

Bruce G. Herman
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Under the auspices of the Consortium for Worker Education and NYC Central Labor Council, Bruce Herman established the Center for Workforce and Economic Development (CWED) in order to develop and implement a sector-based, high road partnership approach to workforce and economic development in New York City. Before joining CWED, Bruce was the founding Executive Director of the Working for America Institute, an official arm of the AFL-CIO dedicated to building a high value-added, socially inclusive, high road economy. He also served as President of the Garment Industry Development Corporation (GIDC), a leading example of a tripartite, labor-led, sector-specific, economic development initiative. Bruce holds a master's degree in Political Science from Columbia University and was the recipient of a Fulbright-Hayes scholarship, during which time he studied in Northern Italy where he examined the role of the Italian metal workers union in successful regional economic development.

Testimony by Bruce Herman
Director, Center for Workforce and Economic Development

Hearing before
Honorable Congresswoman Carolyn Maloney and
Honorable Speaker of the City Council Gifford Miller

September 3, 2003

Good morning. My name is Bruce Herman and I am the director of the Center for Workforce and Economic Development (CWED) a collaborative project of the Consortium for Worker Education and the NYC Central Labor Council AFL-CIO. Thank you for inviting me to today's hearing.

I would like to begin with an overview of our employment stabilization and job creation program through wage subsidy a program designed to provide incentives for sustain and expand job opportunities in New York City. Funded by a Federal emergency grant after the September 11th attack, the program provides wage subsidies to primarily small and mid-sized businesses impacted by September 11th so that they can maintain and grow their workforce rather than downsizing. During the program, which recently came to an end, CWED allocated over \$15 million to hire, re-hire, retain and promote over 3200 individuals from over 300 firms. Impressed by the results of the program, the Andor Capital Foundation committed \$300,000 to assist an additional eleven organizations. CWED also received an additional \$800,000 from the September 11th Fund to provide wage subsidies to employers who hire unemployed individuals from the Safe Horizons database, people who lost jobs or experienced severe loss of income between September 11, 2001 and January 11, 2002, and worked South of Canal (or in portions of Chinatown and Little Italy).

Our analysis of the program's impact in the industries we serve – arts/entertainment, transportation, health care, hospitality, food service, retail, construction, manufacturing (especially garment), IT, communications, and finance – indicates a significant multiplier impact. By helping New Yorkers get and keep jobs, the program supports both workers and businesses. Workers are hired, re-hired, retained, or promoted; production increases; businesses achieve a competitive edge; and spending and investment, through workers' salaries and taxes generated, increases citywide. For example, the Queens Theater in the Park (QTP) received a wage subsidy of \$80,000 which allowed them to stabilize 13 positions and go forward with 12 productions which were in jeopardy of cancellation. The productions provided work for actors, stage managers, musicians, choreographers, crewmembers, and designers and also led to increased revenue for local parking garages, restaurants, and other related businesses. As an incentive to retain subsidized employees the program offers an additional 10% of wage subsidy after the initial 90 day subsidy period. To date, over 90% of firms have accessed this incentive.

We also conducted a survey of companies 180 days after they received the wage subsidy. **In response to the question about whether they have been able to retain the persons covered by their CWE contracts, 91% have experienced retention of formerly subsidized individuals** (65% reported they have continued employment of all of the formerly subsidized individuals and 25% reported having kept on at least half of

the formerly subsidized individuals). Furthermore, 85% responded that their business is stronger because of receiving wage subsidy support.

Clearly, this relatively modest federally-funded program has had profound results.

But the employment crisis is not over, and government at all levels can not afford to forget about working New Yorkers. Over 300,00 individuals in our city are still unemployed, and according to Department of Labor data released this weekend, the percentage of individuals classified as "long-term unemployed" (27 weeks or more without work) is at a nine-year high. We are working to cobble together public and private funds to continue this much needed program, and we encourage your support of these efforts. Even in this time of budget crisis there is funding available.

New York was allocated \$2.3 billion to support rebuilding of which \$1.1 billion of Community Development Block Grants funds is still unspent. Rather than squandering that money in large retention deals like the highly publicized \$25 million to American Express to stay in Lower Manhattan after they had announced their decision to stay, the remaining funds should be used to develop a Liberty Jobs program. We could use the remaining money to create 25,000 fully subsidized jobs in government agencies and nonprofits to repair schools, upgrade parks and provide other much needed services to enhance the quality of life throughout the city. In addition to these public jobs, we could also create and retain at least 35,000 jobs by partially subsidizing the wages of companies hurt by September 11. Liberty Jobs would put unemployed New Yorkers to work today, putting money in the pockets where it would do the most good.

In addition to supporting these short and medium term strategies, CWED is working on its long term strategy of building and strengthening sector-based intermediaries. These intermediaries often called "high road partnerships" bring together educational institutions, government agencies, community groups, unions and far-sighted employers to analyze labor markets, create industry-specific needs assessment, and jointly identify and problem-solve industry and worker needs including but not limited to worker education, skills upgrades, career ladders, career transitions, new technology upgrades, and capital investments. High road partnerships vary in structure, employ different strategies, and have different funding sources. But they share a common goal: to build an economy based on skills, innovation, opportunity, sustainability, and equitably shared prosperity rather than one based on lower living and working standards and weak communities. Administering the wage subsidy program has been paramount to these efforts, as developing relationships between business, community, labor, and government have both maintained and grown jobs locally, and have helped integrate the city's workforce and economic development systems.

For instance, we are working with both the Building Trades Employer Association (BTEA) and the Building and Construction Trades Council (BCTC) to establish a continuum of programs and services which support the physical, economic, and social revitalization of Lower Manhattan. Among the projects geared to stimulate local job creation and business growth while supporting the effort to rebuild, we are looking to establish a construction industry training academy that includes pre-apprenticeship, apprenticeship,

journeymen, and management training. We are also exploring ways to broaden local and domestic sourcing for the rebuild effort, including strategies for promoting green manufacturing in New York City.

Furthermore, we are supporting established sector-initiatives around the city, including the Restaurant Opportunities Center of New York (ROC-NY), which was originally formed by community groups and labor unions after the tragedy of September 11th to help Windows of the World workers find new jobs, and the Artisan Baking Program, a collaboration of the baker's union Local #3, multiple baker owners and the Consortium for Worker Education.

Our goal is not only to get people jobs but to place them in positions which will pay a family sustaining wage and provide possibilities for job advancement. In this regard – through both our wage subsidy program and the creation of sector-based partnerships – we are establishing programs and relationships to help New York City's economy and workers during this economic downturn and beyond. We encourage you to continue supporting us in these efforts. The strength of our city depends on it.