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Unleashing the Economic Power of the 35 Percent

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As the U.S. economy continues to gather steam, the Great Recession is becoming a distant memory for many Americans. In New York City, employment has passed pre-slump levels, with 312,000 jobs added between 2010 and 2013. Wall Street is enjoying a sustained bull market and home values across the city's five boroughs have risen sharply. Among the New Yorkers not sharing in the recovery, however, are low-skilled young adults. Their economic struggles predate the downturn, and without drastic policy changes could continue indefinitely.

Since 2006, JobsFirstNYC has worked to develop strategies and mobilize stakeholders to connect young adults with limited education and work experience to the New York City labor market. In July, we released a report titled "Unleashing the Economic Power of the 35 Percent," which finds approximately 305,000 young adult New Yorkers -- approximately 35 percent of the city's total 18- to 24-year old population -- are either out of school and not working, or employed in low-wage jobs with limited advancement opportunities. Without targeted support, most of them will struggle to achieve steady employment and financial independence, and many could face homelessness, incarceration and serious health problems. For their part, New York City employers will miss out on the energy, technological savvy and creativity of these young adults.

"Unleashing the Economic Power of the 35 Percent" details a seamless, employer-focused and community-based system to effectively engage out-of-school, out-of-work and at-risk young adults while adding to New York City's human capital stock. The report features a four-pronged plan to help New York City young adults get on a path toward career-track employment and economic security:

1. A set of sectoral partnerships to help young adults prepare for careers in high-demand fields;
2. Training and apprenticeship programs to create a pipeline of skilled workers within those sectors;
3. A network of community-based Opportunity Centers to help out-of-school, out-of-work young adults get back on track through employment and education programming; and,
4. A one-stop web portal providing career information and access to education, training and career resources.

Other cities across the United States have adopted elements of this plan. Los Angeles has located YouthSource Centers in areas with high dropout rates and are re-engaging 14-to 24-year-olds who are neither working nor in school. Grand Rapids, Michigan has created The SOURCE, a nonprofit collaborative that provides work readiness and technical skills training and a range of services to support adult employees. The model easily could be adapted to serve businesses hiring young adults.

Over the past 20 years, New York City's labor market has changed in ways that have made it all but impossible for young adults without education and training beyond high school to access middle-wage jobs. The city now mostly creates either high-wage jobs that require four-year college degrees and specialized training, or low-wage, low-skilled positions in sectors such as food service and retail. But young adults can fill many of the middle-skilled jobs that remain, in fields like computer support, building maintenance and welding, so long as they can get the required training and connect with employers -- services the public workforce system can help to provide.

Successful implementation would require an unprecedented commitment not only from city government, but from the private sector and philanthropy as well. From a public finance perspective, this is an investment with enormous potential return. Economists have estimated the aggregate cost of lower earnings, foregone tax revenues, and higher public spending for housing, corrections, and social services at nearly \$300 billion over the course of the lifetimes of the "35 Percent." Reducing their numbers would free up tens of millions of dollars each year for other uses.

Improving the fortunes of New York City's 35 Percent should be a top priority for the administration of Mayor Bill de Blasio. Few if any policy initiatives would do more to advance the mayor's goal of expanding economic opportunity. His convening of a Jobs for New Yorkers Task Force to overhaul workforce development in New York City provides a perfect opportunity for the mayor to champion support for young adults. Above all else, leadership -- from City Hall, the business community, and philanthropy -- is needed to help young New Yorkers realize their full potential to contribute to the city economy.

Louis Miceli is Executive Director of JobsFirstNYC, a nonprofit focused on connecting young adults to the economic life of New York City.