducing unemployment rates and fostering a sense of job security among workers. Emerging industries, such as renewable energy and technology, benefit significantly from apprenticeship programs by cultivating a workforce capable of driving innovation in these dynamic sectors.

The legislative workforce proposals by Governor Hochul in her State of the State Address are the first step in the right direction. My team and I, at The Business Council, look forward to engaging in more conversations with members of the Senate and Assembly so we, as a state, can make these proposals permanent.