A Grassroots Look at Workforce Development
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A Summary

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Summary of “A Grassroots Look at Workforce Development,” a forum held February 28, 2012, at the Trenton Marriott Downtown

This event, which was part of a Federal Reserve System initiative on chronic unemployment and workforce development, was organized by the Federal Reserve Bank of Philadelphia’s Community Development Studies and Education Department. It was attended by about 75 representatives of nonprofits, foundations, banks, and government agencies, including senior officials of the New Jersey Department of Labor and Workforce Development and the executive director of the New Jersey State Employment and Training Commission.

BACKGROUND

Purpose of Event

Workforce development is in a time of transition.¹ Federal funding is declining amid questions about the effectiveness of existing programs. The forum sought to learn from community-based efforts in workforce development what works and what doesn’t and to examine challenges and opportunities associated with on-the-ground service delivery. The four nonprofit organizations were the Hispanic Family Center of Southern New Jersey, Camden; Impact Services Corporation, Philadelphia; Isles, Inc., Trenton; and New Community Corporation, Newark.

Milissa M. Tadeo, senior vice president, Federal Reserve Bank of Philadelphia, told the audience that the Federal Reserve System is responsible for conducting monetary policy to achieve the goals of maximum employment, stable prices, and moderate long-term interest rates. Maximum employment requires a workforce that has the job skills necessary to meet the demands of business and industry in our economy now and in the future. The recent recession and uneven recovery underscore the need for effective workforce development programs.

Highlights

The following insights were revealed in the course of the conference:

¹ Workforce development is a broad term that refers to preparation of residents for employment during their lifetime. Workforce development issues include the role of the elementary, high school, college, and community college educational systems as well as vocational schools and community organizations in preparing residents for employment; the skills and credentials sought by employers for available positions; economic trends affecting the availability of positions; and publicly-funded employment and training services for residents who are unemployed or underemployed.
Providers of government-funded employment and training services are hampered by the fact that there are more than 40 separate federal programs with separate funding streams and eligibility criteria. Providers are constricted in putting together comprehensive programs.

Government employment and training programs are funded on a short-term basis ranging from six to 36 months, which makes it difficult for nonprofits to plan for the long term.

Many hard-to-employ populations require basic education and literacy services and case management. Nonprofits find it difficult to obtain funding for this educational work.

Nonprofits provide either or both of two types of assistance: soft skills such as reporting for work on time and communicating appropriately, and specific job skills to prepare workers for specific positions.

Many low- and moderate-income clients have scarce resources, cannot afford to make mistakes, are distracted by stressors in their lives, and have weakened confidence in their ability to be successful. Many government programs don’t take this reality into account and design complex rules and regulations that discourage client participation.

It is difficult to interest employers in publicly funded employment and training programs and employers increasingly seek employees through the Internet rather than through traditional job fairs.

Employees are encouraged to acquire “stackable credentials” that enable them to move up a career ladder. Such a ladder, however, rarely exists for entry-level workers.

Regional Demographic and Economic Trends

Keith Wardrip, community development research specialist with the Community Development Studies and Education Department at the Philadelphia Fed, provided demographic and economic data as a context for the day’s discussion.

Wardrip pointed out that:

- The unemployment rate in 2010 in Camden was 18.6 percent, 15 percent in Newark, and 12.8 percent in Trenton, compared with 9.5 percent for New Jersey as a whole.
- For residents between 16 and 24 years of age, the unemployment rate between 2006 and 2010 averaged 32 percent in Camden, 28 percent in Newark, and 23 percent in Trenton, compared with 17 percent statewide.
- Between 2006 and 2010, the unemployment rate was generally highest for African Americans (22 percent in Camden, 19 percent in Newark, 19 percent in Trenton, and 13 percent statewide) and
Spanish-speaking residents (18 percent in Camden, 11 percent in Newark, and 9 percent in Trenton, compared with 9 percent statewide).

- For the 30 occupations expected to add the greatest number of new jobs in the U.S. from 2010 to 2020, the median salary is expected to be $20,615 for those that require less than a high school diploma, $30,460 for those that require a high school diploma or equivalent, and $51,660 for those that require postsecondary education, according to data from the U.S. Department of Labor.

- Jobs that require a high school diploma or less are expected to account for roughly 70 percent of the job openings from 2010-2020, but those requiring higher levels of education are expected to grow more quickly on a percentage basis.

**Decision-Making**

Eldar Shafir, William Stewart Tod Professor of Psychology and Public Affairs at Princeton University, discussed his research on behavior and how what is learned can be used to develop programs that serve low- and moderate-income (LMI) people. Shafir said that the “nuances” and “cues” in program delivery have an important impact on whether the residents pursue access to the programs. Shafir said that there’s “a tendency to underestimate the power of the situation,” and that, in addition to financial education and literacy, recipients of assistance require an environment in which they can more easily put this information into practice. Such an environment might include access to financial assistance during times of hardship as well as more positive and encouraging interactions with program staff. Complicated rules inhibit client participation.

Many programs aren’t effective because the people designing and implementing them don’t take into consideration what Shafir called the “psychology of scarcity” of program clients. According to Shafir, this psychology influences behavior. When resources are scarce, people find it difficult to take action on something because they “can’t afford to make a mistake.” This happens when people are struggling to survive and don’t have a buffer of savings. They need to make “high-quality decisions” but are distracted by stressors in their lives and weakened confidence due to challenges or past failures, making it more difficult to make decisions and take action.
WORKFORCE DEVELOPMENT FROM A GRASS ROOTS PERSPECTIVE

Innovative Strategies

- Isles and HFC use employer advisory councils to help guide their training for positions in the energy efficiency field and found the councils to be effective in facilitating two-way communication and building long-term relationships with employers.
- NCC provided an income stipend that enabled women on public assistance to pursue nursing studies and many graduates succeeded in finding employment.
- HFC revamped a county-government-funded literacy program so that it better met clients’ needs. It established different levels of classes based on English proficiency, made class times more convenient, and organized cycles with specific start and end dates.
- Isles learned that many of its employment and training clients could not manage their personal finances. The nonprofit developed a program in which case managers work with clients to ensure that the clients implement financial education concepts.

Martin Johnson, president of Isles, Inc., said that community-based organizations (CBOs) have moved into employment and training because of underperforming schools, recognition that their clients face barriers to employment, and shortcomings of government-led efforts. CBOs know the communities and individuals and understand the employment-related services that are needed, such as vocational training, life skills, academic preparation, and personal counseling. CBOs seek “to break through typical political boundaries and funding silos and connect neighborhoods to the broader region. They are free to re-think the system.”

CBOs typically receive funding for employment and training services on a short-term basis, of up to 36 months, making it difficult for them to plan for the long term. Most nonprofits that are engaged in this field are primarily engaged in other types of activity.

There has been a counterproductive separation of education and training since the Comprehensive Education and Training Act of 1973, which is a predecessor of the Workforce Investment Act, the current legislation governing public funding in this field. Data are needed to demonstrate results of investment in the field.

Elsa Candelario, executive director of the Hispanic Family Center of Southern New Jersey, Inc. (HFC), explained how the HFC revamped a government-funded literacy program that originally required people of different levels of English proficiency to be taught together. The HFC established different English classes based on proficiency levels (beginners, intermediate, and advanced), increased the number of
hours from 12 to 15 per week, changed the class hours to times that were more convenient to the students, and organized the cycles offered with specific start and end dates.

**Msgr. William Linder** said that New Community Corporation (NCC) opened a workforce development center in 1992 in Newark to serve those most in need as nontraditional students. NCC follows an economic development model in which it provides training and hands-on experience at NCC’s facilities and businesses.

NCC has provided an income stipend to women on public assistance to enable them to pursue their nursing studies at the center. Nurses who have graduated from NCC’s program have been very successful in finding employment.

Msgr. Linder said that the State of New Jersey needs an employment and training strategy that recognizes the kind of education required by clients. The state asked NCC to provide educational services in a freestanding facility, with its own director and co-director, separate from the workforce development center, but the costs of such an arrangement would be prohibitive. Also, NCC’s instructors are from different industries and are not traditional educators. Ford Motor Company has provided instructors who certify automotive technicians trained in NCC’s program.

**John MacDonald**, president and CEO of Impact Services Corporation, said that most nonprofit workforce and job-placement contractors have performance-based contracts. There is a fee per job placement. Most other services provided to participants are paid on a cost-reimbursement basis. Impact learned during the National Supported Work Demonstration, which ended in 1980, the importance of including peer group support, graduated stress, and immediate gratification in programming for difficult populations. This was especially true when developing work activities.

Impact is “an entrepreneurial nonprofit” that earns roughly 20 percent of its $10 million budget from business activities and development projects, MacDonald said. As a nonprofit with a focus on job placement and workforce development, Impact “must always expect change and be ready to react as needed.”

Creating Opportunities for the Undereducated

**Gail Brooks**, principal of the Isles YouthBuild Institute (IYI) and a former school superintendent, explained that IYI was started in 1995 because of what she called “a failing school system.” About 50 percent of ninth graders in Trenton don’t graduate from high school.
IYI’s program strengths are case management, counseling, and referral services provided by IYI staff to students. IYI staff helps homeless students obtain housing. Classes are small so the young people get to know each other and their instructors.

Seventy-five percent of IYI participants are attending college or are employed at an average wage of $10 per hour. YouthBuild had the highest level of GED achievement when compared to other nationally recognized youth programs. Programs such as IYI that work with out-of-school youth cost much less than incarceration, but funding constraints limit the number of young people IYI can accept.

IYI maintains ongoing internship relationships with local companies. Three former IYI students are enrolled at Cheney University, Bloomfield College, and Mercer County Community College.

**Working with Employers**

Jeanne Oswald, director of Isles’ Center for Energy and Environmental Training (CEET), said that during the past three years CEET has trained 1,200 individuals. CEET worked with 40 employers; 29 of the employers hired one or more CEET graduates. CEET formed an employer advisory council that helped guide the center’s training and expansion into curriculum development. The council proved to be a very effective way to build good long-term relationships with employers.

The individuals completed 1,570 courses and 880 national certifications (one individual may have completed more than one course and certification). Job placement rates for the individuals have averaged 85 percent on a regular basis.

CEET faces four major challenges: an uncertain economy, ever-changing politics, rapidly evolving industry needs, and bureaucratic red tape.

Altie Carrasquillo, program director of the HFC’s Family Resource Center, said that the agency has prepared clients for jobs in weatherization, construction, health care, and retail and distribution fields. Some have found customer service and clerical positions. The nonprofit has worked with 300 employers that vary in size from small firms to large corporations. She has overseen training programs for green jobs and for the WomenBuild program for the last two years.

The HFC has found that it is often easier to work with small employers who don’t have the resources to recruit employees and don’t have bureaucracies that need to approve each hire.

Carrasquillo underscored the importance of maintaining personal contact with employers. Nonprofits need to explain to employers the benefits and incentives of participation in employment and training
programs. She recommended that education and training nonprofits create advisory boards or employer councils and help their clients with job readiness services.

It has become harder to engage employers because many employers now rely more on online resumes and temporary employment agencies than traditional job fairs. A challenge for some job seekers is a lack of familiarity with Internet and online applications. Also, it is sometimes difficult to get employers to verify employment as required by job training programs.

John MacDonald, Impact’s president and CEO, said that Impact primarily focuses on employment and training and placed 1,197 residents in jobs in 2011. However, Impact also helps develop projects such as Aramingo Crossings, a $45 million shopping center that has created 600 jobs. It also operates its own businesses and manages three employer associations and a business improvement district. MacDonald said that “we can identify with our members as a result of operating our own business activities. Working together for a few years in the association, the group is almost like family.” This close working relationship enables Impact to ask owners to hire clients who are turning their lives around.

Beyond Income: Workforce Financial Fitness

Peter W. Rose, managing director of Isles Community Enterprises, said studies show that many people struggle with personal finance issues.

He cited these statistics:

- One in four workers report that they are in serious financial distress over their personal finances, according to a 2005 report.²
- Some 82 percent of low-income adults lack confidence in their ability to plan for their family’s future.³
- Up to 80 percent spend 12 to 20 hours of work time a month dealing with personal financial matters.⁴

Isles asks employers to pay for personal finance education for their employees. Counselors in Isles’ Financial Fitness Club not only teach concepts, they also work with clients to see that clients can cover

their monthly expenses with income, that they can track spending, plan ahead, and select and use financial products, and that they are using their financial knowledge.

Isles’ customers in the Financial Fitness Club undertake a complete personal financial assessment, create and monitor a budget, and repair their credit. Counselors teach clients to use online tools for automated bill payment and monthly budget monitoring. Isles provides access to emergency loans when necessary and helps clients gain access to individual development accounts for homeownership. Public funds supplement client savings at a $2 to $1 rate.

FEEDBACK ON THE DAY

In a closing discussion on the day’s events, Aaron R. Fichtner, deputy commissioner of the New Jersey Department of Labor and Workforce Development (NJDOLWD), said that NJDOLWD is aligning all of its investments in six targeted industry sectors – advanced manufacturing, financial services, health care, life sciences, technology and entrepreneurship, and transportation, logistics, and distribution – and has created a “talent network” in each sector.5

NJDOLWD is exploring ways to encourage regional collaboration, support partnerships with community colleges, and promote transparency and accountability in the agency’s funding decisions. A new website enables job-seekers to submit resumes for available jobs in New Jersey (http://www.jobs4jersey.com/).

NJDOLWD believes that community-based organizations must be a major partner in providing workforce development services. NJDOLWD also plans to more closely link unemployment insurance with re-employment efforts.

When Martin Johnson asked whether a pipeline could be created for entry-level jobs, Fichtner responded that employees can acquire “stackable credentials” that enable them to move up a career ladder. Johnson also asked whether educational and job training services could be better bridged. Fichtner responded that it is critical for educational institutions and nonprofits to work together and that the NJDOLWD was working to encourage such collaboration. The state is hampered by a landscape of about 40 different federal programs, and the goal is to make them function seamlessly.

Michele E. Horst, executive director of the New Jersey State Employment and Training Commission (SETC), said that stakeholder input and public commentary will be a critical part of the process as SETC

5 The talent networks are designed to connect businesses in six key industries with educational institutions, workforce development agencies, government agencies, and community groups to identify the skills and training sought by New Jersey employers. For details, see http://lwd.dol.state.nj.us/labor/lwdhome/content/TalentNetworkNJ_Index.html.
develops a five-year comprehensive workforce investment plan. The last comprehensive state plan was
developed about 10 years ago to meet the needs of a very different economy. The SETC serves as New
Jersey’s state workforce investment board and oversees 17 local workforce investment boards, which
work operationally with New Jersey’s 34 One-Stop Career Centers.

Next Steps

New Jersey nonprofits that provide employment and training development services will be given an
opportunity to comment on the state’s five-year comprehensive workforce investment plan that is being
developed by the SETC.

The Philadelphia Fed’s Community Development Studies and Education Department will explore with
Isles and the NJDOLWD possible events or joint initiatives to be undertaken this year.