Workforce 2018 Agenda FOR NYC

SEPTEMBER 2018

EXECUTIVE SUMMARY

PURPOSE / ORIGIN

The New York City Workforce Funders commissioned the Field Building Hub at Workforce Professionals Training Institute (WPTI) to author this *Workforce Agenda for New York City*. Our report is based on a wide review of New York City workforce initiatives since the beginning of the de Blasio Administration (2014)—including interviews with more than 80 public, private, nonprofit and philanthropic workforce leaders.

Context for this report is critical: Tectonic shifts are fundamentally altering the New York City workforce landscape, generating unprecedented challenge and opportunity for both low-income communities and employers. Those we interviewed underscored the urgency of this moment, calling for action—not words—in response to the extraordinary forces now reshaping New York City's economy, including: the increasing minimum wage; stricter enforcement of immigration laws; declining federal resources for workforce development; and the implications embedded within the "future of work" for re-shaping workforce demand and job design.

Most importantly, New York City's labor market is historically tight, registering a near record-low unemployment rate just above 4 percent in mid-2018. Employers across the five boroughs are reporting unprecedented difficulty in finding and keeping good workers, while at the same time, thousands of low-income individuals remain structurally unemployed.

This shifting landscape requires of the workforce field a systemic response. Yet in this moment, when training and employment services are most needed, the New York City workforce leaders we interviewed—public, private, nonprofit and philanthropic alike—described a field increasingly unprepared to respond.

Given such a profoundly altered labor market, this Workforce Agenda provides a wholly different line of sight: a set of five pragmatic, infrastructural recommendations to strengthen New York City's entire workforce field. Systemic by design, our recommendations are intended to re-structure fundamentally how best to serve both low-income jobseekers and the businesses that employ them. Our world has changed, and so must we.

ASSESSMENT: PROGRESS IS FAILING TO MATCH DEEPENING CHALLENGES

Two seminal reports helped frame our assessment for this new *Workforce Agenda*. The first, *Re-Envisioning the New York City Workforce System,* is a set of strategy recommendations commissioned by the New York City Workforce Funders collaborative in 2013. Authored by a range of field leaders and employers, *Re-Envisioning* addressed the broader workforce ecosystem.

The second report, *Career Pathways: One City Working Together,* was issued in 2014 by the de Blasio Administration as a blueprint for the new mayor's workforce development strategy. Authored by the then newly-created Mayor's Office of Workforce Development (WKDEV), *Career Pathways* more narrowly defined the workforce system as exclusively that which the City itself funds and controls.

With these two documents as context, we asked the more than 80 stakeholders interviewed to reflect upon progress, challenges, and trends in the workforce field since 2014. In those interviews, assessments of progress were typically framed as, "*Yes, we've seen some positive change—but we still have a long way to go.*"

Conditioned statements most commonly shared included:

- Career Pathways as a framework has shifted thinking—though not yet behavior.

- More examples of coordination and partnership between City agencies have emerged, although those instances are more isolated than systematic.

- Some workforce providers are beginning to explore and establish partnerships to expand capacity and reach.

- A limited number of workforce providers are making strides toward better, more sophisticated engagement of businesses.

- CUNY, which enrolls more than 250,000 matriculated students and at least that many continuing education students, is becoming more integrated into the New York City workforce system.

- Workforce stakeholders report incremental improvements in the collection, use of, and access to data.

In nearly every interview, stakeholders were able to identify specific examples of successful programs and new initiatives. Yet when asked to step back and assess the larger context of the New York City workforce ecosystem, the broad consensus was that the field's arc of progress is failing to match the rising challenges faced by the City's employers and low-income jobseekers.

ANALYSIS:
THE WHOLE IS LESS THAN ITS PARTS

New York City is blessed with workforce assets that are the envy of other regions. Yet our interviews confirmed that leaders across the field often achieve their hard-won successes despite, rather than because of, the larger workforce ecosystem. The whole remains far less than its valuable parts.

Throughout our more than 80 interviews—bolstered by review of system-wide achievements, challenges, and trends—we identified five systemic factors that consistently weaken the field's ability to serve its low-income constituents and employer customers:

>> More Funding is Necessary—But Not Sufficient

Unsurprisingly, many program leaders and policy analysts called for greater levels of public and philanthropic funding. Yet, when practitioners described *how* funding is delivered at the street level, we also heard a consistent analysis:

- **Public and private funding initiatives are designed with limited input from field leaders**. The result is a systemic failure to take full advantage of New York City's rich depth of field experience.

- **Public programs are structurally underpriced**. RFPs often offer funding for workforce services that do not cover even the *direct* per-participant costs of providing quality services.

- **Siloed public agencies reduce synergy.** This is particularly true in how public economic development programs are designed and delivered separately from workforce development and adult literacy strategies.

- **Key stakeholder groups are structurally isolated from one another.** No venues exist for distinct subgroups to share perspectives and learn from one another on a consistent basis.

Without reform of *how* resources are deployed, none of the field's structural problems will be solved solely by increased funding from public and private sources.

>> A Profoundly Weak Information Infrastructure Undermines System Reform

The New York City workforce field lacks nearly every infrastructural element required of a well-functioning system: It has no shared definition of success; no uniform data; very limited capacity to monitor and assess data; and few incentives that reward effective outcomes.

This near-total absence of a shared information infrastructure frustrates the ecosystem's ability to reward providers based on quality outcomes; obscures the ability to discern whether hard-to-serve individuals are truly being assisted; weakens the ability to leverage efficiencies and effectiveness through strategic partnerships; and limits any ability to respond strategically to fast-changing trends.

>> In the Current Environment, Calls for Scaling are Unrealistic

Several funders interviewed exhorted the workforce field to "get to scale." Yet we heard several program leaders express deep reservations:

- **Tension exists between scale and quality**. Though almost all program leaders work hard to grow their organizations, many underscored that their high-quality designs cannot bear the pressure of extremely large volume.

- **Scaling large organizations often undermines collaboration**. Though funders often encourage grantees to partner, they rarely provide the dedicated financial resources necessary to do so.

- **Federal workforce support remains severely limited.** Field leaders are hesitant to pursue long-range strategies of scale when the larger political environment promises only continued austerity.

- **The presumption that "foundations innovate; government scales" is no longer valid within the New York City workforce field.** Until the Administration commits additional, flexible City Tax Levy dollars to the workforce ecosystem, philanthropy can no longer presume that the City will have the resources necessary to scale innovations.

If the New York City workforce field hopes to fulfill the promise of a Career Pathways model, then its goal cannot simply be greater *scale,* it must be deeper and more collaborative *impact*.

>> Ineffective Advocacy has Failed to Influence City Policy

In a city famous for hardball politics, the New York City workforce field has tolerated a surprisingly weak advocacy capacity. The field's advocacy efforts suffer from three fundamental weaknesses:

- **The voice of the provider community alone is inadequate.** Effective advocacy requires a *diverse* alliance of powerful stakeholders—particularly from the business and labor communities—willing to expend political capital.

- **Policy analysis and position statements alone do not constitute strategy.** No matter how eloquently articulated, rational policy analysis alone can be, and consistently has been, safely ignored by political leaders.

- **The primary targets of public advocacy are not City agency staff.** The field's public policy problems are structural and can only be addressed at the Mayoral and City Council levels.

The New York City workforce ecosystem requires a multi-stakeholder advocacy *alliance* that organizes a muscular *campaign*—targeted at the appropriate, policy-making levels of government.

>> Without System-wide Leadership, the Field Lacks Purposeful Direction

Today no group, or set of specific individuals, accepts responsibility for the healthy functioning of the workforce ecosystem broadly defined.

- **Disparate parts of the ecosystem have built separate tables**. Yet none of these tables represent the entire ecosystem, nor formally collaborates with the others—and none is in any way looked to for system-wide leadership.

- **The current Administration has consistently failed to lead the broader workforce system**. A clear-eyed assessment suggests that a diverse, multi-stakeholder ecosystem should never turn for long-term, consistent direction from a constantly changing field of elected politicians.

- **Employers and organized labor are only marginally engaged in leading the system.** Neither business nor labor is deeply invested in, or committed to, the current New York City workforce system.

The workforce field requires a powerful set of individuals who take responsibility for the overall health of the field. Most importantly, the locus of that leadership must be organized squarely outside of City government—while still including City representation—with strong engagement from employers, low-income constituents, practitioners and philanthropy.

Together, these five root causes constantly undermine stakeholders' best efforts to be adaptive and responsive, limiting their ability to leverage their hard-won, valuable workforce assets.

RECOMMENDATIONS: THE NEW YORK CITY WORKFORCE AGENDA

In response, this report proposes five interrelated recommendations to forge a new agenda for the New York City workforce field:

1 Confront **Systemic Barriers**

2 Construct an **Information Infrastructure Fund**

3 Build partnerships to create a genuine **Career Pathways Capacity**

4 Launch a professional **Advocacy Campaign**

5 Sanction a *Council of Workforce Leaders*

These five practical actions focus at a *systemic level*—strengthening not simply *what* the field does, but *how* the field works together—to build a more powerful, comprehensive ecosystem serving New York City's low-income workers and their employers.

1 **Confront Systemic Barriers** *by directly challenging chronic dysfunction in how New York City workforce programs are designed and funded.*

In order of priority, we recommend commissioning a series of explorations over the next several years, to undertake fundamental restructuring:

- **Price RFPs and grant programs accurately.** Commission a third-party examination of a sample range of public and private RFPs and grant programs, creating a template for how to estimate true costs of quality service delivery.

- **Take full advantage of field expertise.** Commission formal research into public conflict-of-interest laws with the goal of replicating how other cities and states achieve a better balance of seasoned input and avoidance of conflict.

- **Align economic development strategies with workforce development.** Commission a third-party analysis of NYC's failure to use its full procurement powers on behalf of low-income residents, including an analysis of how other cities and states better integrate economic and workforce coordination.

New and expanded *programs* are essential to better serve the field's constituents and customers, yet all stakeholders must at the same time confront the *structural dysfunctions* that chronically undermine the ecosystem's best ideas and frustrate its best leaders.

2 **Construct an Information Infrastructure Fund** *by creating a dedicated fund to support ongoing systems of information sharing and analysis.*

We recommend the creation of an *Infrastructure Investment Fund* (IIF), supported jointly with public and private resources, to provide consistent, multi-year support for the following initiatives, in order of priority:

- **Common metrics.** Sponsor a multi-stakeholder process to collect, analyze and disseminate a set of common metrics for the NYC workforce ecosystem.

- **Labor market information.** Provide multi-year, core funding to the New York City Labor Market Information Service, allowing its leadership to undertake deeper, broader and longer-term analyses of the New York City labor market.

- **Workforce Benchmarking Network.** Expand funding, within a long-term infrastructural relationship, for the Workforce Benchmarking Network, which compares workforce outcomes across organizations and promotes program design "success drivers."

- **Core workforce landscape information.** Provide ongoing, multi-year funding to build and maintain an up-to-date database listing what services are currently available across the NYC workforce ecosystem.

- **System-level leadership development and training**. Support the identification and cultivation of New York City's next generation of dynamic workforce leaders, bolstering the skills required of current leaders to administer collaborative, career pathway-connected programs.

3 **Build Partnerships to Support Genuine Career Pathways Capacity** *by investing more deeply in fewer organizations—emphasizing impact over scale.*

We recommend that both public and philanthropic funders invest in a genuine Career Pathways system by providing resources that not only "buy" program outcomes, but also "build" the Career Pathways capacity of the field. This "buy and build" framework includes four distinct capabilities:

- **Partnering expertise.** Support distinct expertise and additional staff capacity built *within* organizations, allowing those organizations dedicated time and ability to partner effectively with others having complementary expertise.

- **Data and analysis expertise.** Target a portion of resources dedicated to data collection and analysis capacities, within *all* workforce organizations, as a matter of course in *all* funding commitments.

- **Intermediary capacities.** Explore new ways to strengthen the sectoral capacity of the broad provider community, *external* to the City's current Small Business Service's (SBS) Industry Partnerships. Rather than creating any new intermediaries, invest in the capacity of *existing* lead, "back-bone" organizations within a few key sectors.

- **Employer engagement capacity.** Field a set of capacity-building demonstration projects—to test *income generating* workforce services—designed to help employers implement job-quality initiatives.

Pursuing these four investment strategies will require both funders and program leaders to value depth over breadth of program capacity—impact over scale.

4 **Launch a Professional Advocacy Campaign** *by organizing an alliance of powerful stakeholders—insisting on a coordinated, professional and well-funded City workforce strategy.*

We recommend assembling an *alliance* of key stakeholders, one that drives a *professional campaign*, *targeted* explicitly at the Mayor and City Council:

- **Alliance.** Develop relationships with new allies—from the business, labor, educational and philanthropic communities—organizing precious political capital to secure workforce resources within a highly competitive policy environment.

- **Professional Campaign.** Demand explicit "asks" that include not only additional funding, but also fundamental restructuring of *how* that funding is programmed and delivered.

- **Target.** Direct these asks explicitly at the *political*, not agency, levels—specifically at the Mayor, the Mayor's Office of Management and Budget and the New York City Council.

5 **Sanction a** *Council of Workforce Leaders by empowering a selected group of leaders to act as the stewards of the workforce ecosystem, broadly defined.*

We recommend the formation of a leadership table having a system-wide charter, structure, and range of responsibilities. The unique role of the *Council of Workforce Leaders* would be to act as the stewards of the entire ecosystem—not any one subsystem—with the explicit purpose of serving low-income jobseekers and the businesses that employ them.

The stewardship tasks of the *Council* should:

- **Define success for the field**, in measurable, system-level terms that the field should align itself toward.

- **Advise the Information Infrastructure Fund**, guiding the use of funds and reviewing the long-range results of those infrastructure investments.

- **Set the agenda for the field**, by hosting a range of public forums, explicitly designed to encourage disparate stakeholders to engage each other directly on sensitive topics of systemic concern.

- **Monitor the health of the ecosystem**, by authoring an annual report on a full range of infrastructural and other system-wide workforce issues.

Importantly, the resulting configuration of the *Council* should establish the locus of workforce leadership firmly *outside* the political boundaries of the City—anchored within the broader field—and thus accountable to the full array of stakeholders.

STRATEGIC FIRST STEPS

As detailed at the end of this report, we call upon three key New York City stakeholders to take the first strategic steps in driving this systems-change agenda:

The New York City Workforce Funders: Only one stakeholder group has the resources, credibility and leverage to spark this system-wide agenda: The New York City Workforce Funders. This is not, however, a call for this group to *lead* the ecosystem, but rather to *convene a process* by which the whole of the ecosystem can become greater than its parts.

Deputy Mayor for Strategic Policy Initiatives: Phil Thompson is the recently appointed NYC Deputy Mayor for Strategic Policy Initiatives, whose office now directs several workforce-related agencies. We strongly urge Deputy Mayor Thompson to reposition fundamentally the City's workforce strategy, aligned with this *Workforce Agenda*.

Field Leaders of New York City Workforce Programs: Nonprofit and for-profit field leaders are the prime design-build architects of their programs—they know what works and what doesn't.

We urge all three stakeholders—the Workforce Funders, the Deputy Mayor's Office, and field leaders—to publicly embrace this *Workforce Agenda*. Most importantly, we ask that all three add their imprimatur to the concept of a powerful *Council of Workforce Leaders*—one that anchors the locus of leadership firmly within the broader program field.

SUMMARY AND CALL

The five recommendations of this Workforce Agenda are closely integrated—they inform and reinforce one another. Together, they articulate the five essentials of true systems change. We cannot learn, we cannot strengthen, we cannot serve our low-income communities well if we continue to ignore the fundamental design of our underlying ecosystem.

We submit this *Workforce Agenda* as a challenge to our leaders to acknowledge that our world has changed, and that even greater change is coming. In response, we offer this *Workforce Agenda* as a pragmatic set of systemic recommendations for how we ourselves must also change.