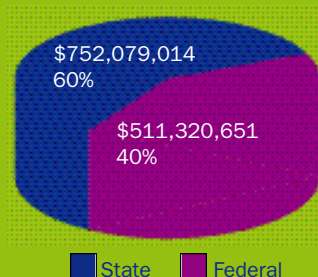


Consider This...

BILLION-DOLLAR BUSINESS

The state and federal government combine to spend nearly \$1.3 billion per year on workforce services in New York, through a complicated system that incorporates 59 funding streams and more than 200 state and local government agencies.

How the Dollars Break Down



INFORMATION PLEASE

Despite the great cost and importance of workforce development, there's a lot we don't know about this system—including just how many people are being served, and how much real skills training is offered.

WHO'S THE BOSS?

Workforce policy is designed to serve both jobseekers and businesses. But only ten of the 30 workforce streams detailed here offer services to employers, and businesspeople complain that the field is difficult to work with.

WORKFORCE MATTERS

A robust and effective workforce system can act as a powerful element of economic development; an ineffective assortment of workforce programs offers nothing to employers and can be a barrier to growth.

Seeking a Workforce System

A Graphical Guide to Employment and Training Services in New York

FOR DECADES ONE OF THE BIGGEST CHALLENGES

facing anyone trying to build a new workforce system in New York has been trying to understand the old one.

That excuse now can be retired.

The document at hand maps the multiple-agency miasma that is job training in the state of New York, tracks each funding stream from its source, and divides the total dollars to allow you to see just how New York spends its workforce development funds.

Open the workforce funding matrix on the opposite side of this narrative and you will see the entire system laid out before you—the good, the bad and the ugly. You will see 30 different funding streams with little, if any, clear guiding policy or principle to connect them. You will immediately grasp the frustration of the dual customers for workforce services—jobseekers and employers—who have to grapple daily with the collection of programs detailed in this document without the help of a handy guide to figure out which programs offer what services to which groups.

You will also see possible answers for some of New York's toughest economic problems: hope for overcoming our high unemployment rates, help for jobseekers still on public assistance, and aid for ailing businesses from Brooklyn to Buffalo.

This matrix is designed to help public officials and policymakers harness the potential of these fragmented workforce programs into a coherent, accountable statewide system.

(over)

The case for immediate action is clear. In September 2003, New York had a statewide unemployment rate of 6.3 percent—with tens of thousands more out of work but not counted by the official measure. Workforce funding provides federal money to serve those looking for work with a menu of options, ranging from job counseling and help writing a resume to intensive skills retraining. Many state businesses also need training resources for incumbent workers, wage-subsidy assistance to increase workforce size, or other kinds of help to stay competitive in the current economy.

The long-term case for bolstering the state’s workforce network is that, in New York and nationally, the economy is slipping toward a silent crisis of rising skill needs and worker shortages. In a 2001 National Association of Manufacturers survey, 80 percent of employer respondents mentioned experiencing a serious lack of qualified job candidates, despite high unemployment; 60 percent said that the lack of available skilled workers was directly affecting company output. The problem will only get worse in coming years, as baby boomer retirements begin to eat away at the state’s workforce.

Whatever one believes the state’s workforce priorities should be, the matrix reveals what those priorities *are*—by showing what kinds of programs get the most money. Job placement assistance—putting jobseekers to work as quickly as possible—is the most common program goal, with short-term skills training, often a precondition to job placement, close behind. There is little long-term thinking or planning to address workforce needs beyond the horizon. Finally, only a handful of workforce programs are explicitly geared toward serving employers.

One look at the matrix also makes it clear that the current system prevents New York from getting maximum value for the nearly \$1.3 billion per year the state and federal government spend on workforce development. The state’s workforce and job training programs operate through more than 200 state and local agencies, but lack sufficient coordination and accountability. Case in point: local workforce boards, which guide policy in each of the state’s 33 designated workforce areas, are expected to set priorities for the system, but control just 13 percent of the total funding available for workforce services.

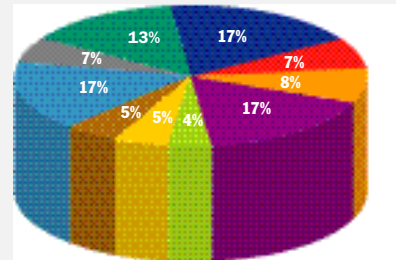
These obstacles to progress aren’t insurmountable. A handful of New York communities have succeeded in creating local workforce systems that offer useful training and other services that help residents find work and benefit local employers. Monroe County has used its workforce resources to upgrade skills and

increase pay for longtime employees in local high-tech and manufacturing businesses; Yonkers has supported certification programs for medical billers in the city’s large health care sector. We can learn from these accomplishments, and those of other states.

Finally, New Yorkers strongly support job training. In a recent phone survey of 1,012 New York City residents, the Community Service Society of New York found that respondents from all income levels, ethnic backgrounds and political leanings believe job training and skills instruction is the most important government benefit to help poor families advance.

Spending Breakdown by Program Category, 2002-2003

New York spends the largest shares of its workforce dollars on literacy training, employment services for the disabled, and programs funded by the federal Workforce Investment Act.



- WIA
- UI
- Health
- VESID
- VATEA
- Welfare to Work
- Correctional Services
- Literacy
- ESDC
- Other

(see Acronyms and Abbreviations)

What follows is a set of guiding principles for addressing the challenges of workforce policy and making these programs truly work for New York.

1. WORKFORCE DEVELOPMENT IS ECONOMIC DEVELOPMENT

In the 21st century, developing human capital is the key to the economic success of communities. And businesses know it: employer surveys have shown that education levels and the availability of a system that can quickly provide skills training to incumbent workers might now be the single most important factor in firms’ decisions on whether and where

to relocate. A robust and effective workforce training system can be a powerful magnet; an ineffective assortment of unconnected programs to improve worker skills can be an incentive to pull up stakes. The immediate need is for state-funded programs to offer more for employers: only ten of the 30 funding streams shown in the matrix include services for employers—and one of those, the Strategic Training Alliance Program, was not re-funded this year.

State leaders can realize much greater value from New York's substantial investment in workforce programs by more explicitly linking these programs to their oft-stated goal of luring high-tech employers to set up shop in New York and supporting the workforce needs of businesses already based here. It's happening already in some communities: one local workforce board chair we spoke with boasted, "We've built quite a relationship with the industrial development folks around here... we're the go-to people as far as the training incentive part of packages. They've looked to the local workforce board as the people who have to be at the table." The governor and legislative leaders can and should do more to advance this perspective statewide.

2. GOVERNMENT AND BUSINESS MUST LEAD States and cities that have built successful workforce systems share a number of traits. The first is strong and sustained leadership from elected officials. In the years since Congress overhauled federal workforce policy in 1998, governors like Democrat Gary Locke in Washington and Republican John Engler in Michigan have provided vocal and sustained support that energized their states' workforce systems. New York officials from the governor on down must become more engaged in the workforce system and more visibly supportive of its efforts, publicly celebrating its successes and actively working to address its shortcomings. Under the federal Workforce Investment Act, the governor directly controls 15 percent of each state's federal workforce allocation, giving him even more sway to choose and implement a guiding policy direction for the system.

Along with the need for a system-wide vision, local businesspeople and officials could use a few tools to make it easier for them to design and implement workforce policy in their communities. Our survey of 11 local Workforce Investment Board chairs from around the state found the unanimous and forceful view that too much of workforce leaders' time is spent dealing with procedural aspects of the system, leaving too little time and energy for "big picture" issues. One workforce board chair

TRAINING WHEELS

New York City Seeks a Workable Workforce Policy

New York City is a model example of the need for high-level leadership on workforce issues. The city has high unemployment, many thousands of low-income jobseekers and businesses looking for skilled employees, but little coordination or infrastructure to support its workforce programs. Since the federal Workforce Investment Act (WIA) went into effect, a combination of scandals and poor performance has put New York City under the microscope in both Albany and Washington. The city spends about 60 percent of the state's entire federal workforce allocation—some \$97 million in 2002 alone—but its wildly inconsistent policy swings have given ammunition to critics of job training across the country. One prominent example was the city's reluctance to expend job training funds even after 9/11, setting off a battle between the mayor's office and City Council just to get the city to spend its federal workforce dollars. New York City's struggles with workforce policy clearly show the need for a funding matrix, so all city and state leaders can thoughtfully assess where funds are and how to put them to good use.

Beneath the high-profile problems, the city has substantial assets that could be part of a thriving system, including several providers that are considered national models, strong employer intermediaries and effective post-secondary institutions that are increasingly focused on serving workers and employers. And in an encouraging sign, Mayor Michael Bloomberg's administration is trying to build on these assets with a more rational governance arrangement: this past summer, New York City's formerly diffuse workforce programs were consolidated within the Department of Youth and Community Development, for youth employment programs, and the Department of Small Business Services, for adult programs. The shift is intended to explicitly link job training to both employer workforce needs and city economic development policy. There is also movement to strengthen the local employer-led workforce board, charged under the WIA with guiding local job training and employment policy.

called the process of concluding agreements with “mandated partner” agencies “an absolute joke,” adding, “Things like that process... people in private business don’t care about or understand that well. We just want to get down to training.” One horror story described how a state agency refused to sign its own memorandum with one local workforce area. Strong leadership from the top helps deter such embarrassing missteps.

The business community must also step forward and assert the value of a sufficiently trained and educated workforce. It is just a simple fact that employment programs do not succeed without strong input from employers. The 11 local workforce board chairs we spoke with—all of whom are local business leaders themselves—emphasized the importance of employer input and targeting services to the local business community in their workforce systems. Additionally, the Workforce Investment Act demands overt connection to the private sector.

3. CAREER PATHWAYS AND LIFELONG LEARNING ARE KEYS TO BUILDING THE SYSTEM The challenge of developing a workforce with sufficient skills to handle the current and future needs of our economy goes well beyond filling immediate job openings. “Lifelong learning” is increasingly becoming a necessity both for workers who change jobs at a much higher rate than in the past, and employers who see the skill needs of their businesses change at a similarly unprecedented pace. Integrating programs like continuing education, GED and English as a Second Language, and creating pathways from basic skills attainment to focused skills training, placement into jobs, and advancement up career ladders, will be the key to meeting these challenges. As the funding matrix shows, these programs collectively account for hundreds of millions in available money, but right now are almost totally unconnected to other workforce programs. ❖

CREDITS

“Seeking a Workforce System” was researched and written by the Center for an Urban Future and the New York Association of Training and Employment Professionals. Report designed by Julia Reich. Special thanks to our advisory group in New York City and upstate for their many helpful comments and suggestions, and to the New York State Department of Labor and The Workforce Alliance for research assistance. The template for the workforce funding matrix was adapted from similar work done in Pennsylvania by The Reinvestment Fund. This report was supported by the Rockefeller Foundation.

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LISTEN UP

WIB Chairs Cite Linking with Employers and Cutting Bureaucracy as Top Concerns

The resources displayed in this funding matrix are managed on the ground by state officials and local Workforce Investment Boards (WIBs). These federally mandated entities are led by a mix of employers, training directors and local officials charged with providing policy guidance and direction to workforce programs in a way that’s consistent with local economic conditions and business needs. An intensive survey of 11 WIB chairs in every region of the state revealed two areas they unanimously said were critical for system success. First was the need to better engage local employers: to hear their concerns, link training to job openings and to better market programs to them. “Our problem is getting the message out to businesses,” one WIB chair noted. “We offer so many products that I’m not sure what the employer sees when he comes in.” Another WIB chair stated, “A business isn’t going to come to our one-stop... We have to make them aware of what we can provide. Then when there’s training money available, we have to let them know. We put a lot of time and resources into making it user-friendly for them.”

Second was the serious concern that the system is overburdened with bureaucratic requirements from federal and state government, ranging from laborious record-keeping to cumbersome and time-consuming agreements with agencies mandated by law to take a role in local workforce programming. One workforce director stated, “If we were to explain how this is structured to private sector folks, they’d jump out the window.” Another WIB chair joked, “We’re killing too many trees,” adding that the reporting “takes a significant amount of time as opposed to going out and helping the people that need help.”

These concerns should influence state lawmakers and others who wish to help workforce officials on the front lines of policy. As the former chair of the Monroe County WIB put it, “I think being successful in this is no different than being successful in business—keep government interference to a minimum, serve your customer well, and it’s that simple.”

