

CHAPTER 8

CONCLUSIONS & THOUGHTS ON IMPLEMENTATION

The previous chapter outlines the elements of a job training program which holds the potential to begin bridging the gap between the working poor in Lawrence and living-wage jobs in regional high-tech industries. These program components respond directly to the specific circumstances of regional industry, and secondarily to local workers (insofar as the primary focus of this thesis is on labor market demand). However, these suggestions do not do justice to the institutional and organizational constraints faced by job trainers. In fact, the existing job training system in Lawrence has not incorporated many of these strategies not because it lacks desire or understanding of labor market issues facing the working poor. Rather, it has not incorporated these elements because resources for such efforts are scarce and forging long-term relationships with the private sector is difficult and time consuming. Alternatively, the needs of people in the job training system, often the most disadvantaged city residents, are deep and immediate, and long-term planning, while important, would divert resources from these agencies' short-term but vital missions.

In recognition of the hard work of people in the local job training system, it is important to acknowledge the difficulties of launching such a program, and, at the very least suggest, some ideas for implementation drawn from best practices around the nation. While these suggestions fall far short of making such an ambitious program easy to implement, I believe that two strategies – related to accessing living-wage jobs and to finding the significant funding necessary to support such a long-term program – are particularly worth mentioning.

Accessing Living-Wage Jobs: The Role of Community Coalitions

As mentioned previously, having largely accepted the assertion that employers must be involved in the design and implementation of successful training programs, policymakers and researchers in this field are currently investing significant attention to answering the question: What would make employers wish to participate in job training? This question has been answered in practice, through a number of different strategies to elicit employer involvement, ranging from altruistic, emphasizing corporate citizenship, to monetary, such as lowered training

wages and subsidies to employers who hire trainees, to self-interest, such as providing employees for hard-to-fill positions. Although each of these approaches may work in limited circumstances, none have shown broad, systematic success at motivating and maintaining employer participation.⁶⁷

An alternative, and promising, strategy is being employed by programs such as Project QUEST, a job training initiative run by the Industrial Areas Foundation in San Antonio, TX. This “coalition advocacy” model focuses on garnering employer participation in job training, and securing up-front job commitments for trainees.⁶⁸ This model attempts to build broad-based institutional and community support for the equitable distribution of jobs to low-income communities, and then uses public campaigns around these issues to motivate employers to join the effort. In short, absent monetary benefits to participating, many firms will not feel it is in their self-interest to make a long-term commitment to hiring disadvantaged workers. However, public campaigns have the capacity to make it in their self-interest to participate, by publicly emphasizing the fact they do not employ disadvantaged residents, and stressing their responsibility to do so. While this approach certainly has pitfalls (such as the risk of diminishing job commitments when public interest in the issue abates), it has been employed successfully through projects like QUEST, which elicited 650 decent-wage job commitments from regional employers prior to initiating its first job training effort.

There are real and compelling benefits to using such an approach in the case of Lawrence, if an interested and dedicated coalition of community institutions can be mobilized around the issue of living-wage work. Specifically, there are persuasive equity-related reasons for employers to participate, but such reasons can only be advanced convincingly by a coalition large and powerful enough to be able to represent a public relations risk to non-cooperating corporations. Possible arguments to catalyze participation include:

- ***Regional employers (particularly large employers) benefit both directly and indirectly from the low-wage labor provided by Lawrence residents***, and should therefore be willing to participate in a program designed to remedy the hardships caused by working-poverty employment.

⁶⁷ Ibid. Osterman 1995, Ibid., Osterman and Batt, 1993.

⁶⁸ Ibid. Osterman 1996.

- ***Widespread regional use of temporary help firms***, which are profitable to employers, creates less than optimal working conditions, and in the worst case working-poverty conditions, for less-skilled workers, who are overwhelmingly concentrated in Lawrence. The profit from this employment choice goes largely to temporary firms at the expense of the workers. A powerful coalition might be able to successfully make an argument, in the public realm, that in return employers should invest in the long-term upskilling of the less-skilled populations whose work conditions are deteriorating as a result.
- ***Participation would ultimately benefit employers***. Advanced by program staff alone, corporations are often wary of hiring job training participants, because of the “low-income, hard-to-employ” stigma associated with these programs.⁶⁹ While a jobs program targeted toward the working poor is significantly different than this traditional model, this argument is more likely to seem credible when advanced by a broad-based coalition than when advanced by an individual program (which might reasonably be suspected to overstate its own potential).
- ***Receipt of regional subsidies***: A final possible argument that could be advanced by a coalition, but less successfully by an individual program, is that a number of large regional employers receive state and local tax and infrastructure subsidies that might, arguably, create a public imperative for them to provide employment opportunities for less-advantaged local residents. Many of these subsidies were granted under economic development programs on the premise that development would create needed jobs for local residents. However, if these firms only provide low-wage or otherwise poor quality jobs for less skilled local residents, a savvy coalition could make the argument that they should invest in training and upskilling for this same population.

⁶⁹ Weir, Margaret. *Politics and Jobs: The Boundaries of Employment Policy in the United States*. Princeton, NJ: Princeton University Press, 1992.

Project QUEST's Creation: Unique Local Circumstances?

Because it is one of the nation's most promising job training programs, a number of successful elements of the San Antonio's Project QUEST have been highlighted in this research. However, in examining this example it is also important to point out some of the circumstances of QUEST's success and how these are similar to, or differ from, Lawrence, MA.

When QUEST was founded, San Antonio, like Lawrence, was experiencing the loss of living wage low-technology manufacturing jobs. Simultaneously, city residents were seeing the growth of high-paid high-skilled work for the well-educated and low-skilled, low-wage jobs for the less-educated.

Local leaders and activists, catalyzed by plant closings, came together to discuss and unite an effort around job training and creation. Rather than leaping into implementation, these activists -- led by the Industrial Areas Foundation and two active, well-established local community groups with strong ties in the religious community -- decided to structure their effort around building a broad public mandate for, and involvement in, these job training efforts.

The time spent building this broad-based coalition proved well spent, insofar as the group's public presence was key to engendering the cooperation of government, employers and the community college. By emphasizing employer responsibility to hire local residents, QUEST was able to secure commitments to hire its participants into living-wage jobs when the program was completed, which was an important motivation for both participants and supporters as well as being tremendously unusual. This public presence, and the voter strength that it implied (not accidentally) were also critical to attracting funds for this unusually comprehensive, and therefore expensive, job-training effort. Many years later, independent evaluators attribute much of the program's success to these early, tone-setting successes that gave the program the fundamental financial and political support necessary to make long-term investments in participants, and in program development.

One interpretation of QUEST's success is that when a jobs crisis hit San Antonio, critical community networks that could be mobilized around the issue already existed, and had practice in advocating for public support for other projects (such as roads, infrastructure and education reform). Though advocacy networks may be evolving in Lawrence through electoral activism, it is certain that no network with comparable resources, practice and power currently exists in the city. According to Paul Osterman's analysis of QUEST's unusual success, a similarly comprehensive effort is almost impossible without these networks, although it could be argued that strong networks could develop in the process of launching such a campaign.

Another factor that makes San Antonio's situation distinct from Lawrence's, and that was central to the QUEST's success, is that when QUEST was founded, the health sector in San Antonio was experiencing a labor shortage so severe that they were recruiting nurses from other countries. As a result, QUEST was able to make the successful argument that it was in the hospitals' self-interest to invest in training local residents in nursing, in order to save long-term recruitment costs. This research has not unearthed any labor shortages of comparable severity in the Merrimack Valley. One can expect, therefore, that it would be significantly more difficult to motivate employer participation in a comprehensive training program in Lawrence.

Securing Program Funding: Traditional Federal Resources are Not Enough

A two-to-three year job training program that includes community-college tuition, childcare, living expense support and administrative costs is tremendously expensive. The fundamental reason why programs like this have not been implemented more frequently in the history of the job-training system is the following: the public job training system is funded rily through the federal government, which does not allocate the resources necessary to provide such costly training, in part due to lack of legislative commitment to the cause and to the population it serves.

That said, in the current federal climate, despite increased funding for job training resulting from welfare reform, any institution or group wishing to institute such a program needs to rely on multiple sources of funding in addition to federal monies. This is the key to many of the more creative and successful job-training programs across the nation, such as the Center for Employment Training in San Jose, CA, Project QUEST in San Antonio, TX, and One-with-One, an immigrant job training program in Boston, MA. While it is a fairly able administrator of federal funds and federal priorities, the REB has not been particularly creative in tapping these non-traditional resources to support local training priorities. Rather, the system has allowed its training agenda to be set, and its budget to be decided, at a federal level. It should be noted that this entrepreneurial role is rare among even the best of publicly funded agencies; it is more typically the domain of non-profit corporations, which tend to be better tied in to their surrounding neighborhoods and cities, and are better able to navigate the private philanthropic community.

Furthermore, if interested practitioners agree with the author about the promise of a strategy requiring the application of public pressure to regional corporations, this role would be almost impossible for a public agency, such as the REB, whose political ties severely limit its ability to risk upsetting local and regional balances of power. If there exists in Lawrence a community of stakeholders, institutions and residents interested in launching such a program in the name of improving the fortunes of the working poor it would almost necessarily need to take shape in the form of a non-profit organization. And not just any non-profit – many of which are as bureaucratic, rigid and institutionally risk-averse as the public sector – but a broad-based non-profit with a strong public mandate, founded in a consensus among City residents about the importance of improving the fortunes of the working poor in Lawrence.

Appendix 1: Research Participants

Employers:

AGFA
Alpha Software
Avid Technologies
CMG Information Services
Communication and Power Industries, Inc.
Comverse Network Systems
DCI Massachusetts Business Trust
Dynamics Research Corporation
Entegee Engineering Technical Group
First Security Corporation
General Computer Resources
Graphic Controls
Harte Hancks Technologies
Infotech Contract Services
Millipore Technologies
MKS Instruments, Inc.
Opus Telecom
Peritus Software Services
Schneider Automation
Sullivan and Cogliano Staffing Services
VideoServer, Inc.
Xionics, Inc.

Other:

David Autor, National Bureau of Economic Research

Ross Comeau, Chief Planner, Lower Merrimack Valley Regional Employment Board

Howard Feldstein, Associate Director, Lower Merrimack Valley Regional Employment Board

Bob Farrant, Professor, Department of Regional Social and Economic Development, University of Massachusetts-Lowell

Tom Holler, Employment Organizer, Industrial Areas Foundation

Yolanda Kodryski, Chief Economist, Federal Reserve Bank of Boston

Danny Leblanc, Executive Director, Merrimack Valley Project

Richard Lester, Industrial Performance Center, MIT

Alex Lon, Employment Assistance Director, Department of Employment and Training, City of Lawrence

Bob Luongo, Director of Economic Development, City of Lawrence

Myrta Maldonado, President, Merrimack Minority Employment, Lawrence

Hugh McCabe, Welfare to Work Supervisor, Department of Transitional Assistance, City of Lawrence

Kelly Osmer, Director, Center for Business and Industry, Northern Essex Community College

Kathy Rodger, Dean, Lawrence Campus, Northern Essex Community College

Tom Sommer, Executive Director, MASSMedic

Chris Tilly, Economist, University of Massachusetts-Lowell

Charles Tontar, Urban Resource Institute, Merrimack College

Peter Vanier, Executive Director, Lower Merrimack Valley Regional Employment Board

Appendix 2: Interview Questionnaires

A) Questionnaire for Regional Employers

- What are the jobs for which you hire entry level workers with less than a bachelor's degree?
- For each job:
 - What is the starting salary? What benefits?
 - What are the job responsibilities?
 - What experience and qualifications are required?
 - How do you recruit for these jobs?
 - How long does it take you to hire for these jobs? How much does the hiring process cost? Is this what you expect for a job like this, or is it problematic?
 - Have you ever had to raise wages in order to attract qualified applicants?
 - What type of education or training would be necessary for you to hire someone without experience for this position?
 - To your knowledge, do you hire Lawrence residents for these positions? Why or why not?
- For all jobs:
 - Have you ever filled jobs like these through temporary agencies?
 - Do subcontractors do any significant portion of entry level work for your firm? If so, for what type of work? Are subcontractors located in this region?
 - Do you intend people to move up in the firm from these entry level positions? If so, into what positions? How fast?

B) Interview Questionnaire for Temporary Firm Interviews

1. Roughly, what portion of your workforce DOES NOT have a four year college degree?
2. Roughly, how much of your business is “temp-to-perm”?
3. What are the basic categories of jobs for which you hire workers with less than a bachelor’s degree?
4. For each job category:
 - What are the job responsibilities?
 - What experience and qualifications do you require?
 - How do you recruit for these jobs?
 - How long does it take you to hire for these jobs? How much does the hiring process cost? Is this what you expect for a job like this, or is it problematic?
 - Have you ever had to raise wages or employee referral bonuses in order to attract qualified applicants?
 - What type and amount of education or training would be necessary for you to hire someone without directly applicable experience for this position?
 - What is the range of starting salaries for these positions? What benefits?
 - Do you provide training for your employees? If so, how much and of what type?
5. What types of firms do you place non-college employees with? How long is the average contract? How much of the work is temp to perm? How much purely temporary?
6. What types of skills do you perceive as being in shortage in the fields you are working in?
7. Looking forward, do you see anything on the horizon that will cause changes either in the number of non-college workers which you employ or in the skills you need them to have? How might this change in a recession?

Appendix 3: Structure of the JTPA System

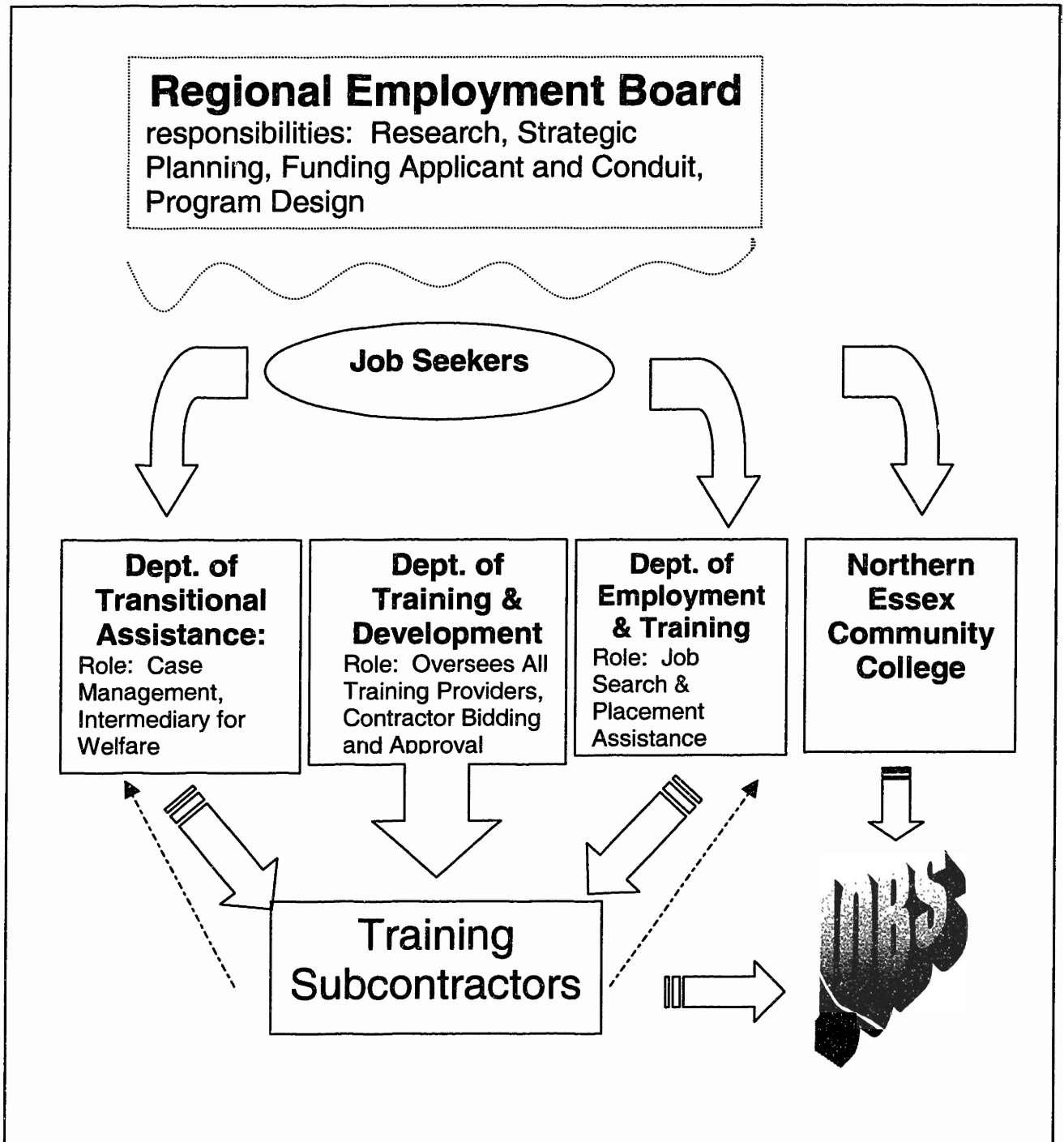
The structure by which job training is administered is as follows: . The REB serves as a conduit for the vast majority of all federal training funds into the labor market area. After setting programmatic and area goals, the REB then selects contractors – including community organizations, proprietary training organizations and local educational institutions – to administer the training⁷⁰. In some cases, the contractors are overseen by an intermediary public agency. For example, in the case of welfare to work training, the REB funnels money to the Department of Transitional Assistance, which is then responsible for choosing and overseeing training contractors.

From the client perspective, the process looks like this: Job seekers enter the system either through the Department of Employment and Training (which also administers unemployment insurance) if they are not recipients of public assistance, or through the Department of Transitional Assistance, if they receive public assistance. An intake is then conducted with a counselor who recommends either training or placement services, based on the clients occupational needs & history, their eligibility for job training funding, and the slots available with each training agency.

If clients are eligible for, and choose, job training services, the job training subcontractor is then responsible for all aspects of the client's training and placement. Special placement assistance is available through both agencies, though it is expected that placement is primarily the responsibility of the subcontractor. The success of subcontractors is judged according to the percent of enrolled students who are placed in jobs which pay more than \$7/hour and in which they are retained for 13 weeks. Subcontractors receive half of their payment when these clients enroll, and the other half when they are determined to have been placed successfully.

All practitioners who I interviewed agreed that this is a fairly contrived structure, in part because existing institutions have had to be restructured many times in response to changing federal mandates and priorities. However, according to many, the Lower Merrimack Valley REB is fairly successful in promoting the flow of information and clients through a variety of team structures, and because all of the agencies are located in the same building.

Structure of the Lawrence Jobs Training System



⁷⁰ This system is currently under transition to a voucher structure, whereby recipients of job training services are responsible for choosing trainers based on their individual preferences, in consultation with a counselor working for the REB.

THESIS PROCESSING SLIP

FIXED FIELD: ill. _____ name _____
index _____ biblio _____

► COPIES: Archives Aero Dewey Eng Hum
Lindgren Music Rotch Science

TITLE VARIES: ► _____

NAME VARIES: ► _____

IMPRINT: (COPYRIGHT) _____

► COLLATION: 1000 P

► ADD: DEGREE: _____ ► DEPT.: _____

SUPERVISORS: _____

NOTES:

| | |
|--------------------------------|-------------------------------------|
| cat'r: | date: |
| DEPT: <u>Urb. Studi</u> | page: <u>3122</u> |
| YEAR: <u>1999</u> | DEGREE: <u>MA M.S.P.</u> |
| NAME: <u>KOTELCHUCK, Tamar</u> | |