



# **Re-Envisioning** the New York City **Workforce System**

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**New York City**  
**Workforce**  
**Strategy Group**



# An Introductory Letter from the New York City Workforce Funders and The Clark Foundation

In Cooperstown, New York, during a stunningly beautiful week in the fall of 2011, the New York City Workforce Funders and The Clark Foundation co-hosted a gathering of the city's workforce development community. Acknowledging the serious employment challenges that hurt low-income people in New York City, the meeting introduced three "big issues:" engaging employers; structuring creative partnerships; and advocating effectively for necessary resources.

As for predetermined guidance, that was all. The rest was up to the 90 or so workforce practitioners, employers, city and state agency directors, and foundation leaders who gathered that week in Cooperstown. The conversations that resulted naturally focused on immediate action: how to defend against ever-diminishing public funding—federal workforce dollars coming into New York City have been cut in half over the past ten years—and how to improve program design and implementation.

In addition, one group of practitioners and employers began to talk about the long term. They asked, "**While we work on defending what we have now, couldn't we also articulate a vision of a wholly re-designed workforce system—one that we would all be proud to champion?**" Importantly, this conversation occurred within a political context of which everyone was keenly aware: A new mayor of New York City would be elected in 2013, creating a unique opportunity to re-imagine how the city's workforce system might be re-designed.

The result is this document: **Re-Envisioning the New York City Workforce System**. We strongly believe that this paper poses the right question: "How can we re-design our workforce system so that it is genuinely **labor-market driven**—effectively serving both jobseekers and employers?"

We appreciate that the authors acknowledged the progress achieved together over the last several years by the Bloomberg Administration and the city's philanthropic community. Just as importantly, we deeply value that this is written in the street-wise voice of practitioners and employers—willing to address head-on the **structural challenges** of our current workforce system with an integrated set of **structural solutions**.

As the authors note, this document is a vision, not *the* vision, of how the New York City workforce system could be re-designed. As funders of this initiative, we are impressed with the thoughtfulness of the analysis, and very pleased to encourage the resulting debate. We hope it will not only inform the city's mayoral candidates, but also stir equally thoughtful reactions among practitioners, employers, city officials, and foundation leaders.

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## PREFACE

New York City's unemployment rate remains unacceptably high—higher than the national average, and far higher than it was just five years ago. Though benefiting from the many reforms led by the current mayoral administration, jobseekers and businesses in our city are now in need of assistance from a workforce development system designed for the realities of this decade's exceptionally challenging labor market.

Furthermore, the next mayor of New York City will face an even greater challenge: Public funding for workforce development is in steady decline—the city's Workforce Investment Act (WIA) dollars were more than cut in half over the past decade, to below \$60 million in 2012, with many in Congress urging still further cuts—while the city's job growth will likely continue to lag behind its population growth.

As a first step toward assisting the next mayoral administration, the New York City Workforce Funders, a collaborative of foundations investing more than \$50 million annually into workforce development in the city, commissioned an independent Strategy Group to “re-envision the New York City workforce system.”

### The Strategy Group |

The members of our Strategy Group, which includes experienced workforce practitioners and other stakeholders (see signatories, below), met in the summer of 2012 and volunteered on the premise that those who work within the New York City workforce system can themselves serve as “design-build architects” of that system. Our charge was to articulate a set of design principles—the essential values that we believe any effective New York City system should be built upon—and then describe how those principles could be practically implemented within a redesigned New York City workforce system.

We believe the timing of this exploration is critical to inform the upcoming mayoral debates and help shape the thinking of the next mayor of New York City. Our intent is to articulate a fundamentally different vision for creating a more integrated, 21<sup>st</sup> century labor-market driven workforce system, one that offers individuals the skills and supports required to fill quality jobs that are truly in demand and, at the same time, helps businesses meet their strategic needs.

We also wish to underscore that although we include a diverse range of workforce stakeholders, our Strategy Group does not formally represent the city's workforce community. As a volunteer group, our charge was not to articulate *the* vision for the future, but rather a vision, one intended to engender spirited debate within the workforce, employer, philanthropic and public policy communities.

## Change is Possible |

We begin this re-envisioning encouraged in the belief that the current limitations of our workforce system—marked by siloed funding streams and fragmented services—are not inevitable, and that the regulations and traditions that now constrain us are not immutable.

We believe change is possible, because the stakeholders within our current system—business owners, nonprofit workforce developers, educational and union leaders, public agency staff and philanthropists—are all rich in the expertise necessary to inform a thoughtful redesign.

And while it is true that the city's public workforce services are funded primarily by federal and state agencies, and that our city is thus accountable to those agencies, New York City is one of the most politically powerful in the nation. If grounded in a coherent workforce vision, our city's political leadership is capable of negotiating new rules with Albany and Washington, D.C., and broadly interpreting their application to craft an ever more effective workforce system specifically suited to meet the needs of New York City.

Therefore, in the following redesign principles and architecture, we propose a more integrated, labor-market driven workforce system, with the next mayor exercising the leadership necessary to align public, private and philanthropic resources. The new mayor should keep what works—for there is much that does—discard everything that does not, adapt successful ideas from other major urban centers, and dare to experiment.

Most importantly, we want to recognize and acknowledge that the Bloomberg administration has significantly improved the workforce system over the past several years, despite decreasing federal and state financial support. Particularly through its Department of Small Business Services and the Center for Economic Opportunity, and also through innovative pilots and program modifications by the Human Resources Administration and the Department of Youth and Community Development, the current administration has driven the system toward a more effective employer-based strategy, and cooperated more closely than ever before with philanthropic, business and nonprofit leadership.

However, we also believe that the workforce system has likely improved as much as it can within the limits of its current siloed framework. Therefore, to serve effectively the needs of businesses and jobseekers in the face of such a deeply challenged labor market, we urge the next administration to rethink the overall political, organizational and reimbursement architecture of its workforce system.

## Resources Equal to the Task |

Finally, we wish to underscore our belief that significant weaknesses exist in the current structure that are quite costly, and that a redesigned system could direct funds far more effectively and efficiently. However, we also believe that no matter how well-directed, the current public workforce funding is inadequate to meet the workforce needs of an expanding New York City population still enduring an unacceptably high unemployment rate.

It is important to note that this document assumes financial resources equal to the task of building an effective and efficient workforce system. However, we do not attempt to name the resulting price tag, for it is impossible to determine the required costs of a system without first defining the goals of that system and agreeing to how success should be measured.

Instead, we will ask the next administration to ensure adequate funding for the initial infrastructural changes called for in our proposal, e.g., a citywide planning process, a uniform assessment tool, and a more robust labor market data system. Then, after initial efficiency and effectiveness are documented through piloted initiatives, the city would be justified in making a significant public investment in a full-scale workforce system redesign.

We believe our Strategy Group’s vision as described in the following pages, if fully implemented, would result in a truly integrated system driven by labor-market demand, one simultaneously meeting the business needs of New York City businesses and the workforce needs of tens of thousands of New York City jobseekers.

## Signatories |

*Titles and organizations for identification purposes*

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## EXECUTIVE SUMMARY

Despite positive reforms by the current mayoral administration, the next mayor of New York City will likely face lagging job growth and a further decline in public funding for workforce development. In response, the New York City Workforce Funders, a collaborative of foundations that invests over \$50 million annually in workforce development, commissioned an independent Strategy Group to “re-envision the New York City workforce system.”

Our Strategy Group, comprised of practitioner, employer and union leaders within the city’s workforce system, met over the summer of 2012. Our goal was to re-imagine a 21<sup>st</sup>-century workforce system, in the hopes of engendering spirited debate and discussion within the workforce, employer, philanthropic and public policy communities.

We began with the acknowledgment that our current system, though significantly improved over the past several years, remains siloed in its sources of funding and fragmented in its program delivery. Given that we face a set of structural challenges, we agreed that our solutions must be fundamentally structural in response.

Our resulting document—**Re-Envisioning the New York City Workforce System**—proposes five “design principles” upon which a new system should be built: To create a truly labor-market driven system that meets the needs of both jobseekers and employers, the new system must be **integrative, transparent, outcome driven, accessible and competent.**

To apply these five design principles, our Strategy Group articulated a proposed architecture built upon the following structural actions:

- Creating a single “**job czar**” within the mayor’s office, who would be accountable directly to the mayor and who would be given authority to direct all workforce resources and coordinate with economic development and other related agencies.
- Developing a re-designed **network of workforce intermediaries**—nonprofit organizations that would be responsible for designing and implementing workforce strategies.
- Financing those intermediaries that create **long-term job outcomes and stable employment opportunities** for both businesses and workers.
- Building a **universal system of assessment, data and information management** to support effective provision of services, track customer outcomes, and ensure responsive programmatic changes.
- Forming a **Council of Workforce Advisors**—composed of foundations, businesses, unions and workforce nonprofits—that would advise the mayor on how to create a truly 21<sup>st</sup>-century training and employment system for all five boroughs of New York City.

Such a labor-market driven architecture would help both large and small businesses meet their strategic employment needs, while simultaneously offering individuals, especially low-income jobseekers, the skills and supports they need to find and perform quality jobs that are in demand.

Based on these redesign principles and architecture, our **ten recommendations** for **Re-envisioning the New York City Workforce System** are:

1. A **single appointed leader** within the mayor's office
2. A network of nonprofit **workforce intermediaries** across the city
3. A continuum of services and infrastructure that would ensure **"no wrong door" accessibility** for both businesses and jobseekers
4. A common set of **labor-market metrics** for assessing outcomes
5. A new **workforce reimbursement system** to blend funding streams and reward long-term outcomes
6. A **uniform assessment tool** for jobseekers accessing public workforce services
7. A **universal data system** to monitor public and philanthropic investments
8. A more robust **labor-market data capacity**
9. A more formal **philanthropic-mayoral partnership**
10. A **Council of Workforce Advisors** to support implementation

The next mayor of New York City will face diminished federal workforce resources, but will also be supported by a remarkably invested philanthropic leadership and a dynamic, creative workforce community. Our Strategy Group hopes that the recommendations presented here will be of service to the next mayor in generating a structural response to a structural challenge. We stand ready to assist.

# Defining Workforce Development |

Workforce development connects individuals who want good jobs with employers who want good workers. The workforce development “system” includes a broad range of key stakeholders: public agencies, nonprofit and for-profit development organizations, businesses, and organized labor.

Since workforce development simultaneously serves the needs of both individuals and businesses, strategies must engage both sides of the employment equation, balancing the “supply” needs of workers with the “demand” needs of businesses. These strategies include:

- **Training**—both entry-level and on-the-job; both hard skills and job-readiness skills
- **Matching** the right worker to the right employer—requiring careful recruitment and selection of jobseekers for referrals
- **Job redesign/organizational development services**—to increase the value and productivity of the worker to the employer
- **Career development**—focusing on continuous skill-building to increase the value of the job for the worker
- **Employee supports**—job counseling and linking to service programs that help the worker remain and be successful in the job

Although workforce development serves a broad range of workers, many programs focus on low-income individuals and others who face employment barriers—either “building ladders” by removing barriers to good jobs, “raising the floor” by improving poor-quality jobs, or both.

Most workforce development strategies engage in one or more of the following approaches: **geographic** (focusing on a particular region, such as a set of neighborhoods); **constituent** (such as out-of-school youth, returning veterans, or unemployed women); **sectoral** (focusing on a particular cluster of occupations, such as machine tooling or healthcare).

A strong and adaptive workforce development system that serves both businesses and jobseekers is essential to deliver on the promise of job creation.



## REDESIGN PRINCIPLES

Our Strategy Group proposes five **redesign principles** that, if applied equally and with a firm mayoral hand, could align the city's entire workforce development system. The renewed system should be redesigned to ensure that *all* workforce investments are:

### **Integrative**

The current system is siloed in its funding streams and fractured in its program implementation. The city requires a single political leader within the mayor's office and an integrated, strategic delivery system that can coordinate the full range of public and private resources.

### **Transparent**

Without a clear articulation of the goals of the city's workforce system—and in particular, the metrics by which it defines success—the system remains opaque, and therefore stakeholders cannot assess the relative costs and benefits of any proposed public workforce investment. The city requires an agreed-upon set of labor-market metrics for both businesses and jobseekers.

### **Outcome-driven**

The current system often requires conflicting processes and outcomes, many of which are short-term and unrelated to employer demand, and which place unrealistic demands on stakeholders. The city must instead reward long-term, high-quality labor market outcomes, providing practitioners the discretion—and the resources—to craft their strategies for differing businesses and jobseekers, while ensuring agility to adapt to an ever-changing labor market.

### **Accessible**

Not all jobseekers and businesses in the city are aware of the public workforce system, and many do not know how to access all available services. The city should ensure multiple, well-advertised and simple pathways to provide clear access for both businesses and jobseekers.

### **Competent**

The "front line" of the city's workforce structure—from jobseeker intake and referrals, to provider contracting and reimbursement—is the everyday functioning that makes or breaks the effectiveness of the workforce system. The city must invest in a proficient front-line infrastructure that rewards efficiency, innovation, and most importantly, effective labor-market outcomes.



## REDESIGN ARCHITECTURE

Building from these redesign principles, the Strategy Group has crafted a model for a truly 21<sup>st</sup> century, labor-market driven New York City workforce system—one that helps both large and small businesses meet their strategic employment needs and, at the same time, offers individuals the skills and supports required to fill quality jobs that are truly in demand.

Our proposed model has **ten essential elements**:

- 1 | A **single appointed leader** within the mayor's office to coordinate all workforce resources.
- 2 | A **network of nonprofit workforce intermediaries** across the city—some **sectoral**, focused on a particular industry or cluster of occupations; some **constituent-based**, organized to serve a particular category of jobseekers; and some **geographic**, targeted within a particular section of the city.
- 3 | A continuum of coordinated services and the underlying infrastructure necessary to ensure **"no wrong door" accessibility** for both businesses and jobseekers.
- 4 | A common set of **labor-market metrics**, balancing employer demand with worker needs.
- 5 | A **new workforce reimbursement system**, rewarding intermediaries for balancing business and jobseeker labor market outcomes.
- 6 | A **uniform assessment tool** for jobseekers seeking public workforce services.
- 7 | A **universal data system**, monitoring all public and philanthropic investments.
- 8 | A more robust **labor-market data capacity** for program design monitoring and projection.
- 9 | A more formal **philanthropic-mayoral partnership**.
- 10 | A stakeholder-based **Council of Workforce Advisors** to support the mayor in implementing this labor-market driven workforce design.

# Recommendations |

Derived from these redesign principles and architecture, we urge the next New York City mayoral administration to re-envision a 21<sup>st</sup> century, labor-market driven workforce development system, built upon the following ten recommendations.

## RECOMMENDATION 1

**Place workforce development within the mayor’s office at the direction of a **single appointed leader**, reporting directly to the mayor, to integrate all workforce resources within the city, and in turn, coordinate those resources with related economic development, welfare, youth and adult education resources.**

In past administrations, the city’s workforce development system has suffered from divisions of political jurisdiction, resulting in a lack of coordination of program strategies and conflicting demands on programs. These divisions—particularly between the adult and youth employment systems and between programs funded by the Workforce Investment Act (WIA) and Temporary Assistance for Needy Families (TANF)—must be overcome.

For example:

- Some divisions are based primarily and arbitrarily on age—e.g., the split of Adult and Youth Workforce Investment Act programs—and some age jurisdictions overlap. Many programs, while mandated to serve a particular age group, design their programs to meet the median age of their constituents, often excluding both older and younger jobseekers.
- Other divisions are based on a decades-old “division of labor” within city government, where adult education, youth workforce and adult workforce are spread across different agencies.

We therefore call for continuous and complete coordination of these resources by appointing a **single leader**, reporting to the mayor, who will be held accountable for integrating all city workforce development resources, and in turn coordinating those resources with related jurisdictions of economic development, welfare and education. This appointed leader would staff—and be advised by—the Council of Workforce Advisors described in Recommendation 10.

The mayor’s recent decision to merge the New York City Workforce Investment Board with the Office of Adult Education to create the NYC Office of Human Capital Development is an important step. Looking outside New York City, we urge the next mayor to explore successful efforts in Los Angeles, California, where a Deputy Mayor explicitly responsible for workforce development regularly convenes agency leaders heading all related workforce initiatives, postsecondary education and the public school system.



## RECOMMENDATION 2

**Engineer over time a network of workforce intermediaries across the city—some sectoral, some geographic, some constituent-based—to deliver workforce services efficiently and effectively.**

At the core of our redesign is the expansion of a network of **intermediary organizations** that over time should become the primary vehicles by which both public and philanthropic resources would be delivered, in an integrated fashion, to jobseekers and their employers. A “workforce intermediary” is typically a non-profit agency that integrates public, private and philanthropic resources; employs high-quality workforce development expertise; undertakes forward-looking research and development; and partners with the many other actors (e.g., small businesses, social support services, community colleges and specialized training programs) that are essential to deploy an agile, efficient workforce system.

We believe that this network of workforce intermediaries, over time, should become the **primary contracting vehicles** for deployment of city, private and philanthropic resources, reimbursed using an outcomes-based system of funding as described below in Recommendation 5. These intermediaries, in turn, would coordinate programmatic services to jobseekers and businesses, delivering some services directly while subcontracting others to providers with specialized expertise in delivering particular services or in serving targeted constituencies.

Likely selected through a series of competitive bids based on cost and quality outcome measures, these intermediaries would eventually become the core of strategy and innovation for the city’s workforce system, rewarded for balancing cost efficiency and program effectiveness. Parallel to the intermediary structures that New York State’s health care system is experimenting with today, the result would be more strategic cooperation among large and small businesses, community-based organizations, community colleges, union training funds, and the public information, assessment and referral system.

Developing a fully effective network of these workforce intermediaries will take time—probably five to ten years. This time frame will allow the city to experiment with different types of intermediaries for different workforce populations and business sectors, and also allow time to design and test the outcomes-based system of reimbursement described in Recommendation 5.

Eventually, we imagine that these intermediaries will form a relatively organic, citywide network of varying strategies by which jobseekers and businesses might be served. Yet however the network develops, they must

eventually prove that they are more efficient in blending resources and coordinating programs than the current system. In addition, they must replace—not duplicate—services currently provided elsewhere in the system. Otherwise, these intermediaries will simply become an unnecessary additional layer of bureaucracy, claiming an unproductive level of administrative overhead.

The city is strikingly complex, and no single intermediary, or even single type of intermediary, will serve the employment needs of New Yorkers well.

We therefore recommend building a varied network of **three types of intermediaries—geographic, constituent, and sectoral**—examples of which, both in New York City and other cities, suggest a range of how these “integrating” organizations might be structured:

**1 | Geographic**, focusing on a set of neighborhoods with a concentrated potential employment base

**New York City: Brooklyn Navy Yard Development Corporation (BNYDC)** operates the historic Brooklyn Navy Yard as a modern industrial park, focused on the manufacturing sector. BNYDC develops and manages the Navy Yard under contract with the City of New York, and its BNYDC Employment Center identifies, pre-screens, prepares and places qualified job seekers in various types of employment for businesses based within the Yard. The BNYDC integrates all workforce resources in their geographic area.  
[www.brooklynnavyard.org](http://www.brooklynnavyard.org)

**Detroit, MI: Focus Hope**  
[www.focushope.edu](http://www.focushope.edu)

**2 | Constituent**, serving a particular population with similar employment barriers

**New York City: JobsFirstNYC** is a nonprofit organization that leverages private and public resources to bring out-of-school and out-of-work young adults into the economic life of New York City. JobsFirstNYC engages businesses and has become a leading workforce intermediary for the constituency of young adults in New York City. Funded by private dollars, it functions to convene the youth workforce communities, support pilot programs and draw attention to policy issues facing the youth workforce sector.  
[www.jobsfirstnyc.org](http://www.jobsfirstnyc.org)

**Philadelphia, PA: Philadelphia Youth Network** [www.pyninc.org](http://www.pyninc.org)

**3 | Sectoral**, organized within a particular industry or around a cluster of occupations that are—and will likely remain—in high demand in the city

**New York City: New York Alliance for Careers in Healthcare (NYACH)** is a relatively new nonprofit, established by the NYC Workforce Innovation Fund, that is creating a set of employer-led workforce partnerships within the healthcare industry sector. NYACH analyzes current and future labor force trends and partners with workforce providers to meet business-identified needs in this sector.

**San Antonio, TX: Project QUEST**  
[www.questsa.org](http://www.questsa.org)

We therefore recommend that the city not develop an overly restricted definition of what constitutes an effective intermediary, but instead experiment with different structural options.

The City of Los Angeles is forging a parallel strategic path, in their case contracting with multiple sectoral intermediary groups across the city, targeted to such employment sectors as health, construction and utilities. Though in the early stages of this initiative, Los Angeles expects their sectoral intermediaries will increasingly blend public and private funding sources to meet the needs of jobseekers, incumbent workers and a wide range of employers. Similarly, in New York City, we expect the creation of a network of intermediaries will not only take several years to develop, but will also be continually changing to meet the needs of a changing labor market.

To initiate the engineering of this network, we recommend that the city lead a **planning and design process**, guided by the public/private/philanthropic Council of Workforce Advisors described below in Recommendation 10. The resulting plan will develop the broad criteria required of each type of intermediary and the methods by which they will be selected, funded and monitored. Advised by the proposed Council, this planning process should consult with representatives from all major workforce stakeholders, including business and labor organizations within each major employment sector, as well as other key stakeholders within the workforce community.

Overall, the goal of the resulting network of intermediaries will be to deliver a labor-market driven workforce system, eliminating services and programs where duplication now exists, so that jobseekers are prepared for jobs truly in demand by employers.

## RECOMMENDATION 3

### Invest in a continuum of coordinated services and the underlying infrastructure necessary to ensure “no wrong door” accessibility for both jobseekers and employers.

Businesses, jobseekers and incumbent workers all require a more robust information, assessment and referral system to gain full access to the city’s workforce resources. Within our proposed framework, the city’s Workforce1 Centers, federally funded through WIA, would likely not act as intermediaries, but would retain a highly publicized role of providing information, assessment and referrals for both potential jobseekers and incumbent workers as well as businesses.

In this design, the Workforce1 Centers would be available to any and all individuals or businesses within the city; however, those individuals and businesses would not be required to connect with the Workforce1 system. Instead, our design would allow any intermediary in the system, or its designees, the ability to provide web-based information, assessment and referral services. This citywide Workforce1 Center availability, combined with the network of intermediary organizations, would create true **“no wrong door” accessibility for all businesses and jobseekers.**

Those individuals whose initial contact was through a Workforce1 Center would be referred by that Center to one or more appropriate intermediaries for employment

services. Similarly, businesses would be connected by the Workforce1 Centers to those intermediaries that might best meet their employment needs. In this design, the intermediaries and their providers would be the primary agents responsible for developing ongoing relationships with businesses. Also, ease of accessibility should apply not only to information about services, but also to the process of applying for those services—for both businesses and jobseekers.

Across our five boroughs, **citywide accessibility** will be facilitated by:

- An aggressive advertising and outreach campaign directed toward both businesses and jobseekers, with information available both electronically and at all physical locations;
- A clear and detailed citywide referral list—regularly maintained and updated—describing all intermediaries offering coordinated comprehensive services, as well as individual providers able to offer “a la carte” employment services; and
- The uniform assessment tool called for below in Recommendation 6, which will reduce duplication of information collection and service provision.

One example of this type of “no wrong door” accessibility can be found in Sacramento, California, where the Sacramento Workforce Investment Board collaborates closely with Sacramento County social services agencies. The two entities have merged operations in every possible way, including locating staff at one another’s offices and providing mutual database access and client referrals.

In New York City, we intend for this redesign of information, assessment and referral services to align with New York State Department of Labor staff and programs, and to take full advantage of the federally-mandated responsibilities of the WIA-funded Workforce1 Centers. In this way, the new mayor could ensure true **citywide accessibility and service integration**, while at the same time encouraging the building of strategic relationships between the network of intermediaries, jobseekers, incumbent workers and the business community.

## RECOMMENDATION 4

### Design all workforce investments around a public articulation of a **common set of labor-market metrics**, balancing business demand with worker needs.

Due to the city's varied funding sources and disparate program designs, it is currently difficult for stakeholders to understand the overall priorities of our workforce system or to measure citywide success. The result is a lack of transparency—not out of an intentional attempt to obscure, but simply from a lack of a shared language and definitions. In turn, practitioners, employers and other stakeholders are left without a consistent, accessible framework within which they can rationally argue for support, and both public and philanthropic funders are left to make resource allocation decisions without the benefit of a clearly articulated, citywide strategic context.

We therefore recommend that the city define and publish a **common set of labor-market metrics**, describing the benefits sought for both businesses and jobseekers/incumbent workers, addressing both workforce demand and supply.

By defining a simple set of agreed-upon metrics, the city could then articulate its citywide goals within an overall workforce strategy, so that it may in turn be tied more closely to the city's economic development strategy. With clearly defined metrics, the city would also be able to guide and hold accountable the network of workforce intermediaries charged with implementing its citywide workforce responsibilities.

In turn, workforce intermediaries would be able to compete for resources on an even playing field, based on how effectively each is able to balance the demands of businesses with the needs of workers, as defined by those same labor market metrics.

We suggest the following framework:

#### Employer Demand Outcomes

- **Type of Occupation**
- **Skill Levels**
- **Number of Openings**
- **Job Quality**

For example, an effective workforce intermediary seeking public funds would be able to articulate for the city its strategy for meeting the demands of its business customers by answering four labor-market driven questions:

- **What types of occupations** targeted by the intermediary are currently in demand or will be in demand in the near future?
- **What type of skills** and/or certifications are required by businesses for workers to fill those positions—either entry-level or career ladder?

- **How many job openings** are projected for those positions? The intermediary would document that its business partners have concrete job openings—now or in the near future.
- **What is the quality of those occupations?** For example, job quality could be measured in: level of compensation; projected job stability; quality of on-the-job supervision and support; and opportunity for advancement.

### Worker Supply Outcomes

- **Who**
- **How Many Served**
- **How Far to be Advanced**
- **At What Cost**

Many individuals seek public employment resources—far more than could possibly be served. An effective intermediary seeking public funds would be required to articulate for the city its strategy for meeting the needs of its workforce constituents by answering these four jobseeker-related questions:

- **Who will receive services?** Jobseekers must be assessed based on their degree of need (that is, the number and severity of the employment barriers they face, such as: education level; employment experience; absence of housing; demographic discrimination; etc.), and by their eligibility to receive public services (e.g., how dependent are participants on public/philanthropic resources to meet their employment needs?).

- **How many will be effectively served?** What is the expectation for how many jobseekers will successfully improve their employability? 50? 500? 5,000?
- **How far will the participants be moved along the employment continuum?** Will jobseekers enjoy a \$5,000/year increase in income? A \$15,000/year increase? Will they enjoy stable, long-term employment? Will they have greater access to health insurance, public benefits such as child care services, or the Earned Income Tax Credit? Will they receive a portable credential?
- **At what relative cost?** Each set of workforce strategies must be assessed for its efficiency—the lower the cost, the more resources available for other jobseekers.

In exploring these worker supply outcomes, we recommend that the new mayor’s office discuss with the Robin Hood Foundation, based here in New York City, how that foundation developed sophisticated “return on investment” formulae for its workforce metrics. Also, both Cincinnati, Ohio and Washington State have begun calculating a return on investment framework to guide their workforce training strategies, and their models are worth examining.

Were New York City to define these two sets of common metrics—for both the demand and the supply side of the labor market—and hold both itself and its contractors accountable to those metrics, it would achieve transparency in how it makes decisions on the allocation of public funding for workforce development.

## RECOMMENDATION 5

Construct a new **workforce reimbursement system** that rewards intermediaries for balancing the business and jobseeker outcomes named above.

Workforce resources should be targeted to achieve workforce outcomes. Based upon this common set of employer demand and worker supply metrics, the new reimbursement system for funding intermediaries should include the following **five characteristics**, as detailed below:

- 1 | **Workforce resources should reward high-quality workforce outcomes.**
- 2 | **Funding streams should be blended to ensure alignment of incentives.**
- 3 | **All investments necessary to achieve those outcomes should be fully funded.**
- 4 | **Intermediaries must have discretion to determine their own strategies.**
- 5 | **Intermediaries that serve jobseekers with higher barriers to employment should receive higher rates of reimbursement.**

### 1 | **Workforce resources should reward high-quality workforce outcomes.**

We emphasize here that high-quality outcomes are those that are long-term, creating stable employment opportunities for both businesses and workers.

For **businesses**, detailed success indicators might include:

- Well-matched referrals of entry-level candidates;
- Lowered rates of turnover;
- Support for incumbent worker skill development; and
- A range of complementary business services that encourage employment stability and expansion.

For **workers**, detailed indicators might include:

- Portable credentials;
- Successful placement;
- Income stability and degree of income advancement;
- High job quality;
- Career mobility; and
- Long-term retention.

Reimbursements should be awarded only to those intermediaries that can demonstrate these successful, long-term outcomes. Most importantly, those intermediaries documenting higher quality outcomes—as measured by the employer and jobseeker metrics named above—should receive proportionally higher rates of reimbursement.

## **2 | Funding streams should be blended to ensure alignment of incentives.**

Simultaneously balancing the needs of businesses with the needs of tens of thousands of jobseekers is a complex challenge. The current system of siloed funding streams, requiring disparate procedures and requirements, makes this balance nearly impossible to achieve.

This challenge can best be met if the city first works to blend public funding—seeking from state and federal actors flexibility of interpretation and formal waivers, if necessary—to align all public funding toward a unity of purpose. Then, at the intermediary level, public funds can be blended with philanthropic and private support to align financial with programmatic incentives.

## **3 | All investments necessary to achieve effective outcomes should be fully funded.**

While the emphasis should be on rewarding long-term workforce outcomes, that does not mean that funding should only pay for the final steps of job placement. Otherwise, the new system would simply replicate a “work first” strategy that only achieves short-term goals.

Rather, reimbursements must cover all the preparatory investments that are necessary to achieve the desired long-term results—for example, not only High School Equivalency attainment and skill-based training that result in a portable vocational credential, but also an array of “foundational” and “life skills” trainings. In fact, many businesses insist that these preparatory skills are essential to employment success.

In addition, post-job placement activities are essential in the development and success of each jobseeker, and should be funded at an appropriate level. These post-employment activities would include, among others, job coaching and support, as well as access to certificate training programs that build successively along the particular career pathway chosen by the individual.

Our distinction here is that all investments necessary to achieve successful business and jobseeker outcomes must be paid for, though only if those investments are shown to be essential in an overall strategy that helps achieve those labor-market outcomes.

## **4 | Intermediaries must have discretion to determine their own strategies.**

One key premise underlying our recommendations is that the city enjoys a strong cadre of workforce development practitioners who know how to serve both businesses and jobseekers effectively.

Therefore, an outcomes-based reimbursement system, supporting a network of skilled and competent intermediaries, would provide those practitioners the flexibility to shape their own implementation strategies,

maximizing the system’s ability to adapt quickly to an ever-changing labor market. For example, an intermediary may choose to contract with a proprietary school or community college if it concluded that their training was effective in achieving employment outcomes for the intermediary’s customer businesses and constituent jobseekers.

Such a reimbursement system would, therefore, not dictate process, beyond basic contracting standards such as non-discrimination and financial transparency. It would instead reward only those intermediaries that could document long-term workforce success.

## **5 | Intermediaries that serve jobseekers with higher barriers to employment should receive higher rates of reimbursement.**

The New York City workforce system is funded primarily with public and philanthropic dollars. Therefore, the city has a special responsibility to serve those individuals facing barriers to employment who are less able to secure high-quality employment on their own.

Individuals with barriers to employment—whether, for example, formerly incarcerated individuals, recent immigrants, or those living in temporary shelters—require a range of employment and training services. Those intermediaries serving higher numbers of jobseekers with greater employment barriers should receive proportionally higher rates of funding to pay for all the costs of effectively addressing those barriers.

The five essential characteristics described above will result in a reimbursement system that encourages innovation and efficiency and,

most importantly, will reward a successful balance of business and jobseeker outcomes, built upon a common set of agreed-upon metrics. In designing this reimbursement structure, the new mayor might wish to explore the performance-based funding structures crafted in the Commonwealth of Pennsylvania’s Department of Labor and Industries during the Rendell Administration.

Note that one parallel example of such a reimbursement system already exists in our own state’s public health care system. That system is currently undertaking a profound shift away from fee-for-service reimbursements for specified inputs (such as a particular health procedure or a certain number of hours of care), toward a “global” payment structure that rewards the resulting health outcomes. In health care, this global payment structure is adjusted up or down to compensate for the differing levels of need for different populations. Such a reimbursement design takes the state out of the business of dictating procedures and instead places discretion within intermediaries, rewarding those integrative agencies that can best achieve a balance of health outcomes and cost efficiencies.

We therefore recommend that the city work with private and philanthropic funders to explore the use of a similar “global” payment structure to learn how best to achieve the type of outcomes-oriented reimbursement system described above. This more sophisticated, reimbursement system would allow the city to hold workforce intermediaries closely accountable for audited cost expenditures and the program outcomes defined above.

## RECOMMENDATION 6

### Establish a **uniform assessment tool** to determine the number and severity of employment barriers facing individuals seeking public services.

To better serve jobseekers, ensure a level playing field across the city’s five boroughs and provide appropriate funding for constituencies with differing needs, the city workforce system requires a method for determining both the level of need and the financial eligibility of those individuals requesting services.

The **assessment tool** should be uniform across all programs and be able to be administered by any authorized stakeholder in the system—public, private or nonprofit. The tool should be as simple as possible to measure accurately only those factors that the workforce system is designed to address.

This assessment tool can also be used to determine more fairly whether an individual might best be served by another intermediary, or even whether the barriers for some individuals are simply too great to be well-served by the workforce system. In the latter case, resources are necessary to refer those individuals to other social services.

This assessment information should “follow the person” throughout the system (see Recommendation 7), helping to reduce instances of the same individual applying for and receiving duplicate services, such as participating in redundant training programs.

Most importantly, the system must cover the costs, borne by the intermediaries and their providers, of undertaking these assessments and service referrals by including those expenses in the global reimbursement rates described above.

Locally, one step toward this capacity is the WIA-funded Out-of-School Youth contracting process with the NYC Department of Youth & Community Development, which now uses tracking data to minimize duplication of services. In California, the Sacramento Workforce Investment Board has developed a common assessment tool with the Sacramento Department of Human Assistance to identify workforce participants who may be eligible for public assistance.

We acknowledge creating such a citywide assessment tool that all stakeholders could agree on is a significant challenge, partly because of the important issues of data sharing and confidentiality between public agencies and private nonprofits. However, we believe this challenge is an essential one, and worthy of a serious investment of the city’s time and resources.



## RECOMMENDATION 7

### **Build a universal data system to monitor the public and philanthropic investments made in any individual or business receiving resources from the system.**

An outcome-driven reimbursement system will require not only the common metrics called for in Recommendation 4 and the universal assessment tool recommended above, but also a dedicated commitment to a **citywide data system** to track that information. Such a system would track public and philanthropic investments in both jobseekers/workers and participating businesses and, therefore, not only help hold accountable the workforce intermediaries and their subcontractors, but also the individuals and employers who are benefitting from scarce public investments.

Again, we are aware of the myriad of privacy issues that must be addressed in designing such a tracking system. For example, although Unemployment Insurance wage matching data is currently not accessible in New York City due to state regulatory restrictions, a change in those regulations would allow a cost-effective method of monitoring employment and income status among those jobseekers who access workforce development resources. For unless data are available at the levels of both the individual jobseeker/worker and participating businesses, measuring specific impact will remain elusive.

Parallel to the uniform assessment tool called for above, the universal data system should be designed to be as simple as possible, allowing stakeholders to know, for example, what employment services have already been invested in for a particular participant, or to what extent a business has successfully employed and retained participants through prior workforce initiatives.

For individuals, this data system could function much like the online career development account, called “Career GPS,” recently proposed by the Center for American Progress to facilitate long-term career planning and communication with businesses.

For workforce organizations, we acknowledge and encourage recent efforts to create benchmarking tools, including the Human Services Data Project (a cross-sector initiative to help the city’s nonprofit organizations more effectively manage data, benchmark performance and share information—led by the Office of the Deputy Mayor for Health and Human Services) and the New York City Benchmarking Project (specifically designed to help the city’s workforce organizations identify standards for assessing their programs and measuring their performance against the field—supported by the NYC Workforce Funders).

In addition, the New York City Department of Small Business Services already operates a customer relationship management database, which provides detailed information on all participants in workforce programs. The database enables staff of each Workforce1 Center to leverage client information generated in other Centers.

And one excellent statewide example: the state of Florida operates the Education Data Warehouse, which tracks students from pre-

kindergarten to graduate school and into the labor market. Florida uses this database for many purposes, including comparisons of income gains provided by similar programs of study at colleges across the state.

Given the great challenge of creating a universal data system for the entire public and philanthropic workforce system, these examples are all important initiatives that could serve to guide our broader recommendation for a truly citywide data system.



## RECOMMENDATION 8

### Support citywide capacity to refine and apply **labor market data** for all key employment sectors.

Improved information technology now provides “real time” labor market data, which is essential for a re-envisioned workforce system that can rapidly respond to changes in the local economy. We are encouraged by the work of the New York City Labor Market Information Service (LMIS), based at the Center for Urban Research at the City University of New York. We strongly believe that additional investments in the LMIS would be of great value to strengthen the planning and response capacity of workforce intermediaries across the city, allowing them to pinpoint more accurately which occupations are, and will be, in demand.

As one parallel worth examining, the State of Maine now compares real-time labor market job openings to the skills of adults in the unemployment insurance system to uncover skills mismatches and guide investments in skills training.

Yet, labor market data, no matter how sophisticated, still requires “street-level” translation—performed by on-the-ground organizations, using formal tools such as surveys and focus groups among workers and businesses, as well as the informal insights that can be gained simply by being in constant discussion with constituents and clients. Therefore, each workforce intermediary should receive financial support within its global payment formula to pay for the staffing necessary to **interpret the formal labor market data through the informal lens of local context** in order to craft more targeted, effective intervention strategies.

## RECOMMENDATION 9

### Partner more formally with the **philanthropic leadership** that has focused on workforce development in New York City.

With foundation resources dedicated toward workforce development in New York City now equaling that of the public sector, **philanthropy should be a full partner with the city** in designing this new workforce system. No other city in the U.S. enjoys such a significant, well-coordinated body of workforce funders as is currently represented by the NYC Workforce Funders.

Fortunately, there already exists cooperation between the city and philanthropic efforts, not only through the Workforce Funders, but also as evidenced by housing the lead staff person of New York Alliance for Careers in Healthcare (NYACH) within the Department of Small Business Services.

Building upon this collaboration, we recommend an even closer partnership to design in detail the workforce intermediary strategy outlined in these pages, using the formal planning structure of the proposed Council of Workforce Advisors described in Recom-

mendation 10. For our strategy to succeed, it will be essential that leaders within the mayor's office and those within philanthropy join to delineate their unique roles in creating an integrative system of funding and program implementation.

In the renewed workforce system we envision, the significant amount of flexible and creative foundation dollars should not compensate for public cutbacks and structural weaknesses within the public funding system, but rather be directed in three primary ways:

- **Strengthening the capacity of the city** to redesign the public portion of the city's workforce infrastructure.
- **Building the capacity of the nonprofit** intermediary-based delivery system called for in this document.
- **Investing in innovations** that require long-term risk capital.



## RECOMMENDATION 10

**Assemble a stakeholder-based “Council of Workforce Advisors” to guide the mayor in designing, building and constantly improving this re-envisioned workforce system.**

We recommend that the next mayor assemble a citywide **Council of Workforce Advisors** immediately upon election—even before taking office—to signal the critical importance of jobs within the new administration. The new mayor will require **advice and insight from knowledgeable representatives of workforce stakeholders**, including business, labor, educators, practitioners and philanthropy. Somewhat similar workforce “councils” have been established in other cities, including Chicago and Los Angeles.

Although other New York City advisory boards exist—including the legislatively-mandated Workforce Investment Board—their mandate is narrower, focusing primarily on the strategic use and monitoring of federal funds. The role of this Council of Workforce Advisors would be broader, first helping to design and test the mayor’s new framework to integrate public, private and philanthropic resources, and then constantly looking forward to identify emerging opportunities.

# Conclusion |

Nearly every document written about public workforce systems—no matter in what city across the country—begins with a structural criticism of the “siloes and fragmented” nature of that system.

This paper is no different. Yet here we have attempted to address that fundamental criticism head-on, by describing an architecture that, if fully implemented, would genuinely remove New York City’s workforce funding silos and align program delivery. We believe that it is impossible to address structural problems with “best-practice” recommendations alone—the solutions must be fundamentally structural in response.

Therefore, we have proposed a re-envisioned workforce system whose architecture requires fundamental change: a single leader appointed by the mayor; a primary program coordination network of workforce intermediaries; a reimbursement system that rewards labor-market driven outcomes; universal systems of assessment, data and information management; and a more formal partnership with philanthropy—all informed by a Council of Workforce Advisors.

After the coming mayoral election, businesses and jobseekers—struggling within a still challenged and ever-shifting labor market—will rightly look to City Hall for help. To respond, the next mayor of New York City will be armed with diminished federal workforce resources, but will also be supported by remarkably invested philanthropic leadership and a dynamic, creative workforce community.

Our Strategy Group hopes that the recommendations presented here will be of service to the next mayor of New York in generating a structural response to a structural challenge.

We stand ready to assist.

**| The New York City Workforce Strategy Group**

## Appendix |

# PUBLIC AND PHILANTHROPIC FUNDING FOR THE NEW YORK CITY WORKFORCE DEVELOPMENT SYSTEM

The New York City Workforce System is indeed siloed and fragmented, with federal, state and city resources distributed through nine city agencies, three state agencies, the City University of New York and the New York City Council. Yet importantly, more than 25 local, state and national foundations also provide a wide and essential mix of philanthropic support.

Unfortunately, the amount of **public funding has declined precipitously for more than a decade.** For example, over the past 12 years, the city’s single largest public funding source, the federal *Workforce Investment Act Title I*, has dropped more than 52 percent (including the recent one-time infusion of federal stimulus funds over the past two years)—from \$125 million in 2000, down to below \$60 million in 2012:

<b>PUBLIC : New York City Workforce Investment Act Funds</b>						
<b>Program Years : 2000-2012</b>						
<b>Program Year</b>	<b>Adult</b>	<b>Youth</b>	<b>Dislocated</b>	<b>Total WIA Funding</b>	<b>Cumulative Change Total</b>	<b>Cumulative Change %</b>
2000	\$43,946,848	\$43,304,402	\$38,357,532	<b>\$125,608,782</b>	n/a	n/a
2001	\$42,141,940	\$43,656,729	\$28,803,882	<b>\$114,602,551</b>	(\$11,006,231)	<b>-8.76%</b>
2002	\$38,025,449	\$40,614,959	\$17,965,597	<b>\$96,606,005</b>	(\$29,002,777)	<b>-23.09%</b>
2003	\$33,365,687	\$33,721,628	\$23,247,641	<b>\$90,334,956</b>	(\$35,273,826)	<b>-28.08%</b>
2004	\$35,775,498	\$35,421,985	\$24,874,481	<b>\$96,071,964</b>	(\$29,536,818)	<b>-23.51%</b>
2005	\$36,112,495	\$35,095,172	\$26,139,628	<b>\$97,347,295</b>	(\$28,261,487)	<b>-22.50%</b>
2006	\$29,536,390	\$28,890,500	\$19,108,017	<b>\$77,534,907</b>	(\$48,073,875)	<b>-38.27%</b>
2007	\$30,639,335	\$29,722,425	\$17,734,270	<b>\$78,096,030</b>	(\$47,512,752)	<b>-37.83%</b>
2008	\$27,503,404	\$26,396,955	\$12,524,168	<b>\$66,424,527</b>	(\$59,184,255)	<b>-47.12%</b>
2009	\$26,520,154	\$25,082,830	\$15,820,032	<b>\$67,423,016</b>	(\$58,185,766)	<b>-46.32%</b>
2010	\$22,965,809	\$21,782,233	\$16,055,382	<b>\$60,803,424</b>	(\$64,805,348)	<b>-51.59%</b>
2011	\$23,313,005	\$22,165,164	\$16,587,390	<b>\$62,065,559</b>	(\$63,543,223)	<b>-50.59%</b>
2012	\$22,722,865	\$21,110,901	\$16,139,534	<b>\$59,973,300</b>	(\$65,635,482)	<b>-52.25%</b>

Figures updated from “Educational and Workforce Development Actors, Systems and Collaborations” (October 2011), prepared by Bret Halverson for Hostos Community College

Yet strikingly, while public funding for workforce development has diminished, **philanthropic funding has increased dramatically**—by over 180 percent in the last seven years—from just \$18.4 million in 2004, to more than \$51.7 million in 2011:

<b>PHILANTHROPIC : New York City Workforce Funders</b>							
<b>Workforce Development Giving by Workforce Funding Members : 2004-2011</b>							
<b>Program Year</b>	<b>Adult Direct Services</b>	<b>Youth Direct Services</b>	<b>Total Direct Service Giving</b>	<b>Intermediary Activities Giving</b>	<b>Total Workforce Funder Giving</b>	<b>Cumulative Change Total</b>	<b>Cumulative Change %</b>
2004	\$11,034,404	\$4,866,000	\$15,900,404	\$2,509,500	<b>\$18,409,904</b>	n/a	n/a
2005	\$15,471,250	\$8,004,000	\$23,475,250	\$1,651,480	<b>\$25,126,730</b>	\$6,716,826	<b>36.48%</b>
2006	\$14,932,500	\$14,763,745	\$29,696,245	\$3,622,500	<b>\$33,318,745</b>	\$8,192,015	<b>80.98%</b>
2007	\$19,606,850	\$15,045,045	\$34,651,895	\$5,730,794	<b>\$40,382,689</b>	\$7,063,944	<b>119.35%</b>
2008	\$20,875,500	\$16,965,500	\$37,841,000	\$6,081,500	<b>\$43,922,500</b>	\$3,539,811	<b>138.58%</b>
2009	\$22,702,125	\$12,695,599	\$35,397,724	\$6,204,950	<b>\$41,602,674</b>	(\$2,319,826)	<b>125.98%</b>
2010	\$24,329,829	\$12,223,000	\$36,552,829	\$3,739,500	<b>\$40,292,329</b>	(\$1,310,345)	<b>118.86%</b>
2011	\$25,858,875	\$22,355,820	\$48,214,695	\$3,625,492	<b>\$51,840,187</b>	\$11,547,858	<b>181.59%</b>

*Figures from annual survey by the New York City Workforce Funders*

This degree of philanthropic support for workforce development activities is unmatched in any other major city in the United States.

Although cooperation between city public and philanthropic funders has increased significantly during the Bloomberg Administration, this unparalleled scale of foundation support for the city's workforce system holds great promise for the next mayor of New York City, who will enter office likely facing an even further decline of available public workforce dollars.

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# Re-Envisioning the New York City Workforce System