

**Testimony before the New York City Council Committee on Small Business
Regarding the State of Workforce Development Programs
September 25, 2008**

Statement of Tim Ford, Executive Director,
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Good afternoon Council Member Yassky and members of the Committee. Thank you for the opportunity to testify and discuss the city's workforce development programs.

My name is Tim Ford and I am Executive Director of the NYC Employment and Training Coalition (NYCETC). NYCETC is an association of over 200 community-based organizations, community colleges, labor unions and educational entities that provide education, training and employment services to over 600,000 New Yorkers annually. The Coalition envisions a city where every resident has opportunities and access to gain the skills they need to become employable, and every business can attract and retain highly skilled workers.

I would first like to thank the Council for its support of workforce development through funding for various initiatives over the past several years. That investment has been critical to supporting the important work of community based organizations.

The storm of economic turmoil facing our entire nation is truly historic, but nowhere will its impact be felt more than in New York City. The emerging picture is bleak. Here are some of the facts:

- Over the summer, the number of New York City workers filing for unemployment insurance jumped by 25 percent over the prior year.
- The state labor department now expects Wall Street to lose 40,000 jobs and the city as a whole to lose around 120,000.
- The Fiscal Policy Institute estimates that the inflation-adjusted median hourly wage in the city fell by 4 percent in the 12 months between June 2007 and June 2008. In other words, those who are working are earning less.

While the sheer number of job losses don't yet match what we faced post 9-11 or in the late 1980s and early 1990s following the bursting of the commercial real estate bubble, we have no way of knowing the extent of this crisis and what the long term impact will be on the city.

Ready on the front line to deal with the employment fallout is our city's workforce development system. Ours is a unique system – a public-private partnership that relies on public agencies working together with community-based organizations, community colleges, unions and for-profit companies to provide a full range of training and employment services in all parts of the city.

While our workforce development system has made significant advancements in building an infrastructure, increasing outcomes, and creating innovative programs, as the Center for an Urban Future reports, it is woefully under resourced to the tune of \$50 million since 2001. This lack of resources is having a serious impact on our ability to provide services and puts into question our ability to manage the significant economic changes facing the city.

While our friends in Washington ponder the largest financial bailout in our nation's history to prop up Wall Street and its impact on "Main Street", I am amazed there is no discussion about helping the people directly impacted by the crisis – the workforce of this city and the region.

And we are not talking about helping the investment banker or the very high skilled workers who have lost jobs and have the bank accounts and connections to land on their feet, but the middle skill and lower skill workers directly and indirectly impacted by this crisis. While we don't have the numbers of how many people will lose jobs and their skill levels, I think we can be certain that there will be significant job losses and overall employment will weaken to levels not seen since 2001.

Our workforce system has improved its infrastructure and capabilities and we are already doing more with less, but managing this crisis without new resources seems impossible.

We recognize that the financial situation of both the city and state make it unlikely there will be new resources available for workforce development. I also don't think it is reasonable to assume private dollars will fill the gap – a gap they have been already filling with investments in workforce programs totaling more than \$40 million a year.

At this point, the federal government is the only likely source of support. In comparison to the \$700 billion bailout, the type of support we would need would be small. Funding that would bring us back to a level of federal support provided in 2001 would equal 1/8 of one percent of the proposed bailout.

The city needs to immediately begin making its case with our federal partners that it is not just Wall Street that needs help – we need to help the everyday worker who is stuck living with the mess created in our financial service sector. First, the city should explore whether funding from the U.S. Department of Labor's National Emergency Grant program can be accessed. Next, there should be discussions with our congressional delegation to make sure this is on their agenda as they consider the bailout plan and possibly a second stimulus package.

New federal funding would enable the entire workforce system to expand services to meet these new economic challenges and assist New Yorkers needing help. Specifically related to this crisis, there are several immediate needs of the system:

- (1) Tracking and understanding the impact of the financial crisis throughout sectors, skill levels and occupations. We know anecdotally there are certain secondary impacts, but who is actually losing their jobs, what are their skills, and do they match existing needs of businesses? Resources could be added to the recently launched Labor Market Information Service – a partnership between the city and CUNY so that they can serve as a vital link to information during the upcoming months.
- (2) Enhance the workforce system’s ability to serve middle skill workers. For every high skill job in the financial services industry, there are by some estimates 2-3 other jobs impacted. Many of these jobs are middle skill – that is jobs that require more than a high school education, but less than a college degree. While some of these workers will find employment in other sectors, others will need assistance. Years of reducing funding for job training programs has left our workforce development system without adequate means to deal with the employment needs of middle skills workers and a fast-changing high skills economy. New investments in training will ensure that this segment of our labor market – which is nearly 45% of the workforce – has the support it needs.
- (3) Start developing long term economic development strategies that focus on diversifying the sectors that underpin New York City’s economy so that fields like health care, technology and others will fill the gap and create sustainable economic opportunities. We have to make investments in our human capital to make this economic development strategy a reality.

It is times like this that we come to appreciate the work of the thousands of workforce development professionals in hundreds of public and private organizations around the city who change lives by giving people the tools and connections they need to achieve economic opportunity and stability. Dedication and commitment can only take you so far, without resources the support people need will not be available. We need to make sure Washington understands that the real face of this crisis is the everyday worker on the street of New York and it is time they are given the same consideration as Wall Street.

We look forward to working with the City Council, city agencies, the Workforce Investment Board and our member organizations further to build a strong workforce development system that continues to change lives and meet employer needs on a daily basis. Thank you.