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**TWO NYC-BASED POLICY INSTITUTES WARN THAT NEW YORK  
IS ON THE VERGE OF A HUMAN CAPITAL CRISIS**

**STUDY SHOWS THAT AN ALARMING NUMBER OF NEW YORKERS LACK THE  
SKILLS THAT EMPLOYERS NEED IN THE 21<sup>ST</sup> CENTURY ECONOMY**

*Groups Call on Mayor Bloomberg and the City Council to Initiate a Comprehensive Human  
Capital Strategy To Build Up the Skills of New York City's Homegrown Workforce*

A major new report released this morning by two of New York City's leading public policy research organizations finds that the city is on the verge of an unprecedented human capital crisis that could threaten New York's long-term economic competitiveness while relegating hundreds of thousands of city residents to low-wage, dead-end jobs. The study, jointly published by the Community Service Society of New York (CSS) and the Center for an Urban Future (CUF), concludes that an alarming number of New Yorkers lack the skills and educational credentials to compete in today's knowledge economy—and warns that the problem will only worsen in the years to come, as employers in virtually every industry seek out workers with even more advanced skills.

The two organizations called on Mayor Bloomberg and other city officials to head off this potential crisis by initiating a comprehensive human capital campaign to raise the skills of New York's population. They urged the city to develop a long-term strategy to address human capital challenges along the lines of PlaNYC, the Bloomberg administration's multi-year plan for addressing sustainability and environmental issues.

The report, titled "Closing the Skills Gap," offers a blueprint for the mayor and City Council to begin addressing these issues, with more than 30 specific recommendations. Among other things, the report concludes that strengthening New York City's systems of human capital development will require significant improvements in the K-12 educational system, Career and Technical Education (CTE) schools, CUNY community colleges, and the workforce development system for adults and young people. While new investment will be needed, three common threads that stand apart from resource issues run through our recommendations: internal improvements to program quality, rationalization and coordination across turf lines, and a broadening of mission to embrace both educational excellence and real-world relevance.

“New York City has maintained its economic preeminence in large part to its unmatched store of human capital, and our unparalleled pool of highly talented, creative, and skilled workers,” said David R. Jones, president and CEO of CSS. “But large segments of the city’s workforce currently lack the skills to fully participate in the labor market. We must work on closing this gap that separates much of our population from the economic mainstream or suffer the consequences in the new world of the global economy.”

“The most successful cities in the years ahead will be the ones with the strongest human capital,” said David Jason Fischer, project director for workforce development and social policy at the Center for an Urban Future and a co-author of this report. “This is an area where New York has excelled in the past, but today far too many New Yorkers lack the skills to participate in the 21<sup>st</sup> Century economy. New York has been fortunate that for decades it has been able to attract many of the best and brightest from around the world, but that might not always be the case. The city will run into huge problems down the road if it doesn’t build up the skills of its homegrown workforce.”

The report argues that only a concerted effort to upgrade the skills of the city’s population can restore New York as a city of opportunity where people of even the most modest backgrounds can climb into the middle class. It points out that more than half of all jobs—and as much as three-quarters of the fastest growing occupations—now require educational attainment beyond a high school diploma. Sadly, however, as the skill demands of the workplace rise higher, large segments of the city’s workforce are falling further behind. For example:

- More than 1.1 million city residents between 18 and 64—20 percent of working age New Yorkers—lack a high school diploma or its equivalent.
- Over 1.5 million adults in the five boroughs—more than a quarter of all adult New Yorkers—don’t have adequate literacy skills. In every borough other than Staten Island, at least 25 percent of adults are functionally illiterate.
- Latinos and other non-white residents are expected to drive much of the city’s future population growth, but these groups have significantly worse educational outcomes. Among 8<sup>th</sup> graders in New York City, only 52 percent of Latinos and 45 percent of African American students scored “at or above Basic” level in math—compared to 77 percent of white students. Reading scores showed a similar pattern: 80 percent of white students scored at or above Basic, compared to 50 percent of blacks and 51 percent of Latinos.
- Of the 20 largest cities in the United States, New York has the lowest percentage by far of teens who are working—a worrisome figure given data showing that early work experience is a strong predictor of job stability in adulthood. Even before the current recession, approximately 200,000 young New Yorkers between the ages of 16 and 24 were “disconnected”—neither in school nor working.

- Immigrants make up a large and growing share of the city’s workforce, yet far too many of these individuals lack the English skills to qualify for many positions, leaving employers unable to fill numerous mid- and upper-level openings and limiting workers’ ability to advance into higher-paying jobs. More than 1.2 million adults in the city speak English “less than very well”; programs to improve their English reach only a tiny fraction of the need.
- About 70,000 New York City residents are released from jails and prisons each year; the large majority face long odds against finding steady employment thanks in large part to low educational attainment and severely limited skills.

The report asserts that the pending human capital crisis is as much an economic problem as a social one. It argues that in today’s ultra competitive global economy, no task will be more important to New York City’s future growth than maintaining the human capital advantages it has long enjoyed.

With the unemployment rate in the city over 10 percent (and over 15 percent for blacks and 11 percent for Latinos), it may seem unlikely that employers across the five boroughs will have any problem finding the workers they need in the short term. The study finds, however, that city employers in a wide array of industries anticipate increasing challenges in finding qualified employees as their jobs require higher levels of skills and educational attainment. Several key local industries, including health care and information technology, have already experienced periodic worker shortages in recent years. The impending retirement of baby boomers in these industries will only heighten the dilemma.

The city does not lack for institutions and programs dedicated to helping develop human capital, from the K-12 school system to the City University of New York (CUNY) and the workforce development efforts of multiple city agencies. But according to the report, there has not yet been a concerted strategy to address the alarming skills gaps that currently exist among the city’s working-age population. Nor is there a plan to reconcile, align, and strengthen the governmental and private programs in the city that provide education, job training, and specialized skills and experience for New York’s workforce of today and tomorrow.

The report also notes that several components of New York’s human capital infrastructure are severely under-performing:

- Far too many New York college students are failing to attain a post-secondary credential. On average, about one-third of CUNY entrants are no longer enrolled a year after beginning classes. By two years after entry, a majority of students are no longer enrolled.
- While a growing number of jobs require applicants to have at least a two-year college degree, graduation rates at the city’s community colleges are woefully low. Only 2.3 percent of the 17,248 students who enrolled as first-time, full-time freshman at the six CUNY community colleges in the fall of 2006 had graduated by 2008. About 7.9 percent graduated within three years.

- New York’s efforts to improve the knowledge and skill level of current workers are inadequate and ineffective. As of 2003, New York ranked 43rd of the 50 states in college attendance by adults (ages 25–49), with less than 4 percent of those who have high school degrees in college. By contrast, 6.4 percent of California’s adult population was enrolled in college.
- New York State ranked 50th of the 50 states in 2008 in pass rate for those who take the GED exam. The biggest reason for this poor ranking is the city’s abysmal pass rate, which is chronically under 50 percent and lags far below the statewide average.

“Closing the Skills Gap” was made possible by the generous support of The Ira W. DeCamp Foundation and the Altman Foundation. The report is the culmination of more than a year of research and was informed by two conferences convened by CUF and CSS about the city’s long-term human capital needs: one about the evolving needs of the city’s business community and the other about current skills gaps facing large segments of the city’s population.

The Center for an Urban Future is a Manhattan-based think tank dedicated to independent, fact-based research about critical issues affecting New York’s future, with a focus on economic development and workforce development.

For 160 years, the Community Service Society of New York has been the leading voice on behalf of low-income New Yorkers and continues to advocate for the economic security of the working poor in the nation’s largest city.