

**TESTIMONY OF DAVID J. FISCHER, CENTER FOR AN URBAN FUTURE**  
**NEW YORK CITY COUNCIL COMMITTEE ON SMALL BUSINESS**  
***USING WORKFORCE DEVELOPMENT AS A TOOL TO DIVERSIFY THE ECONOMY***  
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I'm David Fischer, project director for workforce development 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. During my nine years at the Center, my primary research area has been workforce development, and I appreciate the opportunity to speak to you on this subject today.

One of the few upsides to the current economic downturn is that it illustrated to elected officials and to the general public the importance of a diversified local economy in a much more powerful way than any speech, position paper or policy report ever could. For decades, the city's overdependence upon financial services distorted local labor markets and skewed the perspectives of policymakers eager to accommodate leaders in the industry with retention deals and other expensive and arguably unnecessary enticements. With Wall Street laid low for the time being, our city is suffering: tax revenues are much reduced, and the spillover effects of job losses in finance have been felt in enterprises from flower shops to nonprofit social service

providers. As we wait for recovery to take hold, local leaders should seize the moment to ensure that New York's next boom is built upon a broader economic foundation and yields benefits that are spread more equitably among those who live in our city.

To answer the question of how workforce development can help build that broader foundation, we must first explain what we mean by “workforce development”—a more difficult task than it might seem. Traditionally, the phrase has served as shorthand for services that help jobseekers, usually of modest to minimal educational background and work experience, to find employment—usually in positions offering low pay, little security and scant prospects for advancement. With workforce programming increasingly perceived as a close cousin to welfare, businesses saw little in programs to benefit the bottom line. Combined with changes in the labor market that rendered education and skills mastery ever more important and policy shifts around immigration and welfare reform that created a glut of low-skilled jobseekers, employer antipathy rendered workforce programs largely ineffective through much of the 1980s and '90s.

Both nationally and in New York City, the operational definition of workforce development has broadened somewhat over the last ten years. Notwithstanding its many flaws, the federal Workforce Investment Act (WIA) passed in 1998 featured the crucial insight that workforce programs should address real needs of businesses—indeed, that they must do so if the programs are to provide value for jobseekers themselves. After an initial, largely unhelpful lurch toward the same “work-first” mentality that has guided welfare programming since 1996—in which participants were pushed to take the first open job they could find, with no thought to long-term benefit for either jobseeker or employer—the balance began to shift toward a more comprehensive and enlightened approach with two key components. The first is deeper engagement with employers to better understand their needs and build durable collaborations; the

second emphasizes linkages with the education and training opportunities ultimately necessary if the goal is not simply to place individuals into jobs, but to assist them in developing real careers.

Since Mayor Bloomberg's reorganization of workforce services in 2003, the New York City Department of Small Business Services (SBS) has been particularly effective in engaging the private sector and rebuilding credibility with employers who had dismissed workforce programs as useless or worse. But the promised alignment of workforce development programs with the city's economic development investments—touted as a key feature and tremendous value-add in that reorganization—has been slow to emerge. Although they are based in the same building and report to the same deputy mayor, collaborations between SBS and the New York City Economic Development Corporation (EDC) have been relatively few in number and modest in scope. The substance in many of those projects was nothing more than SBS providing hiring assistance, mostly for low-paying retail and customer service positions, to EDC-supported developments such as the Atlantic Terminal in downtown Brooklyn.

We can and should do more. The industries that offer the greatest potential to provide high-value job growth in New York City include information technology, biotechnology, renewable energy, and green manufacturing. One common thread among these sectors, as with any growth industry in the developed world today, is that they reward educational attainment and specialized skills mastery; another is that EDC has made or is contemplating significant investments in each of these fields. A third is that the American Recovery and Reinvestment Act, the federal stimulus legislation signed into law by President Obama in February, provides direct and indirect support for job creation and worker training in several of these fields.

Workforce development programs can buttress efforts to develop these and other high-value industries by ensuring a pipeline of suitably skilled workers. SBS and other involved

agencies should work closely with employers and secondary and post-secondary schools to develop and refine curricula both to prepare potential workers for entry-level positions and to help advance them into positions of greater responsibility as business needs and individual aptitudes dictate. To ensure follow-up and accountability, SBS and EDC both should be required to detail their progress in this regard in the annual Mayor's Management Report.

At its best, workforce programming can advance goals of prosperity and equity alike. Effective programs help employers in key industries fill job vacancies from entry-level to middle management, with outside or in-house candidates, while also providing a major boost to jobseekers and incumbent workers willing to put in time and effort to advance themselves. Ultimately, the matter of diversifying the local economy is an economic development issue—but as growing numbers of policymakers have come to understand, workforce development is a crucial economic development input both in securing overall growth and ensuring that the fruits of that growth are broadly shared.