

TESTIMONY OF DAVID J. FISCHER, CENTER FOR AN URBAN FUTURE
NEW YORK CITY COUNCIL COMMITTEE ON SMALL BUSINESS
MEASURING THE SUCCESS OF WORKFORCE DEVELOPMENT PROGRAMS
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I'm David Fischer, project director for workforce and social policy of the Center for an Urban Future, a Manhattan-based non-partisan public policy think tank that conducts research on important issues concerning economic development, workforce development and social policy for New York City. Thank you for the opportunity to testify today on the important subject of city performance in workforce programming.

As our organization detailed in a June 2007 report on the city's workforce system titled "Work in Progress," we believe that the Workforce Investment Board (WIB) and the two key city agencies in this area of policy have done a commendable job despite operating in a difficult environment of severe funding cuts and illogical statutory limitations. This April will mark five years since Mayor Bloomberg closed the Department of Employment and shifted its workforce responsibilities to the Department of Small Business Services (SBS) and the Department of Youth and Community Development. In that time, the WIB and agencies have provided services to tens of thousands of New York jobseekers. In 2007 alone, the Workforce1 Career Centers placed more than 17,000 New Yorkers into jobs, provided training to 3,500 more through

vouchers and a city-originating grant to employers, and leveraged nearly \$12 million in funds from employers and other non government sources. This last point is of great significance, considering both the shriveled federal resources and the need for employer engagement and investment within a demand-driven system, and suggests that the business community has begun to believe in our City's capacity to help employers meet their workforce needs.

Of course, this is not to say that the system is beyond criticism, in either its programmatic menu or the particulars of how it has been administered. The most significant concern we identified in our report is that the Workforce1 Career Centers and related contracts—which comprise the bulk of all programming in the city funded under the Workforce Investment Act (WIA)—mostly serve individuals who are relatively employable in terms of skill level and work history, but aren't currently working. This is only a small segment along the full spectrum of labor market participants; relative to the need, the city does not do enough to engage either the hardest-to-serve or incumbent workers looking to increase their skills and earning power.

But while this is a significant shortcoming, most of the blame for it falls to actors other than SBS or the WIB. The network of services emphasizing short-term job placement in response to employer demand was the initial priority as SBS took the reins in Program Year 2004. At that time, the city's WIA allocation for adult programs was \$35.8 million; by Program Year 2007, it was \$30.6 million. This severe decline in funding curtailed plans to expand the focus of the system—particularly considering the higher cost of the policy interventions needed to place the hardest-to-serve and to move workers onto career-track paths.

In addition to grossly inadequate resources, city programming is also hampered by the restrictions of WIA itself. For instance, WIA formula funds cannot be spent on training incumbent workers—despite the fact that those already working often are better positioned to realize a strong return on public investment, through job retention and wage gains, than individuals seeking employment. To its credit, the Bloomberg Administration has recognized the irrationality of this restriction and has used city tax-levy funds to help fill the gap through its NYC Business Solutions Training Grant. Unfortunately, such innovations do not change the fact that WIA is simply not big enough, in either funding or vision, to support a workforce development system that grows human capital and supports individuals not just in finding jobs, but in making careers.

Another flaw of WIA involves the measures by which it evaluates success. My personal view is that the so-called Common Measures—Entered Employment, Employment Retention, and Average Earnings—fail in two important respects. For one, they do not fully capture the value of job placements, because the time frame for retention (nine months) is not long enough to indicate a lasting labor market attachment, and they do not capture wage gains over time. An even bigger concern is that these measures do not capture gains in skill attainment or credentials for adult customers; by the standards of the WIA common measures, it is more useful to place a jobseeker into a \$7-per-hour retail position than to help her earn an industry-recognized computer repair certification which might help her land a job that pays more than twice as much.

How should programs be evaluated? The Workforce Alliance, a Washington, DC-based advocacy group, suggests that “Measures should track placement, retention and earnings—but not in a way that encourages low-cost approaches... or discourages service

to low-wage or hard-to-serve clients.” I believe, as does The Workforce Alliance, that the current measures have helped facilitate just these trends in programming—and that they have influenced the thinking of city officials, who are cognizant that New York cannot risk the further loss of federal funds through low performance.

But this does not mean New York leaders and policymakers are ignorant of or indifferent to the gaps in programming. One particularly encouraging aspect of the Center for Economic Opportunity, the city’s anti-poverty effort, is that several of the programmatic measures under development seem designed to address these needs—for deeper interventions on behalf of workers looking not just for job placement but career advancement, and to reach harder-to-serve individuals who cannot easily be placed into jobs within the short time frame allowed to workforce contractors—outside the problematic context of WIA. The CEO has embraced a more holistic approach to economic advancement, incorporating barrier removal and access to education in addition to job placement. It is my hope and belief that federal policy eventually will follow along the same lines—whether under a reauthorized Workforce Investment Act or a successive piece of legislation.

Thank you for the opportunity to testify today. I would be happy to answer any questions you might have.