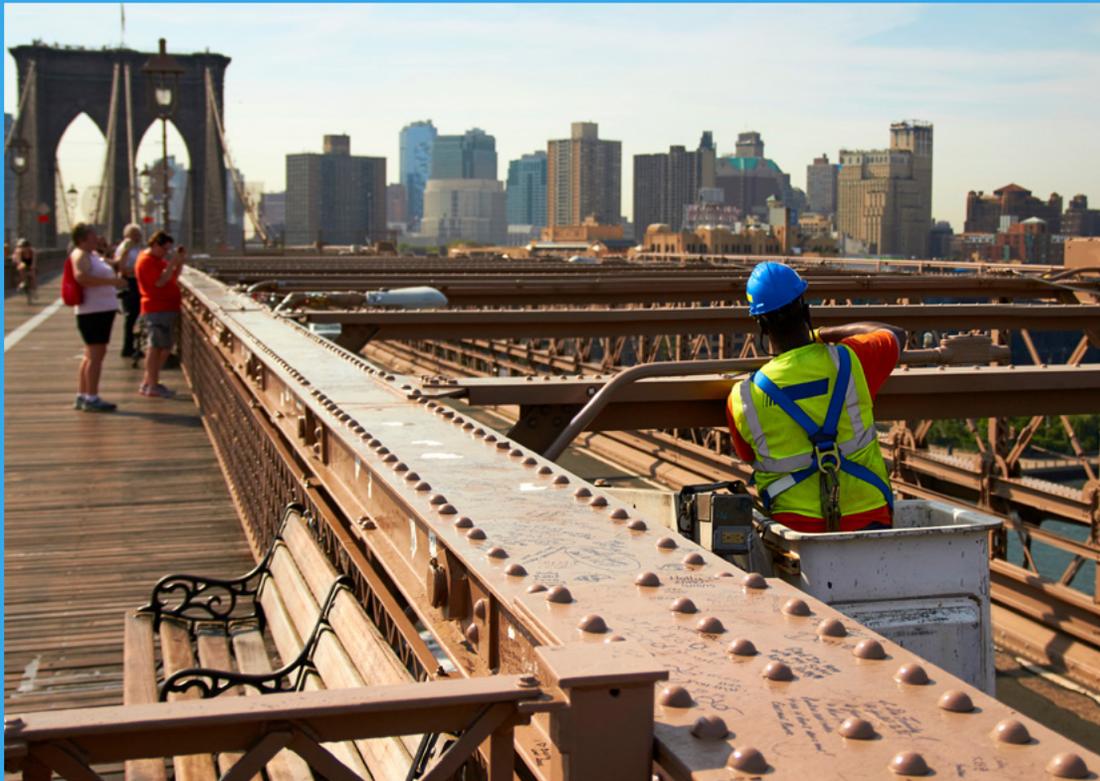


MARCH 2023

AN ACTIVE LABOR MARKET POLICY

FOR NEW YORK CITY TO ACHIEVE SHARED PROSPERITY

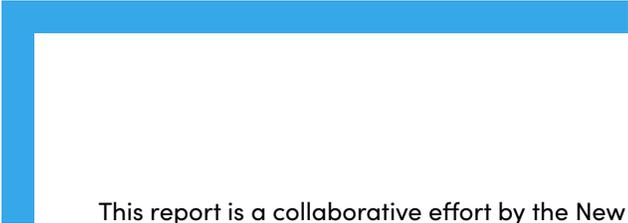


NEW YORK CITY
Employment &
Training Coalition

workforce
PROFESSIONALS
TRAINING INSTITUTE

THE
NEW
SCHOOL

Center for
New York City
Affairs



This report is a collaborative effort by the New York City Employment and Training Coalition, Workforce Professionals Training Institute, and the Center for New York City Affairs at The New School. It is a companion report to *NYC's Unsettled Covid-19 Era Labor Market* released in January 2023. Please see the January report for acknowledgements of the many people who were interviewed for this project. Funding support was provided by the Robin Hood Foundation, the JP Morgan Chase Foundation, the New York City Workforce Development Fund, and the New York Community Trust.

Design was provided by East End Advertising

Copyright © 2023
The New School Center for New York City Affairs
JamesParrott@NewSchool.edu <http://www.centernyc.org>

1. INTRODUCTION

THIS REPORT RECOMMENDS AN ACTIVE LABOR MARKET POLICY FOR NEW YORK CITY in response to an earlier table-setting background report, *NYC's Unsettled Covid-19 Era Labor Market: The Case for an Active Labor Market Policy*¹. It documents the many ways in which the pandemic has unsettled the city's labor market and compounded pre-pandemic inequities for low-income workers and workers of color who were disproportionately hit by Covid-related displacements. The Executive Summary to that report is attached here as an Appendix.

Unemployment remains much higher than before the pandemic for Black and Latinx and young workers, as well as workers without a four-year college degree. For example, the fourth quarter 2022 Black worker unemployment rate in the city was 11.1 percent, compared to only 2.8 percent for white workers.² Even with recent employment revisions, several industries continue to experience double-digit pandemic job deficits, and while other industries have added jobs since February 2020, many of those pay low wages. Tens of thousands more workers are experiencing economic hardships.

The background report also discussed the vital role played by the four branches of the city's workforce system: nonprofit workforce development providers;³ union training programs; City agency workforce programs; and CUNY non-degree certificate and related training offerings. While fragmented, the current workforce system has many strengths, and a number of comprehensive training and career advancement models exist. However, the lack of central coordination and planning limits overall effectiveness and impact.

The United States has a weak worker safety net and limited institutions to prepare for or connect workers to family-sustaining jobs. New York City also too often plays a passive and reactive role. Over the past three decades, when the private labor market has been allowed to run its course in the aftermath of economic downturns, we have seen the City sometimes spend emergency Federal funds, but not always in a manner that averted adverse employment impacts for workers of color and low-income families, or for the entire city. City government failed to rise to the occasion in the past when too many New Yorkers endured long periods of high unemployment, low and stagnant wages, and high poverty.

What is needed is an **active labor market policy** that takes a comprehensive approach, plans and coordinates across the system's four branches to connect with workers and businesses, education

¹James A. Parrott and L.K. Moe, *NYC's Unsettled Covid-19 Era Labor Market: The Case for an Active Labor Market Policy*, New York City Employment and Training Coalition, Workforce Professionals Training Institute and Center for New York City Affairs at The New School, January 2023. <http://www.centernyc.org/reports-briefs/nycs-unsettled-covid-19-era-labor-market>

²New York City Economic Development Corporation, *NYC Economic Snapshot*, January 2023, <https://edc.nyc/sites/default/files/2023-02/NYCEDC-NYC-Economic-Snapshot-January-2023.pdf>

³Some of the federally-funded Workforce1 Career Centers working under contracts with the City's Department of Small Business Services are for-profits.

institutions and training providers, and identifies and builds career pathways and the ladders and supports needed to help workers climb those ladders. That needs to be coupled with public and private policies to raise wages and job quality and to encourage and support businesses in adapting to a regime of better wages and jobs. For many marginalized workers, government supports for housing, health care, and child care are critical in enabling them to access training and employment assistance.

Government policy also plays a big role in shaping wages for workers providing essential care services like home health care, child care, and a range of human services including for child welfare, homeless families and individuals, youth, the elderly, justice-involved persons, and others. That gives it a responsibility to raise pay and invest in better career opportunities in those occupations directly. Moreover, effective provision of expanded and quality care services will help increase labor force participation, with broad economic benefits.

An active labor market policy needs to be an integral part of the City and State economic policy response for recovering from the pandemic. The recent report of the *New, New York Panel* appointed by Governor Kathy Hochul and Mayor Eric Adams noted that while that panel's deliberations began with a real estate focus on transforming the city's business districts in response to the "work from home" trend, the 59-member panel quickly broadened its scope to encompass the need to foster inclusive growth. In a striking aspirational statement, the panel's report stated:

We propose a new economic model for inclusive growth and economic mobility: a "shared prosperity" model that is both pro-growth and explicitly anti-racist, and which asserts that equity and inclusion must have an equal seat at the table in the creation of the blueprint for the city's future, in order to ensure that participation in the future economy reflects the diversity of New York. . . . Our success will be defined by the number of New Yorkers who are able to participate in the future-focused economy, working jobs with family-sustaining wages.⁴

We couldn't agree more, and are heartened by the fact that this statement was endorsed by both the governor and the mayor. We believe that the "shared prosperity" goal can only be achieved through the sort of active labor market policy that is outlined below.

The next section of this report takes a brief look back at the progress that has been made over the past 20 years in shaping more effective workforce policies. Section Three reviews progress made by the Adams administration in its first year and discusses the vision presented in its Executive Order 22. The Future of Workers Task Force appointed by Mayor Adams will soon release comprehensive recommendations. Our perspective regarding improvements to the workforce development system is very congruent with the evolving deliberations of that Task Force.

⁴ Report of the New, New York Panel, *Making New York Work for Everyone*, December 2022, pp. 18–20 <https://newnypanel.com/>

Our fourth and final section makes three recommendations that we see as essential for an active city labor market policy:

- **Enhancing the City's ability to focus on big challenges and current opportunities.**
- **Creating a strategy to improve job quality and address racial disparities to advance shared prosperity.**
- **Increasing engaged buy-in for a coordinated citywide workforce strategy from civic, business, labor, and philanthropic leadership.**



2. IMPROVEMENTS, AND REMAINING GAPS, IN NYC WORKFORCE INVESTMENT POLICIES SINCE 2002

IN A RECENT ANALYSIS OF WORKFORCE POLICY CHANGES prepared in fall 2022 for members of the City's Future of Workers Task Force, longtime workforce development expert David Fischer reviewed a range of administrative and policy actions taken by the Bloomberg, de Blasio, and Adams administrations over the past two decades.⁵ Fischer identifies several significant improvements made by the Bloomberg and de Blasio administrations, among them: evolving away from a "rapid attachment" approach of placing jobseekers into the first positions available regardless of their long-term goals toward more holistic approaches; partnering with employers to emphasize priority economic sectors like health care and technology; and, with mayoral control of the school system, having the City's school system and CUNY focus more on students' career readiness as part of the educational missions of those institutions.

Fischer's assessment summarized the progress that has been made through shifting the administration and oversight of workforce activities, and notes the positive influence of periodic City-led or sector-driven efforts to map out more effective and responsive workforce strategies over the period in question. Since 2001, several private philanthropic funders have collaborated through the New York City Workforce Funders to occasionally partner with the City on promising models such as the City's Sector Initiative. The Funders collaborative also worked to develop an infrastructure for the workforce sector, and, generally, to help amplify a voice for the sector in public and private policy discussions. For example, in 2004, the Funders supported the establishment of the Workforce Professionals Training Institute (WPTI), to provide professional development and technical assistance services for public and nonprofit providers.⁶ The Workforce Funders, through grants by individual foundations and the collaborative, have also supported various other systems-building projects and advocacy efforts undertaken by WPTI, the New York City Employment and Training Coalition, New York Association of Training and Employment Professionals, and JobsFirstNYC.

⁵David Fischer, "A short history of NYC workforce reform, 2002-2022," Prepared as a resource for the Future of Workers Task Force Members, October 2022. Fischer's "short history" will be included as an Appendix in the forthcoming Future of Workers Task Force report. Fischer was most recently the Executive Director of the NYC Mayor's Office of Youth Employment.

⁶The NYC Workforce Funders' annual survey indicates that total reported philanthropic for 2013-18 averaged \$71.3 million a year, with 47 percent going to youth programs, 39 percent to adult programs, and 14 percent to workforce intermediary organizations. [Note: not all funders report each year.] For the last few years, philanthropic funding for workforce development in New York City has exceeded the amount the City receives under the federal Workforce Investment Act and its successor program Workforce Innovation and Opportunity Act, the main federal source of annual recurring workforce development funding. For the years 2013-18 WIA/WIOA funding averaged a little over \$60 million a year, down from a nominal amount that was twice that in 2000-2001. Bret Halverson (NYC Workforce Funders), "New York City Workforce Funding Report on the Survey of Private Funding for Workforce Development in New York City from 2004-2018," May 24, 2018, updated November 2019.

Fischer summed up his review by observing that while the city’s portfolio of workforce development programs and services “educates more young people, places more jobseekers into employment, [and] is more specialized in terms of services and sector focus,” still “the system continues to fall short on all three dimensions of scale, quality, and consistency: too many young New Yorkers reach adulthood unprepared for career success, too many workers and jobseekers struggle to escape low-wage employment, and too many employers are unable to find the talent they need for their businesses to thrive.”⁷

Not surprisingly, workforce priorities and approaches have evolved across mayoral administrations. The current approach taken by the administration of Mayor Adams – Fischer says that “workforce has emerged as a higher priority than ever before” – is the focus of the next section.

While there has been important progress in several aspects of workforce development over the past two decades, there are areas where New York City’s approach falls short. We group these under three headings:

- 1. LAISSEZ-FAIRE APPROACH TO THE LABOR MARKET AND PLANNING.** The City’s (and the workforce system’s) response to urgent developments such as the massive pandemic dislocations or the prospect of significant new federal funding often has been ad hoc and partial. The City often has not effectively responded to high and disparate unemployment rates that surge during crises but require several years to overcome.
- 2. UPHILL BATTLE TO IMPROVE JOB QUALITY.** The City also rarely pursues systematic economic policies to raise wages or otherwise respond to market pressures that hold wages down.
- 3. NEED FOR MORE ENGAGED PRIVATE SECTOR LEADERSHIP.** There hasn’t been effective workforce development policy coordination because the private sector, providers, and funders haven’t sufficiently mobilized to bring about greater public-private partnership.

⁷Fischer, “A short history,” p. 8

3. WORKFORCE DEVELOPMENT IN THE FIRST YEAR OF THE ADAMS ADMINISTRATION

IN HIS FIRST YEAR IN THE MAYOR'S OFFICE, Eric Adams has voiced strong support for the importance of workforce development and raised expectations that his administration will embark on a new direction backed by increased workforce investments. In March 2022, Mayor Adams released an “Economic Blueprint” that prominently featured an expanded role for workforce development efforts. It not only stressed the need to restructure the city’s workforce system but also expressed the need for “deeper investments in scalable, effective education and training options that meet the needs of in-demand industries and create career pathways [and] much-needed support for jobseekers and workers, such as childcare, broadband, and financial empowerment.”⁸

Recognizing the struggle many low-wage workers face in making ends meet in a high-cost city, the Blueprint also stated that it was important to “advocate for worker protections and longer-term wage supports and solutions for lower-wage workers.”⁹

In August 2022, Mayor Adams issued Executive Order 22 to expand the scope and authority of the re-named Mayor’s Office for Talent and Workforce Development (MOTWD), and articulate a new mandate for the office. The charge for the expanded office states:

“Develop a strategy to position residents for careers that support their family’s health and well-being and contribute to the economy based on the following Citywide objectives:

- A. Young City residents should launch successfully into fulfilling, economically secure careers by the time they are 25 years old;**
- B. All New Yorkers in paid employment should be paid a living wage;**
- C. Employers should have access to local talent they need to thrive;**
- D. The demographics of the workforce should match those of the City;**
- E. Disaggregated data analysis of employment and wage data should show progress in reducing inequity; and**
- F. Public resources should be efficiently and effectively invested.”¹⁰**

⁸Mayor Eric Adams, “Rebuild, Renew, Reinvent: A Blueprint for New York City’s Economic Recovery,” March 2022, p. 41.

⁹Ibid, p. 46.

¹⁰Mayor Eric Adams, Executive Order 22, The Office of Talent and Workforce Development, August 15, 2022.

The Executive Order directed the MOTWD to convene an Interagency Talent and Workforce Development Cabinet to meet monthly to better coordinate workforce development programs across various City agencies, and to “develop a more coordinated approach to partner with the private sector to develop and better match talent to promising career opportunities that works for residents, employers, and the local economy, and promotes equity and shared prosperity.”

Finally, Executive Order 22 also called for the convening of a Future of Workers Task Force to recommend specific citywide workforce development goals, practices, and actions “to drive better employment outcomes for NYC residents.” The Task Force, which met from October 2022 until mid-January 2023 and is due to issue its recommendations soon, was directed to “examine the composition, functions, and responsibilities of the Workforce Development Board.”

The Workforce Development Board, whose members represent private sector employers, labor unions, nonprofit organizations, and government agencies, are appointed by the mayor. It is mandated by federal law to ensure that federal Workforce Innovation and Opportunity Act funds for adult and youth workforce development services are utilized in a manner that is “strategic, fiscally sound, and effective.”¹¹ In large cities such as Boston, Philadelphia, and San Diego, such boards function to coordinate and provide leadership for the workforce development sector. Although New York City government retains the authority to allocate and manage federal workforce funds across agencies (including the Departments of Small Business Services and Youth and Community Development and the Human Resources Administration), New York City’s Workforce Development Board should work closely with the mayor’s office in strategy development and priority-setting.

Given Task Force discussions, the Future of Workers Task Force report is likely to recommend a reinvigorated Workforce Development Board along with many solid ideas regarding creating career pathways, developing robust employer engagement, tracking program outcomes and evaluating effectiveness, and expanding apprenticeships. While many of these ideas have been discussed in previous years, the Adams administration and the Task Force have raised expectations that this time there will be more far-reaching workforce development policy changes than under previous administrations.¹²

As noted at the outset, the mayor and the governor co-convened the *New, New York Panel* of private sector leaders that articulated in its December 2022 report the importance of a “shared prosperity” model for inclusive economic growth and mobility that prioritizes maximizing jobs that pay “family-sustaining wages.”



¹¹<https://www.nyc.gov/site/wkdev/workforce-board/about-the-board.page>

¹²This report does not delve more deeply into the likely recommendations of the Task Force out of deference to the forthcoming Task Force report.

4. NEW YORK CITY NEEDS AN ACTIVE LABOR MARKET POLICY, IN ADDITION TO A MORE INTEGRATED WORKFORCE DEVELOPMENT SYSTEM AND A REVAMPED WORKFORCE DEVELOPMENT BOARD

THE FORTHCOMING TASK FORCE RECOMMENDATIONS will represent real progress if they are effectively implemented and accompanied by commensurate resources. To move from a reactive, fragmented workforce development system to an active labor market policy, however, requires more than a coordinated and better-integrated system and a revamped Workforce Development Board. Three critical elements have been missing from past and recent discussions for a more transformative workforce development strategy. Nevertheless, they are essential components for the kind of active labor market policy that New York City needs to achieve a more broadly shared prosperity.

A. An enhanced ability to focus on big challenges and current opportunities.

New York City needs an ability to analyze, forecast, and respond to current labor market changes, such as the continuing impact of the pandemic's job market upheaval, rooted in independent labor market analysis that combines an understanding of short-term developments together with long-term challenges. For example, the companion labor market analysis report highlights the sharp racial disparity in current unemployment rates and underscores the pronounced job quality challenge the city faces in light of the fact that 60 percent of the projected job growth by 2028 will be in jobs that do not require a four-year college degree.

The city also needs an ability to respond effectively to emerging funding opportunities that have the potential to create thousands of job opportunities for city residents. For example, climate adaptation and jobs related to the federal Infrastructure Investment Jobs Act and the Inflation Reduction Act, together with the recently enacted \$4.2 billion statewide Environmental Bond Act, will entail considerable workforce development investments and create tens of thousands of middle-income paying job opportunities.¹³ New York City needs a strategic workforce plan to fully capitalize on that potential and key workforce stakeholders, including providers, intermediaries, employers, and labor need to mobilize to establish that.

¹³See the Green Jobs section in the *NYC's Unsettled Covid-19 Era Labor Market* report, p. 38.

B. Creating a strategy to improve job quality and address racial disparities to advance shared prosperity.

Much of the net job growth since the onset of the pandemic, and the job growth projected for the next few years, involves jobs that do not require a four-year college degree. While these jobs are often most accessible to individuals with less education or facing other barriers to entering the labor market, such jobs often provide relatively low pay and few healthcare, leave, or retirement benefits. In addition, there is seemingly no end to business practices engaged in by some employers that misclassify workers as independent contractors, go to lengths to hire only part-time workers, or, in some cases, steal wages from workers.¹⁴

Among the “good jobs principles” identified by the U.S. Commerce and Labor Departments that “are the foundation of an equitable economy that lifts up workers and families and makes businesses more competitive globally” are: a stable and predictable living wage; family-sustaining benefits; recruitment and hiring that are free from discrimination; job security and safe working conditions; equitable opportunities and tools to progress to good jobs within their organizations or outside them; and the ability to form and join unions.¹⁵

For its part in improving job quality, the City has established minimum compensation standards for 150,000 gig workers providing for-hire vehicle or restaurant delivery services, and its Department of Consumer and Worker Protection has expanded efforts to police harmful labor practices.¹⁶

Active labor market policy should also prioritize various policy measures to raise low wage levels and, where needed, assist businesses in improving operations. The Raise the Wage Act currently being considered in Albany would adjust the State minimum wage for the rise in consumer prices and labor productivity since it reached \$15.00 an hour. It would increase the minimum wage in New York City in stages to \$21.25 by January 2026, and index it thereafter to the increase in consumer prices and labor productivity.¹⁷ The city’s recent experience from 2013–2019, when the State minimum wage doubled, is instructive. That action lifted the pay of the bottom half of the city’s workforce by historically large levels, helped reduce poverty by a quarter, and was accompanied by record job growth.¹⁸

Longstanding pay inequities, often with a definite racial dimension, affecting hospitality, retail, home healthcare, childcare, and nonprofit human services workers also need to be addressed. The number of these low-paying jobs has grown significantly in recent years and employment in some of these industries is projected to continue growing in coming years, particularly in home healthcare.¹⁹

¹⁴See, e.g., “Mayor Adams, Department of Consumer and Worker Protection Announce Settlement with Chipotle Mexican Grill, Securing \$20 million for Approximately 13,000 Workers,” Mayor’s Office Press Release, August 9, 2022.

¹⁵U.S. Departments of Commerce and Labor, “Good Jobs Principles,” <https://www.dol.gov/general/good-jobs/principles>

¹⁶James Parrott and L.K. Moe, *For One in 10 New York Workers, ‘Independent Contractor’ Means Underpaid and Unprotected*, Center for New York City Affairs at The New School, June 2022.

¹⁷Raise the Wage Act (S.1978A/A.2204A). Governor Hochul’s proposal to index the State minimum wage but limit it to three percent a year and to freeze the minimum wage in years where employment decreases or unemployment increases slightly is a poor substitute for the Raise the Wage Act. The Governor’s proposal would also eliminate the three dollar an hour minimum wage premium won by hundreds of thousands of home healthcare workers last year.

¹⁸See, James A. Parrott, “Full Employment and Raising Wages: New York City’s Twin Economic Challenges in Emerging from the Pandemic,” Center for New York City Affairs, March 2022. For an extensive analysis of the impact of New York’s \$15 minimum wage on employment, see Michael Reich, *The Economic Effects of a \$21.25 Minimum Wage in New York by 2026*, Center on Wage and Employment Dynamics, University of California, Berkeley, <https://irle.berkeley.edu/publications/irle-policy-brief/the-economic-effects-of-a-21-25-minimum-wage-in-new-york-by-2026/>

¹⁹See, for example, James A. Parrott and L.K. Moe, *The Case for Ending Poverty Wages For New York City’s Human Services Workers*, Center for New York City Affairs at The New School, March 2022; and Lauren Melodia, Testimony before the New York Senate Hearing regarding the childcare crisis in New York State, the lack of availability of childcare, and any legislation or policy response to protect childcare workers and families, Center for New York City Affairs at The New School, January 26, 2023.

Better wages and health and retirement benefits alone won't solve the structural challenges of affordability for low- and moderate-income New York workers such as those in hospitality, home health care, or retail. The City and State government and workforce development leaders also need to advance significant policies to increase housing affordability and expand the availability of affordable child care services.²⁰ Precarious housing or lack of affordable child care, for example, are all-too-often serious impediments for workers seeking access to skills training and rewarding job opportunities. Basic economic needs often must be addressed before an investment in training and employment can pay off.

A focus on job quality should be promoted through various City economic development and tax subsidy programs, and the City can further advance a local hiring priority through project labor agreements on City-funded investments and community hiring commitments tied to City procurement.²¹ New York City and State should emulate the efforts of the Biden administration in implementing the CHIPS and Science Act in tying government support for industry to commitments regarding greater investments in workforce training and other worker supports such as affordable child care.²²

C. Increasing meaningful buy-in for a coordinated workforce strategy from civic, business, labor, and philanthropic leadership.

Our earlier report found that many employers do not routinely look to the city's workforce development system when it comes to hiring needs.²³ That makes it critical that the system thoroughly engage the business community, with a capacity to respond to changing employer needs and economic conditions. (This links back to recommendation A regarding the need for informed labor market analysis and the capacity to respond to big challenges and current opportunities.)

A 2018 report prepared by WPTI for the New York City Workforce Funders captured the frustrations felt by many in the field that despite periodic commitments to chart a more effective path, the pieces never quite came together to deliver the reforms and improvements needed. That report found that one of the reasons for this was that "effective advocacy requires a diverse alliance of powerful stakeholders—particularly from the business and labor communities—willing to expend political capital."²⁴

Strong and independent private sector leadership is necessary along with determined public leadership. One possible way to forge a more robust public-private partnership could be a co-investment strategy, where private funders match some level of public funds that are then jointly administered and used to fund new workforce development models, help scale successful pilot projects, or respond to emergency labor market challenges.

* * *

Workforce development organizations perform an indispensable public service in connecting with job seekers to address urgent economic assistance needs. This was clearly seen during the pandemic. They should therefore be better-supported by public and philanthropic funds.²⁵ This should include expanded investments in the professional development of frontline workforce development providers, and full funding for programs, including necessary support services to maximize jobseeker engagement.²⁶

²⁰On the city's affordability crisis, see, for example, Troy Closson and Nicole Hong, "Why Black Families Are Leaving New York, And What It Means For The City," *The New York Times*, Feb. 3, 2023.

²¹Governor Hochul's FY 2024 executive budget included legislation (A.1385) authorizing the City to implement a community hiring program to require that entities entering into transactions with the City make best efforts to meet goals for hiring economically disadvantaged City residents.

²²Ana Swanson, "The CHIPS Act Is About More Than Chips: Here's What's in It," *The New York Times*, Feb. 28, 2023.

²³NYC's *Unsettled Covid-19 Era Labor Market* report, p. 29.

²⁴The 2018 Workforce Agenda for NYC asserted: "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." New York City Workforce Funders and Workforce Professionals Training Institute, "2018 Workforce Agenda for NYC," September 2018.

The Adams administration and the Future of Workers Task Force are poised to recommend a comprehensive strategy for more coordinated and effective workforce development, led by a newly empowered Office of Talent and Workforce Development together with a reinvigorated Workforce Development Board appointed by the mayor. We urge that this new formulation be seen as the basis for an active labor market policy that integrates the three elements we have articulated here: an ability to focus on big challenges and current opportunities; a comprehensive strategy to improve job quality and address racial disparities; and meaningful buy-in from civic, business, labor, and philanthropic leadership prepared to fully engage with the administration to ensure greater accountability for both public and private leadership.

This active labor market policy is essential to set New York City on a path toward “shared prosperity,” as suggested by the *New, New York Panel*. We should also be ready to embrace the critical metric enunciated by that panel: “Our success will be defined by the number of New Yorkers who are able to participate in the future-focused economy, working jobs with family-sustaining wages.”



“Our success will be defined by the number of New Yorkers who are able to participate in the future-focused economy, working jobs with family-sustaining wages.”

²⁵New York City Employment and Training Coalition, Workforce Professionals Training Institute, and Center for New York City Affairs at The New School, *New York City’s Workforce Landscape*, September 2022.

²⁶See, Workforce Professionals Training Institute, “Job Quality for NYC Workforce Development Professionals,” *Voices from the Frontline*, May 2021’ and Workforce Professionals Training Institute and Center for New York City Affairs at The New School, “Navigating Uncertain Waters: NY Workforce Professionals in the Age of COVID-19,” *Voices from the Frontline*, November 2021.

APPENDIX

EXECUTIVE SUMMARY FROM “NYC’S UNSETTLED COVID-19 ERA LABOR MARKET: THE CASE FOR AN ACTIVE LABOR MARKET POLICY.” JANUARY 2023

For the impact of the recent annual NYSDOL payroll employment revisions, see the [March 16 Economic Update](#) from CNYCA.

This report combines an analysis of the current state of New York City’s changing labor market with a survey and examination of the local workforce system – the array of agencies, training programs, and support services designed to help jobseekers prepare for and find work. The city’s workforce system is vast, encompassing four branches: City government agencies, CUNY programs, union apprenticeship and training programs, and 200 mainly nonprofit and community-based workforce development providers. These programs and providers are staffed with committed professionals, and have combined annual workforce development budgets of more than \$750 million. And yet, while these four branches each perform a vital function, a lack of overall coordination and planning limits their effectiveness and impact. There is an urgent need for a coordinated workforce system that better responds to the changes and challenges precipitated by Covid-19 and that can address the inequities in workforce opportunities that have been compounded by the pandemic.

Unlike many cities and the nation overall, New York City has yet to recover from pandemic-induced job loss. Industries with face-to-face or on-site work, such as retail, hospitality, construction, and the arts, are still enduring substantial job loss. Unemployment rates are much higher than pre-pandemic. Economic losses are most pronounced among lower-income workers, and are marked by racial disparities. The impact on working parents has been severe. Both workers and small businesses face a challenging landscape of rising costs, difficulty finding childcare, and altered consumer, business, and commuter habits.

Top findings include:

New York City's slow and uneven economic recovery

- Compared to the U.S. overall, New York City's economic recovery lags, with a 2.5 percent payroll jobs deficit (116,000 payroll jobs) compared to February 2020.
- Covid's economic impact fell disproportionately on workers in industries characterized by face-to-face work, such as restaurants, retail, hotels, construction, the arts, and manufacturing. These industries accounted for over three-quarters of initial job losses. As of late 2022 they still see a deficit of 180,000 jobs (8.9 percent). Net job growth in essential and remote-working industries reduce the citywide jobs deficit to 116,000.
- In contrast to double digit losses in several industries in New York City, industry employment declines have been smaller at the national level and in some cases, like retail and construction, employment is greater nationally than before the pandemic.
- Pandemic job losses have been concentrated in Manhattan, which absorbed 75 percent of citywide job losses as of early 2022, much greater than its pre-pandemic job share.
- Of the 950,000 jobs lost during the first two months of the pandemic, over 300,000 were lost for good due to businesses that closed and never reopened. Over 400,000 jobs have not returned at employers remaining in business. In a job market experiencing upheaval, over 400,000 jobs have been added in existing businesses or in entirely new businesses.
- New York City has seen a 300,000 person drop in the labor force and an even larger decline in the working age population since early 2020. Employment among residents has fallen by 280,000. That magnitude exceeds the net decline in the city's payroll jobs since some of the residents moving out retain jobs located in the city. Self-employment among city residents declined by 90,000 over the course of the pandemic.
- The Mayor's Budget Office doesn't expect the city to regain its February 2020 employment level until the first quarter of 2025, five years after the pandemic's onset.

Economic challenges fall on workers who can least afford them

- The pandemic's adverse employment impacts hit the New York City workers hardest who could least afford to lose work and wages, with sharp disparities by income, education, age, and immigration status.
- New York City's unemployment rate was 6.1 percent in the third quarter of 2022, well above the nation's 3.5 percent. Black workers had an unemployment rate of 9.8 percent, compared to 3.5 percent for white workers.
- Compared to the average worker, workers with a high school education or less were 25 percent more likely to lose a job, and workers in households with income less than 200 percent of the federal poverty line (i.e., members of the working poor) were 31 percent more likely to lose work during the pandemic.
- From the onset of the pandemic to mid-2022, employment rates for less-educated males fell sharply from 60 to 49 percent, and declined for females from 37 to 34 percent.

- Employment rates for young males, ages 18–24, dropped from 49 percent in the six months before the pandemic to 38 percent over the second and third quarters of 2022.
- The Current Population Survey suggests there have been large declines since 2019 in the number of workers ages 25–34, with a particularly steep drop among parents of children four years old and younger, and sizable population and labor force declines for workers 55–64. Labor force participation and employment fell sharply among those 65 and older.
- The number of city residents receiving cash assistance has surged by 112,000, or 35 percent, from February 2020 to September 2022. There were 226,000 more city residents receiving supplemental nutrition assistance (SNAP) in September 2022, and 911,000 additional city residents qualified for Medicaid health insurance coverage over that time.

Employer job needs reflect the scale of economic reshuffling since the onset of Covid-19

- Employer representatives report an across-the-board high demand for workers and difficulty recruiting and retaining workers in industries with rapid job growth as well as in those that have not regained pre-Covid job levels. This persistent high demand underscores the pandemic's scale of economic and social dislocation, and the need to remove organizational roadblocks in the workforce system that impede connecting those looking for career-sustaining jobs with businesses seeking reliable workers.
- Workers express strong desires to have more flexibility, a better work/life balance, and more fulfilling work, while seeking higher pay to defray rising costs of living. Some small business owners understand such realities but nevertheless see offering entry-level workers more than the minimum a difficult economic proposition, as their own costs rise.
- Employers seek “soft skills” among entry-level workers, favoring workers with sales experience, customer-facing professionalism and eagerness to work, and who are communicative and responsive to direction.
- Small businesses paying low wages and recruiting for jobs without clear career ladders see a revolving door of entry-level workers, incurring high recruitment and training costs. Meanwhile workers without extra training find it difficult to trade up for better jobs.
- Most employers do not look to the city's workforce system, including CUNY, the City Workforce1 Centers, or non-profit community-based workforce providers, because they perceive a mismatch between business needs and workforce programs, and instead utilize other recruitment channels. While this employer disconnection from the workforce system is not new, the stakes are higher now given pandemic dislocations and upheaval.

Current growth industries and the outlook for occupational demand

- While New York City has yet to recover the jobs lost at the onset of the pandemic, 20 industries added a combined total of 140,000 new jobs between February 2020 and November 2022. These industries can be grouped into three categories: lower- and moderate paying industries; tech-related industries; and higher-paying industries in finance and professional services.
- Healthcare leads current job openings and forecasted growth. Five of the top seven occupations with the highest number of entry-level job openings are in healthcare, including medical secretaries, medical assistants, and patient representatives.

- Topping the list of occupations with the largest projected New York City 2018–28 job growth are home health aides and personal care aides. Both are mainly Medicare-funded positions to assist elderly clients and allow them to remain in their homes.
- The 2018–28 10-year forecast puts net job growth at 600,000 jobs, and suggests that two-thirds of total jobs in 2028 will require less than a four-year college degree. Forty percent of new jobs won't require more than a high school diploma. While job growth will remain strong, the city will need to pursue an active labor market policy to ensure that jobs with lower educational requirements have career-sustaining wages.

New York City's workforce system is extensive and diverse, but lacks coordination

- Nonprofit and community-based organizations serve populations with the highest barriers to employment, unions provide skill-intensive career pathways, CUNY provides a mix of degree and credential and other non-degree training programs, and City agency programs serve public assistance populations, entry-level job seekers, and young New Yorkers. Many City programs are operated by nonprofit providers.
- The city's workforce system lacks coordination and incentives for cooperation. Collecting and sharing information about available education and training programs is resource-intensive, as is keeping up with labor market trends and developing new programs to keep pace with a changing economic landscape.
- Some good models for collaborative and innovative workforce programs have emerged with the City's Pathways to Industrial and Construction Careers and the New York State Energy Research and Development Authority (NYSERDA) initiatives.

As this report has documented, the pandemic has greatly unsettled the city's labor market and compounded pre-pandemic inequities. A companion report will present a comprehensive set of policy recommendations to move from a reactive, fragmented workforce development system to an active labor market policy that can more effectively tackle labor market-rooted inequities.





Center for
New York City
Affairs

