MEMORANDUM
February 13, 2017

TO: NYS Legislators

FROM: Brian McMahon, Executive Director, New York State Economic Development Council

RE: Economic Development Budget Priority #1: Workforce Development

The New York State Economic Development Council (NYSEDC) requests your support for targeted investments in workforce development within this year’s budget. Specifically, NYSEDC recommends the inclusion of workforce development as a permissible use of existing funding within Empire State Development’s Regional Economic Development Council (REDC) capital funds, and allowing up to 10 percent of a region’s allocation to be used for employer-driven workforce training.

Site Selection magazine identifies the availability of a skilled workforce as the predominant factor for businesses deciding where to locate new facilities. In this year’s “State of the State” rankings (published January 2017), New York’s workforce ranked 8th out of the 9 states in the Northeast region – just ahead of Rhode Island. A major determinant of our ranking relates directly to the proportion of state economic development investments that are allocated to workforce development. In short, our competitors are making the long-term investments in their workforce that foster economic success, and New York State is not.

According to the New York Association of Education and Training Professionals (NYATEP), REDCs invest just over 1% of available funds (currently NYS Department of Labor federal funds) to support job training. With federal workforce funding currently at risk, and existing WIOA (Workforce Innovation and Opportunity Act) dollars highly prescribed with regard to their recipients and uses, New York lacks a flexible, consistent source of funding to proactively respond to skills gaps identified by employers across a region’s targeted industry clusters, such as advanced manufacturing. If 10% of the $175 million available last year for REDCs was directed to workforce solutions aligned to economic development projects, an additional $17 million dollars would be available to empower local workers to deliver on the state’s commitment to growing industry sectors. These investments would remain and radiate within the community long after those projects conclude.

Workforce development is a long-term investment strategy that pays substantial dividends to communities, which is why we encourage you to support and fund workforce development within the FY17 budget cycle.