

**Testimony to Philadelphia City Council,
Committee on Labor & Civil Service**

Honorable Juan Ramos, Chair

**Submitted by:
Sallie Glickman, Executive Director
Philadelphia Workforce Investment Board**

March 3, 2005

Please accept this written testimony on behalf of the Philadelphia Workforce Investment Board (PWIB). I regret that a previously scheduled out-of-town commitment prevents me from being with you in person to present these remarks.

I want to begin by thanking Council, and particularly Councilman Ramos, for this opportunity to talk with you about the unemployment challenges facing Philadelphians. This is a major issue confronting our economic vitality as a City, and one that we must work together to address.

The PWIB, chaired by Citizen Bank Senior Vice President Pamela Crawley, has been charged by Mayor Street to set the policy and direction for the City's public workforce system. Among our responsibilities, we govern the local CareerLink system, advocate at the state and national levels on issues that impact the City's workforce system, and innovate in a variety of ways to make the public system more responsive to the needs of our economy.

Recently, the PWIB began an in-depth study of demographic, labor market, and economic trends in Philadelphia. Our goal is to better understand what is happening in the City, and to identify levers that will serve to reverse some of the less positive employment trends we are experiencing. Over the next several months, we will be analyzing and releasing this data. At this juncture, I will share some of the high-level findings:

- The annual average employment in the United States grew by over 45 percent in the period 1983-2002. In Pennsylvania and Metropolitan Philadelphia, the growth rates were 24.8 percent and 22.7 percent, respectively. In Philadelphia, we declined by 7.9 percent.¹
- During the period from 1990-2000, labor force participation rates for Philadelphians aged 16 to 64 years old at all educational levels declined; however, these declines were particularly acute for males. Absolute changes in labor force participation rates for males during the period was -7.0 percent overall (a 11.5 percent reduction for high school drop-outs, a 9.4 percent reduction for high school graduates, and an 8.3 percent reduction for males with some college).²
- In 2000, there were over 37,000 16-24 year olds in Philadelphia who were neither employed **nor** enrolled in school. In total, over 100,000 16-24 year olds were not employed.³ This data suggests that a significant portion of Philadelphia's young people are getting a late start in the labor market, significantly decreasing their likelihood of completing post-secondary education and earning a family-sustaining wage.
- Although in 2000 we still had 56,000 manufacturing jobs – 8 percent of all jobs in the City – Philadelphia experienced a loss of 18,000 of those jobs in the period from 1991 – 2000.⁴ This trend is noteworthy in light of Philadelphia's labor supply: manufacturing jobs were once the great equalizer in the economy. Until recently, a young person, regardless of their educational attainment and literacy levels, could find a manufacturing job with the hope of earning a family-sustaining wage. Employers in this industry typically developed their workforce through informal and formal on-the-job training that

¹ Original data from Bureau of Labor Statistics, with analysis by the Center for Labor Market Studies at Northeastern University

² Ibid.

³ Original data from Census Bureau, with analysis by the Center for Labor Market Studies at Northeastern University.

⁴ Original data from Bureau of Labor Statistics, with analysis by the Center for Labor Market Studies at Northeastern University.

was paid for by the business, and workers advanced along internal career ladders. The loss of these jobs puts tremendous additional strain on the education and job training systems at exactly the time as federal funds for these activities are declining precipitously.

Much attention has been paid to cutting taxes as a stimulus for growth. In comparison, there has not been a great deal of public discourse related to the ability of our tax base – Philadelphia's labor pool – to generate income and, by extension, revenue for our City. A high school drop out will *cost* the City \$250,000 more to serve than they will contribute in taxes. In 2000, over 17,000 individuals 16-24 were high school drop outs *who were not working*.⁵ These trends have devastating consequences for the economic health and vitality of our City.

Over the last five years, several promising practices have been initiated in Philadelphia to address the issues suggested by these trends. For example, the Administration's Children's Investment Strategy has provided thousands of children with a stronger educational and social foundation through its after-school and Beacon programs. College scholarships have helped high school graduates make the transition into post-secondary education, the completion of which can mean the difference of over \$1 million in individual earnings over a lifetime. Investments in Community College of Philadelphia have meant important programs to support post-secondary success have been maintained and enhanced. The City's CareerLink system has helped to connect hundreds of employers with thousands of residents seeking work. Yet the public funds to support these initiatives, and others just as important, are diminishing rapidly. In fact, 75 percent of the domestic cuts in the President's proposed budget for FY2006 are in social and educational programs.

In light of these daunting facts, there is still a great deal we can do locally. The PWIB is engaged in three targeted efforts, which I am pleased to share with you today.

WorkReady Philadelphia is an initiative of the PWIB's Youth Council. Initially, it served as an umbrella to connect an array of previously independent youth workforce development programs. A single administrative structure for recruitment, intake, and overall coordination served to eliminate duplication and put more of the available public and foundation funds into direct service. But that was not enough – still, without any advertising, up to 5,000 youth who wanted and needed jobs were left out annually. And you have already seen the employment numbers for youth: over 100,000 16-24 year olds are unemployed. To respond to this need, three years ago the Youth Council started the WorkReady Private Sector Jobs Campaign, co-chaired by Mayor Street, School District CEO Paul Vallas, and Lincoln Financial Group CEO Jon Boscia. To date, over 400 youth have been placed in privately-subsidized jobs with area businesses. Information about WorkReady will be distributed to all Council members. As this year's annual campaign gets underway, I encourage you to help us connect to businesses in the community who want to make a difference.

Excel Philadelphia addresses a hidden issue in Philadelphia: the 67 percent of residents who have low literacy levels, compared with 48 percent nationwide.⁶ This does not necessarily mean they cannot read; rather, it means their ability to learn new skills or obtain a post-secondary credential is severely impacted. This affects employers as well; their workplaces are not

⁵ Original data from Census Bureau, with analysis from the Center for Labor Market Studies at Northeastern University.

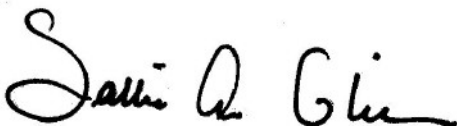
⁶ Data made available by the National Institute for Literacy, accessible at <www.nifl.gov>.

optimally productive and the labor pool lacks the requisite skills necessary to compete in an increasingly global economy. Excel Philadelphia, which is a new PWIB initiative in partnership with the Mayor's Commission on Literacy and the Philadelphia Literacy Coalition, is designed to encourage employers to invest in their non-degreed workers, to help workers excel in their jobs, and to enhance the ability of the public workforce system to address the work and literacy needs of its customers simultaneously. Seeded with an initial grant from the Verizon Foundation, we have an ambitious initial fundraising goal of \$500,000, which we plan to raise primarily from private sources. All Council members will be invited to the Excel Philadelphia kick-off event in the spring, and I look forward to seeing you there.

Graduate Philadelphia directly targets the one in six Philadelphians over 25 years of age who has accumulated some college credit but never completed a degree.⁷ This project, which has been initiated with the Pennsylvania Economy League, was developed in recognition that 70 percent of all jobs paying family sustaining wages require post-secondary credentials and that Philadelphia lags in the percentage of adults who have college degrees – 18 percent compared to 25 percent for the median of the 100 largest cities.⁸ By 2010, it is estimated Philadelphia will need 12,500 more workers with post-secondary degrees, with the greatest need for Associate Degrees in occupations that are the backbone of the current economy: information technology, allied health, engineering, and pharmacy.⁹ The economic impact of completion is enormous: if just 10,000 of the 80,000 adults ages 25-45 who have not completed their degrees do so by the end of the decade, it is estimated that city revenues would increase by nearly \$4 million in the first year and \$273 million over 30 years; purchasing power would increase by \$35 million in the first year and by \$1 billion over 30 years; and social services would save \$10 million in the first year and \$300 million over 30 years.¹⁰ We are currently working with Community College of Philadelphia to structure the first Graduate Philadelphia program, and are applying for a federal grant to seed the project.

These are some of the major areas where the PWIB is focusing its work to address the fundamental issues of unemployment – and underemployment – in Philadelphia. Moving ahead, I look forward to keeping Council updated on our progress. In the meantime, please do not hesitate to contact me if I can be of any assistance.

Respectfully Submitted,



Sallie A. Glickman
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⁷ Original data from Census Bureau, with analysis by Graduate Philadelphia.

⁸ See "Philadelphia in Focus: A Profile from Census 2000," published by the Brookings Institution Center on Urban and Metropolitan Policy, accessible at <www.brookings.edu>.

⁹ Projections made available by the Pennsylvania Department of Labor and Industry.

¹⁰ Analysis for local data conducted by Graduate Philadelphia, based on information made available by the Rand Corporation, the Community College of Philadelphia, and Census Bureau.