



LEVERAGING OPPORTUNITY, MEETING DEMAND:

A Blueprint for Building New York State's Workforce Development System

December 2018



**INVEST IN
SKILLS NY**

CONTENTS

About Invest in Skills NY and This Blueprint	2
Overview of Recommendations	3
Introduction and Background	4-5
2019 Blueprint for Building New York State's Workforce Development System	5
Empower leadership. Set statewide goals. Develop a plan.	6-9
Build a career pathways system.	9-13
Build a 21st-century data infrastructure.	13-16
Conclusion	16
Acknowledgments	17
Endnotes	18-19

ABOUT INVEST IN SKILLS NY AND THIS BLUEPRINT

Invest in Skills NY is a statewide coalition that understands the economic imperative of investing in a skilled workforce for New York. Funded by the New York Community Trust, the New York City Workforce Funders, and the Ralph C. Wilson, Jr. Foundation, the coalition aims to make workforce development an economic priority and achieve policy change that streamlines the workforce development system through significant sustained state and local investment. Staffed by JobsFirstNYC, the New York Association of Training and Employment Professionals (NYATEP) and Young Invincibles, and working in partnership with more than 300 supporters (including employers, postsecondary institutions, and economic and workforce development leaders), Invest in Skills NY has worked with Governor Cuomo and the New York State Legislature to make a skilled workforce a budget and policy priority. This statewide partnership has led to several early wins, including a commitment by Governor Cuomo to:

- Invest \$175 million of state resources in workforce development activities managed through a new Consolidated Funding Application (CFA).
- Establish a state-level Office of Workforce Development.
- Build a robust data system.
- Create a one-stop-shop online platform for job seekers and employers.

The challenges facing New York's economy are clear. There is not enough skilled talent to meet the current and future needs of the labor market. By the same token, hundreds of thousands of New Yorkers lack the skills necessary to secure family-sustaining employment. This disconnect reveals the need for a more coordinated strategy to connect untapped labor supply with labor demand. This brief provides state policymakers with a framework and strategy for taking advantage of this opportunity to build a responsive workforce development system in New York State.

In particular, this brief serves as a blueprint for policymakers, the New York State Office of Workforce Development, and those tasked with overseeing the new workforce development CFA. Based on interviews, extensive research of state plans and documents, and analyses of related research reports, this brief presents three key recommendations for creating a more integrated and coordinated workforce development system.

Prior to implementing the recommendations outlined below, the first step is to hire a director of the New York State Office of Workforce Development. The director will be the face of the New York State workforce and should possess a deep understanding of the state's workforce development system; be willing and able to create an open dialogue with the workforce and business community; and be empowered and resourced to make difficult decisions within state government to make necessary reforms. The director, with a mandate from Governor Cuomo and the New York State Legislature, will be charged with executing the state's vision of building a 21st-century workforce development system, as described in this brief.

OVERVIEW OF RECOMMENDATIONS

Recommendation 1: Empower leadership. Set statewide goals. Develop a plan.

- ✓ **Restructure and empower the State Workforce Development Board:** Governor Cuomo should restructure and empower the State Workforce Development Board to work with the Office of Workforce Development to provide system-level leadership and accountability for the state's workforce development system and strategy.
- ✓ **Set statewide goals:** Governor Cuomo should empower the Office of Workforce Development to work with the State Workforce Development Board to establish a robust set of goals connecting New York's labor supply with the state's labor market demand.
- ✓ **Develop a statewide plan:** With a mandate from Governor Cuomo, the Office of Workforce Development and the State Workforce Development Board should begin a transparent and inclusive multi-stakeholder process to build a statewide plan.

Recommendation 2: Build a career pathways system.

- ✓ **Mandate government agencies to develop an integrated workforce development system:** Governor Cuomo should charge all government agencies involved in workforce development to work with the Office of Workforce Development to build a fully integrated workforce development system that works across government agencies to connect services, leverage limited resources, and establish shared outcomes.
- ✓ **Create a mechanism to fund activities and programs across the continuum of workforce development:** Governor Cuomo should launch a career pathways CFA that accepts proposals on a rolling basis and that annually funds activities across the continuum of workforce development.
- ✓ **Foster continuous improvement and innovation:** The Office of Workforce Development, as part of the rollout of the career pathways CFA, should launch a Continuous Improvement and Innovation Fund allowing experts in the field—including employers and workforce development entities—to respond to new demands by testing ideas that can improve existing or create new systems or programs.

Recommendation 3: Build a 21st-century data infrastructure.

- ✓ **Use labor market information:** The Office of Workforce Development should develop a regionally organized labor market information tool that is publically available to all stakeholders, including current and prospective employers, job seekers, and workforce development providers.
- ✓ **Measure performance outcomes:** The Office of Workforce Development should develop a single and centrally managed set of outcome metrics for all relevant agencies and programs available to the public.
- ✓ **Evaluate programs:** The Office of Workforce Development should develop a plan to periodically evaluate workforce programs on a rotating basis made available to the public.

Together, these three recommendations create a blueprint that will position New York State to become a leader in workforce development and gain an important competitive advantage in the 21st-century labor market.

INTRODUCTION AND BACKGROUND

New York State's strong recovery from the Great Recession is evidenced in its booming economy. The state's economy has created more than one million private-sector jobs, and its unemployment rate has dropped from 8.3 percent at the beginning of Governor Cuomo's tenure in 2011 to 4.1 percent in October 2018.¹

While this is great progress for the economy, many job seekers and employers continue to struggle to meet their needs, reflecting a structural misalignment between a changing economy that increasingly requires more skills, on the one hand, and New York State's workforce development and education systems, on the other.

For example, New York's labor force is shrinking as the Baby Boomer generation retires in droves, creating a bottleneck for talent. Twenty-three percent of New Yorkers in the labor force are aged 55 and older, with the great majority of them from the largest and fastest-growing sectors in the state.² Furthermore, most of New York's employment growth has been in low-wage, part-time jobs. In New York

City, for example, all employment gains for 18- to 24-year-olds over the last five years were in low-wage, part-time work.³ Moreover, even though residents of New York State have higher educational attainment than the national average, one in eight recent college graduates are underemployed, and one in eleven are neither working nor in school, revealing a need for the state's workforce and education system to better respond to the changing economy.⁴

While this is great progress for the economy, many job seekers and employers continue to struggle to meet their needs, reflecting a structural misalignment between a changing economy that increasingly requires more skills, on the one hand, and New York State's workforce development and education systems, on the other.

Underemployment is also high among the state's working poor, individuals with disabilities, and skilled immigrants, demonstrating a missed opportunity to leverage untapped talent pools. For example, 67 percent of individuals with disabilities are unemployed.⁵ Additionally, New York State lost roughly \$5.1 billion in earnings and \$594 million in state and local taxes between 2009 and 2013 due to the underutilization of its college-educated immigrants.⁶

Despite this misalignment between labor supply and labor demand, until now New York State policymakers have not invested in building a truly nimble and responsive workforce development system. One key problem with the state's workforce development system, which is not unique to New York, is its convoluted nature. The "system" includes nearly a dozen state agencies and myriad funding streams (including both federal and state) that have different eligibility and performance requirements and involve a variety of databases for tracking performance. Programming runs the gamut, from state-run and regional-level programs available across ten economic development regions, to hyper-local programs and initiatives operated by educational institutions, community-based organizations, labor unions, and each of the state's 62 counties. Additionally, funding for the state's literacy, job training, and employment-based programs has relied heavily on federal resources such as the Workforce Innovation and Opportunity Act (WIOA)⁷ and the Temporary Assistance for Needy Families (TANF), or welfare, system. Relying on federal pots of money as opposed to state-generated revenue limits flexibility in terms of programming and implementation, thus reducing these programs' availability,

relevance, and value to employers and their ability to address the needs of the unemployed and underemployed.

These challenges further reinforce the need for a demand-driven, regionally organized, fully integrated career pathways system to help New Yorkers attain the advanced skills and education required in today's economy. Career pathways systems provide a framework for organizing and formally aligning the education, workforce, and supportive services needed to successfully guide a wide range of individuals through the continuum of education and training courses that are necessary for credential attainment and family-supporting careers.

Any shortage of skilled talent impedes the state's ability to attract employers and hinders employer productivity and growth potential. In a functioning career pathways system, workforce development plays an essential role in addressing labor shortages by engaging with local and regional employers to design effective programs that expand labor pools, thus reducing income and wealth inequality and closing equity gaps.

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Recognizing the urgent need to invest in the workforce development system, Governor Cuomo, with bipartisan support from the New York State Legislature, has put forward a promising vision that will put all New Yorkers on a path to sustainable economic success. Included in the state's fiscal year 2018 budget is an unprecedented \$175 million for workforce development, which will flow through a Consolidated Funding Application (CFA) process. In addition to what was included in the budget, the governor has announced three other workforce development initiatives: (1) establishment of a New York State Office of Workforce Development, (2) construction of a state-of-the-art data analytics infrastructure, and (3) creation of a one-stop-shop online platform for job seekers and employers. This brief outlines preliminary steps for state policymakers and the director of the Office of Workforce to consider in operationalizing this new vision.

BLUEPRINT FOR BUILDING NEW YORK STATE'S WORKFORCE DEVELOPMENT SYSTEM

States such as Colorado, Michigan, Minnesota, Oregon, Texas, and Washington have built innovative systems to improve employment and wages by maximizing federal resources under WIOA, investing revenues from tax levies, and directly engaging with the frontline organizations providing services to employers and job seekers. We analyzed some of these states' plans by conducting stakeholder interviews, a literature review, and a study of employment and wage outcomes. Our findings revealed that effective state workforce development systems have the following key features:

- They are goal-driven and led by a diverse group of external and internal stakeholders from regions across the state who are empowered and held accountable by the governor and legislature.

- They embrace a fully integrated cross-sector career pathways system that funds innovative, evidence-based workforce development programs and training across a developmental continuum.
- They are transparent, accountable, and measurable because they use regional labor market data to drive their strategy; create a shared performance outcomes framework across all workforce programs; and periodically evaluate results to foster continuous improvement.

RECOMMENDATION 1:

Empower leadership. Set statewide goals. Develop a plan.

The state's attention to and initial investment in workforce development provides a critical opportunity to re-envision how it prepares New Yorkers to meet the changing needs of the economy. To start, three steps are critical:

- ✓ **Restructure and empower the State Workforce Development Board:** Governor Cuomo should restructure and empower the State Workforce Development Board to work with the Office of Workforce Development to provide system-level leadership and accountability for the state's workforce development system and strategy.
- ✓ **Set statewide goals:** Governor Cuomo should empower the Office of Workforce Development to work with the State Workforce Development Board to establish a robust set of goals connecting New York's labor supply with the state's labor market demand.
- ✓ **Develop a statewide plan:** With a mandate from Governor Cuomo, the Office of Workforce Development and the State Workforce Development Board should begin a transparent and inclusive multi-stakeholder process to develop a statewide plan.

Restructure and empower the State Workforce Development Board:

Across the United States, the most effective workforce development systems have a strong statewide workforce board. In New York, the State Workforce Development Board—which is required by the federal Workforce Innovation and Opportunity Act (WIOA), one of the largest funders of the state's system—is charged with overseeing spending and directing the policies and practices of New York's workforce development system.⁸ The board, by design, is intended to help coordinate the state's workforce strategy. However, there are at least 13 different state agencies administering workforce development programs without any overall direction, shared outcomes, or accountability for results.

Moreover, the State Workforce Development Board has not convened since early 2017, leaving New York in violation of federal legislation and with a substantial leadership void.⁹ Additionally, the board is dominated by representatives of marginal and declining industries.¹⁰ For example, nearly half of its members come from the manufacturing, production, and agricultural sectors. Members from industries with stagnant or declining employment are less likely than representatives of growing industries—such as health care, construction, and information technology—to have first-hand experience with recruitment

and training strategies or to be familiar with career ladders that enable workers to attain progressively higher-skilled and better-paying jobs.

Governor Cuomo should restructure the State Workforce Development Board to include leading employers from growing sectors, experts in postsecondary education, workforce and employment providers, state agency leadership, and economic development stakeholders. A demand-driven board can play an important public-facing role serving as an ambassador of the state's workforce development system and clearly articulating its value proposition to current and future employers. With the Office of Workforce Development serving as the coordinating entity, the board should set goals that can inform the shaping of a statewide workforce development plan aimed at increasing training and postsecondary attainment in a way that directly aligns with regional demands of the state's economy.

New York is one of the last nine states in the country that has not established postsecondary goals in its workforce development system.

One state that has adeptly leveraged the role of its workforce development board is Michigan. There, the governor established the Talent Investment Board, through an executive order,¹¹ to serve as “the principal private-sector policy advisor on building a strong workforce development system aligned with state education policies and economic development goals.”¹² Michigan's Talent Investment Board is made up of industry executives, legislators, labor officials, education leaders, local elected officials, state agency directors, and other representatives. It plays a vital role in fostering resident involvement in and oversight of the state's workforce development system and recommends policies to the governor and state departments that guide workforce investment and training at the state and local levels.

Set statewide goals:

Through the newly established Office of Workforce Development and with direct leadership from a reimagined State Workforce Development Board, the state must orient its workforce development system toward a set of common training and postsecondary¹³ goals that can help it effectively respond to the changing needs of the labor market.

Evidencing the importance of setting goals in building a workforce development system, 41 states have established postsecondary attainment goals; unfortunately, New York State is one of the nine that have not.¹⁴ For example, Minnesota has set a goal whereby the proportion of residents aged 25–44 who hold postsecondary degrees or certificates will reach at least 70 percent by 2025. According to the most recent figures, 61 percent of white Minnesotans aged 25–44 have a postsecondary credential, compared to 24 percent of Latinx Minnesotans in the same age bracket. In this light, one of the state's strategies for reaching this target is the closure of equity gaps.¹⁵

In setting its targets, New York State should consider the Lumina Foundation's goal-setting framework developed to help states address postsecondary shortfalls and misalignments. Although designed specifically for the postsecondary education context, this framework is also applicable to workforce

development, as its four driving factors speak to New York State's need for a more skilled and credentialed workforce. These factors are (1) economic and demographic changes across the country, (2) policymakers' concerns about the nation's ability to compete globally, (3) growing bipartisanship around the need for increased educational attainment, and (4) public concerns about college affordability and rising debts.¹⁶ This framework has been used by 41 states across the country to set postsecondary education goals, and it could provide a useful starting point for New York State as it determines its postsecondary attainment and workforce strategy.

Develop a statewide plan:

As outlined in the 2015 report *Seeking a State Workforce Strategy*,¹⁷ New York should utilize the required WIOA state plan revision in 2019 as an opportunity to develop a clear and compelling plan to coordinate existing resources and services, set goals, and establish a shared set of outcomes to measure progress.

The development of a statewide plan will require a deep understanding of all working New Yorkers, including those who are underemployed or underutilized, as well as current and future labor market demands. Additionally, it will require an inventory of state-funded workforce programs and an understanding of what is functioning and what needs to be reformed. That is why Governor Cuomo should charge the State Workforce Development Board and the Office of Workforce Development with undertaking a transparent planning process that engages every local workforce development system, employers, career centers, community-based partners, labor unions, educational institutions, and more.

For example, Washington State has developed "Talent and Prosperity for All," a strategic plan to meet the combined challenges of a competitive economy, a changing labor force, and limited resources.¹⁸ The development of this plan came after an audit of the state's workforce development system conducted by the Washington State Auditor's Office.¹⁹ Through an inclusive process engaging stakeholders across the state, Washington's governor tasked a coordinating board of leaders (in other words, a state workforce development board) with three objectives:

1. Help more people find and keep jobs that lead to economic self-sufficiency, with a focus on disadvantaged populations.
2. Close skill gaps for employers, with a focus on in-demand industry sectors and occupations.
3. Work together as a single, seamless team to effectively use resources.

Simply stated, this plan reflects Washington's strategy to help residents access economic opportunities, to develop talent pipelines for employers, and to create an efficient system that leverages limited resources. Core organizing principles from this plan that New York should consider adopting for its own include the following:

- **Integrated services for residents that lead to employment and careers:** Residents must be able to make informed choices based on the range of services available. The workforce development system should combine all resources to help individuals find and keep the right job and should provide continued support as people advance in their careers.

- **Increased business engagement through clearly defined workforce values:** In light of the reality that many businesses do not engage with their states' workforce development systems, it is important to communicate a clearer value proposition of the system and make it easier for employers to engage with.
- **Universal access through the removal of technological and other barriers:** The state's workforce board should establish a permanent advisory committee that provides guidance on how best to use technology to remove barriers and increase access to workforce development training and services.
- **A next-generation performance accountability system that shows outcomes and identifies gaps:** Having a 21st-century data system not only provides labor market data but also helps capture the results of shared performance measures.²⁰

Another state worth mentioning is Virginia. In 2008, Governor Tim Kaine issued an executive order launching the Governor's Task Force on Career Pathways System Development²¹ to build a statewide career pathways system that weaves together the education, workforce development, and economic development systems. At the time, Virginia faced many of the challenges that New York's workforce development system currently faces, such as a lack of alignment across agencies, a lack of shared performance measures, a lack of regionally organized user-friendly labor market information, and a fragmented and inefficient approach. Against this backdrop, the task force put forward five core strategies—many of which directly align with the recommendations in this blueprint—that New York should consider in developing a statewide plan:

- » Establish state leadership and an operational framework to support regional action.
- » Encourage and facilitate the use of data to strengthen connections to business, inform program development, and measure success.
- » Encourage transitions among education and employment systems, programs, and services. Transitions should allow for flexibility at the regional and institutional levels.
- » Expand the provision of supportive services, including advising and coaching, to increase retention and completion rates among those enrolled in workforce training and education programs.
- » Establish sustainability of the state's career pathways system as a cross-agency and business priority across relevant agencies and key industries.²²

RECOMMENDATION 2:

Build a career pathways system.

Spearheaded by the New York State Office of Workforce Development and a reinvigorated State Workforce Development Board, the state needs to build a career pathways system. The value of such a system is that it links and aligns relevant public systems with private and nonprofit partners, thus fostering greater impact.²³ In this regard, the state should take the following steps:

- ✓ **Mandate government agencies to develop an integrated workforce development system:** Governor Cuomo should charge all government agencies involved in workforce development to work with the Office of Workforce Development to build a fully integrated workforce development

system that works across government agencies to connect services, leverage limited resources, and establish shared outcomes.

- ✓ **Create a mechanism to fund activities and programs across the continuum of workforce development:** Governor Cuomo should launch a career pathways CFA that accepts proposals on a rolling basis and that supports activities across the continuum of workforce development.
- ✓ **Foster continuous improvement and innovation:** The Office of Workforce Development, as part of the rollout of the career pathways CFA, should launch a Continuous Improvement and Innovation Fund allowing experts in the field—including employers and workforce development entities—to respond to new demand by testing demand-driven ideas that can improve existing or create new systems or programs.

As outlined in a report by the US Department of Education, “career pathways systems provide a framework for organizing and formally aligning the education, workforce, and supportive services needed to guide a wide range of individuals successfully through the continuum of education and training courses that are necessary for credential attainment and family-supporting careers.”²⁴ And according to former vice president Joseph Biden’s report *Ready to Work: Job-Driven Training and American Opportunity* and reinforced by the Center for Law and Social Policy, the core elements of a career pathways system are as follows:




Recognizing the growing need for states to build career pathways systems supported by WIOA, the US Department of Labor published *Career Pathways Toolkit: A Guide for System Development in 2015*.²⁶ This how-to document provides guidance for state policymakers charged with building career pathways systems aligned with the goals of WIOA state plans. Additionally, the Alliance for Quality Career Pathways has been working with a group of states for more than five years as they build career pathways systems driven by the above six elements. This project has developed a body of evidence, toolkits, and lessons that New York leaders may consider as they build the state's career pathways system. It has also demonstrated that having various partners who are fully engaged leads to a comprehensive career pathways system that is robust, of good quality, and sustainable. Fortunately for New York State, the Alliance for Quality Career Pathways has also identified a set of milestones and indicators that states can use to map their progress against the core elements outlined above and has developed a learning community of state leaders working to build and improve career pathways systems.²⁷

Mandate government agencies to develop an integrated workforce development system:

In order for a career pathways system to fully work, New York needs a strategy to address the inefficiencies of its current workforce development system. Doing so also directly aligns with Governor Cuomo's effort to help local governments and municipalities become more efficient.²⁸

New York's current system decentralizes and scrambles programs for residents, making it difficult to deliver robust social and employment services. The state's overall workforce development system comprises dozens of programs with multiple funding streams administered by more than 13 agencies, costing billions of dollars annually.²⁹ One example of this fragmentation can be seen in the Supplemental Nutrition Assistance Program (SNAP) and TANF programs. Currently, each county develops its own plan for managing the delivery of these services.³⁰ This decentralized approach, coupled with the overall disconnect between these services and the federal workforce development system (i.e., WIOA, whose implementation is managed by the New York Department of Labor), contributes to major inefficiencies and missed opportunities. For example, even though these programs share workforce-related goals, they do not share performance indicators, making it impossible to evaluate the efficacy of the workforce development system as a whole.

In contrast, Texas has had an integrated workforce development system for more than two decades that braids together WIOA, TANF, SNAP, and other federal and state programs that have workforce outcomes.³¹ Not only does integration allow the state to reduce infrastructure costs by housing multiple programs and staff in single sites (known as one-stop centers), but it also allows residents to receive a variety of services (often from multiple funding sources) at the same time and by visiting just one office. This customer-centered, single-system approach gives the state the flexibility to create



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a seamless menu of services for residents, regardless of the revenue streams associated with those services. Importantly, all of these programs in Texas share a performance outcomes framework and are managed by the Texas Workforce Commission, which runs programs through the state's 28 one-stop centers each in partnership with an accompanying local workforce board.

A critical difference between New York and Texas is that in Texas, the Texas Workforce Commission is responsible for managing TANF, SNAP, and WIOA; meanwhile, in New York, WIOA is managed by the New York State Department of Labor, and TANF and SNAP are managed by the Office of Temporary and Disability Assistance, without an intentional system-wide connection. The Texas Workforce Commission facilitates a deeper integration of public policy and revenue streams, thereby allowing Texans to access services without the burden of navigating complicated local, state, and federal policy webs.

Create a mechanism to fund activities and programs across the continuum of workforce development:

Building a career pathways system also provides direct guidance on how to set up a CFA, which will be the state's vehicle for distributing funding, including the recently announced \$175 million for workforce development organizations, colleges, employers, intermediaries, and others. The career pathways CFA should be used as the funding mechanism to support the full continuum of workforce services, starting with youth services in K–12 and ending with services for older adults who need additional training or are changing careers. Examples of programs across the workforce continuum—which together make up a career pathways system—include work-based learning in schools, summer internships, high school equivalency programs, contextualized English-as-a-second-language programs, contextualized adult literacy programs, bridge programs to postsecondary and training opportunities, sectoral employment programs and apprenticeships, advanced training and upskilling, and pre-apprenticeship and youth apprenticeship programs.

This fully integrated approach should incentivize partnerships and connect wrap-around support services to the continuum of workforce development activities in order to address other barriers faced by New Yorkers in accessing training and employment opportunities. Further, the career pathways CFA should accept proposals on a rolling basis to support multi-year investments in activities across the workforce development continuum, thereby helping New Yorkers continuously advance their economic situation while also constructing a responsive and nimble workforce development system.

Foster continuous improvement and innovation:

To create a responsive career pathways system that can meet the timely demands of the ever-changing labor market, New York State should allocate some of the newly dedicated \$175 million to develop a Continuous Improvement and Innovation Fund that can support innovation across the continuum of workforce development. This fund would also allow programs and partnerships to improve their current practices if complete overhaul or innovation isn't necessary. Recipients of the this fund should come together annually to share learnings and insights that can better inform practice across the system. The Continuous Improvement and Innovation Fund can be funded through the career pathways CFA mechanism outlined above.

A similar fund at the federal level is the Workforce Innovation Fund,³² which since 2012 has provided 45 competitive grants to states, regions, and localities with the charge to transform the public workforce development system, including by breaking down program silos, implementing innovative approaches to the design and delivery of employment and training services that generate long-term improvements in performance, and strengthening performance incentives. By focusing on change at both the service delivery and the systems levels, and by requiring rigorous third-party evaluation of each investment, this fund fosters broader change and continuous improvement in the operation of the public workforce development system. The goals of the Workforce Innovation Fund, which align with the elements of a career pathways system that New York should consider, include the following:

- Deliver services more efficiently and achieve better outcomes, particularly for vulnerable populations (e.g., low-wage and less-skilled workers) and dislocated workers, especially those who have been unemployed for many months.
- Support system reforms and innovations that facilitate cooperation across programs and funding streams in the delivery of client-centered services to job seekers, youth, and employers.
- Emphasize knowledge creation on effective practices through rigorous evaluation, the translation of lessons learned into improved labor market outcomes, and the scaling-up of successful practices in other geographic locations, thereby increasing cost efficiency in the broader workforce development system.

RECOMMENDATION 3:

Build a 21st-century data infrastructure.

To be truly cost-effective and responsive to labor market demands, New York State should focus on building a single user-friendly system that can do the following:

- ✓ **Use labor market information:** The Office of Workforce Development should develop a regionally organized labor market information tool that is available to all stakeholders, including current and prospective employers, job seekers, and workforce development providers.
- ✓ **Measure performance outcomes:** The Office of Workforce Development should develop a single and centrally managed set of outcome metrics for all relevant agencies and programs.
- ✓ **Evaluate programs:** The Office of Workforce Development should develop a plan to periodically evaluate workforce programs on a rotating basis.

Using statewide and regional labor market information to inform opportunities and investment is only half of a 21st-century data infrastructure. To optimize limited public workforce funding, policymakers must focus strategically on programs with the biggest return on investment—in other words, programs that result in the highest hiring rates, biggest salary increases, highest rate of credential acquisition, and the best long-term outcomes in relation to their cost. To capture the efficacy of New York's workforce development system, the state must be able to provide a real-time overview of what agencies are providing services, who is receiving these services, and what progress is being achieved. This data

is incredibly powerful when paired with labor market demand data, as it allows the state to see the progress being made to ensure that underutilized labor is accessing the labor market and that skills gaps are being closed in many sectors across regions.

Use labor market information:

Robust information on the current and future demand for job skills in relation to the supply of skilled workers is critical for ensuring that the state's workforce development system is equipped to meet demand. Although New York does produce labor market information, it is not regionally organized, nor is it targeted to help employers make investment decisions, to help workforce development trainers create programs, or to help residents make decisions about what career pathways to pursue. New York's labor market data must be reliable, relevant, comprehensive, timely, and accessible to all stakeholders, including businesses (as they make decisions regarding site locations, recruitment, hiring, and advancement), workers and job seekers (as they make career choices), education and training providers (as they develop job training curricula and adapt workforce programs to evolving industry requirements), and policymakers and government officials (as they make program budget decisions).



New York's labor market data must be reliable, relevant, comprehensive, timely, and accessible to all stakeholders.

Minnesota, Oregon, Texas, Washington, and a number of other states have dedicated a great deal of time and resources to develop suites of labor market information and customizable tools to guide decision making, planning, and investment by all stakeholders. Like them, New York should produce detailed reports showing essential workforce data, such as regional occupations that are in demand, occupational staffing patterns by industry, regional surveys of industry and occupational job vacancies, and gap analyses that reveal opportunities and challenges. These reports should be managed centrally through the Office of Workforce Development.

Minnesota, for example, has been leading the nation in using labor market information to inform its workforce development strategy. In 2015, the state's Department of Employment and Economic Development surveyed more than 3,000 firms stratified by WIOA region, industry sector, and size to better understand how to address racial disparities in employment.³³ Its findings revealed an employment status gap, a wage gap, an education attainment gap, and a career advancement gap. Highlights from the department's analysis of these gaps, which informed Minnesota strategy and investment moving forward, are below.

- **Employment status gap:** White and Asian college graduates were more likely than other racial minorities to be employed full time and consistently for the entire year.
- **Wage gap:** Among those employed full time, whites earned more than other racial groups. However, the wage gap was reduced among workers under the age of 30 who had at least a bachelor's degree and who consistently worked a full-time job, revealing that "educational attainment has the effect of leveling the playing field."

- **Educational attainment gap:** African American and American Indian graduates were overwhelmingly more likely than other racial groups to hold credentials below a bachelor's degree.
- **Career advancement opportunity gap:** At similar levels of educational attainment and ages, racial minorities were more likely than whites to work in low-wage jobs. African Americans with bachelor's degrees were disproportionately concentrated in industries with limited career advancement, such as social assistance. However, in high-wage, high-skill industries (such as hospitals, professional and technical services, construction, and manufacturing), the wages of racial minorities were more comparable to those earned by whites.³⁴

To connect labor supply to labor demand, reliable, timely, and accessible regional occupational data and gap analysis is needed. Specific categories of data offered by Minnesota include the following:

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| <ul style="list-style-type: none">• Occupations in demand—projected openings for high-demand jobs for each region, along with current employment, typical wages, and training requirements.• Occupational staffing patterns—estimates of occupational employment by industry.• Key employment indicators such as regional employment projections and wages that can be viewed at the same time or individually downloaded to allow for comparisons of opportunities. | <ul style="list-style-type: none">• Job-matching reports allowing job seekers to enter their previous job titles and be matched with other jobs that can be performed with the same experience.• A semi-annual job vacancy survey showing industries and occupations with openings and identifying regional real-time demand.• A business-finder data tool that allows users to find employer contact information. The information is searchable by business, industry, occupation, city, state, ZIP code, and key word. | <ul style="list-style-type: none">• Career and education explorer with information on wages, demand, education, and job opportunities, as well as WIOA-eligible training providers and certified training lists.• Graduate employment outcomes by region and institution.• Regional statistical reports showing worker demographics by occupation.• Gap analyses that allow users to view the number of enrollments and graduates of education and training programs. The data is mappable and customizable by region or occupation, allowing users to easily evaluate the supply-demand relationship in various regions.³⁵ |
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Measure performance outcomes:

Based on its ability to conduct supply- and demand-side analyses, Minnesota also adopted a net impact framework,³⁶ which uses data to understand program impacts, support evidence-based policymaking, and promote continuous improvement. Importantly, this framework standardizes the measurement of impact across all workforce development programs and analyzes a wide array of outcomes, including employment, earnings, public benefits usage, tax payments, and incarceration and recidivism rates. Like Minnesota, New York should commit the time and resources to develop a single set of shared performance indicators across all workforce programs as part of a fully integrated career pathways system.

To provide deeper insight, Minnesota's indicator results can be disaggregated based on participant characteristics (such as race, gender, or educational attainment) and program features (such as duration, services, or geography). Participant outcomes are also compared to the outcomes of nonparticipants—taking into account demographics, work history, and local economic conditions—to isolate the impacts of specific practices. Further, data is aggregated quarterly to identify trends and can be used to analyze the impact of different strategies on various communities and to calculate the return on taxpayer investment of the state's workforce development programs.

Texas is another model state that has implemented a single set of shared performance metrics. The state uses WIOA-based performance measurements across nearly all of its workforce funding streams, which allows it to run monthly performance reports at both the program and systems levels, which are then submitted to state commissioners, agency executives, program staff, local boards, and others. Using a single outcomes framework and one data management infrastructure also allows Texas to directly inform the governor and the state legislature in the bi-yearly development of the state's budget, allowing for investments to be targeted toward programs that are working for Texans.

Evaluate programs:

Even with performance outcomes data to provide deeper insight into the performance of the system, periodic qualitative program evaluations are needed to foster continuous learning. New York's Office of Workforce Development should produce an annual report capturing the system's performance and should develop a plan to evaluate a different set of programs each year to foster continuous improvement and to ensure that taxpayer money is being spent wisely.

In Washington State, as mandated by the legislature, the State Workforce Development Board tracks the results of the state's 12 largest workforce programs and administers biennial outcome evaluations of the state workforce training system based on surveys of program participants and their employers, as well as information from the Washington Employment Security Department payroll and wage files.³⁷ These evaluations, conducted by the Upjohn Institute, identify participant success in finding employment, earning levels, and participant and employer satisfaction with program services and outcomes. These evaluations have become a tool to help the state identify where to create efficiencies to save public resources.

A comprehensive evaluation plan that applies uniform metrics across programs would facilitate diagnosis of the performance of New York's workforce development programs, help identify areas in need of reform, and foster accountability. An annual report and periodic program-level evaluations would also serve as a vehicle for policymakers and practitioners to adjust their program models and resource allocation to better respond to a rapidly changing economy.

CONCLUSION

Given the urgent need to build a responsive and nimble workforce development system that can meet the demands of an evolving economy, Invest in Skills NY is ready to work alongside Governor Cuomo and state policymakers to advance the recommendations outlined in this blueprint.

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Kevin Stump, Vice President of Policy, Communications, and In-School Practice at JobsFirstNYC, was responsible for framing the project, conducting research and analysis, leading the brief's writing and editing, and managing the production process. Margaret Stix of Lookout Hill Public Policy Associates contributed to the brief's research and writing.

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This brief builds on the background and definitional research provided by key policy papers and research reports, including *A Thousand Cuts* (2007) by the Center for an Urban Future and NYATEP; *New York's Forgotten Middle-Skill Jobs* (2011) by the National Skills Coalition; *Unleashing the Economic Power of the 35 Percent* (2014) by JobsFirstNYC; *Seeking a State Workforce Strategy* (2015) by NYATEP and the Center for an Urban Future; *Optimizing Talent: The Promise and the Perils of Adapting Sectoral Strategies for Young Workers* (2016) by JobsFirstNYC and the Aspen Institute; *Sounding the Alarm: New York's Young Adult Unemployment Crisis and the Need for State-Based Reforms* (2016) by Young Invincibles; and *Workforce Agenda for New York City* (2018) by the NYC Workforce Funders and Workforce Professionals Training Institute's Field Building Hub. Collectively, these papers and others articulate the challenges and opportunities facing New York's workforce development system, giving way for Invest in Skills NY to offer a more solutions-oriented memorandum. In addition to an extensive literature review and secondary data analysis, Invest in Skills NY is engaged with more than two dozen stakeholders from across the country to better understand how other states have built responsive and integrated workforce development systems.

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4. Brent Kramer, *The Uphill Employment Battle for New York's Recent College Graduates* (Fiscal Policy Institute, August 3, 2017), pp. 4, 6.
5. *State of the Workforce* (supra note 2), p. 6.
6. Jeanne Batalova, Michael Fix, and James D. Bachmeier, *Untapped Talent: The Costs of Brain Waste among Highly Skilled Immigrants in the United States* (Migration Policy Institute, *New American Economy, and World Education Services*, 2016), p. 25 (table 4).
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Invest in Skills NY is a statewide advocacy partnership between employers and the economic and workforce development community with the message that it is vital that the governor and the New York State Legislature make a skilled workforce an economic priority. This partnership aims to raise awareness of workforce development as economic development and to encourage policy reform to meet the changing demands of the labor market. Invest in Skills NY is staffed by JobsFirstNYC, NYATEP, and Young Invincibles.

www.investinskillsny.org



JobsFirstNYC is a nonprofit intermediary organization whose mission is to leverage all available community, corporate, human, organizational, private, and public resources to bring out-of-school and out-of-work young adults into the economic life of New York City. JobsFirstNYC was created in 2006 with an initial investment from the New York City Workforce Funders.

www.jobsfirstnyc.org



New York Association of Training and Employment Professionals (NYATEP) is a workforce association, that provides leadership, vision, and advocacy for a thriving workforce in New York State. Its 150 member organizations are deeply committed to workforce development as economic development and serve more than one million New Yorkers each year. NYATEP values human capital as its greatest resource and a key component to effective state and local economic development strategies.

www.nyatep.org



Young Invincibles is a nonprofit organization dedicated to amplifying the voices of young adults in the political process and expanding their economic opportunities. It does this through building a community of young leaders to take action for social change, sharing the stories of young adults, writing cutting-edge policy research and analysis, providing tools for young adults to make smart economic choices, and creating mission-driven social enterprise ventures. Young Invincibles is based in Washington, DC, and has regional offices in California, Colorado, Illinois, New York, and Texas.

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