



A New Deal For New York



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Introduction:

In the spirit of President Franklin D. Roosevelt's New Deal, the Independent Democratic Conference unveiled its New Deal for New York, a policy proposal that would channel public funds into infrastructure projects to spur job creation. The New Deal for New York would create tens of thousands of high-paying and high-quality jobs through the improvement of our often crumbling public infrastructure, while also providing significant funds for local community projects to help struggling communities and neighborhoods. These programs also emphasized providing New Yorkers with long terms skills by making apprenticeship, pre-apprenticeship, and other training components a central part of the projects that would be funded.

New York's need for serious investment into its communities remains pressing as ever, and the IDC is again calling for the to pick up the mantle of the New Deal funding development to generate jobs and train job seekers with meaningful skills. The IDC is also expanding its New Deal for New York by advocating for a new innovative public-private pilot program that will allow advanced manufacturers to expand their use of registered apprenticeship programs enabling this crucial industry to hire trained employees they need to remain competitive globally.

The IDC's New Deal for New York would:

- Create the **Empire Public Works Fund** to finance infrastructure development statewide to create high paying construction jobs and provide training to build our human capital long term.
- This investment is structured as a revolving loan fund so the state will be able to reinvest infrastructure funds multiple times over.
- Provide funding for localities and nonprofit groups to make smaller capital investments in our neighborhoods through the **Community Jobs Program**.
- This money would help create jobs for underserved communities and provide individuals with skills and training they can use in the future.
- Establish a public- private partnership through the **New York State Manufacturers Intermediary Apprenticeship Program** to ensure that our advanced manufacturing sector has access to the skilled workers it needs.
- This partnership would allow for a single entity to sponsor multiple registered apprenticeship programs, giving small- and medium-size manufacturing firms the ability to utilize these programs without regulatory and administrative hassles.

The first part of our program, the Empire Public Works Revolving Loan Fund, would create a vehicle to provide low cost capital for infrastructure development here in New York State for decades to come. By creating a long-term financing structure for capital investment, we can maximize the benefit to the state from this one-time windfall. We will also create tens of thousands of good paying jobs directly and tens of thousands of more indirect jobs.

The second component of the IDC proposal, the Community Jobs Program, would create employment opportunities for those members of our communities that have the hardest time in

finding steady and good paying jobs. They will be employed to rebuild and revitalize the communities they live in by making improvements in local assets, such as parks, libraries, community centers, child care facilities, local clinics, and the myriad other local facilities that make a critical difference in people's daily lives. This way the IDC helps communities build themselves up from the bottom, instead of using a top down approach.

The third component of the IDC proposal is the New York State Manufacturers Intermediary Apprenticeship Program (NYSMIAP). NYSMIAP would be an employer-led public-private pilot program for registered apprentices in manufacturing occupations. The program is a unique business-lead approach targeted at raising the skill levels of manufacturing workers that will create distinctive career pathways and fill a crucial need within the advanced manufacturing industry here in New York.

Why a New Deal for New York is needed:

According to the Bureau of Labor Statistics, the unemployment rate in New York State was a seasonally adjusted 4.8% as of December 2015, the latest available figure¹ while without adjustment it was 4.7% according to the New York State Department of Labor (NYSDOL).² While this rate is significantly down from the unemployment we saw during the recession, it is not uniform among the different parts of the state or among different populations. For example, while the headline unemployment rate for the state now lies at 4.7%, there are several counties with much higher unemployment rates as of December 2015:

Top Highest County Unemployment Rates³:

Country	Unemployment Rate
Hamilton	8.9%
Bronx	6.9%
Jefferson	6.8%
Oswego	6.7%
Lewis	6.6%

As this chart shows, Hamilton county faces an 8.9% unemployment rate, while four counties have rates between 6.9% and 6.6%, more than or close to two full percentage points above the statewide average. According to NYSDOL, improvement in private sector jobs has not been uniform statewide either⁴:

***Percentage Change in Private Sector Jobs, by Area, From December 2014 to December 2015
(not seasonally adjusted)***

¹Data available from BLS at: <http://www.bls.gov/eag/eag.ny.htm>

² Data available at: <http://www.labor.ny.gov/stats/pressreleases/prtbur.pdf>

³NYS Department of Labor, "Rate of Unemployment by County of Residence, New York State , December 2015. Available at: http://www.labor.ny.gov/stats/PressReleases/county_rates.pdf

⁴ Data available at: <http://www.labor.ny.gov/stats/pressreleases/pruistat.pdf>

Area	Change in Private Sector Jobs:	
	Net	%
United States	+2,597,000	+2.2%
New York State	+164,100	+2.1%
New York City	+84,500	+2.3%
Orange-Rockland-Westchester	+12,500	+2.1%
Nassau-Suffolk	+21,600	+1.9%
Utica-Rome	+1,500	+1.6%
Buffalo-Niagara Falls	+7,100	+1.5%
Syracuse	+3,900	+1.5%
Rochester	+5,600	+1.2%
Albany-Schenectady-Troy	+3,500	+1.0%
Glens Falls	+400	+0.9%
Kingston	+400	+0.9%
Elmira	0	0.0%
Watertown-Fort Drum	0	0.0%
Non-metro Counties	-900	-0.2%
Ithaca	-1,000	-1.6%
Binghamton	-1,900	-2.3%
Dutchess-Putnam	-2,900	-2.5%

As this chart illustrates, private sector job gains have been centered around New York City and the suburban counties close to it, while several parts of Upstate have seen real declines in the number of private sector jobs. This shows us that low unemployment rates often hide the fact that in some places a decline in jobs is hidden in the unemployment rate by an even steeper decline in the number of people looking for jobs in the same area. After all, at the time that Dutchess and Putnam were losing nearly 3,000 private sector jobs the local unemployment rate dropped from 4.5% in December 2014 to 4% in December 2015⁵.

Unemployment numbers among young adults are also remaining perniciously high; a situation that is only exacerbated among minority populations. Analyzing data from the Bureau of Labor Statistics, unemployment rates among young people aged 18-19 are more than three times higher than the national average, while for 20-24 year olds the unemployment rate is more than three percentage points higher than that of the general population⁶. Because of this trend, college-educated young adults are forced to take positions that do not utilize or require their skill sets and education. This tendency to accept underemployment among the higher-educated portions of the population then forces those with lower levels of education out of the workforce.

⁵ Data available at: <http://www.labor.ny.gov/stats/pressreleases/prtbur.pdf>

⁶ Data available at: <http://www.bls.gov/web/empsit/cpseea10.htm>

A study by Demos, a New York-based public policy think tank, found that “unemployment and underemployment at the start of a working life provoke consequences that last a lifetime: lower wage growth, the inability to invest in future security, and diminished earnings that persist for decades. We can already observe the changes in rates of marriage, home ownership, and parenthood.”⁷ The greatest burdens of this unemployment fall disproportionately on minorities. Unemployment among young African-Americans aged 16-19 is 22.4% and for Hispanics of that age group it is 17.2%, while 13.1% of White youths are unemployed⁸.

New York’s young people face a higher unemployment rate than most based on the latest available national data by State from the Bureau of Labor Statistics⁹; New York has the dubious distinction of having a higher unemployment rates for its young people than all of its neighboring states. Our unemployment rate for young people is also higher than Florida’s, which is the state closest to ours in population.

State	Unemployment Rate, Ages 16-19	Unemployment Rate, Ages 20-24
New York	21.5	11.9
New Jersey	18	9.8
Pennsylvania	10.4	10
Massachusetts	18.5	7.3
Vermont	12.2	7.8
Connecticut	18.6	7
West Virginia (Nat’l high)	26	15.3
North Dakota (Nat’l low)	6.8	3.6
Florida (Comparable population to NY)	15.2	9.6

These numbers do not include individuals who have given up on the job market and either resigned themselves to remaining unemployed went back to school. The national employment-to-population ratio takes that into account:

Age	Federal Ratio Average 2014
25-54	80.9%
20-24	70.8%
16-19	34%

The long-term unemployed also face obstacles. Federally, the long-term unemployed (those jobless for 27 weeks or more) made up nearly 2.15 million people, or 26.9% of the unemployed population as of January 2016¹⁰. That was down from the 31.3% of the unemployed population in January 2015, but higher than the 26.6% of the unemployed population in September 2015.

⁷ Reutschlin, Catherine, and Tamara Draut, *Stuck: Young America’s Persistent Job Crisis*, Demos, April 2013.

⁸ Data available at: http://www.bls.gov/web/empst/cpsee_e16.htm

⁹ Data available at: <http://www.bls.gov/lau/ptable14full2015.pdf>

¹⁰ Data available at: <http://www.bls.gov/news.release/empst.t12.htm>

The longer an individual is unemployed, the longer it takes them to find new work. In 2014, 35% of those individuals unemployed under five weeks had found work the following month, but only 11% of those unemployed for a year or more were able to find work the following month¹¹.

All these figures highlight the fact that while the economic conditions of today are not as bad as they were during the heights of the recession seven years ago, the recovery has been inconsistent, and certain populations here in New York still face significant issues when it comes to being able to get full time employment.

A New Deal for New York:

As discussed, the IDC's New Deal for New York is made up of three programs. The **Empire Public Works (EPW) Revolving Loan Fund** is aimed at making available capital for large infrastructure projects. The EPW would provide financing for projects, with construction carried out by private contractors. The EPW will focus on larger long term projects such as roads, bridges, rail and transit projects, water and sewer projects, and parks projects. The EPW will function as a revolving loan fund in order to maximize the amount of infrastructure that this money can finance, and will leverage private capital in the case of revenue-generating projects. The EPW will create private sector jobs in construction, as well as jobs among suppliers and other businesses involved in the construction and in catering to the construction workers. The minimum amount for a loan would be \$250,000 while the maximum would be \$750 million.

A study by the Council of Economic Advisors to the President examined the cost per job of direct public expenditure programs when it examined the effects of the American Recovery and Reinvestment Act of 2009. According to their report in 2009, the cost per job of this kind of program would be \$92,000¹². This amount is lower than the cost per job created by federal offsets to local budget cuts (estimated at \$117,000 a job) and jobs created by tax cuts (\$145,000 per job). Newer estimates by the Department of Transportation put the number of direct jobs created by spending on transportation projects at 13,000 per \$1 billion spent, a per job cost of \$76,923¹³. If we use the 2009 estimate, every single \$1 billion spent on public infrastructure spending will create 10,870 direct jobs. New York State Department of Transportation estimates put the number of direct and indirect jobs created by infrastructure spending on transportation to be 24 jobs per \$1 million of spending¹⁴, which means that the total job creation from \$1 billion in spending would be 24,000 jobs. This is similar to the estimates by the Federal Highway

¹¹ Data available at: <http://www.bls.gov/spotlight/2015/long-term-unemployment/>

¹² Executive Office Of The President Council Of Economic Advisers, Estimates Of Job Creation From The American Recovery And Reinvestment Act Of 2009. May 2009. Available at: http://www.recovery.gov/arra/About/Documents/Jobs_Report_Final.pdf

¹³ US Department of Transportation, "Grow America Act: Creating a Pathway to Transportation Careers". Available at: http://www.dot.gov/sites/dot.gov/files/docs/Workforce_DOT_Reuth_FINAL_2014.pdf

¹⁴ NYS Department of Transportation, "jobs Created and Employment Reporting. Available at: <https://www.dot.ny.gov/recovery/jobs>

Administration (FHWA) from 2007 that estimated that \$1 billion in spending would result in 27,800 direct and indirect jobs¹⁵.

Job Creation from Infrastructure Development	
Amount of Public Spending	\$1 Billion
Cost per Direct Job Estimates	\$77,000 to \$92,000
Amount of Direct Jobs Created	11,000 to 13,000
Amount of Total Jobs Created	24,000 to 27,800

The Empire Public Works fund could be utilized for a number of projects that have already been proposed throughout the state. As part of her proposal for a “Syracuse Billion,” Syracuse Mayor Stephanie Miner proposed spending up to \$750 million to repair and replace water mains and pipes throughout Syracuse. The City of Syracuse has stated that they spend at least \$2 million annually on repairing water main breaks, and that only takes into account the direct costs to the City of Syracuse¹⁶. As water and sewer projects are eligible for funding, the Empire Public Works Fund would be able to finance this project.

The single largest infrastructure project in the state currently is the building of the New York Bridge, which is meant to replace the Tappan Zee Bridge. Construction of the Tappan Zee began in 1952 and it was first opened in late 1955. Unfortunately, the bridge was constructed in a manner that gave it a functional lifespan of only fifty years. This meant that by the late 1990’s and early 2000’s the maintenance costs to keep the bridge viable had escalated dramatically. After many years of planning and study, a replacement to the Tappan Zee, the New NY Bridge, is now under construction. Current estimates put the total cost of this project at \$3.9 billion. The State has yet to indentify the full funding sources for the bridge. The Empire Public Work’s Fund could certainly become part of the funding mix for this project if enacted into law.



¹⁵ Levine, Linda. Job Loss and Infrastructure Job Creation During the Recession, Congressional Research Service. December 23, 2008. Available at:

http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1578&context=key_workplace

¹⁶ Das, Anagha, “Miner’s ‘Syracuse Billion’ plan focuses on need for infrastructure improvements”, *The Daily Orange* (Dec. 3, 2014) Available at: <http://www.dailyorange.com/2014/12/miners-syracuse-billion-plan-focuses-on-need-for-infrastructure-improvements/> (photo credit: Glenn Coin | gcoin@syracuse.com)



The **Community Jobs Program (CJP)** would bring into the workforce individuals who have been marginalized from it or have had trouble entering the it in the first place. This program will finance smaller projects, and will be a grant program as opposed to a loan program. The minimum grant amount would be \$50,000, while the maximum would be \$10 million. Projects seeking funding from other public streams can also

apply for CJP funding.

Local governments, library districts, and non-profit corporations can apply by themselves for grants, while for profit businesses and unions can apply in partnership with the aforementioned organizations. Municipalities would be able to apply for grants to build, rebuild, repair, or modernize local facilities and parks. Nonprofits will be able to apply to build, repair, rebuild, or modernize any facilities they operate, such as child care or senior centers, local clinics, shelters, community centers. Affordable housing organizations would be able to apply for grants as well to provide much needed housing. Affordable housing projects would have to enter into agreements regarding the length of affordability. Municipalities and non-profits would be able to pair up with businesses to create small business opportunities by expanding local commercial spaces for small businesses. Each applicant for a CJP grant would have to show that they have plans for the maintenance and viability of those facilities or improvements created through the program. Ten percent of the funds would be available only to non-profit applicants; non-profit applicants would still be able to compete for the rest of the funding.

Projects financed through the CJP would have to meet existing prevailing wage requirements – the fact that the program is in the form of a grant that will finance up to 100% of the costs of the project is the reason the IDC feels the state can ask for such terms. The State of New York should not spend public monies to create low wage jobs. Regional Wage Boards would establish the rates of pay for those individuals not covered by existing labor laws mandating a prevailing wage. These boards would take into account local variations in pay scales to better match incomes to the real costs of living in different parts of the state. While the Wage Board would be able to match wages to locations, the program does establish a minimum wage of \$15 per hour for these jobs. At 40 hours a week, that means an individual might earn \$31,200 a year, an amount that amount would still place an individual at under 60% of Area Median Income (AMI), making them a low income worker. This shows that even at that wage rate, jobs from the CJP would not outcompete well paying private sector jobs.

Building up our communities' human capital in conjunction with their physical infrastructure is a central tenet of the New Deal for New York. This is why each CJP project would have to include both a construction component and a job training component. The CJP will specifically target those populations that have had the hardest time finding employment, particularly young people, communities of color, and the long term unemployed. Applications will have to show how they plan to target hiring individuals who are part of the aforementioned groups, and those who are trying to enter the workforce for the first time. Bringing these populations into the workforce will

make a measurable impact in our state's human capital. Additionally, the program would give slight preference to projects in counties with an unemployment rate higher than the statewide average, and to lower income communities, both urban and rural. Any job training program would have to be Department of Labor approved, to ensure its effectiveness and the Department will create a list of certified programs to help eligible applicants fulfill the job training component. Organizations with existing training programs, and unions which have existing apprenticeship programs would be able to use their programs to meet this requirement.

A great example of these kinds of programs are the new community outreach efforts by the various Building & Construction Trades Councils around the state. These community outreach efforts take the form of pre-apprenticeship programs which recruit young adults and members of the population historically underrepresented in the construction trades in order to introduce them to the different professions that make up the trades and provide them with the introductory skills necessary to ensure their success in actual apprenticeship programs. Efforts such as these are crucial because the path to a long term construction career can be confusing, and the benefits associated with such a career may not be readily apparent even to members of populations with high unemployment levels. These efforts by the Trades are deeply commendable and they dovetail nicely with the aims of the New Deal for New York. In order for pre-apprenticeship endeavors to be successful, we have to ensure that there is a demand for apprentices and journey-workers so that individuals who successfully complete the pre-apprenticeship training program are afforded actual, meaningful job opportunities, and this is exactly what the programs like CJP and EPW would do.

Estimates of the cost per job of this program are somewhat harder to find. These smaller projects will spend a greater portion of their monies on labor than the larger projects which have to cover greater material costs, and which also have to deal with much greater preparation costs (such as comprehensive environmental impact statements). At the same time, there aren't many studies of comparable jobs projects in other states. As such, the IDC will go with the lower estimate of job creation costs we found, that being the estimate of \$77,000 in spending per job, to estimate the direct employment impact of the CJP. This would mean that for each \$ 100 million spent through this program we would create 1,299 jobs. If we use the FHWA estimate of the number of direct and indirect jobs, which is the one that has the lowest per job cost estimate, the total number of jobs to be created by the CJP would be 2,780 per each \$100 million spent through this program.

The third part of our program is the **New York State Manufacturers Intermediary Apprenticeship Program (NYSMIAP)**. The NYSMIAP program would be a public-private partnership between employers and New York State that would give small and medium manufacturing firms in the state an opportunity to create registered apprenticeship programs without having to deal with many of the administrative burdens that make this an often expensive and difficult task beyond the capability of many firms.

According to the Manufacturers Association, in 2013, approximately 115,000 people were employed in advanced manufacturing industries which accounted for an average of one in four total manufacturing jobs in the state. Three manufacturing industries - electronic instruments, semiconductor and electronic components, and pharmaceuticals and medicines - accounted for 50% of total employment in these industries, based on data from the Quarterly Census of

Employment and Wages¹⁷. The average age of a high-skilled worker in manufacturing is 56, and replacing them before they retire is critical to retaining the needed skills sets in the workforce. The majority of New York's manufacturing workforce is employed by small- and medium-sized businesses. These manufacturers often do not have the personnel or the resources to adequately train either new or incumbent workers. This proposal would target primarily entry-level incumbent workers to advance them into more skilled positions within the company.

Currently any business wanting to set up a registered apprenticeship program here in New York has to apply directly with NYSDOL as the program sponsor. These apprenticeship programs have a number of requirements that must be met. To construct an apprenticeship, a series of competencies, or tasks to perform, must be decided upon. On-the-Job Training (OJT), consists of a "master," or "journey-level," craft person capable and willing to share their experience with a "novice," or "apprentice," in a hands-on manner. The second, Related Instruction (RI), consists of learning more theoretical or knowledge-based aspects of a craft. Usually this is done in a classroom or another setting removed from the actual workplace. An employer must therefore not only design the OJT portion but also design a classroom program and negotiate with training



providers. In addition, the position must have a job description and a schedule of wage progressions. All of this administrative work takes time and resources, and the costs of these weigh on small and medium firms.

The core of the NYSMIAP proposal is to allow a single entity, in this case the Manufacturers Association, to act as a single program sponsor for a registered apprenticeship program that many small and medium firms could then participate in.

The administrative work needed to design the OJT and RI components of an apprenticeship, along with establishing the requisite job descriptions and wage progressions would be done by the sole program sponsor. The Manufacturers Association estimates that the direct costs to each business that would utilize one of these registered programs would be cut in half. In addition, NYSDOL would also realize savings as they would no longer be dealing with a number of different businesses, each with different levels of experience in this process, but instead would deal with a single sponsor with better knowledge of the process and what tasks need to be accomplished.¹⁸

An Employer Educator Council, made up of industry experts, would be tasked with designing the particular competencies to be performed, based on an assessment of the particular skills that are most needed by manufacturers. In creating these apprenticeships industry will be able to leverage the work that has already been done thanks to the the Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant Program. This program, created in 2010 by the Federal government, provided community colleges and other eligible institutions of higher education with funds to expand and improve their ability to deliver education and career training programs that prepare program participants for employment in high-wage, high-skill occupations. SUNY used TAACCCT funding to establish several certificate programs at its

¹⁷ Database can be accessed here: <http://www.bls.gov/cew/data.htm>

¹⁸ Picture credit: Alfred Sosa, *Christian Science Monitor*, Getty Images.

community colleges in a number of high tech fields such as: advanced manufacturing; plastics; computer numerical control/precision machining; optics fabrication; semiconductor technology; welding; photovoltaics; and mechatronics. We believe that these new apprenticeship programs to be established under NYSMIAP would be able to utilize these existing curricula to fulfill the RI requirements for registered apprenticeships.

These apprenticeship programs would last between three and five years. The Employer Educator Council would work to ensure that the program would align its effort with the state's existing workforce efforts. The program would also work with Empire State Development, Regional Economic Development Councils, the State Workforce Investment Board and local Workforce Investment Boards, New York Association of Training & Employment Professionals (NYATEP), the Workforce Development Institute (WDI), the Business Council of New York State and others to further expand registered apprentice programs in New York State.

NYSMIAP would begin as a pilot program in Central New York and from there would be rolled out to the rest of the State over the following years. The first year costs would be \$500,000 and it is estimated that it would take five years to expand the program to the full state, at a cost of \$6 million.

Summary:

New York needs to invest in enhancing both its human and physical infrastructure. The IDC believes that the best way to do this is by giving New York a New Deal. By focusing on job creation and the investment in our human capital that such a commitment makes, we can maximize the long term benefits to the people of New York from this surplus. While the unemployment situation today is nowhere as dire as during the worst periods of the recent recession, the pain and damage wrought by unemployment is just as real right now. As the figures provided show, while the headline unemployment rate is low, some populations, particularly youths, face disastrous unemployment rates. Many workers can face months of unemployment, and each month that they fail to find a new job makes the chances that they will find one the following months even lower. These pernicious conditions do great damage, and the state should focus its attention in ending these conditions.

Our New Deal for New York proposes the Empire Public Works Revolving Loan Fund, the Community Jobs Program, and the New York State Manufacturers Intermediary Apprenticeship Program. The first program makes funding available for large infrastructure projects; the second will finance smaller community projects; the third creates a public-private partnership to ensure that advanced manufacturers can train workers in the skills for needed for the future.

We have shown that public investments in our statewide and local infrastructure can create thousands of jobs. The IDC wants to do this in a manner that gives New Yorkers long term assets they can use throughout the state and in their own communities, and that working together the public and private sector can create innovative partnerships that will help train our future workforce. As we said in the introduction, the IDC has named its program in remembrance of the New Deal. Almost eighty years after it was implemented, our people still benefit from the works created by this original New Deal. We expect that come 2090, New Yorkers will still be enjoying the fruits of our New Deal for New York.