

Testimony of New York Association of Training & Employment Professionals

Before the Joint Legislative Hearing on the Executive Budget

Economic Development Hearing: February 23, 2021

Presented by Melinda Mack, Executive Director

My name is Melinda Mack, the Executive Director of the New York Association of Training and Employment Professionals (NYATEP), the statewide workforce development association representing New York's education, job training, postsecondary and employment providers. NYATEP's members serve over 1.2 million New Yorkers annually in education and employment services, and support thousands of businesses in their regions as they train and employ talent.

A year ago, our lives, work, and communities dramatically changed due to COVID-19. Parents are juggling new schedules for their families; businesses are grappling with keeping staff on their payroll; and many New Yorkers are unsure when they will see a regular paycheck again. As we begin to round the bend of COVID 19, getting people back to work will be front in center to mitigating the severe economic aftershocks across New York State. It seems unfathomable that to date nearly 5 million New Yorkers have filed for unemployment insurance and over 2 million for Pandemic Unemployment Assistance, when just last February weekly jobless claims were at a historic low.

This is unlike any time in modern history, however NYATEP has been sounding the alarm for the past three years through our annual State of the Workforce report, that the top 10 largest occupations, which makes up nearly 2 million jobs, are dominated by low wage work. Of the occupations represented, nine out of 10 pay less than \$32,000, and the vast majority are in sectors that have been directly impacted by COVID 19. They include retail salespersons, food prep workers, servers, cashiers, and office administrative roles.

Due to the State's dependence on low wage work, too many New Yorkers struggled to make ends meet when the economy was good. The United Way of New York estimates that 45% of New Yorkers are "working poor" -- meaning they are [asset limited, income constrained, and employed](#) -- however, they are unable to cover basic monthly costs of food, childcare, transportation, housing, etc. COVID-19 has exacerbated all of these challenges, bringing many families to the brink. Individuals who were unemployed or working in temporary or unstable employment prior to COVID-19 will struggle to re-enter the workforce. This summer, the Center on Budget and Policy Priorities found a sharp increase in families facing serious economic hardship, including difficulty paying rent or purchasing food. Prior to COVID-19, 38% of New Yorkers receiving Supplemental Nutrition Assistance Program (SNAP) were from working families. As of October 2020, 2.8 million New Yorkers are receiving SNAP and over 550,000 are receiving Temporary Assistance.

As we learned during the last Recession, that even as the economy improves, it doesn't improve for everyone equally. As [reported by Georgetown University's Center on Education and the Workforce in, America's Divided Recovery: College Haves and Have-Nots, 2016](#), people with a high school diploma or less did not rebound in an equitable manner. Workers with a bachelor's degree or higher gained over 8.4 million jobs in the recovery, whereas those with a high school diploma or less gained a mere 80,000. In New York, 42% of people (5.65 million) have a high school diploma or less, and of those who completed less than a high school, nearly half never made it past 9th grade. This is a significant factor contributing to the skills gap that New York is facing.

Despite the ravaging effects of COVID-19, over 50,000 good paying jobs sit open for in demand sectors, waiting to be filled. New York State does not have enough skilled talent to meet the needs of employers. This has been a persistent problem that is not going away, it will continue to get worse, as nearly a quarter of workers in New York are at or nearing retirement age, which will particularly impact key sectors like government, healthcare and manufacturing. We also have pools of untapped labor that needs investment – low wage workers, individuals with low basic skills, individuals with disabilities, immigrants, and the formerly incarcerated, among others who are an opportunity away from a good job.

It is also important to note the devastating impact that the pandemic has had on the small business community, an entry way for many New Yorkers to develop foundational work experience and obtain good paying jobs in their local communities. Prior to last March, 99% of New York businesses employed 4 million people, roughly 50% of the labor market. Statewide economic shutdowns and staggered reopenings due to COVID-19, caused many small businesses to reduce their employee headcount. Today the number of small businesses that are open has decreased by 35.5% compared to January 2020.

The pandemic has underscored the need to immediately address worker hardships, and the need to support individuals in their transition back to employment. We will have one shot to be sure this recovery does not leave people behind. New York State's workforce development system is uniquely positioned to respond to these challenges and support the state's equitable recovery efforts. The origin of the workforce system is rooted in addressing inequity in our labor market, and for decades we have worked against the undercurrent of overt and systemic racism that has shaped federal, state, and local policy making. However in order for the workforce system to adequately address the challenges of our labor market, New York State needs to address legislative barriers, utilize existing resources, and provide potential new funding that will expand effective programs and launch new initiatives that will help bolster the economy.

This summer, Invest in Skills New York hosted the New York State Workforce Strategy Group to address persistent labor market issues and support an equitable economic recovery. The Governor has outlined the following four key priorities in his FY 2022 Executive Budget that are also included in the Invest in Skills NY [A New Way Forward](#) report and are supported by the Workforce Strategy Group:

- Continue to fund the \$175M Workforce Development Initiative funding to support the skills training needs of New Yorkers and the business community
- Support business-led retraining by expanding the Employee Training Incentive Program (ETIP) by making \$5 million available annually to support businesses in providing the training needed to prepare New Yorkers for high-quality jobs in growing career fields.
- Make high speed broadband services affordable for all New Yorkers
- Lower the cost of high-quality child care for low-income families and increase child care availability

I would like to highlight how although we are in full support of all these recommendations, there is one particular concern we would like to bring to your attention. The \$175M Workforce Development Initiative is critical and desperately needed, however we urge the Legislature to review the language in the Aid to Localities Budget, Pay for Success Contingency Reserve, General Fund Local Assistance Account 10000. The Pay for Success funding of \$69,000,000 is bound by the discretion of the Division of Budget, which has placed unnecessary constraints on the funding and has expanded the uses of the resources originally intended to be spent on workforce development.

Our members have shared with us restrictions in the program that we believe are hindering its success and especially hurting those left behind in the labor market:

- The structure of reimbursement contracts are difficult for many not-for-profit organizations to fund upfront costs of programming.
- The requirement that every program ends in employment within a year. These limitations eliminate critical programs that bridge individuals with low basic skills into hard-skills training, partnerships with K- 12 or programs like apprenticeship that take more than 1 year to complete
- The application process and responses from the Office of Workforce is slow.
- No funding was allocated this past year.

We strongly agree with the Division of Budget's goals of ensuring funding is effectively spent and end with a job. However, the evidence-based practices that we know change outcomes for New Yorkers, especially those left behind in the labor market, require flexibility and contracting expediency.

Furthermore, the Invest in Skills New York Workforce Strategy Group highly urges the Legislature to support the following recommendations that will stabilize the economy and accelerate employment:

- Establish a six month, 100% income disregard for New York's public assistance recipients participating in a publicly funded workforce and postsecondary programs and employment opportunities.
 - The Governor and the Legislature should amend the Social Services Law, Article 5, Title 1, Section 131-A. In pilot programs launched by the New York City Human Resources Administration, public assistance recipients are connected to private sector and public sector subsidized employment and receive work readiness, job training and wrap around work supports. The participants earn wages over the course of six months, with no negative impact to their benefits. Around half of the participants, who would have otherwise remained unemployed. This is not unprecedented, in 2018 Massachusetts legislated a 100% income disregard for a six month period to eligible welfare recipients. New York could do the same helping hundreds of thousands of New Yorkers obtain skills, to work and build a safety net.
- Maximize the federal 50/50 match and shift the SNAP Employment and Training Venture program to a cost-reimbursement structure to increase the number of New Yorkers served.
 - New York is leaving money on the table by not maximizing the federally funded SNAP Employment and Training (SNAP E&T) program. States can utilize SNAP E & T formula-based federal program grants for administrative functions, as well as use 50 percent reimbursement grants (50-50 funds) to increase program scope, capacity, and sustainability. Through 50- 50 funds, the federal government reimburses states for 50 percent of SNAP E&T program costs paid for with non-federal dollars. In addition to supporting education and training activities, 50-50 funds can also be spent on work supports, including transportation, books and supplies, and child care.²² In New York, the SNAP E & T Venture Program (Venture), and the SNAP E&T 50/50 program facilitates intense employment services by reimbursing 50 percent of all state, local and private funding spent on employment services for SNAP participants. By coupling food assistance and employment services, service providers and the NYS Office of Temporary Disability Assistance (OTDA) have a greater impact on people's lives by helping to address both of these needs and ultimately making participants more successful.

- Now that the Venture program is up for renewal, OTDA should shift to a cost-reimbursement structure to align with Employment and Training components and make modifications to ease the SNAP reverse referral process. Adjusting to a cost reimbursement structure allows providers to increase the number of SNAP recipients obtaining work experience, job training and support services, like digital literacy, tools and transportation needed for work. Increasing the number of participants will enable OTDA to draw down additional “50/50 match” funding from the federal U.S. Department of Agriculture Food and Nutrition Service, thereby increasing the funding coming to the state.

- Launch a \$25 million Small Business Wage Subsidy Program to sustain and increase employment opportunities for 2,500 small businesses, specifically targeting communities with a high reliance on small business and communities of color
 - Utilizing federal CARES Act Funding awarded to the State, the Governor and the Legislature should launch a Small Business Wage Subsidy program to enable 2,500 small businesses to stabilize existing employment and increase rehiring of employees. Existing examples can be found throughout the U.S. and internationally. For example Canada has developed an Emergency Wage Subsidy program that enables a small business to rehire workers with 75% of the wages subsidized for up to 6 months. In Charlotte, North Carolina the Access to Capital program will provide \$30 million to small businesses, administering grants of \$10,000 to businesses with five or fewer employees and \$25,000 to businesses with six to 25 employees. New York should follow their lead, administering the program through Empire State Development and local business intermediaries.

- Be a national leader for workforce data by investing \$10 million of federal Wagner Peyser funding for an integrated data system that enables workforce professionals to effectively share and manage programs and performance
 - The need for a thoughtful, integrated workforce development data system is especially timely considering the number of New Yorkers unemployed and without a path forward. Due to the origin of the funding (i.e. the various federal or state programs) the variability in how workforce development programs measure employment makes conducting a cross program, system-wide analysis of workforce programs a challenge. As outlined in the Invest in Skills NY brief, Accounting for Success: A Blueprint for Measuring the Performance of New York State’s Workforce Development System, in order to achieve a data-driven workforce system, the state needs to apply a uniform metric across its different programs, and make a real investment into building, utilizing and maintaining the system.
 - Fortunately, New York can learn from other states that have taken on the task of streamlining their workforce development data management systems. States such as Michigan, Minnesota, Texas, and Washington have built systems that now allow the state to prioritize programs and interventions with a strong return on investment. Additionally, utilizing their State Workforce Board and local workforce system, they are quickly able to respond to changing needs; scale up effective interventions and shift resources, as needed. New York is also one of the fourteen remaining states who have neglected to take advantage of the federal Workforce Data Quality Initiative funding,

that provides for up to \$2.7 million to an eligible State Workforce Agency for the integration of the state's case management system, performance reporting, and/or fiscal reporting systems with the state's longitudinal database.

Through the outlined recommended investments and changes that have been recommended by the Invest in Skills New York [New Way Forward report](#), New York State can ensure that no one gets left behind as we rise up and build back better. I sincerely appreciate your continued support and interest in job training, education and employment, and your deep understanding of the needs of your constituents.

I would be happy to take your questions or to follow up with your staff following the Hearing. If you have any questions or comments relating to this testimony or any of the reports below, please reach out to Melinda Mack at mmack@nyatep.org.