

# ECONOMIC RIPPLE EFFECTS

Impact of the COVID-19 Crisis on  
the New York City Workforce Development Sector  
& Marginalized New Yorkers



The Strong Voice for NYC's  
Workforce Development Community

**NYC  
E&TC**

New York City  
Employment &  
Training Coalition

## **New York City Employment and Training Coalition (NYCETC)**

supports the workforce & economic development community to ensure that every New Yorker has access to the skills, training & education needed to thrive in the local economy, and that every business is able to maintain a highly skilled workforce.

NYCETC'S membership is composed of over 170 workforce providers, education institutions and labor management organizations that provide job training and employment services to nearly 600,000 New Yorkers, making us the largest city-based workforce development coalition in the United States.

### **Access and Equity**

Ensure that every New Yorker gains the skills needed to earn a meaningful income.

### **Market-Driven Talent Development**

Build strong ties with the business community to invest in employment pathways that grow a diverse & expanded workforce in the innovation economy.



### **Acknowledgments**

The Human Services Council and the New York City Employment & Training Coalition surveyed 125 nonprofit human services organizations, in partnership with HR&A Advisors, Inc., in order to understand the condition and unmet needs of the human services sector in New York City during this state of emergency, so that we can better support organizations and the people they serve.

HR&A Advisors, Inc.

Mobility Corporation

LinkedIn

NYC Mayor's Office of Workforce Development

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## Executive Summary

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The **NYC Employment & Training Coalition** surveyed our membership of 144 direct service providers - receiving 69 responses across NYC's workforce development system - in order to understand the short- and long-term impacts of COVID-19 on the operations of workforce development organizations, their ability to provide critical services, and the insecurities being experienced by their respective clients and staff. The survey was conducted from March 23, 2020 to April 3, 2020. Through this analysis, a clear picture emerges about the financial impact of the pandemic on workforce organizations' financial health, staff, and ability to deliver critical employment and training services to current clients, as well as the millions of New Yorkers who are facing job loss and severe economic hardships at unprecedented levels.

### **The need for workforce services is increasing rapidly**

As the economic fallout of this crisis grows and solidifies over the coming months and year, workforce development organizations and professionals with decades of experience in building local talent pipelines for the city's growing variety of businesses will be more important and necessary than ever before. In the economic landscape that results from this catastrophe, competition for employment will be even tighter than it was. The low-income and marginalized communities that workforce development providers work with - disenfranchised young people, adults struggling with the digital divide, speakers of other languages, individuals involved with the justice system, individuals with disabilities, veterans, and newly unemployed New Yorkers suddenly finding themselves navigating a wholly changed economy - will be at an even more significant disadvantage in their efforts to access jobs. Without these services, struggling New Yorkers facing generational poverty and disinvestment will slip into ever deeper levels of unemployment and economic hardship.

### **Workforce development organizations are uniquely positioned to pivot quickly and respond to changes in the labor market**

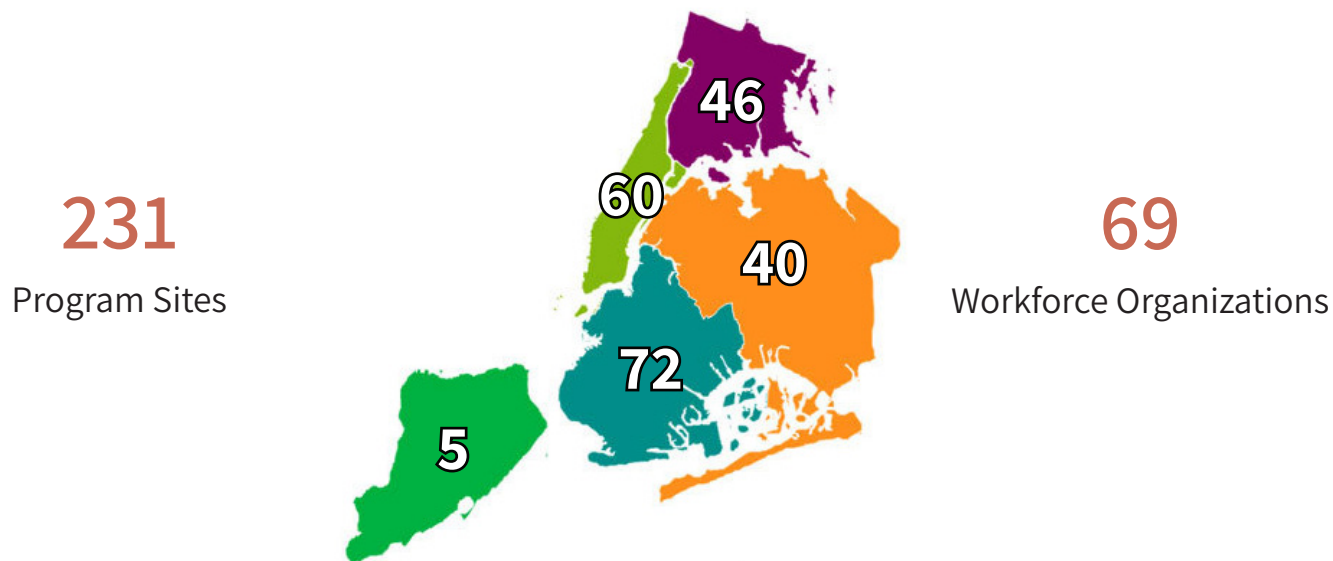
They have strong employer relationships from building curricula reflective of their talent needs to placing interns and employees within companies. They are closely connected to communities, listening to and supporting local residents to ensure long-term career success that creates fundamental change. Flexibility and innovation in response to employer and community needs is in their organizational DNA, making them ideally positioned to ensure an inclusive and strong economic recovery from the COVID-19 crisis. In fact, service providers have already shown incredible flexibility and ingenuity in the six weeks, quickly transitioning trainings, case management, and mentorship service to a virtual setting that supports clients in this time of high need, while pivoting their job placement services to connect jobseekers to essential businesses in healthcare and food service that are desperately looking for skilled workers.

### **Workforce development organizations are facing financial hardships that hamper their ability to serve New Yorkers**

There is real concern that the short term consequences of FY2021 budget cuts made by the City and State, compounded by years of unpaid and underpaid government contracts and an overall decrease in revenue raising capacity, will lead to permanent damage that many workforce organizations will not survive. These include staff layoffs, the shuttering of programs, and a loss of institutional knowledge that will have an outsize negative ripple effect on the economic recovery process, when workers will be in highest need of employment and training programs and supportive services. In order to support New Yorkers through the biggest economic challenge of their lifetime, workforce development organizations require equal support, partnership and innovation from public and private partners.

## NYC's Workforce Programs

The responding organizations provide critical workforce development services to 245,000 New Yorkers across the five boroughs, with **the full system serving over 555,000 New Yorkers** through services such as resume and interview prep and adult basic education to vocational skills training, certification programs and employer networking. They vary from large, multi-service organizations with sites and programs across the city to labor unions and educational institutions to hyper-local community based organizations.



Council District	Council Member	Borough	# of Workforce Programs
3	Corey Johnson	Manhattan	14
1	Margaret Chin	Manhattan	12
17	Rafael Salamanca Jr.	Bronx	11
33	Stephen Levin	Brooklyn	11
8	Diana Ayala	Bronx, Manhattan	9
9	Bill Perkins	Manhattan	8
16	Vanessa Gibson	Bronx	8
26	Jimmy Van Bramer	Queens	8
36	Robert Cornegy Jr.	Brooklyn	8
7	Mark Levine	Manhattan	7
35	Laurie Cumbo	Brooklyn	7
38	Carlos Menchaca	Brooklyn	7
2	Carlina Rivera	Manhattan	6
15	Ritchie Torres	Bronx	6
18	Ruben Diaz	Bronx	6
37	Rafael Espinal Jr.	Brooklyn	6
10	Ydanis Rodriguez	Manhattan	5
21	Francisco Moya	Queens	5
24	Rory Lancman	Queens	5
34	Antonio Reynoso	Brooklyn	5
		6 Districts	4
		25 Districts	3 or less

## Supporting NYC's Industries

Workforce organizations train and connect jobseekers to all sectors of the economy. They are particularly well positioned to support sectors and workers that have been hardest hit by the pandemic in getting back to work, as well as training and connecting jobseekers to stable sectors that are likely to grow in the recovery to come.

Sectors Hardest Hit by Pandemic	Average Worker Displacement Rate*	# of Workforce Programs
Food / Hospitality	68%	24
Nonprofit	n/a **	22
Construction	39%	16
Social Services	n/a **	15
Retail	68%	12
Industrial / Manufacturing	47%	10
Childcare	62%	9
Creative / Cultural	68%	6
Freight / Transportation	60%	7

Stable Sectors	Average Worker Displacement Rate*	# of Workforce Programs
Tech	6%	24
Other	n/a **	20
Healthcare	6%	19
Green / Sustainability	n/a **	13
Security	n/a **	11
Financial Services	9%	8
Government / Public Sector	n/a **	7

\* Displacement data from April 2020 New School report, "The New Strain of Inequality: The Economic Impact of Covid-19 in New York City"

\*\* Data unavailable for certain sectors

## New Yorkers Served by Workforce Programs

**245,000+**

New Yorkers Served  
(Respondents)

**100+**

more than half of responding  
organizations currently have 100+  
clients enrolled in programs

**550,000+**

New Yorkers Served  
(NYCETC Direct Service  
Providers)

**32**

Average Age of  
Workforce Client

### Are disproportionately people of color --

**36%** **18%**  
Black

**29%** **32%**  
Latinx

**24%** **19%**  
Asian & Other

**11%** **32%**  
Caucasian

● Workforce Program Clients

● Workers Displaced by COVID-19

The workforce system overwhelmingly serves New Yorkers of color (89%), and the unemployment crisis created by COVID-19 follows a similar pattern of disproportionate effects on persons of color. Over two-thirds (68 percent) of job losses are among persons of color, with Latinx workers bearing a particularly high burden, experiencing 32 percent of lost jobs compared to a 26 percent share of all New York City private sector jobs.\*

### Face significant barriers --



**21%**  
Housing Insecure



**20%**  
Food Insecure

\* April 2020 New School report, "The New Strain of Inequality: The Economic Impact of Covid-19 in New York City"

## Digital Barriers & Transition to Remote Services

Most workforce organizations are highly adaptable - 75% of respondents indicated that they are either already providing different services as a result of the pandemic or are capable of pivoting existing services to aid in the recovery effort. However, workforce organizations' ability to support New Yorkers remotely during the pandemic in equitable and inclusive ways is hampered by the **high rates of digital disconnection experienced by clients**. These clients do not have a device and/or an internet connection, making it incredibly challenging to access remote learning or working options necessary to participate in virtual programming.

### Workforce development clients lack digital access --

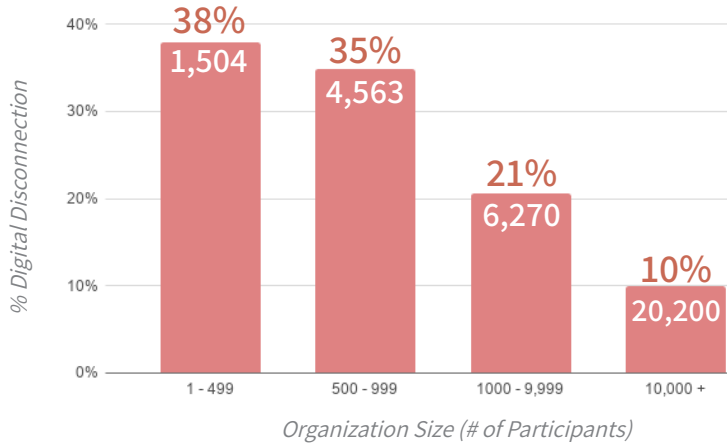


**32,500+**  
Disconnected Clients  
(Respondents)

**13%**

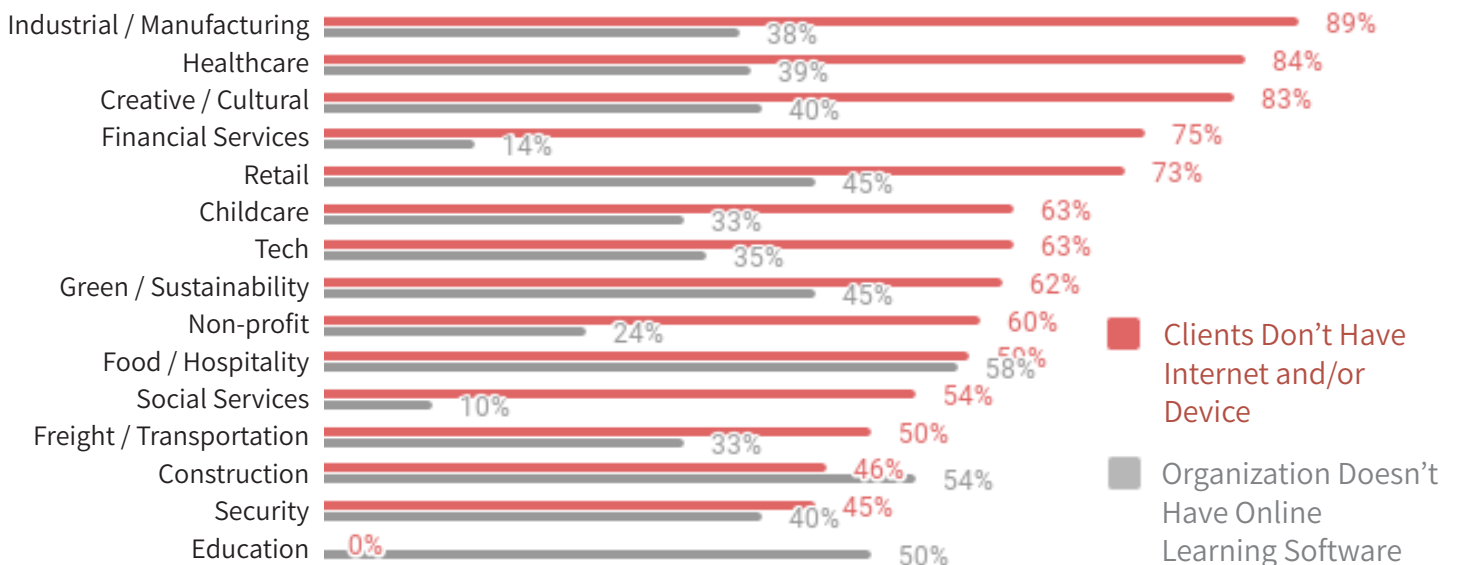
**70,000**  
Disconnected Clients  
(NYCETC Direct Service Providers)

### Lack of digital access increases greatly by organization size --



*Among small and mid-size organizations that responded to our survey, which usually support more vulnerable populations with higher barriers to employment, the digital disconnection rate increases to 36%.*

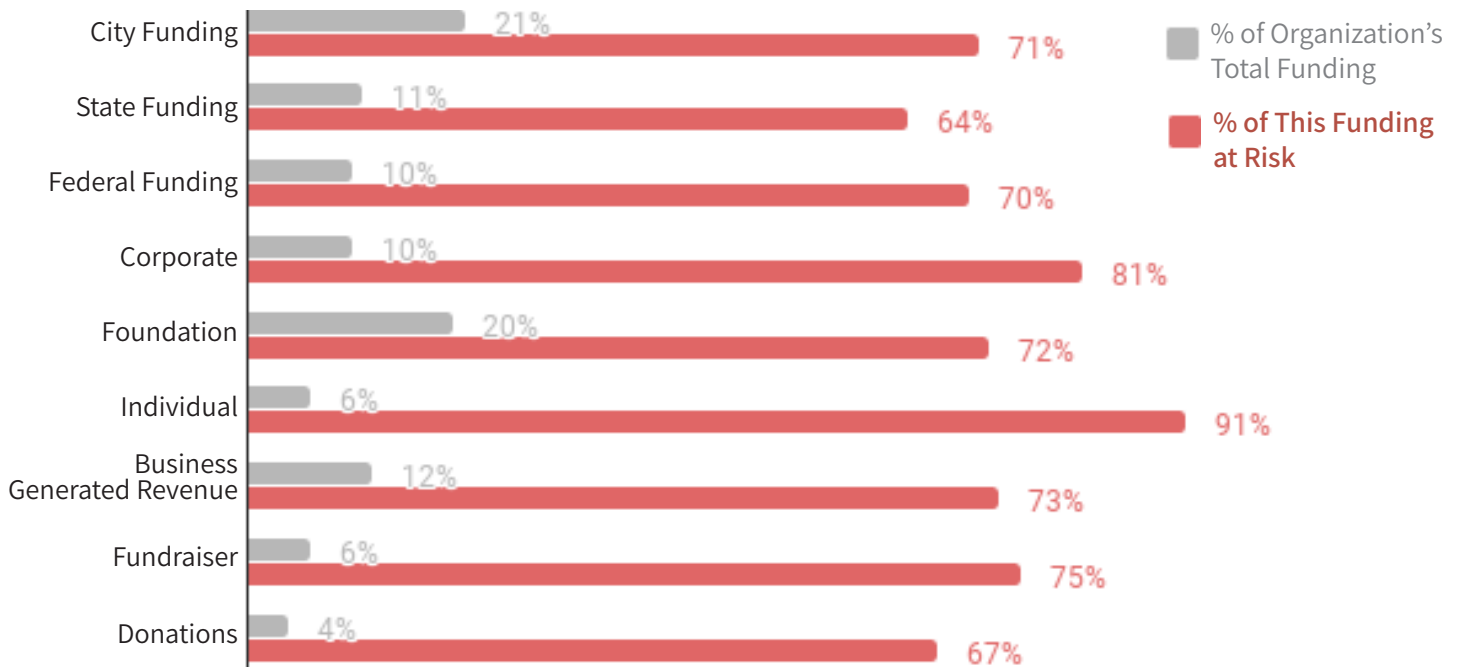
### Lack of digital access varies greatly by sectors served --



## Financial Hardships Faced by Workforce Organizations

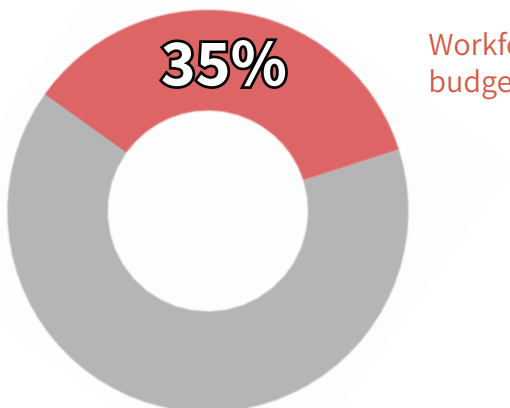
### Funding Risks & Precarity

Workforce organizations predict high levels of risk across all their funding sources, making their ability to support vulnerable and newly unemployed New Yorkers highly precarious.



### Workforce organizations are highly impacted by City and State contracts & budget cuts --

As providers of critical social services, workforce organizations have long partnered with City, State and Federal governments to support New York's residents through skill development and job placement programming. This has made many workforce organizations highly dependent on government contracts and funding sources, making them particularly vulnerable to social service and discretionary budget cuts proposed for FY21 by NYC and NYS.



Workforce organization that have more than 50% of their budget coming from City and State contracts

## \$250 Million

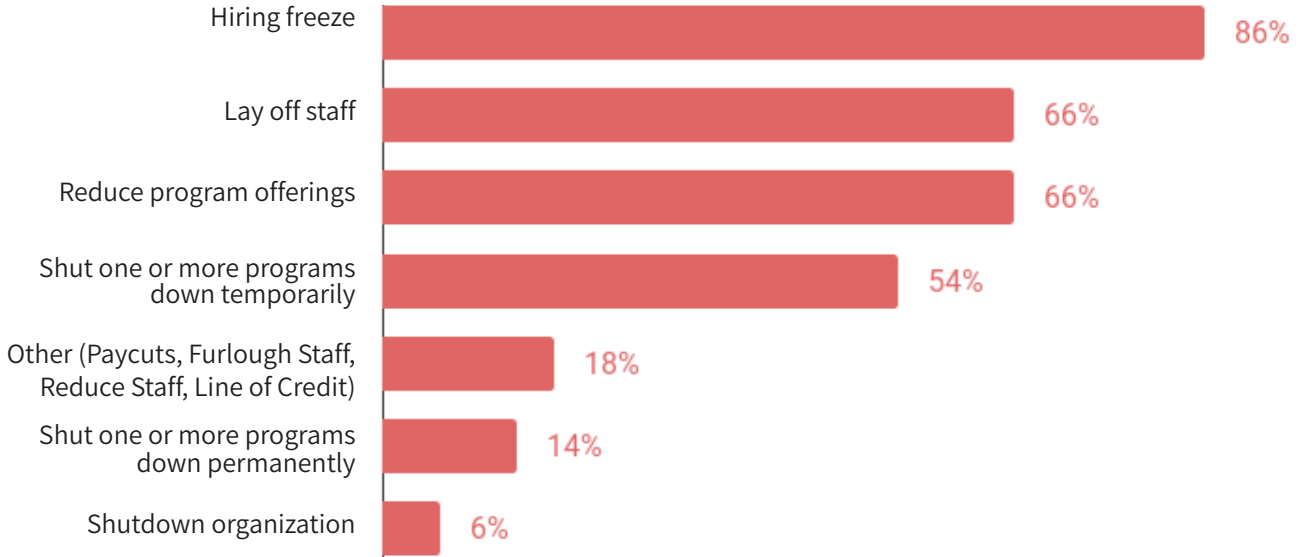
NYC FY2021 Proposed Budget Cuts for health and human service programs, with overall budget cuts largely concentrated on services for the underserved



# Financial Hardships Faced by Workforce Organizations

## Expected Economic Fallout of COVID-19

Workforce organizations expect large impacts on their ability to provide services to their communities, with over half predicting program reductions and permanent shut downs. Two-thirds predict laying off staff.



### Additional funding needed in the next 6 months

In order to survive the economic crisis, at least half of all workforce organizations will need some cash infusion over the next 6 months. This financial need increases dramatically over the 6 month period, with 70% of organizations predicting they will need additional resources in order to survive the COVID-19 crisis in the next 3 to 6 months.

**70%** Workforce organizations need cash infusion in next 6 months

**15%** Organizations will need, on average, 15% amount of annual budget within next 180 days

