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Statement of Trudi Renwick
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Introduction

Good morning. Thank you for the opportunity to testify here today about the New York State Commission on Higher Education's *Preliminary Report of Findings and Recommendations*, issued in December.

My name is Trudi Renwick, and I am a Senior Economist with the Fiscal Policy Institute in Albany. The Fiscal Policy Institute (FPI) is a nonprofit organization that works to increase public and governmental understanding of issues related to the fairness of New York's tax system and the stability and adequacy of state and local public services.

We believe the Commission's report provides a good review of the challenges facing New York's higher education system and makes worthy recommendations for addressing those challenges. Improvements foreseen by the Commission will undoubtedly help our state colleges and universities prepare New Yorkers to compete in the global economy of the 21st century.

That said, we urge the Commission to make clear in its final report that while college education is an important part of the response to the challenges ahead of our state and its people, we must take care also to invest in skills training and education beyond

high school for youth who will not enroll in traditional higher education and for adults who are already in the workforce (including training and education that involve their current and potential employers). Toward that end, we suggest strengthening the Commission's laudable focus on identifying improvements for the state's workforce development system with support for a strategy to develop career pathways, grounded in the demands of regional economies, that would meet with needs of New York's employers as well as its low-income youth and adults.

New York's Employment and Demographic Trends

We think the state's employment and demographic trends demand no less:

- Nearly half (47%) of all employment in New York State in 2004 was in “middle skill” jobs—jobs requiring *more* than a high school diploma but *less* than a bachelor's degree.¹
- About one-half (46%) of New Yorkers 25 years or older in the labor force in 2004 had no education beyond high school,² and about one out of four young workers (ages 18-24) in the state did not have a high school diploma.
- In 2010, only about two-thirds (32.9%) of New Yorkers will be of traditional school age (25 and younger). That number is projected to decrease to 31% by 2020 and 30.8% in 2030.³
- Other labor market trends, including impending retirements by the “Baby Boom” cohort, will likely exacerbate these trends.

¹ Calculated from state labor market information/occupational employment demand, New York State Department of Labor.

² State of Working New York 2007, Fiscal Policy Institute, September 2007, p. 23.

³ Calculated from data from the US Bureau of the Census (state population pyramids).

While these trends are important, they are not destiny. New York must act to address these workforce challenges—and it can. We urge the Commission to strengthen the report’s recommendations for improving the workforce development system. Specifically, we recommend that the Commission include a Career Pathways proposal as a key strategy for workforce development in its report.

What are “Career Pathways”? Career Pathways link basic education to occupational training and connect educational programs with integrated support services, enabling participants to combine education and training with work and advance over time to higher levels of education and training and to living-wage jobs in targeted industry sectors. These initiatives have generated promising results in New York (a project in New York City⁴ focused on the information technology sector and one in Albany⁵ focused on the biotechnology sector), as well as in other states that have adopted them (I will summarize a couple of these later in my testimony).

I will spend most of the rest of my time outlining a Career Pathways initiative that a group of New York-based organizations—representing business, labor, workforce development, public welfare, and literacy—has been developing since last summer.⁶

Career Pathways Proposal

⁴ More information at: www.workforcestrategy.org/publications/WSCstrength_6.23.06.pdf.

⁵ More information at: http://www.workforcestrategy.org/publications/Greater_Capital_Region_CP_Report.pdf.

⁶ Current endorsers of the proposal are: the Brooklyn Chamber of Commerce, Center for an Urban Future, Community Service Society, Community Voices Heard, Consortium for Worker Education, Federation of Protestant Welfare Agencies, Fiscal Policy Institute, Hunger Action Network of New York State, Literacy New York, New York Association of Training and Employment Professionals, New York City Employment and Training Coalition, and Schuyler Center for Analysis and Advocacy. The Workforce Alliance, a national organization representing key stakeholders in the workforce field, has also been supporting these efforts.

Our proposal would create a \$50 million Career Pathways Fund with money from the state's TANF block grant and other federal, state, and private funding sources. Through a competitive grant process, the fund would support strategies for Career Pathways for low-income New York adults and teens, with an emphasis on cross-system and cross-institutional collaboration.

Eligible Grantees: The proposal envisions eligible grantees as community or technical colleges, other training providers (such as community-based organizations, labor-management partnerships, or apprenticeship programs), local workforce investment boards or one-stop centers, employer or industry associations, social services districts, lead educational agencies or any other organization serving as the designated "intermediary" to bring together stakeholders and staff the effort.

Funded Activities: Grantees could use funds for a number of activities, including convening partners and planning strategies, paying tuition for trainees when other public or private funds are insufficient or unavailable, funding training organizations that are part of the collaboration to improve or enhance their curricula or add new instructors, financing supportive services (such as soft skills, case management, mentoring, and work supports), and paying for stipends, internships or work release time for trainees.

Funding Priorities: Priority would accrue to applicants that could demonstrate (among other things) their ability to work collaboratively with key stakeholders in the regional economy, use industry or labor market analysis to select industry sectors that demonstrate a demand for skilled workers and advancement opportunities, involve employers and unions to validate career pathways and determine relevant skills and competencies, ensure that training results in an industry-recognized certificate or

credential, and leverage additional public and private philanthropic and employer resources to fund program partnership strategies.

Performance Outcomes: The proposal would require grantees to measure their success in employment placement and retention, credential/degree attainment, and short- and long-term earnings change. In addition, the proposal envisions that grantees would work with the state to try to develop measures of “return-on-investment” and the effectiveness of partner collaborative relationships.

Success in Other States

Other states have achieved remarkable results with Career Pathways strategies.

Arkansas used TANF dollars to fund half of the state’s two-year colleges to develop and implement career pathways, connecting post-secondary training to local labor market and employer needs and including a remedial curriculum redesign and comprehensive student support services. The program has placed between 76 and 88 percent of graduates annually either in jobs or the next step on the pathway, achieved employment retention rates of 64 to 81 percent, and placed participants in jobs paying an average starting wage of between \$7.43 (nursing assistants) and \$18.84 (registered nurses) per hour.⁷

Kentucky. With a grant from the Ford Foundation, the Kentucky Community and Technical College System (KCTCS) provided funding in 2003 to all 16 of its institutions to work with other partners and build career pathways. From 2003-2006, KCTCS granted \$3.5 million, with an additional \$4.0 million of in-kind support from employers, agency partners, and the federal government. The more than 5,000 students who participated in

⁷ More information at: www.southerngoodfaithfund.org/pdf/pub_pp/pp_v27_6_06.pdf and www.southernngff.org/pdf/pub_ipe/cp_impact_4_07.pdf.

career pathways between fall 2004 and spring 2007 earned 573 credentials (including 155 associate's degrees, 91 diplomas, and 327 certificates) and had higher retention rates (71%) than other Kentucky community college students (46%).⁸

Benefits to New York and Governor Spitzer's Agenda

A Career Pathways initiative would have numerous benefits to New York State and its taxpayers.

We estimate (based on return-on-investment methodologies developed in Michigan with the TANF population) that the proposed \$50 million investment would generate more than \$200 million in benefits to state taxpayers, including reductions in welfare assistance and increases in tax revenues related to increases in earnings for participants.⁹

The proposal taps into the current interest of New York's philanthropies in innovative workforce development strategies, such as the New York City Workforce Development Funders Group, which has committed to invest in industry sector-focused initiatives. A career pathways approach would be consistent with that focus, so this initiative has the potential to catalyze an exciting and unprecedented public-private partnership to expand the state's workforce development efforts.

The emphasis of Career Pathways on system and funding alignment and building ladders to opportunity is consistent with Governor Spitzer's policy vision. It would build on the Governor's Economic Security agenda to strengthen and grow the middle class by helping New York's low-income, working families achieve financial security through educational and workforce development opportunities for a highly competitive economy

⁸ More information at: www.kctcs.edu/student/careerpathways/CCTI%20New%20Orleans%200307.ppt and www.kctcs.edu/student/careerpathways/About%20KCTCS%20CP.cfm#History.

⁹ Michigan Works! Association, *Return on Investment* (Lansing, 2007).

and improving services that target low-income, working New Yorkers at risk of falling into or through the social safety net.

A Career Pathways initiative would also help New York achieve its work participation rate under the reauthorized federal TANF law, which requires New York to increase the number of TANF-eligible participants in work activities that count toward the federal participation rate (specifically by increasing the below-the-national-average 13% of participants in vocational education in federal fiscal year 2004) and avoid possible federal penalties, while also meeting the skills demands of workers and businesses. It will also promote long-term self-sufficiency for those transitioning from welfare to work, thus preventing repeated cycles of financial crisis and welfare use.

Conclusion

As the Empire State grapples with looming skill shortages, we cannot afford to leave a large share of our state's current and future workforce behind. By educating and training every New Yorker who is ready to work for a better life, we can fulfill their aspirations and strengthen New York's economy at the same time.

Thank you for your attention. I would be happy to answer your questions or to provide other materials in writing.