

New Developments In Employment Training: Federal Mandates for Change

If the last four years of CETA gave the private sector a chance to get its feet wet in the great sea of employment and training programs for the disadvantaged, the federal government's new Job Training Partnership Act of 1982 throws business in from the high board, hoping it will swim. Private sector participation in planning, monitoring, evaluating, and allocating resources for all federally-funded employment and training (E&T) activities will be mandated (as of next October 1); their representatives on Private Industry Councils in each area will be equal partners with local elected officials in deciding how funds will be administered and programs managed.

But how much that mandate will be expressed in real involvement remains to be seen. The past twenty years of "involving the private sector" in E&T has taught us that good will is not enough, that a mandated role can be played with little conviction, and that serving the disadvantaged is difficult for the private sector. The crucial questions of how, and how much business and industry can be involved in serving both their own needs and those of disadvantaged youth and adults remain the province of local planners.

The task of the 1980s remains the same as it was before the passage of the new law: finding ways to develop E&T policies and plans that maximize the involvement of employers. A true public/private partnership cannot be accomplished by national fiat; it must be based on specific local conditions.

Given the fact that persons eligible for assistance from federal programs must be economically disadvantaged and are therefore at the bottom of the labor pool, most employers don't need them and don't hire them. Our job is to find incentives, to create programs from which employers can profit, even if only in the long run. Financial incentives are not enough; the rather limp employer response to most On-the-Job Training (OJT) programs and the Targeted Jobs Tax Credit (TJTC) over the past five years has taught us that lesson.

Therefore, the first step in the planning process becomes definition. For each local area, one must ask: who has to be served; what does the private sector need; and where is the area of overlap, the area for public/private partnerships. First-level definition also re-

quires specificity in the meaning of "involvement" and the types of programs aimed at various populations.

The economically disadvantaged include youth, adult, female, and dislocated workers, with each distinct group requiring a different approach. Even among youth, program needs vary among the sixteen year-old drop-outs, the eighteen year old high school graduates and the twenty year olds who have been knocking around the labor market for some years. Aspects of language and culture must also be put into the equation.

The private sector is far from monolithic. Business is, appropriately, motivated first by profit considerations; second by prestige considerations; and third by social considerations that can be accommodated when they don't conflict with the first two goals. But the mix of these considerations and the degree to which a business needs a certain kind of labor force varies widely by industry and firm size. The needs of McDonalds and Apple Computer are varied indeed.

The nature and degree of possible private sector participation in public E&T programs was given a preliminary test by CETA's Private Sector Initiatives Program (Title VII) that established business-dominated Private Industry Councils (PIC) in every prime sponsor jurisdiction. Public/Private Venture's three-year study of that initiative in sixteen cities around the country found some clear indications for the future:

- The role of staff was crucial to the functioning of public/private partnerships. Competent professional staff, familiar with both federal programs and the modus operandi of the private sector, was essential to effectiveness.
- The quality of business involvement depended at least partly on PIC members having latitude to plan and carry out programs as they saw fit, and having that latitude clearly defined and maintained in a stable, non-political environment.

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- The clear tendency of PICs to seek out the most job-ready CETA clients stemmed from an understandable focus on serving business needs effectively. But as a result, the worst off among the disadvantaged population went unserved.

Our findings in the PIC study, and our work with other types of public/private ventures over the years, seem to indicate two broad areas of private sector participation in E&T issues: the role of strategist and the role of the employer as a consumer.

In the role of strategist, business representatives contribute their own expertise in charting a long-range course and then staying around to insure that the moves along that course are properly made. This role is sharply distinct from that of the traditional advisory committee, which tends to make suggestions, leaving the rest of the job to overworked government officials.

Business is accustomed to taking the long look at problems and resources in ways that government finds difficult to do under pressure. One example is the participation of the local Business and Industry Association in long-range planning for a coordinated attack on youth unemployment in Bridgeport, Connecticut. With the assistance of Public/Private Ventures, the state of Connecticut has started a three-year process aimed at the creation of a state-wide, interagency, public/private system that will bring all available resources to bear on the problems of "at risk" youth. Bridgeport is one of the pilot areas in the development of that system, a key element of which is the local Area Action Team, which includes representatives of regional business, labor, education, employment, training, and community organizations.

The Business and Industry Association is the core of the team in Bridgeport. As a result of its influence, the community for the first time has gone through a sustained process of inventorying needs and resources, and it is prepared to build on those resources to meet the needs it has defined. The pressures of city-suburban rivalries, interagency turf battles, and short-term funding objectives make it impossible for a government entity to orchestrate such a long-term strategy. Business has a contribution to make here and is able to see the payoff down the road.

The second major role for the private sector in the employment and training of disadvantaged youth and adults is the role of the employer as a consumer: helping to develop the potential of individuals so they can serve employers' needs. As we said, the planner's job here is to get the consumer to buy; to find incentives, or eliminate disincentives, for participation in the training and employment process.

Different levels of involvement are possible. Employers may simply agree to hire, or they may agree to act as mentors and take responsibility for employees' development. They may also contribute to the design of a training program's curriculum or donate appropriate equipment. They may screen applicants for



training in skills the employer needs, or they may supply the expertise needed to make a training program work.

Before giving some examples from our own experience, it is important to note here the dangers of over-planning and over-regulating how disadvantaged workers will move into and through private sector jobs. As the kids say, you have to "go with the flow"; here the flow involves the natural inclinations of employers and the workings of the labor market. Attempts to regulate their behavior are doomed to failure. Part of planning to provide incentives for employers is designing programs that jibe with how things really work, not how we think they should.

Some examples:

Pre-Employment Services is the generic name for programs that recruit, screen, and give job readiness training to young people just entering the job market. A recent P/PV study of two such national programs, 70001 and Jobs for Youth showed that such well-designed programs do help prepare disadvantaged youths for their first step into the labor market. Employers with high turnover needing unskilled, minimum-wage workers are pleased that a reliable service program will supply, screen, and monitor new employees for their business.

A variant of such programs is exemplified by the Private Sector Employment Assistance Corporation in Hartford, Connecticut. There, P/PV worked with the local Private Industry Council to design a program that provides pre-employment services, as well as such incentives to hire as On-the-Job-Training and Targeted Jobs Tax Credit. Plus, there was the additional incentive of taking over all the bureaucratic paper-work

involved in getting reimbursement for training costs.

Work experience in the private sector provides small employers with trainees whose wages are paid in full by a service program during training. Employers provide training and supervision in tasks specific to their small business; examples include carpentry, insurance, dental lab work, car painting, and furniture refinishing. These examples are taken from a demonstration project in northern Wisconsin called Project Opportunity which P/PV developed and assessed. In such programs, the employer is spared not only the cost of wages during training, but also the work involved in recruitment and training, red tape problems, insurance costs, and payroll responsibilities.

Skills training is a more traditional role for the private sector, but the new emphasis is on using public funds to support such programs and only when the private sector has first indicated a demand. In Cleveland, for example, local employers identified an urgent need for machinists who are rapidly aging out of the work force. With the assistance of P/PV, both business and labor involved in the machine trades got together to design a classroom curriculum, provide hands-on work experience, and make provision for OJT slots in their companies for successful graduates.

Providing the expertise necessary to insure that trainees can match the standards of business and industry is a crucial role for the private sector. The unusual success of our Ventures in Community Improvement program model was largely due to the use of union journeymen as supervisors and trainers for small teams of disadvantaged youngsters learning the construction trades. Involving experts from the beginning not only improves the quality of training, but provides entry into the trades for successful graduates.

From the point of view of planning, these few examples hint at the complexities involved. Once the nature of the population in need -- both the disadvantaged and the employers -- and the possible resources are identified, real planning begins. Choosing just the right program or mix of programs to suit different needs, getting the parties to agree to participate, monitoring progress to make sure original goals are not being ignored or subverted, telling the world when it works, and fighting pressures to maintain programs that should not be scuttled are all part of the process.

The major lesson of our experience: just because national policy has expressed itself in legislation that includes the word "partnership" doesn't mean that appropriate job training for the disadvantaged will result. That depends entirely on good local planning.

Continued from page 20



The Bakery Shoppe - before



The Bakery Shoppe - after

Tarboro is also trying to recruit industries. "We have a high rate of unemployment in the county, so we need to keep attracting firms," observed Brown. "Tarboro is close to Rocky Mount -- close enough so that Tarboro residents drive to Rocky Mount to do much of their shopping. Businesses say "why invest in a building here?" But we don't want to be a bedroom community for Rocky Mount."

That's when Brown becomes Tarboro's sales representative. The planning department has been working hard to attract businesses to fill the downtown buildings that the community has purchased. Two recent successes are a new dry-cleaning center (a branch of a Rocky Mount business), and a K Mart located in the mall. "With these new stores, people will be more likely to stay in town to shop," said Brown.

The planning department staff enjoys a variety of roles. How does Brown feel about his untraditional mix of responsibilities? "I love to be a salesman for this town. I love packaging programs, negotiating and marketing. I enjoy putting together public/private ventures more than I did just collecting federal money. It's more creative, interesting and exciting."