



Testimony of JobsFirstNYC before the Joint New York State Legislative Hearing regarding 2018-2019 Executive Budget Proposal for Workforce Development on January 24, 2017 delivered by Kevin Stump, Vice President of Policy, Communications, and In-School Practice

Attached: Unleashing the Economic Power of the 35 Percent

Good afternoon, distinguished members of the New York State Senate and Assembly. My name is Kevin Stump and I am the Vice President of Policy, Communications, and In-School Practice at JobsFirstNYC. We are a neutral intermediary working to reduce the number of out-of-school and out-of-work young adults in New York City.

For ten years, JobsFirstNYC has been working with local communities across the five boroughs developing and supporting collaborative and innovative strategies to find effective solutions to support out-of-school, out-of-work young adult New Yorkers and the community they live in. Core to JobsFirstNYC's approach is using the lessons learned throughout our work to inform systems-level policy needs. We welcome the opportunity to provide high-level feedback to the Executive Budget proposal for Workforce Development to ensure that every young adult can access the economy and reach their fullest potential.

We are a founding member of the ***Invest in Skills New York*** campaign that is launching this year. The campaign is a statewide advocacy partnership between the employers and the economic and workforce development community aimed at making a skilled workforce an economic priority for the Governor and the New York State Legislature. We believe that together with the State we can institute and advance three key policy principles to build an education and workforce system that is responsive to current needs and is adaptable to the changing nature of work. These principles include:

- **Funding and Scale:** New York needs stable State-funding to scale evidence-based workforce development programs and practices;
- **Intentional System Design:** New York needs to deliberately align economic and workforce development strategies; and connect the systems delivering education, job training and employment, so that the future workforce and employers engage in a seamless system of services that respond to talent development demands;
- **Modernize Infrastructure:** New York needs to invest in workforce strategies based on data. The workforce system should rely on real-time labor market data and utilize an integrated data system to measure performance and reduce duplication.

Over the past five years, New York City has seen a notable decrease in the number and share of 18- to 24-year-olds who are out of school and out of work: from 22 percent (188,588 young adults) in 2010, to 17 percent (136,483) in 2015. However, the barriers faced by the remaining 136,483 young adults increases the challenges to serving them.

Recent research by JobsFirstNYC (to be published in the coming weeks) has also surfaced a new set of structural challenges that the out-of-school, out-of-work population is faced with. Among them include how

**Unleashing the
economic power
of young adults**



most job growth over the last five years has been in part-time work, as full-time jobs have decreased. And even with a tighter labor market and increased demand for labor, wages for young people have stagnated. Additionally, despite higher high school graduation rates and increasing college enrollment rates, a growing number of young people are leaving college without credentials to enter the labor market—with many falling into low-wage work or becoming part of the out-of-school, out-of-work population. Despite these new structural challenges as well as some persistent barriers for young adults to participate in the economy, the state has not adequately responded with its own strategy. In fact, much of the youth workforce development discourse has been focused on programs that mostly serve in-school youth (i.e., Summer Youth Employment Program) without any real workforce development investment or strategy to help connect all New Yorkers to economic opportunity.

That's why we are excited to support the Governor's unprecedented workforce development vision. Governor Cuomo's proposal to add \$175 million to support workforce development efforts, establish a statewide workforce development office, design a workforce data system, and establish a one-stop shop for jobseekers and employers is a victory in and of-itself. However, we must remain diligent to ensure his vision becomes the reality New Yorkers need it to be.

The proposed \$175 million of funding through the Regional Economic Development Councils is a much needed and timely investment—especially given the rapidly changing nature of the economy. Critical to the success of Governor Cuomo's bold proposed investment is to ensure that these resources are structurally permanent dollars the workforce, education, and economic development systems can depend on year-to-year in order to adequately train New Yorkers to meet labor market demand.

Because actual funding for the workforce system has declined significantly over the last decade—despite the increasing need for more industry-specific training and credentials—some of the initial resources should be used to build up and modernize the existing workforce development infrastructure. This will allow the workforce development system the opportunity to partner with employers and industry sectors, going beyond their current capacity to create cutting edge, innovative training and skill-development strategies for tomorrow's workforce. Importantly, these resources must be given the flexibility to create innovative workforce development strategies that are responsive to current demand and can anticipate tomorrow's evolving needs.

While Governor Cuomo's proposal to establish a new State Office of Workforce Development is an important step in the right direction, to be effective, this office must have the authority and capacity to truly facilitate interagency coordination and systems building, and must be adequately resourced as a structural part of the Executive Chamber answerable to the Governor. This office must also be accountable to the New York State Legislature through public oversight hearings and publicly available annual reporting to maximize transparency and effectiveness.

Governor Cuomo's proposal to create a one-stop shop online portal for workers and businesses is a 21st century idea that JobsFirstNYC called for in *Unleashing the Economic Power of the 35 Percent* (attached), recognizing the fractured and siloed nature of education, training, and employment. If effective, this portal



will be a transformative tool that will include job and career information, education and training resources, geographical information on how to find social services related to work, and more.

Governor Cuomo's plan to create a statewide data analytics system modeled after Monroe Community College's framework is a welcomed idea. At first glance, the proposal seems to only focus on the demand-side data that is critical to informing where more training and workers are needed to fill skills gaps. However, to be truly comprehensive, this new system must include a universal way to understand and measure programmatic performance that is easy to engage with and will help employers find creative solutions to meet their employment needs. Any workforce development data system must also include the supply-side data that informs the potential untapped talent pools employers can leverage. This will ensure that state resources are being used efficiently and help the workforce development field adjust its practice accordingly.

Finally, in partnership with the Invest In Skills NY Campaign, we respectfully request a public hearing to allow for all stakeholders to provide input and feedback on the Governor's plan and to ensure the legislature is given ample opportunity to ask questions and hear from their constituents regarding Governor Cuomo's unprecedented proposal.

We greatly appreciate the opportunity to testify here today and look forward to working with each of you to ensure that all young adults have access to the economic life New York State. Thank you.

Unleashing the Economic Power of the 35 Percent

A Policy Paper Prepared by JobsFirstNYC • July 2014



About JobsFirstNYC and This Report

In 2006, a set of New York City philanthropic institutions recognized that new interventions were necessary to address the needs of young adults cast adrift in a rapidly changing economy. JobsFirstNYC was established to identify and create mechanisms to connect young adults to New York City's economic life and to mobilize community, corporate, private, and public resources to support those mechanisms. Since its founding, JobsFirstNYC has convened diverse partners to re-envision the existing system, increase funding, and advocate for policies and practices that help young adults reach their full economic potential.

In 2012, JobsFirstNYC released a strategic plan aimed at significantly reducing the number of young adults who are out of school and out of work. The plan lays out three broad strategies to increase the long-term employment opportunities of these young adults:

- **Engage employers** in a structured, systemic way
- **Advance and build on best practices** in the young adult workforce development field
- **Raise public consciousness** about the out-of-school/out-of-work challenge

This report makes concrete recommendations to advance these three strategies.

Unleashing the Economic Power of the 35 Percent is informed by a 2013 report commissioned by JobsFirstNYC entitled *Barriers to Entry: The Increasing Challenges Faced by Young Adults in the New York City Labor Market*. Authored by James Parrott of the Fiscal Policy Institute and Lazar Treschan of the Community Service Society of New York, *Barriers to Entry* provides an essential baseline of demographic data on young adults who are out of school and out of work, as well as an analysis of jobs currently held by young adults. It quantifies the impact of seismic shifts in New York's changing economy on the fortunes of New York City's young adults. These two reports represent the first step in a much-needed inquiry into how best to positively shape the employment futures of about one-third of New York City's 18- to 24-year-olds.

Together, *Barriers to Entry* and *Unleashing the Economic Power of the 35 Percent* represent a call to action to build a workforce development system that gives every young adult an opportunity to earn a wage and participate in New York City's economy. The recommendations outlined in this report aim to reduce some of the main obstacles that young adults face in obtaining the skills and education necessary for stable employment at self-sufficiency wages.

JobsFirstNYC is uniquely qualified to propose this plan. A key component of JobsFirstNYC's strategy to advance workforce development is to create and support inter-organizational workforce partnerships that mutually benefit employers and young jobseekers. JobsFirstNYC serves as a neutral intermediary, fundraiser, and facilitator, assisting community-based organizations in the design and implementation of these partnerships. Partnerships initiated by JobsFirstNYC include the Young Adult Sectoral Employment Project and the Lower East Side Employment Network (described in this report). Both demonstrate how strategies that rely on inter-organizational partnerships are the most effective in promoting youth employment.

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EXECUTIVE SUMMARY

An estimated 172,000 young adults in New York City are neither working nor enrolled in school. Another 133,000 young adults work in low-wage jobs with limited opportunities for advancement. Together, they comprise 35 percent of the city's 18- to 24-year-old population.

Ill-served by public education and cut off from opportunities to explore their career interests and define their identities as workers, these young New Yorkers—referred to in this report as the “35 Percent”—have reached adulthood facing the grim prospect of life on the economic margins. Without focused attention and support from policymakers and other stakeholders, many of them may never achieve economic self-sufficiency, contribute to their communities, or be able to support themselves and their families.

The challenge for New York City is to help all its young people get on a path to career-track work and financial independence.

To address this challenge, JobsFirstNYC urges city leaders in government, industry, and philanthropy to make young adult employment a priority by embracing a strategy that engages the 35 Percent through programs tailored to their developmental and academic needs and based in the communities where they reside. Such a strategy would enable them to build the skills necessary for securing successively more demanding and better-paying jobs. To ensure that these young adults are prepared for labor market success, businesses, organized labor leaders, and training/education providers must be full partners in designing and implementing programs to support them.

This comprehensive, community-based, and employer-focused young adult employment initiative should contain the following elements:

I. **SECTORAL YOUNG ADULT EMPLOYMENT PARTNERSHIPS**

Employers and training providers should form Sectoral Young Adult Employment Partnerships that identify labor market gaps, occupations, and job openings within targeted sectors of the New York City economy that young adults could fill.

II. **SECTOR-BASED TRAINING AND APPRENTICESHIP PROGRAMS THAT SUPPORT YOUNG ADULTS SEEKING CAREER-TRACK WORK, WHILE MEETING EMPLOYER DEMANDS**

Industries such as healthcare, property maintenance, construction, and transportation—which require on-the-job training or an industry-recognized certificate or license—offer tens of thousands of job openings in the city each year. Programs that combine training with academic remediation can help young adults with basic skill deficits qualify for middle-wage jobs in these and other industries. New and expanded apprenticeship programs sponsored by industry partnerships can prepare young adult workers for well-paid jobs in the public and private sectors.

III. A NETWORK OF COMMUNITY-BASED YOUNG ADULT OPPORTUNITY CENTERS AND EMPLOYMENT PARTNERSHIPS

A network of Opportunity Centers in the 18 communities with the greatest numbers of out-of-school and out-of-work (OSOW) young adults would connect these individuals to jobs and to the educational, training, and support services necessary to get on a path toward self-sufficiency wage work and career success. Neighborhood-Based Young Adult Employment Partnerships would streamline hiring and strengthen local businesses by connecting them to job-ready workers. Through close collaboration with the Sectoral and Neighborhood-Based Young Adult Employment Partnerships, Opportunity Centers will gain a deeper understanding of employer needs that enables them to develop career pathways for the young adults they serve.

IV. A ONE-STOP WEB PORTAL PROVIDING CAREER INFORMATION AND ACCESS TO EDUCATION, TRAINING, AND EMPLOYMENT RESOURCES

A comprehensive web portal would provide access to career-related and educational information that many young New Yorkers cannot currently find. It would offer information about job openings, occupations and their required qualifications, training and education programs, and available resources to offset the costs of these programs.

Together, these initiatives would create a seamless employer-centered and community-based system to help provide the human capital required for a robust economy.

To be sure, this plan is nearly unprecedented in its ambition and scope. Previous efforts to integrate the 35 Percent into the city's economy have failed to sufficiently engage employers and have addressed fewer than 10 percent of the young adults shut out of the labor market. Most City-run programs have tended to focus on short-term job placements rather than long-term progress toward career-track employment. At the same time, changes in the labor market have shrunk the pool of middle-wage jobs available to young adults without a four-year college degree, while increasing the number of lower-paid food service and retail jobs and jobs requiring advanced training. These changes in the New York City economy—and the absence of a coordinated, systemic policy and programmatic response—have contributed to the significant decline in young adults' labor market preparation and participation and in their earnings over the past ten years.

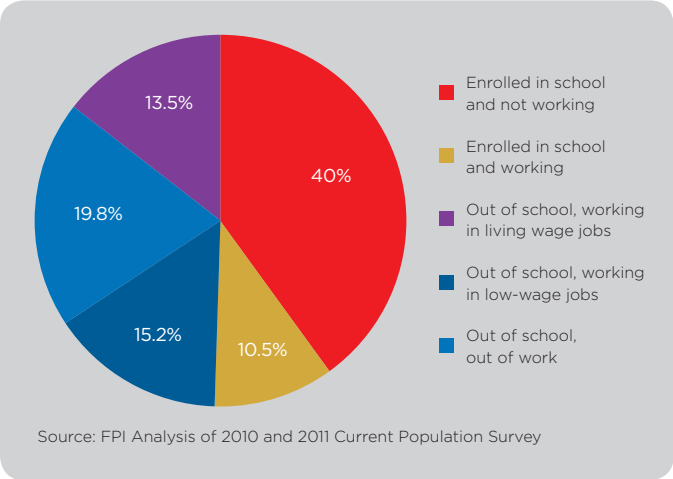
The employer-centered and community-based system proposed by JobsFirstNYC would address some of the biggest obstacles and help reopen the path to self-sufficiency wage jobs—benefitting not only young adults, but every New Yorker.

INTRODUCTION

Approximately 172,000 New York City young adults are neither working nor enrolled in school.¹ Another 133,000 young adults work in low-wage jobs with limited opportunities for advancement and are not enrolled in an educational program that could lead to higher earnings. Together, these individuals comprise 35 percent of the city's 18- to 24-year-old population.²

Nearly two-thirds of working young adults in New York City hold jobs that pay at or near the minimum wage of \$8.00 and offer no benefits.

Young Adult Employment in NYC



Even if the economy continues to gain strength, the challenges facing the 35 Percent will not end. Total New York City employment has surpassed pre-recession levels, with 312,000 jobs added between 2010 and 2013. But the largest share of those new jobs are either within fields that young adults with limited formal education struggle to enter without assistance, such as healthcare and business services, or within fields that typically offer low wages and few opportunities for advancement, such as hospitality.

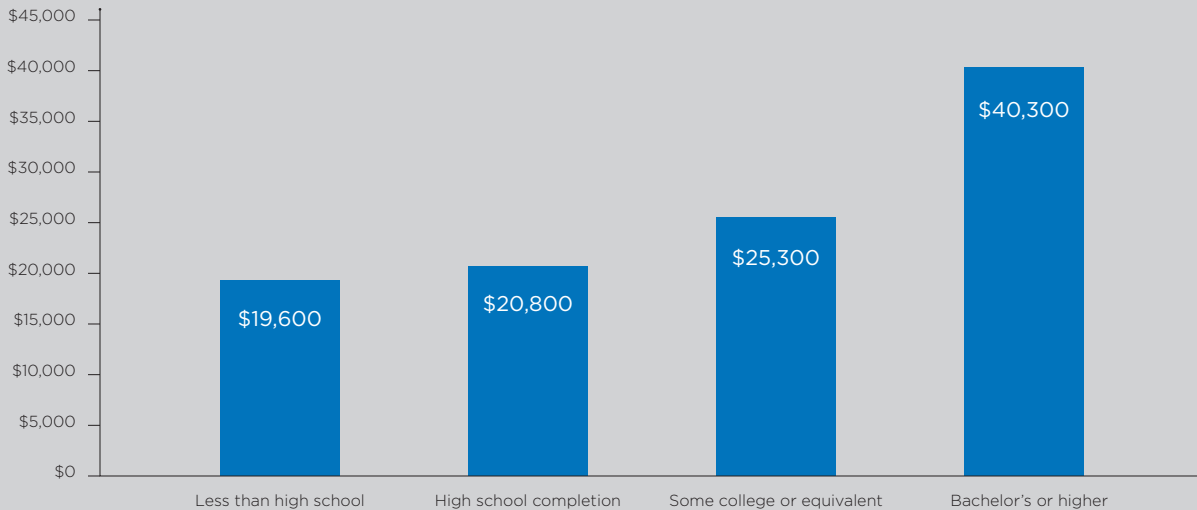
Today's reality is that nearly two-thirds of working young adults in New York City hold jobs that pay at or near the hourly minimum wage and offer no benefits, mostly in the fast-growing retail and food service occupations.

Retail and food service jobs can give 18- and 19-year-olds valuable work experience and help them develop time-management skills and work discipline. But while these may be good first jobs, without a realistic exit strategy they can lead to a lifetime of low-wage work.

An adult living in New York City cannot get by on a low-wage job without assistance. As of 2010, to be able to pay for essentials like food and rent, a single adult living in the Bronx needed to work full-time at a minimum hourly rate of \$12.56 (\$24,492 annually), and a single parent with a toddler needed to earn at least \$23.39 an hour (\$45,611 annually).³

That so many young adults are unable to earn a self-sufficiency wage—which this report defines as an annual wage between \$25,000 and \$65,000—is a problem not just for them but for all of us. Their economic difficulties exact a staggering toll on New York City and State. For example, the 35 Percent are at heightened risk of becoming homeless and of being imprisoned, and they lack health insurance, placing them at greater risk of developing serious health problems. In addition, their lower earnings mean less tax revenue for the City and State. The aggregate cost of lower earnings, lower economic growth, and foregone tax revenues, including increased government spending and social costs, is estimated at nearly \$300 billion over the course of the lifetimes of the 35 Percent.⁴

Median Annual Wage and Salary Earnings, New York City Residents Working Full Time, Ages 21-24, by Education Level



Fiscal Policy Institute analysis of 2010-2012 American Community Survey data. Full-time workers were those who worked at least 40 weeks a year for at least 35 hours a week.

Employers also have a great deal at stake in raising the economic output of the 35 Percent, since under-prepared young workers damage the bottom line through higher turnover and management costs. Smaller businesses

are particularly disadvantaged in this respect. Without focused attention, New York City businesses will miss out on an entire generation of workers who could help fill the human capital needs vital to future economic growth.⁵ Increased support for these young adults could create a pipeline to fill vacancies in the more than 1.1 million jobs that pay a middle wage and do not require a college degree but that increasingly require skills, industry certifications, and licenses.

The aggregate cost of lower earnings, lower economic growth, and foregone tax revenues, including increased government spending and social costs, is estimated at nearly **\$300 billion** over the course of the lifetimes of the 35 Percent.

The Challenge Ahead

The challenge is to move New Yorkers aged 18 to 24 who are neither working nor in school, or who work in low-wage occupations, into jobs that allow them to support their families and contribute to their communities and the economic life of the city. Absent major changes in policies and programs, too many of the 35 Percent will never be able to earn a living wage.

There is no silver bullet for such a complicated and entrenched problem. Real progress will require significant

changes to governance, culture, and practice. However, with the de Blasio administration's commitment to bringing more low-income families into the economic mainstream, its creation of the new Mayor's Office of Workforce Development informed by the recommendations of the Jobs for New Yorkers Task Force, and the surprising and welcome passage of the federal Workforce Innovation and Opportunity Act, which directs greater attention and resources toward out-of-school, out-of-work young adults, the City has an unprecedented opportunity to change the trajectory of the 35 Percent.

To seize this moment, JobsFirstNYC proposes a comprehensive, ambitious, and well-coordinated new effort, co-led by City government (referred to in this report as "the City") and the business, nonprofit, and philanthropic communities. Two things will be required to help give thousands of young adults a chance to secure steady work at self-sufficiency wages. First, the City must make employing young adults a priority, with a strategy that engages them where they are geographically, developmentally, and academically, and that offers the supports, services, and educational and work experiences necessary to connect to career-track jobs that pay a living wage.

Second, the publicly funded and administered workforce system must commit to a full partnership with New York City businesses. The city has achieved gains in workforce development through an approach that prioritizes employers as customers; the necessary next step is to embrace them as partners. To make this happen, the city must become a champion for youth employment.

This effort would include four primary initiatives:

- I. Sectoral Young Adult Employment Partnerships;
- II. Sector-Based training and apprenticeship programs that respond to employer needs;
- III. A network of community-based Young Adult Opportunity Centers and Young Adult Employment Partnerships; and
- IV. A one-stop web portal that provides career information and access to education, training, and employment resources.

As discussed in the four sections below, citywide sectoral and neighborhood-based partnerships would identify the skills necessary to fill positions in promising sectors of the city economy and help young adults connect to these jobs. Sectoral training and apprenticeship programs aligned to employer needs would ensure that these young adults are qualified to perform available jobs. A network of community-based young adult Opportunity Centers would recruit unemployed and under-employed young adults into the system and link them to jobs and the training and education needed to perform them. And a comprehensive web portal would present the information necessary for young adults to understand available opportunities and learn how to take advantage of them.

New York City has never attempted a young adult employment plan this comprehensive or ambitious. Although the previous mayoral administration launched a large number of worthwhile programs targeted at subsets of the young adult population, in aggregate these programs addressed fewer than 10 percent of the young adults shut out of the labor market. Furthermore, they were generally small in scale, short in duration, and too modest in their goals, emphasizing short-term attachment to low-quality jobs rather than steps toward long-term careers. These previous efforts also failed to adequately engage the most important workforce development actor: employers.

As employers demand higher levels of skills and experience, building a path to a living wage job has become substantially more difficult. Therefore, the policy and programmatic response must be proportionately more ambitious and sophisticated. The employer-centered and community-based system proposed by JobsFirstNYC and outlined in this report would put thousands of New York City's young adults on a path to living wage jobs.

I. SECTORAL YOUNG ADULT EMPLOYMENT PARTNERSHIPS

Any initiative to move significant numbers of non-working and low-wage-earning young adults into self-sufficiency wage employment will require unprecedented levels of employer engagement in order to succeed. JobsFirstNYC recommends that such engagement be channeled through Sectoral Young Adult Employment Partnerships comprising business leaders, organized labor representatives, and training providers. These partnerships, to be implemented citywide, would track industry trends, review current training and education programs to ensure that they are aligned to employer needs, create and support a range of work experiences up to and including apprenticeships, and serve as an employment clearinghouse to connect suitable candidates to job vacancies.

Sectoral workforce strategies target key industries within a region in which employers have unmet demand that local jobseekers could fill if equipped with the appropriate skills. With competition intensifying locally, nationally, and globally, and employers consistently reporting difficulties finding and retaining appropriately skilled and work-ready employees, policymakers have found that bringing sectoral employers to the table is an effective way to connect young adults to jobs and careers. Employers also acknowledge a need to synthesize their efforts: in its 2013 *NYC Jobs Blueprint*, the Partnership for New York City calls for a shift in philanthropic support for education and training efforts away from “fragmented interventions with limited systemic impact.”⁶

Sector-focused workforce programs represent a rising trend in workforce practice,⁷ and are already creating employment pipelines leading to higher wages in a number of states and cities.⁸ Developing a deeper understanding of industry sectors helps engage employers and speeds the learning curve of provider organizations that have traditionally focused more on the individuals they serve than on the employers who will hire them.

Aligning Practice And Employer Need: The Young Adult Sectoral Employment Project

JobsFirstNYC is piloting the Young Adult Sectoral Employment Project (YASEP), a new initiative that supports employer-driven programs that use a sectoral approach to improve employment outcomes for young adults in New York City who are out of school and out of work. YASEP projects directly engage employers to ensure that their feedback informs and shapes training and employment strategies.

The initiative has established five partnerships serving the healthcare, transportation/logistics, information technology, and food service sectors, as well as a food service/retail/hospitality partnership. Sectors were selected based on labor market projections of substantial employment growth and entry-level job openings and on employers’ openness to hiring young adults. Additional factors included the potential for job mobility through on-the-job training of transferable skills, and the proximity of employers to service providers. For example, Cypress Hills Local Development Corporation is supporting young people seeking careers in the transportation industry by training them for Class C and D licenses so that they can obtain paratransit jobs. Cypress Hills is also working with paratransit employers to improve retention rates for drivers.

This is especially important for the 35 Percent, who, unlike their more advantaged counterparts, lack personal, familial, and professional networks. Sector-focused partnerships can help close the gaps in social and human capital that separate the 35 Percent from career-track employment by doing the following:

- **Identifying employment trends and occupations that young adults can fill**

To be effective, initiatives to help young adults secure living wage work must closely align to employer needs. Sectoral Young Adult Employment Partnerships would analyze regional labor market data, supplementing

this information through periodic employer surveys and focus groups, to better calibrate employment demand.⁹ Partnerships could also identify barriers to employment and develop strategies that help young adults overcome those barriers.

- ***Reviewing existing workforce development programs and guiding or developing new programs to ensure responsiveness to industry needs***

Sectoral Young Adult Employment Partnerships would provide structured opportunities for employers to review training programs—now offered by myriad community colleges, career and technical education programs, community-based organizations, and proprietary schools—to ensure that they are aligned to industry needs and that training capacity is sufficient to meet labor market demand. Employers would benchmark required skills for entry-level positions and evaluate how effectively existing programs teach those skills.

By working within a partnership, training providers would gain an in-depth understanding of industry expectations and could tailor their training, recruitment, screening, and referral systems accordingly, allowing better matches to be made between jobseekers and employers. Partnerships would also enable specific training needs to be coordinated among companies within an industry to achieve economies of scale.

- ***Providing paid internships, apprenticeships, job shadowing, and mentorship programs***

In addition to validating the content, quality, and capacity of training programs, Sectoral Young Adult Employment Partnerships would offer internships, apprenticeships, job shadowing, and mentors. For young adults who are not yet ready to begin a career, “shadowing” an employee or having a mentor helps build work preparation. Internships and apprenticeships provide on-the-job experience that helps young adults acculturate to the world of work and begin building a network of professional contacts—and they greatly raise the comfort level of employers who come to see their interns and

apprentices as individuals with skills and values who add to the organization.

An Employment Clearinghouse Model

The Good Help program of the Brooklyn Chamber of Commerce has helped Brooklyn-based small businesses hire more than 3,000 employees over the past 15 years. Good Help posts job orders to a website accessible to job developers and then screens and refers top candidates to employers.

For employers, the program is a cost-effective way to find work-ready candidates with the desired skill sets. And for community-based employment and training providers, Good Help is a resource for finding jobs that are not widely advertised and for obtaining information about the hiring needs and workplace expectations of businesses. Although it does not focus on young adults, the Good Help model offers lessons for policymakers and providers as a high-quality demand-driven program that benefits jobseekers by serving employers well.

- ***Expanding peer-to-peer business recruitment and serving as an employment clearinghouse***

Sectoral Young Adult Employment Partnerships would facilitate hiring by aggregating job orders from businesses in a given sector and screening candidates referred by Opportunity Centers (discussed in section III) and training providers, playing a role similar to that of the Good Help initiative of the Brooklyn Chamber of Commerce. With their understanding of industry needs, these partnerships would help job developers at community-based organizations make better matches, thereby increasing employment among qualified applicants while reducing hiring costs. They would also leverage the expertise of the Workforce1 Career Centers run by the NYC Department of Small Business Services, which have helped connect more than 100,000 New Yorkers to jobs over the past five years but are not designed to address the needs of young adults with limited educational attainment, skills, or work experience.

Sectoral Young Adult Employment Partnerships would target sectors such as healthcare, transportation, and construction—areas in which substantial job growth or significant numbers of middle-wage entry-level job openings are projected.¹⁰

II. SECTOR-BASED TRAINING AND APPRENTICESHIP PROGRAMS THAT RESPOND TO EMPLOYER NEEDS

In New York City, there are more than 1.1 million jobs in occupations that pay a living wage and do not require a college degree.¹¹ With appropriate education and training, young adults can obtain jobs in many of these middle-skill occupations and get on track toward career success. For young adults to capitalize on these opportunities, however, they must have greater access to training that leads to industry-recognized certificates and licenses and to internship opportunities that prepare them for well-paid jobs in the public and private sectors.

Expanded Opportunities for Training Leading to Industry-Recognized Certificates and Licenses

Many middle-skill occupations require industry-recognized certificates issued in accordance with government regulations or national accreditation standards.¹² Individuals wishing to attain such credentials can seek training in a wide array of venues, including career and technical education high schools, community colleges, and nonprofit and for-profit vocational, technical, and trade schools. Candidates can earn several certifications in six months or less—an important consideration for young adults who are OSOW or who are working in low-wage jobs. Certificate holders have high rates of job placement and have slightly higher median earnings than peers who attended college but did not graduate.¹³

Nevertheless, too many young adults are unaware of the career pathways and advancement opportunities available with industry-recognized certificates. This information deficit would be addressed by career counseling through Opportunity Centers (described in section III) and by the one-stop web portal (described in section IV).

Another big deterrent is cost. Many certificate training programs for occupations with high demand that

Where the Middle-Skill Jobs Are

Middle-skill, living wage occupations include emergency medical technicians, cable installers, medical assistants, computer support specialists, and building maintenance workers. According to the U.S. Bureau of Labor Statistics, 39 percent of the openings in these occupations over the next four years will require only a high school diploma and a post-secondary credential.

Although the share of the New York City workforce employed in such occupations has declined, growth is projected for many individual occupations. Among these are dental hygienists, at a median salary of \$65,160, and carpenters, with median earnings of \$48,150. The New York Building Congress estimates that the construction sector will add nearly 11,000 jobs between 2012 and 2015. Further, labor shortages are projected in healthcare, property maintenance, and transportation, driven largely by the significant number of workers in those sectors approaching retirement.

pay self-sufficiency wages—such as auto body repair, automotive mechanics, heating/air conditioning/refrigeration mechanics and installation, and welding technology—are primarily available through private proprietary schools that charge expensive tuition.¹⁴ The most popular offering at Apex Technical School, for example, is a 900-hour automotive mechanics technician course that costs more than \$17,000. Although 96 percent of enrollees receive financial aid, students take on an average of \$7,000 in loans.¹⁵

The City and its partners in the private and philanthropic sectors must act to expand the availability of affordable industry-aligned training programs for occupations that are expected to have significant numbers of job openings and that pay a living wage. Vocational training that is currently unavailable or unaffordable should be developed and offered, either through CUNY adult and continuing education departments or through public vocational training centers modeled on Tennessee's Technology

Centers (see box), which provide 50 different certification programs to a largely low-income population.

Tennessee Technology Centers: Free for Most Students

Tennessee's 27 Technology Centers offer 50 different certificate programs in occupations in healthcare, construction, manufacturing, and information technology, among other sectors, to a student body made up almost entirely of low-income state residents.

Pell Grants and scholarships defray the annual \$2,400 cost—indeed, most students pay nothing. Individualized instruction that enables students to learn at their own pace has led to high retention: more than 70 percent of participants complete their field of study. In addition, the centers have high graduation and placement rates: 95 percent of students pass certificate exams on the first try, and more than 82 percent of graduates are placed in jobs that they trained for.

Utilizing existing New York City Department of Education (DOE) Career and Technical Education (CTE) facilities to serve young adults outside of school hours may be another low-cost way to expand the availability of affordable sectoral training. The DOE currently offers high school and adult training programs in many sectors with labor market demand, including programs in computer repair, automotive mechanics, and licensed practical nursing, which are not available at CUNY.¹⁶ Utilizing CTE high school facilities, as well as licensed instructors and supervisors, could expand access to training at a limited cost.

Instruction That Integrates Basic Skills with Occupational Training

Young adults with a firm foundation in basic skills can usually attain necessary employer-recognized credentials—such as certificates or licenses—in a relatively short period. Many of the 35 Percent, however, lack the math and language skills required to succeed in the vocational or academic programs that lead to these credentials. These programs typically require a high school or high school equivalency (HSE)¹⁷ diploma, which many of the 35 Percent lack.¹⁸ For young adults who left school before graduating and are deficient in literacy and math skills,

achieving an HSE diploma can take years of instruction and a great deal of patience and perseverance. Most never make it to the finish line: as few as one-fifth of the young adults most in need of remedial education complete the full sequence of required classes,¹⁹ and fewer than half of those who take an HSE exam are successful.²⁰ Each year, as young adults who leave high school without graduating outnumber those who earn diplomas, the pool of young adults who are not career-ready grows.

Furthermore, even many high school graduates are deficient in the skills that correlate with post-secondary success. Fewer than 12 percent of New York City black and Latino graduates are “college and career ready,” according to the New York State Education Department.²¹ In the Bronx communities of Morrisania and Mott Haven, only 2.1 percent of June 2013 high school graduates were college- and career-ready.²²

Rather than requiring young adults to undergo lengthy remediation before they can receive sectoral training, New York City can put these young adults on a more direct road to a living wage job by offering them contextualized instruction that integrates basic education with industry and occupational training. Contextualized instruction combines career-track training with literacy and math instruction aligned to workplace demands and real-world situations. Teaching academic applications in a career context has been shown to be effective at engaging and motivating students who are deficient in basic skills,²³ and would make young adults employable years earlier than might otherwise be the case.

In the Bronx communities of Morrisania and Mott Haven, only **2.1 percent** of June 2013 high school graduates were college- and career-ready.

National Models of Contextual Skills Training

Washington State's Integrated Basic Education and Skills Training (I-BEST) and Minnesota's FastTRAC (Training, Resources and Credentialing) program demonstrate that students can boost their literacy and work skills while they work toward industry-recognized credentials and college credit qualifying them for self-sufficiency wage jobs.

I-BEST places two instructors in the classroom—one to teach professional and technical content and the other to teach basic skills in English and math using real-world scenarios. I-BEST offers more than 130 programs in healthcare, child care and education, manufacturing, aviation, and auto mechanics, among others, and has inspired a similarly structured initiative at LaGuardia Community College on careers in healthcare.

Minnesota's FastTRAC similarly integrates basic skills education and career training to prepare students for careers in high-demand fields such as welding, pharmacology, child development, and manufacturing.

Apprenticeship Programs in Unionized Occupations

In the Public Sector

New York's public sector has an enormous pool of potential living wage jobs for young adults. There are more than 533,000 local, state, and federal government jobs in New York City, of which more than 300,000 are competitive civil service positions.²⁴ Nineteen percent of the individuals working in civil service positions have only a high school or HSE diploma, and 5.6 percent have neither credential. Government workers with only a high school credential in positions such as janitors, security guards, bus drivers, bus and truck mechanics, electricians, and carpenters earn an average annual wage of \$44,795—13 percent more than private sector workers with the same educational level in comparable positions.²⁵

The public sector workforce is heavily tilted toward older workers: more than 110,000 employees will be eligible to retire in the next five years. Nearly a quarter of the city's full-time municipal workers are over age 55, and only about 2 percent are under age 25. Among skilled trades

workers (such as carpenters, mechanics, and electricians), 36 percent are eligible to retire now.²⁶ These vacancies, along with those in state and federal agencies, could offer opportunities for thousands of young adults to earn good wages with benefits. African Americans in particular have historically fared much better working in the public sector than in the private sector in terms of hiring, earnings, and promotion rates.²⁷

City agencies and public employee unions should collaborate to establish a public sector apprenticeship program that promotes opportunities in government for the next generation of public sector workers. The partners could define and implement work-experience programs offering a variety of potential careers and work settings to help young people determine their interests and best fit. The program could also assist those seeking to take the civil service exam. Information about civil service testing, job qualifications, and hiring should be available on the one-stop web portal (discussed in section IV) to bring greater transparency to a process that is often a mystery to young adults.

Government workers with only a high school credential in positions such as janitors, security guards, bus drivers, bus and truck mechanics, electricians, and carpenters earn an **average annual wage of \$44,795—13 percent more** than private sector workers with the same educational level in comparable positions.

An Apprenticeship Model That Works: The Malloy Initiative for Construction Skills

The Edward J. Malloy Initiative for Construction Skills partners New York City Department of Education CTE high schools, construction union apprenticeship programs, construction contractors, local government agencies, and the nonprofit workforce development community. A recent study found that three-quarters of participants completed the program and that more than 82 percent of them were placed into construction union apprenticeship programs leading to jobs with an average salary of \$67,110. The per-student investment of \$7,500 was found to result in an estimated lifetime earnings increase of \$1.6 million per participant.

In the Private Sector

In the private sector, labor union members out-earn their non-union counterparts. While job growth will create openings in certain sectors, the bulk of vacancies will open as a result of retirements.²⁸

Vacancies are most likely to occur in senior positions,²⁹ which could create a chain of openings as workers move into the vacated positions, ultimately resulting in a substantial number of well-paid entry-level jobs that could be filled by young adults with a high school credential. Union-affiliated apprenticeship and pre-apprenticeship programs, such as the Edward J. Malloy Initiative for Construction Skills, could facilitate the entry of young adults into these jobs.³⁰

III. A NETWORK OF YOUNG ADULT OPPORTUNITY CENTERS AND NEIGHBORHOOD-BASED EMPLOYMENT PARTNERSHIPS

Approximately one-third of the young adults who live in predominantly low-income communities like Mott Haven and Ocean Hill-Brownsville are out of school and out of work. Many more hold low-wage jobs that offer little or no opportunity for advancement to living wage employment.³¹

The young adults in the city's 18 neighborhoods with the highest numbers of OSOW youth (see table on p. 16) face major obstacles to securing work that pays a self-sufficiency wage. Fewer than half have a high school diploma, and fewer than ten percent of graduates are "college and career ready."³² To make matters worse, many are among the more than 100,000 New York City young adults who have criminal records for possession of small amounts of marijuana uncovered in stop-and-frisk operations.³³

They need help taking the next steps toward a better life: understanding the labor market and the fields that are hiring; finding out about certificates, licenses, and

education credentials that may be required to qualify for the jobs they want; and landing and holding a job while preparing for a career.

To get them the help they need, New York City should establish a network of Opportunity Centers in the 18 communities that are home to more than half of the city's OSOW young adults.³⁴ Modeled on YouthSource Centers in Los Angeles and the SOURCE in Grand Rapids, Michigan, Opportunity Centers would provide comprehensive and sustained services that can help young adults advance in jobs and build careers. Centers would continue to provide services after placement, providing a valuable resource to employers and young adults alike.

The Opportunity Center Network

New York City could contract the management of Opportunity Centers to community-based organizations with records of success in engaging young adults, in much the same way that Workforce1 Career Centers are run by providers with proven strength in connecting adults to employment. Another model could be to have a coalition of neighborhood agencies run Opportunity Centers together, drawing on their combined assets and employer connections.

Opportunity Centers would offer an array of services tailored to individual needs that many participating employers may not have the capacity to provide, including the following:

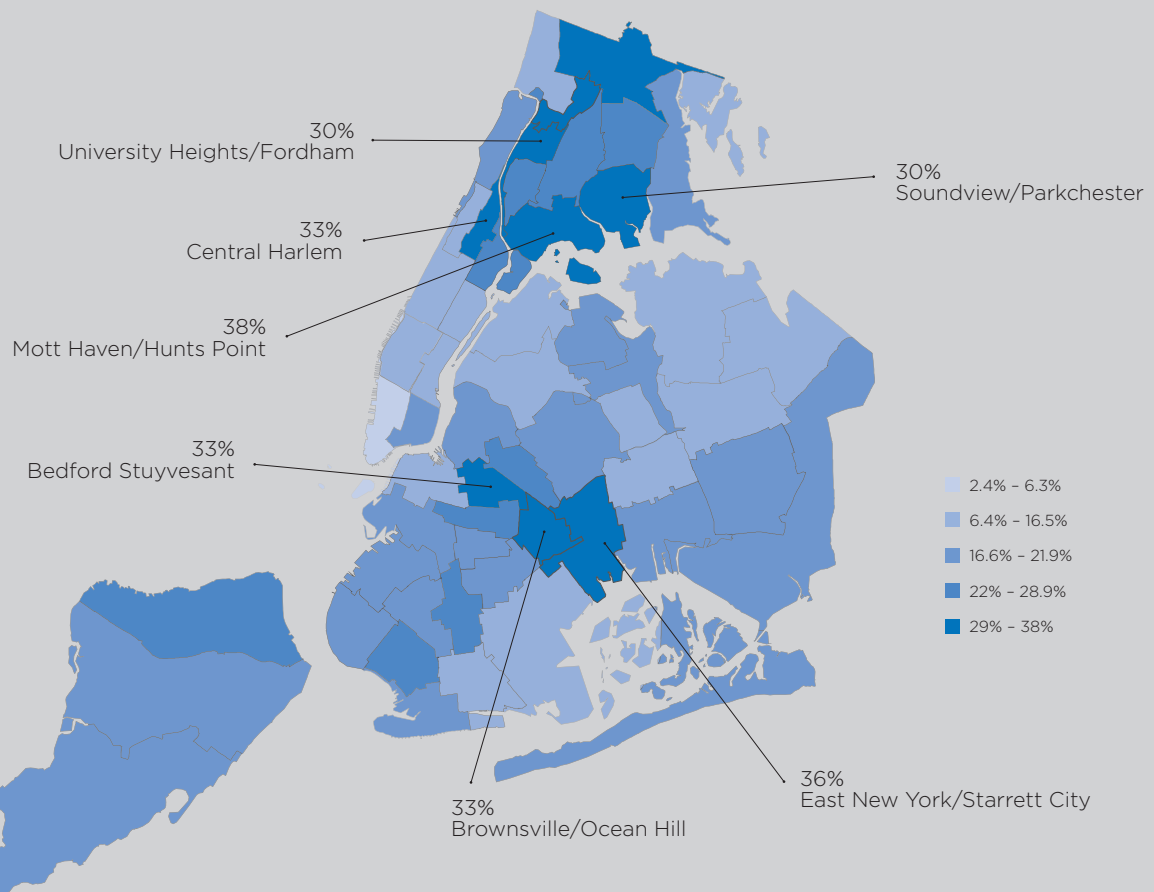
- Screening and assessment of academic proficiency and work skills
- Placement in jobs, internships, and other work experiences, including those developed through the sectoral and neighborhood employment partnerships

Los Angeles YouthSource Centers

Until 2012, the Los Angeles workforce development system prioritized placing young adults in low-wage jobs with little advancement potential—as New York City largely still does. Since then, however, LA has launched a system of 16 YouthSource Centers, radically changing its focus to long-term outcomes for young adults.

Located in areas with high dropout rates, YouthSource Centers re-engage 14- to 24-year-olds who are neither working nor in school. Participants receive guidance from trained and experienced staff in areas such as counseling and mentoring, work readiness, career exploration, occupational skills training, tutoring, college preparation, and computer training. Each YouthSource Center has an on-site pupil services advisor to help guide students back to appropriate school settings. Participants are asked to commit to the program for at least one year.

Map of NYC Community Districts by OSOW Rate



Source: Community Service Society analysis of the 2010-2012 American Community Survey

- Assistance in setting and achieving educational goals
- Career counseling and work coaching
- Building physical and mental health
- Computer and financial literacy
- Referrals for housing, healthcare, and child care services

Opportunity Centers would operate according to a uniform set of guidelines under which all staff would be trained. According to Robert Sainz, assistant general manager of the Los Angeles Economic and Workforce Development Department, uniformity of implementation

has been essential to the success of that city's 16 YouthSource Centers.

Opportunity Center staff would begin by assessing participants' academic proficiency; this assessment would include a review of their academic records by DOE staff reassigned to Opportunity Centers from DOE Referral Centers for High School Alternatives.³⁵ With this assessment in hand, advisors would then help participants develop an educational plan that ultimately leads to a living wage job. Participants deemed ready for employment would receive placement services and ongoing career advisement, and would be expected to continue pursuing education or training while they work.

Employment Services

The essential priority of most OSOW young adults is employment. Therefore, helping them find a job would be the initial objective of Opportunity Centers. Participants would be placed in jobs and internships appropriate to their age, academic attainment, maturity, and interests. Those young adults not ready for immediate employment would receive coaching and participate in work-readiness activities.

Opportunity Center staff would help applicants apply and prepare for available openings aggregated by sectoral and neighborhood partnerships and Workforce1 Career Centers, as well as for opportunities offered by independently identified local employers.

Staff would gain a comprehensive understanding of the demands of these job opportunities, including tasks to be performed and the personal characteristics sought by employers, and would then match the individuals best suited to those demands. The detailed job description provided by the Opportunity Center would preview the demands of the job, minimizing surprises once an individual begins working and thus supporting job retention.

Educational Services

Nearly three-quarters of OSOW young adults have a high school diploma or less. For those who have not graduated from high school, Opportunity Center advisors would help with re-enrollment in an appropriate educational setting. Advisors would help those individuals who have completed high school evaluate options for additional education and training, choose a course of study, and manage the application process.

While Opportunity Centers would be open to the entire 35 Percent, their priority would be to serve young people in the 18 communities who have neither a high school nor an HSE diploma. Centers would conduct outreach to these young adults by offering information about the services available.³⁶ Staff members would also coordinate program offerings and communication efforts with educational institutions and community-based organizations providing related programs.

The SOURCE in Grand Rapids, Michigan

West Michigan business owners created The SOURCE, a nonprofit collaborative initiative that leverages community resources and government agencies to support job retention by meeting the personal, employment, and training needs of their employees. The SOURCE coordinates or provides soft and hard skills training and a range of services to support the more than 7,000 employees working for 21 businesses in the manufacturing, healthcare, service, and education sectors. Participating employers and Temporary Assistance for Needy Families funds cover the bulk of costs for these services, with philanthropic funds paying for the rest.

The SOURCE addresses a largely adult population, but its services could be easily adapted to serve businesses hiring young adults.

Ongoing Case Management and Services for Employers

Opportunity Center staff would serve employers by acting as intermediaries, worker coaches, and training facilitators, with the aim of increasing employee productivity and retention while reducing turnover.³⁷ The culture and expectations of the workplace can be mysterious and confusing for young adults without prior work experience; thus, helping them acculturate to the workplace and remain on the job may be among the most important services provided by the Opportunity Centers. Participants would receive comprehensive case management that would accompany them as they progress through a continuum of educational, training, and work experiences into permanent jobs. Coaches would continue to support participants after they begin working and, when necessary, would act as intermediaries between them and their employers. Coaches would assist participants with any personal or work-related problems that might interfere with job performance—such as communication issues, major life events, legal issues, and health concerns—and help ensure that those challenges do not derail a successful transition to the workforce.

Situating Opportunity Centers in High-Need Communities

Opportunity Centers would occupy visible and accessible locations in the 18 communities with the highest number of OSOW young adults (see table), which account for over half of the city’s OSOW young adults. The strategic location of the centers will make them easily accessible by the young adults they serve and will protect them from having to venture into neighborhoods where they might not be safe. Effective siting also will help centers build

close relationships with neighborhood institutions—such as healthcare facilities, day care centers, and businesses—that could serve as sources for job shadowing, internships, and employment.

Building on existing resources would help minimize the brick-and-mortar costs, preserving resources for programming. YMCAs, settlement houses, public library branches, and other training providers that already provide young adults with adult literacy, computer literacy, HSE preparation, and resume-writing and job-interviewing

18 NYC Communities with the Highest Number of Out-of-School, Out-of-Work 18- to 24-Year-Olds

Neighborhood	% OSOW	Number of OSOW	% of city's OSOW
Mott Haven/Hunts Point (BX)	38%	8,387	4.7%
East New York/Starrett City (BK)	36%	6,927	3.9%
Morrisania/East Tremont (BX)	28%	6,701	3.7%
Soundview/Parkchester (BX)	30%	5,988	3.3%
Bushwick (BK)	26%	5,218	2.9%
University Heights/Fordham (BX)	30%	5,019	2.8%
Bedford Stuyvesant (BK)	33%	4,982	2.8%
Washington Heights/Inwood (M)	19%	4,789	2.7%
Central Harlem (M)	33%	4,753	2.6%
Jamaica (Q)	20%	4,600	2.6%
Brownsville/Ocean Hill (BK)	33%	4,576	2.5%
Williamsbridge/Baychester (BX)	29%	4,572	2.5%
Flatbush (BK)	27%	4,551	2.5%
North Shore (SI)	23%	4,483	2.5%
Highbridge/South Concourse (BX)	28%	4,411	2.5%
East Harlem (M)	27%	4,250	2.4%
Bellerose/Rosedale (Q)	19%	4,052	2.4%
Kingsbridge Heights/Mosholu (BX)	28%	3,987	2.2%
Top 18 neighborhoods	28%	92,246	51.4%
Remaining New York City neighborhoods	16.5%	87,229	48.6%
NYC total	21%	179,475	100%

Key:
 BK - Brooklyn
 BX - Bronx
 M - Manhattan
 Q - Queens
 SI - Staten Island

Source: Community Service Society analysis of the 2010-2012 U.S. Census Bureau American Community Survey data

services could serve as sites for Opportunity Centers. Libraries might make particular sense, as many branches already offer some of the services that Opportunity Centers would provide or to which they would refer young adults. New York State-designated Literacy Zones also might merit strong consideration as Opportunity Center sites.

Neighborhood-Based Young Adult Employment Partnerships

Neighborhood-Based Young Adult Employment Partnerships would unite business groups (such as business improvement districts, private developers, merchants'

associations, and local development corporations) with community-based organizations to create vehicles that connect jobseekers with local businesses. These consortia would streamline hiring and reduce operating costs for employers, while maximizing local employment opportunities for youth in their communities.

The promising outcomes of the Lower East Side Employment Network, a partnership of six veteran workforce development agencies supported by JobsFirstNYC, demonstrate the effectiveness of a collaborative and employer-centered approach to workforce development.

An Effective Neighborhood-Based Partnership: The Lower East Side Employment Network

The Lower East Side Employment Network (LESEN) is a partnership of six veteran workforce development providers—Chinatown Manpower Project, Chinese-American Planning Council, The Door and University Settlement, Good Old Lower East Side, Grand Street Settlement, and Henry Street Settlement—formed in 2007 to improve connections between work-ready young adults and quality jobs in high-demand sectors. With support from JobsFirstNYC beginning in 2012, LESEN has developed a more formal collaborative structure that has increased the number of partnering local businesses and the earnings of young adults hired by these businesses.

LESEN has embraced a two-way approach to business development. Partner organizations recruit a diverse pool of jobseekers for employment opportunities in high-demand sectors of the Lower East Side. Each partner coaches jobseekers on how to pursue, secure, and retain employment and manages its own individual employer accounts. Rather than competing against one another, however, the partners maximize access and success by sharing new and existing employer contacts as well as individual and organizational best practices.

LESEN is structured to promote quality referrals to employers. A network coordinator funded in part by JobsFirstNYC manages employer job orders and coordinates responses from the partners and other community stakeholders. A LESEN partner and the coordinator then pre-screen all candidates, referring a limited number of the best candidates to a hiring employer. As a result, LESEN has an unusually low three-to-one interview-to-hire ratio. Employer feedback at the end of each hiring process encourages continuous improvement and strategies for employee retention.

IV. A ONE-STOP WEB PORTAL THAT HELPS YOUNG ADULTS MAKE CAREER-RELATED DECISIONS

An 18-year-old living in Far Rockaway who is good at art and is an enthusiastic computer gamer might wish to design computer games but have no idea what qualifications are required, where she could obtain them, or what it might be like to actually work as a programmer or game designer—and she might have no one to ask. A 19-year-old in Morrisania who dropped out of high school at age 17 might not know where to explore his educational options. A 20-year-old high school graduate in East Harlem who works in fast food and wants a better-paying job might need help with resume preparation and interviewing skills.

The fractured and siloed nature of education, training, and employment programs in New York City adds to the difficulty faced by young people like these when trying to learn about and connect the dots between occupations, requirements, training, and education. Although New York City operates 17 Workforce1 Career Centers, as well as Job Centers and high school referral centers, there is no single source of information about the resources available to help young adults find jobs or explore careers. Piecing together a picture of what is possible is an enormous challenge.³⁸

Young adults often struggle to obtain information about employment and career opportunities, the skills and qualifications required, and the programs that can help them reach their goals. For example, the potential game designer might have difficulty finding out that she could qualify with a bachelor's degree in computer animation and interactive media from the Fashion Institute of Technology, that tuition is \$4,425 per year and financial aid is available, and that she could earn at least \$45,000 per year after graduation. And the 20-year-old in East Harlem might never find out that he can get help drafting a resume, preparing for a job interview, and learning about workplace expectations in his very own

There is no single source of information about the resources available to help young adults find jobs or explore careers. Piecing together a picture of what is possible is an enormous challenge.

neighborhood from STRIVE, an organization specializing in employment and training services for young adults.

A web portal providing comprehensive information on careers and occupations, as well as on the training, educational, and community-based services available to help them qualify for and secure these jobs, would provide enormous value for young adults looking to take their next step—or even trying to figure out what that step should be. New York City government agencies and the philanthropic, nonprofit, and technology sectors should work together to establish and maintain a career portal where young adults can get the answers they need. The portal would coordinate and build upon existing online resources.

This website, which would also be an asset to guidance counselors at schools and career counselors at community-based organizations, would be user-friendly and comprehensible for individuals from a range of academic backgrounds. For example, its various pages—particularly those pertaining to adult basic education—would be intuitive for those with low literacy levels.

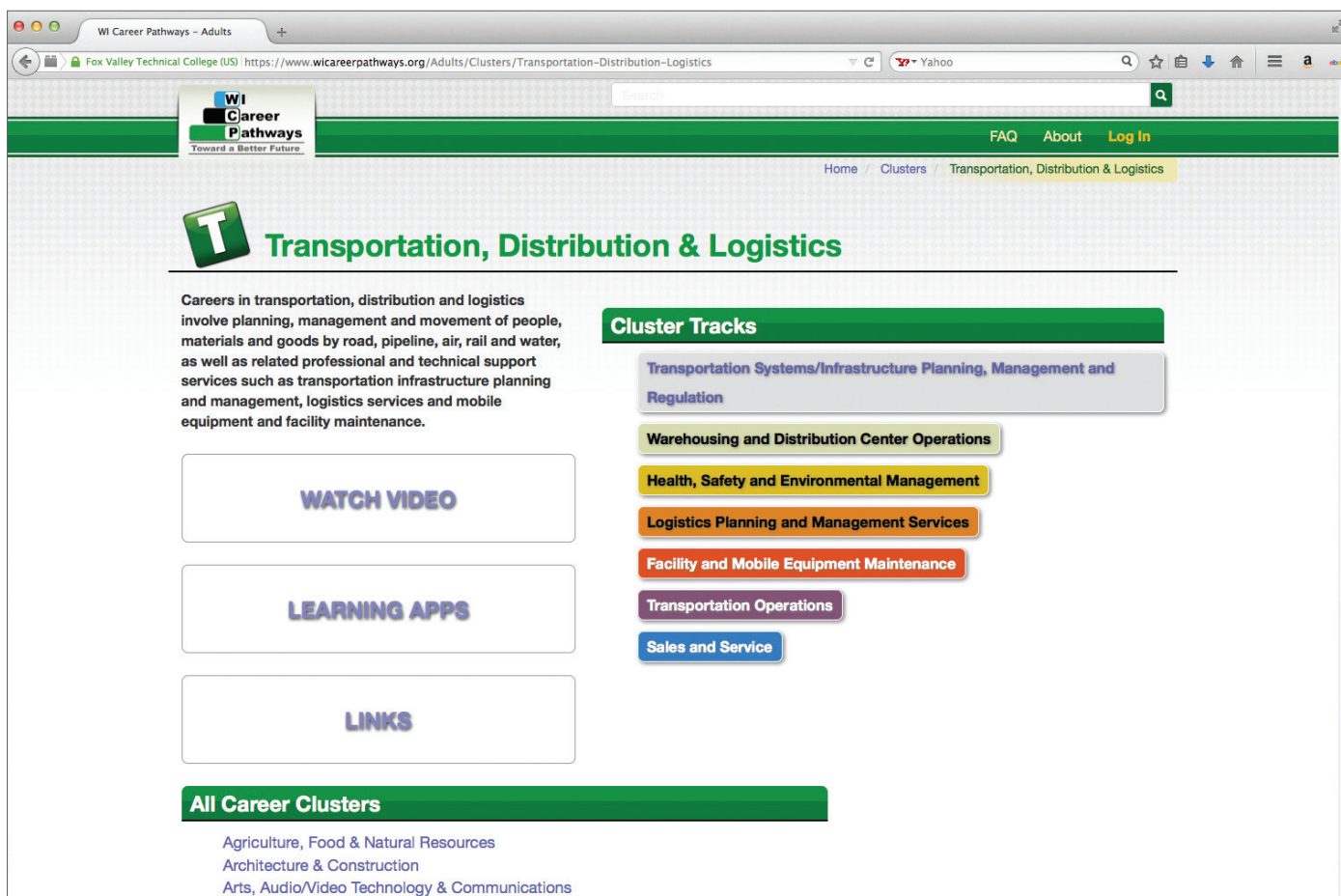
Furthermore, the website would be mobile-friendly (given that many young adults do not have access to computers but do have smart phones) and would have an active presence on YouTube and other social media. And to enable the website's accessibility to those without their own computers or smart phones, staff at public libraries and community computer centers would be trained in how to use the site so that they could assist visitors in navigating it. Finally, the website would include a live-chat function in which counselors would be available to answer basic questions and help young adults access the site's information.

Specifically, the career portal would provide the following services.

Career and Job Information

The portal would provide clear descriptions of sectors and occupations, including basic labor market information (such as numbers of openings and prospects for employment growth); educational, licensing, and certification requirements; and wages. One possible model could be Wisconsin's user-friendly Career Pathways website, which describes hundreds of occupations within 16 major economic sectors. Wisconsin's website informs visitors about job responsibilities, wages, necessary qualifications, courses of study and related costs, financial aid opportunities, training resources, and the linkages between industry-recognized credentials and the occupations for which they qualify candidates.³⁹

Sample Page from Wisconsin Career Pathways Website



Recognizing that low-income individuals are often unaware of career advancement opportunities and lack the resources to commit to full-time study leading to a college degree, New York City's career portal would also present coordinated sequences of education and training for sectors that offer the best chances for career advancement.⁴⁰ Finally, the portal would clearly describe and link to other websites that list current job openings, summer youth employment opportunities, and apprenticeships such as those offered by New York City's construction unions.

Educational and Training Resources

The portal would include links to apprenticeships and educational and training resources that help young adults obtain the necessary credentials and experience for employment. These resources include community-based organizations, the DOE Office of Adult and Continuing Education, colleges, and proprietary schools. For example, the page describing certified nursing assistant jobs would include an icon that links to training resources. Users also would be encouraged to submit information about the outcomes of their education and training experiences, and to provide general feedback regarding the site.

Information on Services

New York City has a network of several hundred community-based organizations that provide a wide range of services related to employment, training, and education, including work-readiness preparation, career advisement, basic education and high school equivalency instruction, and skills training for well-paying positions. But many OSOW individuals may be unaware of these local services unless they happen to stumble on them.

The portal would include a comprehensive geo-mapping tool showing the availability and location of educational, training, employment, and support services, including those offered by community-based organizations, Opportunity Centers, and Workforce1 Centers. Its functionality would allow visitors to input their addresses and find the services nearest to them.

CONCLUSION

Roughly 305,000 New Yorkers aged 18 to 24—a population as large as that of Pittsburgh—are out of school and either not working or employed in low-wage jobs with limited opportunities for advancement. Given the increasing bifurcation of the city’s economy and these individuals’ lack of skills, they are currently unable to compete for jobs that pay a living wage. The economic and human costs of their unemployment and under-employment are enormous: in addition to experiencing low earnings and an increased risk of joblessness, these individuals—and, in turn, their children—are more likely to suffer from poor health, to be imprisoned, and to rely on the social safety net.

Equally compelling are the consequences borne by New York City when such a large a share of its workforce cannot meet labor market demands. Talent and skill drive the economies of global cities like New York. While talent continues to flow into New York City, competitors like Washington, DC, and San Francisco are increasingly attracting educated young migrants. If New York City hopes to maintain its global standing, it must do much more to build its homegrown talent base.

This report outlines an ambitious effort to do just that. It calls for unprecedented levels of commitment from and collaboration among the business community, organized labor, government, philanthropy, and community-based organizations. Employers must play a pivotal role in this plan—identifying opportunities to hire young adults and ensuring that training programs meet their needs. The government and philanthropic communities must ensure access to programs and services that enable young adults to qualify for living wage jobs in New York City’s labor market.

The effort can start by identifying openings in middle-skill jobs that the 35 Percent can perform with training and education short of a four-year college degree. The New York State Department of Labor projects tens of

thousands of job openings annually and substantial growth through the end of this decade among the city’s more than 1.1 million middle-skill jobs. New York City’s 35 Percent are a pool of potential talent that can fill many of these positions—and use them as stepping stones toward careers as they pursue additional education and skills.

The initiatives outlined in this report offer potentially vast benefits. A stronger local workforce would yield higher profits and reduced turnover for businesses. New York City can leverage higher educational attainment to attract businesses and increase employee retention, and would achieve enormous savings through higher tax revenue and lower government expenditures. And hundreds of thousands of young adult New Yorkers would connect to employment and embark on a path to better lives.

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ENDNOTES

¹ 2010 U.S. Census, cited in James Parrott and Lazar Treschan, *Barriers to Entry: The Increasing Challenges Faced by Young Adults in the New York City Labor Market* (JobsFirstNYC, May 2013). Other than data concerning the 18 NYC communities with the highest number of OSOW young adults reproduced in the table on p. 16, all cited data originates with the 2010 U.S. Census and the 2009 and 2010 U.S. Census Bureau American Community Surveys.

² In total, 354,600 young adults between the ages of 18 and 24 are working, and 224,237 (63 percent) are employed in low-wage economic sectors, including 91,300 who are enrolled in an educational setting. Approximately 132,400 young adults who are not enrolled in an educational setting are working in low-paying retail, healthcare, or service jobs. *Id.* The addition of these low-wage workers to the number of OSOW young adults yields a total of 305,237—or 35 percent of the total young adult population of 870,700. *Id.*

³ See the Center for Women's Welfare, "2010 Self-Sufficiency Calculator" (2010). The calculator was based on the following basket of expenses and tax credits: \$1,142 for housing; \$736 for child care; \$790 for food; \$178 for transportation; \$493 for healthcare; \$334 for miscellaneous expenses (e.g., clothing, entertainment, laundry, home furnishings, and personal hygiene); \$815 for taxes; \$0 for EITC; -\$50 for the Child Care Tax Credit; -\$83 for the Child Tax Credit; and -\$67 for the Making Work Pay Tax Credit. The 2010 calculator is the most recent available for NYC and does not reflect transit fare increases in the Consumer Price Index.

⁴ The annual New York State and City "taxpayer burden" associated with New York City OSOW young adults is estimated at \$3 billion (based on \$17,320 per young adult), and the annual social costs are estimated at \$6.5 million (based on \$37,720 per young adult). The annual taxpayer cost associated with out-of-school young adults employed in low-wage jobs is estimated at \$1.4 billion (based on \$10,890 per young adult). The lifetime taxpayer burden per OSOW young adult is \$284,520 in fiscal consequences and \$790,760 in social consequences, for a total lifetime effect of \$1,075,280. The lifetime taxpayer burden for each young adult earning low wages is \$201,530. These totals are extrapolated from data for Washington, DC, which is deemed to have wages and market conditions comparable to those of New York City. Clive R. Belfield and Henry M. Levin, *The Economics of Investing in Opportunity Youth* (Civic Enterprises, Sept. 2012).

Fiscal consequences to local government arise from several factors: (i) lower earnings and labor force productivity, which translates into lower tax revenues; (ii) higher crime incidence (OSOW young adults commit crimes at four times the rate of other young adults; with recidivism, early crime often leads to adult crime); (iii) health costs (OSOW young adults are six times more likely to draw on Medicaid compared to other young adults and have poorer health during their adult lives); and (iv) safety net programs. *Id.*

⁵ Although New York City is first in the number of educated workers who migrate there, it is fourth among large metro areas in the share of its workforce that is highly educated, after Washington, DC, Boston, and San Francisco/San Jose. Maria Doulis, *Competitiveness Scorecard: Assessing NYC Metro's Attractiveness as a Home for Human Capital* (Citizens Budget Commission, Feb. 2013). This disparity results from the relatively lower rate of educational attainment among native New Yorkers compared to residents of the other three metro areas.

⁶ Partnership for New York City, *NYC Jobs Blueprint* (Apr. 2013).

⁷ Organizations like Per Scholas, Brooklyn Workforce Innovations, Nontraditional Employment for Women, and Cooperative Home Care Associates have long demonstrated the effectiveness of sector-specific training and placement efforts aimed at high-demand occupations in the information technology, transportation, construction, and healthcare industries. But until recently, no industry partnership in New York City has focused specifically on fostering employment among young adults. On May 29, 2014, Governor Cuomo announced the first such effort: a partnership in Montefiore Medical Center that will team with Hostos Community College and Phipps Neighborhoods to train and place young adults in healthcare jobs.

⁸ In Pennsylvania, more than 6,300 companies participate in 72 active partnerships in sectors that include advanced materials and diversified manufacturing, agriculture and food processing, biomedicine, construction, business and financial services, education, energy, healthcare, and information and communication services. See Pennsylvania Workforce Development, *Industry Partnerships in Pennsylvania* (Apr. 2009) The state reports that nearly 73,000 of its employees have completed or are engaged in industry partnership worker training, which has raised participant wages by an average of almost 13 percent.

⁹ Business groups in a number of cities have issued in-depth analyses of workforce demand and the skills that employers seek in their workers based on surveys, focus groups, and individual interviews. These could serve as a model for New York City. For instance, the San Diego Workforce Partnership's *Self-Sufficiency*

Employment Report (Aug. 2013), based on a survey of 250 employers in 25 occupations that were identified as primary targets for self-sufficiency wages, found that the occupations required more education than had been estimated by the U.S. Labor Department and more experience than had been expected, and the report includes several training program recommendations. The group's *Occupational Outlook Report* (2011) explores 46 "key" occupations in San Diego County, reporting on educational requirements, necessary work experience, pay ranges, the most important and most commonly lacking skills of applicants, five-year growth projections, the most effective recruitment methods, and whether employers would consider hiring ex-offenders. Another example is the Manufacturing Careers Partnership's *Pre-Employment Welder Skills Survey* (July 2013), which covers a seven-county region of Wisconsin that includes Milwaukee. Employers were asked to estimate how many welders they anticipated hiring over the next five years (factoring in retirements, promotions, and business growth), whether they hired applicants without experience, and how they sourced welders, among other questions. Such a survey could be adapted to other occupations.

¹⁰ For instance, in the healthcare sector, the New York State Department of Labor projects that between 2010 and 2020, employment in New York City will grow by 34.5 percent for pharmacy technicians; 23.9 percent for medical assistants; 21.2 percent for dental assistants; 10.3 percent for nursing aides, orderlies, and attendants; and 5.8 percent for emergency medical technicians. It projects that these occupations will generate a combined total of 1,910 openings annually. For transportation occupations, the Department of Labor projects 23.8 percent growth in bus drivers for schools or special clients, 8.3 percent growth in bus drivers for transit and intercity, and 3.6 percent growth in drivers of light and delivery trucks, with a combined total of 1,450 openings a year. And for construction, the Department of Labor projects 8.8 percent job growth and 4,380 openings annually. New York State Department of Labor, "Employment Projections."

¹¹ Occupations with median annual wages of \$25,000 to \$65,000 that do not require college credit include 166,570 transportation and material moving jobs; 58,350 production jobs; 98,830 installation, maintenance, and repair jobs; 101,790 construction and extraction jobs; 471,120 office and administrative support jobs; 33,920 food preparation and serving jobs; 19,900 healthcare practitioner and technical occupation jobs; 69,890 healthcare support jobs; 16,250 building and grounds cleaning and maintenance jobs; 83,570 personal care and service jobs; and 93,790 jobs in sales and related occupations. New York State Department of Labor, "Occupational Employment and Wages for the New York City Region."

¹² Two examples are the electrical inspection certificate issued by the National Association of Home Inspectors and the certified nursing assistant license issued by the New York State Department of Health.

¹³ Joanne Jacobs, "In a Tough Economy, New Focus on Job-Oriented Certificates," *The Hechinger Report* (Jan. 18, 2011); A. Anthony P. Carnevale, Stephen J. Rose, and Andrew R. Hanson, *Certificates: Gateway to Gainful Employment and College Degrees* (Georgetown University Center on Education and the Workforce, June 2012).

¹⁴ CUNY offers few programs like these. For instance, Bronx Community College reports that it has the only automotive technology curriculum in the CUNY system.

¹⁵ See http://www.myfuture.com/schools/cost/apex-technical-school_188890.

¹⁶ Other CTE programs include air conditioning and refrigeration, boiler maintenance, building maintenance, carpentry, certified nursing assistant, Cisco networking, computer literacy, culinary/food preparation, electrical installation, Microsoft Office specialist certification, natural hair styling, plumbing, security, web design, and welding.

¹⁷ The GED test is no longer offered in New York State, which has replaced it with a new high school equivalency test: the Test Assessing Secondary Completion.

¹⁸ New York City public high school graduation rates for the years 2008 to 2013 (representing today's 18- to 24-year-olds) ranged from 56.4 percent to 61.3 percent. New York City Department of Education, "Cohorts of 2001 through 2009 (Classes of 2005 through 2013) Graduation Outcomes."

Moreover, graduation rates for most schools in the 18 Opportunity Center communities lag well behind the citywide average. For example, the 2013 four-year graduation rate at Jonathan Levin High School in the Bronx was only 26.6 percent, and at the Bronx High School of Business, 43 percent. *Id.* New York City's graduation rate for black and Latino males is among the lowest in the nation, with only 37 percent graduating from high school in four years. Michael Holzman, *The Urgency of Now: The Schott 50 State Report on Public Education and Black Males 2012* (Schott Foundation for Public Education, Sept. 2012).

¹⁹ Those defined as most in need of remedial education require three or more developmental courses before reaching career or college competency. See

Thomas Bailey, Dong Wook Jeong, and Sung-Woo Cho, *Referral, Enrollment, and Completion in Developmental Education Sequences in Community Colleges* (Community College Research Center, Dec. 2008), cited in Julie Strawn, *Basic Skills for College and Careers* (Center for Law and Social Policy).

²⁰ In 2009, 29,354 left high school before graduating, but only 12,738 individuals of all ages passed the GED in 2010 in New York City—about 48 percent of those who attempted it. New York City Council Committees on Education and Higher Education, *College and Career Readiness in NYC* (New York City Department of Education, Jan. 19, 2012); Sarah Brannen, *Failing the Test* (Center for an Urban Future, Sept. 2011).

²¹ See John B. King, Jr., *College and Career Readiness* (New York State Senate Committee on Education, Oct. 29, 2013). The New York State Education Department deems students with minimum scores of 75 on the English Regents and 80 on the Math Regents as “college and career ready.” See also Adriana Villavicencio, Dyuti Bhattacharya, and Brandon Guidry, *Moving the Needle: Exploring Key Levers to Boost College Readiness Among Black and Latino Males in NYC* (Research Alliance for New York City Schools, July 2013).

²² Analysis of New York City Department of Education June 2013 graduation outcomes for public high schools in District 7. Analysis is available upon request from JobsFirstNYC.

²³ Valerie Carrigan, *Contextualizing Basic Skills and Career Technical Education (CTE) Curricula* (June 2008). Furthermore, obtaining an HSE diploma has been found to have little impact on income, employment, college attendance, or graduation rates. HSE holders, particularly male ones, generally work fewer hours for lower wages than high school graduates with comparable cognitive skills. In one study, the earnings of males aged 25 to 29 with GEDs were found to earn about 25 cents per hour more than those of same-age dropouts, while comparable high school graduates earned \$1.75 more per hour than GED holders, on average. James J. Heckman, John Eric Humphries, and Nicholas S. Mader, “The GED,” in *Handbook of the Economics of Education* (vol. 3, 2011). See also Jizhi Zhang, Mee Young Han, and Margaret Becker Patterson, *GED Candidates and Their Postsecondary Educational Outcomes: A Pilot Study* (GED Testing Service, 2009). An earlier study found that only 10 percent of GED earners who started college ultimately attained a two- or four-year degree. David Boesel, Nabeel Alsalam, and Thomas M. Smith, *Research Synthesis: Educational and Labor Market Performance of GED Recipients* (U.S. Department of Education, Jan. 1998).

²⁴ Mayor’s Office of Operations and the Department of Citywide Administrative Services, *2013 New York City Government Workforce Profile Report* (Dec. 2013). In addition, New York State, Port Authority, and the Metropolitan Transportation Authority employ at least 30,000 more workers.

²⁵ Frank Braconi, *Municipal Employee Compensation in NYC* (Office of the New York City Comptroller, Mar. 2011).

²⁶ Maria Doulis, “City Government Needs to Attract Younger Workers,” *Citizens Budget Commission* (Feb. 2014).

²⁷ Although they constitute only 13 percent of the population, more than 21 percent of all public sector workers across the country are African American. Public administration is the leading employer of African American men (18 percent) and the second-leading employer of African American women (23.3 percent) after educational and health services (27 percent). Steven Pitts, *Research Brief: Black Workers and the Public Sector* (University of California, Berkeley, Center for Labor Research and Education, Apr. 2011). The public sector is not only the single most important source of employment but also a critical source of decent-paying employment for African Americans, with median wages significantly exceeding those earned by this same population in other industries. For example, between 2005 and 2007, African American men in the public sector earned nearly 24 percent more than their counterparts in the overall workforce (\$17/hour versus \$13.75/hour). Nearly 40 percent of New York City’s municipal workforce is African American. Mayor’s Office of Operations and the Department of Citywide Administrative Services, *2013 New York City Government Workforce Profile Report* (Dec. 2013).

²⁸ Ruth Milkman and Stephanie Luce, *The State of the Unions 2013: A Profile of Organized Labor in New York City, New York State, and the United States* (Joseph S. Murphy Institute for Worker Education and Labor Studies and the Center for Urban Research, CUNY Graduate Center, Sept. 2013).

²⁹ *Id.*

³⁰ Ester R. Fuchs, Dorian Warren, and Kimberly Bayer, *Expanding Opportunity for Middle Class Jobs In New York City: Minority Youth Employment in the Building and Construction Trades* (Columbia University School of International and Public Affairs, Mar. 2014).

³¹ See James Parrott and Lazar Treschan, *Barriers to Entry: The Increasing Challenges Faced by Young Adults in the New York City Labor Market* (JobsFirstNYC, May 2013).

³² *Id.*; Analysis of New York City Department of Education June 2013 graduation outcomes for public high schools in District 7. Analysis is available upon request from JobsFirstNYC.

³³ Nearly 138,000 young adults between the ages of 16 and 24 were arrested for misdemeanor possession of marijuana (N.Y.P.L. Section 221.10) between 2005

and 2011. New York Police Department data provided by Harry G. Levine, Queens College and the Graduate Center, City University of New York (Feb. 4, 2013).

³⁴ The neighborhoods in which most of the 35 Percent live enjoy few relevant services. For example, there are no local young adult employment services in Mott Haven/Hunts Point, Ocean Hill-Brownsville, Soundview/Parkchester, Morrisania/East Tremont, Central Harlem, North Crown Heights/Prospect Heights, East New York, or Pelham Parkway. Together, these neighborhoods are home to at least 60,000 OSOW young adults.

³⁵ The federal Family Educational Rights and Privacy Act (20 U.S.C. § 1232g; 34 CFR Part 99) protects the privacy of student education records. Under this law, schools may not release any information about a student’s educational record other than to a “specified [school] official for audit or evaluation purposes.” Because only DOE staff can access academic records, it is essential that DOE staff work at Opportunity Centers to ensure that proper educational plans are created. Public school officials work at YouthSource centers for the same reason.

³⁶ In Los Angeles, for example, all eighth graders who do not enroll in high school are sent a letter informing them about the city’s YouthSource Centers.

³⁷ More than 200 research papers have explored the outcomes and effectiveness of employee assistance programs. Mark Attridge, “The Business Value of an EAP: A Conceptual Model,” *EASNA Research Notes* (vol. 1, no. 10, May 2010).

³⁸ For example, while Workforce1 Career Centers offer qualification screenings, recruitment events, and help with resume writing and job interviews, these services are geared toward helping adults find specific jobs. Staff are not trained to provide career assistance to young adults, help young adults obtain necessary job credentials, or help young adults further or complete their formal educations.

Social workers and guidance counselors at the New York City DOE Referral Centers for High School Alternatives can inform young adults about alternate paths to a high school degree and provide referrals for child care, social work, drug treatment, and counseling. However, assistance is available only to individuals aged 20 or younger who have dropped out, and only between 8:30 a.m. and 2:30 p.m. on days when school is in session, making it difficult for working young adults or those with child care obligations to visit. DOE’s College and Career Support website is also unhelpful, as it lacks specific information about courses of study at New York City educational institutions or training centers, and the labor market information to which it links is too sophisticated to be helpful to most young adults weighing career options.

For example, few young adults can be expected to understand the labor market information in the U.S. Department of Labor’s *Occupational Outlook Handbook* linked to from the DOE College and Career Support page. Similarly, a link to CareerZone, the New York State Department of Labor’s interactive career exploration and planning website, is equally unavailing. It offers access to career and education information for more than 800 occupations but is written for a college-level audience and lacks information on local training and educational programs.

New York’s public library systems also provide career exploration and job search information. For instance, the New York Public Library’s website provides links to job search and career databases, to the library’s recommendations for the “best free websites for finding a job and advancing your career,” and to websites for specific populations (such as formerly incarcerated individuals and recently unemployed New Yorkers). But this information is described only briefly on the library’s website, is not targeted toward young adults, and does not attempt to draw connections between occupations, requirements, and training and educational resources.

³⁹ The economic sectors covered in the Wisconsin Career Pathways site include architecture and construction; arts, audio/video technology, and communications; hospitality and tourism; human services; information technology; law, public safety, corrections, and security; and manufacturing.

The information technology sector, for example, has four “cluster tracks”: programming and software development; information support and services; web and digital communications; and network systems. Clicking on the “Information Support and Services” cluster shows 11 potential occupations available with one or two years of study. Visitors can learn, for example, that a technical diploma granted after one year of full-time study at Northeast Wisconsin Technical College can qualify them to be a computer support technician, or that one year of study at Madison College could qualify them as a help desk support specialist. If they explore construction-related jobs, they would find that they could qualify to be an industrial maintenance mechanic with a technical diploma awarded after a 32-week course of study.

⁴⁰ For example, the healthcare sector provides good entry-level jobs for young adults with limited education. The Baltimore Alliance for Careers in Healthcare has created a series of “Career Maps” showing occupations, salaries, and duties for a variety of occupations in the field that illustrate the career paths that are possible with additional education and experience. The New York City young adult career portal would describe and link to the career pathway brochures prepared by the Department of Education with the New York City Labor Market Information Service and Grant Associates that help young adults explore opportunities in eight industries. These career brochures incorporate labor market data and industry requirements and illustrate career pathways for eight sectors.

