

Testimony of
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Introduction

Thank you to Committee Chairs Senator Jessica Ramos and Assemblymember Joyner for the opportunity to submit testimony on New York State's Labor and Workforce Development budget priorities.

Pursuit Background

For a decade, Pursuit has been a leader in workforce development, having trained and placed more than 733 Fellows into family-sustaining careers. Pursuit Fellows represent historically marginalized communities, and our cohorts are over 50% women, 60% Black or Latinx adults, 40% immigrants, and 60% without a college degree. The majority of Fellows are unemployed or underemployed before starting Pursuit, with average salaries of just \$18,000. In working with best-in-class employers like Uber, Citibank, and Peloton, among others. Pursuit provides industry-driven job training with in-demand skills and direct career placement. On average, Fellows have gone from earning \$18,000 pre-Pursuit to over \$90,000 a year upon employment, which has resulted in \$696 million in new lifetime wage gains.

Financing Models: Pursuit Social Bonds

In 2016, Pursuit evolved its model to include jobs-based payments and social job bonds. In this innovative model – the Pursuit Bond– Fellows who complete Pursuit's workforce development program and get jobs earning at least \$50,000+ agree to pay a percentage of their income, based on their employment, for a fixed period of time. Importantly, this Bond Agreement ensures Fellows are better off and not financially burdened in any scenario. For example, Fellows who are unable to obtain employment, lose their jobs, or make less than the minimum income threshold, do not have to pay. Social job bonds, like the Pursuit Bond, can be true game-changers to expand high-quality workforce development in New York State, and help thousands of New Yorkers build their skills and access economic opportunity. Done right, social job bonds can protect New Yorkers from unnecessary debt accrual and undue economic hardship, because workers would not be saddled with student debt or loans. Additionally, these social job bonds can help unlock huge streams of private investment that drive deeper social impact and help scale workforce development to even greater levels.

If we can successfully unlock private investment through these social job bonds, we can also realize significant savings of New York State tax dollars as well. The results will be clear as well for NYS' economy - if we can get thousands of New Yorkers access to high-quality workforce development training, this can significantly boost the state's economy, and fill the big gaps in workforce needs that our employers are currently

facing. This can especially be transformative for our minority, black and brown communities that have lacked the kind of opportunities that they deserve.

Regulatory Framework

New York State needs to continue to be a leader in creating workforce development strategies that spur economic development especially as new industries call New York their home. Pursuit is supportive of Governor Hochul's proposal to develop a new, statewide framework that will guide New York's workforce development strategy. The use of social job bonds is at a crossroads as they are not defined by New York State. But in the coming months, we believe it critical that the State act to create a new, regulatory framework around these social job bonds. More importantly, by creating a new framework for these social job bonds, New York State can help eliminate crippling student debt, spur significant new private investments into workforce training, and save government dollars - all in the service of helping thousands of New Yorkers lift themselves out of poverty and into opportunity.

Workforce Development Funding

Workforce development programs are critical in helping New York State continue to recover and increase economic development across the State. To that end, we support the budget request of our colleagues at New York Association of Training and Employment Professionals (NYATEP) to fund the Office of Strategic Workforce Development at Empire State Development. Since its origination in April of 2022, the Office of Strategic Workforce Development has announced \$6 million in funding released to 8 projects of the estimated \$150 million set aside for grant funding. However, despite the rhetoric, this year's Executive budget includes \$0 for the grant program to fund scaling effective job training, coaching, supportive services (transportation, childcare, etc.) and employment activities. Workforce development is critical to the State's ability to realize its economic development investments. We urge the Governor and the Legislature to restore the \$150 million in grants that provide much needed flexible funding into the workforce system. Workforce development is economic development and without the workforce to fill the open current jobs and future jobs; our massive investments in economic growth will be for naught. The Office should continue to award grants to proven providers that ensure New Yorkers are ready to meet employer needs, while expanding access for marginalized communities through wraparound services and other tested models that reduce systemwide inequities.

Conclusion

New York State can continue to be at the forefront of creative workforce development solutions especially in the communities that have been historically underutilized and underfunded. We urge the Governor and the Legislature to highlight their commitment to ensuring that there are outcomes-based, well-funded workforce strategies that all New Yorkers can participate in. We look forward to working with your Senate and Assembly committees to create the regulatory framework that governs social bonds as a financing model, allows for more people to experience upward mobility and make this a reality for New York State.