

CHAPTER 6
SCAN OF THE LAWRENCE JOB TRAINING SYSTEM:
AN INSTITUTIONAL ANALYSIS

So far, through my research I have attempted to shed some light on: why the working poor should be an object of concern for public policy makers, the lack of access to living-wage jobs of the working poor in Lawrence, and where living-wage jobs exist in high-tech industry in the region. According to neoclassical economic theory, rational people, on the whole, will make investment decisions which will maximize their lifetime earnings (or maximize their utility, of which earnings is a primary, though not sole, component). The case of Lawrence is then somewhat of an anomaly: Lawrence workers are not making the necessary investment in skills that would allow them to access high-quality non-college jobs in the region. What is the source of this disconnect? The answers to this question will yield some important information upon which to base thoughts about a more effective training system for this population.

Given the importance of institutions in education and training, it is important to consider the institutional context in Lawrence. The purpose of this section, therefore, is to consider what structures already exist to bridge the gap between supply and demand, or between living-wage employers and workers in Lawrence. Specifically, I will use this information to consider the questions: does the current employment training system in Lawrence serve the working poor and if so, how well?

The answers to these questions should give us important insight into the reasons why working-poor Lawrentians are not currently investing in the skills that would help them access living-wage jobs. These answers also have important implications for the creation of new skills training programs, because an extensive job training system, funded by the federal government, is already in place in Lawrence. How well this system functions vis-a-vis the working poor should determine the nature of any new program: If this system is doing an adequate job, it would be wasteful to create a new and parallel system. Also, given the scarcity of public funding and the wide range of expertise necessary to create job-training programs, it is wise to fully leverage existing strengths and assets in the local environment.

In the following section, I will examine the shape and quality of services provided by the two principal adult job skills training systems in Lawrence: efforts funded by the Jobs Training Partnership Act (JTPA) of the Department of Labor, composed of a range of agencies and

training subcontractors supported through federal funding administered by the Lower Merrimack Valley Regional Employment Board, and the community college system, represented by the Lawrence campus of the Northern Essex Community College.

The Jobs Training Partnership Act System in Lawrence

Who Does It serve? What Programs Does It provide?

The Jobs Training Partnership Act (JTPA) system, overseen by the Lower Merrimack Valley Regional Employment Board (REB) is the primary provider of job training services to the people of the Lower Merrimack Valley. This system is supported by federal JTPA funds that it uses to provide training to approximately 1500 people per year in the fifteen cities and towns in the region.

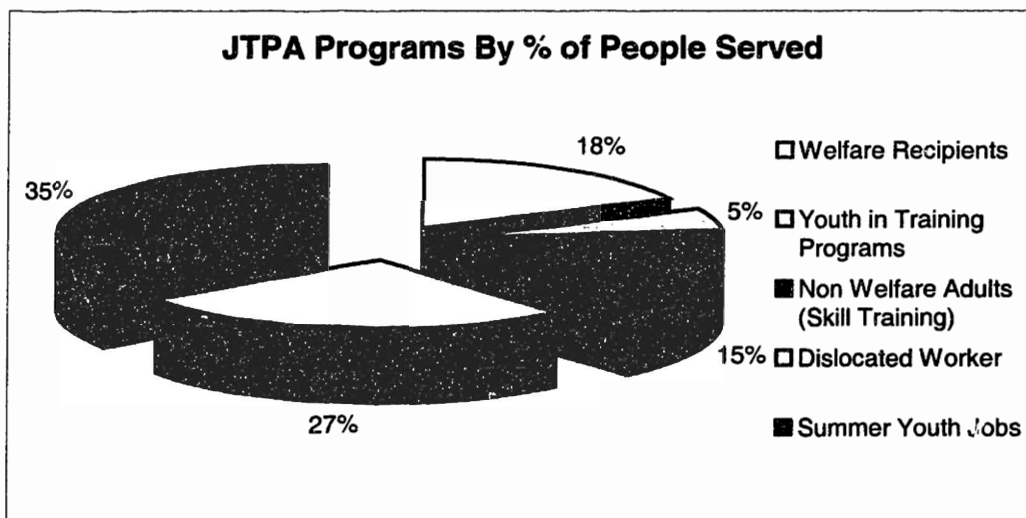
The REB offers a fairly broad range of programs, targeted both to specific job-seeking populations as well as to specific sectors of the regional employer community. Programs that are offered by the REB to job seekers include:

- ***Welfare to Work:*** Serving 18% of all job training recipients, or approximately 225 people per year, this initiative emphasizes a “work-first” model, whereby participants receive limited pre-employment training (usually for approximately 4 weeks) accompanied by aggressive job search assistance and post-placement support. To qualify for this type of training applicants must receive public assistance as their primary form of income. The program offers a four to eight week course in job readiness prior to job placement, and adult basic education and skills training only after recipients have been placed in jobs. This training lasts an average of 17 weeks.
- ***Dislocated Worker Training:*** Serving 27% of all job training recipients, or approximately 400 people annually, this program is designed to serve people laid off from their jobs due to industrial change and plant closings. This program is perhaps closest to the training necessary for the working poor, insofar as it targets people with solid work histories, and is significantly longer and more in-depth than all other JTPA training (36 weeks versus a JTPA-average of 19 weeks). However, it is not clear that this program is serving Lawrence residents. While the REB does not maintain data of the place of residents of its job-training

participants, the demographics of people participating in this program suggests that they are not likely to be Lawrence residents: 80% of participants are White, and only 13% of participants are basic skills deficient.

- **Youth Programs:** Serving 40% of all job training recipients, youth programs are composed of summer job programs (35%) and full-time training for non-college bound youth (5%).

How does the REB decide which populations to target? A perhaps unfortunate fact of the job training system across the nation is that there is relatively little funding for local priorities, such as the working poor in Lawrence. As the principal agency administering federal workforce training priorities, the REB's programmatic focus is dictated to a fair degree by the federal government, through the Department of Labor (DOL), which has the power to determine for which populations training money is made available. The REB does receive some amount of annual discretionary funds from the DOL that can be used to administer programs geared toward unique local needs. However, this discretionary funding is inadequate to create local programs of any significant scale because it is given in relatively small amounts and must be spread across a variety of programmatic efforts and agency administrative costs.



The structure of the job training system in Lawrence is only important to this research insofar as it affects the quality of programming for the working poor. Perhaps the most significant point on this topic is that the structure of the programs is fairly decentralized and diffuse: the REB administers and monitors funds and sets local priorities, and funds are then funneled to

subcontractors (based on their placement records) that provide direct training, and who are responsible for job placement, training content and relationships with employers. For those interested in additional detail on the structure of this system, please see Appendix Three.

How well does this system serve the needs of the working poor in Lawrence who would like to upgrade the quality of their work? The REB claims that Lawrence residents are its primary target group. This assertion is difficult to measure directly, because the JTPA system does not maintain data on the place of residence of job training participants. However, basing our conclusions on how well the population served by JTPA mirrors the population of the City of Lawrence, a cursory analysis indicates that Lawrence residents are fairly likely to be served by this program. For example, the educational attainment of people in the JTPA system roughly mirrors that of the City of Lawrence.⁵³

Currently, recipients of JTPA programs demonstrate the following characteristics:

- **15% of participants have limited English speaking abilities.**⁵⁴ This suggests that the JTPA system is not serving a large portion of Lawrence's working poor, between 35 to 60% of whom have limited English speaking ability.
- **73% of participants are economically disadvantaged.**⁵⁵ This statistic does suggest that Lawrence residents are being, or could be, served by the JTPA's programs.
- **34% of all non-welfare adult participants are basic-skills deficient**, possessing less than an 8th grade proficiency level in either math or reading. (Note: this indicator is not tracked for other participating populations.) This number suggests that the population served by JTPA may not be as disadvantaged as the residents of Lawrence, in terms of basic reading and math skills. Unfortunately, data does not exist which would allow us to make this claim with certainty. However, we can say that within the city of Lawrence, 43% of people older than 25 have not completed high school, and an additional 40% have completed only high school. Thus it is fair to expect that significantly over half of these people – or 40 to 65% of the City's population – lack basic math and English skills.

⁵³ JTPA participants are slightly more likely to have completed high-school than city residents, but not dramatically so.

⁵⁴ This excludes participants in the summer jobs program, who do not receive job skills training, per se

⁵⁵ This percentage excludes dislocated workers, for whom income data is not tracked.

How Well Does the JTPA System Serve the Working Poor?

Perhaps the largest shortfall which I have identified with this system is the fact that it seems to have very limited services available for low-income adults interested in upgrading their quality of work if they do not either receive public assistance or have been dislocated from their jobs. This population represents only 15% of the 1500 people trained annually, and participants come from across the labor market area's 15 towns and cities. Furthermore, no social service supports, such as childcare, transportation assistance or stipends, which would make training more accessible to low-income workers are available for participants in this program.

The gap in services for this population is also attested to by the Executive Director of the Lower Merrimack Valley REB, who expresses frustration at being unable to meet this need for training due to a lack of federal funding earmarked for this population. More often than not, he states, workers who do not fit the federally defined categories for welfare to work or dislocated worker training, are funneled directly into job placement, rather than training services. It is his best estimate that there are 3 potential clients seeking to secure these services for every one slot that the REB can make available. It is also important to note that the nature of funding for this system makes it difficult to target services specifically to local needs, such as creating strategies to combat working poverty in Lawrence, a need recognized and acknowledged by local job trainers.

Additional attributes which may reduce the effectiveness of the local JTPA-funded job training system for the working poor include:

A reliance on anecdotal evidence about the skills needs of clients: Currently, the REB has no mechanism for gathering general data about the skills which the labor force and job seeking population do and do not possess, aside from the intake which is conducted with clients at the outset of their training. However, this intake speaks only to the needs of people who have formally entered the JTPA system, rather than the needs of the population/workforce as a whole. Administrators, such as the REB Executive Director, are aware of the difficulties associated with this lack of solid information, and are currently taking steps to remedy it (for example, a consultant has been hired to conduct a skills inventory of Lawrence residents in 1999). However, this lack of information does limit the system's ability to plan effective intervention strategies for the labor market area.

Employer participation is uneven in quality and quantity: It is generally accepted within the literature about job training that employer participation in planning curricula and implementing training is crucial to the ability of the job training system to provide valued services to employers, and thus to secure good jobs for its participants. In fact, the REB realizes the importance of this element, and speaks amply in its promotional literature about the quality and quantity of employer participation in their programs. However, while the REB certainly has strong local employer representation on its board, and on the board of the associated Private Industry Council, it is unclear how this participation translates into higher-quality, more employer-responsive services at the training level. The only employer participation required by the REB in the actual provision of training is that training subcontractors provide letters from employers attesting to their need for workers of the type being trained by the subcontractor. While this provision would certainly seem to encourage more ongoing employer participation, it seems that this type of involvement varies greatly from subcontractor to subcontractor.

Job placement criteria are minimal: While the REB realizes the importance of helping people secure high-quality jobs, the actual criteria which they use to track the success of their trainers are fairly minimal and are dictated by federal, rather than local, standards. A successful placement consists of helping a participant secure a job paying at least \$7 per hour, with benefits, and which they retain for at least 13 weeks. This wage translates into an annual before-tax income of at least \$14,560, just above the federal poverty threshold of \$12,931 for a parent with two children⁵⁶, and certainly far short of a living-wage. Above and beyond these criteria (which the REB has been fairly successful at meeting) it is difficult for any of the job-training professionals I interviewed to speak knowledgeably about the quality of jobs which job-training recipients are securing.

Shortage of English as a Second Language (ESL) Assistance: By all counts, one of the greatest job-skills needs of the population of Lawrence, whether working or unemployed, is English-language skills. As mentioned earlier, census estimates assert that as much as 70% of the City's population in 1998 is Latino, a large portion of which is immigrant, and has limited English speaking ability. Furthermore, interviews conducted with over 50 local employers in the Spring of 1998 attest to the fact that limited English skills are one of the major barriers to promotion for working Latinos in the City. While the REB and the adult basic education system do offer

⁵⁶ 1997 Poverty Threshold. Washington, D.C.: U.S. Bureau of Census, 3 Feb. 1999: <<http://www.census.gov>>.

English as a Second Language services, available slots for the year fill up within the first two months of most years, attesting to the heavy local demand and scant supply.

Shortage of Transportation Assistance: Most of the job training professionals interviewed attested to the need for transportation assistance as a crucial facet of any job strategy for Lawrence residents. Lawrence is a city that has very low rates of car ownership, and limited public transportation to many parts of the surrounding region, making it difficult for many to access job opportunities outside of the city proper. Indeed, temporary employment firms and informal car services have thrived in recent years in large part because they provide van transportation to job opportunities for Lawrence residents. Neither the REB nor other agencies currently provide this type of specialized transportation assistance. The REB, working jointly with the regional transportation board, has secured a welfare-to-work transportation grant to create these services, but it has yet to be implemented and it is unclear how successful it will be in meeting this need.

Northern Essex Community College

The second important component in the adult skill training system in Lawrence, MA is the community college system, represented by the Lawrence campus of the Northern Essex Community College (NECC). NECC established this campus in 1992 in response to civil unrest in Lawrence, and the campus initially had an entirely remedial-education and job-training focus. Since 1992 it has grown to into a major, and more mainstream, community college campus, serving 1700 people per year and offering a range of remedial, certificate-, and two-year programs, as well as employer-contracted training. The community college, while only marginally connected to the JTPA-funded job training system, is a critical mechanism by which Lawrence residents obtain and strengthen skills necessary for employment. While the school is funded with approximately 50% student fees, public support in the form of state and federal education funding, as well as student use of public education loans and grants, mean that the school should be understood in part as a publicly supported educational and training service.

Who Does NECC Serve? What Services Does It Provide?

NECC's educational specialties include Liberal Arts and Liberal Arts/English-as-a-Second-Language programs, the two highest-enrolled programs offered by the college. Two-year vocational training specialties include business management, health services (including training for registered nurses, practical nurses and nurse's aides) and criminal justice training. The last two areas represent strong occupational growth fields in both Lawrence and the surrounding region, and all are among the top 10 enrolled programs for the entire NECC system. Other popular programs include accounting, computer science, and electronics. NECC also offers a few job training and basic education programs aimed at disadvantaged populations, such as its JTPA-funded welfare-to-work program. However, these programs are relatively small and isolated from mainstream community college services, and hence are not a major focus of my research.

A survey of local employers in the Spring of 1998 revealed that school graduates have a good reputation locally,⁵⁷ an observation which is supported by the college's robust business in employer-contracted training. This is particularly true for the health professions program, which has a direct recruiting relationship with many local health care providers, including Lawrence General Hospital, the city's largest employer.

NECC, like many other community colleges around the nation, serves a relatively "non-traditional" college population. Over two thirds of college students attend college part time while employed, a percentage which has been increasing steadily (though slowly) over recent years. The average age for nighttime students is 31 and the average age for daytime students is 26. Furthermore, the college currently serves 24% non-white students, and the non-white population has been growing by approximately two to four percent per year for the last 5 years.⁵⁸ Lawrence residents compose close to 40% of NECC's total enrollment.

⁵⁷ 23 out of 51 respondents had opinions about the quality of NECC training. Of those with opinions, 21 (or 91%) felt that NECC prepared its students well or very well for entry-level jobs. This compares favorably with all other educational and training systems listed, and comes in a close 2nd to the University of Massachusetts- Lowell in popularity among employers (Source: Author's Calculations, Business Survey Results, Andors, et al. 1998).

⁵⁸ Northern Essex Community College. *1997 Enrollment Facts*. Haverhill, MA: Northern Essex Community College Webpage, Apr. 1999: <<http://www.necc.mass.edu>>.

How Well Does NECC Serve the Working Poor?

What does this evidence imply about how well the college is serving the adult working poor in Lawrence? The results are mixed. On one hand, NECC has made significant inroads in serving older workers and minority populations, both of which are important sectors of the working poor in Lawrence. Income and other demographic statistics for students are not tracked, making it difficult to extrapolate about which sectors of this population they are serving, and the nature of their employment difficulties. On the other hand, even the Lawrence campus serves a primarily White student body, not in sync with the increasingly Latino population nor the working poor. Additionally, people who lack a high school degree or a GED are not admitted to certificate or 2-year college programs, which means that NECC's services are not available to at least the 43% of adult Lawrence residents who are not high-school educated.

NECC is increasingly successful at serving non-traditional students. The college has made an effort to support these students through a fairly broad range of programs. NECC provides on-site day and evening child care, extensive tuition support (utilized by 40% of students, 40% of whom report a high rate of satisfaction with NECC's financial aid services), and a range of remedial and English-as-a-Second-Language programs (utilized by over 20% of all college attendees).

Furthermore, in its 1998 strategic plan, NECC prioritized recruiting students with more employment difficulties, namely lower-income, Spanish-speaking Lawrence residents. Specifically, their goals include increasing retention in developmental and ESL courses, better linking remedial courses to college enrollment, better understanding and meeting the needs of ethnic communities, expanding outreach for ESL and basic literacy programs, and establishing college-wide mechanisms for assisting students with career searches and placement.

However, upon closer examination, there are real and important gaps in the services which NECC offers non-traditional students, which make it difficult to characterize the community college as a wholly supportive environment for the working poor population. Despite progress on this front over recent years, staff and administration at NECC cite an ongoing struggle between forces within the college that want it to pursue a focus on the more traditional community college role of preparing students for transfer to 4 year institutions (primarily younger students) and other forces which would like the college to focus on skills

training (primarily for adults). Put bluntly by one NECC administrator: “The administration is trying to keep this from becoming a little brown campus.”

This struggle over who NECC will serve manifests itself in the college’s program offerings and its admissions criteria. The result has been that while more non-traditional students are enrolling at NECC, the college shows less than a whole-hearted commitment to serving adults not bound for four-year college programs, which manifests itself in barriers to enrollment and study for non-traditional students. Deficiencies on this front include spotty support services for adults, little job placement assistance, and a requirement that all participants in non-remedial programs possess a high school degree. This last problem makes it very difficult for NECC to serve the working poor in Lawrence, since 43% of Lawrence adult residents do not possess a high school diploma. Furthermore, vis-à-vis developing its role as an engine for workforce training and development, the college still has very limited employer participation in curriculum planning and system-wide networks for job placement.

One issue particularly draws attention as an opportunity for NECC to further its role as an institution that helps Lawrence’s working poor upgrade their employment prospects. Local demand for remedial services and English as a Second Language is quite strong. However, there is an apparent disconnect between these services and the mainstream, vocational training tracks of the community college. For example, only 18% of ESL students go on to enroll in professional training through NECC. This disconnect suggests that there may be an important role for feeder programs from remedial to professional education within the college, a need acknowledged by the Dean of the Lawrence Campus.

Is the Skills Training System In Lawrence Equipped to Meet the Needs of the Working Poor?

Lawrence faces hefty challenges to improving the employment prospects of the large number of working poor living in the city. The job training system, in its current configuration, appears poorly prepared to meet the depth and breadth of these challenges. While both the JTPA system and the community college are relatively successful on a number of fronts, both lack critical elements that would enable them to serve this population. The JTPA system lacks the funding to serve low-income adults who fall outside of federally mandated priority populations,

which represents a large portion of the working poor in Lawrence. Furthermore, it is not clear that the JTPA system has been particularly creative in attracting new sources of funding nor in working with their current sources to create services for these people. The community college, while it has many strengths, lacks a systemic commitment to serving low-income adults, which is expressed through failure to outreach to and support these populations, and most importantly to ensure that they move from remedial services into mainstream college vocational training. Additionally, both systems lack the quality, system-wide relationships with employers that would enable them to provide services responsive to local labor market needs. However, both have real strengths, which should be incorporated into any plan to serve the working poor in Lawrence. If skills training is to be a major engine for improving employment for the working poor, Lawrence will need a job training system which is capable of providing comprehensive and seamless support and services to clients, and integrating itself into the higher-wage regional employer communities.

CHAPTER 7

TOWARD AN EFFECTIVE JOB TRAINING PROGRAM FOR LAWRENCE'S WORKING POOR

The previous sections have demonstrated that the working poor in Lawrence are not getting the full advantage of high-quality, non-college jobs created in high-technology industries along the 495 and 128 Corridors.

One useful lens for analyzing this disconnect is the spatial/skills mismatch theory,⁵⁹ popularized in recent years by urban economists and sociologists in their efforts to better understand widespread unemployment problems in urban neighborhoods in the context of regional economic growth. According to this concept, the mismatch between employers and urban job seekers is due to either one, or some combination, of the following:

- *Spatial elements:* Workers in certain areas are located far from employment opportunities and/or do not have access to hiring networks.
- *Skill elements:* Despite the fact that low-wage workers are spatially concentrated, the primary barrier to employment is that local workers do not possess the skills sought by regional employers.

Ultimately, the shape and content of an effective intervention depend greatly on which effect is dominant in blocking job opportunity for Lawrence residents and how these dynamics play out in this particular environment. Unemployment and underemployment problems caused by spatial mismatch are best addressed through “access strategies” that help residents learn about job opportunities and find viable ways to commute to jobs in other parts of the region. Alternatively, skills mismatch problems require more involved efforts to help residents develop the skills needed by local industry.

I believe that the construct of a spatial/skills mismatch is helpful in guiding our thoughts as to the causes of employment problems, insofar as it suggests different types of interventions. As a result, this concept is used to frame the strategies outlined in the following chapter. However, Lawrence's reality is a bit more complex than this dichotomy would suggest. In fact, Lawrence, like many other neighborhoods and cities across the nation, faces significant obstacles

on both spatial and skills fronts, so that any effective intervention must address both facets of this dual problem. For example, there is evidence that many Lawrence residents lack the community college training and direct job experience that employers value. However, the prevalence of employee referral as a recruitment mechanism also means that qualified residents may not learn of living-wage jobs for which they are qualified.

Based on the information presented in prior chapters, I present the rough outline of a job training program which could at once improve the skill match between Lawrentians and regional high-tech employers, while also enhancing their access to job opportunities, either pre- or post-training depending on their qualifications.

Before suggesting what should be done, however, I briefly address the question of who should do it. Specifically, it is important to determine a need and a rationale for public or non-profit involvement, in order to avoid replicating services that would be created by the private sector of its own accord.

Economic Rationale for Public Job Training in Lawrence

One of the primary functions of the public sector is to serve as a vehicle for citizens to invest their funds in joint priorities that would not be created independently by the private market. That is, a major rationale for the public sector in a capitalist economy is to remedy market failure, the inability of a market economy to reach certain desirable outcomes in resource use.⁶⁰ By applying this concept, it is possible to identify circumstances under which government action is unwarranted, and would duplicate the efforts of private citizens and entrepreneurs. In the case of job training, neo-classical economic theory predicts that, since training enables people to increase their earnings, they will be willing to pay for these services (if they have access to credit markets that enable them to take out financing loans).

In the context of job training in Lawrence, the concept of market failure raises a number of questions. If Lawrence residents can increase their lifetime earnings through education and job training, why is it necessary for the public sector to invest scarce public funds? Why won't the private sector step in to provide these services?

⁵⁹ Kasarda, John D. "Entry-Level Jobs, Mobility and Urban Minority Unemployment." Washington, DC: *Urban Affairs Quarterly*, 1983: 19:21-40.

⁶⁰ Datta-Chaudhuri, Mrinal. "Market Failure and Government Failure." *Journal of Economic Perspectives*, Volume 4, Number 3, Summer 1990, pp. 25-39.

Essentially, public involvement in job training in Lawrence is warranted because there are obstacles in the job market that make an efficient outcome unlikely. In this case, the efficient outcome is the profit-maximizing outcome in which everyone is able to choose the occupation that will provide their desired level of lifetime earnings, and finance the training necessary to obtain this job. Obstacles to this outcome in Lawrence include:

- ***Credit Market Problems:*** In order to invest in training, people must be able to borrow funds. However, many of the working-poor do not have sufficient collateral to obtain a loan, and the American financing system by and large does not have mechanisms by which people can take out loans against future wages, since wages cannot be guaranteed⁶¹. The result is that many workers, particularly low-income workers, face liquidity constraints that prevent them taking out loans to finance their education. This situation is particularly difficult for very low-income families that must dedicate large portions of their income to basic living expenses.
- ***Two-Sided Information Problems:*** As demonstrated in previous chapters, there are significant barriers to job opportunity between regional employers – who, for various reasons, do not have full information about the skills and capabilities of Lawrence residents – and Lawrence residents, who rarely have access to the recruitment networks for living-wage jobs. As a result, both parties will be hesitant to invest in building relationships with the other. Employers will not hire Lawrence residents because they fear they are unqualified, and Lawrence residents will not invest in training because they may not be able to secure higher-paying work as a result. In this case, a job training program run by an independent party – either public or non-profit – could reduce both parties' uncertainties by facilitating the flow of accurate information, which should increase their willingness to invest in each other.

The above factors will act to prevent many job-seekers from investing in the training necessary to secure living-wage work, one of the necessary conditions for public intervention. However, in order for the public to intervene, there must also be significant public support for the goal of increasing the income of the working poor. Unfortunately, it is far from clear whether this public support exists, despite increasing concern for the working poor. I would argue however, that training for living-wage jobs is a worthy public-policy goal because there is

significant public benefit to family self-sufficiency, and because the continuing concentration of poverty in inner-cities like Lawrence ultimately creates high costs for society.

It is also important to note, though, one economic drawback to public intervention in training, which relates to the dangers of substitution. That is, a program aimed at placing low-income Lawrence residents in living-wage jobs might displace other low-income workers from these jobs, either currently or in the future. Such a program can still be supported on the grounds that it increases regional equity, or improves the distribution of jobs, because workers in Lawrence fill a disproportionate share of low-wage regional employment. Furthermore, one can argue that special assistance is warranted for groups that traditionally lack access to hiring networks for these jobs despite their qualifications.

Skills and Experience Strategies

As mentioned previously, the two primary ways that job seekers can gain access to living-wage regional employment is through a) a two-year associate degree in a technical fields from a community college, and b) directly relevant job experience in high-tech manufacturing, particularly in bio-technical and electronics manufacturing. In combination, employers believe that these two forms of education give employees a competitive edge in terms of their ability to understand and manipulate quickly changing, sophisticated production technology. To this end, a successful job training intervention should:

Increase Access to and Use of Community College Technical Training Through Population-Targeted Financial and Educational Support Initiatives.

In today's extremely tight labor market, many technical certificate programs at local community colleges, such as the electronics assembly program at Middlesex Community College, have graduate placement rates in the range of 95 to 100%.⁶² Employers repeatedly attest to the quality of graduates from these programs. Additionally, one very-high quality

⁶¹ Though some government programs exist that have less stringent requirements, such as the Stafford Loan, they often require initial investments by the student and/or are not able to reimburse the student for the full cost of their training (including the opportunity cost of time that could be spent working).

⁶² For example, the biotechnology program at Middlesex Community College has a placement rate of 99% since its inception in 1990. Source: Middlesex College Biotechnology Program Homepage. Lowell: Middlesex Community College, May 1999: <www.middlesex.cc.ma.us/mst/BIOTECH/EmpOutLook.html>.

(though relatively small) employer makes it a practice to hire directly out of these technical programs, and says: “they can’t produce them [graduates] fast enough” for his purposes.

Given the relatively high quality of Lawrence’s Northern Essex Community College, and its stated desire to better serve non-traditional students and residents of Lawrence, NECC should be a central part of any job improvement strategy for the working poor in Lawrence.

The fact that good and applicable training resources currently exist in the City of Lawrence begs the question: why don’t the working poor already take advantage of this opportunity? This question has two important answers, each of which suggests a possible role of a public or non-profit job training program to smooth the way and encourage increased use of this resource.

Problem: People in Community College Remedial Training Do Not Progress onto Technical Training Programs.

Implication: Build links between remedial programs and technical training

Currently, NECC operates two fairly separate tracks serving distinct populations – those seeking remedial training and those seeking a technical education. As mentioned earlier, there is a strong demand for the school’s remedial programs, particularly English as a Second Language, the second most popular program at the school, serving approximately 600 students annually. NECC’s strength on this front should be viewed as an opportunity because many of the working poor in Lawrence will need remedial training in order to be able to participate in more-advanced technical training, due to the fact that this population often has limited formal education and limited English fluency. This would seem to suggest a strategy of explicitly building connections between the remedial and technical programs, to encourage students to continue on to advanced study, and to give these students an added level of guidance and support during the process. The nature of such connections depends on the specific barriers to training of this population, which is not examined in-depth in this research, but could be gained relatively easily through one-on-one interviews and focus groups with this population. Possible support mechanisms might include:

- A separate program geared toward this population which garners up front commitment from students to complete both remedial and technical training, and strives to integrate the special needs of this population;

- Academic and life/job skills counseling (assuming that this population will have more difficulties managing school, work and family than most, and that they are unaccustomed to college environments);
- Targeted financing packages, including accommodations for, or compensation of, child-care costs;
- Separate eligibility requirements to encourage participation by non-traditional students; and
- Institutional support and advocacy within the community college for the mission and resources of such a program, insofar as it would require a special, unusual effort on the part of the college.

Problem: Community College tuition, as well as support costs, is prohibitively expensive for many of the working poor, and is likely to be a tremendous obstacle to participation in a long and comprehensive program.

Implication: *Provide targeted financial support.*

In many cases undergoing remedial and then technical training will be between a two- and three-year commitment for participants, who also need to juggle this training with earning a living and managing a family. To this end, students are likely to need a great deal of support, both with managing the cost of tuition and with the financial and support strains that this puts on a family, including the need for increased childcare. This is particularly true for the high number of Lawrence residents who work in very low-quality jobs, for instance with temp firms, which are often unstable and carry minimal benefits, such as health insurance.

A number of successful job training programs have demonstrated the importance of non-tuition, as well as tuition, financial support in retaining older students in training programs. For example, Project QUEST, which has an unusually high program completion rate in a community-college-centered program, provides a range of financial support to participants. This support includes assistance with the following costs: tuition, books, childcare, transportation funds and limited emergency aid for living expenses (including occasional help with rent, utilities, and some medical services). What projects such as QUEST demonstrate is that

investment in these services – which may seem incidental to many – significantly increases program completion and job placement rates.⁶³

Link Jobs and Training

According to neo-classical labor economics theory, rational people will tend to invest in the amount of training which maximizes their lifetime earnings, if they have full and complete information about job opportunities, and access to financing.⁶⁴ This theory's validity, though, is contingent on the fact that those making investment decisions have full information about the range of jobs available to them, and the increase in wages this would represent over a lifetime.

In Lawrence, a history of limited access to living-wage jobs in high-tech industry makes it likely that people are not fully aware of the employment opportunities available in the regional economy. This would seem to suggest that Lawrentians' investment in training would increase in correspondence with the certainty of securing higher-wage employment when the training is complete. In these circumstances, a truly successful job training program would strive to secure up-front, credible commitments from employers to hire its graduates. Additionally, this occupational-information-gathering role (i.e./what job opportunities exist in the regional economy, and how they can be accessed) could be particularly important in the context of Lawrence, where working-poor adults have few institutions which can help people systematically assess their job potential.

While this strategy is likely to increase investment in training by students, it will only work if employers are willing to commit jobs to graduates with some certainty, which requires that participation have concrete benefits for the employer. Often, this benefit is far from clear to employers, who take a significant risk by making an up-front commitment to hire potentially-underqualified people. As a result, the jobs training system is wrought with difficulty in engendering participation, a deficit which has severely limited the potential of the traditional jobs training system.⁶⁵ Perhaps the gravest consequence of this disconnect is that it has limited the

⁶³ Osterman, Paul and Lautsch, Brenda. *Project QUEST: A Report to the Ford Foundation*. Cambridge: MIT Sloan School of Management, January 1996.

⁶⁴ Acemoglu, Daron and Pischke, Steve. "Why Do Firms Train?" *Quarterly Journal of Economics*, Volume 113, No. 1, pp. 79-119.

⁶⁵ Osterman, Paul. "Involving Employers in School-to-Work Programs." Ed. Thomas Bailey. *Learning to Work: Employer Involvement in School-to-Work Transition Programs*. Washington, D.C.: The Brookings Institute, 1995: pp.75-87.

system's ability to secure employment for its graduates. However, another serious consequence is that employers are not active in shaping the training curriculum, heightening the risk that students will be trained in skills that are not useful in practice.

A successful job training program, if it wishes to establish strong links between work and training, must have active employer participation. This means that there must be a strong rationale for employers to participate. From my point of view, there are three plausible arguments that could be advanced convincingly to employers by an interested coalition (see conclusion for further discussion of coalition involvement).

1. ***Opportunities to fill job shortages:*** If it is true that firms in the region are experiencing shortages of qualified non-college workers for living-wage jobs, there would be a strong rationale for a job training program from the employer's perspective. This is perhaps the ideal scenario for instituting a job-training program, because under these circumstances we expect that the business community would have a strong and self-interested incentive to participate in the design and implementation of the program, and to commit jobs to graduates.
2. ***Opportunities to improve the geographic and demographic distribution of living-wage jobs:*** Even if employers are not experiencing the above-mentioned shortages, advocates of such a program could make a case that employers should hire Lawrence residents because these residents bear an unfair proportion of poor-quality jobs relative to people with comparable skills in other parts of the region. Using a regional strategy it might be possible to get firms to commit to increasing the number of people they hire from the city in the name of regional equity (though this strategy would probably be less effective than the one mentioned above insofar as it is not clearly driven by economic self-interest).
3. ***Opportunities to shape relevant training, and have people trained for free:*** Another plausible rationale for employers to commit to hire people from such a program is if the program design could give them influence in shaping training to their needs. This may be particularly persuasive given employers spotty institutional connections to the relatively high-quality community college system. However, this strategy for garnering employer participation has some drawbacks as well. First, the job training system currently offers this

Osterman, Paul and Rosemary Batt. "Employer Centered Training For International Competitiveness: Lessons from State Programs." *Journal of Policy Analysis and Management*, Vol. 12, No. 3, 1993: pp. 456-477.

same incentive, but nonetheless has problems attracting interested high-quality employers (perhaps because they view employment training programs as last-resort options for the hard-to-employ). Second, this incentive has a monetary benefit for employers, insofar as it may replace training they would have to provide themselves in the absence of such a program. That said, it would be important for a program using this employer-participation strategy to be cautious that the program maintain a balance between the training that specific employers desire, and the broader training and basic education that a student can use in any number of jobs.⁶⁶

Link Training and Work Experience

The importance of directly-relevant work experience was repeatedly expressed by the employers interviewed, and it is clear that many are willing to pay a premium for people with this experience. Employers' opinions vary about how crucial this experience is in the workers' abilities to complete the functions of the workplace, according to the nature of the work and what the firm produces. In some cases, firms with very sophisticated and unusual technology feel that education and training cannot in any way compensate for the value of experience, and will not compromise their two-year experience requirement. It is questionable what value a job-training intervention could provide in cases such as these. Alternatively, a number of firms interviewed have recently begun hiring people with formal training supplemented by internship or coop experience to substitute for people with the full-time relevant work experience they would prefer. At any rate, it is clear that employers place a premium on experience, so that experience gives job applicants a competitive edge.

This experience requirement is a double-edged sword for job seekers: on one hand, it makes it difficult for newcomers to enter the field; on the other hand, it seems to increase salary and internal promotion opportunities, since it is difficult and expensive for the firm to locate replacements.

Given how much employers seem to value experience, a job program would be offering significant value-added to participants if it incorporated a structure for gaining such experience. Two possible mechanisms for incorporating this feature (which could be employed separately or in combination) are:

⁶⁶ Ibid. Acemoglu.

Problem: Employers value directly-relevant job experience, which is normally gained through full-time work. However, Lawrence residents have difficulty securing the full-time work which would give them this competitive edge.

Implication: *Create a Job Training Program with Internships or Coop Elements:*

Incorporating internships into an academic training program, or creating a coop program, has three strong elements in its favor. First, this structure would allow students to complement classroom learning with concrete experience, which benefits job applicants because it demonstrates that they have had hands-on experience with relevant technology. Second, if multiple internships are encouraged throughout the training program, they can be used to help participants understand the range of job opportunities and workplaces available to them, thus increasing the chances of a good first match. Third, they can help job applicants gain entree into firms in the field, which is a particular problem for Lawrence residents, while also giving them a track record and references in the chosen occupation.

There are drawbacks to this structure as well, particularly because it increases the length of the program, and because it may be hard for students to juggle internship and coop positions in conjunction with school and full- or part-time work (particularly if the internships are unpaid).

Problem: Temporary firms are doing a large portion of the recruiting and hiring for permanent living-wage jobs in the region – because they supply a service that employers value – at the expense of workers who receive lower wages and benefits during the probation period.

Implication: *Structure a non-profit, job training program to provide this same service, while reinvesting profits in worker education and/or training.*

Another interesting possibility for incorporating work experience into a training program is to attempt a temp-to-perm structure, similar to the one being used by a number of contract staffing services. As this structure is currently utilized in private contract staffing firms, employers use the temp firm as an intermediary for recruiting, screening and hiring workers, who are then placed with the employer for a probationary period, before the employer decides whether to offer the worker full-time employment. During this period, the temp firm earns a fee for their services normally equal to between 30 and 43% of the workers annual wage. Because

this fee is roughly comparable to the overhead and benefits that firms pay to their full-time employees, the arrangement is relatively seamless for the employer. This premium is paid to temp firms, according to the firms interviewed, primarily so that the firm can “try before you buy,” or witness the worker’s ability directly before making a long term commitment, though also to pay for the temp firm’s efforts in recruiting and screening.

However, there is little structural reason why it must be private-sector temp firms that provide these services. If a training program could take over any portion of the “temp-to-perm” business, there would be a two-fold benefit. On one hand, the program could capture the 30-43% overhead which temp firms are being paid for their services and use these proceeds to either reduce the cost of training to participants, or to provide participants with health insurance and other benefits before they are permanently placed. On the other hand, this would also give participants the opportunity to acquire concrete experience in the field, which would benefit them in applying for future jobs. Finally, employers are paying temp firms for their help in recruitment and screening – or, in short, they are paying them to develop knowledge about job applicants – much of which would be possessed in an institution that also provided training and had a long term relationship with the worker.

Finally, insofar as the surplus from this arrangement goes entirely to the temp firm, redirecting it toward workers could be a fairly persuasive argument with regional employers, particularly if a non-profit job training program could provide the same services.

The principal pitfall of substituting a non-profit for a profit-making firm in this scenario, however, is that temp firms are often quite selective about people they will and will not place. It is to their economic advantage not to place someone in a job for which they are not qualified, insofar as the temp firm’s ongoing relationship with the employer is damaged by doing so. In other words, temp firms are paid to “cream;” to choose the best candidates from any given pool of job applicants. However, non-profits are rarely in a position to be equally selective; a fact that employers know and makes them disinclined to use non-profits for screening purposes. In order to substitute these services, a non-profit would have to convince employers that they would not place unqualified employees. However, this may be difficult for a program aiming to serve the disadvantaged, which makes a commitment to the student before they are fully aware of the student’s ability to learn necessary job skills.

Strategies for Increasing Access to Living-Wage Job Opportunity

An effective job training intervention on behalf of the working poor in Lawrence would also have to address sources of spatial mismatch, or the disconnect between qualified workers and available job opportunities. The causes of spatial mismatch in Lawrence/Regional labor market relations are quite complex, and were not the primary interest of this research, limiting my suggestions for useful strategies in combating it. A more in-depth analysis of spatial mismatch would collect more information from job seekers on their experiences of looking for work at high-tech regional firms, and would devote more energy to understanding the details of firms' recruitment methods. While not exhaustive, my research has brought to attention two very large obstacles which a job training and placement program should attempt to help Lawrence residents overcome: a) knowledge of job opportunities, b) transportation barriers

Problem: Many firms' primary recruitment methods – employee referral and Internet advertising – make it difficult for Lawrence job seekers to learn about employment opportunities.

Implication: *An effective job training and placement program should do its best to penetrate these networks as an institution on behalf of Lawrence job-seekers, serving as a single point of contact with regional employers and a clearinghouse of information on available job opportunities.*

As mentioned earlier, the primary methods of recruitment for the living-wage firms interviewed – employee referral and Internet recruiting – create barriers to employment for Lawrence workers, because of their limited access to these networks. To this end, a successful job training and placement strategy should seek to help Lawrence resident penetrate these networks. In the case of employee referral, a case could be made by proponents of such a strategy that information about available jobs be shared with the job-training program at the same time that it is posted for employee referral purposes.

This may be a bit of a hard sell to corporations, depending on why the firms use this form of recruitment. For example, if firms use employee referral because the recommendations of their current employees save them time or money in the screening process, then it would be necessary for a job training and placement program such as the one I propose to gain the trust of employers. As mentioned earlier, employers are typically reluctant to trust job-training

organizations to play this recruitment role, because they believe that these organizations exist to find jobs for the “hard-to-employ” and put their own interest in making job referrals ahead of the firms interests in meeting only highly qualified candidates. The firms often feel that a high percentage of referrals from these programs cannot ultimately be hired for available positions. Nonetheless, a high-quality program serving a population that is less disadvantaged than those of typical job training programs (such as one targeting the working poor) might be able to make some headway on this front. In addition, firms are likely to be more open to this idea when they are experiencing shortages of qualified workers.

The obstacles created for Lawrence residents by the prevalence of Internet recruiting should be somewhat easier to tackle, since this information is public. In this case, the main task for a job placement program would be to give training participants access to this resource and teach them how to use it effectively, possibly with additional assistance (such as daily downloading of relevant job opportunities, and assistance with resume creation and interview skills) if needed.

Problem: Many Lawrence residents lack the transportation necessary to access jobs in the regional economy.

Solution: *Provide flexible and creative transportation assistance.*

As noted earlier, the physical distance of many jobs in the regional economy is a major obstacle for the many Lawrentians who lack cars. While the REB and the regional transportation board are attempting to improve the bus service (the primary form of public transit in the region), in all likelihood it will be impossible for the system to serve the needs of many Lawrence workers. Therefore, it may be necessary for a job training and placement service to provide more flexible and creative transportation assistance, perhaps using popular forms which have developed in response to this need in Lawrence – such as vans and carpools – as an example.