

Public Hearing

before

ASSEMBLY LABOR COMMITTEE

"Progress being made in the implementation of the
Workforce Development Partnership Program"

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LOCATION: Committee Room 8
Legislative Office Building
Trenton, New Jersey

DATE: March 31, 1994
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Patrick J. Roma, Chairman
Assemblywoman Virginia E. Haines, Vice-Chair
Assemblyman Stephen A. Mikulak
Assemblyman Tom Foley
Assemblyman Steven Petrillo



ALSO PRESENT:

Gregory L. Williams
Office of Legislative Services
Aide, Assembly Labor Committee

New Jersey State Library

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VIRGINIA E. HAINES
Vice-Chair

FRANK CATANIA
E. SCOTT GARRETT
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New Jersey State Legislature

ASSEMBLY LABOR COMMITTEE
LEGISLATIVE OFFICE BUILDING, CN-068
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NOTICE OF PUBLIC HEARING

The Assembly Labor Committee will hold a public hearing regarding the progress being made in the implementation of the Workforce Development Partnership Program.

Special attention will be given to reviewing the First Annual Assessment Report of the Workforce Development Partnership Program issued by the State Employment and Training Commission.

The participating agencies, business and labor representatives and the general public are invited to testify regarding the program and respond to the report.

The hearing will be held on Thursday, March 31, 1994 at 10:00 AM in Committee Room 8, Legislative Office Building, Trenton, New Jersey.

The public may address comments and questions to Gregory L. Williams, Committee Aide, or make bill status and scheduling inquiries to Cynthia D. Petty, secretary, at (609) 984-0445. Those persons presenting written testimony should provide 15 copies to the committee on the day of the hearing.

Assistive listening devices available upon 24 hours prior notice
to the committee aide(s) listed above

Issued 03/22/94

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ASSEMBLYMAN PATRICK J. ROMA (Chairman): If I may have your attention, we are about ready to start this hearing. First we would like the Pledge of Allegiance. Assemblyman Mikulak will lead us. (members of the Committee and the audience join in reciting the Pledge of Allegiance)

May we have a roll call of the members?

MR. WILLIAMS (Committee Aide): Assemblyman Foley?
(no response) Assemblyman Petrillo?

ASSEMBLYMAN PETRILLO: Here.

MR. WILLIAMS: Assemblyman Catania? (no response)
Assemblyman Mikulak?

ASSEMBLYMAN MIKULAK: Here.

MR. WILLIAMS: Assemblywoman Haines?

ASSEMBLYWOMAN HAINES: Here.

MR. WILLIAMS: Assemblyman Roma?

ASSEMBLYMAN ROMA: Here.

MR. WILLIAMS: Assemblyman Garrett? (no response)

ASSEMBLYMAN ROMA: Good morning. Can everybody hear in the back? (no response) I see a number of our members here. We do have a couple of Assemblypeople who are either at other meetings or en route, so we hope everybody will be in attendance today. This is a very important hearing.

The Assembly Labor Committee worked very aggressively, on a bipartisan basis, a little more than a year and a half ago, in crafting the Workforce Development Partnership Program, a package of legislation which was enacted into law in June of 1992. As you know, this Program not only enhanced and expanded the customized job training component to provide grants to New Jersey firms which seek to provide training and retraining opportunities for its workforce, but the Program also provided for individual job training grants to unemployed individuals so they could seek new career path opportunities in high occupation demand categories and reenter the job market in an expeditious fashion.

This Committee has been monitoring the progress of this important legislative initiative. In June 1993 and October 1993, this Committee held hearings concerning the Program's implementation -- its strong and weak points. In response to December 1993 correspondence from myself to former Commissioner Bramucci, this Committee received updated information from Commissioner Peter Calderone regarding expenditures and balances as of January 21, 1994. For Fiscal Year 1994, the Department of Labor indicates that: \$19.5 million was spent for displaced workers; \$10.4 million was spent on customized training; \$4.6 million was spent for disadvantaged workers; \$700,000 was spent for occupational health and safety; and \$2.5 million has been allocated for the Youth Training Program. This will be used in the near future. I thank the Department of Labor for providing us with those updated figures and for responding to the questions on the Program.

The purpose of today's hearing is to learn about the assessment of the Workforce Development Partnership Program. As you know, the law required that the New Jersey Employment and Training Commission establish the criteria for evaluation and provide for the evaluation of the projects funded by this Program. In addition, the law requires a report be submitted to the Governor and the Legislature, annually, concerning this Program's progress.

Today, representatives of the New Jersey Employment and Training Commission, and their consultants who have prepared an assessment of this Program, are here to provide us with an overview of their findings. I also understand that the Department of Labor is represented here today to address any questions that may arise relating to their operations and implementation of the various Program aspects.

I want to thank you for your cooperation and participation at this public hearing. The Committee looks forward to your presentation today.

Let me also take this opportunity to thank the new Commissioner, Peter Calderone, for his help in terms of getting information to this Committee on a timely basis. That was not the case with the previous Commissioner, and we had great difficulty in terms of getting quick answers. We developed a process, unfortunately, that resulted in letters, phone calls, interrogatories, and oversight hearings. I do not believe a Committee should have to have an oversight hearing in order to have grants approved. It should be done in a normal course.

Rest assured of the fact that if the grants are not approved, if we do not move ahead, I have no reluctance in calling this Committee together for an oversight hearing. Thank you.

Are there any remarks from the members? Assemblyman Mikulak?

ASSEMBLYMAN MIKULAK: I just want to say that this is probably -- in my first session, in my first year as a freshman Assemblyman -- the most significant package of legislation that I undertook. I am very proud to have worked with this Committee to realize this. It was bipartisan legislation. I'm glad we are coming back today to take a look and see how it is being utilized.

ASSEMBLYMAN ROMA: Assemblywoman Haines?

ASSEMBLYWOMAN HAINES: I would just like to echo a little bit about what Steve said. I had the privilege of attending one of the graduations of a group of individuals who had used moneys from this particular Program -- from the Unemployment. It was in the health field. It was very interesting to note that there had been many that had been going on throughout the course of the year. This happened to be in Ocean County. It seemed to be very successful in this particular area. It was really just heartwarming to know that it was our legislation that helped these people who were on the unemployment line to be able to go back to school to learn a

career, and now they are holding jobs. A very good friend of mine, his daughter happened to be one of the graduates. They were very, very happy about having that opportunity which you gave them.

ASSEMBLYMAN ROMA: Thank you. Assemblyman Petrillo?

ASSEMBLYMAN PETRILLO: No comment.

ASSEMBLYMAN ROMA: In fact, I believe we will have Vilma Novak, who is one of Assemblyman Mikulak's constituents, following the panel we will call.

Mr. Heldrich, Chairman, State Employment and Training Commission; David Crawford, President, Econsult Corporation; Jacob M. Benus, Abt Associates Inc.; and Mr. William A. Tracy, Executive Director, SETC.

Perhaps what you might want to do is come together as a panel to make your presentation. Then we will have our questions.

As I indicated before, Vilma Novak is here. Assemblyman Mikulak extended an invitation. I understand we have a very nice success story.

Gentlemen, good morning.

J O H N J. H E L D R I C H: Good morning. I probably should start off by saying thank you -- I don't know what influence you had -- for canceling two meetings due to the snowstorm, which gave me an opportunity to visit Australia and New Zealand.

ASSEMBLYMAN ROMA: We had an opportunity to put in a couple of bills to cancel all further snowstorms, so we thought under these conditions, even with the inclement weather, we would give you an opportunity to travel. Now we are back to business.

MR. HELDRICH: Good morning, Chairman Roma and members of the Committee. My name is John Heldrich. I am Chairman of the State Employment and Training Commission. I would like to thank the Committee for their confidence and support of the

State Employment and Training Commission in assigning us the responsibility for the evaluation of the Workforce Development Partnership Program. I would especially like to thank Chairman Roma and Committee staff for their ongoing support and guidance as we construct the five-year evaluation of the Workforce Development Partnership Program.

With me this morning to share in our annual presentation to the Legislature is Dr. David Crawford, a Commission member who chaired the Evaluation Committee of the Commission; and Dr. Jacob Benus from Abt Associates, the Commission's contractor in conducting this evaluation. Also on the panel this morning is Bill Tracy, Executive Director of the Commission, who will participate with us in the dialogue subsequent to our formal presentation.

The Workforce Development Partnership Act breaks new ground in State-level response to the growing problem of worker dislocation. Several key elements of this legislation are already being used as prototypes for a major Federal initiative to reengineer the way we provide services for displaced workers. These elements include individual training grants, customer empowerment in choosing career paths in training providers, external evaluation of outcome and customer satisfaction, and standards and requirements for individuals providing service to customers. In addition to the elements noted, I'd like to commend the Legislature for their foresight in building in sunset provisions based on impact and outcome evaluation.

I spent 41 years with Johnson & Johnson, and part of my -- sort of my advocacy has been employment and training activities for over 30 years. And as head of the City's revitalization for 20 years -- the City of New Brunswick -- I think this was an unprecedented move that I hope we can continue with future legislation; that there be some measurement of outcomes.

Evaluation is a critical component of sound decision making in public policy. As a member of the Board of the Robert Wood Johnson Foundation, the largest health care foundation in the world, which distributes in excess of \$160 million a year in grants for research and programs in health-related areas, and also requires an evaluation component for each major project funded-- The Foundation earmarks approximately 1.5 percent to 2 percent of total grant awards for project evaluation. This Committee, in earmarking one half of one percent of project costs to evaluation, has set a precedent that should be expanded to all programs established in the State. Only through effective evaluation can we ensure that the public trust and confidence is protected in the execution of government responsibilities.

The fruits of evaluation take time. We have devoted the past several months to the construction of a framework to provide the Legislature with the long-term impact of this Program on both workers and firms.

Dr. Crawford will present a summary of the specifics of our First Annual Assessment to you in a few minutes. After Dr. Crawford's presentation, Dr. Benus will provide an outline of the methodology to be used and the impact and outcome information provided in all subsequent annual reports beginning with the December 1994 report. He will also discuss the framework for providing outcome and activity levels of individual service providers.

Before moving into Dr. Crawford's presentation, I would like to share my personal assessment of the implementation of the Workforce Development Partnership Program to date.

I would be remiss if I did not begin by complimenting the New Jersey Department of Labor for its swift implementation of the Program. As you know, in a short period of time, the Program went from design to implementation.

Over 20,000 New Jersey workers are receiving training through either individual training grants or customized training. A statewide delivery system has been instituted and constant refinement and improvement of process and service has been undertaken by the New Jersey Department of Labor.

No program begins without some start-up problems. It is important to recognize that there is a serious and significant commitment on the part of the Department of Labor to address and resolve service delivery issues as they arise.

As we look at the coming Program year, several areas will require policy and Program attention. The Commission will develop a set of recommendations to address the broad issue of dislocated worker service within the context not only of the Workforce Development Partnership Program, but also an expanded Title III JTPA Program and new proposed Federal legislation. Let's cut out the potential for further fragmentation of our training efforts.

What is clear to this point is that we must reengineer the delivery system to make all of these services easily accessible and simple to obtain for unemployed workers in New Jersey.

Mid-course refinements are currently underway in both Program operator and information management to resolve most start-up issues. The challenge we face is to give priority to these activities and expand them to include all services provided to dislocated workers, regardless of funding source, Program operation, or service deliverer. As we continue through this process, it is helpful and constructive to have a concerned and involved legislative presence in the policy formulation and oversight activities both at the Commission level and this Committee.

I want to thank this Committee for providing such a force and look forward to continuing this relationship.

I would now like to ask Dave Crawford to provide you with a summary of our findings and conclusions from our first annual report.

DAVID L. CRAWFORD, Ph.D.: Thank you, John.

Good morning. I would like to quickly give you an overview of the First Annual Assessment, and then identify a few key issues that need to be addressed in the coming months.

Before I do that, I want to take the time to acknowledge the enormously important efforts of our staff, particularly Bill Tracy and Roger Emig, as well as the efforts of the good folks at Abt Associates, who have been our partners in this project. This evaluation is an enormous project; it was a very difficult project, and could not possibly been pulled off without the efforts of those people.

You should have in front of you about seven charts that were lifted from the Annual Assessment. These are intended to try to give you an overview of the first year of the Program.

The first chart looks at the major components -- I should say the largest components -- of the Workforce Development Partnership Program: The individual training grants, the additional benefits during training, and the customized training component. You can see the numbers of people served, over 10,000 grant participants in the Individual Training Grant Program. This is, incidentally, a period from July '92 through September 30, 1993. I was noting the date on this chart when the Chairman was making his remarks about timely data. Perhaps I would have more timely data if we hadn't had two snow emergencies to delay us--

ASSEMBLYMAN ROMA: We also gave you additional time.

DR. CRAWFORD: --to delay our hearings. I think Bill Tracy has some additional data for us on that point, which perhaps we will get into later. These numbers will give you a

good sense of what is going on. You served over 10,000 people with grants. It was close to \$30 million, with grants averaging just under \$3000 per person.

On the customized training side, we had awards to 43 firms. We had the obligation of \$10 million of public moneys, and I think a very important fact, that \$10 million leveraged approximately \$24 million of private dollars. I think this is one of the key elements of the Workforce Development Partnership -- the opportunity to use public dollars to leverage the private dollars.

The chart also suggests that this has been an enormously popular Program. There has been an excess demand, particularly for the training grants. That excess demand raises some important questions regarding how we should be selecting grant recipients out of the group of eligible individuals. It also raises the question of what we can do for those who end up inevitably being turned away. Both of these questions, I think, need to be addressed in coming months.

Another question that needs to be addressed is the allocation of funds between individual training grants and customized training. The only guidance in the law, as you know, is that individual training grants should be no less than 30 percent of the total. It is my view that it would be entirely appropriate for the State Employment and Training Commission to suggest additional guidance with respect to that allocation. I think that issue will be discussed by the Commission in coming months.

Looking at some of these individual components, if you turn to the second chart you will get a sense of the types of people who received individual training grants in terms of distribution by gender, age, race, and education. These distributions are similar to the corresponding distributions of those who attended orientation programs, with one exception; that is, high school dropouts appear to be underrepresented

from a statistical point of view. As we go forward, I think we need to try to decide whether we think that is a problem that needs to be corrected, or whether it is something that may make sense, given how this Program fits in with other programs that are more narrowly focused on disadvantaged populations. For now it is a fact; it is not-- I do not have an opinion to offer you at this point.

The report also talks about -- if you turn to the third chart -- the type of training that is pursued. It shows the distribution across major categories of occupations. There is one problem we know of in this chart, in that the figure for clerical and sales is distorted by some errors in the data collection system, where apparently clerical and sales data was used as a default category in cases where there were problems identifying the occupational category. That problem probably cannot be fixed going back, but it certainly is being fixed going forward.

We also know something about where the trainees have gone for training. If you will look at the fourth chart, you will see how the training recipients spent their grants across different providers -- different types of providers of training grants. You will see that the overwhelming majority of training grants were used at proprietary schools and two-year colleges, both in terms of the number of grants, and also in terms of the dollars that were allocated by those grants.

The third column of that table shows the average obligation per grant as you move across the types of training deliverers. I want to urge caution in thinking about those numbers. The different sizes of the average obligation really say nothing about the relative cost efficiency of different types of training vendors. At this point, we do not have controls in this analysis for the type of training, the intensity of training, and the duration of training experiences, all of which could vary as you move across types

of training vendors. One needs to add those sorts of controls in order to make inferences regarding the cost efficiency of different vendors or different types of vendors. This problem of making appropriate controls is going to be an ongoing one throughout the evaluation.

The next chart looks at customized training in terms of the number of inquiries, the number of applications, and the number of awards. You can see that the time trend is up. We had as many inquiries in the first quarter of Fiscal Year 1994 as we had all through Fiscal Year 1993. That suggests a program of growing popularity. It also raises a flag which we have already talked to the Department of Labor about to be sure there is staffing in place in order to deal with this level of inquiries.

With regard to the customized training, we know some of the reasons why the training was being undertaken, and on the next chart -- chart six -- the reasons that were given for the training. You can see that the largest category is new technology; the second largest is responses to skill shortages. You will also notice that the numbers on that chart add up to more than 100 percent. That is because a number of the customized training programs occurred for more than one reason.

The report also describes the type of training that has been provided -- on the last chart. Again we have percentages here which add up to substantially more than 100 percent. That is because many of the customized training arrangements involve training of more than one type. You can see from that chart that the largest categories are training in modern manufacturing processes, training in total quality management, and training involving skills enhancement or basic skills training.

I have not said anything here this morning, and the report does not say a lot, about the impact of the Program.

The reason for that is that it is just simply too early to have impact results. The report does contain a discussion of methods that are going to be used to evaluate the impact of the Program. Since this report was completed, Abt Associates has been working with the Commission staff and Commission members to refine that evaluation plan into a more detailed document -- a preliminary draft, which I believe has been shared with this Committee.

The only evaluation that is really possible at this point is an evaluation of Program implementation. On this point, the report is laudatory, in that the Department of Labor did an excellent job of launching a large, innovative, and complicated Program in a very short period of time.

As we look forward, there are several issues that need to be addressed, in my view. One of them is the problem of selecting grant recipients. Here we have two challenges: one, how are we going to respond to the excess demand for training grants, and how are we going to try to target the grants on particular subpopulations within the group of eligible people?

The second question that I think needs to be addressed is the allocation of funds between the training grants and the customized training.

Third is the problem of evaluating individual training suppliers. On this point, I think it is enormously important that we exercise great care that we present statistics which are both correct and meaningful; that include appropriate controls for differences across training suppliers.

At this point, it is my pleasure to introduce Dr. Jacob Benus, who has been directing this evaluation project for Abt Associates of Bethesda and Cambridge.

J A C O B M. B E N U S, Ph.D.: Thank you very much.

As you know, the Workforce Development Partnership Act contains extensive provisions for evaluating and reporting. Some of the requirements of the Act include conducting an

annual evaluation. The first annual evaluation was completed in December of '93. Included in the Act are requirements to report annually to the Governor and the Legislature, and by December 31, 1996, report an assessment of the net impact of the Program. The Act also requires us to provide the recommendations for approval and evaluation of service providers.

As I mentioned, the first annual report was recently completed and, as Dave just mentioned, we also completed a draft of the Evaluation Design. That was submitted, I understand, to the Committee. The focus of the Evaluation Design Report is on our plans for evaluating net impacts. We have not, in the first annual report, evaluated impacts, and we most likely will not have sufficient data in the 1994 report to evaluate impact. However, beginning with the 1995 report, we anticipate the net impacts will be incorporated in that report. The reason for that is that it just takes time to observe the participants in these programs, to identify what actually did happen to them after completing the program. It is too difficult to speculate sort of early on what might happen.

It is important also to point out that our ability to evaluate the Program is dependent upon the data quality that is being collected for this Program. We reported in the first annual assessment of some data issues and data problems. We have been through some extensive discussions with the Department of Labor, and we have received tremendous cooperation in terms of development of a new database which should provide the data and should dramatically enhance our ability to evaluate Program impacts.

As we speak, this database is being completed, and I think over the next couple of weeks we are going to be receiving test files to identify whether, in fact, all that is

necessary for the impact evaluation has been incorporated into this new database.

What I would like to describe are some of our approaches for evaluating net impacts. Much of this has been included in our Evaluation Design Draft. Just to understand, when we evaluate Program net impacts, what that requires is estimating what would have happened in the absence of the Program, and comparing the estimates of what would have happened in the absence of the Program to what actually did happen. The difference between what would have happened and what did happen is the net impact of the Program.

The way one typically evaluates this kind of a net impact is to run an experiment, where individuals who are interested in this kind of a Program are assigned to the Program and others are assigned to a control group. Then you observe the differences between these two groups.

Well, a strict experimental design is not possible in this particular situation, because as a statewide Program, these services cannot be denied. So we had to identify an alternative methodology other than an experimental design to be able to tease out of the data the net impact of the Program.

In our design, we utilized an individual's pre-Program earnings, essentially to project where that person's projectory is heading towards; where that person would be several years from now without the Program. We then observed how the Program affected that person's earnings, and we looked at the difference between what we predicted for that person and what that person actually does earn. We do not only look at earnings, we also look at employment patterns; we look at UI benefits, and when that person exhausts benefits, we look at a number of outcomes.

Essentially what we do with this is, we compare these deviations from expectations for the group that received these Program services with a comparable group -- a comparable group

on all characteristics, that did not participate in this Program. So the task is to find a comparison group that is as close to the Program group as possible. We will identify a group based on a number of demographic characteristics and, to the extent that we can, some nonobservable variables will also be-- We will attempt to correct for those kinds of things.

We anticipate, in each one of the Program components, to use 3000 Program participants and a comparable group of nonparticipants for the analysis. The data for this analysis, as I said earlier, will come from a new database currently being developed by the Department of Labor. With this database, we will be able to do all of our analysis. We have provided the Department of Labor with a list of variables that will be required for the evaluation. It is my understanding that they are taking sort of a final look at it now. I think there should be no difficulty in compliance with the requirements of the evaluation.

What I have just described is essentially sort of our approach for evaluating the individual training grant component. The customized training component, on the other hand, requires sort of a different approach. Certainly there are not the tens of thousands of individuals available sort of in this Program. We are talking about the impact on firms. They have identified, through September 30, that there were 43 firms. So we are talking about a much smaller sample here. The same techniques will not be utilized sort of on the customized training side. There what we propose to do is do a process analysis whereby we will, in fact, visit a number of these firms and interview all the appropriate players within the firm who may be affected by this Program.

We will go through a process of selecting outcome measures, both worker level outcome measures, as well as firm outcome measures, in order to be able to identify the net impact of the customized training program. In addition to

that, we will also survey a number of firms. We are proposing to survey between 50 and 75 firms, which from the first two years of operation should reflect approximately 50 percent of the participants. We will identify a comparable set of firms that did not participate and, in effect, the net impact will be a comparison of the firms that did participate with a comparable set of firms that did not participate.

Here the data requirements have, to date, not fully been met. As I mentioned, on the individual training grant side, I think we have completed, sort of, where we need to be. All that is required is a testing of the database. On the customized training side, I think we are in the process of discussing the data collection and the data entry process, to ensure that the data that we need will be available for the evaluation. It is important to recognize that these databases were developed for administrative reasons to achieve the administrative goals of the Program, and not necessarily the evaluation goals. It is a matter of negotiation to make sure that all the evaluation needs are also satisfied at the same time.

In addition to evaluating net impact on individuals and on firms, what we are proposing to do -- as described in our Evaluation Design -- is to review the criteria for selecting vendors -- service providers. There we have done a preliminary assessment of the current procedure, and what we will be providing is also an assessment of outcomes of the service providers in the WDPP. Essentially, it is important to recognize that when we will be doing an assessment of service providers, what we will be looking at are some outcomes such as placement rates, initial earnings, subsequent earnings, and sort of longevity of employment following Program training.

It is important to understand that because of sample limitations -- there will be small sample sizes for some of these service providers -- it will not be possible to make adjustments for things like client characteristics. Some

service providers serve a different set of clients, and they might be more difficult to place. It will not be possible for this analysis to make the adjustments for the kinds of characteristics that are out of the control of the service provider. However, what we will be able to provide, especially for the larger service providers, is some kind of an assessment of outcome measures which the client, together with his or her counselor, can use to identify appropriate service providers to utilize.

We view this as a consumers' guide, as an enhancement to what is currently available; that is, it will provide the client and his or her counselor with the ability to assess what may be an appropriate provider for that particular client.

Thank you very much.

MR. HELDRICH: Thank you, Mr. Chairman and members of the Committee, for your attention. We are now available to answer any questions you may have.

ASSEMBLYMAN ROMA: I have a couple of questions, and I am sure the other members will have questions, too.

In terms of the overall presentation, let me first thank you. We are extremely delighted with the progress of the bill. Working as a Committee, I am going to tell you that we are extremely proud to be able to help put people back to work, to have these sorts of initiatives. We will always be here in order to assist you.

Sometimes when we look at some of these bills that we are putting into place, as you can appreciate, there is always the concern of the continuing monitoring to make sure that that which we intended actually occurs. Appreciate what I am saying as constructive criticism. Having looked at other programs, where some things have not happened, we are very delighted with the presentation. However, in your response to question 10, you indicated that the Office of Customized Training employed six customized training representatives to the Workforce

Development Partnership Program -- well, actually seven representatives now.

Before WDP, the Office awarded less than \$2 million per year in customized training grants. Now it awards more than \$10 million, and there will be more than \$17 million allocated for FY '94; more than \$23 million FY '95. I guess the question comes down to: Seven representatives for a Program that may have 100 or more ongoing applications. How do we assure ourselves of the fact that that caseload can be properly handled and monitored? As you can appreciate, that is a lot of applications, a lot of work to be done. It is meant in the vein of making sure that it gets done, as opposed to having some of the problems we have seen in other programs, where we find out afterwards that it is not being done.

I am not sure who would like to first respond.

W I L L I A M A . T R A C Y: If I may, Mr. Chairman. When we responded to the questions, we were collaborating with the Department of Labor.

ASSEMBLYMAN ROMA: Well, I am sure you had some input. I don't mean to put you on the spot. The Department of Labor is here. Perhaps you have had some discussions with respect to this point with the Department of Labor.

MR. TRACY: Yes, we have. Our sense is that the Department is monitoring the throughput time for these applications. Commissioner Calderone has assigned, on an "as needed" basis, additional staff to facilitate this process. Our assumption is that the responsibilities of the Labor Department are being met. I think your point is that it is important that this has to be one of the parts of the process that is very carefully monitored, since, especially to the business community, this is a representation of the commitment of State government to help.

ASSEMBLYMAN ROMA: I am not suggesting that anything wrong is going to occur, or has occurred. But you can

appreciate that we normally hear about it after the fact when there is a problem. We are trying to look at it ahead of time and perhaps be realistic that the caseload for-- Seven people is not enough to handle all of those applications.

MR. HELDRICH: If I may, Mr. Chairman, address that from a different perspective. I have also been concerned about that question and have discussed it with a number of people. We are in a period of transition. What is very critical--

ASSEMBLYMAN ROMA: Keeping in mind -- not to interrupt -- the tremendous increase in workload we are talking about here from the inception until the present time. We are not talking about a marginal increase.

MR. HELDRICH: Right.

ASSEMBLYMAN ROMA: We are talking about a tremendous increase with seven individuals. It seems to me that some contingency plan has to be set up in order to make sure that we continue with the success that we started with.

MR. HELDRICH: That is exactly what I have been advised, at least in my contacts, that that is something that the Department of Labor will be addressing, because it is also our mutual concern. We all have budget constraints. We all have a lot of other pressures on us, but what is the impact, and what are the projections of the manpower and the cost to maintain the levels that we should maintain? If we cannot maintain them, then what are the trade-offs? I mean, what other things have to be done?

I feel very confident. One, I think your question is right on the money. I think we have addressed it. We have discussed it with the Department of Labor. I think now with the transition-- I was going to say with the transition over with and having people in place, that they are also addressing that issue. I am sure you should feel confident that it will be forthcoming, you know. I don't think anyone can say right at the moment that this is the projected workload, this is what

our manpower should be, and these are what the costs should be. But they are working on that.

From the Commission's viewpoint it is an operational responsibility. We are just as concerned as everyone else.

ASSEMBLYMAN ROMA: I guess the second aspect is: Please understand that today is soft ball. We are trying to get a general idea about everything that is happening. Hopefully, we will never have to worry about hard ball.

MR. HELDRICH: I have played both.

ASSEMBLYMAN ROMA: Sometimes we like to set the tone, so that everybody understands where we are coming from. We would like to have hearings on other matters involving OSHA. Illegal aliens, we have coming up on April 11. As I said, if we need another hearing in this particular area, we will do it. But we would like to think that everything that is supposed to be done, is being done. If we have to, we will revisit another issue.

Today's is a very positive presentation. But in terms of what we need to get things done, and we have seen where things take a little longer to get done-- With this Program, we need five signatures on the applications. I guess what I am saying is: What can we do to make the process a little faster, so that we do not have the interviewing lag time, and have less difficulty in processing that targeted application? It seems to me that having five signatures on the application-- When we talk in terms of a five-month lag period, we don't really add in all of the time as to outstanding applications, in terms of total approval time.

Admittedly, this is a new Program. Admittedly, we are working our way through a couple of bugs. We do not have all of the data, but we are extremely anxious when we see these sorts of areas to address them, and early on.

I would like your comments. Maybe you could take the five signature aspect first.

MR. HELDRICH: Again, if I may make a split between what our opinions and recommendations are, plus the responsibilities of the operating people, which is the Department of Labor. I think one thing we are addressing in total, and then specifically addressing your question, is that this Program is not the only program that is immune from effective and efficient administrative processes.

ASSEMBLYMAN ROMA: We do not like to compare those other programs until we have to.

MR. HELDRICH: Okay. But on this one, again, I think part of this ongoing evaluation-- I think that an industrial, continuous improvement is the byword. I think that is what-- As you raise the questions, that is why we have these meetings and have, hopefully, enough feedback that the Department of Labor, from our feedback and your feedback, will address those. I think in my early discussions with Commissioner Calderone, I think the key words "continuous improvement," are the key that is going to unlock the door to making it more efficient. I think once you get that mental set, you will begin to see improvement.

ASSEMBLYMAN ROMA: Well, maybe I should rephrase the question. I have the greatest confidence with this new administration and with Mr. Calderone in terms of processing the applications. However, sometimes there are aspects of the process that make it a little unwieldy. When an application was going through the system and it was sitting on someone's desk, unless it was actually walked over while someone was holding it, we didn't get the other signatures that were necessary to put that application through. Maybe five signatures are not necessary. Maybe we should be looking at that process a little differently.

That really is the thrust of making sure that when we have these hearings, the hearing does not precipitate the

granting of applications; that they are occurring in the normal course of processing. I'm sure you appreciate where I am coming from.

MR. HELDRICH: I do. Bill, why don't you handle the--

MR. TRACY: Sure, John.

I would like to make three observations, Mr. Chairman, on what the Department is doing. I do not mean to speak for the Department, but these are facts the Department has shared with us. What has been done is that the seven field reps now have laptop computers that are networked. That will eliminate a significant amount of the paper flow you just described. The Commissioner is looking at processing on a departmental-wide basis right now to come up with concrete responses to the number and levels of authorities that are required to execute contracts in the Department. I would suggest that once he has completed that process might be an appropriate time to comment on that.

The third thing is an observation and a possibility: In the past, there may have been more staff because of the manual processing in that office than was really needed to handle the same level of workload on an automated basis. I think between the Department's look at compacting the number of steps in the authorization process, the introduction of the technology, it is possible -- and we have not had indications to the contrary -- that the staff load, balanced with the automation and then coupled with your suggestion of ultimately narrowing down the steps to approval, appear to be able to handle the load that has materialized to date.

ASSEMBLYMAN ROMA: One of the things you may want to look at -- and I have spoken to the Commissioner about other areas, the Division of Disability Determinations, for example-- Working with the Commissioner, we held a couple of hearings. We now have more -- for lack of a better term, more quality management in terms of checking on particular files, to

make sure that which is happening should be happening. So the monitoring may be in terms of an audit to make sure that the results are there.

So periodically, in checking over that data, you may want to look at sporadic information randomly to determine if we are on target and if adjustments have to be made. We are doing that with DDD. It seems to be working out. I would suggest that we are moving in the right direction. This is early, but perhaps this would be helpful. This is meant as constructive criticism.

MR. TRACY: We could certainly include that kind of time benchmark in our subsequent assessments.

ASSEMBLYMAN ROMA: Questions from the Committee? Assemblyman Mikulak has a few questions.

ASSEMBLYMAN MIKULAK: Yes. See, on Table 35, the First Annual Assessment Report shows that individuals with less than high school diplomas are underrepresented in the individual training grant enrollment. Also, some observations which are included in your report: Black/Hispanic individuals are particularly underrepresented. Your explanation for this is that they are less aggressive in utilizing the services. But the table shows that even those less educated in minority groups who do seek training are less likely to receive it. Could you explain that?

DR. BENUS: This issue has come up previously. This is generally sort of the pattern in many of these kinds of programs, where less educated people may not see the advantages associated with these kinds of training programs. It is a possibility that the services that are being provided aren't specifically being geared to these kinds of populations. Perhaps with increased counseling and increased efforts, some of the advantages of these kinds of training programs may become more apparent to these particular minority groups.

A second thought: In general, groups -- lower educated groups -- particularly minority groups, do not take advantage of these kinds of programs. Partly, they may, in fact, know about some of the results from some of the studies where these programs are not necessarily the most effective for these kinds of groups. I mean, there have been a number of studies that have indicated that they may not be effective. This may simply be reenforcing that; that individuals in these groups don't take advantage of it, and these kinds of programs are not particularly effective for these groups.

ASSEMBLYMAN ROMA: If I may jump in for a moment: Assemblyman Mikulak has introduced a bill for the Hispanic promotion--

ASSEMBLYMAN MIKULAK: Promotion of employment and training programs.

ASSEMBLYMAN ROMA: What you may want to do is to tie into the initiative to make sure there is more outreach. I'm sure that is where the Assemblyman was heading. He feels very strongly about making sure that these programs are available. You may want to monitor some of the other initiatives that this Committee is working on, in particular that bill sponsored by Assemblyman Mikulak.

MR. TRACY: Mr. Chairman, if I may expand on Jake's comments: We have suggested in this response, as recently as yesterday -- and the Governor's coordination recommendation to the Commission passed-- We have encouraged much broader outreach and a very important connection between the basic skills that your Committee connected to occupational training in this bill, but that have not developed on a systemic basis.

I think we need to do more outreach. I think we certainly need to be more cognizant of the fact that there are groups, for whatever reasons, that have been less represented in training than they are in the eligible population, and be

attuned to that in the orientation process. Certainly outreach to community groups is a sound way in the connection of these other programs -- a sound way to do that.

ASSEMBLYMAN ROMA: Perhaps you can work more closely with Assemblyman Mikulak on those initiatives.

ASSEMBLYMAN MIKULAK: Outreach is very important, but it seems that you have imposed more stringent attachment to workforce requirements, in that a person has to be eligible for 26 weeks of unemployment benefits and has to have worked five out of the last seven years. It seems that this could affect the less educationally advantaged even more by adding a bias to this Program.

Do you think those measures you have adopted which are not in the law -- I don't think they are even permitted by the law--

MR. TRACY: Those are measures that were proposed by the Labor Department in response to an approach of targeting the training through individual grants to those whom they felt were most targeted under the law, which is individuals with a long-term work attachment. Those two measures that the Labor Department proposed are attempts to proxy long-term attachment to the primary labor force. I don't know if it would have an impact on individuals on the basis of education or ethnic composition. Certainly on age it would. It would exclude younger workers with a five-year attachment. But I think that targets to the primary workforce and does not necessarily exclude the customers you are concerned about.

I think what is important is, within the broad range of that primary labor force, to target both outreach and encouragement of all groups within that labor market to participate fully. I think a lot of work has to be done in connecting basic skills and English as a second language to occupational training. Frankly, part of the problem is, this is the first piece of legislation at the State level to do

that. Federal legislation talks loosely, but not as strongly as your legislation does about connecting basic education and occupational education. It is two separate systems that all parties are genuinely trying to connect together. But as you can see, there hasn't been a lot of it either in this or in the Federal programs to date.

DR. CRAWFORD: If I may offer a slightly different perspective on this issue of underrepresentation of the dropouts-- One of the, I think, important advantages of having a State Employment and Training Commission is that it provides a broad perspective across human resource programs in the State. I think we need to be careful about rushing into addressing this issue of underrepresentation of high school dropouts in sort of an institutional void. We have a number of other programs in the State, many that involve substantial commitments of Federal dollars, which are focused on disadvantaged populations. There is also, I think, reason to believe that the funds for those kinds of programs are likely to increase substantially in coming years, based on things one hears out of Washington.

So it may not be a bad thing that high school dropouts are underrepresented in this particular Program. But I would urge caution. Let's first decide whether it is a problem before we rush to start solving it.

ASSEMBLYMAN ROMA: Let me ask you a question. I think it applies to this area. In the customized training program, your study indicates that 30 percent of the grantees provided basic math and reading skills with English as a second language training. Again, in terms of looking ahead, did your study identify what age group, socioeconomic, and educational level within that 30 percent required that kind of basic training?

DR. CRAWFORD: I think at this point one of the weaknesses in the early database is that we did not know a lot about the characteristics of individual workers within the

firms that are involved in customized training. So it is difficult to answer those kinds of questions at this point. But I think we have made motions -- and perhaps Jake can address this -- to get a better sense of that as we go forward.

DR. BENUS: There will be an effort to make that link, to look at the individuals within the customized training grantees who receive services. But Dave is correct, in that to date we do not have that data available. These are responses from the firms about their particular training programs.

ASSEMBLYMAN ROMA: Again, the concerns we have are in terms of helping the greatest number of people. We are very excited about the Program. You can appreciate that we want to do as much as we can, but it seems that the demand for individual training grants for displaced workers far exceeds the available funds. The allocated \$19 million for those grants in FY '94 was committed during the first quarter of that year. The customized training grant allocation appeared sufficient. Why then is there a major shift of funds away from displaced workers to customized training grants proposed for FY '95? Would you support increased funding or an increased assessment for the overall Program?

MR. TRACY: Part of the reason that the shift has occurred is that the Federal Job Training Partnership Act, Title III, which is also targeted at dislocated workers, will increase by \$20 million, from \$15 million to \$35 million in New Jersey, effective July 1. If you look at that pool of money which is targeted to providing training to displaced workers, the resources available at the 30 percent or the 27 percent level under Workforce Development for individual training of displaced workers, you would have a level significantly in excess of what was done this year, and still have an increased pool of resources for the prevention part of your legislation, to channel into existing workers and to be used as an encouragement for expansion -- or location to the states.

The net impact would be that you would have more individual vouchers, more resources available for customized training. I think we need to see the experience of that increase in combination of Federal and State resources before making, I think, a more concrete recommendation on the need for additional training vouchers.

ASSEMBLYMAN ROMA: Sometimes an answer will provide more questions.

MR. TRACY: That's the problem. I think that is where we are. There is an unknown of a 125 percent increase in Federal funds. This is another area where your earlier ammunition of looking at this quarterly to see what the patterns are in making adjustments in the course of the year, might be the most -- or the best way to proceed, at least until we know what the impact of all these new resources are going to be.

ASSEMBLYMAN ROMA: I have a number of other questions, but I'm sure the other members would like to ask some additional questions. Assemblyman Mikulak?

ASSEMBLYMAN MIKULAK: No, thank you.

ASSEMBLYMAN ROMA: We have been joined by Assemblyman Foley. How are you? It is always a pleasure to see you.

ASSEMBLYMAN FOLEY: Good morning, Mr. Chairman. Nice seeing you again.

ASSEMBLYMAN ROMA: He was one of the fine people who stayed with me at the DDD hearing in Newark when my car was going to be locked up.

ASSEMBLYMAN FOLEY: You're talking about lack of service. You brought that up.

ASSEMBLYMAN ROMA: He walked over to me and said, "I am going to stay here as long as I can," and he did. I want to thank you for your help that day. Welcome.

Questions? I'm sure we have some questions.

ASSEMBLYMAN FOLEY: I look to going along with yours, Mr. Chairman.

ASSEMBLYMAN ROMA: All right. Good man.

A couple of other areas, if I may, then I want to get into the presentation by Vilma Novak, because it is always good to hear about the positive information as a result of the Program.

Something you might want to take into account with our ongoing discussion with the Department of Labor-- I am sure a lot of these things will happen automatically, so if we are covering it this morning, again, I don't want to make it sound as though we are acting in a particular manner. We are just very excited and want to move ahead as quickly as we can, with the caution that is needed.

However, with the downsizing that is occurring in the corporate world, it seems to me that we should be looking at some of those other aspects in terms of entrepreneurial conditions that are there, as to how we can best help people. I constantly hear about some new developments with the downsizing. AT&T is probably the last one that came to our information. We are always concerned with those new shifts and new directions. Perhaps as we are putting together these different aspects, you may have some comments as to how we can fit in that component. Yes, no? You probably have a report.

MR. HELDRICH: No, not a report. I was Cochairman on the transition team in the Labor Department. I think the agenda that has been established within the Labor Department for opportunities for-- You talk about reengineering. When first off you look at the structure of the organization, you talk about the fact that there are opportunities through consolidations of delayering the organization. That is one opportunity.

Secondly, the application -- the more effective application of technology. We have at the State, to be treated

among the different functions, as you are probably well-aware-- You know, we do not necessarily have good compatibility of systems and the ability to take advantage of the technology.

Thirdly -- and I think this is a very key thing -- is the training and the development of the people involved in the process, and getting them to become part of the solution to some of our problems, rather than being told--

Now, that is a general statement, but I think what is encouraging is that the mental set, coming both from the Legislature-- I think the fact that this legislation is the first piece of legislation, at least to my knowledge -- and to the knowledge of the people I have talked to -- that has been passed where we have put in, you know, a sunset provision-- We have put the responsibility for salvaging the standards and evaluations with a neutral body, a bipartisan body, in the Commission. We are breaking new ground. I think this is the beginning of addressing, you know-- I don't want this to sound long term. I think they are short-term things.

I may not be answering your question, but I think that process, the questions you are raising, the legislation you passed, the Commission's role in working with the various departments, are beginning to address these issues in a serious way, I mean, not in a rhetorical way.

ASSEMBLYMAN ROMA: All of these items we bring up today -- the five signatures, the allocations, all of these different areas -- are food for thought, so that as we leave from here today we can think about some of these things, and if we have to make some adjustments, we can do it, to help the greatest number of people.

Further questions?

ASSEMBLYMAN FOLEY: Just one, Mr. Chairman, if I may.

ASSEMBLYMAN ROMA: Yes, Assemblyman Foley?

ASSEMBLYMAN FOLEY: What are you doing to research new areas of training? The Chairman brought up the fact that AT&T is changing over technology and probably downsizing. Are we doing any retraining in the installation of, maybe, fiber optics? Are we looking at other areas? Are we looking into the service industries, such as paramedic types of services? Are we increasing in that area?

MR. HELDRICH: Well, there are a number of things going on. The professionals can maybe answer that, but let me take two areas: One is the just established -- in fact, yesterday -- task force that is cochaired by a top executive of Allied Chemical and a top labor leader. The mission of that task force is to develop, you know, guidelines and approaches that the Commission can recommend downward in the development of high-performing, high-skilled operations, which gets into the whole reengineering of the way you do things, at the business level and at the-- Well, you've heard, you know, that it is different, quality improvement programs, and so forth.

It is a wonderful bridge now between the public sector, the private sector, and labor, if we can get them all -- if we can give them a format or a basis that we can encourage them to use in developing a more participative approach to the way they operate their businesses. I mean, I have lived through this. I have been through it, you know, in Johnson & Johnson. I don't think there is a corporation around that hasn't gone through some phases of the reengineering process.

So from that viewpoint, I think-- That is what we are doing from the Commission level. Again, as you well know, all we can do as a Commission is recommend and suggest to the operating units of government that-- But in that process, we really are joining the players. I mean, when you get labor, management, and the people involved together, a lot of things can happen.

The second thing, and probably the more critical area, is our high priority commitment to apprenticeship -- school and work transition programs. Of course, that lays the groundwork for advanced technology in the health sciences, in information technology. It goes beyond just, you know, the standard, very important, critical vocational courses that are traditional.

So I think we are addressing this at the policy level, and coming up with recommendations. We have the Department of Education and the Department of Labor working as partners in the apprenticeship school to work.

I don't know whether that answers your questions, but it lays the--

MR. TRACY: Within the framework that John outlined on how to get there, the law requires that the training be in demand occupations. I believe the Labor Department presented a detailed list of those occupations that are being trained in. Allied health and telecommunications, the two that you mentioned, Assemblyman, are two areas that are clearly in a growth vein, and are clearly being encouraged through the counselor system to channel folks who have an interest and an aptitude in that area into both allied health and telecommunications. It is an interesting world where telecommunications are predicted as a demand occupation, but the pattern is shifting from the large AT&T telecommunications to smaller and mid-size companies.

The Chairman's earlier suggestion of looking at entrepreneurial opportunities is certainly one, as we evolve this process-- We need to look as far afield as we can to find out how to anticipate where growth and where real employment opportunities exist.

ASSEMBLYMAN FOLEY: As the policy setters, do you constantly get in touch with corporate America and try to reach out and find the new employment opportunities coming up?

MR. TRACY: Well, that is exactly what this task force that John mentioned is. It is chaired by the chief worldwide human resource person for Allied Signal, which, I guess, is the third largest employer in the State. AT&T, the second largest employer, is on it. Engelhardt (phonetic spelling) will be on it; representatives from organized labor will be on it; and some "experts." Their mission is to try to find a way to answer this question, not only for large firms, but for small firms. Also, through the Labor Department, they are constantly surveying companies, doing statistical analyses, and preparing detailed labor market information for your Program in the context of what occupations and what industrial areas are growing.

ASSEMBLYMAN FOLEY: Thank you.

ASSEMBLYMAN ROMA: Before we jump ahead, there are a couple of things we want to cover. But, the task force that was set up-- That information should be a continuous stream of information to the Committee. I'm sure you will make arrangements to have that done.

MR. TRACY: Absolutely.

DR. CRAWFORD: Absolutely.

ASSEMBLYMAN ROMA: Secondly, I'm sure there are going to be a number of people who will have questions later on while they are testifying. If your schedule permits, hopefully you can remain with us.

One other question ties in, too. We were talking about the seven representatives, up from six to seven. But there is also a curriculum specialist from the Department of Ed. In terms of on-the-job training and how that works out, due to the workload we are talking about, can you give us a little more information as to the commitment in terms of time? Is it full-time, part-time? Is it enough time in terms of that consultation role?

MR. HELDRICH: I can't answer that.

MR. TRACY: I would have to defer to the Labor Department to respond to that. We are not aware of any--

ASSEMBLYMAN ROMA: It just seems like a lot of work for one person in terms of a curriculum specialist. When we talked about the growth of the Program from six to seven--

MR. TRACY: Let us get you that answer, Mr. Chairman.

MR. HELDRICH: It is an operational assessment which we do not have the answer to. We will get it.

ASSEMBLYMAN ROMA: I think we have a question from staff, Deb Smarth.

MS. SMARTH (Assembly Majority Staff): I guess this should be addressed to Dr. Benus: Before, you mentioned that you plan on going and doing interviews at various, I guess, work sites in connection with the customized job training grants. What I was wondering is: In order to do an analysis, you are going to have to look at specific aspects of the company. What kinds of components will you be looking at? I mean, are you going to be looking at things like worker productivity, manufacturing output, sales increases? On the worker side, the workers who are at these companies, what areas would you draw upon in that kind of an analysis?

DR. CRAWFORD: I think you hit the nail on the head. In fact, several of those outcomes you just mentioned are included in our Draft Report. If I may refer to it quickly, we have identified some potential outcomes which we will be looking at in these initial interviews. What we will be doing in these initial interviews is identifying these outcomes, and then hopefully we can capture these outcomes through a subsequent survey of the firms.

Let me just make sure I am in the right chapter, and I think I am. We will be looking at things for the employees training completion, skill gains, to the extent they are measured by the firm or education providers. We will be

looking at perceived capability to perform work tasks, ability to learn in the deaf mute, work situations, organizational commitment. Those are the kinds of things we will be asking of the employees receiving the training.

On the firm side, we will be looking at things like changes in the quality of output as measured by error rates, and things like that. We will be looking at changes in the quantity of output. We will be looking at some business performance types of measures, like profitability and things like that. We will look at, from the firm's perspective on such issues, absenteeism, worker turnover, and things like that.

I think you identified several of the things we are going to be looking at. Preliminarily, we will be addressing which of these outcomes can be captured through some kind of survey instrument, because we will not be able to visit each one of the employers.

MS. SMARTH: Thank you.

ASSEMBLYMAN ROMA: One further question.

MR. WILLIAMS: I realize that you just made the presentation yesterday to the State Employment and Training Commission on your Evaluation Design Report. It is appreciated that-- Of course, the members of the Committee really haven't had a chance to review the blue report yet.

There are just a couple of things it might be good to do with some follow-up, you know, questions after the fact, and I think we can pass that along. At least the questions would be in the area-- I have seen your response to the questions. You are doing a pilot long-term follow-up in two counties.

MR. TRACY: Yes, on JTPA.

MR. WILLIAMS: In terms of the long-term effect on trainees, you know, not just a few minutes or a few months.

MR. TRACY: What we are doing there is, we are taking the folks who completed JTPA in the quarter from April to June of 1991. We know from the JTPA system what happened at the end

of that period in terms of their placement. We also know what happened 13 weeks later. We are now going to run those folks against the wage report data, so that we will be able to say two years out, by vendor, what has been the impact in terms of total wages and duration of employment for those individuals, so we have an opportunity-- Frankly, this was spurred, Mr. Chairman, at your suggestion.

So, while you do not want responses to come to your questions, there seems to be, without Jake's analysis of causal relationship between your questions and the response-- This will be ready for you by the summer. The Labor Department has really done an outstanding job of pulling these pieces together and working with us on this. So you will have a picture of what long-term vendor impact will be by the summer.

MR. WILLIAMS: I really appreciate that. Doing the research back two years ago, and of course I have always been in close contact with the Commission--

MR. TRACY: Right.

MR. WILLIAMS: --and you do some very good work in this area-- In looking at that, the importance of the long-term follow-up is that certain things may have a short-term effect, but two years later it washes out. Some of the literature in the past, going all the way back to the CETA days, suggests that. It is very good that you are moving in this direction. I would hope to see this expanded into a broader statewide model, with that kind of information coming back into the consumer guides and having that--

I know it is a draft, and so forth, but that particular item isn't indicated in the list, the longer term follow-up.

MR. TRACY: But it will be.

MR. WILLIAMS: With the complexity integrating the two programs, I can understand the--

MR. TRACY: It was a major topic at yesterday's Commission meeting about how to move into the whole secondary occupational planning system through the schools and colleges, to make sure that that information is also available.

MR. WILLIAMS: As a staff person, I appreciate the cooperation the Commission has had on this.

ASSEMBLYMAN ROMA: And when you make everybody happy, the world is good.

MR. TRACY: Thank you, Mr. Chairman.

ASSEMBLYMAN ROMA: Thank you for your presentation.

MR. HELDRICH: Thank you, Mr. Chairman. Have a nice holiday.

ASSEMBLYMAN ROMA: Assemblyman Mikulak, would you like to introduce your guest?

ASSEMBLYMAN MIKULAK: Yes. Do you want to move up to the mike here? (speaking to witness)

This young lady is a constituent of mine from Fords, New Jersey. She is one of the success stories of the Workforce Development Partnership Program. I will let her tell her story now. Vilma Novak.

V I L M A N O V A K: Good morning. I appreciate the opportunity to tell my story. Thank you, and thank you for all of your efforts on behalf of the Workforce Development Partnership Program. On many levels, I feel like it saved my life.

I will give you the scenario so I can better convey the emotional impact that this had on my life. I was working for most of my adult life at our family building supply business in Fords, New Jersey. In 1988, we were arsoned. Two young fellows broke in. They stole an empty cash register, set the place on fire, and we were just devastated. Two hundred firefighters were there for eight hours.

We still hung on. We started up shop in the back garage. We were not going to let them stop us, no way.

However, the consensus of many of the contractors who worked with us was that the 1986 tax package was starting to really kick the socks off of the building industry. Real estate was devalued as collateral, and things were just continually going downhill.

Of course, companies like Home Depot, with new marketing type systems, came in and we were surrounded by three of them. Now, we had some salesmen come in and say that one Home Depot within 10 miles would ruin you. We had two, and another one opened up recently. Of course, we are no longer there, but I am sure it is affecting some of the smaller hardware stores in town.

Well, I had some college. We had no modern technology at the lumberyard, and we finally closed our doors January 3. I went to Unemployment on January 4. I was scared to death. I didn't know what I was going to do. I had been researching the job market, particularly in The New York Times Sunday Employment Section, and I noticed they were asking for Harvard graphics, Word Perfect, and many of the computer application programs. That seemed like the path of least resistance and something I could learn relatively quickly to try to land on all fours.

I went to Unemployment. The young woman at the booth said, "Would you like to go to school?" I said, "Sure" -- you know, it was wonderful -- "but how?" She gave me a little pamphlet. I read about Workforce, and I didn't hesitate at all to pursue that and see what it was about. I went to my counselor. I liked the way we had to go and research different schools and different occupations. I chose Cittone Institute, and I was very happy that I did. They weren't as hyper-corporate as Berkeley and Catherine Gibbs. It was a very comfortable place and they had everything I wanted. It was a seven-month course.

I went in there with the attitude that I was going to do absolutely the best I could, because I wanted them to notice me while I was there. It turned out that they hired me. Of course, in two months I was laid off again, because Lincoln Institute took over and laid myself and my boss off. But Norman Rankis (phonetic spelling) got a job at New Horizons Computer Learning Center. He called me up, and that is where I am working now. I am just absolutely delighted with Workforce. The only glitch I saw was the transition between getting your unemployment check under normal circumstances, and then after we were going to school, it was held up for maybe about three weeks. That was pretty tough, and that happened to more than one person. Maybe you all could do something about that.

That's about it. I feel very comfortable with my progress and goals and what is possible.

ASSEMBLYMAN ROMA: Thank you for your presentation.

MS. NOVAK: Thank you. I would like to thank all of you.

ASSEMBLYMAN ROMA: Assemblyman?

ASSEMBLYMAN MIKULAK: That is a great success story. You were also the valedictorian at Cittone, weren't you?

MS. NOVAK: I gave the speech. I did everything I didn't do in high school at Cittone. I put four years into six months. It worked.

ASSEMBLYMAN MIKULAK: That's great.

MS. NOVAK: So, thanks, folks. I have to go to work.

ASSEMBLYMAN MIKULAK: Thank you.

ASSEMBLYMAN ROMA: I would like to thank you for being with us.

MS. NOVAK: Thank you. It was a pleasure.

ASSEMBLYMAN ROMA: It makes us feel that much better when we work on legislation when we can actually see the results.

MS. NOVAK: It did a lot of good for me, and for a lot of people I know, too. Keep up your good work.

ASSEMBLYMAN ROMA: Come back to see us at a later date.

MS. NOVAK: Okay.

ASSEMBLYMAN ROMA: Questions from the Committee? (no response)

Here is an opportunity, slightly out of turn. Jeff Stoller, New Jersey Business and Industry Association, and Mr. Jim Kirk, AFL-CIO. This is one of those unique times when we constantly bring business and labor back together. (laughter)

J E F F R E Y N. S T O L L E R: I have two guests as well, Mr. Chairman, so we will bring everybody--

ASSEMBLYMAN ROMA: Let me tell you, it worked. We were in caucus the other day and the workplace standards passed without any difficulty, because I said that business and labor were working together.

ASSEMBLYMAN MIKULAK: It always works.

MR. STOLLER: Good morning, Mr. Chairman and Committee. We are glad to share the podium with Jim. This is, as you said, an issue where we worked together back at the inception of this Program. We are still here together to say some things about how it has progressed.

I am also being joined this morning by two representatives of the Trane Company, which is a major manufacturer here in the Trenton area, and which was among the first successful applicants for the customized training program under the Workforce Development Partnership. We have John Adams, who is the Manager of Human Resources there at Trane, and also Mike Geary, who, the Committee might recall, came from Trane a year ago and gave us the first year update of how the Program had gone.

At that time, Mike described some of the problems and delays we saw in that first year, but things have turned a corner and are looking up. I think we have another success

story to share with you here this morning in terms of how the second year has progressed; the fact that this initial money from the State has, in many ways, leveraged a great deal of private sector commitment from Trane Company itself and, in many ways, is getting them launched in an extended long-term commitment to training, with or without the grant that is currently in effect.

Another issue we want to raise is the possibility of the Committee, since Trane is a Trenton area facility, at some point when the Committee is coming to Trenton to meet and look at some issues, that perhaps we could coordinate a time when they could meet at the Trane facility where Workforce Development Partnership training is ongoing.

I was another beneficiary of that snowstorm that wiped out our hearing a month ago, because in the ensuing time I was out visiting their plant, seeing the operation, seeing the classrooms, and it is really a tremendous experience to see how all these issues we talk about in theory translate on the factory floor. I certainly will let them say a word or two about whether that would be something we could arrange.

I just want to make two brief comments before I turn it over to John and Mike. One is, again, stressing the Association's strong feeling that we continue to look at this Program and programs like it to perhaps parallel what is going on at the Federal level, where they are talking about taking an unemployment system and turning it into a reemployment system.

One of the things Greg Williams may have handed out to the Committee this morning is a chart we have been circulating to our members that came from the U.S. Labor Department in December. This shows the rate at which the various states experience an exhaustion of regular benefits. As you can see, New Jersey sees people exhausting their regular benefits at about the highest rate in the United States, comparable only to Puerto Rico and the District of Columbia. It seems that it just

reenforces the importance of having programs tied in with unemployment that do give people a second chance; that do get them retraining. I think we learned right at the beginning of this legislation, when we were discussing that initially-- I think Commissioner Bramucci at the time pointed out that if we could reduce the average stay on unemployment by only three days through this Program, that we could pay for the entire Program. I think when you look at a chart like this, where you are seeing something on the order of 50 percent of the people going on unemployment staying on for the full term of their regular benefits, it is pretty clear there is an opportunity there if people spent less time on unemployment, or never faced unemployment in the first place because they were able to switch to these new technologies, I think it is clear what the value of this Program is.

The second thing I would say before turning it over to John and Mike, is to simply say that one of the things the BIA is ready and willing to do is work with the Committee and with Jim Kirk and others to help the new administration get up to speed on what has happened here. I think this is a really unusual Program, in that it really had bipartisan support from the start. It had labor and management support from the start. I think, understandably, some of the new administrators are coming in and assessing all the programs they have before them. I think there might be a temptation to dismiss this as an initiative of a former administration. I think it is much more than that. I think that is part of the message we would like to work with you to get out in terms of this specific Program and what it has accomplished.

ASSEMBLYMAN ROMA: How we will handle that, it was a product of the Legislature.

MR. STOLLER: Absolutely. That is what we tell everyone.

At this point, I would like to let both John Adams and Mike Geary say a few remarks about their experience with the Program. Again, I am sure they would be glad to welcome any questions the Committee has for some folks who have been working right in the midst of the Program.

John?

J O H N A . A D A M S: Good morning. On behalf of the men and women of the Trane Trenton operation, I would like to say thank you to all who had something to do with the grant money we received. It was well-received and very helpful in terms of helping the Trane Company to institutionalize training.

Some of the training we have been involved in, I am sure you have heard about. The terms continuous improvement, reengineering, JIT, DFM, all the acronyms you can think of. In addition, one of the most important things we have been involved in is leadership and team-based training.

Our operation was pleased to have the Governor visit -- Governor Florio -- some time ago, where he came to the plant and delivered a large check for the grant money. We were pleased also to have Sal Engrassio (phonetic spelling), who is the District President of IUE, who also visited with us. So we have had a great deal of support from both our labor union and our management group.

We have had, in my opinion, very good success with this partnership. We are pleased about it. There are certainly certain start-up glitches that occurred. I would like to say a special thank you to Brian Peters and Hal English who helped us to get through a little logjam that got some of the money released to us quickly.

The company is absolutely committed to the idea of training. We think the only way we can survive in New Jersey is to continue the training effort in all of the areas I spoke to you about, and others. Our efforts were done, even though we were not assured of any training money from the State or the

Federal government. We are just trying our best to make it here. Thanks to the State, I think this new effort, this training money, the Program you have instituted and enacted here will go far in helping New Jersey to rise again.

Thank you.

ASSEMBLYMAN ROMA: We are going to take you up on that offer to come down and visit. Perhaps what we can do is arrange it on a session day when the Committee would be available, so you could walk us through it and we could see the benefits of the legislation.

MR. ADAMS: In addition, we would like to offer you a tour of the facility so you can see the operation working.

ASSEMBLYMAN ROMA: Mr. Stoller will make those arrangements and we will be glad to come down.

MR. ADAMS: Mike, do you have anything to add?

M I C H A E L G E A R Y: Sure. Again, Chairman Roma, members of the Committee, I am pleased to represent Trane Company as well.

First, I would like to thank the Committee themselves for recognizing the need for training; for the hard work they did in creating the bill; and more importantly, taking the time today to listen to the customers, who are the end result.

In earlier reports today we heard a lot of comments about evaluation systems and databases. We are living testimony that the training is working. As John and Jeff commented earlier, I am glad you accepted the invitation to come out firsthand and see for yourselves the impact it is making on employees' lives here in New Jersey -- the enormous impact it is making on employees' lives that is felt every day.

I am not going to take up a lot of time talking about the same things that John and Jeff talked about. But what I would like to do is read a passage from one of our employees. She related training to a stone being tossed in a lake, causing a rippling effect, touching every part of our lives. She said

it not only strengthened her academic abilities, but has promoted positive self-concept. People who have a good self-esteem are more healthy, motivated, productive, and perceive their environment in a positive way.

She added: "Through these training courses we are growing to a time when we have much control over how we perform our jobs, the quality we produce, and the environment we want to work within. When such authority is placed in the hands of the worker, it is not only a vote of confidence from management, but it also gives us the motivation to show how good we are, and everyone benefits."

She closed her remarks -- this passage -- by saying: "Our jobs and our lives are changing at a rapid pace. Education has become a necessity to keeping competitive." I think this passage is very important. Not only are workers in the State of New Jersey recognizing a need for training, but corporations and the government itself are now coming together to solve the problem. As John said, for us to remain competitive in a global environment, we need to continue the training money and we need to continue to use words like the Department of Labor and other members testified this morning -- reengineering the process to make it better.

Thank you.

ASSEMBLYMAN ROMA: Thank you.

Questions from the Committee? Yes, Mr. Foley?

ASSEMBLYMAN FOLEY: Do you have a progress report from Trane Company showing the placement level of your trainees? Can you provide the Committee with that?

MR. GEARY: Could we provide-- What aspect are you relating to, the training, how it has benefited each employee?

ASSEMBLYMAN FOLEY: That is correct, as far as job placement and career goals.

MR. GEARY: We could provide some information on that. The evaluation systems we use really do not direct

evaluations towards that question. What our evaluation systems do is the retention of the jobs, and also the on-the-job training in specific job skills. To be more specific, the training we provide deals with, first, interpersonal communication skills, basic reading and math skills, and then more importantly, specific job skills it takes to perform certain job functions.

We could provide upgrades; that training has allowed employees to upgrade through labor classifications, if that would answer your question. We could provide that for you.

ASSEMBLYMAN FOLEY: Thank you.

ASSEMBLYMAN ROMA: If you could provide that to staff-- We would like to look at that information. It would give us another opportunity to look at a successful story, and would provide the impetus for continuation of this and other programs. All of that information is extremely helpful.

MR. ADAMS: I would like to maybe respond a little bit. I think I heard your question, and I think it may be something it might be difficult for us to do.

I think the focus on this Program is to improve communications, improve the team-based environment that we must work under. Now, whether that -- improving a person's interpersonal skills and their team orientation -- is going to give them skills for promotions, I think we are going on a different track here. We were not training people in this Program to be promoted to another job level necessarily.

ASSEMBLYMAN FOLEY: I understand that. I'm talking about set careers, where we could show some sort of productivity in the Program. In other words, as an Assemblyperson, I can look and see how a law is basically affecting society on a positive level. I can pinpoint that people might have turned to crime, because if you take a look at the statistics we receive each year from the PIA, looking at the fact that when people run out of money, what do they do at

that particular point-- In a few cases, if not several cases, you are looking at people who have turned to street crime and people who turned to what the lady who testified before us said, robbing a lumberyard and setting it ablaze, basically for the fact that they just want money from the cash register.

Now, does it relate to crime, not having job placement? I think it does very well. Every time I talk to a teen in our city who is in trouble, who comes before -- when I served on the Justice Committee who came before our Committee, we asked them specifically what the problem was. These teens saw no future. They saw no employment rights. They were very devastated about the fact that they were not able to advance, because they felt the educational system let them down.

That is why I see programs like this -- the Workforce Development -- as very strong. I just want to be able to pinpoint if there has been a lack in the educational system to process, and here we are starting some other type of program. You can't place everyone in management or make them an industrial giant or a strong educator. It just does not happen. You need people in the workforce. I think it is very important, what we are doing here. But I would still like to see companies that get available grants from the State of New Jersey have some sort of goal objective -- I am sure the Department of Labor is doing that -- and productivity objective. If they do not meet that productivity, then frankly what we should do is look to other places for that development.

That is what I would like to see. Every person who receives any benefit at all from the State of New Jersey, that they have some sort of goals and objectives for that benefit, and I am sure you do, from what I am hearing.

MR. ADAMS: As I said, we got into this Program before we had any way of knowing we would get any State money. So we put substantial dollars into our training. We received \$145,000 from the State, but I would say our in-kind

contribution was probably close to a million dollars. So we put a lot of dollars into it, because we are trying to make it as a business, and a business in New Jersey.

ASSEMBLYMAN FOLEY: Please don't take that as a personal question for your company.

MR. ADAMS: Okay.

ASSEMBLYMAN FOLEY: I would say that to anyone who was receiving grants from the State of New Jersey; that I would want to see some sort of productivity level. That is all I'm asking.

ASSEMBLYMAN ROMA: Sometimes a productivity level is measured in different ways. The fact that someone is employed, as opposed to being unemployed--

MR. STOLLER: An absolute measure.

ASSEMBLYMAN ROMA: It is an absolute measurement.

MR. ADAMS: You have a lot of people still employed here, and not in North Carolina.

ASSEMBLYMAN ROMA: And it means that you are tired at night, you go home, you go to bed, and you are not on a street corner causing some difficulty.

MR. ADAMS: It makes a difference.

ASSEMBLYMAN MIKULAK: I think the purpose of this legislation was to retrain people and put them back to work. I mean, we cannot speculate on various social ills, you know. I think it is meeting its goal. There is a need, maybe, for some small adjustments here and there, but we can't be sociologists and track down what would have happened and what could have happened if various different scenarios had played out.

MR. STOLLER: Jim, would you like to take the microphone so you can be heard? Here.

ASSEMBLYMAN ROMA: Yes. Mr. Kirk has been waiting patiently, because he is going to give us a recap.

ASSEMBLYMAN MIKULAK: He's a labor guy. He is outnumbered.

ASSEMBLYMAN ROMA: He is never outnumbered.

J A M E S K I R K: Mr. Chairman, you do it every time.

Thank you for allowing me the opportunity, Mr. Chairman. My name is Jim Kirk, and I am here today representing the New Jersey State AFL-CIO.

We are here primarily to question some of the discrepancies we are concerned about, which surfaced in the First Annual Assessment Report for the Workforce Development Partnership Program issued by the State Employment and Training Commission.

First of all, Exhibit 5-2 on page 58 of the report shows a pie chart indicating that the organized labor sector had received 4 percent of the total amount of grant moneys issued. The fact of the matter is that only one grant was awarded to organized labor, and that was for \$20,000, while the other groups were awarded \$10,031,746.35 as of September 21, 1993.

We find it unacceptable that several organized labor grant applications waited as long as 10 months and the advent of a new Commissioner of Labor to be approved. Realizing the inequities that exist in the awarding of these grants, the new Commissioner, Peter Calderone, immediately corrected the system whereby the four remaining grants have been awarded since January of this year.

We are also concerned by the number of grant awardees who have had plant closings less than one year after receiving those grants. The outward appearance would seem suspect, so we are suggesting a tighter monitoring of grant proposals both before and after these awards are made.

I have enclosed for the Committee's perusal material which backs up our concerns. We strongly support the Workforce Development Act in its attempt to train and upgrade tomorrow's workforce, and want to make certain that the moneys spent are directed towards that goal.

In addition, Mr. Chairman, I would like to commend this Committee for taking the advice of the New Jersey Apprenticeship Policy Committee concerning the youth-to-work transition partnership. The first round of grant applications came through under the requirement that a \$15 an hour State average weekly wage be earned at the completion of a program. The Policy Committee felt that that may be a needed correction in that program. The result was Assembly Bill No. 1579, which passed this Committee unanimously just recently, which lowers the wage requirement to 80 percent of the statewide average weekly wage, so that more opportunities are available, not only to other activities, but also to some of the groups that Assemblyman Mikulak is concerned with, because part of that program is that they are training 14-, 15-, 16-, and 17-year-old high school students to be better prepared to come into the workforce.

We hope because of Assemblywoman Haines' addition to that youth transition bill, with the academic standards and the maximum amount of hours that can be performed under that program-- We hope that will give us the results we are looking for. The reason I bring that subject up is that part of the funding that comes from the Workforce Development Act goes to the Youth-to-Work Transition Program.

I think the Committee and the Apprenticeship Policy Committee, made up of the Department of Labor, the Department of Ed, the Federal Bureau of Apprenticeship and Training, and the New Jersey AFL-CIO hit the nail on the head. We would like to commend the Committee for not only introducing the bill, but for getting it out of Committee and starting to move as quickly as possible.

ASSEMBLYMAN ROMA: Thank you, Mr. Kirk.

You know, your comments I found very interesting in terms of grant awardees and plant closings. We have the Commissioner with us. Somehow we seem to have the right

information. Maybe we are not getting it there fast enough in order to be able to help somebody.

It seems to me that it is a good opportunity to be able to focus in on some of the difficulties and perhaps we won't have those plant closings. I really thank you for bringing this information to the attention of the Committee.

Additionally, the delay we had in the past-- I am assured by the new Commissioner that that will not happen.

MR. KIRK: That is very noticeable, Mr. Chairman. Since January of this year, there have been four more organized labor grants already issued. I would like to commend the new Commissioner and his Department for doing that.

ASSEMBLYMAN ROMA: Questions from the Committee?

ASSEMBLYMAN MIKULAK: A generic question for the Labor Department or the State Employment and Training Commission. Could they provide us with the number of grant awardees who had plant closings?

ASSEMBLYWOMAN HAINES: It is on the back page.

ASSEMBLYMAN MIKULAK: That's in that -- that is included?

MR. KIRK: I would like to clarify that. The back page that I have listed here is only a partial list of plant closings that have occurred. Downsizing is one thing. We are just concerned that the moneys may be spent or misspent. We want to be able--

The way it works in the Department of Labor is, if a company receives money and leaves the State, the Attorney General has a right to sue to get that money back. We just don't want the money misused. We don't say it is being misused, but we do question how it is being used.

ASSEMBLYMAN ROMA: Here is something that I will throw out to the Committee. Perhaps you can take this back and we can all talk about it.

It is normal to have applications. When you put on the application certain information that is represented to be the truth in terms of utilizing the information, we cannot guarantee what is going to happen, but certainly a good-faith representation about the continuation of that employment is something that can be made part of the application.

MR. KIRK: Mr. Chairman, I am not the most astute person in the world, but I know that CEOs and the decision makers in companies, all companies, know far more than six months in advance of the fact that they are going to close.

One of the examples I gave you was a major corporation that had closed four plants in '93. After receiving their grant, they closed four more plants in '94 -- in New Jersey. That bothers me. It is just a question in my mind. Morally I have a question with that. It could be all on the up-and-up and fair and square. I would hope that it is. But we have to be sure that grant moneys are used for exactly what they are supposed to be used for, and that the people who are supposed to be getting the training, are getting the training, and not unemployment checks.

ASSEMBLYMAN ROMA: Absolutely. Assemblyman Mikulak?

ASSEMBLYMAN MIKULAK: Could we get from the Department of Labor or the Employment and Training people a more complete list than what Mr. Kirk provided us? I am most interested in that.

MR. WILLIAMS: I'll do a follow-up letter with everything that has been asked.

ASSEMBLYMAN MIKULAK: Okay. Thank you.

ASSEMBLYMAN FOLEY: Mr. Chairman, through you, to Gregory: Do we have that capability of suing the people to recoup the money? Is that what James testified to?

MR. WILLIAMS: The policy is there. It is not actually in the statute, but the proposed regulations have it and they have been working-- My understanding -- and I guess

we could make that part of the follow-up question -- is that they have worked it into the contracts, the agreements -- the contractual agreements.

ASSEMBLYMAN FOLEY: Yes.

MR. WILLIAMS: But that is worth a detailed follow-up.

ASSEMBLYMAN FOLEY: Mr. Chairman, maybe we could put something in the agreement that would follow up that particular intent to make it stronger for us. Hopefully Assemblyman Petrillo and you can help us to formulate that type of language so we could do that.

ASSEMBLYMAN ROMA: We will be glad to take a look at that, Assemblyman.

ASSEMBLYMAN FOLEY: Thank you.

ASSEMBLYMAN ROMA: Vice-Chairman?

ASSEMBLYWOMAN HAINES: I was just basically going to say what Tom has said, and also Steve. I mean, here we are doing legislation, and we are supposed to be out there trying to help people, as well as business; to retrain people, to get people off Unemployment. Then we find out that we are giving moneys to companies and then they are leaving the State of New Jersey, or closing up, or downsizing.

They should not be awarded grants. I'm sorry, but I am totally against it. If a company knows they are going to be downsizing, and the individuals they are going to downsize are the last ones hired-- It is going to be the ones where we have given them money to be trained. I cannot see money going to companies in the State of New Jersey--

We are trying to keep business in the State. We are trying to bring business to the State of New Jersey. We are also trying to help them, as well as help the people to get jobs. To give money to companies and then they leave-- I think something, as Tom said, needs to be put in those contracts that they cannot downsize, or they should not be able

to leave the State within "X" amount of months, or whatever the case may be. Let's give the money to another company.

MR. KIRK: In some cases, they have shut down or closed the plant within four months after receiving the grant.

ASSEMBLYWOMAN HAINES: That is what's happening. That is not what the purpose of the legislation was. That is not what we were trying to do for the people in the State.

MR. KIRK: I agree.

ASSEMBLYWOMAN HAINES: I feel very strongly about that.

ASSEMBLYMAN ROMA: Mr. Kirk, the Commissioner is present. Perhaps what can be done is to look into that in terms of the information that is contained on the application, and what we can work out to accomplish the goal that this is to be for New Jersey firms employing New Jersey people. To the extent that we can do that on the application form, we would enlist your assistance, Commissioner.

Yes?

H A R V E Y S T E I N B E R G: (speaking from audience) This is unusual, I know, but I think this is so apropos. It is almost a perfect example of how these things might happen. Here is an article from February about Hill Refrigeration, right here in Trenton.

ASSEMBLYMAN ROMA: Would you please identify yourself for the purpose of the transcript?

Yes, I will testify later. I am Harvey Steinberg, Victus Corporation. It will just take me one minute--

ASSEMBLYMAN ROMA: Well, if you would, so that we do not disturb the order-- If there is something you can quickly give us, so we can continue with the different people who are testifying--

MR. STEINBERG: Sure, just one half minute.

ASSEMBLYMAN ROMA: One half minute?

MR. STEINBERG: Yes, literally. I am just going to read you two different paragraphs from this article, dated

February 18: "Meanwhile negotiations for worker retraining granted by the New Jersey Department of Labor are still underway. Hill has applied for \$2.4 million," etc.

Another paragraph down below by the Senior Vice President of that company, at the same time this grant is being processed, apparently-- Athas -- his name is Athas -- said: "Incentive packages are not as critical to relocation decisions as such issues as transportation and access to market," etc. "Obviously there are other factors like access to market, transportation, infrastructure, cost of utilities, a whole host of things that come to the question." Here they are in the midst of making a decision about relocating out of the State on many, many very important cost bases, at the very same time they are putting an application through for retraining, which is a relatively negligible item in the range of characteristics that they are looking for.

MR. KIRK: Those are the kinds of concerns we have, Mr. Chairman.

ASSEMBLYMAN ROMA: That is understood.

MR. KIRK: If they are all legit, the Program is good, but I think we have to monitor it a little bit more closely, really.

ASSEMBLYMAN ROMA: We agree with you and Assemblywoman Haines. Whatever we can do through the Commissioner's Office, or whatever it takes-- There was an intent to that legislation. Again, if we have to make some additional changes, we will do it.

Thank you, Mr. Kirk.

MR. KIRK: Thank you, Mr. Chairman.

ASSEMBLYMAN ROMA: Also, we have that hearing coming up on April 11 with Business and Industry, yourself, and the other related parties in terms of the illegal alien issue.

MR. KIRK: Great. We're ready, Mr. Chairman.

ASSEMBLYMAN ROMA: We will be looking forward to your input.

MR. KIRK: You're going to get it. Thank you.

MR. STOLLER: We'll be there.

ASSEMBLYMAN ROMA: Mr. Louis Goetting, Executive Director, Ocean County Private Industry Council. Good afternoon, Mr. Goetting. Art Jones said to say, "Hello."

L O U I S G O E T T I N G: I talked to his good secretary yesterday afternoon and determined that he would not be here today.

ASSEMBLYMAN ROMA: I understand you are covering this aspect for all of the various organizations.

MR. GOETTING: Yes, sir. I will proceed, because I say that in my written statement -- if I may.

My name is Lou Goetting. I am the Executive Director of the Ocean County Private Industry Council. I am here today on behalf of the Garden State Employment and Training Association, known as GSETA.

GSETA is the New Jersey Association of all executive directors of the private industry councils and administrative agencies for the Job Training Partnership Act -- JTPA.

ASSEMBLYMAN ROMA: Continue, please.

MR. GOETTING: We would like to comment not only on the report of the first year of the Workforce Development Partnership Program, but on the broader issues of the operation of the training portion of the Program.

First, let me state that the legislation created through the excellent leadership of this Committee is commendable. It expanded the customized training portion, which hopefully will assist in keeping New Jersey companies in New Jersey. It also created a more stable funding source to support the Federal training programs, notably JTPA. One disappointment of the legislation is that while it replaced the

previous New Jersey job training program, it did not continue the availability of training to those unemployed people not eligible under other training funds.

The report of the first year of WDP is incomplete, as there is no indication of the outcomes of the training. What is a true percentage of training related placements and/or retention?

The report indicates that in every table large numbers of records were not available for review. With missing records, the report lacks credibility. It also demonstrates the lack of control over the system. In comparison, JTPA records are constantly monitored and verified for accuracy.

The report indicates that future reports will utilize data from a new automated data system that is currently under development by State staff. We would like to point out that the JTPA system has one of the most sophisticated MIS data systems in the country that currently captures the mass of data required by the JTPA legislation. No changes would be required to include WDP. The NJDOL has budgeted \$400,000 to create a redundant system. With the Governor calling for elimination of any unnecessary expenditures, and as this sum would permit the training of at least an additional 100 people, the decision should be evaluated.

We, the directors of GSETA, believe that the operation of the WDP Program should have been, and still should be, placed under the JTPA system. The following are just a few of the more obvious reasons:

A) Operation: The Commissioner of Labor created a delivery system paralleling the JTPA system, both here in Trenton and in the field. The time needed to create the redundant system caused a six-month delay in start-up. Assigning the Program to JTPA would have resulted in immediate implementation. The duplicate staff reduces the funds available to serve those the legislation was enacted to help.

With discussions on ways to reduce expenses of government, we suggest that this duplication of staff be carefully evaluated.

B) Contracting: Contracts for providing classroom training are through an annual contract with any school on the list of approved schools with training in a demand occupation. The contract requires the school to notify the Employment Service that the recipient had started training. Payment in full is on the completion date. No certifications as to attendance, competency, and especially placements are called for in these contracts.

In contrast, all contracts by JTPA must be by a Request for Proposal and require outcomes, benchmark payments based on delivery of service, distinction between vendors and subrecipients, and cost allocation of administrative costs.

With the WDP contracts not demanding performance by the training providers, the limited training slots available were, in many cases, allocated to WDPP recipients, thus delaying entry of JTPA participants into training.

C) Funding: WDP had fully expended their training funds early in the Program year and then referred those recruited for their Program to JTPA. In the spirit of cooperation as requested by the Employment and Training Office of the New Jersey Department of Labor, the JTPA system has been providing service to this population. As a result, most service delivery areas in the State had to attempt to fulfill the promises made to a now disturbed client. The SDA has expended their allotment of Title III funds at the sacrifice of the dislocated worker for which the funds were intended.

D) Viewing the duplicate system from the standpoint of the participant, they see complete confusion, lack of understanding, and, in too many cases, were misled as to which program they should use.

We request that the Assembly Labor Committee review the Annual Report submitted by the Employment and Training Commission and note its lack of any reference to the effectiveness of the previous year, the effectiveness of individual service providers in placing trainees in permanent employment, their earning power, or long-term productivity. We believe this is due to the delivery system and encourage the Committee to insist that the individual training portion of the WDPP be through the experienced JTPA system.

I thank you for allowing me to speak today on behalf of all the directors of the JTPA system, namely the Garden State Employment and Training Association.

ASSEMBLYMAN ROMA: Is there a representative from the SETC who might respond to that last comment, in terms of the delay in delivery?

DR. BENUS: (speaking from audience) In terms of the delay in delivery-- I don't think we can address the delay in delivery issue. This is a program targeted specifically at a particular group, and a new Program was initiated. Many of our evaluation criteria will, in fact, be applied to evaluation of the JTPA program eventually, but the legislation created a new Program and, as was pointed out, there were some initial delays in starting up the new Program.

It did start out more quickly than most programs of this type, but this is a new Program which requires some initial progress.

ROGER EMIG: (speaking from audience) And initially, Mr. Chairman, the Program did go back and make sure that all people from before the Program were also covered. It was a retroactive provision, and it did take some time to do that. Within the spirit of the law, everyone was covered.

ASSEMBLYMAN ROMA: Yes, Commissioner?

A C T I N G C O M M . P E T E R J . C A L D E R O N E :
(speaking from audience) Mr. Chairman, if I may just add a

comment. I did meet with the Executive Board of the Garden State Employment and Training Association last week. I don't think Mr. Goetting was there.

MR. GOETTING: Unfortunately, I wasn't, Mr. Calderone.

ACTING COMMISSIONER CALDERONE: But we did, in fact, go over these issues. I can tell you that we are going to work in a very cooperative way to address those concerns Mr. Goetting brought before the Committee today. But I have met with them on these exact concerns. There will be ways to address them.

MR. GOETTING: You must realize, Mr. Chairman, that these comments were also written two snowstorms ago, too.

ASSEMBLYMAN ROMA: You are supposed to update those comments. That is why we gave you the additional time.

Commissioner, and Mr. Goetting, the other aspect that came up which was brought to my attention by the Bergen PIC-- Apparently there was some question about the qualifications that were being imposed on certain individuals who were there for a period of 15 years or more.

MR. GOETTING: You're talking about our counseling staff.

ASSEMBLYMAN ROMA: Right. I was led to believe that some individuals, as a result of the qualification requirements, were leaving and had tendered their notice. They felt the requirements were too stringent, or could not adapt. My understanding is that these are qualifications that are promulgated by the Commissioner. It was never our intent that someone would be forced out. Certainly, with either the new regulations or some type of revisiting of this issue, there must be a way of compromising that aspect.

ACTING COMMISSIONER CALDERONE: Mr. Chairman, that was a big concern of the Executive Board when I met with them. I assured them that we will do everything we can to make sure -- this is a training organization -- that the counselors will be

trained, will get the hours they need in training, whether through the Department of Personnel or through a joint program by the JTPAs. We talked about the JTPAs as a unit through the Executive Board having one training program where all the JTPAs can send their people who do not have the counseling criteria.

I assured them that no one would lose their job over this. If you need to extend the time they need to get their credentials, we will extend the time. In my judgment, no one should lose their job.

MR. GOETTING: We have written letters on that subject -- a number of the private industry councils have -- to your predecessor, requesting something on that issue. What we were talking about was people with many years of good experience who did not have the 15 credits that were required, and no easy way to get the 15 credits. The 15 credits are not hard if you don't have to take the 15 prerequisite credits. Now it is not 15 anymore, and it gets very, very time-consuming.

ASSEMBLYMAN ROMA: Is it safe to say that no longer is an issue, or that it is being addressed in a way that you do not have that concern?

MR. GOETTING: I have to defer to the Commissioner on that.

ACTING COMMISSIONER CALDERONE: It will be addressed. I made a commitment to the Executive Board that no one would lose their job over the qualifications. There are a number of people who have retirement plans. We are going to let them continue until their retirement, and we will work out any concerns they have.

ASSEMBLYMAN ROMA: As I said, it came to me from one of the PICs. There was great concern over the fact that they were losing some key employees. It was never our intent that someone who was there for 15 years would be leaving.

MR. GOETTING: We had one experienced counselor saying, "Hey, I am not going back to school," and he did quit.

He just said, "I don't want to be a part of it." So it does happen, yes.

ASSEMBLYMAN ROMA: Yet, at the same time, we understand the necessity for training, and everyone should be retrained.

Assemblyman Foley?

ASSEMBLYMAN FOLEY: I'm glad you only had one disappointment. I counted at least nine in this letter.

I guess through you, Mr. Chairman, to Commissioner Calderone: We talk about the data processing system. I know, Peter, you said you were going to be looking into each individual item that Mr. Goetting has brought up. It is kind of surprising to me in this day and age when we are talking about duplication of services-- I hope we are not duplicating services in this whole--

One of your questions goes back to exactly what I was saying before: What are the productivity levels? Who is being trained? Who is being placed into employment? Everything that I have asked previously.

But getting back to the question of data processing: Are we going to be using this data processing system?

ACTING COMMISSIONER CALDERONE: Well, the MIS system the JTPA uses is somewhat restricted. It captures data when an individual finishes the training. It also captures the data 13 weeks later. The Workforce Development plan that we envision and that we provide is based on individual training programs. We do not slot them into schools. We intend to have counselors who follow up as they go over the process. So it is a different type of data collection. After they get finished the training -- the WDPP -- they also come back to the counselors for additional evaluation.

What I am disappointed in is the fact that that information is not being captured fully yet. They tell me, working through the State Employment and Training Commission,

that they have the mechanism in place and are starting to do it. Sometimes they need individual PCs. Now they need a different database. But it is not satisfactory to me. That is one of my biggest concerns.

I can tell you, I have met with the Garden State Employment and Training Association. I have met with people in our Department. I have been out in the field to see what the counselors have been doing on the job. I am meeting -- and Bill Tracy is going to be part of my group -- on all these policy issues this Wednesday coming up.

I went to the State Employment and Training Commission meeting when they discussed the evaluation criteria. I met with the interest groups that are involved with the Program. I think we are at a point now where we have to make some policy decisions. Assemblyman Mikulak is absolutely right. This idea of who is going to get training based on their years in the workforce, to me, just isn't sensible. What I promised the JTPA organization is that we will not have duplication. It may be that what we should be doing in Workforce Development is picking and targeting certain occupations. That becomes our focus -- the real demand occupations -- and let the JTPAs handle the other things. There should not be this overlap. I agree with you totally. We should not have the situation that happened last year, where we ran out of the individual training money in a few months. We didn't carry it through the year.

I also sit on the Economic Master Plan for the Governor; the Economic Development Corporation; the Urban Development Corporation. There is a big picture here. Part of the money that we are using here for individual training should be focused to those industries we are trying to bring into New Jersey and trying to retain in New Jersey. The way this money was distributed, first come, first served, does not feed into the overall economic agenda. It has to be changed.

ASSEMBLYMAN ROMA: Commissioner, what might be helpful-- These other questions that were brought up in the letter, if you could take a look at that and give us your response, so that if those concerns have been rectified, or if there is some suggestion as to how we may reach a compromise with those items that are considered complaints--

ACTING COMMISSIONER CALDERONE: The operation, I believe, and the duplication-- I think we do have ways to handle that. I will be working to--

MR. GOETTING: That is essentially what the thing is all about.

ACTING COMMISSIONER CALDERONE: The contracting does concern me, because we contract directly with the schools, while the JTPA does send out bids and has a different program. But they are more inclined toward slotting people. In other words, you come to the JTPA and you slot them out to one of the proprietary schools.

MR. GOETTING: But the WDP is putting people in the same schools, in the same classrooms--

ACTING COMMISSIONER CALDERONE: Exactly.

MR. GOETTING: --side by side, and the contractual obligations are so dramatically different that-- If you were a school and you could get all your money without even any questions about it from one guy, and the other guy makes you prove your budget and come through all the agony, you are going to deal with the cheap, easy, quick, down and dirty guy first. That's our problem. In Ocean County in particular, there are not that many training slots. We are losing our ability to train people because it was of the contractual side of it. That is what we are trying to say here.

ACTING COMMISSIONER CALDERONE: That is a real concern. I was down in Newark Friday at some of the proprietary schools. I understand that there are different waits when you are coming through the Workforce Development, as

opposed to the JTPA, because the JTPA is a better bargain, in many cases. So I think those things have to be looked at. I do think our Program should be more focused on particularly demand occupations, so that we will not be intruding on the work that the JTPAs are doing.

ASSEMBLYMAN ROMA: Thank you.

ASSEMBLYWOMAN HAINES: Mr. Chairman, I just have one question.

ASSEMBLYMAN ROMA: Vice-Chairman Haines?

ASSEMBLYWOMAN HAINES: What is the criteria where it says the person who is unemployed is not eligible for other training funds? It was mentioned earlier by the first individuals who spoke. I mean, if a person is unemployed--

MR. GOETTING: The old New Jersey -- the NJJTP, which your new legislation -- the WDPP -- replaced-- It did away with that and replaced it with this. We were running that-- I say "we," the Private Industry Council was running the NJJTP program before.

If under that old program there was a small group of people who were on unemployment and they didn't meet the economically disadvantaged criteria, and they were not laid off from a major company, but they were, in fact, unemployed -- collecting unemployment, we could put those few people through the NJJTP. They are no longer eligible under this Program. That small group of people is being excluded. That is the reason I mentioned it. It does disturb us that there was one group that got excluded. I could go into more--

ASSEMBLYWOMAN HAINES: That was the second time this morning that that was mentioned. Unfortunately, I had to go make a phone call and I didn't know if it was answered, because the first gentleman, Mr. Heldrich, had mentioned it--

MR. GOETTING: That's what it is.

ASSEMBLYWOMAN HAINES: --about people who would not be able to get this Program because they did not meet the

eligibility requirements. I just didn't understand if they were unemployed, what criteria was set that they would not meet it to try to get retrained?

MR. GOETTING: These people happen at the moment to fall through the crack. There is no safety net for them. Theoretically, they have the wherewithal to go buy their own dream, so--

ASSEMBLYMAN ROMA: Thank you, mr. Goetting. Thank you, Commissioner.

MR. GOETTING: Thank you very much for the opportunity.

ASSEMBLYMAN ROMA: The next group, with your permission: Dr. John May or Dr. Peter Mora.

S A R A L E E P I N D A R: (speaking from audience) Peter Mora is here.

ASSEMBLYMAN ROMA: Okay. Dean of Continuing Education, Atlantic County Community College. Mr. Michael Zaccaria, Dean of Continuing Education, Cumberland County Community College, and Ms. Saralee Pindar, Research and Planning Officer, New Jersey Council of County Colleges. Good afternoon.

MS. PINDAR: Good afternoon. Would you start?

M I C H A E L Z A C C A R I A: I will start. Thank you.

My remarks were actually prepared about a month ago as well.

ASSEMBLYMAN ROMA: That seems to be a continuing excuse today.

MR. ZACCARIA: But I have the good fortune to have a good secretary, so as late as 4:35 yesterday I inserted some information for today.

ASSEMBLYMAN ROMA: That is why they have pocket parts. You just put a little addendum on and you take care of things like that.

MR. ZACCARIA: Thank you for providing me with the opportunity to testify regarding legislation that means so much

to the future of our nation. The New Jersey State Legislature is to be commended for passing legislation that has put New Jersey ahead in the nation in anticipating President Clinton's call to change our unemployment system to a reemployment system. During his State of the Union Address, the President must have had the New Jersey Workforce Development Partnership Program in mind when he said: "We must literally transform our outdated unemployment system into a new reemployment system."

"The old unemployment system just sort of keeps you going while you are waiting for your old job to come back. We have to have a new system to move people into new and better jobs, because most of those old jobs just don't come back. We know that the only way to have real job security in the future, to get a good job with a growing income, is to have real skills and the ability to learn new ones. Training programs must be a source of new skills for our people who lose jobs. Reemployment, not unemployment must become the centerpiece of our economic renewal."

I am proud of the fact that New Jersey anticipated this proposal of the President.

Throuh an individual grant and additional benefits during training components of the WDPP, over 10,000 unemployed, displaced New Jersey workers are being prepared for reemployment in demand occupations. The community colleges of New Jersey are playing a major role in the WDPP by providing services to 36 percent of the displaced workers who are being prepared for reemployment. The community colleges are doing it at a cost per worker that is 15 percent below the average amount of costs to provide services through the Program. The average community college grant is \$2538, while the average Program grant is \$2987.

I have several concerns regarding the individual grant and additional benefits during training, the Abt components of the WDPP. First, the WDPP was enacted to enhance the earning

power and long-term productivity of displaced workers. The Annual Report-- I am going to quote from that, actually page 2, at the beginning:

"In authorizing the Abt component, the Legislature wished to encourage displaced workers to make greater use of long-term training opportunities. By assisting displaced workers to obtain longer term training, Abt enhances dislocated workers' ability to retool their skills and contribute to the long-term economic development."

Despite the legislation's emphasis upon long term, New Jersey Department of Labor officials have encouraged training vendors to develop short-term training programs for WDPP clients. During the first 15 months of the Program, 55 percent of the individual training grantees were enrolled in training designed to last less than six months; 42 percent in training designed to last less than four months. Many studies have shown that the longer the period of retraining, the greater the guarantee of long-term job security and increased earning power by the client.

During the March 9, 1994 press briefing in which the Federal Reemployment Act was presented, Secretary of Labor Robert Reich said: "I have spent much of the last year looking at what works, and looking at what doesn't work. What works is longer term training. Short-term training is not as good." Mr. Reich and other proponents of retraining have urged the adoption of training programs of up to two years, because they say that longer training leads to better jobs.

As a reemployment system, the WDPP must not be limited to a short-term retraining program. It must be a reeducation program with a focus on development of the knowledge, skills, and attitudes required to develop a new career, not just a new job. All too often, retraining provides for the development of specific skills demanded in the current job market. It does

not provide for the development of the general knowledge and skills that will guarantee long-term growth in a career.

In their wisdom, the community colleges of New Jersey have created hundreds of one-year certificate and two-year associate degree career programs that effectively combine up-to-date employment skills with theoretical and general knowledge to develop the respective flexibilities and depth enhanced long-term employability and increase long-term earning power. College study is a recognized route toward increased earning power. Every 30 college credits completed increases lifetime earning by 5 percent.

The Legislature must reiterate its desire for the displaced workers served by the WDPP to be encouraged to enroll in those long-term programs to better enhance long-term career development and better serve the long-term interests of our economy. The use of quick fix, expensive, short-term, highly job-specific training programs must be discouraged. While community colleges display flexibility in developing some job-specific, short-term training programs to serve WDPP clients -- Cumberland has done that, and Atlantic has done a very good job -- the true strength of those institutions lies in their ability to deliver cost-effective balance to career development opportunities through one-year certificate and two-year associate degree programs.

The second concern relates to the amount of funds available for individual training grants. The original legislation creating the WDPP stipulated that not less than 30 percent of the Workforce Development Partnership Fund was to be reserved for displaced workers. This has been amended to not less than 27 percent, and \$2.5 million of the Workforce Development Partnership Fund will be annually diverted to the Youth Transition to Work Partnership Program -- the YTTWP.

While the YTTWP is important for the long-term development of our workforce and we support it fully, it should

not be funded at the expense of the immediate needs of displaced workers in our State. But an average training grant of \$2987, a loss of \$2.5 million for the individual training grant component, means that each year, 837 displaced workers will not be able to receive the services they need to get reemployed. The YTTWP must be funded, but those 837 workers must be provided with an opportunity for the retraining they need to resume their roles as productive members of the workforce of New Jersey -- as citizens of the workplace.

New Jersey is leading the nation in the development of a reemployment system. The WDPP is a Program that is providing valuable service to our displaced workers. The Legislature must ensure that more displaced workers are encouraged to enroll in cost-effective, long-term, career oriented programs. The Legislature must also protect the Workforce Development Partnership Fund for the purposes for which it was established, as a fund that our displaced workers contributed to is a fund that must be preserved for their use.

Thank you.

ASSEMBLYMAN ROMA: Thank you. Who's next?

P E T E R M O R A , Ed.D.: I think maybe I'll go next, if you don't mind. My name is Dr. Peter Mora. I am the Dean of Continuing Education at Atlantic Community College. I just want to say that I am very pleased to be able to speak to the Committee today.

Parenthetically, I just want to say that I was at a National Conference of Community College Leaders a few months ago down in New Orleans. One of the speakers was Secretary Reich. I can tell you that a lot of -- a significant amount of the conversation was about what is happening in New Jersey with this particular Program. So I think to avoid any trite, you know, kinds of comments, I would just say that the group here is definitely on the cutting edge. It is being noticed, and it is being considered, clearly, in my view, as a model for where

this country may be going in the future. So I commend the group for the foresight in the planning.

Mike, I think, mentioned most of the specific details that we agree with from our school. Not speaking for the sector, but I think you would get agreement across-the-board on those comments, Mike.

I would just, if I may, make some broader comments for the Committee to consider when you do your continuing work in terms of improving the Program and how it might affect more people and impact greater on the economic capability in our State. My comments, really, are focused on, perhaps, just making a case for increased awareness of the value of the community college sector in this State. I know everybody is aware of these wonderful institutions. They are unique. They are uniquely American institutions. I just want to reenforce the fact that they're here. They play a very critical role in education generally, and, we feel, can play an increasingly important role as partners in the Workforce Development Partnership Program.

I would submit to you that my overall remarks are clearly under the umbrella of stewardship. We have, as community college leaders, stewardship responsibility for these tremendous resources we have here in the State under our 19 colleges. We take that very seriously. We think we can bring something to the table to try to, again, move ahead and support the agenda for workforce development.

I would ask you to consider looking at the community colleges in seven broad aspects. I will be very brief here. One is our mission. The mission of community colleges generally has always been the transfer education and the occupational technical education field. Those have always been the two broad areas. The workforce training areas that are needed in these high demand jobs generally are in that

technical and career training program. It is an area of expertise these colleges have had for 20 years. There is a tremendous curricula built up.

Second, we are representing a tremendous installed base -- capitalization, equipment, faculty, curricula -- that are there. They have been there; they are fine-tuned. They are there to be used and to be utilized at a greater level of effectiveness, as part of this overall nuke. Please consider that.

I would also ask that you consider the fact that community colleges are very comfortable dealing with a type of client -- if I could stereotype that, or generalize that -- that are the Workforce Development clients. Our students tend to be, like Workforce students, an older average age. There is great match in term of gender and ethnicity as well. We are comfortable dealing with the older student. Also, we are a higher education environment; not just a post secondary environment, but a higher education environment. We bring in some of the things Mike talked about; a tremendous history in terms of the value of the core of general education, critical thinking skills, and those kinds of things that need to be part of a training program, and not just a technical skill. So we have a history of bringing that along and adding that to the menu.

Some points were made earlier in some other testimony about -- and I forget the names of the people earlier on-- They talked a lot about the need for getting at minority students and other hard-to-reach groups, to get them to become enrolled in the Program. I would say that one of the things we have learned at community colleges is that it is not just recruitment, it is retention. Recruitment is tough, but retention is even tougher. But we know what works with retention. You need remedial programs; you need academic support systems; you need student support systems. You need to

build affiliation. That is what keeps people in college; that is what keeps people in training programs -- affiliation. You build that with the organization. So there are things that we have learned in terms of dealing with the adult learner, which I think we can apply, and have applied.

I also want to say that there has always been a primary emphasis in community colleges on the focus, on teacher education, and excellence in teaching. We are not research institutions. Our institutions focus on teaching and learning. We do a good job. We are also among the leaders in the application of instructional technology to the teaching and learning process. We bring that to the table.

My final point is one of mission flexibility. I usually start most public comments to different groups by saying, "Never forget the middle name of Atlantic Community College." I will use my school in this case. The middle name of Atlantic Community College is "Community." Community colleges, by mission, reflect the needs of a service area. We are capable. We have shown tremendous flexibility in turning around and meeting those needs in terms of two-year programs, one-year programs, whatever the needs may be, in an efficient and effective way.

I would just close my more generalized comments in terms of those points and ask you to consider, as you review and try to improve the Program-- Know that the community colleges are the partners -- the critical partners I think they should be, playing an increasingly important role.

I would say one thing more of a technical nature; that is, I would strongly reinforce the existing protocol that is used, where the student -- the Workforce Development student -- gets to select the school or the training opportunity. I think that is really important. I think that has worked for us. We have no problem competing in the marketplace for that student. I would encourage you to keep that aspect in your mix.

Thank you.

ASSEMBLYMAN ROMA: Thank you, Doctor.

Questions?

ASSEMBLYMAN FOLEY: No, I just want to make a comment, because the Dean is from my area. I can tell you that the Community College has been, overall, as far as being involved in the community, fantastic as far as adjusting to what has happened in the Atlantic City area, and certainly in the Atlantic County area, not only with the onslaught of casino gaming and the jobs that were required to do that, but also the fact that we were able to move ahead in the technical field, when you talk about the increase of highly technical jobs.

I certainly would hope that the Committee, along with the Department of Labor, along with the WDPP, would take into consideration the fact that we do have the facilities around. I'm sure Ginny and several others will talk about their community colleges, but I can tell you, after being educated in the Atlantic Community College, that I think it is a great institution. It has brought forward many of our people, not only in law enforcement, but in the fire department, to advanced levels.

I am proud of the work they are doing, and certainly they should be proud of the fact that they are serving our community and working with the unemployed and working with increasing employment. I thank you for that.

DR. MORA: Thank you.

ASSEMBLYMAN ROMA: Thank you, Assemblyman.

MS. PINDAR: I am SareLee Pindar, Research and Planning Officer for the statewide association of the community colleges. I am here today in my capacity as Economic Development Liaison.

I would just like to underscore that Dr. Mora talked about reaching out to minorities. He is the head of the Atlantic City campus of Atlantic County College. I am sure he has direct experience.

I would like to testify today about the customized training segment. I had targeted customized training. All of our customized training reps are at the Business Resource Network today. There is a meeting of that group. I am here on their behalf. I want to get back to the fact that at the Department of Labor, there are only seven field representatives. For those field reps there are three vital tasks: The first is needs assessment; that is, to identify and articulate what kind of training is needed. The second is the technical assistance as the company goes through the application or grant proposal process. And the third is to monitor training in progress; the report says at least monthly.

With 140 client companies currently either in the application process or in active training, this gives us a minimum, obviously, of 20 clients per field rep. Additionally, the field rep is supposed to really have an ongoing relationship with the Economic Development Officer -- the county's Economic Development Officer -- and the members of the Private Industry Council in each county. There are three regions -- Northern, Central, and Southern. Obviously, with the number of field reps, each has a minimum of three counties. However, besides knowing the people in the counties to which they would normally be assigned, they may be assigned outside their region if the client load becomes imbalanced. So they are supposed to know the people in four or five counties, to understand how business and industry is faring in those counties, and what the needs are.

I would agree with the question of whether this is too much work. It seems to me that it makes sense to say that it can't all be done as expeditiously or as thoroughly as a company that is in trouble would need it to be done.

Now, you have heard, oddly enough, two Deans of Continuing Education talk about the value of credit programs, and that is because of the research that shows that college

credits increase earning power. But I would like to point out that our contracted training departments, or divisions, deal in noncredit, flexible, customized training programs, every single one of them. Every one of them has a credentialed contracted training officer who is highly qualified to do needs assessment. If they cannot do it themselves, they know enough to know that they can't and to bring in an outside consultant for a particular industry. They can also assist in the application process. I would like to point out that they were doing that a year and a half ago as the customized training segment got underway. But after a few months, it became obvious that these colleges could not be reimbursed for that time.

I asked one of them, "Well, how much time did you spend, on average, with a company?" She said, "Four weeks, full-time." That means that there were clients who could have been bringing income into her division. I should point out that our Continuing Education Departments very frequently are funded half by what they make on contracted training, and half by the college. It is not uniform, by any means.

The community college professionals really wanted to assist in getting the Program working. It seems to me that if they were permitted to do that, they would free up the customized training field reps for screening inquiries and monitoring training in progress.

I also have a very serious example of delay, and that is a company in Camden County that has been in the application process for 18 months. I don't know whether that application was finally approved or rejected. As of yesterday, our representative at Camden County College didn't know -- or knew that they had not.

Now, in addition to the time problem, I know of at least two cases where the training that was identified by the field representative missed the mark. At one company mass

training was started at too basic a level to meet the company's needs. The company realized this. Management realized this, and called the community college, which is now delivering on-site training in blueprint reading, mathematics for factory applications and precision measurement. There is a big difference, obviously.

When I realized that this customized training segment might benefit from looking at another model, I made some-- I did a little primary research. I called people in North Carolina. At a Senate hearing on March 14 on economic development, I listened to at least a dozen people testify that North Carolina has attracted more business to its state in the last 15 years than any other state on the East Coast. So I started with North Carolina.

I learned that they have three state-funded programs for customized training. Under the program for new and expanding business are really two pieces. The first provides free, prehire, customized training where individuals who might be interested in going to work for a company that is about to relocate in North Carolina get trained for an average of between 20 and 80 hours. The company is not obligated to employ them, nor are they obligated to accept employment with that company at the end of the training. The training is customized to the specific industry's needs.

Within the new and expanding business is a second program for business moving into the state or a North Carolina company that is expanding and will provide a specific number, or a minimum number of new jobs. In this program, free customized training is provided until the company is satisfied with its workforce.

The third program more closely resembles Workforce Development and is called Focused Industrial Training. It targets existing industries in North Carolina which have to retool in order to stay competitive. This program has a

copayment by the company in the amount of \$35 for each employee trained. The rest is picked up by the state.

All of these customized training programs are administered by, and funded through the community colleges. The company and its local community college professionals work together to identify the training that is needed and to design the training program. The state then pays the community college for the salaries, materials, and sometimes for the facilities.

I want to point out that in North Carolina, the colleges are 80 percent funded by the state. They are a state system. That is very different from here in New Jersey. Although the state builds their facilities, the local governments maintain them. So there is a question here about paying for facilities and space in the customized training. All of this is legislated, including the \$35 copayment. Under no circumstances does the state write checks directly to the company. The legislature feels that if they pay the college directly, then they know the money is invested in training. In all of these programs, the only measure is whether the company is satisfied with the training. The community college continues to work with the company until the company is satisfied with the productivity of its workforce. I would like to point out that if the community college has to hire an outside consultant, they are then paid a small administrative fee.

Thank you very much for allowing me to testify. Appended to my testimony are photocopies of the North Carolina materials that are sent out by their Department of Commerce about customized training.

ASSEMBLYMAN ROMA: I'm sure it is up here, but I haven't seen a copy of your testimony.

MS. PINDAR: I have it right here.

ASSEMBLYMAN ROMA: We will forward that on to the Commissioner, and we will take those good examples and perhaps improve upon a good system.

MR. ZACCARIA: I also have here for your use, if you like, a statement from Secretary Reich, from the conference that Dr. Mora was talking about, in which he talks about the value of long-term training, and also addresses the issue of the Reemployment Act and the School-to-Work Transition Funds, as well.

ASSEMBLYMAN ROMA: I'm glad they are recognizing in Washington the wonderful things we're doing here in New Jersey. Thank you very much.

If I am correct, we have two people left on our list, Michelle March, Hospital Youth Apprenticeship Program, and Mr. Harvey Steinberg, Director, Victus Corporation. Is there anyone else who wishes to testify? (no response)

Perhaps the two of you could come forward. Thank you for your patience. Good afternoon.

M I C H E L L E M A R C H: I am Michelle March. I would like to thank you for giving me the opportunity to address the Committee this afternoon.

I am here to make a plea for some interest and some support for a pilot program that has been initiated by a community-based organization from Teaneck via the Ethical Culture Society, which is called "HEALTHY." That is a long one. I will tell you what it means: Health Education Apprenticeship Linking Teaneck, Hackensack, and Englewood Youth. We had a different name, but someone thought this was better, so this is what we ended up with.

It is a program for high school students in the three towns that will hopefully redress the shortage of personnel in health careers by interesting students in the allied health professions where there are tremendous opportunities for future employment, career expansion, etc.

We also had a second goal in organizing this pilot program, and that was to bring young people together from diverse backgrounds -- different racial and ethnic groups, different socioeconomic groups. We have all of that in the Teaneck/Hackensack/Englewood area. We wanted to do this with work on a common project where they could learn empathy, self-esteem, and the kinds of skills which do not seem to get reenforced enough, perhaps, through the homes today and through the schools.

We would also like this program to help improve students' school work by addressing skill development, which includes planning, organizing, and implementation, and demonstrating that academic learning does have an impact on the real world. There can be some transference as you move on.

We have had tremendous support for this concept. Many of our area physicians have jumped on the bandwagon and just said, "When is it going to happen?" We have the support of our three major health institutions -- Holy Name Hospital, Hackensack Medical Center, and the Englewood Hospital. They are very, very anxious through their VPs of Human Resources to get this program off the ground; so much so that they have even pledged to fund 50 percent of the student stipends, which we are proposing at \$5.50 an hour.

We have some affiliations with two post secondary institutions: One is Fairleigh Dickinson University, the other is Boston-- I am thinking of Boston for basketball reasons, you will have to excuse me. Bergen County Community College is the other college that is going to be part of our program. Basically, each student will be mentored by a health care provider and will report to a supervisor. The students will be provided information and training in, maybe, two-month seminars on health careers, the academic and scientific aspects of health care, ethical issues in the delivery of health care, and

the other skills which are needed for just making it in the world of work -- interviewing skills, punctuality, dress code, and that kind of thing.

The seminars that will be available to them will be professional seminars that doctors, administrators, and other health care professionals will attend. We are trying to have at least two be offered to them, because the program would run for a year. This is open to juniors and seniors in high school. We ask that they be in good academic standing, meaning a "C" average, or better. We will have parental involvement during the interview process as children come forward to join this program. Basically, we are hoping that students will become interested in health care careers, and get a more proper introduction to the health care environment than they would just attending high school; that they will develop positive attitudes towards students of different racial and social class backgrounds; and that students' grades and interest in school will improve as they learn to master the skills that I mentioned earlier in terms of planning, organizing, and implementing.

The hospitals will benefit from this tremendously, because they will have access, in a formal way, to a population of young people that they normally do not have early on, and they can kind of train and mold their minds. It does not mean that these folks will be offered jobs upon completion of the program, but certainly it is a more structured and organized way of getting them into the health care arena, much more so than just becoming a candy striper or someone in a volunteer type situation.

We were going along great guns with this, and then we came to the part where we needed to raise money. We reached out, broadly I might say, to foundations. We even had some discussion with the Private Industry Council. We were not able to fit in with PIC because we are not going to limit this just

to disadvantaged students. We want a mix. We want it to be a heterogeneous group, rather than a homogeneous group. Foundations have turned us down simply because of interest and direction. Almost as soon as you read the books they have changed what they are doing for 1993, which is when we started doing this -- the beginning of 1993.

We looked at the Youth Apprenticeship Program last year. We got a copy of that, I think, in April of last year. Because we were still in the process of getting agreement from the hospitals, the boards of education, etc., we missed the deadline to file for the Youth Apprenticeship Program. That probably was the best State-funded grant for us. We have some concerns, because we would like to implore you to consider refunding that at the present time as you are looking at new things for the budget.

The other thing is, we were hopeful that the YTT -- I found out that I could call this the YTT Youth WP, which is Youth Transition to Work Partnership-- That looked like a good thing for us, but then as we went ahead with all of the paperwork one of our other group members-- I have Mr. Cliff Arrington (phonetic spelling) with me here today. We are about six other people. One of the other people went to a workshop for this grant and found out no high school would be eligible. In everything we read in that grant, it was not clearly spelled out at all that no high schools would be able to utilize that grant.

So, we are back to square one. Square one seems to be that the Youth Apprenticeship Program, which we missed last year, would be our best bet. I want to just reiterate that we do have support from the hospitals to fund half of the students' stipends, which will be about \$198,000 for the year for 36 students. Let me give you the formula, and I will give you a copy of this: It's 12 students per hospital, three hospitals, \$5.50 an hour, and we are looking at 1000 hours over

the year. The transportation, seminar fees, and some administrative costs will be about an additional \$60,000, with a total of \$282,000 for the program for one year.

We are proud of our efforts to organize this so that the money is not going into administration in a large way, because there is a need to get this money really into the hands of the students and have them be proud of being directed into the workplace in a way that we respect them, we appreciate their input, we appreciate their effort. This is a serious job. This will be a serious part-time job for them, and one that-- The word has already leaked out that we are doing everything possible to get this off the ground, and we have students coming to us, already from the three towns asking, "When does it happen? What can I do to sign up? How does it get off the ground?"

So there we are. I will not take up any more of your time. If you have questions, please feel free to ask them of me. I have heard a lot of good things here today; a lot of interest in helping youth, minorities, and just the workplace that may be underserved at this time. Certainly, our teenagers do not have enough opportunities for real, meaningful work opportunities. I am just here on behalf of the committee saying that we need your support. We need a little bit more money. We will be proud to have you come back in a year to review our progress. We will not leave town or the State, as I have heard in some earlier progress reports. We have some very good people behind us, working with us.

ASSEMBLYMAN ROMA: Thank you for your presentation. Let me say that I found the comments you made very interesting. You may want to keep in mind that on the 25th of April, I believe, the amended version of the Youth Apprenticeship Bill will be up on the board list, expanding the possible occupations. I think that will be helpful. It is another good step.

In terms of my observations of the program, have you spoken to Dr. Grieco at Voc Ed -- Bergen Voc Ed?

MS. MARCH: No, we have not; no, we have not.

ASSEMBLYMAN ROMA: You may want to touch base with him to see if somehow some of your program can be implemented through Bergen with the Voc Ed. Maybe that is another avenue for you to pursue.

MS. MARCH: Okay, all right.

One other thing I would like to add: There is no other program in our Northeast area that is operating like this one, except in Boston. There is a model program that got off the ground a couple of years ago. It is going very, very well, so they keep refunding it. I think this is the kind of program that can expand and grow even into other industries, and really make our State proud that we are doing what the President wants us to do, which is reach out to our youth and bring them up out of the trenches, so to speak.

ASSEMBLYMAN ROMA: Well, get a copy of the Boston proposal.

MS. MARCH: Yes.

ASSEMBLYMAN ROMA: And perhaps with what you have available, make an appointment with Dr. Grieco.

MS. MARCH: Okay, all right. Thank you very much.

ASSEMBLYMAN ROMA: Questions from the Committee? (no response) Thank you.

Mr. Steinberg, how are you doing?

MR. STEINBERG: Thank you.

I suppose I am the lone dissenter to all the encomiums that have been heaped upon the Program, particularly the report itself as an evaluation document. I wish I didn't have to be that, but so be it.

I suppose what I will simply do is read this. It will reflect what I have to say. I have much, much more that could

be said, as I indicate in here, but I have certainly tried to collapse it, condense it into something meaningful.

Let me just start from the beginning so I don't have to see what I am going to omit and what not omit.

First of all, the newly founded Victus Corporation was not a bidder on this evaluation contract. It has no desire to see Abt Associates Inc. belittled as an organization with respect to its evaluation effort, or to have Victus or anyone else take over any part of its contract. I say this to remove any suspicions of rivalry that might attach as I illustrate what I believe are severe shortcomings in the Abt Report, as a report. My recommendation is only that those who hold oversight over the consulting effort -- the Department of Labor, the SETC, this Committee as a constituent part of the State Legislature, and other official bodies -- hold the consultant to the mark that is in line with the genuine desire of this Committee and New Jerseyans to generate a more secure economic life for its workers and its employers.

In a tax-sensitive era, should we evaluate a tax-financed evaluation, or exempt it from comment? I might not have thought to answer that, but instead dealt with the substantive program only of the WDPP, had some peculiarities not glared at me when I picked up the report the other week.

First, for a fiscal framework, what is the cost for the report itself? I cannot know how much in earnings the evaluation company has accrued or drawn down on its annual award to the date of the report. My guess holds it would be several tens of thousands of dollars. This, based on the statutory allowance of up to .5 percent for evaluation services on the approximately \$50 million Program fund for the year, as reduced through competitive bidding, and a portion allocated commensurate with the several months from September 1993, when the award was made, to the end of December or some time in

January, when the report was completed. If my estimate is off, I would hope to be corrected.

What have we in this report? The report bypasses investigating or attempting to discover the impacts of the Program, even though by the time of its award WDPP had been in existence for 15 months and had spent or obligated huge sums of State money. The consultant's declaration is that it "does not provide any impact estimates" because "at this point -- very few participants have completed training." I have citations throughout this as to various documents. I will leave that out of my oral statement.

I much doubt this is so. I won't ask you to go through, at this point, the comparison of pages that I am going to make, but you can certainly do that at your leisure, given that you have this document. If you compare Exhibit 3.3 on page 22 of the report with Table 3.8 on page 40, it becomes apparent that with 55 percent of the training scheduled for six months or less -- and most of that for one to four months -- and with well over 3000 trainees on board cumulatively over the first six months -- and growing from there over the last six months -- at least 2000 trainees probably finished their programs within the one-year period.

It is the intention of the State that there be impact statements. It is specifically set forth in the Request for Proposal that the Annual Assessment Report provide at least: "d) an explanation of how well the Program is functioning and why it is functioning as such." No exception is made with respect to this First Annual Assessment Report as against any other annual assessment report.

In fact, what could be garnered respecting the first year's activities would be exceedingly helpful, for reasons opposite to the report's claim on page 9 that: "Drawing conclusions and recommendations from the first year of operations, when staff freely admit that they are fine-tuning

and improving operating procedures, seems premature and inappropriate." Drawing on actual operating experience, one should speak to the contrary, that the early period is when to provide a view and advice on wrong turns being taken, before bad procedures and practices get frozen into bad customs.

In other parts of the report, it is not so important that a component of the evaluation effort is repeatedly mislabeled, as that the report does not do what is needed to be done because of the mislabeling.

One wants and absolutely needs "analysis" in an evaluation of a program, but sheer compilations of facts pulled from records of agencies, that get sliced up into frequency tables and bar and pie charts, are not "analyses," as the author persists in calling them. The practice runs throughout much of the report, beginning at pages ii and iii, at key places from pages 24 through 34, and so forth.

This is not a mere semantic quibble. First, because the evaluation process presumes to be performing what it is not. Second, it muddies the ability of reviewers to understand the Program and its evaluation and induces the frame of mind that where the word "analysis" is used, descriptive statistics will suffice. In other words, it shunts thinking onto a track without arriving at a destination. Finally, and most important because it is most substantive, misuse of the word can obliterate the genuine analysis which is the essential engine for thoughtful policy making. From analysis emerges the rest of the regime of planning, evaluation, and policy determination -- the discovery or invention of criteria, measures, alternatives, projective outcomes and impacts, and the like -- that lead to optimal decision making for both the operations of a Program and the reshaping of a Program. Avoiding it puts a vacuum where the logic machine should be.

At least a greater attempt at meaningful commentary, questioning, and investigation could have been made for

guidance in this current Program year. For example, the evaluation lists multibillion dollar industrial corporations as recipients of customized training grants, among them at least one in huge proportion to grants to smaller, needier businesses in the State. At the same time, the evaluating firm has at its disposal two obvious documents -- the authorizing legislation and the RFP -- both of which appear to thrust policy toward smaller and medium-sized companies.

There could be various reasons as to how this funding comes about. Program directors cannot know what to do unless they have clear legislative guidelines. To me, it seems likely that unless the Legislature sets more exact size and qualification standards for such discretionary moneys, there will inevitably, under the regime of any political party, be agency susceptibility to cries and threats from economic power centers, however veiled. Fixing standards might alleviate or obviate the pressures I suppose exist. So, before the customized training program goes down that same path this current Program year, it would be good for contradictions of this kind to be flagged by the evaluator.

Let me just add here that I simply, looking at any common business magazine -- this is "Business WeeK" -- one can match the list at the back of the report of those major companies against the statistics -- the financial aspects of some of the companies that have received money. For example, General Motors, whose profits in the year 1993, the same year that it received its huge grant proportionately from this State, you know, had a profit of \$2,465,000,000, and so on. I could do that with every one of those huge companies that are stated in the list back here. Some more, I understand, have been added since. Those are very profitable companies with immense assets, etc.

These several criticisms I have made are indicative of additional ones which could as justly be made of other

portions, aspects, and methodologies of the report as a document. As I said at the beginning of this testimony, I believe this could most practicably be remedied by making sure the evaluation consulting firm knows what this Committee wants and must have, and works toward that end. There is scope within the provisions of the RFP, to which the consulting effort was to respond, for more of that to be accomplished than has been, or promises to be.

My own regret is that the Victus Corporation, through me, had to make a choice between spending its scarce time and this Committee's scarce time on critiquing the quality of the report, or concentrating on the substantive Program. There are crucial questions and comments about the fulfillment of the Workforce Development Partnership Program mission, and the operations to accomplish that, which should have been made in reflection of the data that does appear in the report, as well as through learning that lies beyond the information contained in the report.

Thank you.

ASSEMBLYMAN ROMA: Questions from the Committee? (no response)

Mr. Steinberg, I would like to compliment you for the thoughtful analysis and the time spent as a private citizen coming here to give us the benefit of your input.

MR. STEINBERG: Thank you.

ASSEMBLYMAN ROMA: Thank you.

There is no one left to testify, so the Committee will stand adjourned.

As I indicated earlier, we have another hearing coming up April 11, at 10:00, specifically on the growing issue of illegal aliens and related problems. We have all had

discussions about this previously. Hopefully, we will be able to obtain additional testimony.

Thank you for your participation.

(HEARING CONCLUDED)

APPENDIX



STATE OF NEW JERSEY
DEPARTMENT OF LABOR

PETER J. CALDERONE
Commissioner

CN 110
TRENTON, NEW JERSEY 08625-0110

May 26, 1994

Honorable Patrick J. Roma
Chairman, Assembly Labor Committee
40 East Midland Avenue
P.O. Box 1308
Paramus, New Jersey 07652

Dear Assemblyman Roma:

Thank you for your continued interest in the implementation and evaluation of the Workforce Development Partnership Program (WDPP). We appreciated the opportunity to discuss the **First Annual Assessment Report of the Workforce Development Partnership Program** with the Assembly Labor Committee at the public hearing on March 31, 1994.

Department of Labor (NJDOL) staff and State Employment and Training Commission (SETC) staff have collaborated to respond to your April 5, 1994 written request for more information concerning topics discussed at the hearing. Our answers have been grouped to correspond with your request format.

It is important to note that the questions raised at the hearing and your April 5 letter have been distributed accordingly to the NJDOL and the SETC. The format for responses is as follows:

Labor responses: Questions 1 through 6 (partial), 9 and 10

SETC responses: Questions 6 (partial), 7, 8, 11, 12 and 13

Assemblyman Roma

1. While the passage of the Workforce Development Partnership legislation did not in itself result in major changes to the Customized Training program the increase in funding did change it substantially in terms of the number of applications submitted as well as the amount of training

grant dollars requested. Since the size of the CT staff is essentially the same as prior to WDP, this increase in workload has impacted our capacity to respond quickly to all requests. The Department of Labor is in the process of reviewing policies and procedures relating to Customized Training in order to possibly streamline work flow and application processes. In addition, a Management Information System has just been designed and is nearing implementation, which should facilitate operations. The Department of Labor is also assessing staffing needs with an expected increase to ensure a prompt reply to requests for training.

2. The Customized Training Representatives do assess the training value of each on-the-job training placement. A representative of the Department of Education (DOE) reviews the educational content of OJT programs as needed, and makes recommendations for improvement within the context of reviewing curriculum for all occupational training programs.

This is better defined as a review rather than a consultation process, of which the Department of Education representative spends 100% of their time on Workforce Development; approximately 70% of their time is spent on curriculum review. As part of assessing its staffing needs, it is anticipated that a stronger working relationship will be forged between the Department of Education and Labor to better address the training value of OJT programs.

3. There are currently two applications which were originally submitted seven months ago which have not yet been approved. The delay is because additional information was needed from the employer in order to process the application. As of this date, the information has not been received from the applicant. The longest period of time that a currently pending application has been awaiting approval is since 9/20/93. The Office of Customized Training is in the process of reviewing its operating procedures in their entirety, to expedite the processing of future applications.
4. The five signatures required for the approval of a customized training grant are as follows: James Bederka, Assistant Chief OCT; George Krause, Controller; Brian Peters, Director CT; Paulette Laubsch, Assistant Commissioner, Employment Security and Job Training; and Peter Calderone, Commissioner of Labor. All work flow processes are currently under review, with the goal to expedite the disposition of grant applications, which will include a reduction in this sign-off process.
5. The testimony at the hearing fully responded to Mr. Goetting. As presented at the hearing, Mr. Goetting's

prepared statement was based on GSETA's observations prior to a meeting with the Commissioner and may not now be the same.

By way of background, we note that the Workforce Development Partnership legislation was signed into law on July 7, 1992 with an effective date of July 7, 1992. As a result, implementation research and program start-up, and all the associated necessities such as staffing, space, equipment, procedures, forms, rules and regulations, work flows, payment mechanisms, etc. began organizing at that time.

The original legislation allocated 30% of the WDP funds per year to individual grants. These funds were sufficient to provide approximately 5,000 to 6,000 individual grants per year. In 1992 approximately 350,000 individuals filed unemployment claims in New Jersey, with a similar number in 1993. These individuals constituted the potential WDP participants. Initial recommendations were to publicize this program as much as possible.

Start-up time took approximately two and a half months, which created an immediate backlog of individuals to be expedited into the program. By the time the first Abt Associates evaluation was issued, approximately 60,000 individuals had received orientations to WDP and were offered Employment and Training services while over 10,000 had received individual grants.

In evaluating this first year effort, Abt Associates reported the following:

"Despite start-up pressures, New Jersey has after only one year of program operations, a fully operational program.

- * Over 10,000 individuals have received grants for individual training.
- * Unemployed individuals can now contact any local Employment Security (ES) office and be directed to orientation, counseling, and training services offered by the WDPP.
- * An extensive package of standard forms and informational materials is available for use by program participants and staff.
- * WDPP staff have received extensive training on all services offered by the program. The training has been supplemented by detailed operating manuals, as well as by a regular flow of policy bulletins

clarifying and refining program rules.

- * Computer systems are available to track training services to individuals, Additional Benefits during Training (ABT), and financial tracking of training contracts and grants.
- * Continuing communication is taking place between the WDP program, the partner state agencies, and the private and public training community which serve as vendors.

Through these efforts WDP continues to improve coordination and increase the training options for WDP participants."

The computer tracking system for the WDP is relatively new. The Management Information System (MIS) was developed at the same time the program was initiated. As a result, records were data entered into several computer program sources managed by the Department. Initially, some records were difficult to access because of this process. These records are currently being merged into the new MIS and will be available shortly in one place which will enhance reporting and evaluation.

Some strengths of the WDP program are:

- * The focus of the WDP program is counseling, with testing/assessment and placement into training instrumental in fulfilling an Employability Development Plan which should result in higher skills and earning power for the worker. In order to effectively provide this service, qualified job counselors are critical. All Employment Service (ES) counselors meet the quality standards established by the Commissioner of Labor.
- * A major component of the Workforce Development program is the utilization of unemployment benefits which makes WDP and Unemployment Insurance (UI) an effective reemployment program. Determinations of unemployment reporting requirements and eligibility requirements, as well as the approval of Additional Benefits during Training resides with the SESA and cannot be delegated to another agency, in accordance with the Federal Unemployment Trust Act.
- * The WDP program can address itself to the state economy as a whole, encompassing multiple labor markets. This is especially important since clients are a mobile population. WDP looks at the

broader perspective and provides training to meet long-term labor demands throughout the state.

- * Excellent linkages are being formed with Workforce partners, especially with those involving college credit courses. The WDP program has been able to effectively link college education into its training alternatives, in part because of its ability to integrate plans with the availability of unemployment benefits.
- * The WDP program places emphasis on counseling as a key component of the program, and allows clients the freedom to select his or her own vendor, with guidance from the counselor.
- * Program refinements continue to be made in the area of work flow, tracking and information services, contracts and voucher processing.

As the WDP program continues past its initial start-up phase, it has an excellent opportunity to break new ground in the area of workforce training and to serve as a model for both the federal government and other SESAs.

The WDP program has a sunset provision if results do not meet positive expectations. It would seem the legislative intent is clear, and WDP should be given an opportunity to execute its legislative mandate.

It is also noted that the Commissioner continues to forge a partnership with the JTPA leadership that will allow a collaborative relationship of WDP and JTPA to reach the full potential of both programs.

6. Department response: The demand for customized training services increased greatly with the WDP program. Additionally, customized training has become a key component of the State's overall economic development strategy. For the current fiscal year, there are grant applications by 56 companies now under consideration.

While the need for individual training grants for displaced workers is also an important initiative, it is difficult to support increased funding at the cost of the customized training component. Moreover, due to increased JTPA funding there are additional resources for individuals for training beginning in Program Year 1994 beginning July 1, 1994.

SETC response: Both individual and customized training grants are important components of New Jersey workers' safety net and economic development portfolio. Given the

dramatic increase in available federal Job Training Partnership Act (JTPA) resources for dislocated worker training, i.e., an increase of over \$20 million annually beginning July 1, 1994 (from \$15 million to \$20 million), it appears prudent to begin the next program year maximizing the customized training component while at the same time meeting the mandatory minimum legislative requirements for individual training grants. An assessment of relative demand and resource obligation will be made in January 1995 to determine if the redistribution of resources between these two components is suggested.

Assemblyman Mikulak

7. Targeting individual counseling and encouragement, outreach and recruitment efforts can result in higher enrollment for individuals with less than a high school diploma. The presentation at the Orientation sessions is being reviewed as to whether to include an open discussion of the availability of academic support and upgrading of basic educational and skill levels for all individuals.

Additional efforts to link basic skills and occupational education such as the current endeavor between Labor and the Department of Education to identify numerous local remediation and English-as-a-Second Language (ESL) programs available to potential WDP clients are needed to succeed in this area. These populations do appear to be under represented and an outreach and recruitment effort is warranted.

8. More stringent attachment-to-workforce requirements is necessary to maximize training assistance availability for the long-term displaced worker and should not adversely impact less educationally disadvantaged displaced workers. In the proposed implementation of a system of profiling Unemployment Insurance (UI) claimants and providing them with reemployment services, the federal government has found that education level (those with less education are more likely to exhaust benefits) and job tenure (tenure on the previous job is positively related to reemployment difficulty) will help identify those most in need of reemployment services. More intensive counseling will be available for targeted individuals. As a result, counselors will be more effective in encouraging individuals to seek both remedial education and occupational training opportunities.

Assemblywoman Haines

9. The four companies noted, along with relevant comments, is as follows:

Crown Cork and Seal, Inc.: A grant of \$121,472 was awarded to NJIT to provide instruction to 80 hourly employees of Crown Cork and Seal. The grant period was from December 7, 1992 through December 31, 1993. As a result of a lack of orders, the company began plans to close the facility. Consequently, \$104,783 was deobligated from the grant and the account was closed. An amount of \$16,689 was paid to NJIT for the instructional services they provided.

Jamesway Corp.: Two grants totaling \$134,356 were awarded to Jamesway covering the period of June 9, 1993 through June 9, 1994. Although Jamesway is in Chapter 11 and is undergoing "downsizing", it was determined that the grant be awarded to assist the company in strengthening the skills of the remaining employees and enhance the competitive standing of the corporation.

The program has been closely monitored and the grant has been modified to reflect the company's changing needs.

Tenney Engineering, Inc.: A grant was approved for Tenney Engineering in the amount of \$19,855 covering the period of September 2, 1992 through June 30, 1993. The grant was withdrawn when it was learned that the company planned to close the facility in February 1993. No funds were expended.

Thomas & Betts: An application for customized training assistance was approved in January 1994 for \$488,333 to provide classroom-based and on-the-job training instruction to 130 current employees and 36 employees to be recalled. The company relocated lower skill assembly work to Memphis, Tennessee in 1992. Further job transfers were planned if costs could not be reduced in the Elizabeth facility.

It was determined at the time that the grant approved by the Department is an integral part of a cost saving and efficiency improvement strategy designed to save the existing jobs. If successful, the program will enable the company to remain in Elizabeth and expand their European and domestic customer base.

Assemblyman Foley

10. The Department of Labor requires that if the company receiving financial assistance for customized training

services relocates out of the State of New Jersey within three years following the ending date of the customized training contract, the company must return all monies provided to the company by the State for customized training services. This requirement has been included in the proposed Customized Training Rules, N.J.A.C. 12:23, and is part of the program conditions contained in our Customized Training applications.

Committee staff

11. The survey information for the pilot program in Passaic and Burlington Counties has been gathered and placed on computer disk for evaluation against wage reporting data available through the Department of Labor. It is expected that this evaluation will be completed by June 30, 1994. If this pilot program yields definitive information about the success of vendors providing services to JTPA participants, evaluation of long-term effectiveness of JTPA-funded service providers on a State-wide basis can be implemented by September 30.
12. The information proposed by Abt Associates on page 47 of the draft evaluation report for use in the Consumer Guide is a list of potential outcome and other measures for inclusion. Publication of outcome measures will not be limited to the Consumer Guide. Long term impact will be reported by the Commission in various informational reports and publications.

The Commission is currently working on finalizing: 1) the long-term follow-up information to be provided to consumers about service providers; 2) the long-term follow-up information to be provided to counselors and others about service providers; 3) the format for presenting this information, and; 4) the vehicles for disseminating information in a manner that will maximize access by the public.

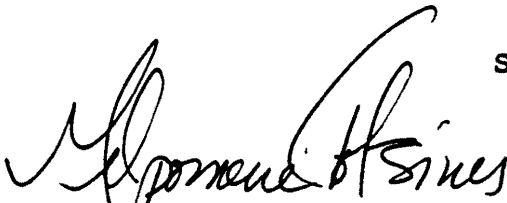
For example, an appendix might be added to the Consumer Guide to provide consumers with long-term follow-up information about service providers. In this way the current "easy to understand" general format would not be disturbed. Both the initial (1993) and second editions (1994) have been applauded by users for its presentation of information that can be understood by the general reader. Other vehicles for dissemination of information will include the New Jersey Career Information Delivery System, quarterly progress reports from Abt Associates, and the Annual Assessment Report of the Workforce Development Partnership Program.

13. The intent of the discussion on pages 45 and 46 of the draft evaluation is not to limit outcome information to the Consumer Guide. Detailed outcome information will be available to the counselor and potential grantees to select service providers based on performance results and other factors relevant to training selection. Labor's data base will be analyzed by Abt Associates on an ongoing basis to provide the basis for effective and efficient selection of each service provider.

The discussion on pages 45 and 46 is intended to raise some reservations about the extent to which providers' specific outcome measures should be the sole selection criteria for provider choice or approval. Once this information is developed and reported in the December 1994 Annual Assessment Report, the SETC can then determine what, if any, appropriate cutoff points should be utilized for service provider approval.

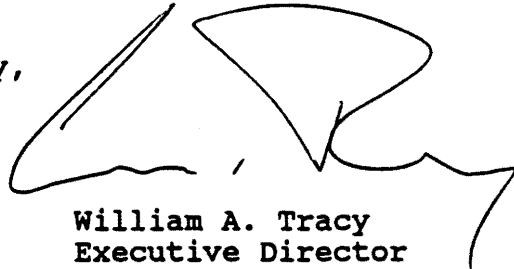
As discussed immediately above, the information will be available in more than one source.

We hope that the information provides answers to the questions. Please do not hesitate to contact me if you need further information on any of the responses.



Melpomene Kotsines
Legislative Liaison

Sincerely,



William A. Tracy
Executive Director

c: Deborah Smarth, Republican Assembly Staff
Gregory L. Williams, Office of Legislative Services

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April 5, 1994

William A. Tracy
Executive Director
New Jersey State Employment and Training Commission
CN 940
Trenton, New Jersey 08624

Dear Mr. Tracy:

During the Assembly Labor Committee's March 31, 1994 public hearing regarding your assessment of the Workforce Development Partnership (WDP) Program, you agreed to provide written responses concerning the following topics raised at the hearing:

Assemblyman Roma

- In your written response to question number 10 in my letter of March 1, 1994, you indicated that the Office of Customized Training employed six customized training representatives before the WDP Program was started compared to seven representatives now. Before WDP, the office awarded less than \$2 million per year in customized training grants. During FY 1993, the first year of WDP, the office awarded \$8 million. Almost \$19 million is allocated for FY 1994 and more than \$23 million for FY 1995. How can an increase from six to seven representatives handle a case load which is expanding more than ten-fold?
- Given the indicated increase in workload, do the customized training representatives have enough time to assess the training value of each on-the-job-training placement? You indicate that the seven representatives consult with one curriculum specialist from the Department of Education on the educational content of OJT programs. Is the specialist committed full-time to that consultation work? If not, what portion of his or her time is devoted to that consultation role?

- In your response to question 10, you indicated that the longest wait for the approval of a customized training grant is five months from the time the application is made. Does that include outstanding applications which still have not been approved? How many, if any, unapproved pending application are there which were submitted more than five months ago? What is the longest period of time that a currently pending application has been awaiting approval?
- In your response to question 10, you indicated that five signatures are required for the approval of a customized training grant? Who are they? What plans are there to streamline the process?
- Please respond as you deem appropriate to the questions and comments in the enclosed testimony from Lou Coetting of the Garden State Employment and Training Association.
- It seems that the demand for individual training grants for displaced workers far exceeds available funds. The \$19 million allocated for those grants in FY 1994 was committed during the first quarter of that year. The customized training grant allocation appears sufficient. Why, then, is there a major shift of funds away from displaced workers to customized training grants proposed for FY 1995? Would you support increased total funding or an increased assessment for the overall program?

Assemblyman Mikulak

- The table on page 35 of the First Annual Assessment Report shows that individuals with less than a high school diploma are under-represented in individual training grant enrollment. Hispanic and Black individuals are particularly under-represented. Your explanation of this is that they are "less aggressive" in utilizing the services. But the table shows that even those members of the under-represented groups who do seek training (that is, the ones who attend orientation sessions) are less likely to receive it than the members of other groups who seek training. Why? What is planned to correct this problem?
- One solution you suggest to this under-representation is the imposition of more stringent attachment-to-workforce requirements, that is, to require that a person be eligible for 26 weeks of unemployment benefits and have worked five out of the last seven years. It seems that such an approach would result in even less of the educationally and economically disadvantaged displaced workers getting services. How will such measures help solve the problem?

Assemblywoman Haines

- Please provide a comprehensive list of all employers who received WDP customized training grants and subsequently closed operations or otherwise laid off the workers who were to be trained under the grant. Include the amount of the grant, the number of employees under the grant and the number who lost jobs and how much of the grant funds have been returned to the program (attached is a copy of the AFL-CIO testimony on this matter).

Assemblyman Foley

- Please describe the requirements and procedures of the WDP program to ensure that if an employer who receives a WDP grant closes an operation, all grant moneys are returned to the program.

Committee staff

- In your response to question 4, you indicate that a pilot program is being established in Passaic and Burlington Counties to evaluate the effectiveness of each JTPA-funded service provider in improving the long-term earning power of former trainees. When will results from those surveys be available. What are the plans and time-frames for evaluating the long-term effectiveness of JTPA-funded service providers on a State-wide basis?
- Page 47 of the Draft Evaluation Design Report for the WDPP describes the information to be used in the consumer guide on training service providers. According to the draft, the only wage information provided in the guide would be information about the wages paid to former trainees at the time they are placed into jobs. The WDP law requires that long-term follow-up information be included in the information provided to consumers about service providers. What plans are there to meet this requirement?
- Pages 45 and 46 of the draft evaluation propose that, contrary to the provisions of the WDP law, no outcome information will be used in selecting which service providers are used by the program. The draft instead permits the outcome information be used only for the preparation of consumer guide. Is it reasonable to contract with a service provider no matter how poor its performance is? Why should the program send consumers to service providers with extremely poor track records when the WDP law specifically directs the Commissioner of Labor to use outcome information when determining which service providers to utilize?

William A. Tracy
Information for Assembly Labor Committee
Page 4
April 5, 1994

I would appreciate your providing this information within the next 15 working days so that it may be utilized by the committee during its continued deliberations. Your response should be directed to me through Gregory L. Williams, Committee Aide, who will distribute copies to the committee members.

Sincerely,


Patrick J. Roma, Chairman
Assembly Labor Committee

PJR:map
Enclosures
c G. Williams, OLS
D. Snarth, Assembly Republican Staff



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My name is Lou Goetting, Executive Director of the Ocean County Private Industry Council and I am here today on behalf of the Garden State Employment and Training Association (GSETA).

GSETA is the New Jersey association of all Executive Directors of the Private Industry Councils and Administrative agencies for the Job Training Partnership Act (JTPA).

We would like to comment not only on the report of the first year of the Workforce Development Partnership Program but on the broader issues of the operation of the training portion of the program.

First let me state that the legislation created through the excellent leadership of this committee is commendable. It expanded the customized training portion which hopefully will assist in keeping New Jersey companies in New Jersey. It also created a more stable funding source to support the Federal training programs notably JTPA. One disappointment of the legislation is that while it replaced the previous NJTTP it did not continue the availability of training to those unemployed people not eligible under other training funds.

The report of the first year of WDP is incomplete as there is no indication of the outcomes of the training. What is a true percentage of training related placements and/or retention?

The report indicates that in every table large numbers of records were not available for review. With missing records the report lacks credibility. It also demonstrates the lack of control over the system. In comparison, JTPA records are constantly monitored and verified for accuracy.

The report indicates that future reports will utilize data from a new automated data system that is currently under development by State staff. We would like to point out that the JTPA system has one of the most sophisticated MIS data system in the country that currently captures the mass of data required by the JTPA legislation. No changes would be required to include WDPP. The NJDOL has budgeted \$400,000 to create a redundant system. With the Governor calling for elimination of any unnecessary expenditures, and as this sum would permit the training of at least an additional one hundred people, the decision should be evaluated.

We, the Directors of GSETA, believe that the operation of the WDP program should have been, and still should be placed under the JTPA system. The following are just a few of the more obvious reasons.

A. Operation:

The Commissioner of Labor created a delivery system paralleling the JTPA system, both here in Trenton and in the field. The time needed to create the redundant system caused a six month delay in start-up. Assigning the program to JTPA would have resulted in immediate implementation. The duplicate staff reduces the funds available to serve those the legislation was enacted to help.

With discussions on ways to reduce expenses of Government, we suggest that this duplication of staff be carefully evaluated.

B. Contracting:

Contracts for providing classroom training are through a annual contract with any school on the list of approved schools with training in a demand occupation. The contract requires the school to notify Employment Service that the recipient had started training. Payment in full is on completion date. No certifications as to attendance, competency and especially placements are called for.

In contrast, all contracts by JTPA must be by a Request for Proposal (RFP) and require outcomes, benchmark payments based on delivery of service, distinction between Vendors and Subrecipients and cost allocation of administrative costs.

With the WDP contracts not demanding performance by the training providers, the limited training slots available were in many cases allocated to WDP recipients, thus delaying entry of JTPA participants into training.

C: Funding:

WDP had fully expended their training funds early in the program year and then referred those recruited for their program to JTPA. In the spirit of cooperation as requested by the Employment and Training Office of the NJDOL the JTPA system has been providing service to this population. As a result most Service Delivery Area's in the State had to attempt to fulfill the promises made to a now disturbed client. The SDA has expended their allotment of Title III funds at the sacrifice of the Dislocated worker for which the funds were intended.

D. Viewing the duplicate system from the standpoint of the participant, they see complete confusion, lack of understanding and in too many cases were misled as to which program they should use.

We request that the Assembly Labor Committee review the Annual Report submitted by the Employment and Training Commission and note it's lack of any reference to the effectiveness of the previous year, the effectiveness of individual service providers in placing trainees in permanent employment, their earning power or long term productivity. We believe this is due to the delivery system and encourage the Committee to insist that the individual training portion of the WDPP be through the experienced JTPA system.

I thank you for allowing me to speak today on behalf of all the Directors of the JTPA system, namely the Garden State Employment and Training Association (GSETA).

02/23/94

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ED TREACY

STATEMENT of THE N.J. STATE AFL-CIO before THE ASSEMBLY LABOR COMMITTEE

The New Jersey State AFL-CIO is here today to question several discrepancies we're concerned about which surfaced in the First Annual Assessment Report of the Workforce Development Partnership Program issued by the State Employment and Training Commission.

First of all, Exhibit 5-2 on page 58 of the report shows a pie-chart indicating that organized labor had received 4% of the total amount of grant monies issued. The fact of the matter is that only 1 grant was awarded to organized labor for \$20,000.00 while the other groups were awarded \$10,031,746.35 as of September 21, 1993.

We find it unacceptable that several organized labor grant applications waited as long as 10 months and a new Commissioner of Labor to be approved. Realizing the inequities that exist in the awarding of these grants Commissioner Calderone immediately corrected the system whereby the 4 remaining grants have been awarded since January of this year.

We are also concerned by the number of grant awardees who have had plant closings less than 1 year after receiving those grants. The outward appearance would seem suspect so we are suggesting a tighter monitoring of grant proposals both before and after these awards.

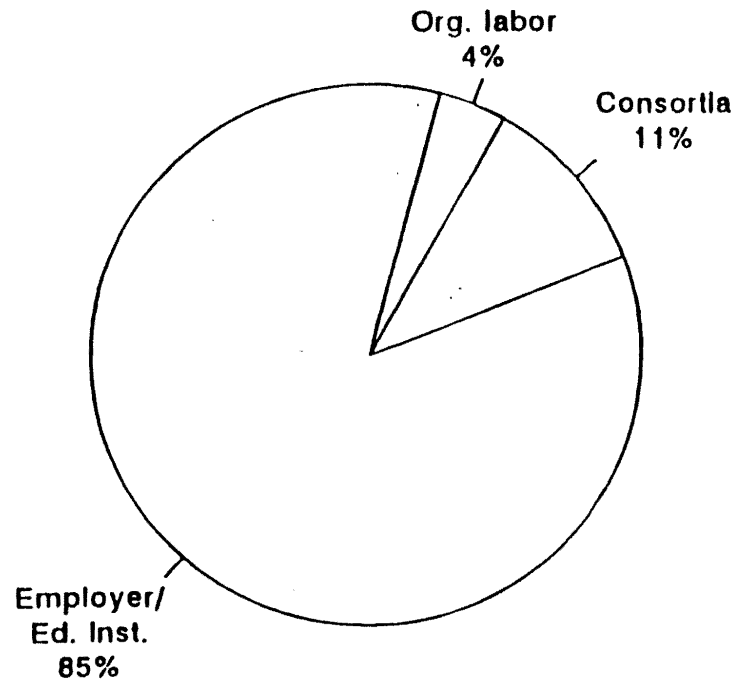
I have enclosed for the committees perusal material which backs up our concerns. We strongly support the Workforce Development Act in its attempt to train and upgrade tomorrow's workforce and want to make certain that the monies spent are directed towards that goal.

17x

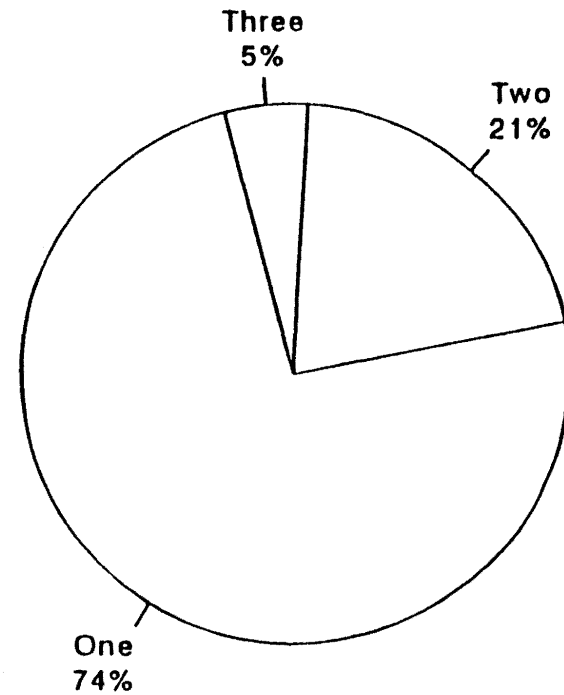
"The world is divided into those who want to become someone and those who want to accomplish something. There is less competition in the second category." Jean Monnett 1888-1979

Exhibit 5.2

Types of Grantees and Incidence of Multiple Awards



Awards by Grantee Type



Number of Awards per Grantee

Source: OCT Paradox data files.

FACT SHEET

Crown Cork & Seal - North Bergen

Received \$125,000	11/12/92
Closed Plant	03/31/93

Jamesway Corp.

Received \$134,356	06/9/93
Closed 4 stores in Feb. & Mar. '94	

Tenney Engineering - Union

Received \$19,855.06	10/20/92
Closed	02/16/93

Thomas & Belts - Elizabeth

Received \$488,333	01/13/94
--------------------	----------

Company is relocating. Ceasing assembly and packing operations in Elizabeth and moving to Tennessee.

Mount Laurel location is moving its warehouse operation to Mississippi and has laid off 80 workers.

WORKFORCE DEVELOPMENT PARTNERSHIP PROGRAM

**Legislative Hearing
on the
First Annual Assessment of the Workforce Development Partnership Program**

March 31, 1994

10:00 a.m.

**Legislative Office Building
Committee Room 8
Trenton, New Jersey**

PANEL OUTLINE

Overview & Introductions

**John J. Heldrich
Chair, State Employment & Training Commission**

Specifics of First Annual Report

**David L. Crawford
President, Econsult Corporation**

**Expectation for Future Reports and
Evaluation Methodology**

**Jacob M. Benus
Abt Associates, Inc.**

Response to Committee Questions

**Panel
(and) William A. Tracy
Executive Director, State Employment & Training Commission**



D R A F T

**Evaluation Design
Report**

**Workforce Development Partnership Program
(WDPP)**

March 1994

**Christine Todd Whitman
Governor**

**John J. Heldrich
Chairman**

DRAFT

**Evaluation Design
Report
Workforce
Development
Partnership Program
(WDPP)**

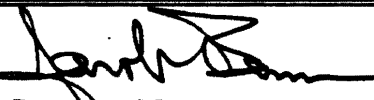
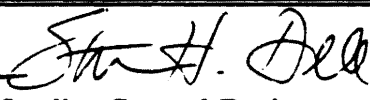
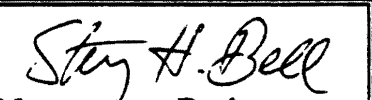
Please refer all questions to:

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Prepared By:

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Contract Manager	Quality Control Reviewer	Management Reviewer

ABSTRACT

New Jersey's Workforce Development Partnership Program (WDPP), a program to upgrade the skills of the existing workforce and provide training for the unemployed, is squarely in the forefront of new state approaches to worker training. The WDPP was authorized on July 7, 1992 by the Workforce Development Partnership Act (Chapter 43 through 49, P.L. 1992). As stipulated by the authorizing legislation, the goal of the Workforce Development Partnership Program is to provide currently employed and recently displaced workers with the employment and training services most likely to enhance their long range career advancement and improve their productivity and earning power. These services are to be made available through four components: (1) *training grants to individual displaced workers*, (2) *training grants to individual disadvantaged workers*, (3) *additional UI benefits during training*, and (4) *grants to employers for customized training services*.

The First Annual Assessment Report (December 1993) presented the implementation results for the first year of WDPP operations. Subsequent annual reports will update implementation results and, beginning with the 1995 report, will provide program impact estimates. In this report we present the planned approach for evaluating WDPP impacts on individuals and firms. While key design issues have been resolved, a number of technical issues will require further analysis. Even with these outstanding issues, the reader of this Evaluation Design Report will be able to assess our overall evaluation approach and many of its details.

In Chapter 1 of this report we present a brief overview of the Workforce Development Partnership Program and our approach to the impact evaluation. In Chapter 2 we present the design for evaluating program impacts on individual participants. Our design makes extensive use of an individual's pre-program earnings history to predict what expected earnings of WDPP participants would be in the absence of the program. In Chapter 3 we present a discussion of our approach for evaluating the impact of the Customized Training Component. Our approach includes a process analysis and an impact analysis of firms participating in the Customized Training program. Finally, in Chapter 4, we review the criteria currently in use for selecting WDPP training service providers. We also present a description of a proposed Consumers' Guide to be used by individual grantees and their counselors in selecting service providers.

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CHAPTER 1

THE WORKFORCE DEVELOPMENT PARTNERSHIP PROGRAM

A. AN OVERVIEW OF THE WORKFORCE DEVELOPMENT PARTNERSHIP PROGRAM

New Jersey's Workforce Development Partnership Program (WDPP), a program to upgrade the skills of the existing workforce and provide training for the unemployed, is squarely in the forefront of new state approaches to worker training. The WDPP was authorized on July 7, 1992 by the Workforce Development Partnership Act (Chapter 43 through 49, P.L. 1992). This package of legislation authorizes the New Jersey Commissioner of Labor to design the rules and regulations for implementing WDPP, integrates WDPP with the current Unemployment Insurance (UI) system, and creates the Workforce Development Partnership Fund, a dedicated state revenue source for funding WDPP activities.

The Workforce Development Partnership Fund is financed through payroll taxes paid by employers and employees. This payroll tax levy does not increase workers' or employers' total payroll taxes since the legislation simultaneously reduced Unemployment Insurance payroll taxes by an equivalent amount. Thus, the legislation simply redirects payroll taxes from the Unemployment Insurance Trust Fund to the Workforce Development Partnership Fund. It is estimated that the contributions to the Workforce Development Partnership Fund will exceed \$50 million annually.

As stipulated by the authorizing legislation, the goal of WDPP is to provide currently employed and recently displaced workers with the employment and training services most likely to enhance their long range career advancement and improve their productivity and earning power. These services are to be made available through four components: (1) *training grants to individual displaced workers*, (2) *training grants to individual disadvantaged workers*, (3) *additional UI benefits during training*, and (4) *grants to employers for customized training*

services. The legislation stipulates that approximately 8 percent of funds are to be used for disadvantaged workers and not less than 30 percent reserved for dislocated workers. The WDPP is a statewide program and is authorized for five years, with a sunset provision in December 1997 which requires new legislation for the program to continue after that date.

Components of WDPP

Individual Training Grants for Dislocated and Disadvantaged Workers

The authorizing legislation stipulates that Individual Training Grants for dislocated and disadvantaged workers must be specifically for training in labor demand occupations, and must increase trainees' marketable skills and earning power. Prospective trainees must receive a program orientation and an assessment interview prior to approval for funding. This orientation and assessment may include some or all of the following:

- provision to the applicant of information about labor demand occupations, including wage levels and effectiveness of training providers in the area;
- provision to the applicant of information regarding services and benefits available under the Act;
- literacy and basic skills testing;
- evaluation of remedial education needs for the worker to meet his/her vocational goal;
- discussion of results of testing and assessment, and development of an individualized Employment Development Plan.

Approval is contingent on an assessment that the individual is likely to benefit from the training.

The emphasis of WDPP is on providing skills training alone or in combination with remedial education; on-the-job training is provided only if accompanied by institutional training or remedial education, and then only for high skill occupations. The maximum training grant per individual is \$4,000; an additional \$1,000 may be granted if the individual requires remedial education prior to training.

Additional Benefits During Training

The authorizing legislation also provides for additional Unemployment Insurance benefits for certain individuals enrolled in training programs. These Additional Benefits during Training (ABT) are motivated by a concern that:

"...The effectiveness of current programs to retrain displaced workers during the time that they receive unemployment insurance benefits is hindered by the limited duration of those benefits which often drives dislocated workers into short term retraining programs with limited skill enhancement or results in the programs' avoiding selection of trainees who need more extensive training to succeed."

To qualify for ABT, individuals must:

- have received notice of permanent termination or be laid off and unlikely to return to their former job;
- be eligible for all 26 weeks of UI benefits at the time of termination;
- indicate interest in WDPP assistance within 30 days of their Unemployment Insurance Benefit Rights Interview or 60 days following termination of their employment, whichever is later;
- undergo counseling and assessment;
- enroll on a full time basis in any needed remediation and job training and make satisfactory progress;
- be expected to complete education and training successfully; and
- not be receiving a training stipend or allowance from any other benefit program during the period. Other direct training costs, including tuition and books, are exempted.

The training that these individuals receive must be for an occupation which has or projects a shortage, and must be likely to facilitate a substantial enhancement of marketable skills and earning power. It must be provided by an approved vendor, and may not include activity for which the individual is paid.

Customized Training

The customized training component of WDPP provides grants to employers seeking to create, retain or upgrade jobs in demand occupations. The New Jersey Department of Labor's Office of Customized Training (OCT) has been assisting employer training efforts since its formation in 1978, but at a modest level. Until the passage of the WDPP legislation, OCT's budget averaged approximately \$1 million per year. The legislation expands the OCT's budget roughly fourfold, with \$20 million in grants expected to be disbursed between 1992 and 1997.

The customized training initiative targets resources to small and medium sized companies in the manufacturing sector, but allows the flexibility to respond to specific business situations in other sectors of the economy. Training supported by the program may include occupational skills training, remedial education, or other training which supports adoption of modern production systems. Grants may also be issued to firms relocating to New Jersey, and to New Jersey firms which need training services to prevent the loss of jobs. In addition to individual employers, grantees may include industry organizations, community based organizations, and business-education partnerships and consortia.

Applications for customized training grants are made to the Commissioner and must include a detailed business plan which must demonstrate, among other things, that the training would not have been undertaken without the funding. A comprehensive, long range human resources plan must also be included in the application. Program funds may not be used for purposes which result in displacement of other workers or which duplicate existing apprenticeship programs.

The legislation further stipulates that employers must contribute a minimum of 40% of cost of training and hire or retain employees that complete the training. Employers may select workers to participate in training, but in so doing are prohibited from violating collective bargaining agreements. A percentage of the grant may be held back pending review of compliance.

B. OVERVIEW OF THE WDPP EVALUATION

The Workforce Development Partnership Act contains extensive provisions for WDPP evaluation and reporting. Principal responsibility for these tasks rests with the State Employment and Training Commission (SETC), which must:

- Conduct an annual evaluation of the program;
- Report annually to the Governor and Legislature regarding:
 1. the program's effectiveness in the previous year; and
 2. the effectiveness of individual service providers in:
 - (a) placing trainees in permanent employment;
 - (b) enhancing trainees' earning power; and
 - (c) enhancing trainees' long term productivity.
- Report to the Governor and Legislature by December 31, 1996, the Commission's assessment of the appropriateness of continuing the program; and
- Determine whether the program should be continued, and if appropriate, draft enabling legislation, incorporating modifications to the current statutes as deemed appropriate.

In September 1993, Abt Associates Inc., a nationally-known research and evaluation firm with extensive experience in studying employment and training programs, was selected in a competitive bid process to carry out the WDPP evaluation for the SETC. As envisioned by the SETC, the WDPP evaluation will provide a comprehensive assessment of the implementation and impacts of each program component. Four major evaluation objectives have been specified:

- (1) To provide an *annual assessment* of the implementation and effectiveness of the WDPP;
- (2) To provide an *impact evaluation* of the WDPP;
- (3) To provide *recommendations for criteria and procedures for the approval and evaluation of service providers*; and
- (4) To provide *regular reports* on the program.

To date, we have completed the First Annual Assessment Report (December 1993). As a result, this Evaluation Design Report will not include our plans for assessing WDPP implementation. Future annual assessment reports will follow the basic format developed in the first annual report. The major focus of the Evaluation Design Report is on our plans for evaluating WDPP impacts on individuals and firms. A secondary focus of this Report is to present our recommendations for criteria and procedures for the approval and the evaluation of service providers.

In preparation for this Evaluation Design Report, Abt Associates staff conducted a thorough review of the data currently available for program evaluation. Based on this review, Abt identified a number of data problems. Since this review was completed, Abt staff has been working closely with New Jersey Department of Labor (NJDOL) staff to resolve many of the data issues related to the analysis of Individual Training Grants. A number of issues, however, remain to be resolved in the data available for evaluating the Customized Training Component.

We gratefully acknowledge the cooperative attitude and assistance provided by NJDOL staff to date. Since the availability of complete, accurate and up to date data is critical for the success of this evaluation, the entire study depends on continued cooperation between the researchers and NJDOL staff.

C. OVERVIEW OF THE EVALUATION DESIGN REPORT

In this report we present the overall design for the WDPP evaluation. While key issues in many areas have been resolved, a number of technical issues that require further analysis remain. Even with these outstanding issues, the reader of this report will be able to assess our overall evaluation approach and many of its details.

In Chapter 2 of this report we present our design for evaluating WDPP program impacts on individual participants. Our approach makes extensive use of an individual's pre-program earnings history to predict what expected earnings of WDPP participants would be in the absence of the program. Any deviation from the expected earnings trajectory can thus be attributed to the program. Such an approach is simply understood, yet yields powerful and convincing results.

In Chapter 3 we present a discussion of our approach for evaluating the impact of the

Customized Training Component. Our approach includes a process analysis of firms participating in the Customized Training program. For the process analysis we will visit selected firms and interview key staff at these firms. In addition, we will select approximately 50 customized training firms to be surveyed quarterly. A comparable number of non-participating firms will be selected to serve as a comparison sample. Using these two samples, we will attempt to isolate program impacts by comparing the results on a variety of outcomes.

Finally, in Chapter 4, we review the criteria currently used for selecting WDPP training service providers. The current approach for approving vendors is fragmented and does not provide reliable information for identifying appropriate training providers. We, therefore, propose the development of a Consumers' Guide for selecting service providers. This guide will provide program participants and their counselors with the necessary information to select an appropriate service provider.

D. SCHEDULE AND DELIVERABLES

During the next few months, Abt Associates in cooperation with the NJDOL staff will work together to resolve any outstanding data related issues. We anticipate that the new WDPP database will eliminate many of the problems identified in the previous system.

While most of the data issues associated with evaluating program impacts on individuals have been resolved, a number of data issues remain in the Customized Training area. We will continue our ongoing discussions with the Office of Customized Training to resolve some of the remaining data issues.

The schedule for remainder of this study is as follows. In December of each year, through 1996, Abt Associates will submit an Annual Assessment and Activity Report. These annual reports will cover several topics, including:

- program implementation and operations, including key changes in procedures;
- trends in enrollment levels overall and by region;
- characteristics of applicants and recipients of WDPP services;
- the nature of training experiences;

- completion and placement outcomes; and
- problems or issues observed.

Beginning in 1995, the Annual Report will also include analysis of the impacts of WDPP on participating individuals and employers.

The statutory authorization of the WDPP requires that the Commission report to the Governor and the Legislature (no later than December 31, 1996) on the effectiveness of the program. Thus, Abt will provide the Commission with a Final Report which will focus on how well the WDPP has met the objectives set forth in the enabling legislation. The Final Report will also identify other key accomplishments of the program and offer recommendations regarding modification and continuation of WDPP.

CHAPTER 2

EVALUATION DESIGN FOR THE INDIVIDUAL TRAINING GRANT AND ABT PROGRAMS

A. INTRODUCTION

The New Jersey State Employment and Training Commission (SETC) has a legislative responsibility to evaluate and report on the impacts of each of the components of the Workforce Development Partnership Program (WDPP). In this chapter we present the evaluation design for estimating program impacts for the Individual Training Grant programs for displaced and disadvantaged workers and for the Additional Benefits during Training (ABT) program. Since the methodology for evaluating the impact of the Customized Training component is sufficiently different from the methodology for evaluating the other three components, we present a separate discussion of the Customized Training evaluation methodology in Chapter 3.

It should be pointed out that there will not be sufficient longitudinal data in the first two years of the project to derive long-term program impact estimates. In Years 3 and 4 of the project, however, we anticipate having sufficient data to measure long-term impacts on individuals served in Years 1 and 2.

In the following sections, we describe our plans for the impact analyses, the methodologies we will employ, the outcomes to be analyzed, the various data sources available and some of the problems and recommendations for data collection. These plans are preliminary and will be subject to modification and improvement over the course of the project.

B. IMPACT ESTIMATION METHODS

In this section we present the methodology to be used to estimate impacts of the Individual Training Grant and ABT components of the WDPP program. We first present a brief

discussion on the use of nonexperimental methods for impact evaluation. Next, we describe the proposed impact evaluation approach to be used in evaluating program impacts on individuals.

Issues in Nonexperimental Impact Evaluations

The measurement of program net impacts requires the estimation of what would have happened in the absence of the program and comparing the estimate with what actually did happen. Many impact evaluations use random assignment of eligible recipients to treatment (program) and control (no-program) groups to obtain unbiased estimates of program effects in a controlled experimental setting. Since random assignment is not possible for the current evaluation, we will rely instead on nonexperimental methods for measuring the net impact of the four WDPP components. The central issue in using nonexperimental methods for evaluating program impacts is how to select a comparison group that is as similar to the program participants as possible, but that did not participate in the program. The experiences of the comparison group are then used as a measure of what would have happened to participants in the absence of the program.

To adjust for pre-existing differences between the comparison group and the participant (or treatment) group, researchers often use statistical models. The main problem with these statistical models is that they only control for characteristics that can be measured. Individual characteristics that cannot easily be measured, like motivation, are often left out of these models. Leaving out such unmeasured characteristics will not affect the impact estimates if these characteristics are, on average, the same for program participants and comparison group members. If, on the other hand, the unmeasured characteristics differ on average between the two groups and the unmeasured characteristics affect labor market outcomes, the impact estimates will be biased.

This problem is illustrated in the following example. Suppose that the motivational level of program participants is higher than the motivation level of similar individuals in the comparison group who do not seek out WDPP training. Suppose, further, that motivation level is positively related to later earnings. Clearly, it would not be appropriate to attribute all post-program earnings differences between the two groups to the WDPP program. To attribute the

entire difference in earnings to WDPP would overstate program impact since participants would have earned more than comparison group members even without the training (due to their higher motivation level). This problem is known in the economics literature as *selection bias*.

Selection bias may arise from a variety of sources. As suggested above, it may arise from the choices of individuals who apply for the program (e.g., the highly motivated). It may also arise through screening operations of program operators (e.g., "creaming" of the most qualified candidates). To overcome these selection bias problems, a variety of econometric techniques have been used in estimating program impacts. The following techniques have recently been used in employment and training program evaluations:

- *Including variables used for selection.* To the extent that the variables used in the selection process are measurable and available for the evaluation, we may control for the selection process by including these variables in the impact analysis.
- *Developing matched samples of participants and nonparticipants.* The goal of this process is to draw a sample of nonparticipants that is matched identically with the participant group. Of course, the problem is that the matches are based on observable characteristics only, so the two groups may still differ on unobservable characteristics.
- *Modeling the selection procedure.* Sophisticated modeling techniques have been developed to overcome selection bias. Heckman (1979) has developed a two-stage technique that uses a probit function on participation as the first stage. A fitted probit value is then substituted for the participation dummy in the second stage.
- *Making specific assumptions about the unobserved variables.* For example, assuming that unobservables are fixed over time allows one to derive consistent estimates of program impacts by using first differences.
- *Finding instruments for selection.* If certain external factors such as geographic proximity to the training site, affect participation but not earnings (directly), instrumental variables can be used to identify program effects independent of pre-existing differences.

The basic limitation of all but the last of these techniques is that we cannot be certain that the effect of the selection bias has been removed, and instruments for selection (the last approach)

are often hard to find. Thus, in most instances, studies based on these techniques require a faith that the problem has been resolved by the technique used to adjust for selection bias.

Proposed Impact Evaluation Approach

The approach we propose for the evaluation of WDPP impacts differs in many respects from the techniques presented above. Our approach does, however, borrow some basic elements of the techniques and improves on these elements. For example, we develop matched samples of participants and nonparticipants for evaluating program impacts, however, we incorporate unobservable characteristics into the matching process. Similarly, we improve on the technique that assumes fixed unobservables over time (fourth bullet above) by assuming that **trends** in unobservables are fixed over time.

In our approach, WDPP impacts will be derived through multivariate regression techniques. This approach uses covariates to explain some of the variation in outcomes across participants and nonparticipants. We refer to impact estimates obtained from such multivariate regression techniques as the "regression-adjusted" program impacts. A standard t-test can be calculated to determine whether the estimated impact is significantly different from zero. Only estimates that are significantly different from zero at the 10 percent level or better will be treated as evidence of a real effect of the program.

Our specific approach for measuring impacts of the WDPP program is to make extensive use of an individual's pre-program earnings history to predict what expected earnings of WDPP participants would be in the absence of the program. This approach assumes that trends in unobservables are steady over time. Any deviation from the expected earnings trajectory can thus be attributed to the program. Such an approach is simply understood, yet yields powerful and convincing results.

This approach is an extension of a method used by Bloom and McLaughlin (1982) in estimating the impact of the Comprehensive Employment and Training (CETA) program. Bloom and McLaughlin refer to their approach as a "time varying fixed effects model."¹ The basis of a fixed effects model is the assumption that unobserved and uncontrolled differences between

¹This model is also described in Bloom (1984).

groups are constant over time. Any of these differences that may affect earnings outcomes and confound the interpretation of impact results are thus already reflected in pre-program employment and earnings history. Using this assumption, potential bias in impact estimates due to unobserved differences between the participant and comparison groups can be controlled for by taking prior earnings levels into account. This is often implemented by taking first differences and estimating program impacts on changes in earnings. This first-difference approach was used by Bassi (1983) in estimating the impact of the CETA program.

Our approach also assumes a fixed individual effect. However, the individual-specific effect does not remain constant over time. Rather, we assume that each individual has a unique trend in his or her earnings time path. Both the level and **slope** of the individual's earnings path is determined by a variety of observed and unobserved individual characteristics. For the pre-program time period, individual's *i* earnings path can be expressed as:

$$(1) \quad Y_{it} = a_i + b_i t + e_{it}$$

where Y_{it} = person *i*'s earnings in quarter *t*; a_i and b_i are the intercept and slope of person *i*'s pre-program earnings trend; and e_{it} is an error term comprising a person-specific component, a time-specific component, and a random component. Using longitudinal data from the UI Wage Records, we can use this model to estimate a separate OLS regression of earnings on time for each individual.

Since this model measures the "normal" pre-program earnings path, it is important not to include the "dip" in earnings that ususally occurs immediately prior to enrollment in a training program. Thus, these pre-program earnings regressions will utilize data through the quarter prior to the initial UI claim. Clearly, the longer the pre-program data available for each individual, the more reliable will be the individual's estimated time trend.

These profiles will be used for three purposes. First, we will use the profiles to identify who among the unemployed selects into the WDPP. For example, we will be able to address whether individuals with declining profile paths are more likely to participate in WDPP than individuals with rising earnings paths. We will also examine the importance of earnings volatility or instability on the selection process into WDPP.

Second, we will use the profiles to help select a comparison sample for the impact analysis. Specifically, we will select a comparison sample so as to match the participant sample on both demographic characteristics and pre-program earnings profiles. Thus, to the extent that unobservable characteristics are captured in these individual earnings profiles, our matching procedures will control for individual unobservable characteristics.

The third use of the earnings profiles will be to generate program impact estimates. Using each individual's pre-program estimated earnings time trend, we will project an earnings path into the post-program period. By comparing *actual* post-program earnings with *projected* post-program earnings, we can derive each individual's deviations from his/her projected earnings path (earnings residual). To the extent that the WDPP program has a positive impact on earnings, then the post-program earnings residuals of program participants should exceed those of their comparison group counterparts (i.e., more positive or less negative average residuals).

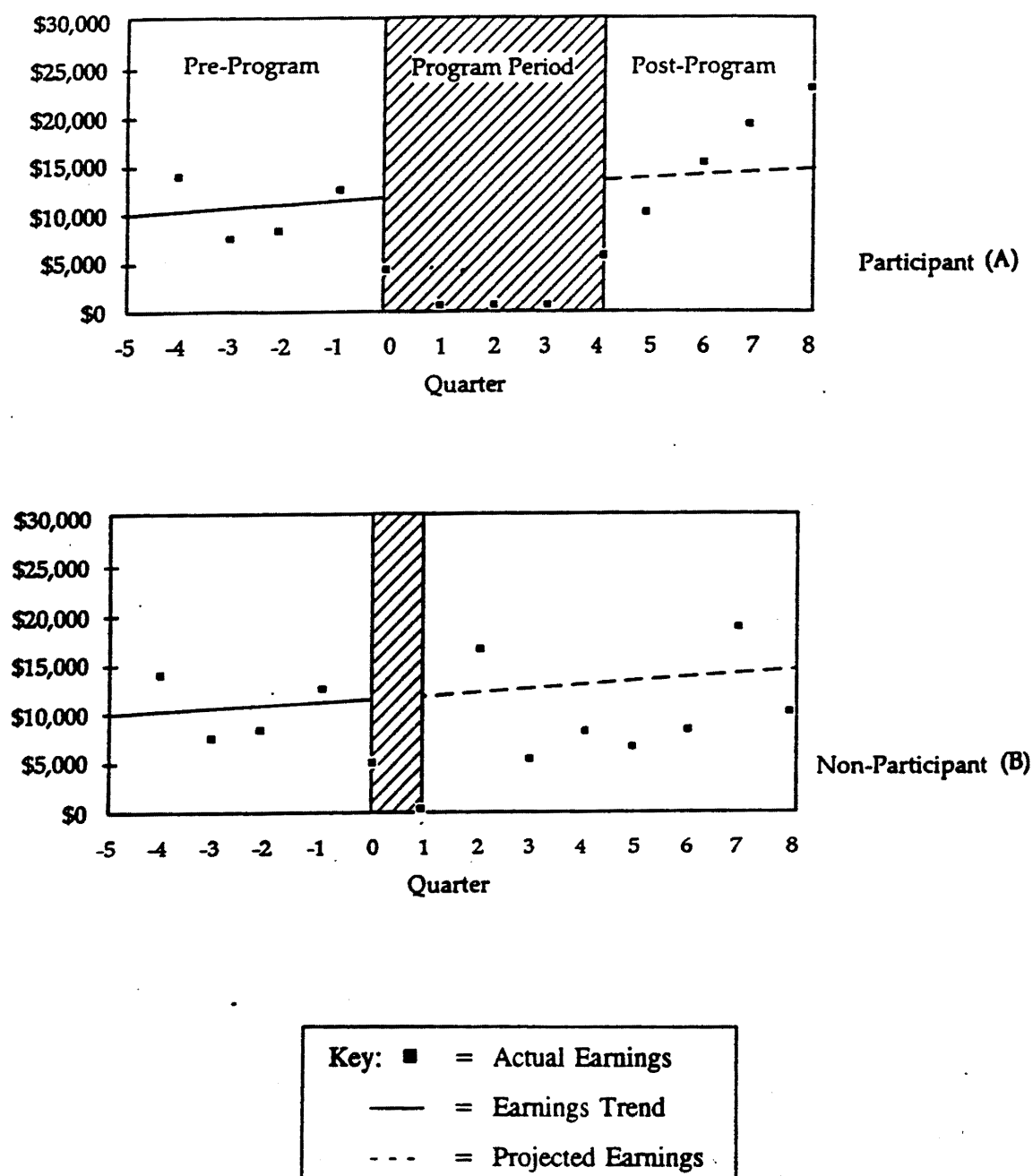
Our approach may be clarified by the following graphical illustration. In Exhibit 2.1, we present the earnings path of two individuals -- participant A and a comparison group member B. Both A and B have identical pre-program earnings. Based on their pre-program earnings time trends (the straight line through the plot of earnings amounts for the pre-program period), we project earnings into the post-program period (dashed line). In the example, participant A remains in training for a year; comparison group member B returns to employment after one quarter of unemployment.

Following the training period, participant A's actual earnings start out below projected earnings in Quarter 5. After two more quarters, however, A's quarterly earnings substantially exceed projected quarterly earnings. Comparison group member B, on the other hand, returns to employment sooner than A and earns more in Quarters 2-4. However, B's earnings pattern is erratic and does not indicate a rising trend (as does A's post-program pattern).

To estimate program impacts, we will regress post-program deviations from the earnings trend for each individual on a set of baseline and followup characteristics, a dummy variable for participation status, and a series of dummy variables for post-program quarter. The model may be expressed as:

Exhibit 2.1

Earnings Trends of a Hypothetical WDPP -
Participant and Nonparticipant



$$(2) \quad D_{it} = \alpha X_{it} + \beta P_i + \tau_t Q_t + \varepsilon_{it}$$

where D_{it} is the post-program earnings deviation from the pre-program time trend for individual i (estimated in equation 1) in quarter t ; X_{it} is a set of baseline and current period independent variables; P_i is a dummy variable for participation status of individual i ($P_i=1$ for participants, 0 for non-participants); Q_t is a set of dummy variables to indicate post-program quarter; and ε_{it} is a random error term with both an individual-specific component and a time-specific component. Program impact is measured by the estimate of β . This estimate fully accounts for differences in prior trends and in the independent variables in the model as well as any general breaks in trend in the quarter of program entry that occur simultaneously in the comparison group.

The above model implies that the impact of each WDP program component will be measured separately since it includes only one program impact coefficient, β . However, it may be feasible to pool some, or all, of the individual-oriented program components into a single model and estimate their separate impacts in a single pooled regression.² We will explore the statistical implications of pooling samples for the purpose of improving estimation efficiency.

Selecting a Comparison Sample

As discussed above, the central issue in using nonexperimental methods is the selection of a comparison group that is similar to the program participants as possible, but that did not participate in the program. The experiences of the comparison group are then used as a measure of what would have happened to participants in the absence of the program. A comparison group will be constructed for each of the three individual-focussed WDPP components.

As stated above, the comparison group will be selected so as to match the participant sample on both demographic characteristics and pre-program earnings profiles. The selection process will also be designed to ensure that we obtain a representative sample of participants in all regions of the state. Furthermore, we will ensure that the selected participants are distributed

² Of course, the Customized Training component, which focuses on firms, cannot be included in this pooled individual level analysis.

across the entire calendar year in order to facilitate an assessment of seasonality (how program impacts vary over different seasons of the year).

In selecting individuals for the comparison group, we will match the two groups geographically, and temporally, based on their UI claim dates. By matching the groups carefully in these respects, we will further minimize bias in the estimates of program impacts.

There are several options, each of which will be explored, in the construction of a WDPP comparison group. One option for drawing a comparison group is to use individuals who received orientation to the WDP program but who did not enter the program. (Presumably, these individuals were not interested in the program and/or sought training from alternative sources or found employment on their own.) The use of this group for comparisons is particularly appealing since we have readily available access to the same data for this group as for the WDPP group. Another alternative is to randomly sample non-WDPP participants who received services from the Employment Service. This alternative will also be considered. A third alternative source of a comparison group could be obtained by randomly sampling from the broader group of unemployment insurance claimants in New Jersey. Each of these alternatives will carefully considered on both analytical grounds as well as on practical grounds such as accessibility to the state's UI records and our ability to process the selection of a comparison sample from the population of all UI claimants in New Jersey.

C. SAMPLE SIZE FOR THE TRAINEE IMPACT ANALYSIS

The appropriate sample size for the impact analysis depends on the size of the impact that is important to detect for policy purposes, the level of statistical accuracy required and the underlying variances in the outcome measures. With larger sample sizes, one has greater assurance of detecting small differences in overall outcomes between the participant and comparison groups. In this section we discuss the sample size requirements for detecting statistically significant impacts of the WDPP components.

Exhibit 2.2

**Differences in Outcomes Detectable With 80 Percent and 90 Percent Power
For Alternative Sample Sizes Per Design Cell
and Outcome Measures**

		Sample Size		
		2,000	3,000	5,000
I.	80 Percent Power			
	1. Weeks of UI	.67	.55	.42
	2. Total UI Dollars	\$101	\$82	\$64
	3. Whether Exhaust UI	.029	.024	.019
	4. Annual Earnings	\$504	\$411	\$319
II.	90 Percent Power			
	1. Weeks of UI	.81	.66	.51
	2. Total UI Dollars	\$122	\$99	\$77
	3. Whether Exhaust UI	.035	.029	.023
	4. Annual Earnings	\$608	\$496	\$385

In Exhibit 2.2 we provide information on the likely precision of impact estimates for several different outcome measures and different sized samples of participant and comparison groups. The four outcome measures considered are: (1) number of weeks of UI benefits received; (2) total dollars of UI benefits received; (3) whether the claimant exhausts UI benefits; and (4) earnings in the year after filing the UI claim. The estimates in Exhibit 2.2 show the differences in mean outcomes between groups that can be detected for (net) claimant cell sizes of 2,000, 3,000 and 5,000. The calculations assume that all comparisons are made between equal-sized cells with one-tailed hypothesis tests at the 90 percent confidence level and with,

alternatively, 80 percent and 90 percent power.³ The assumptions about the unexplained variances of the outcome measures underlying Exhibit 2.2 are based on data from the Washington Alternative Work Search Experiment.⁴

These estimates indicate that with 2,000 claimants in each treatment group and in the comparison group, we will be able to detect differences in weeks of UI benefits received of .81 weeks at 90 percent power and .67 weeks at 80 percent power. At an average of 15 weeks of UI benefits received, this indicates we will be able to detect a 5.4 percent effect at 90 percent power and a 4.5 percent effect at 80 percent power. Increasing the sample size per cell reduces the size of the effects that can be detected at 80 percent power to .55 weeks (3.6 percent effect) for 3,000 claimants and further to .42 weeks (2.8 percent effect) with 5,000 claimants per cell.

In row 2 of Exhibit 2.2 we show the size of impacts on total UI benefits paid we will be able to detect for alternative sample sizes and power. The impacts that can be detected range from \$64 to \$101 at 80 percent power and \$77 to \$122 at 90 percent power. At an average UI benefits paid of \$2,700, such impacts range from about 2.5 to 4.5 percent of the mean.

In row 3 of Exhibit 2.2 we present the size of impacts on the UI exhaustion rate we will be able to detect for different sample sizes per cell and at different levels of statistical power. The impacts that can be detected range from about 2.0 to 3.5 percentage points. Evaluated at a mean exhaustion rate of 25 percent, our results indicate that for the different sample sizes and statistical power considered we will only be able to detect reasonably large impacts (i.e., effects that are 8 to 14 percent of the mean).

Finally, in row 4 we show the size of annual earnings impacts that we will be able to detect for different sample sizes and power. As can be seen, with 80 percent power and a sample

³The statistical power is the probability of detecting an effect at the chosen significance level when an effect of the specified size occurs. Thus, for example, 80 percent power requires that the hypothesis test be correct 80 percent of the time.

⁴Specifically, we assume that the unexplained variances of the four outcome variables are as follows: (10)² for weeks of UI benefits, (\$1,500)² for UI dollars paid, (.43)² for the likelihood of UI exhaustion, and (\$7,500)² for earnings in the first year following filing a UI claim.

size of 3,000 claimants in each group we will be able to detect annual earnings differences between groups of about \$410. With mean annual earnings of approximately \$15,000, this indicates we will be able to detect effects of about 2 to 3 percent of the mean.

The estimates in Exhibit 2.2 suggest that it will be necessary to have 3,000 sample members in each of the participant and comparison groups. A recently completed national study of the impact of JTPA (Title II-A) training, indicated that adult men reported gains in earning of about \$550 over an 18-month period (this implies a \$370 annual impact). We, therefore, propose that the analysis sample include 3,000 participants and 3,000 matched nonparticipants for each of the program components. This proposed allocation will provide the sample size necessary to provide the SETC with acceptably precise estimates of the impacts of the WDPP components.

D. OUTCOMES TO BE ANALYZED FOR THE INDIVIDUAL TRAINING GRANT AND ABT PROGRAMS

This section describes the outcomes to be measured in the analysis. The outcomes of interest include program impacts on employment, earnings, and receipt of unemployment insurance benefits. As discussed above, outcomes will be compared across participants and nonparticipants. For employment and earnings we will evaluate program impacts on:

- Entered employment rates - likelihood that a program participant will enter employment;
- Job retention - likelihood of remaining employed in subsequent quarters;
- Entered earnings - earnings during the first quarter; and
- Earnings in subsequent quarters.

In addition, we will measure program impact on the following Unemployment Insurance outcomes:

- Amount of UI benefits received;
- Rate of exit from UI - proportion of participants who do not return to UI;
- Amount of UI benefit receipt in subsequent quarters; and,
- Number of weeks of UI benefits received.

All the above outcome measures will be calculated by type of trainee, type of training, and region of state. In measuring program impacts using multivariate regression techniques, we will control for the following baseline and programmatic variables:

- Age,
- Education,
- Gender,
- Race/ethnicity,
- Site variables,
- Quarter in which the claimant's benefit year started,
- Prior occupation,
- Type of training services received,
- Type of service provider, and
- Unemployment rate in the claimant's county of residence.

The impact of each of the WDPP components will be analyzed separately. As such, we will be able to provide measures of the impact of each WDPP component on a variety of outcomes. We will also be able to identify differential impacts by type of trainee, type of services received, type of provider, and region.

E. DATA SOURCES

This section describes the data sources available to construct the outcome measures and to conduct the analyses. Our present plans call for using data from the following sources:

The New WDPP Database

This database has been developed exclusively for the WDPP by the New Jersey Department of Labor (NJDOL) and will be functional in April 1994. This new database will track WDPP grantees and non-participants (i.e., individuals who attended orientation but did not receive further WDPP service). Information will be entered directly into this database at the local/regional office level. The database will provide information demographic and prior work history information, information on broad types of training, information on the individual training grant awardees and their training awards and UI benefits information.

With this new system, information for WDPP participants and non-participants can be captured from one source. For information prior to April 1994, the database will draw on the information contained in the various on-line state databases (the ENDS, PARADOX and LOOPS). The new WDPP database will capture information on WDPP participants (or trainees), WDPP orientees, and other individuals who received employment services.

Unemployment Insurance Wage Records

These records will provide information on earnings of WDPP participants prior to and subsequent to their participation. These records will provide quarterly earnings, up to the covered employment ceiling, for each employer for whom the individual has worked. This database can be used to gauge employment retention as well as earnings.

The UI wage records database maintains eight quarters of earnings data on-line. In order to implement our analytical approach (described earlier), however, we will need to access earnings data further back than eight quarters. To obtain such historical data, we will ask NJDOL to access archived earnings data for each individual in our sample. Based on preliminary conversations with DOL staff, we anticipate this to be relatively straight-forward.

CHAPTER 3

EVALUATION DESIGN FOR THE CUSTOMIZED TRAINING COMPONENT

A. INTRODUCTION

One of the most pressing economic policy concerns in the U.S. is the ability of American workers and firms to compete in an increasingly diversified, and rapidly changing, marketplace. Many argue that America's ability to compete will be contingent on both a major transformation of the organization of work in this country and on the upgrading of workforce skills (Carnevale, 1991; Creticos, Duscha and Sheets, 1990; Commission on the Skills of the American Workforce, 1990; Office of Technology Assessment, 1990).

New Jersey's Workforce Development Partnership Program (WDPP) represents one important effort to enhance and retain "high wage, high skill" jobs in the U.S. through comprehensive workforce retraining. The Customized Training component of the WDPP provides grants to New Jersey employers seeking to create, retain or upgrade jobs in demand occupations. The objective of the Customized Training component is to enhance the creation and retention of jobs in New Jersey.

In this chapter we present our approach for measuring the impacts of the Customized Training program on participating firms. Before presenting a discussion of our approach, we briefly review some recent evidence about skills training in the U.S. Following this brief review, we present our plans for a process analysis of the Customized Training program. Next, we discuss the outcome measures that will be considered for the impact evaluation. We then consider a number of alternative methods for selecting a comparison group of firms for the impact analysis. Finally, we present a discussion of data sources and remaining data needs.

B. EMERGING SKILLS REQUIREMENTS AND EMPLOYER RESPONSES: A REVIEW OF RECENT EVIDENCE

There has been much recent debate about the adequacy of private and public sector investment in workplace education or training efforts for those already employed. Compared with other industrialized nations, U.S. firms have historically invested little in employee education (Carnevale, 1989; Mangum, 1989). Programs have generally been targeted toward managerial and white collar employees, and have focused on career development within the firm (Carnevale, 1989). Until competitiveness emerged as such a salient concern in the mid-1980s, few firms acknowledged supporting broad based education programs to increase the capabilities of employees at all levels of the organization.

More recent employer surveys suggest a growing departure from past practice. As reported by Chisman (1992) and Bassi (1992), over one quarter of large firms (with more than 500 employees) in both manufacturing and service sectors, reported offering a workplace education or training program. The proportion of medium sized firms (with 51 to 500 employees) offering programs was almost that high. And a large fraction of firms responding to their surveys had initiated programs since 1989 -- suggesting that we may be witnessing a growing trend toward adoption⁵.

This trend does not extend to the smaller firms, which account for over half of all U.S. employment, however. Chisman (1992), Bassi (1992), and others suggest that small firms are much less likely to offer workplace education programs: roughly 5 percent of those that they surveyed reported an initiative in place. Prohibitive out of pocket costs, lack of staff to develop and oversee programs, and uncertainty about return on investment, are most often cited by small businesses as barriers to program initiation. Nonetheless, Chisman (1992) reports that some 20

⁵Both reports were prepared through the Southport Institute's 18 month study of formal employer sponsored basic skills (or "workforce literacy") instruction in small and medium sized businesses. The research included in depth case studies of 72 small and medium sized firms in five states (two thirds which provided education and the remaining third constituting a "comparison sample" which did not offer programs); linked national surveys of 11,000 small and medium sized firm members of the National Federation of Independent Business, 4,317 members of the National Association of Manufacturers, and a random sample of 775 small firms; and a survey of 1,535 members of the American Association of Community and Junior Colleges.

percent of the small firms he surveyed, and some 30 percent of medium-sized firms indicated that they want to initiate programs, and many more wanted to expand existing efforts.

Manufacturing firms have taken the lead in implementing workplace education programs: a greater proportion report having instituted a program, and on average, they make larger dollar investments than non-manufacturing firms. Chisman (1992) suggests that this might be explained by earlier, and more widespread, adoption of quality management practices and techniques -- like Statistical Process Control and variance reduction systems -- by manufacturing firms. These techniques have required a higher level of mathematics literacy and reasoning, and hence have provided a natural stimulus for education programs.

Organized labor has also played a prominent role in the establishment of workplace education programs. Joint labor-management partnership agreements struck in the early 1980s between the United Auto Workers and the "Big Three" auto makers, have resulted in mature and powerful education and personal development programs, such as that represented by the UAW-Ford National Education, Development, and Training Program. Similar joint programs, such as that developed by the Communications Workers of America and the IBEW, in partnership with AT&T, emerged in the mid-1980s.

While the fraction of businesses implementing workplace education programs seems to be on the upswing, there is still a wide variation in the types of programs offered, the types of skills they purport to teach, their intensity, and most important, their linkage to job requirements and performance.

C. A PROCESS ANALYSIS OF CUSTOMIZED TRAINING GRANT ACTIVITIES

Both an impact and process study of the WDPP Customized Training Grant program will be conducted in the context of this past research. The general goal of the process analysis is to understand the implementation and operations of the program. For the Customized Training process analysis, we have identified the following key issues that are especially important to understand:

- The nature of the business situation faced by the firm, and the relationship between education/training and performance improvements. What are the firm's

expectations vis-a-vis education and training, and what would be expected to happen if the program interventions were not initiated?

- The nature of the planned education/training effort: emphasis, intensity, duration, selection of employees for training, and provision of supports intended to influence participation (release time, financial and nonfinancial rewards).
- Criteria used by OCT in selecting applicants for award. What types of situations and interventions did OCT seek to fund? What features distinguish successful from unsuccessful applicants. Also, are there features of the application process itself that seem to influence the types of firms ultimately selected?
- The firm's selection of an education or training partner. How did the firm identify an appropriate training partner? In cases where the firm handled the training activity itself, why was this decision made and with what implications?
- The implementation of the education/training effort. Did the anticipated number of employees participate? Were changes made to the course or curriculum in response to emerging needs, and if so, what were some of these needs? What other changes were made to the initial design of the program, and why? What fraction of employees successfully completed training, and how was successful completion defined?
- Outcomes of education and training. Did trained employees use their new skills in day to day work tasks? Did their skills bring about other changes, such as promotions or enlargement of responsibilities and authority in their jobs? Did training reduce their risk of losing their jobs? Did supervisors notice improvement in trained employees' work (output, quality)? Was the firm able to realize improvements in these areas?
- Ongoing involvement of OCT field representatives with grantee firms. What was the level of OCT involvement/technical assistance to successful grantees? How frequently were OCT staff in contact with the firm and what types of assistance were most often provided?

Our experience with OCT applications files and automated data systems suggests that these will provide only partial answers to these important questions. Additional data will need to be gathered; accordingly, we have planned field visits to approximately five firms from each annual cohort of grantees. These visits, involving 1-2 days per firm, will enable us to interview supervisors, representatives of the education/training provider, and employees on the above topics.

The field visits will also provide us the opportunity to observe the types of work activities that are expected to be affected by training.

D. SELECTION OF OUTCOME MEASURES FOR IMPACT ASSESSMENT

A wide range of outcome measures will be considered in our effort to identify worker- and firm-level outcomes for the impact evaluation. For employees, it will be important to consider some or all of the following program outcomes:

- Training completion;
- Skills gains (to the extent that these are measured by the firm or the education provider);
- Perceived capability to perform work tasks;
- Ability to learn and adapt to new work situations;
- Organizational commitment;
- Promotion or enlargement of job authority/responsibility; and,
- Wage and salary increases.

The non-economic benefits of training may manifest themselves more readily than economic ones like wage and salary increases. Indeed, wage and salary increases may or may not follow the completion of a training program. In many firms, the economic reward for increased skills may be reflected through reduced risk of layoff, rather than increased compensation.

At the firm level, some or all of the following outcomes may be important to measure:

- Changes in quality of output, as measured by error rates, customer satisfaction scores, or the "cost of quality:" a firm's expenses for inspection, quality control, and mistake-fixing.
- Changes in the quantity of output, as measured by counts of goods produced or services rendered per employee hour, or by other indicators of the efficiency of employee utilization.

- Downstream indicators of business performance, such as profitability, net asset value, and the like.
- Other performance indicators, such as absenteeism, worker turnover, accident rates or workers compensation claims.

The choice of outcome measures, as well as the appropriate unit of analysis -- the firm itself or a specific work group or department -- is likely to be a highly individualized activity, conditioned in large part by the firm's motives in undertaking training and its own data and information systems.

Since the existing Customized Training data sources do not capture many of the worker- and firm-level outcomes that we are considering, we plan to use a survey to gather the needed data. As described in greater detail in the following section, we will select a sample of approximately 50 OCT grantees from the first two cohorts. These firms, and a corresponding set of comparison firms, will be asked to complete a brief survey each quarter. The survey will cover information on quality, productivity, employee turnover as well as other outcomes (such as the introduction of new product lines). A sample of employees from a small number of these firms will also be surveyed to ascertain worker-level training outcomes.

To aid in isolating a range of appropriate outcome indicators for the survey, we are presently surveying a number of OCT grantees to gain information on their expectations for training as well as the ready availability of information on trends in quality and productivity. This survey, to be completed in the next several weeks, will help us isolate appropriate outcome measures as well as test the adequacy of a survey-based approach to gathering outcome information on a routine basis.

E. SELECTION OF A COMPARISON GROUP

Measurement of net impacts, in essence, involves estimating what would have happened to firms and workers participating in WDPP had they not done so. The most reliable means of estimating impacts involves an experimental design, with random assignment to program and no program status. Since this approach is precluded in this evaluation, we must look elsewhere for

a comparison sample of firms and their workers against which to benchmark experiences of OCT grantees. Such a comparison sample should be comparable to the grantee sample on key observable attributes -- like size, industry, labor market, and past business performance -- that will influence outcomes.

Firms which submit applications but do not receive an award may not be a good choice since they differ, by definition, from successful applicants. A far better choice - and the approach that we have selected - is to identify a comparison sample from the firms in the ES-202 database. The ES-202 database contains all New Jersey employers subject to payroll taxes and, as such, the ES-202 data set is probably the most complete and comprehensive roster of employers in the state. Furthermore, the data base contains information on firm employment, payroll, industry, and location, enabling us to select a sample that matches the sample of OCT grantees on many observable characteristics.

In order to ensure a sufficient post-training followup period, we will select our sample of OCT grantees from the first two cohorts; that is, from firms funded by OCT in FY 1993 and FY 1994 (i.e., from July 1992 through June 1994). If subsequent cohorts are sufficiently different in character than the first two, or if criteria for awarding grants are altered, this approach may have implications for the generalizability of study results. Therefore, we will closely monitor the characteristics of grantees over time and amend our plans accordingly if needed.

At present, we expect to select a sample of 50 to 75 OCT grantees -- roughly half of those selected for funding -- and an equal sized comparison sample of firms. Similar to the approach taken in estimating impacts of the individual training grant component, we plan to match comparison firms to grantees based on observable characteristics such as size, industry, region, and past business performance. To aid in this process, we will augment the ES-202 information with information from several business information services, including Dun and Bradstreet and the Thomas Register of Manufacturers.

F. DATA REQUIREMENTS AND SOURCES

Below we describe the major data sources currently available for analyzing the impact of the Customized Training component of WDPP. Recently, we met with state officials to assess the adequacy of these data sources for the impact evaluation. Inasmuch as these discussions are still ongoing, we also present below some of our recommendations for database improvements.

OCT Paradox files

The primary source for data on the Customized Training component of WDPP is the Office of Customized Training (OCT) database, consisting of a series of Paradox files. These files provide the basic data for the Annual Assessment Reports which describe the annual OCT activities and implementation results. The OCT database will also serve as the basis for selecting the sample of grantees for the impact analysis. Because of the crucial importance of this database, and the fact that it is currently undergoing revision, we discuss its appropriateness for evaluation analysis in greater detail than other data sources.

OCT currently maintains several Paradox files which track information about the customized training program. The Paradox files capture basic information on inquiries, applications, and contracts. Their primary function has been administrative, so it is not surprising that they are less than ideally suited for evaluation. The main problems in using these files for analytical purposes has been incomplete data (some important variables have not been captured electronically or, if they exist, many values are missing), and inconsistency in the values for some variables which appear repeatedly in several files.

OCT is currently revising this database, in part to meet the needs of the WDPP evaluation. The new database is an extension -- rather than a revision -- of the previous one, maintaining essentially the same structure. The new database will consist of a series of Paradox files, largely analogous to the old files. The files and their contents are listed below:

- Inquiries - company data from initial site visit reports;
- Applications - data contained in the application;
- Training Needs Summary - data on training needs;

- Multiple Employer Table (MET) - background data on individual members of a consortium;
- Contracts - data contained in the grant contract;
- Trainers - name and address of OCT training vendors (not linked to contracts);
- Courses - data on course enrollment and content;
- Activities - data on individual trainee activities;
- Transactions - data on deobligations;
- Invoices - data on course-specific invoices;
- Contract follow-up data - employment data one year after contract closure.

As in the previous system, the basic unit of observation which links these files remains the application or contract (rather than the firm). The sources of data for most files, as well as data collection mechanisms, remain the same.⁶

A number of improvements have been incorporated into the revised OCT database. For example, many new evaluation-related variables will be added which were not captured electronically before. Additionally, some new quality-control mechanisms will be introduced. Specifically, within any one file, there will be internal consistency checks, such as checks to ensure that certain variables sum correctly. There will also be automatic checks for out-of-range values, and for data entry of incorrect types of values (for example, a numeric value entered instead of yes/no).

Since the availability of reliable, accurate and up-to-date data is critical for the evaluation of the Customized Training component, we are continuing our discussion with OCT staff to identify additional changes in the database that will enhance our ability to evaluate program impacts. The major remaining data needs are outlined below.

⁶ Data will be entered in the central OCT office from hard-copy forms submitted by the field representatives or firms. Long term plans call for some data entry by OCT field representatives in the field.

Summary indicators. Current plans call for some key variables to be computed by counting the number of observations in another file (e.g. number of trainees enrolled in a course will be derived from data on individual enrollees). The problem with this approach, however, is that there is no way to know what the correct number of observations should be, and therefore whether the total is correct. For example, if only half the trainees were entered (because of time or staff constraints), the computed "total number of enrollees" will be half its true value. The existence and magnitude of error will be unknown. In order to have reliable figures, it is essential to have *summary* values for certain variables data entered, either in an appropriate existing file or in a separate new "summary values" file.

A second issue is the necessity of computing certain measures by aggregating across several variables located in different files. For example, to obtain "total number of training completers per firm" requires computing the number of completers per course times the number of courses per contract times the number of contracts per firm. This is laborious and may result in errors if data for one component are incomplete. We are discussing this issue with OCT and would be happy to provide a list of needed summary indicators.

Treatment of consortia. The new OCT database contains several significant improvements which will enhance our ability to analyze consortia at the firm level. First, the applications and contracts files will contain variables which identify consortia. Further, there will be a separate file, the Multiple Employer Table (MET), containing "background" company data for each consortium. Each consortium contract will appear in the usual applications and contracts files, as well as in the MET file.

While current plans reflect significant improvement in the treatment of consortia within the OCT database, there is still some ambiguity about how to interpret certain variables which would appear in a consortium's other files, because it is not clear whether they refer to the consortium overall or to its lead organization. We have made a number of suggestions to OCT staff and will continue our discussions during the next few weeks.

The course file. The course file will be one of the most important files for the evaluation. It will be our primary source of information about the actual type of training undertaken, enrollment, and a host of other important parameters. Currently there exists the potential for ambiguity in interpreting data in this file. This stems from the fact that several variables will depend on data from the activity (individual-level) file. Since the activity file is not anticipated to be on-line until summer 1994, and it will take some time to enter all the individual-level information (some contracts have hundreds of trainees), summary data would be missing or incomplete for a long time. Further, as discussed earlier, if summary measures are computed simply by counting observations in another file, there will be no way to know whether the correct number of observations was entered in the first place. The magnitude of error will be unknown. We are discussing with OCT the possibility of entering some course-level summary variables.

Treatment of revisions to contracts. Because updates to contracts are posted as they are received, there is an inherent ambiguity about the definition and interpretation of some variables; specifically, about whether the data reflect proposed or actual values. It is critical that we can accurately differentiate between training intentions and actual training undertaken. For this reason we have made a number of recommendations to OCT staff on accurately maintaining information on program plans, changes in plans, and actual implementation of the plans.

ES 202 database

The ES 202 database will represent the universe of firms from which we will select our comparison sample of firms. It will inform our classification of firms by region, industry, size, and other salient variables; and it will be the source of company contact information needed to conduct our employer surveys.

Outcome Indicators Survey

As noted earlier, we are currently surveying (by telephone) a small sample of grantees about the types of measures they plan to use to assess the success or failure of their training, and the types of data they maintain on such measures. The purpose of this survey is to help identify

potential outcome indicators that would be meaningful to the firms themselves. An additional purpose is to explore the extent to which firms might be open to participating in our longitudinal survey of performance measures.

Outcome Data Surveys

We will administer quarterly surveys to our samples of grantee and comparison firms to collect data on the outcome indicators selected. These data will form the basis for the impact analysis. The specific measures for which we request information will depend in large part on what we learn about appropriate measures from the Outcome Indicators Survey described above.

Field Visits

Survey data will be augmented by field visits to approximately five firms from each annual cohort of grantees. These visits will inform the process study, as well as provide contextual information about the firms selected for the grantee sample. The field visits will also offer the opportunity to observe how training effects unfold and to understand the relationships between training and other firm behaviors in more detail than is possible from surveys alone.

CHAPTER 4

SELECTION OF SERVICE PROVIDERS

While the main goal of the evaluation is to assess the net impact of WDPP, an important additional goal is to improve the process of selecting WDPP training providers. The importance of selecting effective service providers for government training programs was recently emphasized by President Clinton. The President said:

"We cannot afford to waste the taxpayers' time or money or, more importantly, the workers' time and the benefits that run by all too quickly, on fly-by-night proprietary schools or government programs long on red tape and short on results. We have to empower laid off workers to choose their training from among private and public providers who will compete for their business; require that the providers offer them consumer reports so that they'll be able to make informed choices: how many people got what kind of jobs at what kind of pay? That, after all, is the ultimate test."⁷

Thus, improving the process for identifying effective service providers is clearly viewed as an important element in government training programs.

Within the Workforce Development Partnership Program, selection of service providers takes place in two stages. In the first stage, the capacity of an institution is reviewed to determine whether the institution can successfully execute the proposed training program. If this review demonstrates that the institution has the necessary capacity, it is placed on an approved WDPP list of vendors. The second stage of the vendor selection process takes place when a WDPP grantee, with the help of his/her counselor, selects a particular vendor from the list of approved vendors.

In this chapter we first review the current criteria for approving training providers for WDPP participation. Following this review, we examine the information that is currently available on individual WDPP vendors. Finally, we address the issue of how to improve the

⁷ From President Clinton's news conference on the new Re-employment Program, March 1994.

vendor selection process by making more information available about the performance of individual training providers to grantees and their WDPP counselors.

A. REVIEW OF THE EXISTING CRITERIA

The "Interim Policy Criteria and Procedures for State Approval of Service Providers Under the Workforce Development Partnership Program," authorized the Commissioner of Labor to:

"utilize existing interdepartmental approval procedures and to augment or modify those procedures as necessary to carry out the Department of Labor's responsibilities under the Workforce Development Partnership Act."

Based on this authorization, the current criteria for approving WDPP service providers has developed as an amalgam of several existing criteria, including:

- The Department of Education's approval process for private proprietary schools (Chapter 46 approval);
- The approval process for institutions under the jurisdiction of the Department of Higher Education;
- The P.L. 1981, Chapter 531, approval process for Job Training Partnership Act service providers as expanded to include certain provisions of Chapter 46;
- The existing Chapter 531 criteria and procedures for approval of nursing assistant programs operated at private nursing homes;
- For organized labor training institutions or joint labor management training institutions, certain sections of Chapter 46; and,
- Existing procedures for approving casino training schools regulated by the Casino Control Commission.

The State's policy statement on interim criteria for approval of training providers notes that the reviews of training programs are administered by many agencies within six separate

Departments of New Jersey state government. Discussions with staff involved in the approval of service providers suggest that they have to accept approvals by any of these agencies.

Below, we briefly review the three major approval processes currently in use:

- Department of Education's (Chapter 46) approval process for post-secondary private vocational schools,
- Department of Labor's (Chapter 531) processes for approving service providers for JTPA and WDPP, and
- Department of Higher Education's approval of degree-granting post-secondary schools.

Chapter 46 approval is administered by the Department of Education. It provides review and accreditation of private vocational schools which are for profit or non-profit New Jersey businesses. These businesses solicit pupils from the general public, charge tuition and/or fees, offer instruction to four or more students at a time, and offer preparatory instruction for entry level skills or upgrading skills in a specific occupational field.

Chapter 531 approval is administered by the Department of Labor. The review staff for Chapter 531 approval, however, is based at the Department of Education. This program began as a process for approving service providers seeking to offer training services as JTPA sub-recipients, but who did not want full Chapter 46 approval as vocational schools offering services to the general public. If a program has Chapter 46 approval, separate Chapter 531 approval is not required.

When the Workforce Development Partnership Program was initiated, the Chapter 531 approval process was expanded to include WDPP service providers. As part of this revision, the procedures were modified and now are quite similar to the Chapter 46 requirements. (There are slightly fewer requirements under 531 and no application fee is required.) Due to this similarity, we combine the discussion of the two systems.

Under both approval processes, approvals are given separately by site and program. So, for example, if a school operates three programs at each of their three campuses, nine separate training programs must be approved. Both review procedures begin with a call by the training provider to the review staff at the Department of Education for help in guiding the institution

through the process. To complete the application process, institutions must submit considerable information, including:

- An application form including a statement of ownership;
- A list of directors, admissions and placement staff, and instructors along with their qualifications;
- A description of the facility and equipment to be used for the training program;
- Course descriptions including:
 - Course title,
 - Specific vocational objectives including specific competencies,
 - Course outline showing major elements of instruction, hours for each, total hours required for completion,
 - Description of methods of instruction,
 - Competencies needed as prerequisites,
 - Tuition and fees,
 - Schedule of hours of instruction, and
 - Statement of impact of course on capabilities of the facility;
- Certifications for required insurance, and health and safety permits;
- A bond (under certain circumstances for Chapter 46 only);
- A student enrollment agreement;
- A school bulletin, essentially a catalogue or information packet for students informing them of policies regarding issues such as attendance requirements, the school calendar, grading systems, course schedules, tuition policies, and the student code of conduct;
- Proposed tuition and fees;
- Record keeping procedures; and
- An audit report (Chapter 46 only).

All these items are reviewed by Department of Education staff. The review includes a visit by the reviewers to the site where the program will be offered. If all materials are deemed adequate and consistent with stated requirements and accepted curriculum standards, approval is

granted for a period of one year. Annual renewal is required for continued operation. Generally, the reapplication process requires a somewhat reduced version of the initial submission.

Chapter 46 approval procedures require a bi-annual monitoring visit by Department of Education staff. As a result of the monitoring findings, the Commissioner may continue the approval, ask for program modifications, or revoke approval. Currently, the monitoring visits are not occurring due to lack of staff to conduct them.

Approval of programs under the jurisdiction of the Department of Higher Education is somewhat broader. Accreditation is based on the capabilities of the program as a whole. Except when training for licensed occupations, there is no requirement that individual training programs be approved separately. However, an institution may choose to seek accreditation of individual programs from national or state accrediting organizations.

The Department of Higher Education has the authority to conduct an entire approval process, but rarely does so. Usually, they accept the accreditation decision of the Middle States Association of Colleges. Middle States conducts review, with the Department of Higher Education participating fully as a non-voting member so they can assure themselves of the adequacy of the review. The approval is based on the broad capacity and systems of the institution such as the governance structure, the financial capacity, the adequacy of facilities, academic and administrative services provided, and student policies.

The broad approval of *institutions* rather than *programs* provides WDPP clients with less specific information on their training courses than does the approval process for vocational schools. This is not a problem when the objective of training is to obtain a college degree. However, a client seeking a specific set of vocational skills may find the approval too broad.

B. AVAILABILITY OF WDPP DATA ON SERVICE PROVIDERS

In this section we present our findings about the data available for analyzing the performance of WDPP training providers. Use of this data in the vendor selection process is

discussed in the subsequent section.⁸ A key source of data for assessing the performance of individual service providers is the Paradox file. The Paradox file was created by NJDOL to record information on grantees, training grants, and training vendors. As described in Chapter 2, this file has been incorporated into the new WDPP database.

A recent review of the Paradox data file revealed a number of deficiencies which make the assessment of service providers difficult, at best. While most of the deficiencies identified in the Paradox file are now scheduled to be corrected, it is important to acknowledge the deficiencies. In this way we will be able to gauge the improvements made in the new WDPP database. The deficiencies identified in the Paradox file include:

Lack of Consistent Procedures

In the past, procedures for collecting, defining and verifying information have varied considerably from region to region and over time. This lack of consistent procedures has produced inconsistent data. A couple of examples may help clarify this problem:

- Some training providers wrote contracts only for a single semester even if the approved training grant was for a longer course of instruction. When this occurred some local offices entered the entire amount of the training grant in the data file as the amount obligated. In other offices, the obligation amount entered was the amount for the single term.
- Another area of great variation was the procedures for determining post-WDPP employment. Some WDPP staff described intensive reviews, not only collecting the required information but also including steps such as verifying placement information received from vendors by calling the employers. Other staff took employment information from participants but many participants refuse to provide wage and employer name. Still other WDPP staff reported having trouble even starting. They felt they needed guidance simply to determine from whom they should attempt to obtain employment information.

Procedural differences of this sort lead to great differences in the completeness of data across sites. It also produces considerable variation in the quality and meaning of the information that is collected.

⁸Much of the discussion in this section was shared with the SETC in an earlier memorandum. Work has already begun to address some of the issues identified herein.

Incomplete information

Several fields have missing information for many participants. Perhaps the most problematic is information on post-program outcomes including employment status, earnings, and type of employment. This crucial information is missing for most individuals in the Paradox data file.

Insufficient Quality Control

There are at least two types of incorrect information on the file. The first is information that is inconsistent with what is allowed by program regulations. For example, several grant obligation amounts exceed the \$5,000 maximum size of training grants allowed under the law. The second is information that does not match the source records, such as vendor contracts or bills. Discrepancies included information necessary to identify the records, such as wrong social security numbers or participant names. There are also problems with the information on the nature of the training grant. For example, in some instances, the amount listed on the file as obligated is not consistent with the contracts actually sent to vendors.

To deal with the above data problems, we have made a number of recommendations, including:

- *Standardize instructions.* Prepare a standard document to be distributed to all regional and local offices with instructions for defining and collecting the information for each data field. This may require a training session for all those involved in data collection or entry at the various offices. The document should include standard procedures for updating information on the WDPP data files.
- *Collect all required information.* Make sure all staff understand the importance of complete and accurate data records. Provide them with assistance if they do not have the needed resources or training to collect a data item.
- *Improve quality control measures.* In order to improve quality control measures automatic checks should be built into the system.

Based on recent discussions with NJDOL staff, we have been assured that all of the above recommendations will be implemented and incorporated into the new WDPP database. In addition, a significant effort will also be made to correct some of the deficiencies in the earlier

database. Thus, the new WDPP database should provide accurate data on training grants and vendors.

In addition to significant improvements in the accuracy of data to be collected, NJDOL staff has also agreed to add a number of variables not previously included in the Paradox file. Exhibit 4.1 presents a list of variables to be included in the revised WDPP database and their potential uses in developing a consumers' guide and in the evaluation generally.

Evaluation Design Report - Workforce Demonstration Partnership Program

**Exhibit 4.1
Additional Data Items for Individual Training Grants,
With Reasons for Inclusion in the WDPP Data Base**

Item	Potential Uses of the Information
Site location code for vendors with multiple offices or campuses	Vendors with a single vendor identification number (employer identification number) may have several training locations that operate relatively independently. Characteristics and performance may vary across sites. Some current state reviews give separate approval for each location. Information on the service location can help WDPP clients determine which site is best for them. The information will also facilitate information requests to the vendor. Currently the vendor may receive a request from WDPP for information about a client. The vendor will not need to search records at all sites to find the client.
Full cost of training including portion student is expected to pay	As WDPP clients search for appropriate vendors they will want to know how much they will have to pay beyond the training costs covered by their WDPP grant. Counselors are required to assess their ability to pay the additional costs before a grant is written. In addition, this is important information for analysis since the willingness of a client to successfully complete training may be affected by the amount they have to pay themselves. The requirement to pay may screen out some less motivated participants, and may present financial burdens that make it difficult for some participants to complete training.
Actual hours of training	The current file records only planned hours of training. Actual training hours is a better indicator of the amount of training received.
Completion status at end of training	Satisfactory completion of training will be a major analysis outcome.
Date left training (alternatively, status at 3 and 6 months after program start)	Training programs used by WDPP vary considerably in length, from a few months to two years. The longer the program the greater the opportunity that unexpected events in students lives will force them to drop out prior to completion. Information on the time until program end will allow more standardized reporting on completion and dropout rates. For example, all programs could be compared on dropout rates during the first 3 and 6 months.
Hours per week on placement job	This information will be used to distinguish part time from full time placements.
Placement industry Placement occupation	This information will help analysts identify the type of jobs resulting from WDPP training. Are they in demand occupations? Are they in growth industries? Are they training related?

Evaluation Design Report - Workforce Demonstration Partnership Program

Exhibit 4.1 Additional Data Items for Individual Training Grants, With Reasons for Inclusion in the WDPP Data Base	
Demographics - age, race, ethnicity, level of education completed	When choosing training programs, WDPP clients will want information on the type of individuals served. Analysts do not intend to develop a scheme to weight performance of individual vendors by their service population. However, there will be analysis to determine which groups have barriers to successful completion of training and to employment. Presenting the results of this analysis along with information on the population served by vendors will allow WDPP clients, counselors and administrators make more informed judgements about the reasonableness of the performance reported for individual vendors.
UI status - weeks of benefits for which eligible, ABT benefits, weekly amount, date of first payment	The amount of UI benefits available to WDPP clients at the time they enter training can affect their willingness and ability to participate in training. We intend to take this into account when analyzing the performance of vendors.
Previous wage (from separating employer)	Many individuals receiving UI compensation have expenses and expectations based on their previous earnings. For them the wage at placement is a less important indicator of program success than the percent of the pre-training wage that the placement wage represents. How much of their previous live style can they maintain? For analysis purposes both pre-post wage change and earning changes will be tested as measures of vendor performance.
DOI code of last job	Separate room should be available in the Paradox file for recording the occupation in which the participant last worked <i>and</i> the occupation in which they are now seeking work.

C. CRITERIA FOR SELECTION OF SERVICE PROVIDERS - DEVELOPMENT STEPS

The existing criteria for selection of service providers through the state approval process are related to the *capacity* of these providers. They consider such questions as: Is the school financially sound? Do they have the space and equipment necessary to teach the skills they promise? Do they have a well thought out curriculum? Are administrators and instructors of good character and do they have the necessary background to do their jobs? Does the program clearly communicate their policies to students?

A review of capacity is an essential first step in the selection of service providers. It eliminates vendors who do not have the basic requisites to provide adequate training. However, having the basic structures in place does not ensure that the plans are, indeed, converted into effective training.

Thus, the review process for selection of service providers must have a second step. The Workforce Development Partnership Program and its clients who are seeking training must decide which of the approved vendors will provide training that (1) will enhance the trainee's ability to pursue a career goal, and (2) is appropriate for the individual seeking training.

There are two ways this second review process can be implemented. One approach is to have WDPP review potential vendors and select those that are most successful. In this approach, WDPP staff would approve training grants only at service providers which have demonstrated success and are suited to the interests of the WDPP trainee. This scenario would, in essence, create competition among potential vendors. The decision on which vendor to select would hinge on the vendor's ability to meet specific performance criteria such as training completion and employment rates.

Instead of using this approach, WDPP has chosen an alternative, less direct, approach to vendor selection. Rather than have WDPP program staff select training vendors, the selection is left to the individual WDPP grantees.

The ability of WDPP grantees, together with their counselors, to identify the best service providers available for their needs would be greatly enhanced by access to reliable information about the past performance of vendors. As part of this evaluation project, we will review the currently available data on service providers and specify the information needed by WDPP

grantees to make informed choices about service providers. We believe that this information could be compiled in a *Consumers' Guide* that will provide WDPP participants with sufficient information to assess training services providers.

To achieve this objective we will review currently available data elements that could be included in a *Consumers' Guide*. A working list of potential variables for inclusion in the guide is presented in Exhibit 4.2. We will review this list to determine which of these elements are appropriate for inclusion in the guide. Our review will focus on data accuracy, completeness, and accessibility. We will also evaluate which of the measures are likely to provide grantees and their counselors with the most useful information for selecting training providers.

At the outset, it will be important to clarify what the guide will and will not provide. As currently envisioned, the guide will provide performance measures for the larger training vendors participating in WDPP. Due to sample size limitations, the guide is not likely to provide comparable information for many smaller vendors participating in the program.

Furthermore, the guide will not adjust the performance measures to reflect factors beyond the control of individual providers that might affect trainee outcomes, such as different student characteristics or differing goals across different types of training programs. As a result, the measures reported in the guide will reflect the net result of different training goals, obstacles, and levels of program effectiveness on selected outcomes. Thus, for example, programs that serve low skill groups will, most likely, exhibit lower average starting wages than programs that serve higher skill groups -- not because they are necessarily less effective programs, but because they start at a more disadvantaged position. The user of the guide will, therefore, have to recognize that simple differences among programs may not reflect exclusively differences in quality between programs.

As the WDPP program expands and more data become available, there may be an opportunity to refine the raw measures and make adjustments for program type, client characteristics, and local labor market environment. For now, however, the data limitations restrict the proposed consumers' guide to contain only raw measures of training vendor outcomes.

Exhibit 4.2

Working List of Potential Measures for Inclusion in a Consumers' Guide

Information on the Amount, Type and Cost of Service Provided by a Service Provider

- Name, address, contact information for school or program
- Approved training programs
- Type of institution (4-year college, 2-year college, vocational school, community organization ...)
- Number of WDPP participants served in the past year
- Number of training grants written
- Average size of training grant
- Number of training grants at maximum amount
- Total cost to student (WDPP grant plus amounts paid by student)
- Duration of training
- Hours of training

Information on Outcomes of Training

- Number/percent of individuals completing
- Number completing 3 months (adjustment for unequal length of programs)
- Number/percent completing successfully (correcting for number still enrolled)
- Number/percent entering employment after completion
- Number/percent entering employment after completion - after program referral
- Number/percent entering training related employment - based on counselor's judgement
- Number/percent in training related employment - based on match of occupational codes
- Average wage upon entering employment
- Average wage as percent of prior wage
- Average earnings in quarter following training
- Average earnings as percent of earnings in last complete quarter before unemployment

Information on Participant Characteristics

- Age
- Race/Ethnicity
- Level of Prior Education
- Gender

WDPP COMPONENTS, 7/92 - 9/30/93

INDIV. TRAINING

Orientation Participants	50,805
Grant Participants	10,169
\$ Obligated	\$29.7 Mil
Average Amount Obligated	\$2,987

ADD. BENEFITS DURING TRAINING

Participants	5,078
\$ Obligated	\$19.3 Mil
Average Amount Obligated	\$3,805

CUSTOMIZED TRNG.

Firms	43
Contract Awards	56
Public \$ Obligated	\$10 Mil
Private \$ Obligated	\$24 Mil

INDIVIDUAL GRANT TRAINEES % BY SUBGROUPS

Sex

Male	42%
Female	51%
Missing	7%

Age

21 or younger	2%
22-29 years	20%
30-39 years	31%
40-49 years	23%
50-59 years	13%
Over 59 years	5%
Missing	7%

Race

White	61%
Black	21%
Hispanic	8%
Asian	2%
Missing	8%

Native Amer	Less than 1%
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Education

Elem Sch	5%
HS/GED	48%
Some Coll	30%
Coll Grad	10%
Missing	7%

INDIVIDUAL GRANTS
TYPE OF TRAINING RECEIVED
BY OCCUPATION

Architecture, Math & Life Science	15%
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Medicine & Health	12%
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Administrative Specializations	14%
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Prof., Technical & Managerial	14%
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Clerical & Sales	25%
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Service	6%
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Miscellaneous	<u>14%</u>
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	100%
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**INDIVIDUAL TRAINING GRANT
VENDOR ACTIVITIES**

	TYPE	GRANTS	OBLIGATION	AVG OBLIGATION
	PROP. SCHOOLS	4,942	\$16,308,763	\$3,300
252	VOC./TECH. SCHOOLS	499	\$ 1,036,440	\$2,077
	ADULT EDUCATION	105	\$ 181,016	\$1,724
	4 YR COLL	981	\$2,892,966	\$2,949
	2 YR COLL	3,642	\$9,242,426	\$2,538

**OCT INQUIRIES, APPLICATIONS
AND AWARDS
7/1/92 - 9/30/93**

	<u>FY '93</u>	<u>1st Qtr FY '94</u>
Inquiries	197	94
Applications	74	53
Awards	38	18

OCT SPECIFIC REASONS FOR TRAINING

LOCATING TO NJ	5%
----------------	----

NEW TECHNOLOGY	65%
----------------	-----

POTENTIAL CLOSURE	17%
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SKILL SHORTAGE	42%
----------------	-----

OTHER	17%
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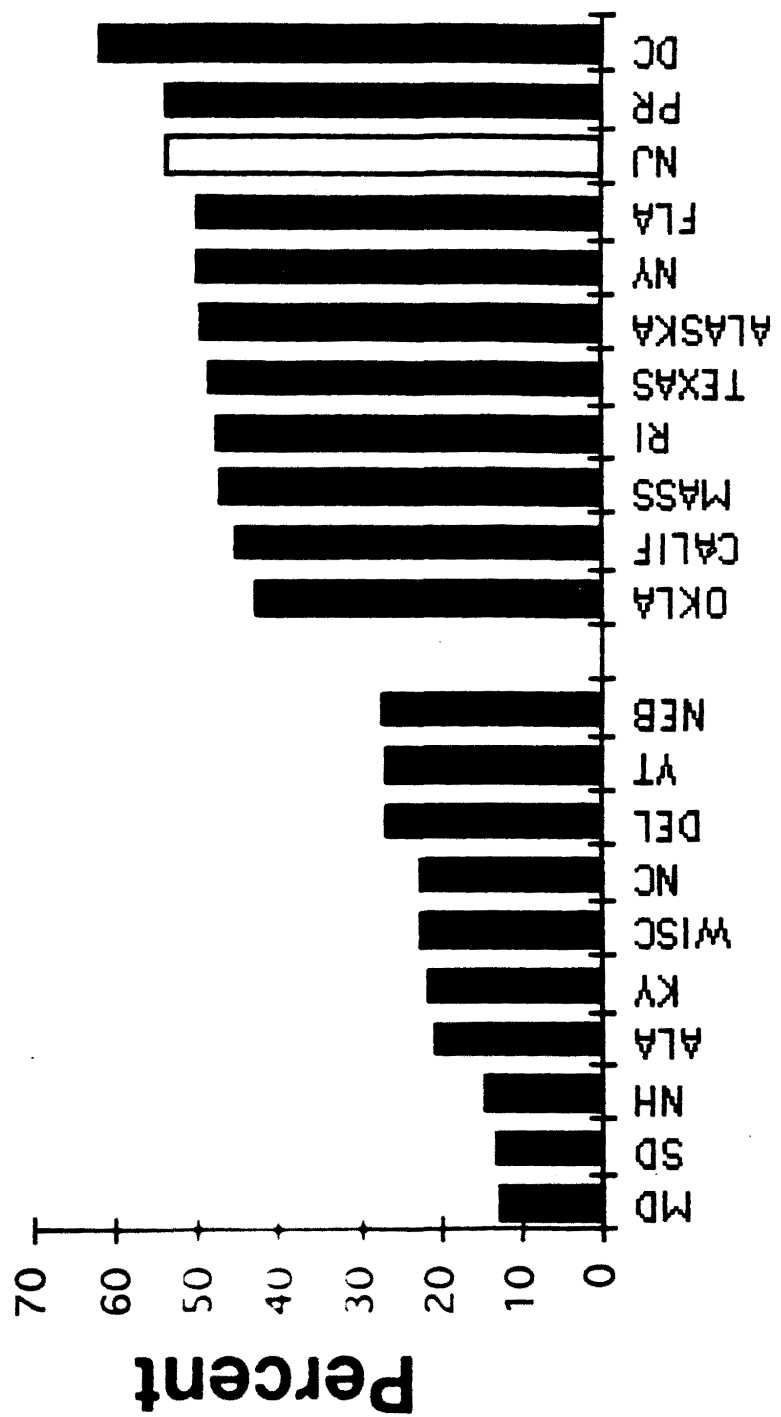
NOTE: MORE THAN 100% DUE TO MULTIPLE REASONS

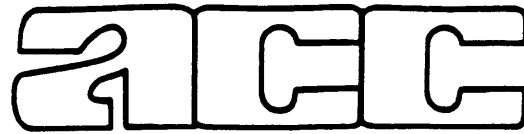
OCT % OF GRANTEES UNDERTAKING
SPECIFIC TYPES OF TRAINING

NEW HIRE TRAINING	9%
BASIC SKILLS/ESL	30%
SAFETY	12%
SKILLS ENHANCEMENT	37%
MODERN MFG. PROCESSES	49%
CERTIFICATION/LICENSING	5%
EL/TEAMS/CROSS-TRAINING	28%
TQM	35%

NOTE: MORE THAN 100% DUE TO MULTIPLE
TRAINING

UI Exhaustion Rates





Culinary Arts & Management Program Program Profile

Introduction to Computers

Designed for those with little or no knowledge of computer operations, students will learn the basic components and functions of the microcomputer. Computer terminology and fundamentals of word processing, spread sheets and database management are also included.

Purchasing

Students will learn the concepts and selection criteria of procurement; how to write purchasing specifications; and procedures for ordering, receiving, storage, issuing and inventory control. How to procure fresh, frozen and preserved produce, convenience foods, dairy products, poultry, fish and meats also will be covered.

Food and Beverage Control

This course is designed to familiarize and introduce the student to the basics in food, beverage and labor controls. Emphasis will be placed on designing and working with budgets, balance sheets and income statements, the calculation of food and beverage costs, the implementation of food, beverage and labor cost control methods as well as sales and income controls.

Basic Supervision

This course will focus on the immediate, hands-on skills needed to be an effective supervisor. Assertive supervision, critical decision making, team building, goal setting, performance evaluation and leadership skills will be emphasized.

Sanitation Certification

This course will prepare the student for the National Restaurant Association Food Service Sanitation Certificate. Students gain an understanding of the micro world, the various foodborne illnesses and their prevention as it relates to the foodservice industry. The flow of food through the operation, how to organize sanitation and safety training sessions as well as accident prevention and crisis management will be covered. Upon successful completion of the Applied Foodservice Sanitation exam, students will receive a Certificate from the National Restaurant Association Educational Foundation.

Foods I

Designed as an introduction to the fundamentals of cooking, students will learn how to use the basic tools and standard equipment found in the commercial kitchen. Emphasis will be placed on practicing knife skills, short order and breakfast cooking.

Foods II

Prerequisite: Foods I

A continuation of Foods I, this course focuses on the skills required for the various cooking methods of stocks, soups, and sauces; their application and principles utilizing commercial bases and products.

Healthy Cuisine

Prerequisite: Foods I and Foods II

This course is designed to familiarize the student with the new trends and styles in cooking. Students will learn how to apply the principles and applications of these new trends to emphasize nutrition, to combine different foods and to enhance presentations.

Pantry Production

This course will familiarize the student with the functions and tasks of a pantry/garde manger operation through theoretical and practical application of salads, appetizers, canapes, sandwiches, cold soups and cold meat preparation for buffets.

Commercial Baking

Students will develop fundamental skills in the preparation of baked products. The preparation of yeast goods, quick breads, pies and their various fillings, roll-in doughs, basic cakes, icings and decorations utilizing commercial ready products will be introduced.

Commercial Pastry

This course will focus on readily prepared food items, with emphasis placed on the utilization of those products, including fillings, decoration presentation, sponge cakes, petit fours, marzipan, chocolate, nougat, as well as some classical tortes.

Vegetarian Cooking

Students will learn how to create healthy, savory dishes that are pleasing to the eye as well as to the palate. A variety of ways to prepare vegetarian side dishes, entrees and salads will be highlighted with special attention given to preparation tips and techniques.

Introduction to Catering

This course is designed to introduce the student to the catering business. Topics will include but not be limited to, how to get started, equipment, contracting, sanitation requirements, the writing of menus for various functions and festive occasions, wine and bar services, and accommodator service. On and off premise catering including costing and cost projection, while considering religious and ethnic backgrounds of clientele will also be covered.

Job Prep and Personal Development

The students will produce the necessary professional documents to support the skills learned. They will learn how to project a professional image, interviewing techniques, and how to prepare cover letters, resumes and follow-up letters. The course also includes a segment dealing with interpersonal communication skills.

**Atlantic Community College
Culinary Arts & Management Program**

Introduction to Computers	45 hrs.
Purchasing	30 hrs.
Food and Beverage Control	25 hrs.
Basic Supervision	25 hrs.
Sanitation Certification	25 hrs.
Foods I	35 hrs.
Foods II	60 hrs.
Healthy Cuisine	80 hrs.
Vegetarian Cooking	25 hrs.
Pantry Production	50 hrs.
Commercial Baking	75 hrs.
Commercial Pastry	75 hrs.
Introduction to Catering	25 hrs.
Job Prep and Personal Development	<u>25</u> hrs.
	600 hrs.

**Atlantic Community College
Culinary Arts & Management Program: Fact Sheet**

Length of Program: 600 hours

Starting Date: March 21, 1994

Approximate date of completion: September 21, 1994

Tuition and Fees

Tuition	\$3,495
Books, uniforms, knives	800
Total	\$4,295

A \$345 nonrefundable deposit will be required upon registration.

Weekly Payments: \$175 per week each Wednesday until paid in full (18 payments). This does not include books, uniforms, and knives. These are purchased directly by the student at ACC's bookstore.

Financial Obligation: If, for any reason, a student declines or refuses a secured loan, the student will still be responsible for full tuition and fees.

Placement Assistance: Students who successfully complete the program will receive a certificate and placement assistance.

Class Hours: 8:30 a.m. to 2:00 p.m.
Monday through Friday

Location: Academy of Culinary Arts
Main Campus, Mays Landing

Course content and fees subject to change.
6/93



MR. DONALD J. LOFF - Chairman

DR. LAWRENCE A. NESPOLI - Executive Director

**TESTIMONY TO THE ASSEMBLY LABOR COMMITTEE
HEARING ON THE WORKFORCE DEVELOPMENT PARTNERSHIP PROGRAM
MARCH 31, 1994**

Good morning. I am SaraLee Pindar, Research and Planning Officer for the New Jersey Council of County Colleges, and I am here today in my capacity as economic development liaison for the Council.

The SETC's First Annual Assessment Report of the Workforce Development Partnership Program (WDP) describes three important tasks being performed by the Department of Labor's Office of Customized Training (OCT) field representatives. These three tasks are: needs assessment ("diagnose and articulate training needs," p. 53); provide technical assistance for the application process (p. 53); and monitor training to track compliance with training plans "at least monthly" (pp. 54 & 67).

There are currently 140 client companies being serviced: 56 have training in progress and 84 are developing applications. According to the SETC's report, the number of clients is expected to increase. The SETC estimates 212 applications in FY 1994.

What the report doesn't mention, however, is that all these clients are being served by seven Customized Training Field Representatives (Field Reps). If we divide the current number of clients -- 140 applicants and grantees -- by the number of Field Reps, we see that at any one time each Field Rep is serving twenty clients. Further, if we look at the number of counties in New Jersey, we can see that each Field Rep is responsible for at least three counties. Field Reps are assigned to one of three geographic regions: Northern, Central, or Southern.

In addition to assisting the client companies to which they are assigned, each Field Rep is supposed to know the Director of Economic Development and members of the Private Industry Council in each county of their region. What makes this part of the Field Rep's job even harder is that he or she may be assigned to a client company in another region if there is an imbalance in the distribution of clients.

In short, there is such an unrealistic amount of work for seven Field Reps that it seems unlikely that it is all being done as expeditiously or thoroughly as the companies might want or need.

Every one of New Jersey's 19 community colleges has a credentialed customized training specialist. These professionals have at least the Master's degree in Curriculum Development, Adult Education, or Organizational Development and are therefore qualified to perform professional needs assessment, design curricula, and deliver training programs. And each of these contracted training officers is experienced in working with business and industry in their county.

When WDP first got under way, community college customized training professionals assisted companies in their counties with needs assessment and the application process. After a few months, however, it became apparent that the colleges are not compensated for providing these services when a WDP client company chooses to have one of its supervisors provide on-the-job training. As a result, our directors of customized training are no longer providing such services before a grant is awarded and a contract is signed.

I'm quite certain that if community college professionals were permitted to assist the needs assessment and application process, the program would be working more efficiently and therefore producing more immediate results for companies that need help. And the OCT Field Reps would have more time to screen inquiries and monitor training in progress.

Although the SETC's report states that no company has waited more than five months to have an application approved, I understand that one company in Camden County has been waiting for 18 months. If that application has been approved or officially rejected, the contact at Camden County College doesn't know about it.

In addition to the time problem, I know of at least two cases where the training identified by the Field Rep missed the mark. At one company math training was started at too basic a level to meet the company's needs. The company then called the local community college, which is delivering on-site training in blueprint reading, mathematics for factory applications, and precision measurement.

When I realized that the customized training segment of WDP might benefit from looking at another model, I decided to investigate how other states administer their customized training programs. I started with North Carolina because it is generally acknowledged that North Carolina's strategy for attracting business and industry is the most successful on the East Coast. I conducted interviews with three people there to find out what kind of program North Carolina offers and how that program works.

What I learned was that North Carolina has three state funded programs for customized training. One provides free pre-hire customized training for individuals who might be interested in working in a business that is moving into the state. While the training is customized to that company's specific needs, the company does not have to hire the individuals being trained, and the individuals do not have to accept employment with that company. The average pre-hire training program is from 20 to 80 hours of customized training.

A second program provides free customized training for a business moving into the State or to a North Carolina company that is expanding and will provide a certain number of new jobs. In this program, free customized training is provided until the company is satisfied with its workforce.

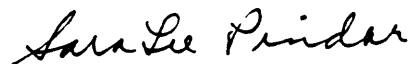
The third program is called "focused industrial training" and is for existing industries that have to retool their machinery in order to stay competitive. This program has a "co-payment" by the company in the amount of \$35 for each employee retrained; the rest is paid by the State. This is the program that most closely resembles the customized training component of New Jersey's Workforce Development Partnership.

All of these programs are administered by and funded through the community colleges. The company and its local community college professionals work together to identify the training needed and to design the training program. The State then pays the community college for the salaries, materials, and sometimes for the training facility. If the community college has to hire an outside consultant to deliver all or part of the training, the state pays the college an administrative fee. All of this is legislated, including the \$35 "co-payment."

Under no circumstances does the State write checks directly to the company. The legislature feels that if they pay the college directly, then they know the money is invested in training. In all of these programs, the only measure is whether the company is satisfied with the training. The community college continues to work with the company until the company is satisfied with the productivity of its workforce. As a result, there isn't much evaluation needed at the end of a training program.

Thank you for allowing me to testify today. Appended to this testimony is a copy of those North Carolina materials that mention customized training. I'll be happy to try to answer any questions you may have.

Respectfully submitted,



SaraLee Pindar
Research & Planning Officer

NORTH CAROLINA



The Better Business Climate

private sector unionization rate here is also among the lowest in the nation, 4.8 percent.

Mandatory employee costs for businesses are very favorable in North Carolina. The average unemployment insurance tax rate paid by employers is among the lowest in the nation. The current rate for new employers is 2.7 percent on a tax base of \$10,700 per employee. After a three-year period, employers pay a rate based on their employment history, which can be as low as 0.12 percent.

Due to the strength and diversity of the state's economy, North Carolina's unemployment trust fund has remained solvent even through periods of national recession. The North Carolina worker's compensation program, with its low rates and equitable laws, usually costs employers less money than in any other state. Also, time lost due to injury on the job is consistently below the national average.

Free, customized training programs are one of North Carolina's greatest business incentives. Training is available to all new and expanding businesses through the 58-campus Community College System.

Representatives from the community college will work with employers at their facilities to identify particular manpower training needs



and design a program tailored to meet those needs. These community colleges can arrange for worker training prior to completion of a new facility. This enables the company to begin operations with a fully trained work force the day the doors open for business.

Since its inception, the customized training programs have helped meet the employment needs of over 1,400 new or expanding businesses. In addition to manufacturing firms, customized training programs are also available to

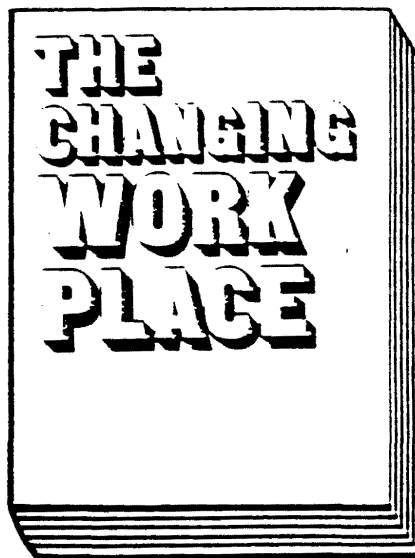
select non-manufacturing clients.

The community colleges offer more than 200 on-going curriculum programs each year. These programs provide workers with the opportunity



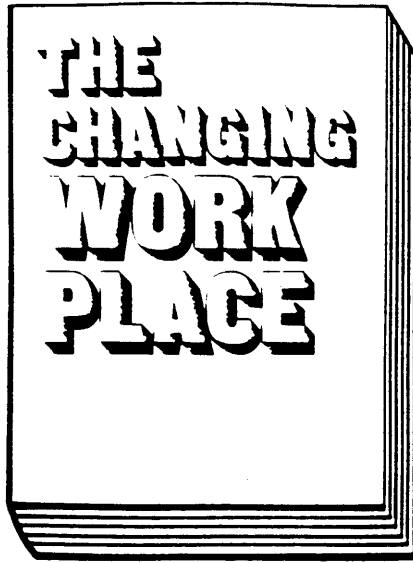
to enhance their own personal development and make them more valuable

NORTH CAROLINA'S COMMUNITY COLLEGES



A look at two key ways
the North Carolina Community College System
is helping businesses and individuals
meet the accelerating demand for new job skills:

- Training services for companies
- The Wachovia Technical Scholarship Program



Never in the history of this nation's work force has the need been greater for increased skills, knowledge and adaptability.

Enlightened companies are responding with unparalleled emphasis on both in-house training and external self-development initiatives. Astute employees are participating in record numbers.

Across the Southeast, community colleges have emerged as prominent players in both efforts, assuming a key role in preparing workers for the changing work place. Statistics indicate that nowhere in the Southeast is this preparation better planned and directed than in the 58 colleges that comprise the North Carolina Community College System.

By Jerry McLeese

When New York-based American Express began looking for a location for a customer service center in the mid-1980s, it narrowed its choices to sites in North Carolina and a nearby southeastern state.

"Both states presented attractive offers," says Ronald L. Page, senior vice president for card operations, "but in the final analysis, a decisive factor was the employee training

package offered at no cost to us through North Carolina's Community College System."

Hundreds of other companies have been similarly influenced in their site-selection process. Regardless of a firm's size, location or product, North Carolina's community colleges provide customized training programs at virtually no cost to the employer. As a result, North Carolina has attracted more new manufacturing and service facilities than any other state for three consecutive years.

"North Carolina's lead industry recruitment incentive is our world-class training program conducted by the Department of Community Colleges," says Alvah Ward of the North Carolina Department of Economic and Community Development. He notes that any company creating 12 or more new jobs in the state — whether an established firm or a newcomer — is eligible for state-financed employee training through the Community College System's New and Expanding Industries program.

When a company needs to upgrade the skills of its employees in critical positions, training is available through the system's Focused Industrial Training program. Except for a minimum registration charge per student, there is no cost to the company for training in this program specifically designed to address the needs of existing businesses and industries.

Last year alone, North Carolina-based facilities of AT&T, General Electric, Michelin Aircraft Tire Corporation, Eastman Kodak, Sara Lee, Deere-Hitachi, Procter & Gamble, Sears and American Airlines were among the more than 100 businesses using state-financed programs offered by North Carolina community colleges.

"Our programs provide a full range of employee training for both new and existing companies," says Joe E. Sturdivant, divisional director for business and industry services for the Department of Community Colleges. "Currently, the 58 community colleges offer more than 230 curriculum programs, and each works closely with local companies to develop new courses as needs arise. Sessions may range from one-day seminars to two-year curriculums.

"We have the flexibility to offer virtually any training resource that a company wants, when and where it is needed," Sturdivant says. "Our industrial training specialists visit existing company operations and study job skills, work schedules and production processes in preparing training proposals.

"Our classes may be offered on campus, at the company's location or at a training facility that we provide. The instructors may be provided by the college, recruited from the company or chosen from outside."

The assistance offered by the community colleges may include training manuals and other printed materials, video presentations, instructor salaries, travel expenses for instructors, training facilities and the purchase of equipment needed for the training. If the instructors are company employees, the community college pays their salaries for teaching.

The Department of Community Colleges also has worked with the Employment Security Commission in a number of cases to help recruit potential employees. Individuals who pass a screening are referred by their prospective employer to participate in free pre-employment training programs to qualify for jobs to be offered by a new company.

In all, more than 20,000 employees

COMMUNITY COLLEGES

were trained in 1989 through the New and Expanding Industries and the Focused Industrial Training programs. In addition, more than 100,000 other workers participated in company-sponsored occupational extension classes. For North Carolina, the cost of the programs represented a \$10 million investment in new and upgraded jobs.

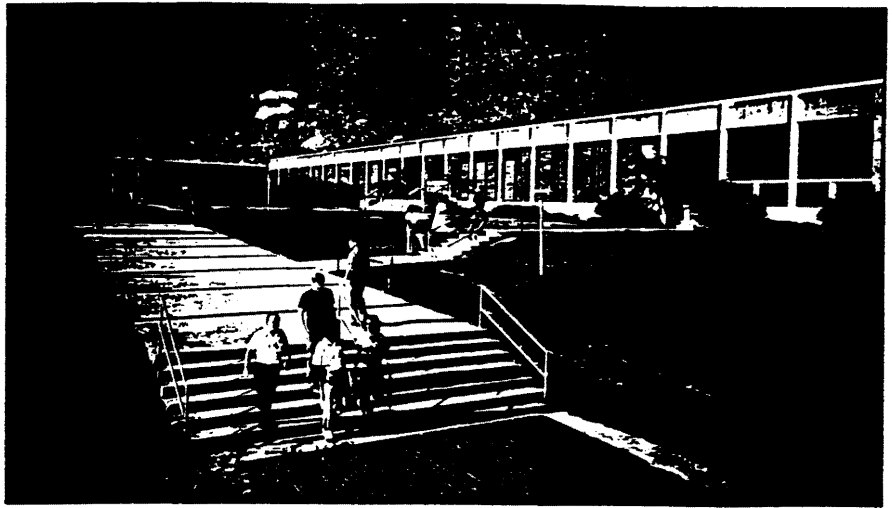
"This is an exceptional program in both its scope and its quality," notes L.M. Baker Jr., president and chief executive officer of Wachovia Bank and Trust Company and executive vice president of its parent company, First Wachovia Corporation.

"The strength of North Carolina's Community College System is a consistent asset in the state's recruiting effort. It is considered equally important by resident companies who recognize the critical need to move ahead to help ensure a statewide work force prepared for current and emerging job opportunities."

One measure of the priority businesses place on the community college system is the establishment



Many jobs are requiring higher technical, analytical and communication skills.



The 58 community colleges in North Carolina have created a partnership with new and existing companies to provide a full range of employee training.

of the Wachovia Technical Scholarship Program in 1981. This pioneering effort by Wachovia Bank and Trust has prompted numerous other North Carolina corporations to support community college training through the granting of scholarships.

Challenge of change

John D. Kasarda of the University of North Carolina Sociology Department notes that these public-private sector initiatives can serve as a model for other states facing a similar, accelerating trend.

North Carolina, he points out, has a higher percentage of its work force in manufacturing jobs than any other state, but in the last six years the state has begun to move more toward a service economy. Between 1983 and 1987, service industries accounted for 28 percent of the net growth of jobs in North Carolina. According to the Employment Security Commission, 37 percent of the net job growth in North Carolina between 1984 and 2000 will be in the service industry.

A report commissioned by the

governor of North Carolina projects that 13 to 13.5 years of education will be a minimum requirement for many new jobs. The same report says that a job will change significantly seven times in a career and that a person may be forced to change occupations four times.

"These newly emerging jobs require higher technical, analytical and communication skills, not just manipulative skills," Sturdivant stresses. "As companies force the level of responsibility lower and lower into their organizations and make greater use of team-building concepts, the whole person is involved in the job. Thus training must be technical, social and cultural.

"Our mission is to ensure that the people and businesses of the state have the educational and training programs available to meet the requirements of the emerging jobs," Sturdivant adds. "For many companies, our colleges have become an extension of their own programs, and for others we have become their training departments. We're in an excellent position for the future."



Almost every company that uses training services offered by the North Carolina Community College System has a different need. Programs range from basic reading, writing and arithmetic to the operation of high-tech equipment to Japanese-style team building. The number of participants ranges from fewer than six to more than 6,000.

The flexibility of the program has made it possible to respond to domestic as well as international companies, to service industries as well as manufacturers and to small firms as well as large multinationals.

In the late 1970s, R. J. Reynolds Tobacco Company of Winston-Salem began a 10-year, \$2-billion facilities modernization program involving replacement of most of the company's production machinery with state-of-the-art computer-controlled equipment. The changeover made it necessary for Reynolds to raise the reading and skills levels of many of its employees.

Winston-Salem-based Forsyth Technical Community College agreed to provide instructors and conduct classes on company premises three times a day so workers on all

three shifts could participate; tuition costs were paid by the company.

More than 1,300 employees participated in that program, and virtually all of them qualified for training sessions on the new cigarette production equipment.

Since the company and Forsyth Tech began working together in 1983, nearly 6,000 Reynolds employees have taken advantage of the partnership, participating in a variety of courses such as introduction to micro-computing, typing, word processing, integrated software, COBOL programming, hydraulics, electronics and welding.

Consolidated Diesel Company (CDC), a joint venture between Cummins Engine Co. Inc. and J. I. Case, began with a modern, state-of-the-art facility at Rocky Mount, N.C. CDC makes diesel engines for such applications as Dodge pickup trucks and Case tractors and backhoes.

Since August, the company has been using two programs offered by

the Community College System — the Focused Industrial Training program and the apprenticeship program. Five employees are going through 8,000 hours of on-the-job training and a minimum of 576 hours of curriculum at Nash Community College to earn their journeyman cards. Another 36 employees are participating in a skills trainer program.

Of the apprenticeship program, Human Resources Development Manager Joe Jenkins says, "We (CDC) have forged a relationship with the community colleges in order to accomplish the task of developing the level of skilled crafts persons needed to compete in a global market."

Outboard Marine Corporation (OMC) of Waukegan, Ill., has opened four facilities in western North Carolina in the last six years and has used the training services of three community colleges — Mayland in Spruce Pine, Tri-County in Murphy and Isothermal in Spindale. "They've done an outstanding



Forsyth Technical Community College of Winston-Salem conducted on-site training classes to prepare some 1,300 workers at R.J. Reynolds Tobacco Company for new computer-controlled production equipment.

COMMUNITY COLLEGES

job for us," says Rick Levin of OMC's Rutherfordton facility, which assembles an average of 650 outboard motors a day. "When we decided to locate here, Isothermal organized training programs for people who were interested in applying for jobs with us. Four-week sessions were available to 20 people in the morning and 20 in the evening."

Classes were offered in blueprint reading, testing V-6 and V-4 engines, ignition and assembly/disassembly of motors and other skill areas. Twenty-one instructors continued the training programs on the job for up to 10 weeks after the plant opened.

Sampson Community College created quite a stir last fall in Clinton by advertising that it was accepting applications from people interested in training for jobs at Schindler Elevator Corporation.

"With the help of the Employment Security Commission, we identified and screened more than 800 people," says Neal Hardison, dean of instruction at Sampson. "We came up with a list of 90 people to invite to a pre-employment training program."

The turnout was encouraging to Schindler Elevator executives who faced the challenge of building a work force equipped with the skills needed for production of the company's unique product.

"This combination screening and pre-training has helped reduce time and expense required to prepare employees for proficiency on the job," says Jack Frantz, vice president for human resources and administration for Schindler.

"It also helps us match individuals to job requirements. Our training programs are designed to create fundamental knowledge of every job in our plant. Our philosophy is that



The assistance offered by the community colleges may encompass on-site or on-campus classes, instructor training and salaries, individualized materials and equipment.

we all can do a better job if we understand what everyone else is doing."

Small companies like Performance Covers, which has 12 employees in North Carolina, receive as much benefit from the community colleges' services as larger companies.

A manufacturer of custom-made seat covers and tops for trucks, Performance Covers opened a facility in Waynesville last year to be closer to its primary supplier of velour. At the same time, the company needed to continue production at its California operation.

"For a small company, this move would have been quite difficult without the help we received from Haywood Community College," says owner Michael Stevens.

Stevens plans to install a new computer-assisted design system early next year. Haywood Community College will send an instructor to Atlanta to learn the CAD program and then provide training for employees.

Doug Anderson, senior director of human resources and public relations for Konica Manufacturing USA in Guilford County near Burlington, says that the training package offered by the community colleges was an important element in Konica's decision to locate in North Carolina.

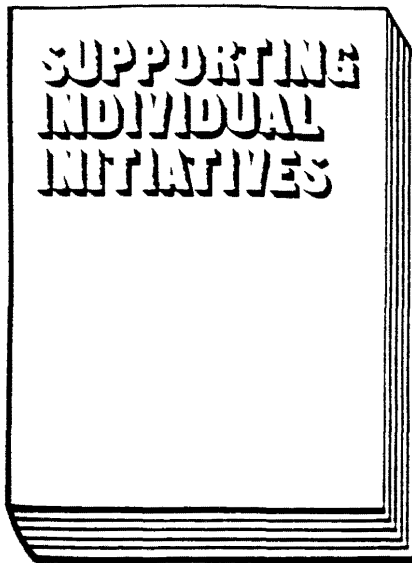
"Our training goals included preparing our North Carolina employees technically for the jobs they would have and culturally for the way we want to operate," Anderson says.

"Although we are an American company and we're forming our own culture here every day, we still wanted employees to understand our Japanese culture. The community colleges trained 50 trainers for two weeks in North Carolina and then took them to Japan for a month of additional training. All of the training expenses were paid by the community colleges as part of the package Konica was offered."

Karin Pettit and Ben Gray of Guilford Technical Community College orchestrated the involvement of other community colleges in Burlington, Asheboro and Durham. The four schools now work together to provide the full range of training that Konica needs. Included is a two-day session for all new employees conducted by Randolph Community College in Asheboro, one of the few colleges in the nation offering a degree in photofinishing.

The cost of the training to the state in 1989 was substantial, but Anderson sees long-term return from the investment going far beyond the money. "We've found that the community colleges are as committed to our success as we are. They've been willing to help us in every way imaginable," Anderson says.

WACHOVIA TECHNICAL SCHOLARSHIP PROGRAM



When Sonya L. Howell enrolled as a part-time student at Lenoir Community College in Kinston, she had no idea that her decision would take her where she is today.

Like many students who attend North Carolina's community colleges, Howell found it necessary to take a part-time job to pay for her classes in the Business Computer Programming curriculum. In 1985, after three years of hard work and good grades, she was awarded a Wachovia Technical Scholarship — one of 113 funded each year from a \$500,000 endowment established in 1981 by Wachovia Bank and Trust Company. With other institutions following Wachovia's lead, the number of scholarships awarded each year by North Carolina's community colleges has now risen to 1,226.

Howell graduated in 1986 and became an import assistant for Hampton Industries in Kinston, N.C., a manufacturer of house-brand clothing for companies such as J.C. Penney. Last April she was promoted to programmer/analyst, a job that includes responsibility for purchasing management systems.

Today, she's back in the classroom in the evenings. But this time she's on the other side of the desk, teaching computer classes at Lenoir

Community College and James Sprunt Community College in Kenansville. She's helping others prepare for the kind of opportunity that a good education gave her.

Olin T. Gibson Jr. was 30 years old in 1983 when he returned to Richmond Community College in Rockingham, N.C., to study electronics engineering. His strong math skills helped him post a 3.8 grade-point-ratio the first year and win a Wachovia Technical Scholarship for the second year. "Richmond Community College gave me the opportunity to make a better living for myself and my family," he says.

When Gibson graduated in 1985, he immediately went to work in the Instrumentation and Control Department at Carolina Power & Light Company's Shearon Harris nuclear power plant in Raleigh. He now works with electronic and electrical equipment, pneumatic and hydraulic instrumentation that controls pressure, flow, temperature and level systems.

As supervisor of the Infectious Diseases Testing Lab for the American Red Cross in Charlotte, John Hildebran has the satisfaction of enjoying the work he does and knowing that he's helping others at the same time.

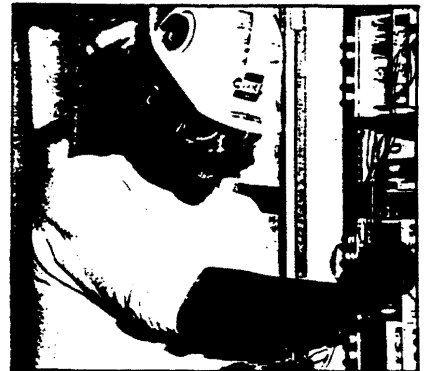
In 1983, he left his housekeeping job in a Morganton, N.C., hospital and his part-time restaurant work to study medical laboratory technology at Western Piedmont Community College. With a Wachovia Technical Scholarship paying for tuition and books, he was able to dedicate the 60-plus hours required each week for classes and labs.

Today, Hildebran is responsible for a high-tech lab that tests more than 1,100 pints of blood each day for AIDS, Hepatitis B and other diseases.

L.M. Baker Jr., president and chief executive officer of Wachovia, says that the experiences of Howell, Gibson and Hildebran reflect the kind of results the scholarship program is intended to achieve. "Wachovia's goal is to give individuals the opportunity and encouragement to acquire skills needed for meaningful and rewarding jobs," he notes. □



Sonya Howell (standing)



Olin Gibson



John Hildebran

NORTH CAROLINA'S COMMUNITY COLLEGES

Since its introduction in 1981, the Wachovia Technical Scholarship Program has provided more than 640 individuals with educational opportunities valued at an estimated \$320,000.

For more information about the Wachovia Technical Scholarship, contact your local community college at the address or telephone number listed below.

Alamance Community College
P.O. Box 623
Haw River, NC 27258
(919) 578-2002

Anson Community College
P.O. Box 68
Ansonville, NC 28007
(704) 826-8333

Asheville-Buncombe Technical Community College
240 Victoria Road
Asheville, NC 28801
(704) 254-1921

Beaufort County Community College
P.O. Box 1069
Washington, NC 27889
(919) 446-6194

Bladen Community College
P.O. Box 266
Dunn, NC 28332
(919) 862-2164

Blue Ridge Community College
Flat Rock, NC 28731
(704) 692-3572

Brunswick Community College
P.O. Box 30
Supply, NC 28462
(919) 754-9400

Caldwell Community College and Technical Institute
1000 Hickory Boulevard
Hudson, NC 28638
(704) 728-4323

Cape Fear Community College
411 N. Front Street
Wilmington, NC 28401
(919) 343-0481

Carteret Community College
3505 Arendell Street
Morehead City, NC 28557
(919) 247-6000

Catawba Valley Community College
Hickory, NC 28602
(704) 327-9124

Central Carolina Community College
1105 Keily Drive
Santore, NC 27330
(919) 775-5401

Central Piedmont Community College
P.O. Box 25009
Charlotte, NC 28235
(704) 342-6633

Cleveland Community College
137 S. Post Road
Sheiby, NC 28150
(704) 484-4000

Coastal Carolina Community College
444 Western Boulevard
Jacksonville, NC 28546
(919) 455-1221

College of The Albemarle
P.O. Box 2327
Elizabeth City, NC 27909
(919) 335-0821

Craven Community College
P.O. Box 885
New Bern, NC 28560
(919) 638-4131

Davidson County Community College
P.O. Box 1287
Lexington, NC 27292
(704) 249-3186

Durham Technical Community College
P.O. Drawer 11307
Durham, NC 27703
(919) 598-9222

Edgecombe Community College
2009 W. Wilson Street
Tarboro, NC 27886
(919) 823-5160

Fayetteville Technical Community College
P.O. Box 35236
Fayetteville, NC 28303
(919) 323-1961

Forsyth Technical Community College
2100 Silas Creek Parkway
Winston-Salem, NC 27103-5197
(919) 723-0371

Gaston College
201 Highway 321 South
Dallas, NC 28034-1499
(704) 922-6200

Guilford Technical Community College
P.O. Box 309
Jamestown, NC 27282
(919) 334-4822

Halifax Community College
P.O. Drawer 809
Weldon, NC 27890
(919) 536-2551

Haywood Community College
Freelander Drive
Clvde, NC 28721
(704) 627-2821

Isothermal Community College
P.O. Box 804
Spindale, NC 28160
(704) 286-3636

James Sprunt Community College
P.O. Box 398
Kenansville, NC 28349-0398
(919) 296-1341

Johnston Community College
P.O. Box 2350
Smithfield, NC 27577
(919) 934-1051

Lenoir Community College
P.O. Box 188
Kinston, NC 28501
(919) 527-6223

Martin Community College
Kenuxee Park Road
Williamston, NC 27892
(919) 792-1521

Mavland Community College
P.O. Box 347
Spruce Pine, NC 28777
(704) 765-7351

McDowell Technical Community College
Route 1, Box 170
Marion, NC 28752
(704) 652-6021

Mitchell Community College
West 3rd Street
Mooresville, NC 28677
(704) 473-1240

Montgomery Community College
P.O. Box 47
Montgomery, NC 27109
(919) 757-6941

Nash Community College
P.O. Box 100
Nash, NC 27858
(919) 754-7488

Pamlico Community College
P.O. Box 100
Pamlico, NC 28529
(919) 754-7488

Piedmont Community College
P.O. Box 100
Piedmont, NC 27109
(919) 757-6941

Pitt Community College
P.O. Box 100
Pitt, NC 27109
(919) 757-6941

Robeson Community College
P.O. Box 100
Robeson, NC 27801
(919) 754-7488

Salisbury Community College
P.O. Box 100
Salisbury, NC 28144
(704) 637-0760

Shenandoah Community College
P.O. Box 100
Shenandoah, NC 27109
(919) 757-6941

Southwest Community College
P.O. Box 100
Southwest, NC 27109
(919) 757-6941

Rockingham Community College
P.O. Box 100
Rockingham, NC 27375
(919) 424-2501

Rowan-Cabarrus Community College
P.O. Box 1595
Salisbury, NC 28144
(704) 637-0760

Sampson Community College
P.O. Drawer 318
Clinton, NC 28328
(919) 592-8081

Sandhills Community College
2200 Airport Road
Pinehurst, NC 28374
(919) 692-6185

Southeastern Community College
P.O. Box 151
Whiteville, NC 28472
(919) 642-7141

Southwestern Community College
275 Webster Road
Saxa, NC 28779
(704) 586-4091

Stanly Community College
Route 4, Box 53
Albemarle, NC 28001
(704) 982-0121

Surry Community College
P.O. Box 304
Dobson, NC 27017
(919) 386-8121

Tri-County Community College
P.O. Box 40
Murphy, NC 28906
(704) 837-6810

Vance-Granville Community College
P.O. Box 917
Henderson, NC 27536
(919) 492-2061

Wake Technical Community College
9101 Fayetteville Road
Raleigh, NC 27603
(919) 722-0551

Wayne Community College
Caller Box 8002
Goldsboro, NC 27533-8002
(919) 733-5151

Western Piedmont Community College
1001 Burkemont Avenue
Morganton, NC 28655
(704) 438-6000

Wilkes Community College
P.O. Box 120
Wilkesboro, NC 28697
(919) 667-7136

Wilson Technical Community College
P.O. Box 4305 - Woodard Station
Wilson, NC 27893
(919) 291-1195

Organization has listed with IRS Teaneck Board of Education

 Address One Merrison Street City Teaneck State NJ Zip 07666

 Phone (201) 833-5490 Extension _____

 Profit Status (Return copy of Federal IRS
Exemption Certificate with this form)

Governmental entity - Title 18A

 Fax ID # A-339482

Specific Chapter _____

 Location of Program Teaneck

 Amount Requested \$ 282,000 Date November 12, 1993

 Contact: Name Wolff First Name Evelyn MI S.

 Title Coordinator, Grants Telephone (201) 833-5490

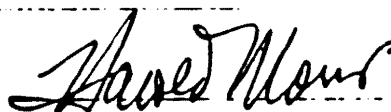
 Program Title HEALTHY (Health and Education Apprenticeships Linking Teaneck, Hackensack and Englewood Youth)

 Agency Funded By United Way ☐ Yes ☒ No Past Roche Funding Year _____ Amount _____

 Program Beginning Date January 1994

 Program End Date December 1994

Signature of Executive Director and/or Board President


FOR OFFICE USE ONLY
Program Area

- ☐ Health
☐ Education
☐ Community/Social Service
☐ Cultural/Arts Program
☐ Operational Funding

- ☐ Holiday Program
☐ Roche Volunteer
☐ Hoffmann-La Roche Foundation
☐ Dues and Membership
☐ Other

 Date Received _____ Grant ☐ Accepted ☐ Rejected ☐ \$ _____ ☐ AV ☐ PTG Code _____

Sent By _____ AKA _____

I Describe the purpose of the organization Include copy of annual report and most recent audit

The Teaneck Public School system includes a kindergarten school, four elementary 1-4 schools, two 5-8 middle schools, and a high school. It serves over 4,000 students from diverse backgrounds: 43 percent Caucasian, 39 percent African American, 10 percent Asian/Pacific Islander and 9 percent are Hispanic/Latino. Over twenty languages are represented by Teaneck children.

The mission of the Teaneck Public Schools has been summarized by the phrase, "that each may learn." Teaneck strives for educational excellence as a comprehensive goal for all its students, and seeks to address the unique educational needs of each student. Thus, there are state mandated programs for students that require remediation, special education, gifted, bilingual, and Education as a Second Language. In addition, there are various special programs and initiatives that address non-academic student needs: a school-based youth services program at the high school provides health, mental health and employment services -- a Peer Mediation Center is also planned at this site; a Peer Leadership program socializes freshmen to the high school by linking them with seniors, through a variety of activities; at the centralized kindergarten school, an outreach worker assists in establishing links between parents and the school; conflict resolution training at the elementary and middle school levels, helps teachers deal proactively with conflict in the classroom. There are a variety of student clubs and after school programs to enhance the curriculum and provide child care services.

In addition to the ongoing educational programs, special events highlighted the accomplishments of the Teaneck Public Schools. Among them were a Curriculum Fair which involved teachers, parents, students, local restaurants and Township departments; open houses at individual schools; and school performances.

Historically, Teaneck was the first township in New Jersey to voluntarily integrate its schools in 1964. As we approach the thirtieth anniversary of this event, we continue to strive to provide equal educational opportunities for all our students. Through a state Desegregation Grant, we are in the process of implementing a multicultural educational program that addresses both the curricular and human relations aspects of education. In order to access the most up-to-date technology, computer use is being expanded to provide instructional support, as well as to prepare students for the technological world in which they will be working.

Teaneck is especially proud of its high school graduates: over 89 percent of the 1993 graduating class will pursue higher education. However, other than employment opportunities that are provided for high school students as a source of income, students' exposure to the world of work is sporadic and limited. A program that introduces students to the world of work, through hands-on experience, combined with classroom instruction, would be an innovative model for apprenticeship programs. The proposed HEALTHY apprenticeship program would use hospitals as a setting to accomplish these goals.

2 Describe Proposed program, purpose, current status, professional personnel, anticipated length of program and final results

The HEALTHIEY (Health and Education Apprenticeships Linking Teaneck, Hackensack and Englewood Youth) program is an apprenticeship program for high school students in the three adjacent townships of Teaneck, Hackensack and Englewood, New Jersey. The students in these three communities, whose racial composition is diverse, have a history of student interaction ranging from "healthy competition" to verbal and physical assaults. The goals of the HEALTHIEY program are:

1. To redress the shortage of personnel in health careers, by interesting students in the allied health professions, where opportunities for growth abound (Federal estimates cite the occupations of home health aide, physical therapist, medical assistant and radiological technician as the fastest growing fields until the year 2005).

2. To bring young people and adults of different racial and social class backgrounds together to work on a common project, with the aim that participants will have a greater understanding and appreciation of people with different backgrounds.

3. To improve students' school work by addressing skills development, including planning, organization and implementation and demonstrating that academic learning does impact on the "real world."

A community planning group has enlisted the support of the three township school systems and hospitals (see attached letters of support) for the apprenticeship program. The hospitals have agreed to pay half of the student stipends (\$2,750 per student) for twelve students each.

The HEALTHIEY program, designed as a cooperative effort by the institutions will include the following:

1. Each student will be mentored by a health care provider and report to a teacher supervisor.

2. Students will engage in activities that allow them to experience the range of health careers and responsibilities. They will "shadow" a variety of health professionals to experience the daily routine of each position.

3. Students will rotate among the three hospitals, while in training and interact with students from other towns.

4. Classes will provide students with information on health careers; the academic and scientific aspects of health care, ethical issues in the delivery of health care; and skills for success in the "world of work," e.g., interviewing skills, punctuality, dress etc. In addition, students will attend seminars on topics of interest.

5. Mentors and teachers will evaluate students' progress.

6. All participants will evaluate the programs at specified intervals to assess its progress and plan any changes.

The program will be a one-year program including two month planning time (January-February) followed by student recruitment, orientation, and program implementation. When the one-year cycle is complete, funds will be sought from other sources to continue. Program personnel will include a part-time coordinator, several teachers from each school district, clerical support, and the hospital personnel.

The final expected results are as follows:

1. Students will become interested in pursuing health careers, as they receive a thorough early introduction to health care professions.

2. Students will have positive attitudes toward other students of different racial and social class backgrounds, as well as from other communities.

3. Students' grades and interest in school will improve, as they learn to master

Are any IIIA employees involved with the program? ☐ Yes ☒ No planning, organizing and implementation skills.

Name _____ Location _____ Employee # _____

Program Budget Information

Personnel		Amount Requested		
Name	Title	Salary	Fringe Benefits	Total
TBA	Part-time Coordinator	\$ 10,000	None	\$ 10,000
TBA	Part-time secretary	4,000	None	4,000
TBA	Teacher stipends	10,000	None	10,000

or Program Costs (specify)

Student stipends:

\$198,000

12 students X \$5.50 per hour X \$1,000 hours =

\$66,000 per hospital X 3 hospitals

Transportation

50,000

---(for students to be transported to hospitals)---

Seminar fees

10,000

Program Budget

\$ 282,000

Sources of Support for Program

3 hospitals will subsidize half of the student stipends =

99,000

36 students X \$2.75 per hour X 1,000 hours X 3 hospitals

In-kind: Hospital and school staff have committed to mentoring/teaching

Program Revenue

-0-

Agency/Organization Budget

\$ 381,000

Send completed form to

Hoffmann La Roche Inc
Community Affairs Department
340 Kingsland Street
Nutley, New Jersey 07110 1199

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Testimony to General Assembly Labor Committee Hearing
State of New Jersey
March 31, 1994 Public Hearing

Subject: First Annual Assessment Report of the Workforce
Development Partnership Program

From: Victus Corporation (Lawrenceville, New Jersey. (609) 896-2470)
By Harvey Steinberg, Director

THE QUALITY AND VALIDITY OF THE ASSESSMENT REPORT

The newly-founded Victus Corporation was not a bidder on this evaluation contract. It has no desire to see Abt Associates Inc. belittled as an organization with respect to its evaluation effort, or to have Victus or anyone else take over any part of its contract. I say this to remove any suspicions of rivalry that might attach as I illustrate what I believe are severe shortcomings in the Abt Report, as a report. My recommendation is only that those who hold oversight over the consulting effort -- the Department of Labor, the SETC, this Committee as a constituent part of the State Legislature, and other official bodies -- hold the consultant to the mark that is in line with the genuine desire of this Committee and New Jerseyans to generate a more secure economic life for its workers and its employers.

In a tax-sensitive era, should we evaluate a tax-financed evaluation, or exempt it from comment? I might not have thought to answer that, but instead dealt with the substantive program only of the WDPP, had some peculiarities not glared at me when I picked up the Report the other week.

First, for a fiscal framework, what is the cost for the Report itself? I

cannot know how much in earnings the evaluation company has accrued or drawn down on its annual award to the date of the Report. My guess holds it would be several tens of thousands of dollars. This, based on the statutory allowance of up to .5% for evaluation services on the approximately \$50,000,000 program fund for the year, as reduced through competitive bidding, and a portion allocated commensurate with the several months from September 1993 when the award was made to the end of December, or sometime in January, when the Report was completed. If my estimate is off I would hope to be corrected.

What have we in this Report?

The Report bypasses investigating or attempting to discover the impacts of the program, even though by the time of its award WDPP had been in existence for 15 months and had spent or obligated huge sums of State money. The consultant's declaration is that it "does not provide any impact estimates" because "at this point . . . very few participants have completed training." [p. 78, Report]

I much doubt this is so. Combine Exhibit 3.3 on page 22 of the Report with Table 3.8 on page 40. It becomes apparent that with 55% of the training scheduled for 6 months or less (and most of that for 1 - 4 months) [Table 3.8], and with well over 3,000 trainees on board cumulatively over the first 6 months (and growing from there over the last 6 months) [Exhibit 3.3], at least 2,000 trainees probably finished their programs within the one year period. (This number allows for drop-outs, which I do not see counted in the Report.)

It is the intention of the State that there be impact statements . It is specifically set forth in the Request for Proposal that the Annual Assessment Report provide at least " . . . d) an explanation of how well the program is functioning and why it is functioning as such." [p. 22, "2) d)", RFP.] No exception is made with respect to this First Annual Assessment Report as against any other Annual Assessment Report.

In fact, what could be garnered respecting the first year's activities would be exceedingly helpful, for reasons opposite to the Report's claim on p. 9 that "drawing conclusions and recommendations from the first year of operations, when staff [of the programs] freely admit that they are fine-tuning and improving operating procedures, seems premature and inappropriate." Drawing on actual operating experience, one should speak to the contrary, that the early period is when to provide a view and advice on wrong turns being taken, before bad procedures and practices get frozen into bad customs.

In other parts of the Report, it is not so important that a component of the evaluation effort is repeatedly mislabeled, as that the Report does not do what is needed to be done because of the mislabeling.

One wants and absolutely needs "analysis" in an evaluation of a program, but sheer compilations of facts pulled from records of agencies, that get sliced up unto frequency tables and bar and pie charts, are not "analyses," as the author persists in calling them. The practice runs throughout much of the Report, beginning at pages ii and iii, at key places from pages 24 through 34, and so forth.

This is not a mere semantic quibble. First, because the evaluation process presumes to be performing what it is not. Second, it muddies the ability of reviewers to understand the program and its evaluation and induces the frame of mind that where the word "analysis" is used, descriptive statistics will suffice. In other words, it shunts thinking onto a track without arriving at a destination. Finally, and most important because it is most substantive, misuse of the word can obliterate the genuine analysis which is the essential engine for thoughtful policy-making. From analysis emerges the rest of the regime of planning, evaluation, and policy determination -- the discovery or invention of criteria, measures, alternatives, projective outcomes and impacts, and the like -- that lead to optimal decision-making for both the operations of a program and the reshaping of a program. Avoiding it puts a vacuum where the logic machine should be.

At least a greater attempt at meaningful commentary, questioning, and investigation could have been made for guidance in this current program year. For example, the evaluation lists multibillion dollar industrial corporations as recipients of customized training grants, among them at least one in huge proportion to grants to smaller, needier businesses in the State (Appendix A, and page 73 of the Report). At the same time, the evaluating firm has at its disposal two obvious documents -- the authorizing legislation and the RFP -- both of which appear to thrust policy toward smaller and medium-sized companies (1992 New Jersey Employment and Workforce Development Act, Sec. 5.c.(1)(c); RFP, bottom of page 11).

There could be various reasons as to how this funding comes about. Program directors cannot know what to do unless they have clear legislative guidelines. To me, it seems likely that unless the Legislature sets more exact size and qualification standards for such discretionary monies there will inevitably, under the regime of any political party, be agency susceptibility to cries and threats from economic power centers, however veiled. Fixing standards might alleviate or obviate the pressures I suppose exist. So, before the customized training program goes down that same path this current program year it would be good for contradictions of this kind to be flagged by the evaluator.

These several criticisms I have made are indicative of additional ones which could as justly be made of other portions, aspects, and methodologies of the Report as a document. As I said at the beginning of this testimony, I believe this could most practicably be remedied by making sure the evaluation consulting firm knows what this Committee wants and must have, and works toward that end. There is scope within the provisions of the RFP, to which the consulting effort was to respond, for more of that to be accomplished than has been, or promises to be.

My own regret is that the Victus Corporation, through me, had to make a choice between spending its scarce time and this Committee's scarce time on critiquing the quality of the Report, or concentrating on the substantive program. There are crucial questions and comments about the fulfillment of the Workforce Development Partnership Program mission, and the operations to accomplish

General Assembly Labor Committee Meeting
March 31, 1994

that, which should have been made in reflection of the data that does appear in the Report as well as through learning that lies beyond the information contained in the Report.

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**TESTIMONY BEFORE THE
ASSEMBLY LABOR COMMITTEE
ON THE
YOUTH TRANSITIONS TO WORK APPRENTICESHIP
BY
ASSEMBLYWOMAN LORETTA WEINBERG**

**I HAVE COME BEFORE YOU TODAY TO OFFER TESTIMONY
REGARDING DIFFICULTIES I HAVE SEEN IN GROUPS OBTAINING
GRANTS FROM THE YOUTH APPRENTICESHIP PROGRAM.**

**LAST MONTH, SOME TEANECK RESIDENTS CAME TO SPEAK
WITH ME AFTER THEY ATTENDED A WORKSHOP OUTLINING HOW
TO APPLY FOR THE YOUTH APPRENTICESHIP GRANTS. THAT
GROUP, CALLED "HEALTHY", FOR HEALTH AND EDUCATION
APPRENTICESHIPS LINKING TEANECK, HACKENSACK AND
ENGLEWOOD YOUTH, HAD DEVELOPED A GREAT PROPOSAL THAT
WOULD PROVIDE STUDENTS WITH INTERNSHIPS AT AREA
HOSPITALS.**

UNFORTUNATELY, WHEN THEY ATTENDED THE WORKSHOP THEY FOUND OUT THEY WOULD NOT BE ELIGIBLE FOR A GRANT DUE TO A REQUIREMENT THAT ONE OF THE MEMBERS OF THE CONSORTIUM HAVE AN EXISTING APPROVED PROGRAM IN THE OCCUPATIONAL FIELD THAT IS APPROVED BY EITHER THE NEW JERSEY DEPARTMENT OF EDUCATION OR THE NEW JERSEY DEPARTMENT OF HIGHER EDUCATION. THIS REQUIREMENT BASICALLY LIMITS GRANTS TO EXISTING EDUCATIONAL INSTITUTIONS. COMMUNITY GROUPS IN DIVERSE COMMUNITIES THAT NEED THESE TRAINING PROGRAMS ARE PRECLUDED FROM RECEIVING FUNDING. THIS SEEMS TO BE COUNTER PRODUCTIVE SINCE IT IS OFTEN THESE TYPES OF GROUPS THAT FIRST RECOGNIZE A NEED AND CAN BEST FILL THE REQUIREMENT OF THE COMMUNITIES.

AS MY STAFF INVESTIGATED THE GRANT PROGRAM AND ITS RESTRICTIONS THEY FOUND OTHER AREAS THAT SEEM TO PRESENT PROBLEMS. THERE IS A REQUIREMENT THAT THE APPRENTICES BE PAID THE AVERAGE WAGE IN THE STATE AFTER

FOUR YEARS IN THE PROGRAM. IN NEW JERSEY THIS IS CURRENTLY A LITTLE OVER \$15/HOUR. IN FOUR YEARS THAT WAGE WILL BE APPROXIMATELY \$17/HOUR. THAT WAGE WOULD TRANSLATE INTO APPROXIMATELY \$35,000/YEAR. MAYBE I'M WRONG, BUT I BELIEVE IT WILL BE DIFFICULT TO PROVE A PROGRAM CAN PROVIDE A \$17/HOUR WAGE FOR A 21 YEAR OLD HIGH SCHOOL GRADUATE WITH FOUR YEARS EXPERIENCE.

I ALSO DISCOVERED THAT MANY FIELDS OF EMPLOYMENT THAT ARE APPRENTICEABLE ARE NOT ELIGIBLE FOR GRANTS. ONE FIELD FOR INSTANCE IS THE AVIATION INDUSTRY. WE HAVE MANY MAJOR AIRPORTS IN NEW JERSEY AND THIS INDUSTRY PROVIDES THOUSANDS OF JOBS, MOST OF THEM HIGH PAYING.

AS A FORMER MEMBER OF THIS COMMITTEE, I WAS PROUD TO SUPPORT THIS LEGISLATION WHEN IT CAME BEFORE ME. CHAIRMAN ROMA, TODAY IS THE DEADLINE FOR SUBMITTING GRANT PROPOSALS. I AM SURE YOU AND THE OTHER MEMBERS OF THE COMMITTEE WILL BE WATCHING TO SEE HOW MANY PROPOSALS ARE SUBMITTED AND ACCEPTED.

I HOPE THIS PROGRAM CAN BE MODIFIED SO THAT IT CAN PROVIDE FUNDING AND EXPERIENCE FOR NEW APPRENTICESHIPS. HOWEVER, BASED UPON THE INFORMATION I HAVE SEEN, I THINK IT MAY BE NECESSARY TO AMEND THIS LEGISLATION SO THAT NEW AND INNOVATIVE PROGRAMS CAN BE DEVELOPED.

MR. CHAIRMAN, AND MEMBERS OF THE COMMITTEE, I BROUGHT JOE CHUMAN, A FOUNDER AND ORGANIZER OF THE "HEALTEHY" PROGRAM, WITH ME TODAY SO HE CAN RELATE HIS EXPERIENCE WITH THE APPLICATION PROCESS AND ITS REQUIREMENTS. I WILL NOW ASK HIM TO SPEAK TO THE YOU AND WE WILL THEN BE HAPPY TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.

March 31, 1994

LEGISLATIVE HEARING NOTES FOR
WORKFORCE DEVELOPMENT PARTNERSHIP PROGRAM

From Beverly A. Richardson, Provost
Mercer County Community College
James Kerney Campus
(609) 586-4800, ext. 661

WORKFORCE DEVELOPMENT PROGRAM

Overview

- Because it is highly individualized and no 2 contracts are the same, we can meet the students' needs.
- There is enough flexibility in the process that we are able to take a holistic approach to educating and training the individuals. We not only develop skills and educate, but we can develop self-esteem and enhance life skills.
- Assessment is an important part of the process and that is valuable if we are to retain the student.
- Demand occupations are the very fields that the community colleges concern themselves with so we are natural partners.
- Last, but certainly not least, WDPF is an excellent program because there is a real cooperative effort and partnership with the Department of Labor staff. It is obvious to my institution that the Department of Labor staff are committed to their clients and are determined to have them succeed.

AT MERCER

Profile of Students

- Since October 1992, 290 WDPF clients entered our institution.
- Our downtown campus has been the major intake center because of its central location and proximity to the Department of Labor. As much as possible, we believe in one stop shopping for students.
- Students may enroll in any one of 57 degree programs, 15 certificate, our Career Training Institute and an inordinate number of community education training and courses.

- 184 of the students are in 29 different degree programs that are considered demand occupations.
- 106 of the students are in the Career Training Institute or enrolled in specialized training courses such as Lotus, etc.
- Our group is very diverse in age, ethnicity, job backgrounds, life experiences, income history and skill levels.
- They are committed and motivated as evidenced right away by the research they must complete before their plan is accepted by the Department of Labor and us.
- Already 38 out of the 62 in our Career Training Institute have obtained jobs prior to the completion of the training.

CONCERNS

- College staff saw about 450 applicants to yield qualified/committed enrollees. These clients mean as much as 3-4 40 minute counseling sessions.
- While we are flexible, we have to create experiences on demand since most of our offerings are on a semester basis and that is an added expense. Case in point is that we developed a new PC Support Technician program with a wide interest from Workforce applicants and invested \$20,000 with the understanding that the Department of Labor would recommend students and then the freeze. Only 8 students are enrolled of whom 3 are WDPP.
- Our open entry self-paced intensive training program could easily be expanded with a little financial assistance.
- Our cash flow is negatively impacted since there is no front funding. We must have an administrative cost.
- Staff involvement is tremendous (23 overall and 13 on a day-to-day basis).

We believe that this program is very valuable for so many who are unemployed and with some modifications can become a model program. We are hoping that you will make that happen and help us to provide you with many more successes.

Richardson
3/30/94



NEW JERSEY GENERAL ASSEMBLY

PATRICK J. ROMA
ASSEMBLYMAN, 38TH DISTRICT
BERGEN COUNTY
40 EAST MIDLAND AVENUE
PARAMUS, NJ 07652
201-265-6680
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COPY

COMMITTEES
CHAIRMAN, LABOR
MAJORITY MEMBER, VETERANS,
MILITARY AFFAIRS & GAMING

SOUTH EAST BERGEN OFFICE
535 LAWN AVENUE
PALISADES PARK, NJ 07650
REPLY TO PARAMUS OFFICE

March 1, 1994

Acting Commissioner Peter J. Calderone
NJ Department of Labor
CN 110
Trenton, New Jersey 08625

Dear Commissioner Calderone:

First, I would like to apologize for the last-minute cancellation of the Labor Committee public hearing on the Workforce Development Partnership Program that had been scheduled for February 23, 1994. Hopefully, the weather will be more cooperative in the future. I hope that any inconvenience caused was minimal.

I do not anticipate holding the hearing before late March. I would, however, appreciate it if you could provide written answers to the following questions by March 21. These questions are only slightly modified from the questions that were provided to you prior to the scheduled February 23, hearing.

General:

1. What is your overall impression of the strengths and weaknesses of the implementation of the Workforce Development Partnership Program (WDPP) to date?
2. Draft regulations for WDPP were issued during 1993, but never adopted. What plans are there to issue amended or new draft regulations for further public comment?

Evaluation of outcomes:

3. The First Annual Assessment Report of WDPP does not provide outcome or impact evaluation of the components of the program. Please outline the list of evaluative information that will be provided in subsequent reports during this calendar year and in future annual evaluation reports.

4. The First Annual Assessment refers to the development of evaluation criteria for individual service providers. When will the details of these criteria be finalized? What outcome measures are you considering for inclusion in the criteria? When will we be able to receive the first evaluation of the performance of individual service providers? N.J.S.A.34:15D-8 requires that information be collected regarding the impact of the training on the employment and earnings of former WDPP trainees over a period of not less than two years after the completion of training. When will that be done? The law also requires that the long-term information be used in the approval of service providers for WDPP and in the counseling of prospective trainees (i.e., through "consumer guides"). When will that be done? What progress has been made to date in integrating this evaluation and approval of individual service providers under WDPP to the evaluation and approval of service providers under JTPA?

5. Your assessment indicates that there have been some inconsistencies and gaps in the data provided by NJDOL for your evaluation. How are these issues being addressed? When can we expect complete data for your 1994 evaluation?

Assessing total demand for services and allocating resources:

6. What is the breakdown of expenditures between the components of Workforce Development Partnership Program? What percent of expenditures have been for administration, direct customer service and individual training grants? What portion of the funds which go to training service providers is going to administrative costs?

7. We have been informed by the Labor Department that resources for individual training grants for the current program year have been exhausted. What recommendations do you have concerning the priority of resource allocation between individual training grants and customized training?

8. It appears from the Assessment Report that a significantly larger number of individuals expressed an interest in program participation than were enrolled. What is your assessment of the total demand for resources compared to the first 15 months of availability of funding?

9. It appears from your analysis that individuals with less than a high school diploma are under-represented in individual training grant enrollment. This is particularly perplexing since, the WDPP legislation stresses that the providing of basic skills and literacy education to trainees who need it. Moreover, under customized training, 30% of grantees are undertaking basic skills and ESL training for their existing workforce. Hispanic individuals are particularly under-represented. What is your assessment of why this happened? Do you have any recommendations on how the program should be targeted to increase the opportunity for training for these individuals?

Customized Training:

10. Since the establishment of the WDPP, annual expenditures for customized training grants has increased more than three-fold. What were the staffing levels for the Office of Customized Training (OCT), which administers those grants, two years ago (before WDP) and what are they now? Are OCT staffing levels sufficient to expeditiously process applications and properly oversee customized training grants? What have been the longest, shortest and average periods of time needed for the approval of a customized training grant? How many individuals are required to "sign off" on a grant approval under department procedures? Are there other factors which delay the processing of applications? What is being done or planned to improve the process?

11. Have you developed any breakout on the percentage of OCT resources being used for on-the-job training and for classroom training? Will your assessment address the comparative differences between these two approaches within customized training? What is OCT doing to ensure that, under customized training, all on-the-job training is accompanied by an appropriate amount of classroom training, as required by N.J.S.A 34:15D-4g.? How is the actual training content of on-the-job training assessed?

12. Please describe any provisions in customized training agreements requiring companies to repay WDPP funds if they move their plant out of the State? Will any funds be reimbursed to the program if Hill Refrigeration leaves the State? What reassurances will the State have that Hill will not leave if they get the second grant that they are now seeking?

13. N.J.S.A 34:15D-5f expressly permits that customized training grants be provided for remedial education services to enhance workplace literacy. N.J.S.A 34:15D-3 defines "remedial education" as "any literacy or other basic skills training or education which may not be directly related to a particular occupation but is needed to facilitate success in vocational training or work performance." How many applications have been made to the Office of Customized Training for free-standing workplace literacy projects? How has the office responded?

JTPA and WDPP:

14. N.J.S.A. 34:15B-40 requires that information be collected regarding the impact of the training on the employment and earnings of former JTPA trainees over a period of not less than two years after the completion of training. When will that be done? The law also requires that the long-term information be used in the approval of service providers for WDPP and in the counseling of prospective trainees. When will that be done? What progress has been made to date in integrating this evaluation and approval of individual service providers under JTPA to the evaluation and approval of service providers under WDPP? Is there currently any State-wide tracking of the effectiveness of JTPA service providers? If so, can you provide us with State-wide data about their effectiveness?

15. N.J.S.A. 34:15B-36 requires that all JTPA training be for labor demand occupations. Yet there are cases where additional unemployment benefits during training (ABT) were refused to JTPA trainees because the training was not regarded as being for a labor demand occupation under ABT and WDPP standards. What is being done to bring concurrence between JTPA, WDPP and ABT with regard to labor demand occupations? Is there a uniform standard or procedure for determining what is a labor demand occupation under JTPA? If not, what progress is being made to correct this?

16. What is being done by JTPA service delivery areas (SDA) to ensure that training is available in all labor demand occupations that offer trainees an opportunity to increase their skills and earning power? Will they be provided with a list of all occupations for which training is offered in each SDA and a comparison with the list of all occupations for which training has been provided under WDPP?

17. There have been reports of substantial waiting periods for the approval of training grants under both JTPA and WDPP. The First Annual Assessment Report suggests that the minimum waiting time is more than eight weeks in the case of WDPP. What is the shortest, longest and average time between when a displaced worker expressing interest in WDPP grant and when the grant is made to the worker? What is the shortest, longest and average time in the case of a JTPA grant? Please describe any plans to reduce the six to eight week gap between the unemployment benefit rights interview and the meeting with a WDPP counselor.

I am asking for these answers with the intention of stimulating progress in some areas where I fear that the program is now vulnerable to criticism. Implemented properly, WDPP will represent a major improvement in New Jersey's workforce development efforts. But it is necessary to deal effectively with of the gaps that still exist in areas such as program and service provider evaluation. I hope that these questions will assist your efforts to make the program a success.

Please send copies of your response to Deb Smarth and Greg Williams, as well as to my office.

Sincerely,



Patrick J. Roma, Chairman
Assembly Labor Committee

PJR:glw

c: Deb Smarth, Assembly Republican Office
Greg Williams, Office of Legislative Services



STATE OF NEW JERSEY
DEPARTMENT OF LABOR

PETER J. CALDERONE
ACTING COMMISSIONER

OFFICE OF THE COMMISSIONER

CH 110
TRENTON, NEW JERSEY 08625-0110

VIRGINIA PASQUALINI
Director of Constituent Relations
(609) 777-3200
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March 21, 1994

Honorable Patrick J. Roma
Chairman, Assembly Labor Committee
State House
Trenton, New Jersey 08625

RE: Workforce Development
Partnership Program

Dear Chairman Roma:

Attached please find responses and attachments to submitted questions on the above matter. These responses were prepared jointly by the Department of Labor and the State Employment and Training Commission.

Sincerely,


Virginia Pasqualini,
Director, Legislative Affairs

ASSEMBLY LABOR COMMITTEE PUBLIC HEARING ON
WORKFORCE DEVELOPMENT PARTNERSHIP PROGRAM
MARCH 31, 1994

COMMITTEE QUESTIONS

Question #1:

What is your overall impression of the strengths and weaknesses of the implementation of the Workforce Development Partnership Program (WDPP) to date?

Answer #1:

Strengths: For the start-up period of 10/92 through 9/93 the following is representative of the strengths of the program:

- Fast implementation—18,000+ in training
- In the first year of operation, over 50,000 individuals attended a program orientation and 10,000 received a training grant. 8,000 in training through Customized Training
- Effective introduction of voucher or individual training grant with informed customer choice
- Ongoing refinements of process by NDCOL
- Concurrent implementation of tracking and information system with program design and operation
- Widespread use of services by workers and employers. 50,000 individuals expressed interest and customized training inquiries doubled since start of program
- Program met most targets, i.e., 80% of grants - provided to primary workforce with strong labor market attachment training in demand occupations
- Customized Training was provided primarily to the manufacturing sector with one half of grants to companies with less than 100 workers
- Sixty-five percent of firms provided training in new technologies
- In addition to public sector resources, the program effectively utilized the resources of the private sector, including proprietary schools and private educational facilities

Weaknesses: Were, for the most part, to be expected as start-up problems. Areas that require further development and refinement include:

Initially, the WDP program experienced some impact on the ongoing local office activity due to the heavy demand for training. This suggests that targeting of workers will provide a more consistent program operation and will enhance the Department's ability to operate WDP within its annual resources.

The interim Management Information System for WDP has not been refined to the point where comparisons of planned to actual activities can be easily calculated.

Question #2:

Draft regulations for WDPP were issued during 1993, but never adopted. What plans are there to issue amended or new draft regulations for further public comment?

Answer #2 :

The Department has proceeded with the development of regulations for the WDP Program. Specifically we have done the following:

The proposed regulations for Customized Training expired last month. We have reviewed the comments from organized labor and others and will be reproposing the regulations shortly.

We have adopted regulations for Individual Training Grants, Approved Training, After Benefits during Training, and Disadvantaged Workers. These will appear in the N.J. Register on April 18, 1994. Regulations for the Occupational Safety and Health are being developed.

Question #3:

The First Annual Assessment Report of WDPP does not provide outcome or impact evaluation of the components of the program. Please outline the list of evaluative information that will be provided in subsequent reports during this calendar year and in future annual evaluation reports.

Answer #3 :

In general, outcome measures will provide an indication of the impact of the program on workers' wages and duration of employment after training through individual grants or Customized Training.

The 1994 Annual Assessment Report will provide details on WDP operations and preliminary employment and earnings outcomes. The 1995 Annual Assessment Report

will provide both an assessment of program operations as well as an assessment of WDP impacts. Specifically, the 1995 Report will measure program impacts on:

- Entered employment rate--number of individuals who enter employment following WDP training
- Job retention--number of individuals remaining employed in subsequent quarters
- Earnings--during the first full quarter after program exit
- Earnings in subsequent quarters

In addition, the 1995 evaluation will measure program impacts on the following UI outcomes calculated by type of trainee, type of training, and region of State:

- Rate of exit from UI
- Amount of UI benefit receipt
- Number of weeks of UI benefits received
- Rate of exhaustion of UI benefits

In addition to estimating program impacts on individual WDP trainees, 1995 impact evaluation will measure program impacts on firms participating in the WDP Customized Training component.

Question #4:

The First Annual Assessment refers to the development of evaluation criteria for individual service providers. When will the details of these criteria be finalized? What outcome measures are you considering for inclusion in the criteria? When will we be able to receive the first evaluation of the performance of individual service providers? N.J.S.A. 34:15D-8 requires that information be collected regarding the impact of the training on the employment and earnings of former WDPP trainees over a period of not less than two years after the completion of training. When will that be done? The law also requires that the long-term information be used in the approval of service providers for WDPP and in the counseling of prospective trainees (i.e., through "consumer guides"). When will that be done? What progress has been made to date in integrating this evaluation and approval of individual service providers under WDPP to the evaluation and approval of service providers under JTPA?

Answer #4 :

The proposed detailed evaluation methodology for the overall assessment of WDP will be presented to the State Employment and Training Commission for action at the

March 30 meeting and finalized by April 30. Included in this package will be an evaluation criteria for individual service providers. The criteria will incorporate relevant information on the past performance of vendors as required by law.

The criteria for assessing vendors is expected to enhance the ability of WDP counselors and participants to identify the best service providers available for their specific needs. The information for this vendor assessment is currently being collected by WDP staff. It is important that the information collected be complete and be updated regularly. The SETC's ability to provide vendor assessments is contingent on the quality of data available.

We anticipate the vendor assessment to be based on the following types of information:

- Amount, type, and cost of service provided by the provider
- Information on the outcomes of training
- Information on participant characteristics
- Additional information on vendors

The SETC has met with Department staff to develop steps for collecting and entering the required data. The data will be available in April which will permit the SETC to quickly provide a preliminary assessment of vendor performance. A more complete assessment of the vendor data will be incorporated in the 1994 Annual Assessment Report (scheduled for completion in December 1994).

The vendor assessment will include an evaluation of the following outcomes: training completion rate, length of training, cost of training, placement rate, earnings at placement, and length of employment.

We have also met and will continue to meet with Job Training Partnership Act (JTPA) staff in order to determine which of the vendor assessment criteria may also be useful for assessing JTPA service providers. SETC plans an outcome report on JTPA individual service providers this summer. To this end, a design for JTPA long term follow-up will be tested shortly in Passaic and Burlington counties.

Question #5:

Your assessment indicates that there have been some inconsistencies and gaps in the data provided by NJDOL for your evaluation. How are these issues being addressed? When can we expect complete data for your 1994 evaluation?

Answer #5 :

The SETC is working with Department staff to correct these issues. The Department will address all of the data issues identified by April 15. The financial reporting system will be upgraded by July 1. On March 15, the SETC, Abt Associates, and Labor technical staff met to address evaluation data issues. The new computerized data system will address all the data issues identified by the first annual assessment.

Question #6:

What is the breakdown of expenditures between the components of Workforce Development Partnership Program? What percent of expenditures have been for administration, direct customer service, and individual training grants? What portion of the funds which go to training service providers is going to administrative costs?

Answer #6:

During the period July 1, 1992 through September 30, 1993, the WDP program expended \$3.5 million on administration, \$4.1 million on start-up activities, \$31.8 million on displaced workers, \$4.5 million on disadvantaged workers, and \$14.5 million on Customized Training. The expenditures for the Rutgers/Industrial Union Council contract were incurred after September 30.

Question #7:

We have been informed by the Labor Department that resources for individual training grants for the current program year have been exhausted. What recommendations do you have concerning the priority of resource allocation between individual training grants and Customized Training?

Answer #7 :

Given the unprecedented high demand for services, we must find a way for balancing the demand for services with the resources available throughout the year. To achieve this goal, it appears that additional targeting criteria will need to be developed. Towards that end we are recommending that beginning July 1, 1994, the target population for individual training grants to displaced workers will be UI claimants with: 1) five out of seven years attachment to the labor force, and 2) a 26-week unemployment claim. This should reduce intake to the program by approximately 50%, allowing a more intensive counseling process, and thus better use of training funds.

Based on an anticipated increase in available Federal resources for displaced worker training, it would be appropriate to use the maximum amount of WDP resources for Customized Training for the year beginning 7/1/94. The Department will design and implement a customer friendly connection of resources from both JTPA Title III and

WDP to ensure maximum opportunity for individual training grants through both program sources.

Question #8:

It appears from the Assessment Report that a significantly larger number of individuals expressed an interest in program participation than were enrolled. What is your assessment of the total demand for resources compared to the first 15 months of availability of funding?

Answer #8 :

There is an obvious excess demand for training grants. We project in FY 1995 that an estimated 150,000 claimants may be eligible for training grants.

Question #9:

It appears from your analysis that individuals with less than a high school diploma are under-represented in individual training grant enrollment. This is particularly perplexing since the WDP legislation stresses that the providing of basic skills and literacy education to trainees who need it. Moreover, under Customized Training, 30% of grantees are undertaking basic skills and ESL training for their existing workforce. Hispanic individuals are particularly under-represented. What is your assessment of why this happened? Do you have any recommendations on how the program should be targeted to increase the opportunity for training for these individuals?

Answer #9 :

Commencing July 1, 1994, claimants with: 1) five out of seven years attachment to labor force, and 2) a 26-week unemployment claim will be the target group for individual training grants. Program targeting will reduce WDP intake by 50% and will permit counselors to better assess remediation and literacy training needs.

Additionally, claimants with less than a high school diploma who may have been less aggressive in pursuing a training grant than high school graduates will now, as a result of targeting, be given more individual counseling and encouragement in their pursuit of a grant.

Furthermore, the Department is working with the Department of Education to identify numerous local remediation and ESL programs available to potential WDP clients. Departments of Education and Labor officials will train WDP counselors to access these programs.

Question #10:

Since the establishment of the WDP, annual expenditures for Customized Training grants has increased more than three-fold. What were the staffing levels for the Office of Customized Training (OCT), which administers those grants, two years ago (before WDP) and what are they now? Are OCT staffing levels sufficient to expeditiously process applications and properly oversee Customized Training grants? What have been the longest, shortest, and average periods of time needed for the approval of a Customized Training grant? How many individuals are required to "sign off" on a grant approval under Department procedures? Are there other factors which delay the processing applications? What is being done or planned to improve the process?

Answer #10 :

Prior to WDP (7/7/92) there were 11 individual staff members of the Office of Customized Training. Two supervisory, one clerical, two technical support, and six Customized Training Representatives. Current staff levels are 13 individual staff members, two supervisory, two clerical, two technical support, and seven Customized Training Representatives.

During the past year the Office of Customized Training had two additional support staff on loan as monitors to help ease the increased workload. However, both individuals had to be reassigned back to their regular positions due to transition. A third individual has been loaned temporarily to the Office to draft and track all contracts and to verify the certification and quality of service providers, and another individual is on loan as a Management Assistant.

These temporary assignments coupled with streamlining of paperwork by Customized Training Representatives has alleviated some of the processing delays caused by the increased demand for services.

With increased requests for assistance, the current staffing level does not reflect adequate capacity to market, develop, and maintain a manageable caseload for each Customized Training Representative. Monitoring and invoicing are particularly time consuming, but vital to the integrity of the program. We are currently conducting a needs assessment to determine specific staff and equipment needs.

The longest approval time, including contract development, was five months, the shortest was 1 day, and the average is two months. Much of the time which contributes to the processing time is the varying amount of negotiation that must occur between the Department and the applicant. Concerning the review process, there are five signatories on a grant approval prior to the Commissioner's final approval.

Other factors which may delay approval is the response time of an applicant to questions which may arise during the review process, financial or content wise.

Question #11:

Have you developed any breakout on the percentage of OCT resources being used for on-the-job training and for classroom training? Will your assessment address the comparative differences between these two approaches within Customized Training? What is OCT doing to ensure that, under Customized Training, all on-the-job training is accompanied by an appropriate amount of classroom training, as required by N.J.S.A. 34:15D-4g? How is the actual training content of on-the-job training assessed?

Answer #11:

The percentage of On the Job Training (OJT) is 60% and classroom is 40%. The OJT approach is applied learning, also known as job-specific or contextual learning. OJT is often more effective than other traditional approaches because it embeds information in a context which is more meaningful to the trainee. When learning is focused on the objectives of the job, skills are more easily acquired. New information and knowledge presented in the context of job activities motivates the learner. In addition, what is learned can be put to use immediately, thereby providing feedback essential to the learning process.

The decision of which approach to apply is based on a determination of which would be the most conducive learning environment. OJT is applied when the individual can most effectively learn the required tasks at the worksite producing a product or service under the tutelage of an experienced and skilled craftsperson or supervisor. Classroom instruction is applied away from the worksite and involves such areas as foundation skills or theory-based instruction. In some cases, OJT without classroom is sufficient to achieve competency goals. This determination is made in association with the employer, the Customized Training Representative, and in consultation with a curriculum specialist from the Department of Education.

Actual training content of OJT is determined and monitored against standards of Specific Vocational Proficiency (SVP) in the Dictionary of Occupational Titles (DOT).

Most of the OJT contracts do have some classroom based training associated and built into the curriculum. However, for all training to have a classroom portion away from the worksite could be detrimental to small business and/or unnecessary to the training needs. In the case of an equipment manufacturer being utilized as a trainer, for instance, it is cost effective to teach from their operations manual right on the shop floor while production is occurring. The insistence of classroom training away from the worksite would not be efficient and would increase the cost of training, wages, hours of production lost, and administrative costs.

Question #12:

Please describe any provisions in Customized Training agreements requiring companies to repay WDPP funds if they move their plant out of the State? Will any funds be reimbursed to the program if Hill Refrigeration leaves the State? What reassurances will the State have that Hill will not leave if they get the second grant that they are now seeking?

Answer #12 :

The application as well as contract for Customized Training specifically state "If a company leaves New Jersey within three years from the conclusion of a skills training agreement under which the company received financial assistance, all monies received under that agreement must be returned." There has been no company to date which left the State after training. However, Hill Refrigeration has not invoiced for most of the training done to date as they are aware of the payback provision. Our proposed rules contain this provision so that companies will consider our assistance a serious investment.

Question # 13:

N.J.S.A. 34:15D-5f expressly permits that Customized Training grants be provided for remedial education services to enhance workplace literacy. N.J.S.A. 34:15D-3 defines "remedial education" as "any literacy or other basic skills training or education which may not be directly related to a particular occupation but is needed to facilitate success in vocational training or work performance." How many applications have been made to the Office of Customized Training for free-standing workplace literacy projects? How has the office responded?

Answer #13 :

There have been no applications for free-standing workplace literacy projects, however, there has been one free-standing English as a Second Language application which was a consortium of eight companies in the Printing and Dyeing industry. This was funded after research and contact with the providers of like federal programs.

Question #14:

N.J.S.A. 34:15B-40 requires that information be collected regarding the impact of the training on the employment and earnings of former JTPA trainees over a period of not less than two years after the completion of training. When will that be done? The law also requires that the long-term information be used in the approval of service

providers for WDP and in the counseling of prospective trainees. When will that be done? What progress has been made to date in integrating this evaluation and approval of individual service providers under JTPA to the evaluation and approval of service providers under WDP? Is there currently any Statewide tracking of the effectiveness of JTPA service providers? If so, can you provide us with Statewide data about their effectiveness?

Answer #14 :

The SETC plans to evaluate the long-term impact of training on the employment and earnings of former JTPA trainees utilizing the design developed by Abt Associates for the WDP. This design for WDP evaluation will be presented to the Commission at the March 30, 1994 meeting for approval. It is expected that this evaluation design will be finalized no later than April 30.

Currently, Abt Associates is developing criteria for assessing WDP service providers as part of the overall evaluation design. Assessment data obtained will be utilized in the approval of service providers for WDP and in the counseling of prospective trainees. These criteria are also expected to be useful in assessing the effectiveness of JTPA service providers statewide. Currently, each Service Delivery Area tracks effectiveness of their service providers.

The SETC and the Department have agreed to test a design for JTPA long term follow-up of employment and earnings of former JTPA trainees trained by approved vendors. This "test" will be conducted in Passaic and Burlington counties. It will be based on a format currently being used to assess vendors in Essex County.

Question #15:

N.J.S.A. 34:15B-36 requires that all JTPA training be for labor demand occupations. Yet, there are cases where additional unemployment benefits during training (ABT) were refused to JTPA trainees because the training was not regarded as being for a labor demand occupation under ABT and WDP standards. What is being done to bring concurrence between JTPA, WDP, and ABT with regard to labor demand occupations? Is there a uniform standard or procedure for determining what is a labor demand occupation under JTPA? If not, what progress is being made to correct this?

Answer #15 :

According to our information there were only a few instances in which individuals were denied additional benefits during training because they enrolled in training that was considered not to be in demand. This is much less likely to occur in the future since the Employment and Training Services Area Plan (ETSA) for PY '94 requires JTPA and WDP to collaborate on identification of Labor Demand Occupations and ABT approval.

Question #16:

What is being done by JTPA service delivery areas (SDA) to ensure that training is available in all labor demand occupations that offer trainees an opportunity to increase their skills and earning power? Can we be provided with a list of all occupations for which training is offered in each SDA and a comparison with the list of all occupations for which training has been provided under WDP?

Answer #16:

JTPA programs are required by legislation to train in labor demand occupations. While each SDA is free to use the best available labor market information in determining labor demand occupations, there are some basic sources universal to all SDAs. They are the Department's Office of Research and Planning, US Census Data, Bureau of Labor Statistics as well as locally developed labor market information through surveys, vendor performance, and trainee feedback.

The listing of occupational training being conducted by JTPA and WDP is enclosed.

Question #17:

There have been reports of substantial waiting periods for the approval of training grants under both JTPA and WDP. The First Annual Assessment Report suggests that the minimum waiting time is more than eight weeks in the case of WDP. What is the shortest, longest, and average time between when a displaced worker expressing interest in WDP grant and when the grant is made to the worker? What is the shortest, longest, and average time in the case of a JTPA grant? Please describe any plans to reduce the six to eight week gap between the unemployment benefit rights interview and the meeting with a WDP counselor.

Answer #17:

Initially, substantial waiting periods for the approval of training grants under WDP were due to the large number who expressed an interest, plus the reach back of claimants, and a shortage of trained staff on board.

The shortest time between when a displaced worker expressed interest in a WDP grant and when the grant has been written was two weeks, the longest has been approximately 12 to 15 weeks. These are approximate time frames which are also applicable to JTPA.

As staff was added and trained and the reach back group received services, the time frame from when the individual expressed interest to when the grant was written averaged about six weeks. Of course there have been some variations by Region based on workload and staffing. A thorough assessment and job search is necessary to test whether an individual can return to work by marketing transferable skills, experience,

and education in the current labor market. Researching training vendors, programs, and available funding from sources other than WDP is also a necessary process for the individual.

It must be noted that one cannot simply take an average time from when a person expresses interest to the time an actual contract is written and then conclude that individuals who have not received a grant within that timeframe have not received good service. Too many variables enter the picture which include:

- Some individuals have no idea of what they want to do. Testing, assessment, and career decisions take time.
- In most instances, an individual must meet with the counselor two to three times before the EDP is finally developed and agreement is reached on the appropriate training curriculum and the school.
- The course of study may not be available for six weeks or more.

The Department's plan to shorten the time periods for an individual to see a counselor center on reducing the volume of interested individuals by profiling and identifying potential eligibles at the time an unemployment insurance claim is filed. This will reduce the number of people seeking WDP services which should, in turn, provide faster improved services to these individuals.

and education in the current labor market. Researching training vendors, programs, and available funding from sources other than WDP is also a necessary process for the individual.

It must be noted that one cannot simply take an average time from when a person expresses interest to the time an actual contract is written and then conclude that individuals who have not received a grant within that timeframe have not received good service. Too many variables enter the picture which include:

- Some individuals have no idea of what they want to do. Testing, assessment, and career decisions take time.
- In most instances, an individual must meet with the counselor two to three times before the EDP is finally developed and agreement is reached on the appropriate training curriculum and the school.
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The Department's plan to shorten the time periods for an individual to see a counselor center on reducing the volume of interested individuals by profiling and identifying potential eligibles at the time an unemployment insurance claim is filed. This will reduce the number of people seeking WDP services which should, in turn, provide faster improved services to these individuals.



STATE OF NEW JERSEY
DEPARTMENT OF LABOR

PETER J. CALDERONE
Commissioner

CN 110
TRENTON, NEW JERSEY 08625-0110

May 26, 1994

Honorable Patrick J. Roma
Chairman, Assembly Labor Committee
40 East Midland Avenue
P.O. Box 1308
Paramus, New Jersey 07652

Dear Assemblyman Roma:

Thank you for your continued interest in the implementation and evaluation of the Workforce Development Partnership Program (WDPP). We appreciated the opportunity to discuss the **First Annual Assessment Report of the Workforce Development Partnership Program** with the Assembly Labor Committee at the public hearing on March 31, 1994.

Department of Labor (NJDOLE) staff and State Employment and Training Commission (SETC) staff have collaborated to respond to your April 5, 1994 written request for more information concerning topics discussed at the hearing. Our answers have been grouped to correspond with your request format.

It is important to note that the questions raised at the hearing and your April 5 letter have been distributed accordingly to the NJDOLE and the SETC. The format for responses is as follows:

Labor responses: Questions 1 through 6 (partial), 9 and 10

SETC responses: Questions 6 (partial), 7, 8, 11, 12 and 13

Assemblyman Roma

1. While the passage of the Workforce Development Partnership legislation did not in itself result in major changes to the Customized Training program the increase in funding did change it substantially in terms of the number of applications submitted as well as the amount of training

grant dollars requested. Since the size of the CT staff is essentially the same as prior to WDP, this increase in workload has impacted our capacity to respond quickly to all requests. The Department of Labor is in the process of reviewing policies and procedures relating to Customized Training in order to possibly streamline work flow and application processes. In addition, a Management Information System has just been designed and is nearing implementation, which should facilitate operations. The Department of Labor is also assessing staffing needs with an expected increase to ensure a prompt reply to requests for training.

2. The Customized Training Representatives do assess the training value of each on-the-job training placement. A representative of the Department of Education (DOE) reviews the educational content of OJT programs as needed, and makes recommendations for improvement within the context of reviewing curriculum for all occupational training programs.

This is better defined as a review rather than a consultation process, of which the Department of Education representative spends 100% of their time on Workforce Development; approximately 70% of their time is spent on curriculum review. As part of assessing its staffing needs, it is anticipated that a stronger working relationship will be forged between the Department of Education and Labor to better address the training value of OJT programs.

3. There are currently two applications which were originally submitted seven months ago which have not yet been approved. The delay is because additional information was needed from the employer in order to process the application. As of this date, the information has not been received from the applicant. The longest period of time that a currently pending application has been awaiting approval is since 9/20/93. The Office of Customized Training is in the process of reviewing its operating procedures in their entirety, to expedite the processing of future applications.
4. The five signatures required for the approval of a customized training grant are as follows: James Bederka, Assistant Chief OCT; George Krause, Controller; Brian Peters, Director CT; Paulette Laubsch, Assistant Commissioner, Employment Security and Job Training; and Peter Calderone, Commissioner of Labor. All work flow processes are currently under review, with the goal to expedite the disposition of grant applications, which will include a reduction in this sign-off process.
5. The testimony at the hearing fully responded to Mr. Goetting. As presented at the hearing, Mr. Goetting's

prepared statement was based on GSETA's observations prior to a meeting with the Commissioner and may not now be the same.

By way of background, we note that the Workforce Development Partnership legislation was signed into law on July 7, 1992 with an effective date of July 7, 1992. As a result, implementation research and program start-up, and all the associated necessities such as staffing, space, equipment, procedures, forms, rules and regulations, work flows, payment mechanisms, etc. began organizing at that time.

The original legislation allocated 30% of the WDP funds per year to individual grants. These funds were sufficient to provide approximately 5,000 to 6,000 individual grants per year. In 1992 approximately 350,000 individuals filed unemployment claims in New Jersey, with a similar number in 1993. These individuals constituted the potential WDP participants. Initial recommendations were to publicize this program as much as possible.

Start-up time took approximately two and a half months, which created an immediate backlog of individuals to be expedited into the program. By the time the first Abt Associates evaluation was issued, approximately 60,000 individuals had received orientations to WDP and were offered Employment and Training services while over 10,000 had received individual grants.

In evaluating this first year effort, Abt Associates reported the following:

"Despite start-up pressures, New Jersey has after only one year of program operations, a fully operational program.

- * Over 10,000 individuals have received grants for individual training.
- * Unemployed individuals can now contact any local Employment Security (ES) office and be directed to orientation, counseling, and training services offered by the WDP.
- * An extensive package of standard forms and informational materials is available for use by program participants and staff.
- * WDP staff have received extensive training on all services offered by the program. The training has been supplemented by detailed operating manuals, as well as by a regular flow of policy bulletins

clarifying and refining program rules.

- * Computer systems are available to track training services to individuals, Additional Benefits during Training (ABT), and financial tracking of training contracts and grants.
- * Continuing communication is taking place between the WDP program, the partner state agencies, and the private and public training community which serve as vendors.

Through these efforts WDPP continues to improve coordination and increase the training options for WDPP participants."

The computer tracking system for the WDPP is relatively new. The Management Information System (MIS) was developed at the same time the program was initiated. As a result, records were data entered into several computer program sources managed by the Department. Initially, some records were difficult to access because of this process. These records are currently being merged into the new MIS and will be available shortly in one place which will enhance reporting and evaluation.

Some strengths of the WDP program are:

- * The focus of the WDP program is counseling, with testing/assessment and placement into training instrumental in fulfilling an Employability Development Plan which should result in higher skills and earning power for the worker. In order to effectively provide this service, qualified job counselors are critical. All Employment Service (ES) counselors meet the quality standards established by the Commissioner of Labor.
- * A major component of the Workforce Development program is the utilization of unemployment benefits which makes WDP and Unemployment Insurance (UI) an effective reemployment program. Determinations of unemployment reporting requirements and eligibility requirements, as well as the approval of Additional Benefits during Training resides with the SESA and cannot be delegated to another agency, in accordance with the Federal Unemployment Trust Act.
- * The WDP program can address itself to the state economy as a whole, encompassing multiple labor markets. This is especially important since clients are a mobile population. WDP looks at the

broader perspective and provides training to meet long-term labor demands throughout the state.

- * Excellent linkages are being formed with Workforce partners, especially with those involving college credit courses. The WDP program has been able to effectively link college education into its training alternatives, in part because of its ability to integrate plans with the availability of unemployment benefits.
- * The WDP program places emphasis on counseling as a key component of the program, and allows clients the freedom to select his or her own vendor, with guidance from the counselor.
- * Program refinements continue to be made in the area of work flow, tracking and information services, contracts and voucher processing.

As the WDP program continues past its initial start-up phase, it has an excellent opportunity to break new ground in the area of workforce training and to serve as a model for both the federal government and other SESAs.

The WDP program has a sunset provision if results do not meet positive expectations. It would seem the legislative intent is clear, and WDP should be given an opportunity to execute its legislative mandate.

It is also noted that the Commissioner continues to forge a partnership with the JTPA leadership that will allow a collaborative relationship of WDP and JTPA to reach the full potential of both programs.

6. Department response: The demand for customized training services increased greatly with the WDP program. Additionally, customized training has become a key component of the State's overall economic development strategy. For the current fiscal year, there are grant applications by 56 companies now under consideration.

While the need for individual training grants for displaced workers is also an important initiative, it is difficult to support increased funding at the cost of the customized training component. Moreover, due to increased JTPA funding there are additional resources for individuals for training beginning in Program Year 1994 beginning July 1, 1994.

SETC response: Both individual and customized training grants are important components of New Jersey workers' safety net and economic development portfolio. Given the

dramatic increase in available federal Job Training Partnership Act (JTPA) resources for dislocated worker training, i.e., an increase of over \$20 million annually beginning July 1, 1994 (from \$15 million to \$20 million), it appears prudent to begin the next program year maximizing the customized training component while at the same time meeting the mandatory minimum legislative requirements for individual training grants. An assessment of relative demand and resource obligation will be made in January 1995 to determine if the redistribution of resources between these two components is suggested.

Assemblyman Mikulak

7. Targeting individual counseling and encouragement, outreach and recruitment efforts can result in higher enrollment for individuals with less than a high school diploma. The presentation at the Orientation sessions is being reviewed as to whether to include an open discussion of the availability of academic support and upgrading of basic educational and skill levels for all individuals.

Additional efforts to link basic skills and occupational education such as the current endeavor between Labor and the Department of Education to identify numerous local remediation and English-as-a-Second Language (ESL) programs available to potential WDP clients are needed to succeed in this area. These populations do appear to be under represented and an outreach and recruitment effort is warranted.

8. More stringent attachment-to-workforce requirements is necessary to maximize training assistance availability for the long-term displaced worker and should not adversely impact less educationally disadvantaged displaced workers. In the proposed implementation of a system of profiling Unemployment Insurance (UI) claimants and providing them with reemployment services, the federal government has found that education level (those with less education are more likely to exhaust benefits) and job tenure (tenure on the previous job is positively related to reemployment difficulty) will help identify those most in need of reemployment services. More intensive counseling will be available for targeted individuals. As a result, counselors will be more effective in encouraging individuals to seek both remedial education and occupational training opportunities.

Assemblywoman Haines

9. The four companies noted, along with relevant comments, is as follows:

Crown Cork and Seal, Inc.: A grant of \$121,472 was awarded to NJIT to provide instruction to 80 hourly employees of Crown Cork and Seal. The grant period was from December 7, 1992 through December 31, 1993. As a result of a lack of orders, the company began plans to close the facility. Consequently, \$104,783 was deobligated from the grant and the account was closed. An amount of \$16,689 was paid to NJIT for the instructional services they provided.

Jamesway Corp.: Two grants totaling \$134,356 were awarded to Jamesway covering the period of June 9, 1993 through June 9, 1994. Although Jamesway is in Chapter 11 and is undergoing "downsizing", it was determined that the grant be awarded to assist the company in strengthening the skills of the remaining employees and enhance the competitive standing of the corporation.

The program has been closely monitored and the grant has been modified to reflect the company's changing needs.

Tenney Engineering, Inc.: A grant was approved for Tenney Engineering in the amount of \$19,855 covering the period of September 2, 1992 through June 30, 1993. The grant was withdrawn when it was learned that the company planned to close the facility in February 1993. No funds were expended.

Thomas & Betts: An application for customized training assistance was approved in January 1994 for \$488,333 to provide classroom-based and on-the-job training instruction to 130 current employees and 36 employees to be recalled. The company relocated lower skill assembly work to Memphis, Tennessee in 1992. Further job transfers were planned if costs could not be reduced in the Elizabeth facility.

It was determined at the time that the grant approved by the Department is an integral part of a cost saving and efficiency improvement strategy designed to save the existing jobs. If successful, the program will enable the company to remain in Elizabeth and expand their European and domestic customer base.

Assemblyman Foley

10. The Department of Labor requires that if the company receiving financial assistance for customized training

services relocates out of the State of New Jersey within three years following the ending date of the customized training contract, the company must return all monies provided to the company by the State for customized training services. This requirement has been included in the proposed Customized Training Rules, N.J.A.C. 12:23, and is part of the program conditions contained in our Customized Training applications.

Committee staff

11. The survey information for the pilot program in Passaic and Burlington Counties has been gathered and placed on computer disk for evaluation against wage reporting data available through the Department of Labor. It is expected that this evaluation will be completed by June 30, 1994. If this pilot program yields definitive information about the success of vendors providing services to JTPA participants, evaluation of long-term effectiveness of JTPA-funded service providers on a State-wide basis can be implemented by September 30.
12. The information proposed by Abt Associates on page 47 of the draft evaluation report for use in the Consumer Guide is a list of potential outcome and other measures for inclusion. Publication of outcome measures will not be limited to the Consumer Guide. Long term impact will be reported by the Commission in various informational reports and publications.

The Commission is currently working on finalizing: 1) the long-term follow-up information to be provided to consumers about service providers; 2) the long-term follow-up information to be provided to counselors and others about service providers; 3) the format for presenting this information, and; 4) the vehicles for disseminating information in a manner that will maximize access by the public.

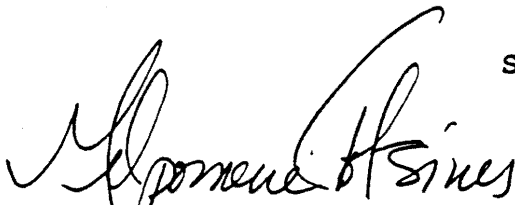
For example, an appendix might be added to the Consumer Guide to provide consumers with long-term follow-up information about service providers. In this way the current "easy to understand" general format would not be disturbed. Both the initial (1993) and second editions (1994) have been applauded by users for its presentation of information that can be understood by the general reader. Other vehicles for dissemination of information will include the New Jersey Career Information Delivery System, quarterly progress reports from Abt Associates, and the Annual Assessment Report of the Workforce Development Partnership Program.

13. The intent of the discussion on pages 45 and 46 of the draft evaluation is not to limit outcome information to the Consumer Guide. Detailed outcome information will be available to the counselor and potential grantees to select service providers based on performance results and other factors relevant to training selection. Labor's data base will be analyzed by Abt Associates on an ongoing basis to provide the basis for effective and efficient selection of each service provider.

The discussion on pages 45 and 46 is intended to raise some reservations about the extent to which providers' specific outcome measures should be the sole selection criteria for provider choice or approval. Once this information is developed and reported in the December 1994 Annual Assessment Report, the SETC can then determine what, if any, appropriate cutoff points should be utilized for service provider approval.

As discussed immediately above, the information will be available in more than one source.

We hope that the information provides answers to the questions. Please do not hesitate to contact me if you need further information on any of the responses.


Melpomene Kotsines
Legislative Liaison

Sincerely,


William A. Tracy
Executive Director

c: Deborah Smarth, Republican Assembly Staff
✓ Gregory L. Williams, Office of Legislative Services



First Annual Assessment Report of the Workforce Development Partnership Program (WDPP)

December 1993

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EXECUTIVE SUMMARY

This report represents the first of a series of annual reports prepared by the New Jersey State Employment and Training Commission (SETC) and its research contractor, Abt Associates, on the implementation and effectiveness of the Workforce Development Partnership Program (WDPP). This report assesses the early implementation of the WDPP; specifically, it assesses program implementation during Fiscal Year 1993 (July 1, 1992 to June 30, 1993) and during the first quarter of Fiscal Year 1994 (July 1 to September 30, 1993). The focus of this First Annual Assessment report is primarily on describing the evolution of the program, its early implementation, and plans for future program evaluation.

Future reports will provide the legislature with impact evaluations of each of the WDPP components. Future reports will also make recommendations about program operations and suggest approaches to enhance program effectiveness. In addition, the SETC will work closely with Abt Associates to assess service providers and to provide recommendations for criteria and procedures for the approval and evaluation of service providers.

Authorizing Legislation

New Jersey's WDPP is in the forefront of new state approaches to worker training. The WDPP was authorized on July 7, 1992 by the Workforce Development Partnership Act (Chapters 43 through 49, P.L. 1992). The goal of the WDPP is to provide employed, recently displaced, and disadvantaged workers with employment and training services likely to enhance their productivity, job advancement, and earning power. These services are offered through the following components: (1) *training grants to individual displaced workers*, (2) *training grants to individual or groups of disadvantaged workers*, (3) *additional UI benefits during training*, (4) *grants to employers for customized training services*, and (5) *occupational safety and health training*.

Individual Training Grant Component

The Individual Training Grant component provides counseling and training support for dislocated workers who lack marketable skills and are unlikely to find work in a demand occupation without additional training. The emphasis of the Individual Training Grant

component is on providing classroom skills training alone or in combination with remedial education. The maximum training grant per individual is \$4,000, with an additional \$1,000 available for remedial education if needed.

During the first five quarters of program operations (July 1992 through September 1993):

- Over 50,000 individuals attended a program orientation -- a substantial level of activity in a comparatively short period of time.
- Over 10,000 -- or 20 percent -- of those attending orientation received a training grant. Those receiving a training grant represent approximately 3 percent of ES registrants.
- Over \$30 million has been obligated for Individual Training Grants.

Incomplete data has made it difficult to conduct more than a general assessment of the occupational areas in which grants have been awarded. Our preliminary investigation, however, suggests that the grants have been provided for training in demand occupations as required by the legislation.

Additional Benefits During Training Component

The Additional Benefits during Training (ABT) component of the WDPP provides for up to 26 weeks of additional Unemployment Insurance benefits for certain eligible individuals enrolled in training programs. In authorizing the ABT component, the legislature wished to encourage displaced workers to make greater use of long-term retraining opportunities. It was expected that the availability of the additional benefits will enable displaced workers to obtain the high quality training and education necessary for high skilled occupations where shortages were expected to arise. Thus, by assisting displaced workers to obtain longer-term retraining, ABT enhances dislocated workers' ability to "retool" their skills and contribute to long term economic development.

The analysis of the ABT component yielded the following highlights:

- 5,078 individuals received ABT benefits through the end of September 1993;
- The mean ABT amount paid was approximately \$3,805;
- A total of \$19.3 million has been expended in ABT payments through September 1993; and

- As of September 1993, about 20 percent of ABT recipients exhausted their ABT benefits.

Customized Training Component

WDPP's Customized Training component is an ongoing program that has been in place since 1978 and was dramatically expanded by the Workforce Development Partnership Act. The program, administered by the Department of Labor's Office of Customized Training (OCT), seeks to enhance creation and retention of jobs through comprehensive workforce training, and to build a highly skilled, productive, globally competitive work force. Training funded by the program must serve to create, retain or upgrade jobs; prevent job losses; or encourage startup of small businesses or relocations of companies to the state. Training grants are awarded to individual employers, labor, and community-based organizations, and consortia of employers and educators.

The analysis of the Customized Training component is based on 56 grant awards provided to a total of 43 unique grantees since the WDPP program began in July 1992. Given this small number of grantees available for analysis in the early stages of the program, it is premature to reach any conclusions about program operations. During the next four years, Abt will continue to gather additional data needed to support both the annual assessment of program operations, and the evaluation of OCT program impacts. As more firms receive grants, we will be able to make more definitive observations on program effectiveness.

The current analysis of the Customized Training program indicates that:

- The rate of inquiries and applications for Customized Training funding has approximately doubled in the first quarter of FY 1994, relative to FY 1993;
- Eighty percent of the awards have been made to manufacturing firms, mostly in the metal fabrication and electronics sectors;
- About two-thirds of grantees applied for OCT grants to support implementation of new technology;
- Over half of the grantees were unionized and each of the unionized firms indicated union participation in the planned training activities;
- Half of the awards have been to small and medium-sized firms;

- On average, companies supplied 70 percent of the funding for their training efforts, with OCT providing the remaining 30 percent;
- Through September 1993, about \$10 million in training grants have been provided by OCT; firms contributed an additional \$24 million;
- On average, firms planned 285 hours of training for each employee trained; and
- The average wage of those employees scheduled for training was \$11.88.

Evaluation Plan and Schedule

During the next few months, Abt Associates in cooperation with the SETC will develop an overall design for the WDPP evaluation. Key issues include definition of comparison groups to be used in measuring the impacts of the program and refinement of data collection plans. In addition, Abt Associates will work with the SETC to assess service providers and to develop recommendations for criteria and procedures for the approval and evaluation of service providers. Finally, Abt Associates will work with the SETC to develop the data necessary for a thorough analysis of the WDPP.

In December of each year, through 1996, the SETC will submit an Annual Assessment and Activity Report. These annual reports will cover several topics, including:

- program implementation and operations, including key changes in procedures;
- trends in enrollment levels overall and by region;
- characteristics of applicants and recipients of WDPP services;
- the nature of training experiences;
- completion and placement outcomes; and
- problems or issues observed.

Beginning in 1994, the Annual Report will also include analysis of the impacts of WDPP on participating individuals and employers.

CHAPTER 1

THE WORKFORCE DEVELOPMENT PARTNERSHIP PROGRAM

A. AN OVERVIEW OF THE WORKFORCE DEVELOPMENT PARTNERSHIP PROGRAM

New Jersey's Workforce Development Partnership Program (WDPP), a program to upgrade the skills of the existing workforce and provide training for the unemployed, is squarely in the forefront of new state approaches to worker training. As part of the State's Unified Plan, WDPP is part of a comprehensive strategy to strengthen linkages between the elements of New Jersey's worker readiness system. The Unified Plan calls for establishing training programs for non-college bound students; programs to ease the school-to-work transition for students; and, through the WDPP, programs to provide currently employed and recently displaced workers with the services most likely to enhance their long range career advancement and improve their productivity and earning power. These services are to be made available through training grants to individual displaced and disadvantaged workers or through customized training services tailored to the needs of employers.

Authorizing Legislation

The WDPP was authorized on July 7, 1992 by the Workforce Development Partnership Act (Chapters 43 through 49, P.L. 1992). Among its provisions, this package of legislation authorizes the New Jersey Commissioner of Labor to design the rules and regulations for implementing WDPP, integrates WDPP with the current Unemployment Insurance (UI) system, and creates the Workforce Development Partnership Fund, a dedicated state revenue source for funding WDPP activities.

The Workforce Development Partnership Fund is financed through payroll taxes paid by employers and employees. This payroll tax levy did not increase workers' or employers' total payroll taxes since the legislation simultaneously reduced Unemployment Insurance payroll taxes by an equivalent amount. Thus, the legislation did not increase the total amount of payroll taxes paid to Unemployment Insurance and the Workforce Development Partnership Fund combined,

but changes the shares going to each.¹ It is estimated that the contributions to the Workforce Development Partnership Fund will exceed \$50 million annually.

As stipulated by the authorizing legislation, the goal of WDPP is to provide currently employed, displaced and disadvantaged workers with the employment and training services most likely to enhance their long range career advancement and improve their productivity and earning power. Program services are to be provided in "demand occupations" which are defined as occupations for which there is or is likely to be an increase of demand over supply for adequately trained workers. Labor demand occupations are designated by the New Jersey Occupational Information Coordinating Committee pursuant to section 12 of the WDP Act.

WDPP services are to be made available through five components: (1) *training grants to individual displaced workers*, (2) *training grants to individual disadvantaged workers*, (3) *additional UI benefits during training*, (4) *grants to employers for customized training services*, and (5) *occupational safety and health training*. The legislation stipulates that approximately 8 percent of funds are to be used for disadvantaged workers and not less than 30 percent reserved for dislocated workers.² The WDPP is a statewide program and is authorized for five years, with a sunset provision in December 1997 which requires new legislation for the program to continue after that date.

Components of WDPP

Individual Training Grants for Dislocated and Disadvantaged Workers

The authorizing legislation stipulates that Individual Training Grants for dislocated and disadvantaged workers must be specifically for training in labor demand occupations, and must increase trainees' marketable skills and earning power. Prospective trainees must receive a program orientation and an assessment interview prior to approval for funding. This orientation and assessment may include some or all of the following:

- provision to the applicant of information regarding services and benefits available under the Act;

¹ Workers contribute .025% of total wages subject to UI taxes; employers contribute 0.1% of UI taxable wages.

² The proportion allocated to dislocated workers has been amended to not less than 27 percent.

- provision to the applicant of information about labor demand occupations, including wage levels and effectiveness of training providers in the area;
- literacy and basic skills testing;
- evaluation of remedial education needs for the worker to meet his/her vocational goal; and
- discussion of results of testing and assessment, and development of an individualized Employment Development Plan.

Approval is contingent on an assessment that the individual is likely to benefit from the training.

The emphasis of WDPP is on providing skills training alone or in combination with remedial education; on-the-job training is provided only if accompanied by institutional training or remedial education, and then only for high skill occupations. The maximum training grant per individual is \$4,000; an additional \$1,000 may be granted if the individual requires remedial education prior to training.

Additional Benefits During Training

The authorizing legislation also provides for up to 26 weeks of additional Unemployment Insurance benefits for certain individuals enrolled in training programs. These Additional Benefits during Training (ABT) are motivated by a concern that:

"...The effectiveness of current programs to retrain displaced workers during the time that they receive unemployment insurance benefits is hindered by the limited duration of those benefits which often drives dislocated workers into short term retraining programs with limited skill enhancement or results in the programs' avoiding selection of trainees who need more extensive training to succeed."

To qualify for ABT, individuals must:

- have received notice of permanent termination or be laid off and unlikely to return to their former job;
- be eligible for 26 weeks of regular UI benefits at the time of termination;
- indicate interest in WDPP assistance within 30 days of their Unemployment Insurance Benefit Rights Interview or 60 days following termination of their employment, whichever is later;
- undergo counseling and assessment;

- enroll on a full time basis in any needed remediation and job training and make satisfactory progress;
- be expected to complete education and training successfully; and
- not be receiving a training stipend or allowance from any other benefit program during the period. Other direct training costs, including tuition and books, are exempted.

The training that these individuals receive must be for an occupation which has or projects a shortage, and must be likely to facilitate a substantial enhancement of marketable skills and earning power. It must be provided by an approved vendor in New Jersey, and may not include activity for which the individual is paid.

Customized Training

The customized training component of WDPP provides grants to employers seeking to create, retain or upgrade jobs in demand occupations. The New Jersey Department of Labor's Office of Customized Training (OCT) has been assisting employer training efforts since its formation in 1978, but at a modest level. Until the passage of the WDPP legislation, OCT's budget averaged approximately \$1 million per year. The legislation expands the OCT's budget significantly, with up to \$20 million in grants expected to be disbursed each year between 1992 and 1997.

The customized training initiative targets resources to small and medium sized companies in the manufacturing sector, but allows the flexibility to respond to specific business situations in other sectors of the economy. Training supported by the program may include occupational skills training, remedial education, or other training which supports adoption of modern production systems. Grants may also be issued to firms relocating to New Jersey, and to New Jersey firms which need training services to prevent the loss of jobs. In addition to individual employers, grantees may include labor unions, industry organizations, community based organizations, and business-education partnerships and consortia.

Applications for customized training grants are made to the Commissioner and must include a detailed business plan which must demonstrate, among other things, that the training would not have been undertaken without the funding. A comprehensive, long range human resources plan must also be included in the application. Program funds may not be used for

purposes which result in displacement of other workers or which duplicate existing apprenticeship programs.

The legislation further stipulates that employers must contribute a minimum of 40 percent of cost of training and hire or retain employees that complete the training. Employers may select workers to participate in training, but in so doing are prohibited from violating collective bargaining agreements. A percentage of the grant may be held back pending review of compliance.

B. IMPLEMENTATION OF WDPP

Overall responsibility for implementing and administering the WDPP rests with the New Jersey Commissioner of Labor. Within the Department of Labor, the Employment Service (ES) in conjunction with the Unemployment Insurance Service has the lead responsibility for implementing the Individual Training Grant and Additional Benefits during Training (ABT) components. The Department of Labor's Office of Customized Training administers the Customized Training program for employers.

Following the signing of the legislation in July 1992, WDPP was widely publicized, creating a substantial backlog of interested applicants. Because the Individual Training Grant and Additional Benefits during Training components were new initiatives, the Department of Labor's Division of Programs worked quickly to develop standard operating procedures and to train ES and UI staff in regional and local offices. Program activities were in place beginning the week of October 16, 1992.

The early implementation of WDPP was characterized by a large demand for training grants. Despite start-up pressures, New Jersey, has to date implemented an impressive array of WDPP services. In fact, after only one year of program operations, WDPP is a fully operational program.

Because of the gap between the signing of the legislation and the effective startup of the program, a "reachback" campaign was mounted to inform all individuals who had active UI claims on the effective date of the legislation (July 7, 1992) of the availability of program services. An additional effort was mounted to identify individuals who had already enrolled in

approved training programs that met the UI work search waiver requirements; these individuals were "grandfathered" into WDPP. A third large scale outreach effort was targeted at exhaustees of Federal Supplemental Compensation (EUC/FSC) who had a compensable week ending date of July 11, 1992 or later. Thus, in the first few months of program implementation, staff managed to effectively handle the large backlog of eligible participants at the same time as well as new claimants who enrolled into the program.

Following the initial startup period, program operations began to stabilize. Beginning in September 1992, local UI offices implemented a new Benefit Rights Interview (BRI) script. This script included information on the program and how claimants could qualify and participate. Based on discussions with program staff, operations were substantially stabilized by approximately March 1993. Since then, the program has been running at a consistent and stable level in most areas.

Startup for the Customized Training program was also immediate. However, since the Office of Customized Training had been in existence for 15 years and since few procedural changes were necessary, employer applications were processed without additional staff training. Staff in this Office, however, did report a greater number of employer inquiries about the program in response to the positive publicity.

During the first five quarters of program operations (July 1992 through September 1993) significant funds have been obligated for several of the WDPP components. Table 1.1 shows the amount obligated and the number of participants as of September 30, 1993 for the following components: the Individual Training Grant component, the ABT component, and the Customized Training component.

Table 1.1		
Amount Obligated and Number of Participants for Individual Training Grants, ABT and Customized Training		
WDPP Component	Amount Obligated (millions of dollars)	Number of Participants
Individual Training Grant	30.4	10,169
ABT	19.3	5,078
Customized Training Grants	10.0	43 firms

C. OBJECTIVES AND REQUIREMENTS OF THE WDPP EVALUATION

The Workforce Development Partnership Act contains extensive provisions for WDPP evaluation and reporting. Principal responsibility for these tasks rests with the State Employment and Training Commission (SETC), which must:

- conduct an annual evaluation of the program;
- report annually to the Governor and Legislature regarding:
 1. the program's effectiveness in the previous year; and
 2. the effectiveness of individual service providers in:
 - (a) placing trainees in permanent employment;
 - (b) enhancing trainees' earning power; and
 - (c) enhancing trainees' long term productivity.
- report to the Governor and Legislature by December 31, 1996, the Commission's assessment of the appropriateness of continuing the program; and
- determine whether the program should be continued, and if appropriate, draft enabling legislation, incorporating modifications to the current statutes as deemed appropriate.

In September 1993, Abt Associates Inc., a nationally-known research and evaluation firm with extensive experience in studying employment and training programs, was selected in a competitive bid process to carry out the WDPP evaluation for the SETC. As envisioned by the SETC, the WDPP evaluation will provide a comprehensive assessment of the implementation and impacts of each program component. Four major evaluation objectives have been specified:

- (1) To provide an *annual assessment* of the implementation and effectiveness of the WDPP;
- (2) To provide an *impact evaluation* of the WDPP;
- (3) To provide *recommendations for criteria and procedures for the approval and evaluation of service providers*; and
- (4) To provide *regular reports* on the program.

D. FIRST ANNUAL ASSESSMENT REPORT: GOALS AND LIMITATIONS

In this report we assess the early implementation of WDPP. This assessment covers Fiscal Year 1993 (July 1, 1992 to June 30, 1993) as well as the first quarter of Fiscal Year 1994 (July 1 to September 30, 1993). This First Annual Assessment Report draws upon data provided by various divisions within the New Jersey Department of Labor (NJDOL). As a result of data and time limitations, however, we could only assess the Individual Training Grant for Displaced Workers, the Additional Benefits during Training (ABT), and the Customized Training Components of the WDPP. As more data become available; in future annual assessment reports, we will also assess the Individual Grant for Disadvantaged Workers component. Future annual assessment reports will also address issues of vendor performance and vendor effectiveness in placing trainees in employment and enhancing their long-term earning power. A discussion of analytic problems related to the evaluation of individual service providers is presented in Chapter 6.

Future annual assessment reports will utilize data from a new automated data system (currently being developed by State staff) which will incorporate data from the:

- Wage Reporting System;
- Employment Service Enhanced National Data System (ENDS);
- Unemployment Insurance Local Office On Line Payment System (LOOPS); and
- Customized Training System.

Once this database is available, it will eliminate the requirement to merge information from a variety of individual data sources, and will substantially enhance our ability to assess the WDPP.

The data files currently available for analysis provide information on the individuals and firms participating in WDPP. At this point -- approximately one year following the start of full implementation -- only a small number of individuals and employers have completed their WDPP training activities. A more thorough assessment of program outcomes will be possible once a larger share of trainees complete their training.

This First Annual Assessment Report also highlights implementation themes and issues that will be important to track as the evaluation progresses. These have been identified through on-site visits to local and regional Employment Service offices; through followup phone interviews with a sample of local Employment Service office managers; through telephone interviews with state SETC and Department of Labor staff; through telephone interviews with Office of Customized Training staff; and through brief on-site visits with employers receiving assistance through the Customized Training program.

The reader will note that this First Annual Assessment Report contains few, if any, findings and recommendations; instead, we are careful to frame what has been learned as observations or themes to be investigated further as the evaluation proceeds. This perspective is appropriate for two reasons.

First, the Individual Training Grant and Additional Benefits during Training components of WDPP have been in place for approximately one year. Frequently, when a new program is launched, the first year is quite atypical, as staff internalize the program's mission and adjust to new workload and service demands, and as new relationships are built between participating agencies. We fully expect this to be the case with both of these program components: drawing conclusions and recommendations from the first year of operations, when staff freely admit that they are fine-tuning and improving operating procedures, seems premature and inappropriate.

Secondly, we have also refrained from drawing firm conclusions and recommendations because we are still in the process of assessing the suitability and quality of program data in meeting evaluation objectives. As the project progresses, we will evaluate the quality of the data and the consistency with which the data is captured across local offices. As a result, we have elected to characterize the results of our analyses as observations or issues to pursue more deeply as the evaluation unfolds and as we gain a better understanding of the strengths and weaknesses of the data.

The remainder of the report is organized in six chapters. Chapters 2 and 3 summarize activities in the Individual Training Grant program. Chapter 4 reviews the ABT component and Chapter 5 summarizes the activities of the Customized Training Grant component. Finally, Chapter 6 presents the planned evaluation design for assessing program impacts and evaluating the effectiveness of service providers.

CHAPTER 2

PRELIMINARY ASSESSMENT OF PROGRAM IMPLEMENTATION INDIVIDUAL TRAINING GRANTS

A. INTRODUCTION

The main purpose of the First Annual Assessment Report is to describe the Workforce Development Partnership Program (WDPP), assess its early implementation, and highlight themes and issues that will be important to evaluate in future assessments of the program. Based on our early observations, we can only provide a preliminary assessment of program implementation to date. These observations were compiled through on-site visits to local and regional Employment Service offices, through followup phone interviews with a sample of local Employment Service office managers, and through telephone interviews with state SETC and Department of Labor staff.

In this chapter, we present our preliminary observations of the implementation of the Individual Training Grant program. First, we present a brief overview of the early implementation of the Individual Training Grant program. Next, we describe the evolution of the program. Finally, we present a brief discussion of future program refinements.

B. OVERVIEW

Despite start-up pressures, New Jersey has, to date, implemented an impressive array of WDPP services. In fact, after only one year of program operations, WDPP is a fully operational program. Today, the program can already claim a number of important achievements:

- Over 10,000 individuals have received grants for individual training (see Chapter 3 for details).
- Unemployed individuals can now contact any local Employment Security (ES) office and be directed to orientation, counseling, and training services offered by the WDPP.
- An extensive package of standard forms and informational materials is available for use by program participants and staff.

- **WDPP staff have received extensive training on all services offered by the program. The training has been supplemented by detailed operating manuals, as well as by a regular flow of policy bulletins clarifying and refining program rules.**
- **Computer systems are available to track training services to individuals, Additional Benefits during Training, and financial tracking of training contracts and grants.**
- **Continuing communication is taking place between the WDP program, the partner state agencies, and the private and public training community which serve as vendors.**

Through these efforts WDPP continues to improve coordination and increase the training options for WDPP participants.

C. PROGRAM IMPLEMENTATION AND EVOLUTION TO DATE

The implementation of WDPP was characterized by a large demand for training grants. By the time the initial orientations began in late October 1992 approximately 18,500 individuals had expressed interest in the program. By the time the initial training grants were being written over 15,000 individuals were waiting for service state-wide.

As a result of this initial surge, it was important to put basic services in place and modify them as time allowed. It appears that the program went through two periods of refinement. The timing and nature of these changes varied considerably by region. However, in general, the program underwent local reorganization around March of 1993. A second set of revisions occurred once the initial backlog of clients was drawn down. This latter set of revisions appears to have started during the summer of 1993 at many local offices and is still continuing in some.

The nature of these changes is best illustrated by a few examples. While it is not the objective of this report to detail every development that took place during the start-up year, we can present some examples of how the program evolved.

- **In several instances the program operated more centrally in the early days. Some of the decisions and client contacts that were then made by regional or state staff have been passed back to local staff.**

- Initially, clients often had to wait for many weeks while appointments were scheduled for orientation or counseling. Procedures were developed to start clients in productive investigation of career and training options while they waited.
- The October start-up occurred after the start of the fall semester at public higher education institutions. The proprietary schools had more flexibility to provide courses when WDPP clients were ready to begin training.
- Staff did not have as much time as they would later to fully investigate eligibility for services or to decide which applicants were the best candidates for training grants.
- During the start-up many offices operated on extended schedules, seeing clients on evenings and weekends.
- As a result of the "reach-back," the early program participants were likely to be individuals who had been unemployed for a long time -- many were UI recipients who had exhausted their benefits. Currently, almost all of the recruitment is aimed at individuals who are recently unemployed, just beginning their unemployment insurance claim.

D. FUTURE PROGRAM REFINEMENTS

As some of the rush of activity from the initial start-up period has diminished, there has been an opportunity to reflect on WDPP procedures and begin modification where appropriate. Beginning in the late spring of this year, state staff were able to begin reconsideration of procedures. Local staff of offices that were able to return to a more normal schedule during the summer and fall are now also taking the time to review procedures. Some of the procedures under examination are methods to:

- shorten waiting periods for applicants for training grants,
- more effectively screen clients and match them with appropriate training,
- further clarify and standardize WDPP procedures,
- enhance staff training,
- better utilize the training available through the vendor network,
- increase the information available to program staff, and
- emphasize job placement.

Indeed, DOL is developing a corrective action plan to address each of these issues.

It is the nature of all social programs that design is never complete. A program such as WDPP must devote much of its initial effort simply to getting the program up and running so basic services can be provided. As the program moves from the demands of implementation into a standard operating mode, there should be time to address issues such as those listed above and to begin program refinement. The decisions on these issues will shape the form and impact of the mature WDPP program.

CHAPTER 3

INDIVIDUAL TRAINING GRANTS

A. INTRODUCTION

The Workforce Development Partnership Act authorizes the Commissioner of Labor to develop the rules and regulations that will govern the implementation of the Workforce Development Partnership Program (WDPP). To develop these rules and regulations, Commissioner Raymond Bramucci convened a Design Team consisting of leading state, local, business, and worker representatives. To implement the program, a Workforce Development Project Team was formed in September 1992. The efforts of the Design Team and Project Team has resulted in an Individual Training Grant program which, after only one year of program implementation, has procedures that effectively serve clients in a timely manner as authorized by the WDP Act.

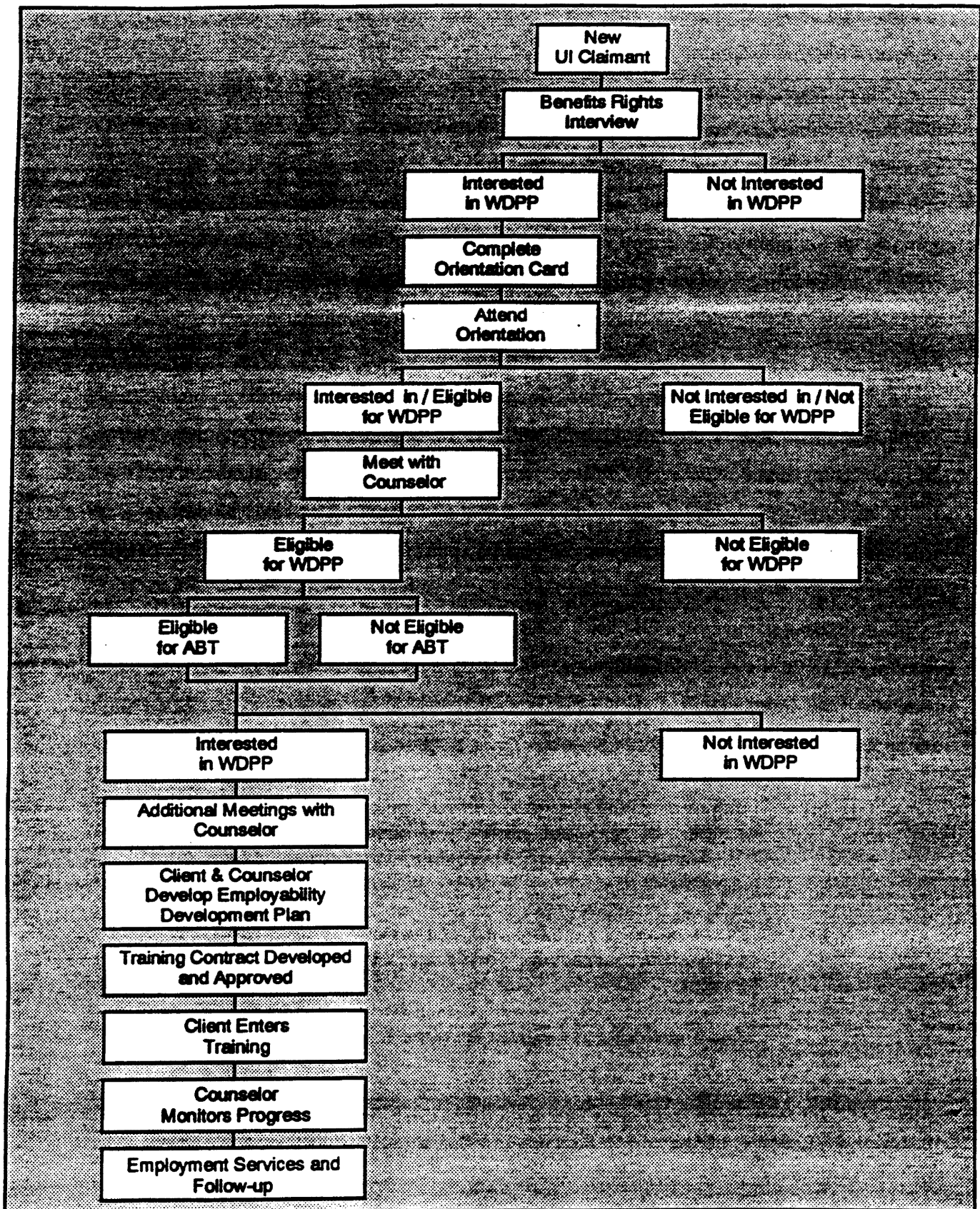
In this chapter, we first describe the WDPP procedures for enrollment of displaced workers into the Individual Training Grant program. Next, we describe the data sources that are used to assess the implementation of the Individual Training Grant program. In assessing the implementation of the program, we evaluate the overall enrollment into the program, attendance at orientation, and receipt of grant awards. Following this analysis, we discuss the Individual Training Grant award amounts. We conclude the chapter with a summary of the main findings.

B. INDIVIDUAL TRAINING GRANT FLOW

In this section we describe the flow of newly displaced workers into the Individual Training Grant program. The flow diagram in Exhibit 3.1 depicts current program intake procedures; it does not reflect the "reach-back" procedures that were employed during the first few months of program operations.³ Furthermore, Exhibit 3.1 depicts only the highlights of

³ As described in Chapter 1, following the passage of the WDP Act, the program was widely publicized and extensively promoted on radio, television, and newspapers. Furthermore, local UI offices conducted a massive "reach-back" effort to inform all those who were active UI claimants or in approved training programs at the effective date of the program. Those who had exhausted their UI benefits since the effective date of the program were also notified. The early flow into WDPP was, therefore, substantially different than depicted by the flow diagram.

Exhibit 3.1
Workforce Development Partnership Program
Individual Training Grant
Intake Steps



the claimant flows; as a result, some details and some variation across regions may not be represented in the diagram.

The main flow of individuals into the WDPP is through the UI system. Since the Individual Training Grant component is primarily geared towards newly displaced workers, UI claimants are informed about the WDPP at the time of their Benefit Rights Interview (BRI). Information about the WDPP and its services has been added to the standard BRI script, which now includes a complete description of the program and training services provided through WDPP. In addition, a booklet entitled "Your Rights and Responsibilities," which includes a description of WDPP services, is also made available to all new claimants at the time of the BRI.

The next step in the flow is for all individuals interested in WDPP to complete an *orientation card*. These cards are available at the time of the BRI or may be obtained directly from the Employment Service (ES) Office. The orientation cards require claimants to fill out information about their recent participation in training programs, UI claims information, and employment information. The completed orientation cards are then sent to the local ES office. Following receipt of the cards by the local ES office, claimants are invited to attend a WDPP orientation meeting at the local ES office. The typical waiting period between the BRI and the orientation is 3 to 4 weeks. For individuals who complete the orientation card, the next step is to attend WDPP orientation at their local ES office. WDPP orientation is the first step in entering the WDPP Individual Grant program. The purpose of the orientation is to:

- a. Inform potentially eligible displaced workers of all of the benefits, services and eligibility requirements under the Workforce Development Partnership Program and related legislation.
- b. Allow potentially eligible displaced workers to apply for services and benefits under the Workforce Development Partnership Program.
- c. Allow individuals to register for other ES services.

Typically, a local ES office holds two orientation sessions each day. To ensure that consistent information is presented to all clients, a standardized script using flip charts and a

video is used in all orientation sessions. A typical orientation session includes about 13 to 25 people and lasts about 1 hour. All orientation session participants are required to fill out a Job History Form (ES 511 Form) and are encouraged to attend a job search workshop. At the end of the orientation session, all those claimants who are still interested in WDPP training are encouraged to set up an appointment with a counselor.

The next step after orientation is for those interested in WDPP to meet with a counselor. The typical lapse between the orientation and the first counseling session is 3 to 4 weeks. During this interim, many of these ES registrants lose interest, find jobs, or drop out for some other reason. Indeed, throughout the process of selection into WDPP, many individuals "drop out" at each step. For example, at any stage an individual may find a job and leave the flow of WDPP entry. For those who continue to seek WDPP services, meeting with the counselor is the most important step in the process.

Typically, a counselor meets with five new clients each day. A typical first meeting with a counselor lasts 1 to 1.5 hours. In the first meeting, the counselor assesses the client's skill level; whether additional testing or remedial training is required; the client's background and family situation; his/her financial situation; the type of training desired; whether the proposed training would enhance existing skills and enable the client to obtain employment in a "demand" occupation; and whether any additional help is needed (e.g., resume writing). At the end of the first session, the counselor seeks to have a clear understanding of the background and skills of the client. Another goal of this session is to identify potential employment options, training options, and suitable training vendors.

During the initial meeting, the counselor determines whether the client is eligible for WDPP training. At the same session, the counselor also reviews whether the client is potentially eligible for ABT. Some clients may be determined to be eligible for WDPP training but not for ABT, other clients may not be eligible for either. Clients deemed ineligible may appeal the counselor's decision through an established appeals process. In most cases, however, when training services or ABT benefits are denied, clients drop out of the program.

For all those eligible and interested in WDPP, the next step is additional meetings with the counselor. During these meetings the client, in conjunction with the counselor, develops an Employability Development Plan (EDP). The EDP forms a blueprint for reaching the client's

training and employment goals. In these meetings, the counselor explains training options in detail, describes the various training vendors available, the rights and responsibilities of the client, the amount of WDPP grant money that will be allocated for training, amount of additional funding required to pay for the training, and the client's ability to finance these additional payments. This entire process, in general, requires several meetings and results in an agreement on the amount to be funded by the WDPP.

Following agreement between the client and the counselor, the next step is for the counselor to develop a training contract. The contract contains detailed information on the type, length, cost, and dates of training.

Once the contract is signed and approved, the client enters the training program. While in training, the counselor monitors the client's progress. Once training is complete, the counselor together with other ES staff provide employment services, placement services, and other necessary follow-up.

As stated at the outset, the client flow depicted in Exhibit 3.1 and described above represents the main stream of individuals into the WDP program. While this flow is generally consistent across local ES offices, there may be some variation. This variation was more pronounced in the first few months of the program when all the parties involved (including the local office and regional office staff) were learning about the program. Also, since New Jersey is a diverse state consisting of a mix of rural and urban areas, each office adopted processes which aided the flow in its region.

C. DATA SOURCES

In this chapter we describe the displaced worker Individual Training Grant component of the WDPP using a variety of data sources provided by NJDOL. The two main data sources used in this analysis are the WDPP Individual Training Grant database (known as the Paradox database) and the Employment Service Enhanced National Data System (ENDS). Both of these databases are maintained and updated regularly by NJDOL.

The Paradox database contains information on Individual Training Grant awardees and their training grant awards. This database was created by the state in order to maintain

information on the Individual Training Grants, the clients who received these training grants, and the vendors who provide training.⁴ The Paradox database, however, does not contain demographic information on trainees. To append demographic information to this database, we utilize data from ENDS.

The ENDS database contains information maintained by the Employment Service. ENDS provides demographic and other background information on individuals who were registered with the Employment Service. This database also provides an indicator of whether the ES registrant attended a WDPP orientation session.⁵

The Paradox and ENDS data sources together enable us to compare the population of individuals in the ES database with those individuals who attended an orientation session (i.e., were "touched" by WDPP); furthermore, we can compare individuals "touched" by WDP with the subset of individuals who actually received WDPP training.

These two databases, though extremely valuable for the present analysis, are not sufficient for a complete assessment of the WDPP. One important shortcoming of these datasets is the lack of unemployment claims (UI) information for individual training grantees. To learn about UI claims would require us to incorporate data from yet another database -- the Unemployment Insurance Local Office On Line Payment System (LOOPS) system into our analysis. Future reports will incorporate an analysis of the LOOPS database and thus permit a more complete analysis of the WDPP.

D. SUMMARY OF PROGRAM ACTIVITIES

In this section we summarize Individual Training Grant activities through September 30, 1993. We begin by describing the enrollment levels into the dislocated worker Individual Training Grant program. It is important to note that enrollment into WDPP training did not start immediately after enactment of the WDP Act. Rather, entry into WDPP training began at

⁴ The data for this database is entered by local and regional offices throughout the state.

⁵ The ENDS database contains approximately 382,000 ES registrants and over 50 thousand WDPP orientation attenders. To simplify the data processing requirements, we selected for analysis all 50,805 WDPP orientation attenders and a comparable sized random sample of non-attenders. The results were then weighted to represent the entire population of ES registrants.

modest levels in October 1992 and then increased gradually until January 1993.

In subsequent sub-sections we assess the Individual Training Grant program in greater detail by comparing the characteristics of program participants with the characteristics of non-participants. We do this in two stages. First, we compare the characteristics of individuals who expressed an interest in the WDP program by attending a WDPP orientation meeting with the population of individuals registered with the Employment Service. Next, we compare the characteristics of individuals who enrolled in a training program with the characteristics of individuals who attended an orientation session. We then combine these two stages and compare WDPP trainees with all ES registrants. Finally, we present a brief discussion of the types of training received by grantees.

Enrollment into the Individual Training Grant Program

Before proceeding with the analysis of program enrollment we present in Exhibit 3.2 the population distribution across regions as a benchmark. As indicated in the exhibit, nearly half of the population is in the northern part of the state (Regions V and VI). The southern part of New Jersey (Region I) contains only 7 percent of the state population.

The pattern of entry into WDPP training programs is depicted in Exhibit 3.3. As indicated by the top panel of this exhibit, new enrollments reached their peak in January 1993 when the bulk of "reach-back" clients were enrolled. Following this early peak, the enrollment flow dropped, then stabilized at an average of slightly under 900 trainees per month. Recently, in August 1993 the enrollment rate reached a new peak of over 1,200 trainees per month.

As indicated in Exhibit 3.4, total enrollment into WDPP training also varied dramatically across regions. Region I, for example, had only 956 trainees through September 1993, representing 9 percent of the state total; Region VI, on the other hand, had 2,487 trainees, representing 25 percent of the state total.

Comparing enrollment in WDPP training presented in Exhibit 3.4 with the population distribution across regions presented in Exhibit 3.2, we find that in Regions I, II and VI, the proportions of WDPP trainees are within 1 or 2 percentage points of the population proportions in these regions. In Regions III and V, however, the percentage enrolled in WDPP training is substantially lower than the population while in Region IV the percentage enrolled in WDPP

Exhibit 3.2
New Jersey - 1990 Population By Region

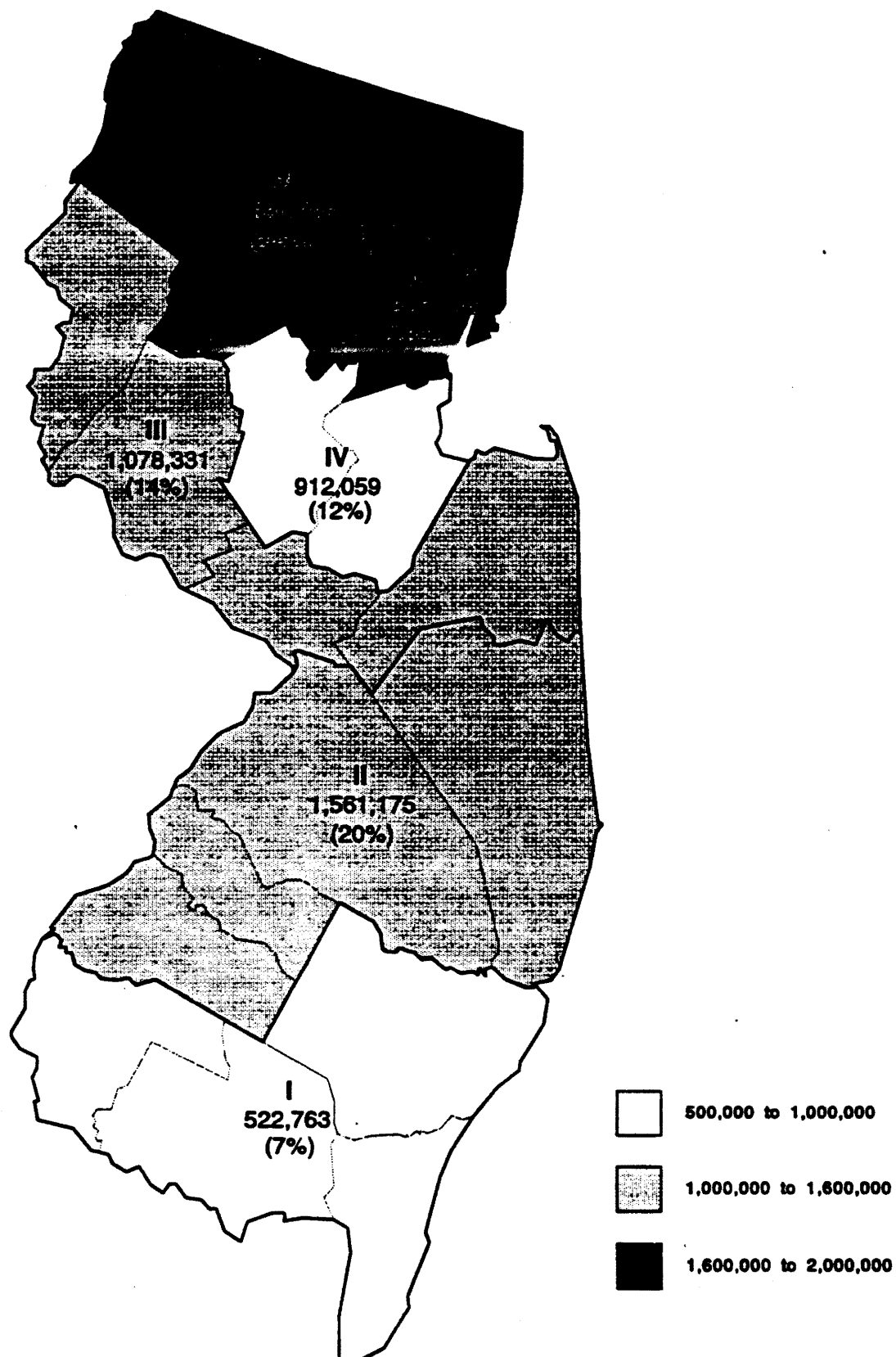


Exhibit 3.3
Number of New WDPP Trainees
October '92 - August '93

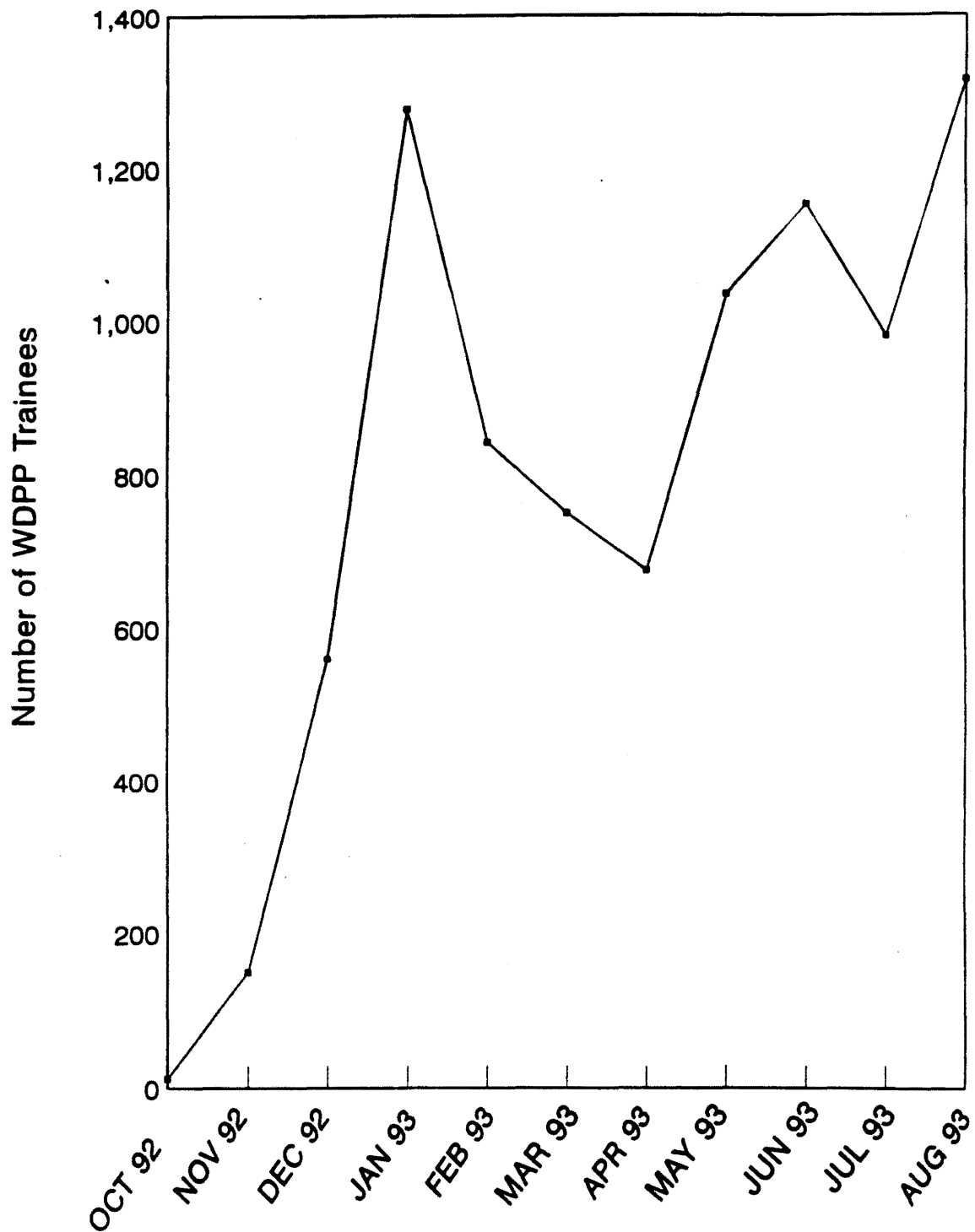
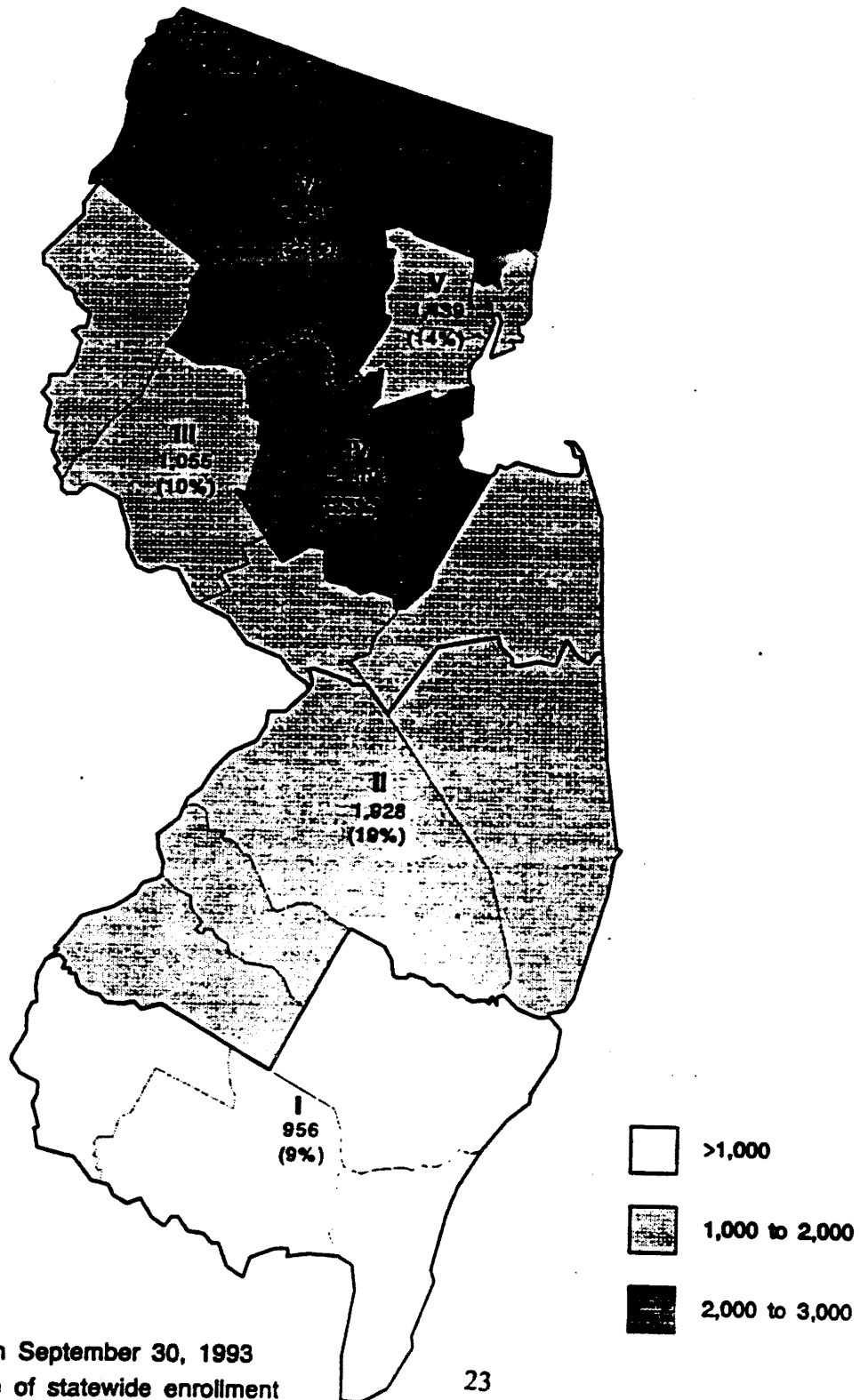


Exhibit 3.4
Total Enrollment Into WDPP Training*
By Region



training is substantially higher than the population.

Attendance at WDPP Orientation

Attendance at a WDPP orientation indicates at least a minimal level of interest in the WDP program services. Thus, orientation participants constitute an important group of displaced workers sufficiently motivated to return to work to explore reemployment assistance opportunities. This group is of interest in its own right, as well as serving as the source of the WDPP participants analyzed below.⁶

In the analysis below, all differences reported are statistically significant based on t-tests of differences in mean. As indicated in Exhibit 3.5, women appear to have higher attendance rates than men: 15 percent of female ES registrants attended WDPP orientation while only 12 percent of male ES registrants attended.⁷ Despite their higher attendance rate, however, women still represent less than half (48%) of those attending an orientation session.⁸

The attendance pattern by age is depicted in Exhibit 3.6. Young and old ES registrants were less likely to attend an orientation session than those in the middle age brackets. Specifically, only 4 percent of the youngest group (21 years old or younger) and 9 percent of the oldest group (60 years old and older) attended an orientation session. Those in the middle age brackets were more likely to attend orientation. An examination of the composition of those attending an orientation session (pie chart) indicates that over three-quarters of the attendees were between the ages of 22 and 49 years old.

The pattern of attendance by race is presented in Exhibit 3.7. Among ES registrants, Hispanics were less likely to attend orientation than other groups. Specifically, attendance

⁶ The analysis in this section relates the characteristics of attendees at WDPP orientation to the characteristics of ES registrants. A more interesting comparison, however, would have been with the entire UI claimant population. We were unable to evaluate the entire UI population for the present analysis. Future analyses will relate participation in WDPP to the entire UI claimant population.

⁷ The sample sizes in this analysis are quite large. The ENDS file provides a population of over 382,000 ES registrants and 50,805 orientation attenders for the period from October 1992 to September 1993. The ES population may slightly underestimate the total eligible population for the Individual Training Grant program since some individuals who registered at ES between July 1992 and October 1992 may not be included in this file. We will examine this issue in future analyses.

⁸ This result occurs because males represent a significant majority of ES registrants (59% versus 41%).

Exhibit 3.5

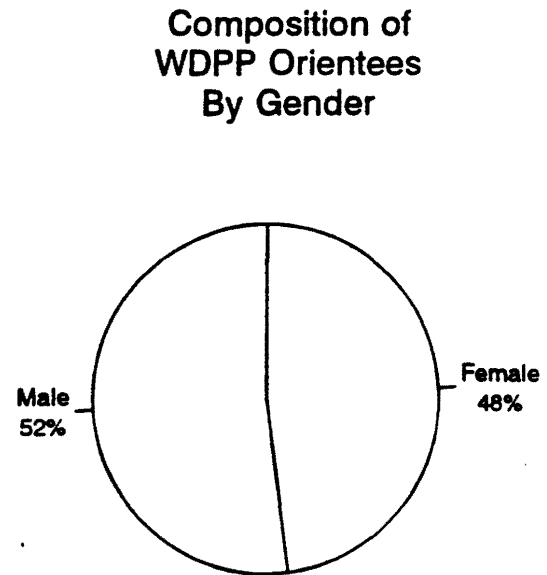
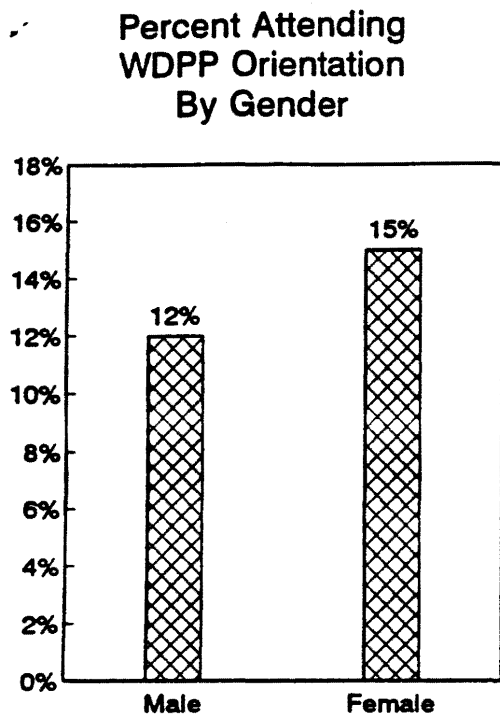


Exhibit 3.6

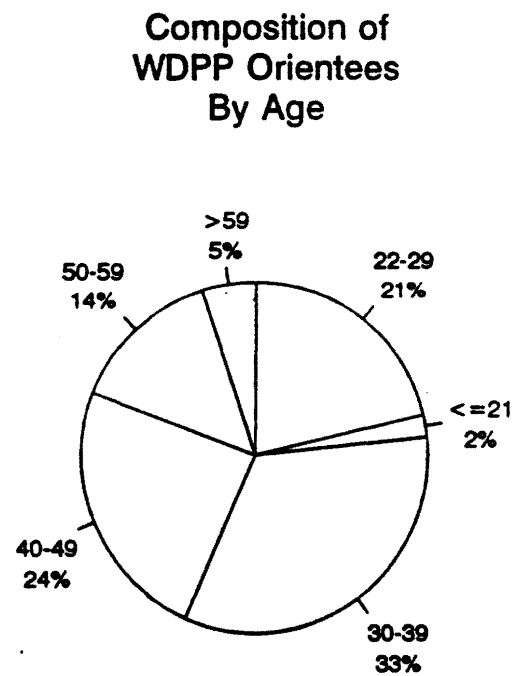
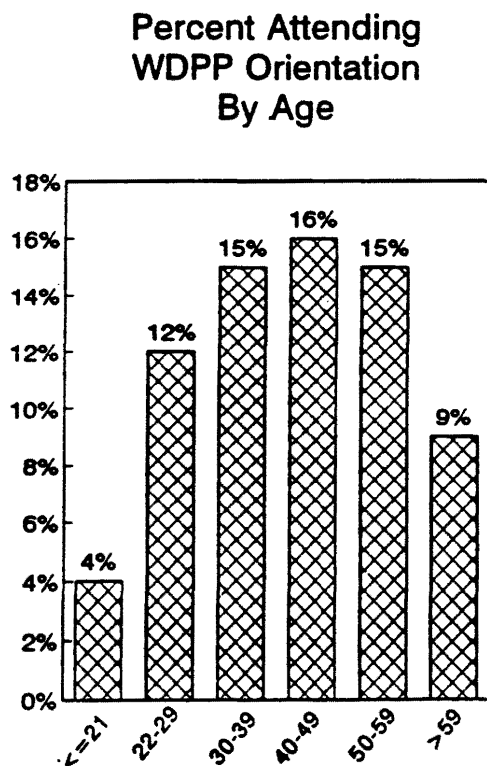
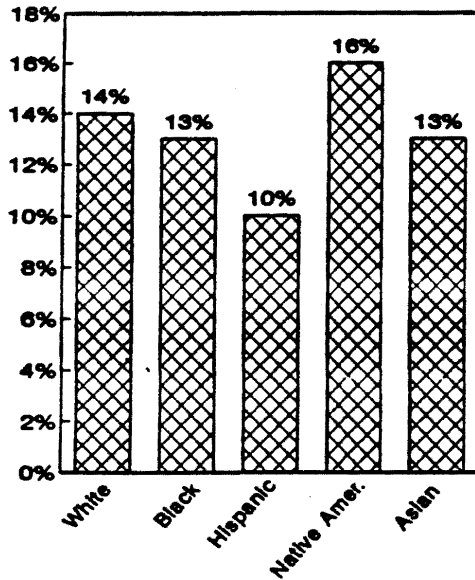
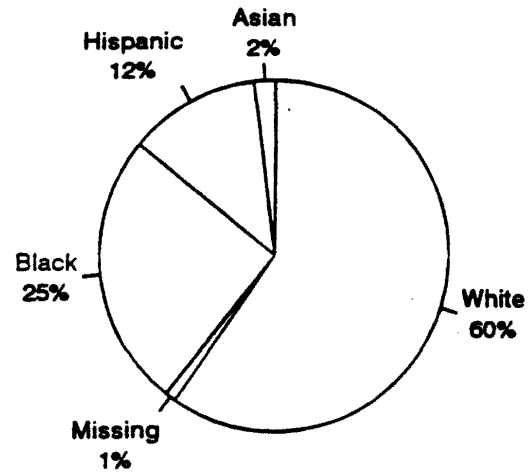


Exhibit 3.7

Percent Attending
WDPP Orientation
By Race



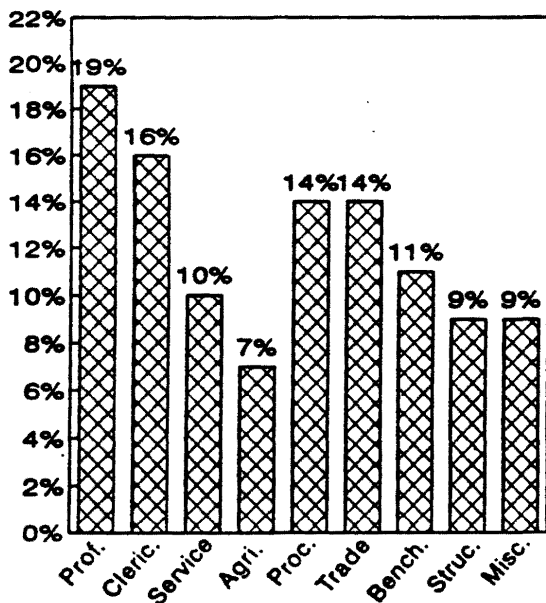
Composition of
WDPP Orientees
By Race*



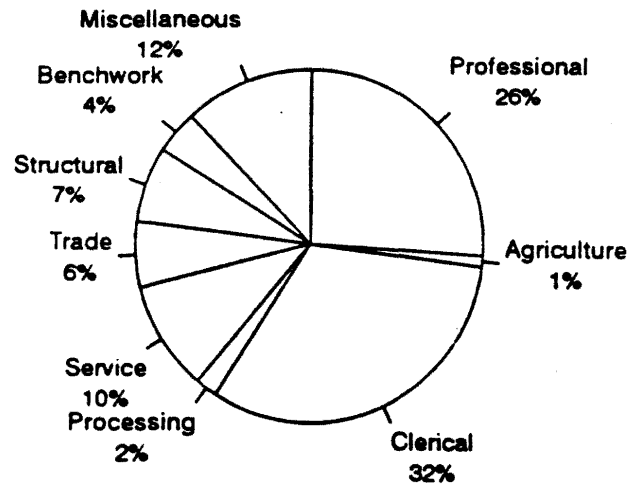
* Native American category is less than 1%

Exhibit 3.8

Percent Attending
WDPP Orientation
By Occupation



Composition of
WDPP Orientees
By Occupation



among Hispanics was 10 percent, while among whites it was 14 percent and among blacks it was 13 percent. The highest attendance rate was among Native Americans, who attended at a rate of 16 percent; this group, however, represents less than one percent of the ES population. Whites comprised the largest share of attendees (60%).

Exhibit 3.8 presents the attendance rate by occupation in pre-layoff job. Professional and clerical workers had the highest attendance rates (19% and 16%, respectively); agricultural workers had the lowest attendance rate (7%). As indicated by the pie chart, professionals and clerical workers together represent a majority (58%) of those attending orientation sessions. Interest in WDPP services also varied by education level. As indicated in Exhibit 3.9, those with less than a high school education were the least likely group to attend an orientation session (7%). Among ES registrants who had at least some college education, the attendance rate was substantially higher (18%), with high school graduates occupying a middle position (14%). Overall only 12 percent of all attendees lacked a high school diploma or GED, and 35 percent had some college. These results are consistent with other studies which also indicate that individuals with low education levels are less likely to participate in training programs than those with high levels of education.

Individual Training Grant Awards

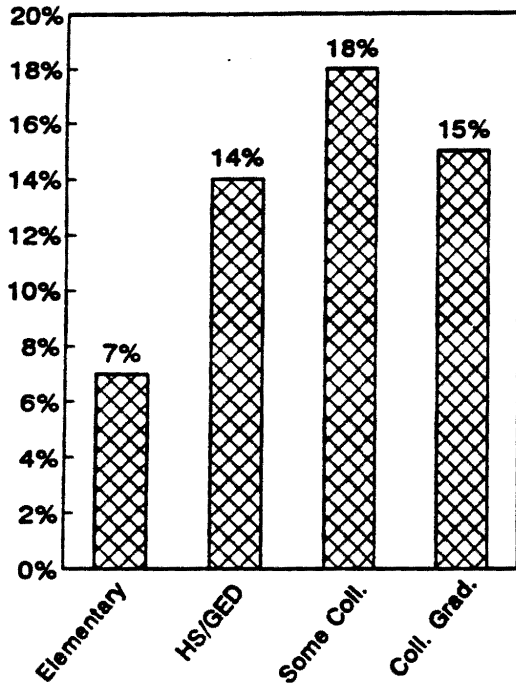
Among the 50,805 ES registrants who attended a WDPP orientation, 10,169 (20%) received Individual Training Grants as of September 30, 1993.⁹ This rate varied substantially across regions as is indicated in Exhibit 3.10. In Region 2, for example, 24 percent of orientation attenders received an Individual Training Grant. In Region 1, only 17 percent received a grant. It is premature to assess the reasons for this variation across regions. Some potential reasons for differences across regions are: different labor market conditions, different outreach procedures, different types of eligible workers, and different degrees of selectivity. These and other reasons for regional variation in the rate of Individual Training Grant awards will be analyzed in future reports.

While over 10,000 individuals received WDPP training grants, over 40,000 of those who attended the WDPP orientation did not receive a grant. It would be interesting and worthwhile

⁹ This rate may increase slightly once applicants still "in the pipeline" as of September 30 are resolved.

Exhibit 3.9

Percent Attending
WDPP Orientation
By Education



Composition of
WDPP Orientees
By Education

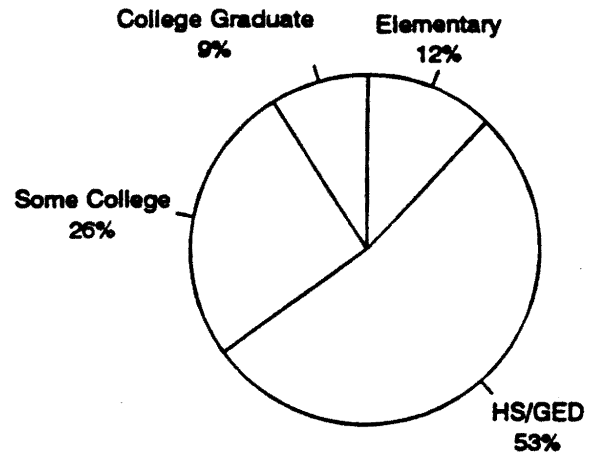


Exhibit 3.10			
Number of WDPP Orientation Attendees and Number of Trainees by Region			
Region	Number of Orientees	Number of Trainees	Percent of Orientees in Training
1	5,720	956	17%
2	7,880	1,928	24%
3	4,803	1,055	22%
4	12,314	2,304	19%
5	6,584	1,439	22%
6	12,308	2,487	20%
Missing	1,196	--	
Total	50,805	10,169	20%

to analyze the outcomes of these ES registrants who did not receive a training grant. For example, did they find jobs quickly and thus were not interested in WDPP training or were they discouraged from pursuing the application process further. Data limitations, however, do not permit a thorough analysis of this group.

In the remainder of this subsection we compare the characteristics of those who received a training grant with the characteristics of those who expressed an interest in WDPP services by attending WDPP orientation. In these analyses, all differences reported are statistically significant based on t-tests of differences in mean. As indicated in Exhibit 3.11, among those who attended an orientation session, women were more likely than men to receive an Individual Training Grant (22% for women versus 17% for men). This higher rate of awards to women results in a majority of female grantees. Previously (Exhibit 3.5) we found that men represented a majority of those attending orientation. Now, as a result of the higher award rate for females, women represent a majority of grantees.

Among those attending WDPP orientation, those under 21 years old are the least likely group (11%) to receive training grants (see Exhibit 3.12).¹⁰ The oldest group, those over 59 years old, are somewhat more likely to receive a training grant (15%). The remaining age groups all have higher and very similar likelihoods of receiving a training grant (18% to 20%). As indicated by the pie chart, three-quarters of the grantees fall between the ages of 21 and 49 years old, as was true for those attending orientation in the first place.

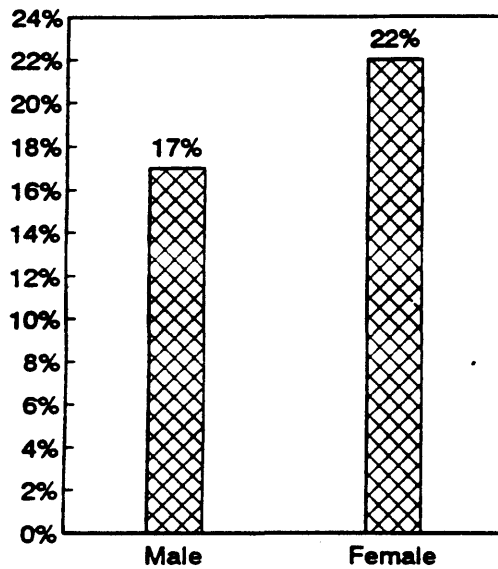
Exhibit 3.13 presents the likelihood of receiving an Individual Training Grant by race; Exhibit 3.14 presents the likelihood by occupation on pre-layoff job; Exhibit 3.15 presents the likelihood by level of education. The results from these exhibits are summarized below. Among those attending orientation:

- Hispanics are less likely than other groups to receive an Individual Training Grant, and whites are the most likely (Exhibit 3.13);
- Professionals and clerical workers are the most likely occupational groups to receive training grants (Exhibit 3.14); and,
- Those in the lowest education group (i.e., less than a high school

¹⁰ This may indicate lower interest level among the very young or a lower likelihood of eligibility, or some other reason.

Exhibit 3.11

Percent of Orientees
Receiving WDPP Training Grants
By Gender



Composition of
WDPP Trainees
By Gender

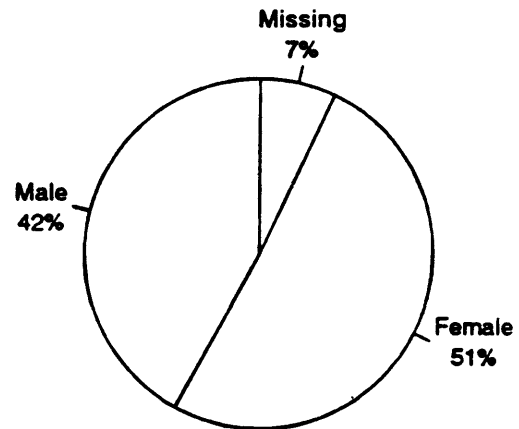
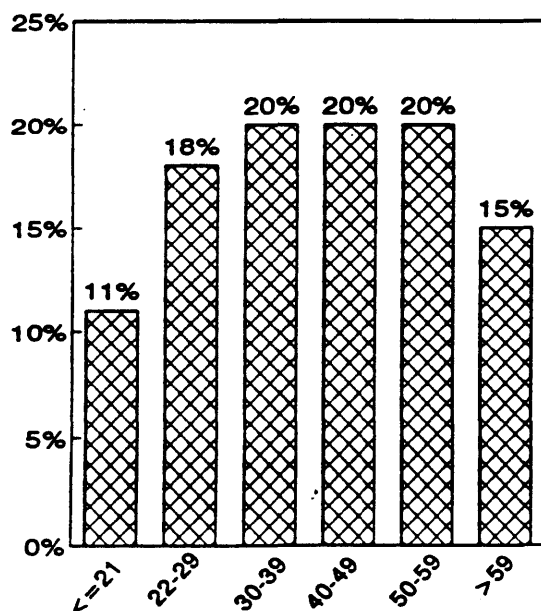


Exhibit 3.12

Percent of Orientees
Receiving WDPP Training Grants
By Age



Composition of
WDPP Trainees
By Age

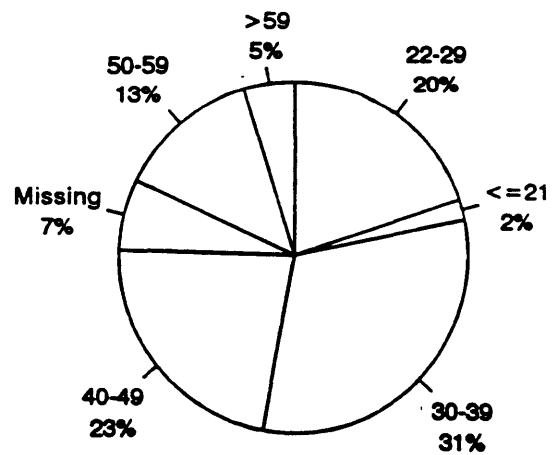
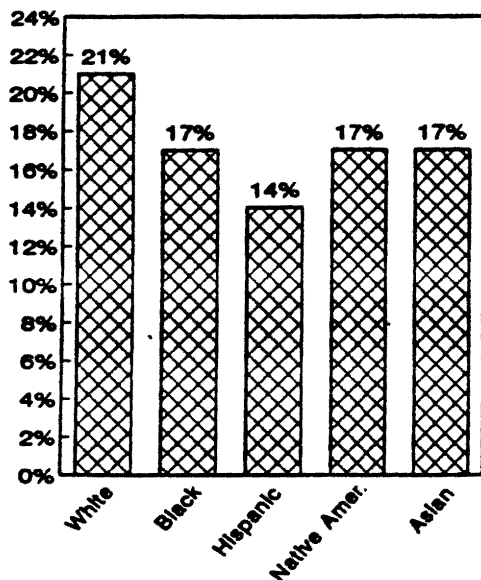
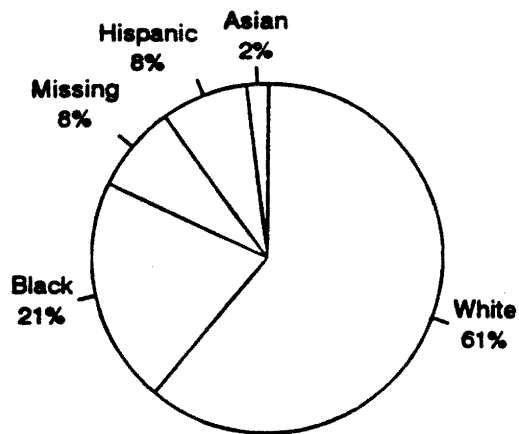


Exhibit 3.13

Percent of Orientees
Receiving WDPP Training Grants
By Race



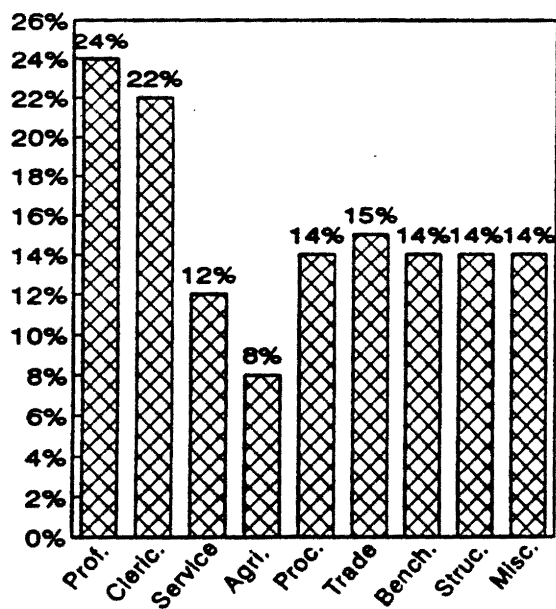
Composition of
WDPP Trainees
By Race*



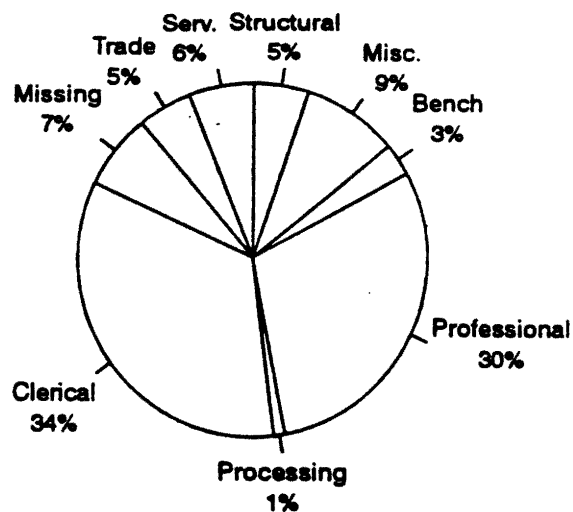
* Native American category is less than 1%

Exhibit 3.14

Percent of Orientees
Receiving WDPP Training Grants
By Occupation



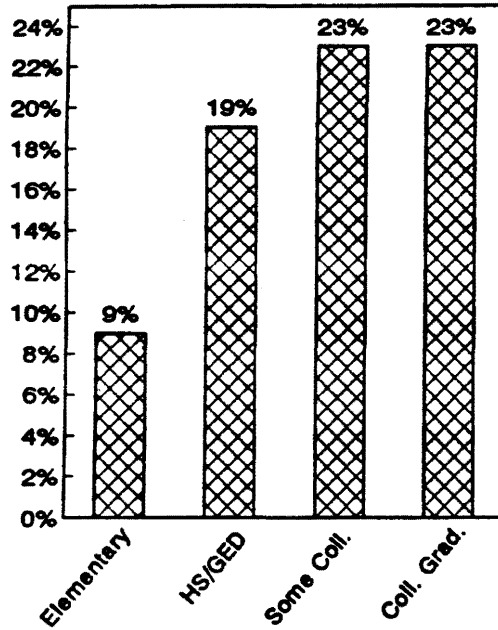
Composition of
WDPP Trainees
By Occupation*



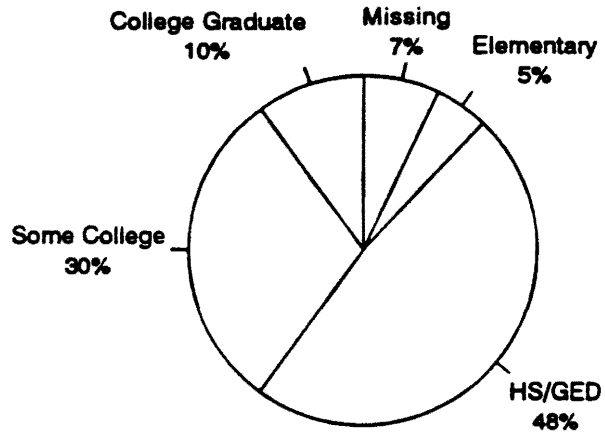
* Agriculture is less than 1%

Exhibit 3.15

Percent of Orientees
Receiving WDPP Training Grants
By Education



Percent Attending
WDPP Orientation
By Education



education) are less likely than those in the higher education groups to receive a training grant (Exhibit 3.15).

Here, again we observe the self-selection of those with higher levels of education into training programs. This result is consistent with previous research which has found that interest in training programs is positively correlated with education level. That is, those with higher education levels are more likely to participate in training programs.

The results of the above analysis indicate that almost without exception, the groups that are most likely to attend orientation are also the groups most likely to receive grants (given that they attended orientation). The above results also indicate that grant recipients in the first year of program operation were predominantly prime age, white, professional/clerical, and high school graduates.

In Table 3.1 we combine the above analyses to examine the likelihood of an ES registrant receiving a training grant. As indicated in the top panel of Table 3.1, 2 percent of male ES registrants and 3 percent of female ES registrants were awarded an Individual Training Grant. Individuals between the ages of 30 and 58 had the highest Individual Training Grant award rate - 3 percent of this group received a grant. Whites were more likely than both blacks and Hispanics to receive a training grant (3% for whites versus 2% for blacks and 1% for Hispanics). Finally, those with some college education or a college degree were more likely than others to receive a training grant. Overall, 13 percent of ES registrants attended WDPP orientation and 3 percent of ES registrants received a training grant.

Types of Training Received

Above, we examined the characteristics of those receiving an Individual Training Grant. In Table 3.2, we examine the types of training received by these grantees. The most popular training area was in clerical and sales occupations. With the exception of the service occupation group (6%), all other training occupation groups (e.g., architecture, mathematics, and life sciences; medicine and health; etc.) were equally distributed with between 12 percent and 15 percent in each group.

Table 3.1						
Percent of ES Registrants Attending WDPP Orientation and Receiving WDPP Training Grants by Subgroups						
Characteristics		Total ES Registrants	Attended Orientation		Received Training Grant	
			(N)	Percent	(N)	Percent
Sex						
	Male	220,367	25,948	12%	4,285	1.9%
	Female	161,740	24,102	15%	5,193	3.2%
Age						
	21 or younger	23,339	1,014	4%	109	0.5%
	21-29 years	91,013	10,526	12%	1,898	2.1%
	30-39 years	114,686	16,717	15%	3,283	2.9%
	40-49 years	77,269	12,194	16%	2,416	3.1%
	50-58 years	46,810	7,022	15%	1,322	2.8%
	59 and over	28,948	2,573	9%	450	1.5%
Race						
	White	208,591	29,760	14%	6,213	3.0%
	Black	97,514	12,520	13%	2,108	2.2%
	Hispanic	59,790	5,990	10%	866	1.4%
	Asian	7,386	211	3%	36	0.5%
	INA	7,263	1,088	15%	187	2.6%
	American Indian	1,562	481	31%	68	4.3%
Education						
	Elemen Schl.	85,955	6,118	7%	554	0.6%
	HS / GED +	189,314	26,077	14%	4,826	2.5%
	Some College	75,287	13,249	18%	3,063	4.1%
	College Grad	31,023	4,517	15%	1,034	3.3%
Total		382,107	50,805	13%	10,169	2.7%

Note: All values shown in the table are based on non-missing values. Therefore, the sample size for different variables may vary slightly.

Table 3.2		
Training Occupation of WDPP Grant Recipients		
Training Occupation*	Number	Percent
Architecture, Mathematics & Life Science	994	15
Medicine & Health	771	12
Administrative Specializations	939	14
Miscellaneous Professional, Technical & Managerial	924	14
Clerical & Sales	1,647	25
Service	392	6
Miscellaneous	970	14
Total	6,637**	100

* Based on Dictionary of Occupational Title Codes.

** 3,532 missing cases not included in computations

E. GRANT AMOUNTS

In approximately 15 months of program operations, from July 1992 through September 1993, over \$30 million has been obligated for Individual Training Grants. As indicated in Table 3.3, over \$20 million was obligated in FY 1993 and almost \$10 million more was obligated in the first quarter of FY 1994. Table 3.3 also provides an indication of the variation

Table 3.3 Individual Training Grant Obligations through September 30, 1993 by Region				
Region	Net Obligation	Net Obligation	Net Obligation FY 93 + Q1 94	
	FY '93	Q1 FY '94	Amount	Percent
1	\$1,999,912	\$1,115,804	\$3,115,716	10%
2	\$4,283,670	\$1,806,392	\$6,090,062	20%
3	\$1,882,365	\$817,634	\$2,699,999	9%
4	\$4,433,870	\$2,590,995	\$7,024,865	23%
5	\$2,984,905	\$1,326,881	\$4,311,786	14%
6	\$5,183,725	\$1,947,938	\$7,131,663	24%
Total	\$20,768,447	\$9,605,645	\$30,374,092	100%

in net obligations¹¹ by region. At the extremes, Region 3 has obligated approximately \$2.7 million (or 9 percent of the total training grant amounts) through September 1993, while Region 6 has obligated over \$7.1 million (or 23 percent of the total) over the same time period. As compared with the population proportions presented earlier in Exhibit 3.2, we find that Regions 2 and 6 are equal to the population proportions, while Regions 1 and 4 exceed the population proportions, and, Regions 3 and 5 are substantially lower than the population proportions.

In Table 3.4 we present the number of grantees and the average amount obligated per grantee in each region. The highest average obligation amount (\$3,259), as well as the fewest number of grantees is found in Region 1. Region 3 has the lowest average obligation amount (\$2,559). For the state as a whole, the average amount obligated per grantee is \$2,987. In future reports we will assess the factors that lead to variations in obligation amount across regions as well as variations in obligation amounts over time.

¹¹ Funds obligated less amount de-obligated.

Table 3.4 Number of Grantees and Average Obligation, through September 30, 1993 by Region		
Region	Number of Grantees FY '93 + Q1 FY'94	Average Amount Obligated FY '93 + Q1 FY'94
1	956	\$ 3,259
2	1,928	\$ 3,159
3	1,055	\$ 2,559
4	2,304	\$ 3,049
5	1,439	\$ 2,996
6	2,487	\$ 2,868
Total	10,169	\$ 2,987

To summarize the results by region, we present in Table 3.5 the regional distribution of: the population, number of orientees, number of WDPP trainees, net obligation, and, average obligation. Each of these was previously described in detail earlier in this chapter.

Table 3.5 Summary of WDPP Statistics by Region					
Region	Population	# of Orientees	# of Trainees	Net Obligation	Average Obligation
1	522,763	5,720	956	\$3,115,716	\$3,259
2	1,561,175	7,880	1,928	\$6,090,062	\$3,159
3	1,098,331	4,803	1,055	\$2,699,999	\$2,559
4	912,059	12,314	2,304	\$7,024,865	\$3,049
5	1,825,124	6,584	1,439	\$4,311,786	\$2,996
6	1,830,736	12,308	2,487	\$7,131,663	\$2,868

* 258 missing cases not included in computations.

Next, the distribution of grants by funded amounts is presented in Table 3.6. It is interesting to note that over one-half of the grantees (57%) received grants of between \$3,001 and \$4,000. Since Individual Training Grants were limited to a maximum of \$4,000 (plus \$1,000 for remediation), very few grants exceed \$4,000.¹²

Table 3.6		
Distribution of Money Obligated for Individual Training Grants		
Amount of Grant	Number of Grantees	Percent of Grantees
\$500 and less	622	6
\$500 - \$1,000	804	8
\$1,001 - \$2,000	1,088	11
\$2,001 - \$3,000	1,448	15
\$3,001 - \$4,000	5,636	57
\$4,001 - \$5,000	295	3
Total	9,893*	100

* 258 missing cases not included in computations.

In Table 3.7, we summarize the Individual Training Grant results by type of vendor. As seen in this table proprietary schools and two-year colleges had the highest number of grants (4,942 and 3,642, respectively) and accounted for over \$25 million in total obligations for Individual Training Grants.

Table 3.7			
Individual Training Grants by Type of Vendor			
Type of Vendor	Grants	Total Obligation	Average Obligation
Proprietary Schools	4,942	\$ 16,308,763	\$ 3,300
Vocational/ Technical Schools	499	\$ 1,036,440	\$ 2,077
Adult Education	105	\$ 181,016	\$ 1,724
Four-Year College	981	\$ 2,892,966	\$ 2,949
Two-Year College	3,642	\$ 9,242,426	\$ 2,538

¹² The data indicate that 20 grantees received more than \$5,000. We will investigate the reliability of these data for future analyses.

Finally, in Table 3.8 we present the distribution of proposed length of WDPP training. These results indicate that 45 percent of individual training grantees were enrolled in training designed to last 6 months or more. Eight percent were enrolled in training programs lasting 2 years or more and a similar number were enrolled in programs one month or less.

Table 3.8		
Proposed Length of WDPP Training		
Length of WDPP Training	Number	Percent
1 Month or less	823	8
1-4 Months	3,355	34
4-6 Months	1,290	13
6-12 Months	2,555	26
1-2 Years	1,129	11
2-3 Years	696	7
3-4 Years	96	1
Total	9,944*	100

* 225 missing cases not included in computations

F. MAIN RESULTS

In this chapter we described the Individual Training Grant program and analyzed its implementation through September 1993. The highlights of the findings are:

- substantial variation in enrollment flow over time;
- overall orientation attendance (among ES registrants) of 13 percent;
- grant award rate (among those attending orientation) of 20 percent;
- grant award rate (among ES registrants) of 3 percent;
- obligation of \$30 million in grant monies;
- 45 percent of individual training grant recipients enrolled in training programs intended to last more than 6 months.

CHAPTER 4

ADDITIONAL BENEFITS DURING TRAINING

A. INTRODUCTION

In passing Chapter 47 of the Workforce Development Partnership Act (P.L.1992), the New Jersey legislature recognized that the effectiveness of current programs to retrain displaced workers is often hindered by the limited duration of unemployment insurance benefits. As a result, displaced workers are often driven toward short-term training programs with limited potential for skills enhancement. To remedy this situation, the legislature authorized the Additional Benefits during Training (ABT) component. This component provides for up to 26 weeks of additional Unemployment Insurance benefits for certain individuals enrolled in training programs. With these additional benefits, displaced workers may be able to obtain needed in-depth education and training.

In authorizing the ABT component, the legislature wished to encourage displaced workers to make greater use of retraining opportunities. It is expected that the availability of the additional benefits will enable displaced workers to obtain the high quality training and education necessary for high skilled occupations where labor shortages are expected to arise. Thus, by assisting displaced workers to obtain longer-term retraining, ABT enhances dislocated workers' ability to "retool" their skills and contribute to long term economic development.

To ensure that the ABT program does not jeopardize the solvency of the Unemployment Compensation Fund, the legislature limited the funding for this program and provided for a mechanism to restrict entry into the program when this limit is reached. Furthermore, the legislation limits eligibility in the program to individuals who:

- have received notice of permanent termination or have been laid off and are unlikely to return to their former job;
- are eligible for 26 weeks of regular UI benefits at the time of termination;
- indicate interest in WDPP assistance within 30 days of their Unemployment Insurance Benefit Rights Interview or 60 days of termination of their employment, whichever is later;
- undergo counseling and assessment;

- enroll on a full time basis in any needed remediation and job training and make satisfactory progress;
- are expected to complete education and training successfully; and
- are not receiving a training stipend or allowance from any other benefit program during the period. Other direct training costs, including tuition and books, are exempted.

The training that these individuals receive must be for an occupation which has or projects a labor shortage, and must be likely to facilitate a substantial enhancement of marketable skills and earning power. It must be provided by an approved vendor in New Jersey, and may not include activity for which the individual is paid.

It is important to note that individuals in certain pre-approved training programs after July '92 were eligible for up to 26 weeks of ABT payments. This group represents claimants who had their training approved either by JTPA, UI, TRA, or Customized Training and had expressed an interest in additional training benefits. This group is considered to be "grandfathered" into the ABT program.

B. DATA SOURCES

To analyze the implementation of the ABT component in this report, we use two main data sources. First, information on the characteristics of ABT recipients as well as on benefits received were obtained from the Unemployment Insurance Local Office On-Line Payment (LOOPS) system. Specifically, we obtained an extract of the State LOOPS file which contains all the individuals who received ABT funds during the period from July 1993, when the program began, to September 1993. Through the end of September 1993, 5,078 individuals participated in the ABT program.

The LOOPS data extract contains information on the amount of regular Unemployment Insurance payments and the amount of ABT benefits paid through September 30, 1993, as well as demographic and other information on ABT recipients.

The second data source used in analyzing the ABT program is the WDPP Individual Grant database (known as the Paradox database). As described in Chapter 3, this database

contains information on individual training grant awardees and their grant awards. A total of 10,169 grantees are included in this file. As indicated earlier, the Paradox database does not contain demographic information on trainees.

To analyze the types of training undertaken by ABT recipients, we merged the two data sources. The merger of these two files yielded a sample of 3,022 individuals with records in both the LOOPS extract and the Paradox file. Thus, 3,022 of the 5,078 ABT recipients were enrolled in WDPP funded training programs. In future analyses we will examine the training of the remaining ABT recipients.

The LOOPS extract and the Paradox file together provide extremely valuable information about ABT recipients. Using these sources we are able to examine the enrollment and characteristics of ABT recipients, analyze the WDPP training characteristics of ABT recipients, and evaluate the distribution of ABT amounts.

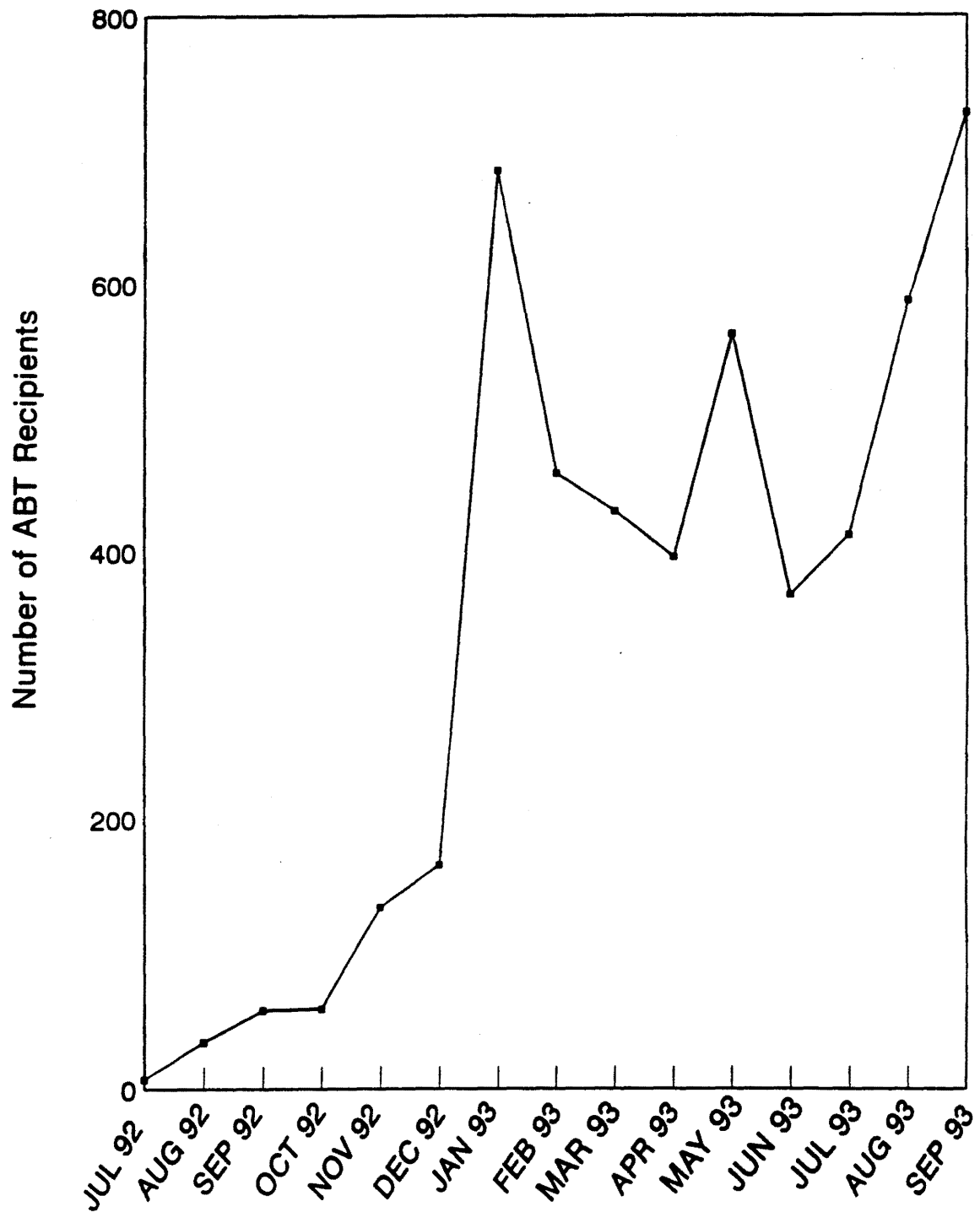
C. SUMMARY OF PROGRAM ACTIVITIES

In this section we summarize the main activities of the Additional Benefits component through September 1993. We begin by evaluating the number of ABT recipients over time. We then describe the characteristics of individuals receiving ABT, and the kinds of WDPP training received by ABT recipients. Finally, we review the amount of ABT benefits paid.

Pattern of ABT Enrollments

Using the LOOPS data extract, we are able to assess the number of ABT recipients over time (see Exhibit 4.1). The pattern depicted here is very similar to the pattern depicted earlier in Exhibit 3.3 for enrollment into the WDPP Individual Training Grant program. Similar to the enrollment into the Individual Training Grant program, new enrollments into ABT reached their a peak in January 1993 when the bulk of "reach-back" clients were enrolled. Following this early peak, enrollment stabilized at an average of slightly under 500 recipients per month. After July 1993, however, enrollments again increased to an even higher peak of over 700 recipients in September 1993. A total of 5,078 individuals received ABT benefits through September 30, 1993.

Exhibit 4.1
Number of New ABT Recipients
July '92 - September '93



Characteristics of ABT Recipients

The characteristics of ABT recipients are summarized in Exhibits 4.2, 4.3, and 4.4 by gender, race, and level of education. In general, the characteristics of ABT recipients are very similar to those of WDPP trainees discussed in Chapter 3.

- Females represent more than half of those receiving ABT benefits (57% females versus 43% males);
- Whites comprise the highest share of ABT recipients (62%), followed by blacks (26%), and hispanics (10%); and
- Only 8 percent of ABT recipients lacked a high school or GED diploma, while 45 percent had at least some college education.

Types of Training Received

Above, we examined demographic characteristics of individuals receiving ABT. In Table 4.1, we examine the types of WDPP training received by those in ABT¹³. The WDPP training occupations of ABT recipients are very similar to those of individual grantees discussed in Chapter 3. As indicated the Table 4.1, the most popular training area was clerical and sales occupations, with 28 percent of the sample in this occupational training category. With the exception of service occupations (7%), all other training occupation groupings (e.g., architecture, mathematics and life sciences; medicine and health, etc.) were equally represented, with between 12 and 14 percent of the sample in each group.

¹³ For this analysis we use the merged LOOPS extract/Paradox file. This merged file contains 3,022 ABT recipients found in the WDPP training file (Paradox file).

Exhibit 4.2

Distribution of
ABT Recipients
By Gender

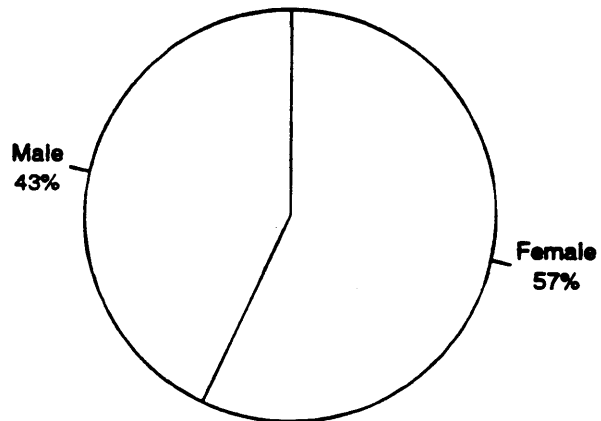
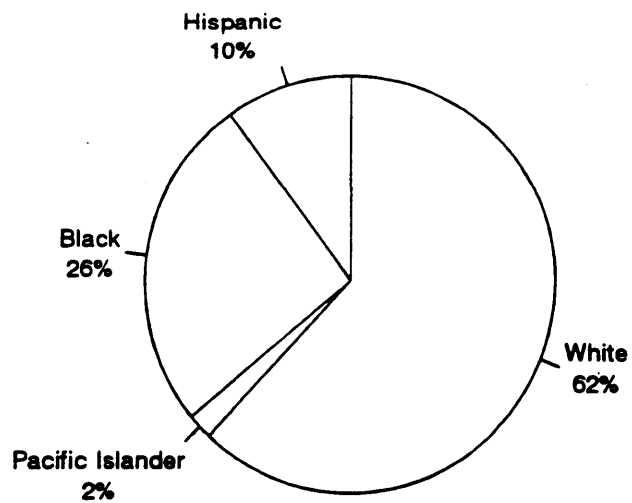


Exhibit 4.3

Distribution of
ABT Recipients
By Race*



* Native American category is less than 1%

Exhibit 4.4

Distribution of ABT Recipients By Education

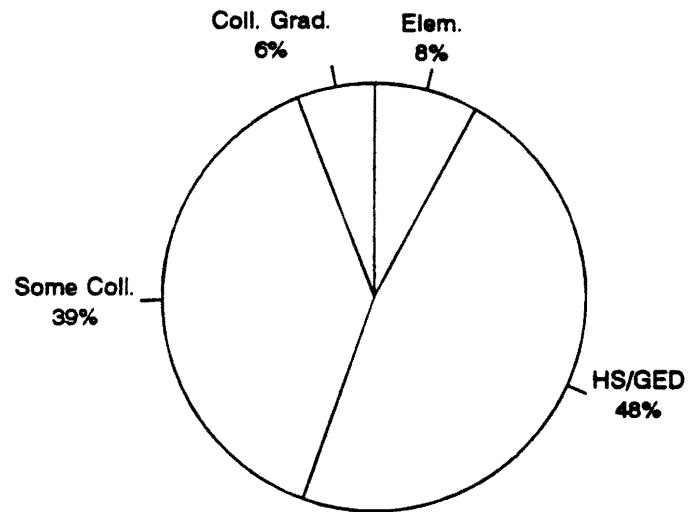


Table 4.1		
Training Occupations of ABT Recipients in WDPP Training		
Training Occupation*	Number	Percent
Architecture, Mathematics & Life Science	222	13
Medicine & Health	227	12
Administrative Specializations	258	14
Miscellaneous Professional, Technical & Managerial	243	13
Clerical & Sales	520	28
Service	123	7
Miscellaneous	238	13
Total	1,831**	100

* Based on Dictionary of Occupational Title Codes.

** 1,191 missing cases not included in computations

Since an important part of the motivation for the ABT program was to encourage dislocated workers to participate in longer term training, we present in Table 4.2 the proposed length of WDPP training. As shown in the table, over 50 percent of ABT recipients were in WDPP training programs designed to last more than 6 months. Comparing this distribution of planned training duration for ABT recipients to the planned training duration for all Individual Training Grant participants (presented earlier in Table 3.6), we find that, as expected, ABT participants are enrolled in longer term training programs than non-ABT recipients, where only 45 percent are in training programs lasting more than 6 months.

In Table 4.3 we present the distribution of money obligated for training for ABT recipients. As indicated in this table, 64 percent of ABT recipients were enrolled in WDPP training programs costing more than \$3,000. In contrast, we found earlier (in Exhibit 3.5) that 60 percent of all WDPP trainees were in training programs costing more than \$3,000.

Table 4.2 Proposed Length of WDPP Training for ABT Recipients		
Proposed Length of WDPP Training	Number	Percent
1 Month or less	104	3
1-4 Months	831	28
4-6 Months	507	17
6-12 Months	963	32
1-2 Years	314	11
2-3 Years	224	8
3-4 Years	31	1
Total	2,974*	100

* 48 missing cases not included in computations

Table 4.3 Distribution of WDPP Training Funds Obligated for ABT Recipients		
Amount of Training Grant	Number	Percent
Less than \$500	81	3
\$500 - \$1,000	217	7
\$1,001 - \$2,000	364	12
\$2,001 - \$3,000	399	14
\$3,001 - \$4,000	1,781	61
\$4,001 - \$5,000	82	3
Total	2,931*	100

* 91 missing cases not included in computations

Additional Benefits Paid

As described earlier in the chapter, ABT benefits are provided to eligible individuals in the form of additional Unemployment Insurance payments. These payments are paid only *after* an individual has exhausted regular and extended UI benefits. Therefore, the additional benefits are a "payment of last resort".

Table 4.4 shows the mean and the distribution of ABT payments made through September 1993. The mean for all ABT recipients is \$3,805. An examination of the distribution of total ABT payments indicates that only 6 percent of recipients received \$1,000 or less, while 20 percent received more than \$6,000. Overall, a total of \$19.3 million has been expended in ABT payments through September 30, 1993. Of the 5,078 individuals who received ABT payments during this period, about 20 percent exhausted their ABT benefits.

Table 4.4		
Mean and Distribution of Additional Benefits during Training		
Amount of Benefits	Number	Percent
Less than \$500	57	1
\$500 - \$1,000	273	5
\$1,001 - \$2,000	886	18
\$2,001 - \$3,000	977	19
\$3,001 - \$4,999	728	14
\$4,001 - \$5,000	663	13
\$5,001 - \$6,000	507	10
\$6,001 - \$7,000	404	8
\$7,001 - \$8,000	452	9
\$8,001 - \$9,000	131	3
Total	5,078	100
Mean ABT Payments	\$3,805	

D. MAIN RESULTS

In this chapter we described the Additional Benefits during Training component of the WDPP program and analyzed its implementation through September 1993. The highlights of our findings are:

- The enrollment pattern into ABT was similar to the enrollment pattern into the Individual Training Grant component of the WDP program;
- Over 50 percent of ABT recipients enrolled in training programs intended to last more than 6 months;
- The mean ABT amount paid was \$3,805;
- A total of \$19.3 million has been expended in ABT payments; and
- As of September 30, 1993, 20 percent of ABT recipients exhausted their ABT benefits.

CHAPTER 5

CUSTOMIZED TRAINING PROGRAMS

A. OVERVIEW OF THE CUSTOMIZED TRAINING PROGRAM

Objectives

The Customized Training component of the Workforce Development Partnership Program (WDPP) has been in place since 1978, administered by the Department of Labor's Office of Customized Training. This component of WDPP provides grants to employers seeking to create, retain or upgrade jobs in demand occupations with an emphasis on creating and sustaining so-called "high wage, high-skill" jobs. The objectives of Customized Training are to enhance the creation and retention of jobs in New Jersey through comprehensive workforce training, and to assist in building a highly skilled, productive, globally competitive work force. The Program emphasizes assistance to small and medium sized companies in the manufacturing sector, but makes grants to large firms and those in the service sector as well.

The passage of the WDP Act did not, in and of itself, result in major changes to the structure of the Customized Training program. It did, however, increase the funding for the program substantially, and increased the levels of review needed for grant approval. Key features of the program are summarized below.

The Application Process and Requirements for Grant Award

Employers wishing to receive Customized Training assistance under the WDPP must submit a comprehensive application to the Office of Customized Training (OCT). Entities eligible for funding include:

- A single employer, labor organization, or community-based organization; or
- A consortium composed of one or more educational or training institutions in combination with one or more eligible employers or organizations (e.g., labor or community-based organization).

The application requires detailed information on the proposed training program, including the reason or rationale for training; the number of workers to be trained; the training curriculum,

method, and location; and anticipated outcomes. To be eligible for funding, training must address one of the following needs:

- Creation, retention, or upgrading of positions in labor demand occupations;
- Prevention of job losses as a result of a potential facility closing, national or international competition, or changing technology;
- Creation of jobs as a result of a company relocating into New Jersey or starting a business in the state.

The application requires both quantitative (numeric goals) as well as narrative expression of training activities and expected outcomes. Applicants must also demonstrate how the training fits into the context of the company's long range human resources plan.

Once a company has expressed interest in the Program, but before formally submitting an application, an OCT Field Representative is assigned to work with the company to better diagnose and articulate training needs. This provides companies with needed technical assistance and also offers an opportunity to identify companies that are likely to have severe difficulty in following through with training if awarded a grant. For those not screened out on this basis, applications are submitted to the OCT, where they are reviewed and then sent, in succession, to the Comptroller's office, the Assistant Commissioner, and the Commissioner. The Commissioner makes the final determination of grant awards.

Employer Conditions

Successful awardees are subject to a number of conditions which protect the interests of the State as well as workers being trained. These include:

- Grantees must provide a minimum of 40 percent of total program costs. If warranted, NJDOL can set a higher or lower contribution rate.
- Union concurrence is required for programs covered by a collective bargaining agreement.
- Trainees successfully completing the program must be hired or retained by the employer.
- Program participation must not cause displacement of current employees or any reduction in their work hours.

- Employers must demonstrate that the amount of training provided without the grant would be significantly less.
- Employers creating new jobs as a result of training must list these jobs with the Employment Service.

OCT Field Representatives are assigned to monitor grantees throughout the term of their contract. At present, Field Representatives monitor approximately 56 active contracts. Each Field Representative is expected to visit each company at least monthly.

B. REPORT COVERAGE AND DATA SOURCES

In this First Annual Assessment and Activity Report, we seek to provide a basic descriptive portrait of the companies applying for, and receiving, OCT grants during Fiscal Year 1993 and the first quarter of Fiscal Year 1994. The questions asked are quite basic: what types of companies apply for, and receive, training grants; how much do they both receive from OCT and contribute to the training effort; and what type of training do they undertake? We also examine the wages and hours of trainees.

Data Sources

Four sources of data were tapped for this report. The initial source is OCT's electronic database, which is primarily used by the agency to track grant obligations and payments. This dataset captures basic identifying information on inquiries, applicants, and successful grantees, as well as information on the amount of award, payments, and deobligations. The information in the database is abstracted from Field Representatives' files and from the contract documents by an OCT staff member located in the central Trenton office. As one might expect, the most detailed and complete information is available on successful grantees.

To obtain information on firm size, industry classification, union participation, reasons given by the firm for undertaking training, nature of the training activity, training hours, and wages and occupations of trainees, we drew on a second data source: the hard copy applications submitted by grantees. It was necessary to obtain these variables from the application forms, because they were not available on OCT's electronic database. To obtain these data, Abt staff

retrieved the hardcopy applications from the OCT office, extracted the specific variables of interest from the applications, coded the information and created an electronic database. This database was then merged with the OCT electronic data file which was used in the analysis below.

The third source of information was on-site visits by Abt staff to three, training grantees: one a large manufacturer in the health care field; the second a very small manufacturer located in an inner city neighborhood; and the third a consortium of small employers. These visits enabled us to tour company operations to highlight the need for training, interview management and supervisors about the training provided.

A fourth information source -- OCT's individual-level data on trainees in participating firms -- was also examined, though we ultimately decided against its use. The primary reason is that these data are only available for 12 grantees: almost exclusively small firms funded in Fiscal Year 1993.¹⁴ Extrapolating findings from analysis of this subgroup to the overall trainee population would almost certainly induce serious bias, so we elected not to report these results.

C. SUMMARY OF PROGRAM ACTIVITIES

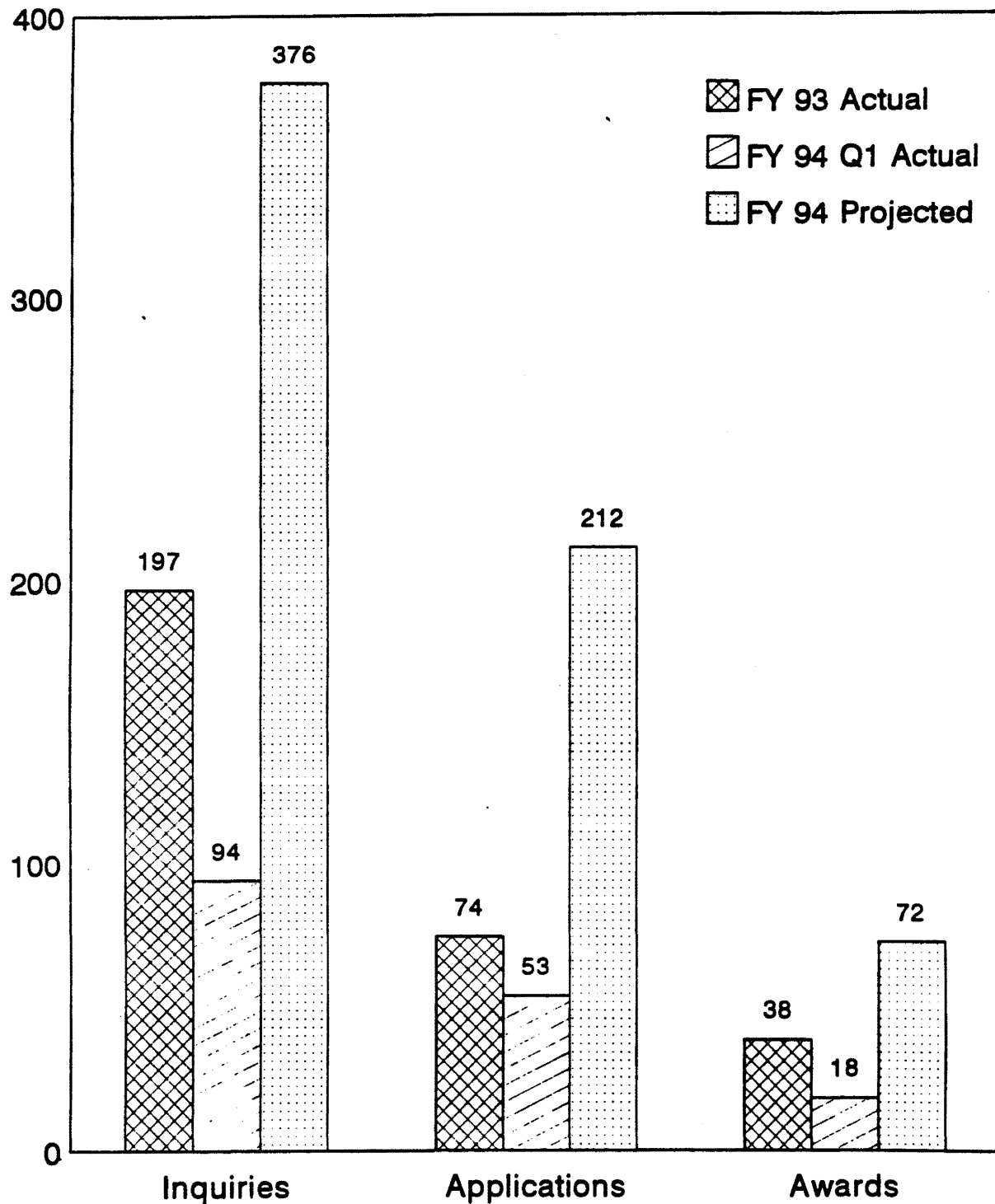
The thrust of our analysis is to characterize OCT-funded firms and activities in Fiscal Year (FY) 1993 and early FY94 and to assess whether procedures and activities have changed over time. In general, few differences were found between OCT activities in FY 93 and early FY 94; the most dramatic changes have been in magnitude rather than substance.

Inquiries, Applications and Awards

There are strong indications that WDPP has increased firms' interest in OCT assistance over the past year. Exhibit 5.1 presents the numbers of inquiries, applications, and approved contracts for FY 1993 (July 1992 to June 1993) and the first quarter of FY 1994 (July 1993 to September 1993). During FY 1993, 197 inquiries were made to the OCT program from 181 firms, with some firms making multiple inquiries. In comparison, the first quarter of FY 1994

¹⁴ Individual level data collection was also suspended in August 1993.

Exhibit 5.1
Customized Training Inquiries, Applications and Grant Awards
FY '93 and FY '94 (Quarter 1)



Source: OCT Paradox data files.

resulted in 94 inquiries from 89 firms. If the current rate of inquiries continues, we can expect 376 inquiries in FY 1994, nearly twice the number of inquiries in WDPP's first year.

Thirty eight percent of FY 1993 inquiries resulted in applications to the Customized Training program (74 out of 197); by FY 1994, that number had increased to 56 percent (53 out of 94). Extrapolating these first-quarter results, we may expect 212 applications in FY 1994, nearly a three-fold increase over WDPP's first year.

Thirty-eight contracts were awarded in FY 1993; by the end of the first quarter of FY 1994, 18 contracts have been awarded. Most of the firms funded in FY 1994 had inquired or applied in FY 1993.

Exhibit 5.2 illustrates the breakdown of types of grantees and incidence of multiple awards. Of the 56 awards made in the last five quarters, 86 percent were made to single employers, in partnership with educational institutions. Eleven percent were made to consortia of employers/educators, and 4 percent were made directly to organized labor groups.

As shown in Exhibit 5.2, however, multiple awards were made to a significant number of grantees. Of the 43 grantees, 11 (26%) received "multiple awards."¹⁵

Customized training programs typically involve some combination of on-the-job (OJT) and classroom training. In fact, 54 (96%) of the 56 contract awarded involved OJT. Further, most of the awards involved training to upgrader workers' skills. Indeed, five-sixths of these awards involved some skills upgrading.

Since it is the characteristics of recipients of OCT funding that are of interest, the remainder of our analysis takes the grantee as the unit of observation. Data are thus presented for the 43 unique grantees funded by OCT in the study period; where multiple¹⁶ awards have been made to a grantee, we have been careful to sum information across awards.

Characteristics of OCT Grantees

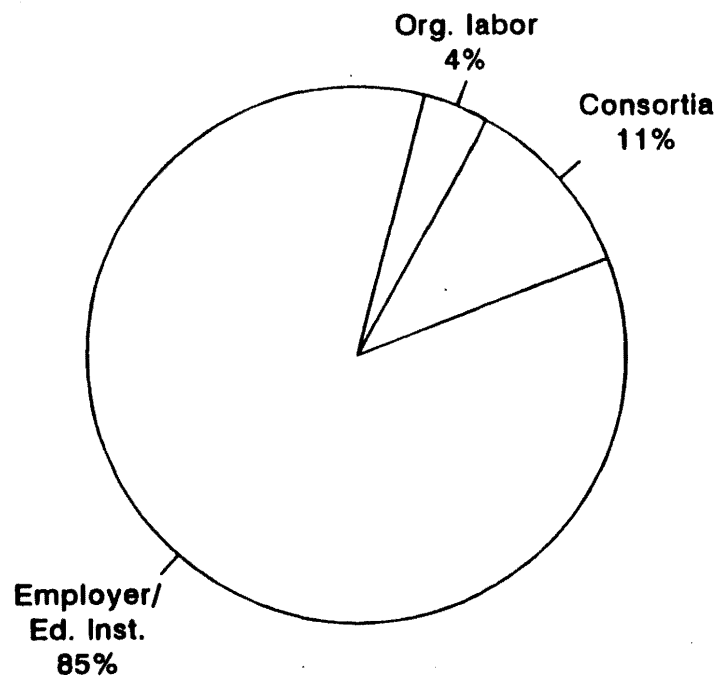
Exhibit 5.3 shows that, in keeping with the program's goals, most grantees represent the

¹⁵ A complete listing of all grantees, including the number of awards made to the grantee and the total dollar amount awarded, is found in Appendix A.

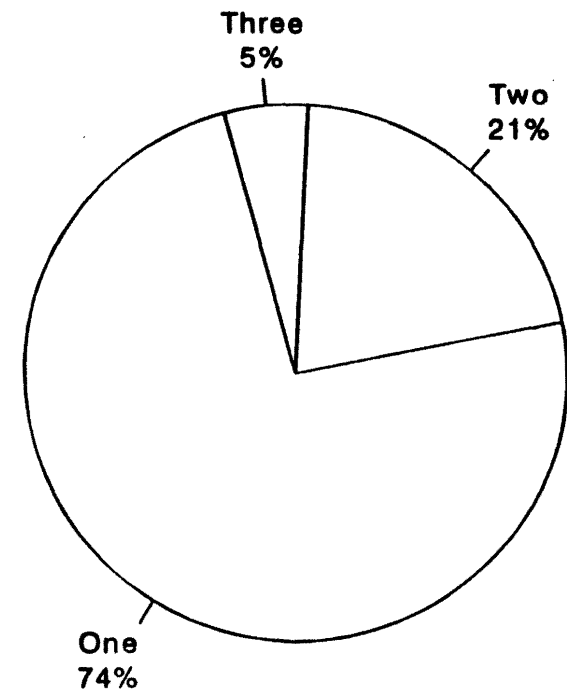
¹⁶ Some variables (union affiliation, number of employees) did not have to be summed across multiple awards. Others were aggregated across multiple awards as appropriate (e.g. number of trainees, training hours, types of training). Sums are unweighted.

Exhibit 5.2

Types of Grantees and Incidence of Multiple Awards



Awards by Grantee Type

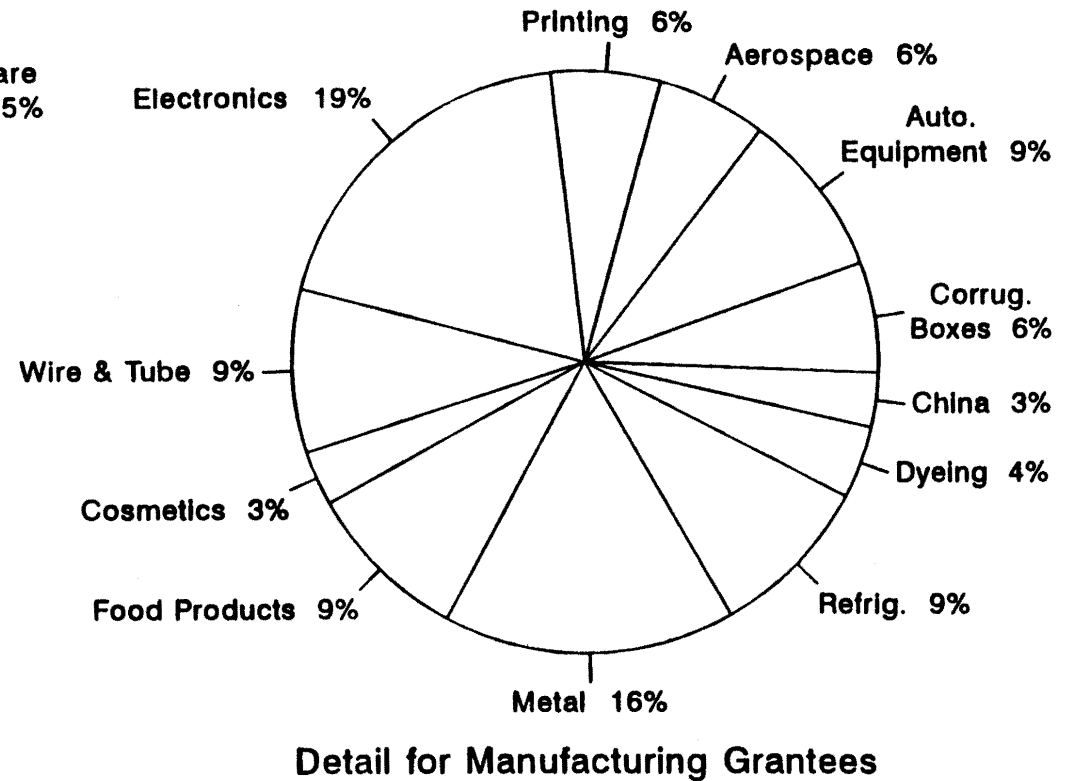
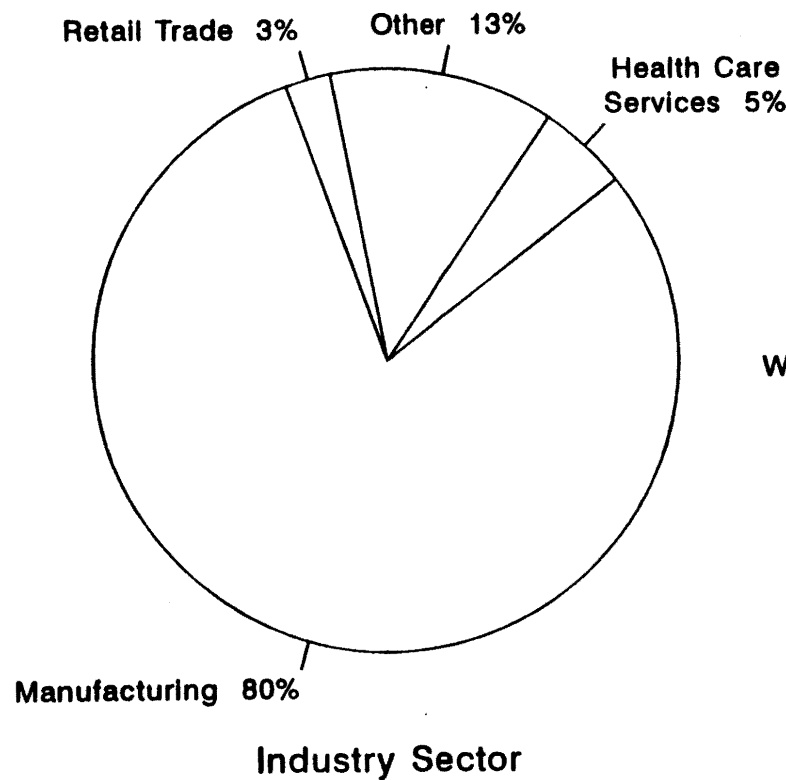


Number of Awards per Grantee

Source: OCT Paradox data files.

Exhibit 5.3

Percentage of Grantees in Each Industry Sector



Source: OCT applications.

Note: Files missing for 3 of 43 grantees.

209X
59

manufacturing sector. Eighty percent of grantees are manufacturing firms, with 13 percent in other services (primarily installation and repair), five percent in health care, and just three percent in retail trade. Of the manufacturing grantees, the largest fractions are represented by electronics (19%) and fabricated metal and plastic (16 percent). Automotive equipment, food products, heating and refrigeration systems, and wire and tube manufacturers each account for 9 percent.

Exhibit 5.4 shows the distribution of grantees by size, as measured by number of employees in the grantee workforce¹⁷. The exhibit indicates that half of the grantees were either small (under 50 employees) or medium (50 to 250 employees) sized firms. An examination of manufacturing and non-manufacturing grantees indicates a similar pattern for both types of firms.

Over half (54%) of all grantees were unionized and each of the unionized firms indicated union participation in the planned training activities. Exhibit 5.5 shows that this percentage is highest for large grantees, yet more than half of the medium sized grantees also reported union participation. Only small firms report relatively low union involvement. Appendix B presents a list of unionized grantees and their union affiliation.

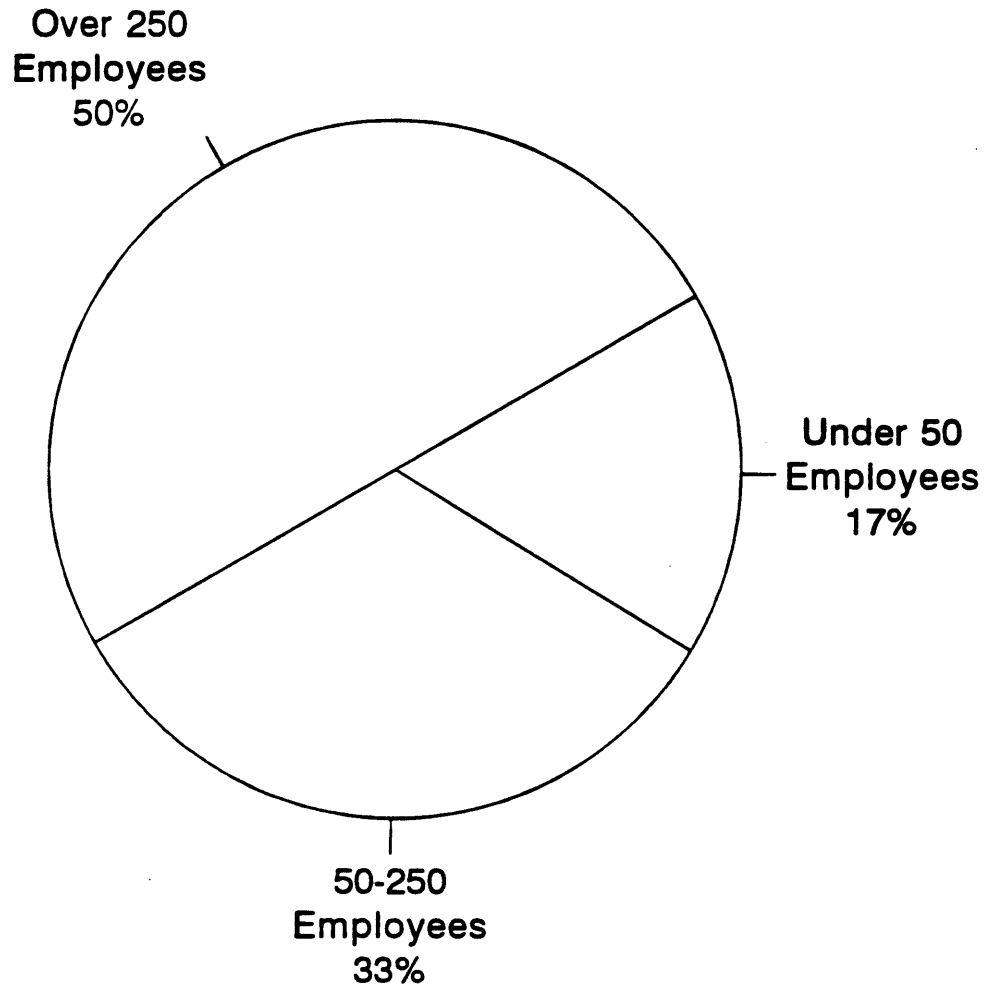
OCT Awards and Company Contributions to Training

During the five quarters covered by this report, OCT awarded a total of \$9,961,562 to the 43 grantees. They, in turn, committed \$23,921,308 in matching funds to the training effort, resulting in a total human resource investment of almost \$34 million. The most common employer match, reported in virtually all cases, is the value of "release time," or the time that employees are excused from their normal job tasks to attend training, at the company's expense. Most employers indicate that paying employees for some, or all, of the hours they are in training establishes the company's commitment to training and increases the likelihood of active employee participation.

Training activities at General Motors' Linden Assembly plant accounted for the lion's share of all OCT funds awarded in the study period (\$4,498,376, or 45 percent of the total) and matching funds contributed (\$11,297,543, or 47 percent). Because this project dwarfs all other

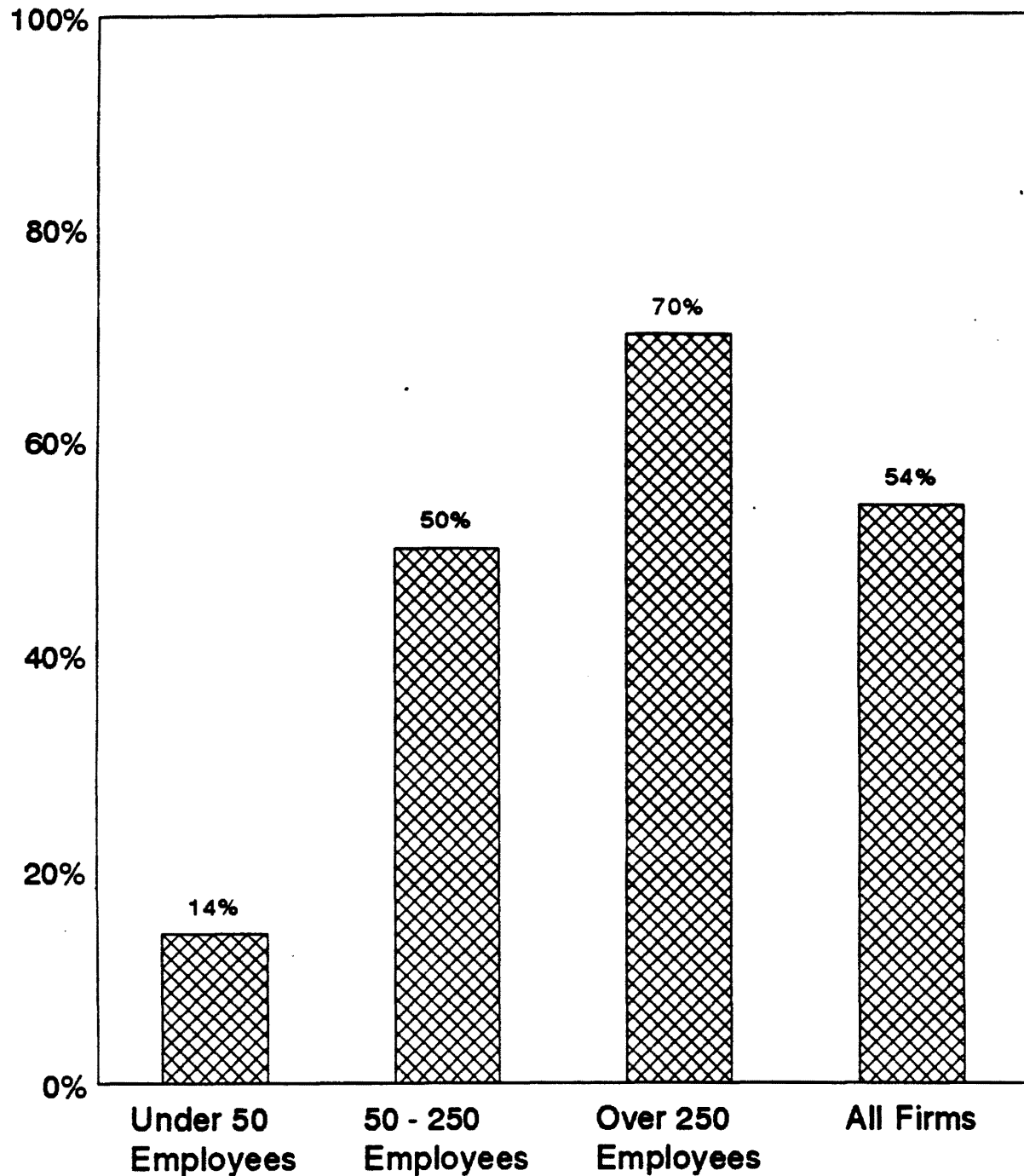
¹⁷ In the case of consortia, we computed the total workforce across all participating firms.

Exhibit 5.4
Distribution of Grantees by Size



Source: OCT applications.

Exhibit 5.5
Percentage of Grantees Unionized
by Firm Size



Source: OCT applications.

Notes: Files missing for 3 of 43 grantees.

Union involvement not coded for 1 of the remaining 40 grantees.

grantees in size and scale, the fiscal analyses presented below are conducted both with and without this large project.

Exhibit 5.6 summarizes average OCT awards and company matching fund contributions during the five quarters covered by this report. The most striking thing to note is that the company share of the total training investment averages 70 percent, regardless of whether the General Motors project is included in the calculations. This is well above the required 40 percent contribution, and suggests that OCT has been able to use its funds to successfully leverage private sector investment in workforce training.

Excluding the large GM project, the average OCT grant is slightly over \$130,000, and the average company contribution approximately \$300,000. Exhibit 5.7 breaks these figures down by firm size. While it is not surprising to observe that the largest firms command the most training dollars, it is somewhat surprising to note that mid-sized firms both command -- and contribute -- almost as much. Mid-sized firms funded 77 percent of their total training cost, on average, while large firms funded 68 percent and small firms funded 53 percent. In terms of absolute dollars, the average company contribution made by mid-sized firms was only \$5,000 less than that made by their larger counterparts: \$345,774 for mid-sized firms versus \$351,194 for large firms.

Planned Training Activities and Characteristics of Trainees

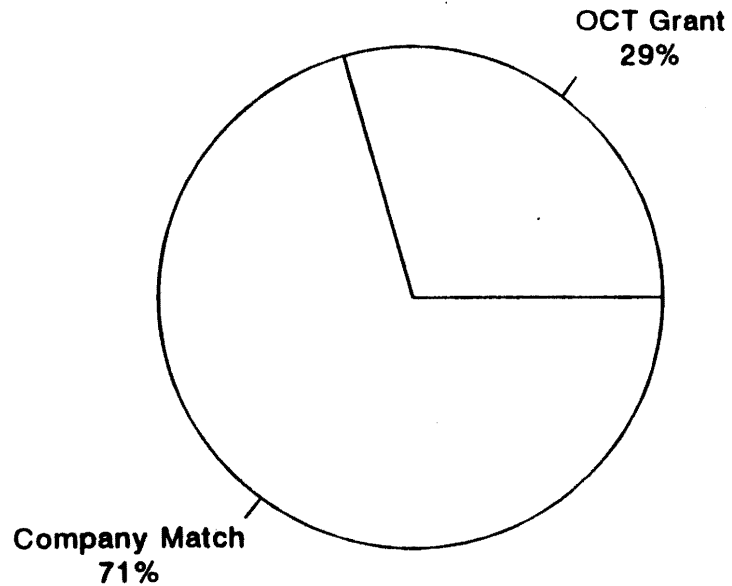
To be eligible for OCT funding, grantees must demonstrate that they are creating or upgrading jobs; preventing job losses; or bringing jobs into the state via firm relocation. Moreover, the emphasis is on creating and sustaining so-called "high wage, high skill" jobs. An analysis of the reasons given by grantees for their training activity indicates that they are fulfilling OCT's expectations. As shown in Exhibit 5.8, 65 percent of grantees indicated that training was required to support implementation of new technology. Forty two percent of grantees indicated that training was needed to alleviate existing skills shortages. Only 5 percent of grantees, however, reported seeking training resources because they were relocating to New Jersey.

To investigate the extent and nature of training activities undertaken by grantees, we examined the number of different types of training that each grantee planned to offer; the

Exhibit 5.6

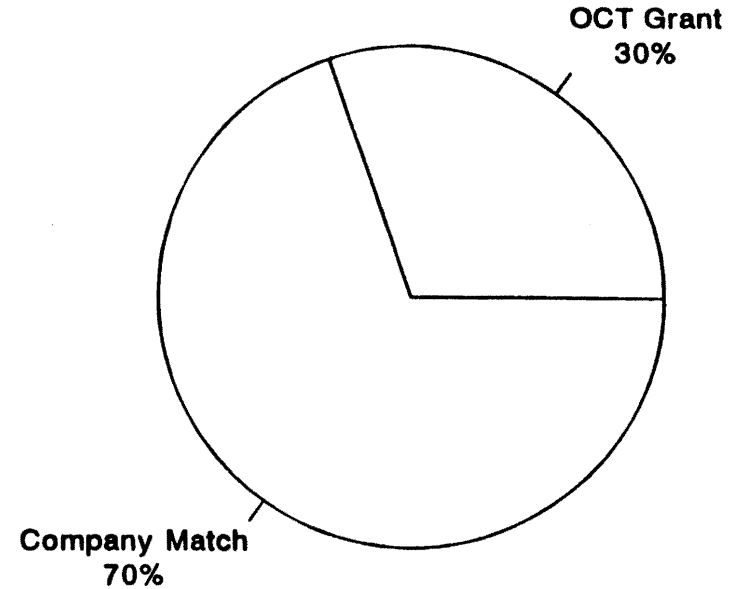
Average OCT Grant and Company Match Amounts

Total Training Investment
\$ 787,974



GM Project Included

Total Training Investment
\$ 430,642

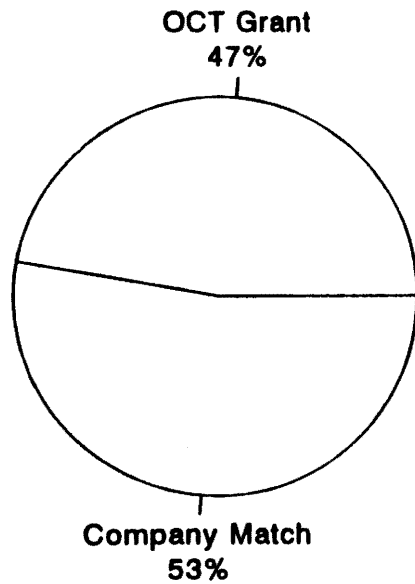


GM Project Excluded

Source: OCT Paradox data files.

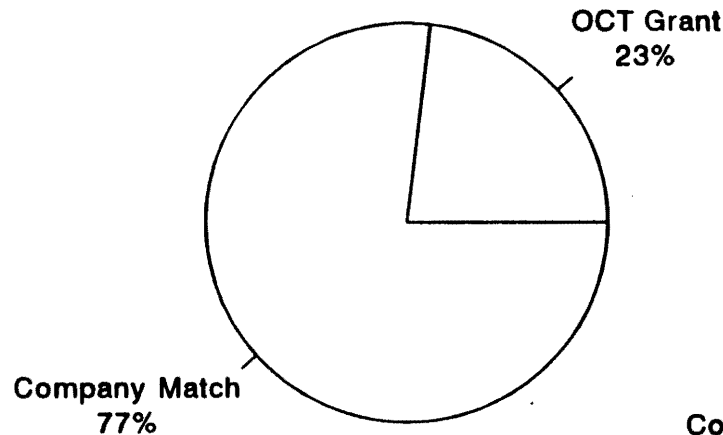
Exhibit 5.7
Average OCT Grant and Company Match Amounts,
by Firm Size

**Total Training
Investment
\$ 61,712**



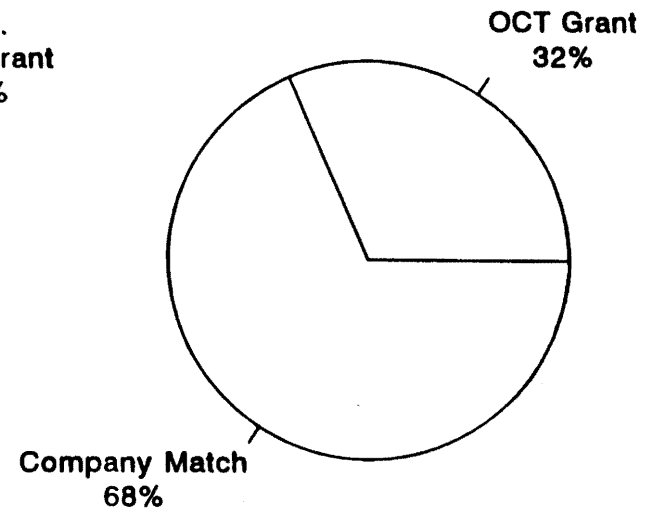
Under 50 Employees

**Total Training
Investment
\$ 449,626**



50 - 250 Employees

**Total Training
Investment
\$ 512,951**



Over 250 Employees

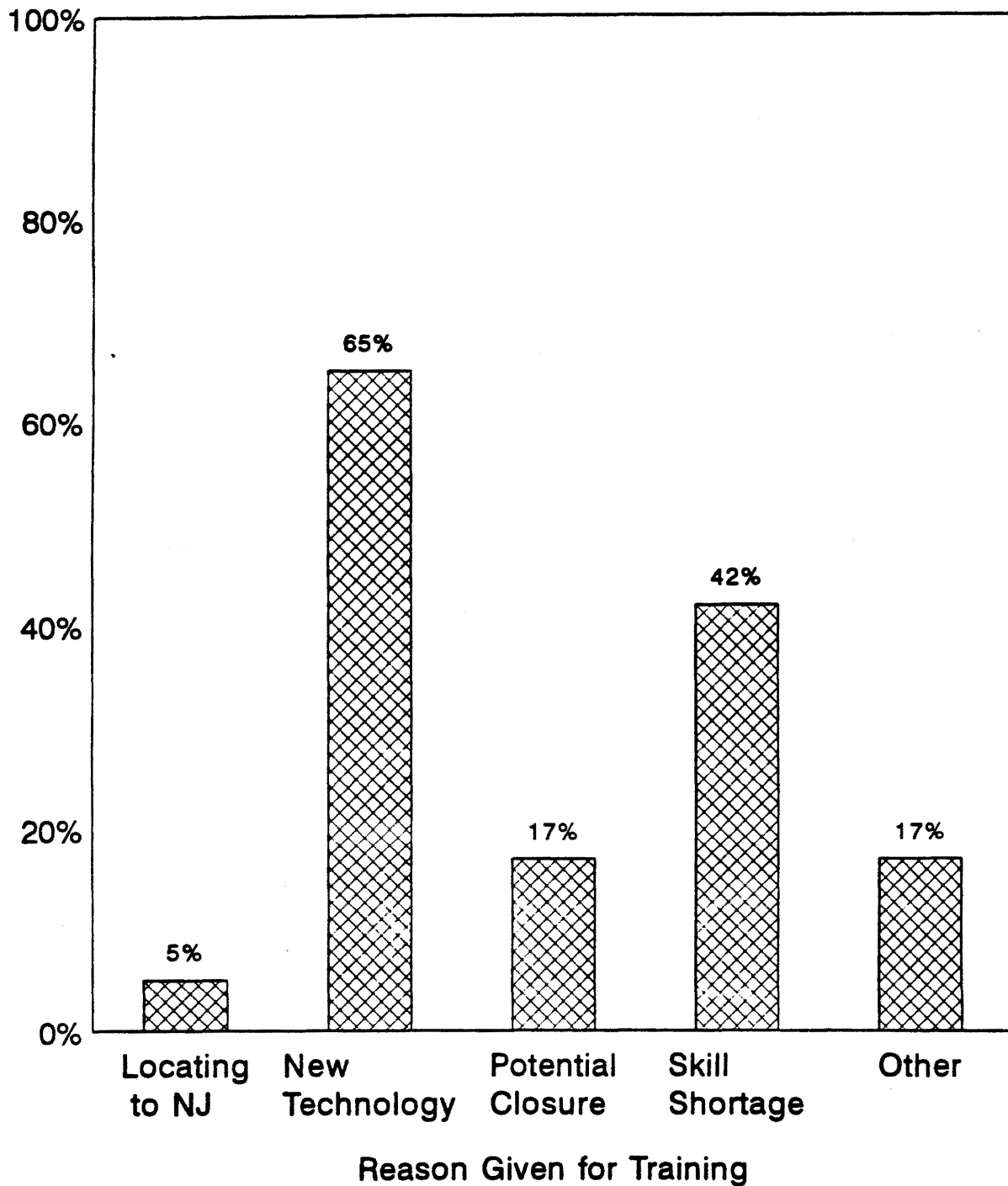
Source: OCT Paradox data files.

Note: GM project is excluded from calculations.

215X

65

Exhibit 5.8
Percentage of Grantees Indicating
Specific Reasons for Training



Source: OCT applications.

Notes: Files missing for 3 of 43 grantees.

More than one reason per firm may be reported.

training hours that would be provided; and the percentage of the firm's workforce that would be trained. We generally found that firms specified comprehensive training plans involving multiple training activities, to be provided to half of their workforce. Key findings are highlighted below.

An important limitation of the analysis presented below is that it is based primarily on training *plans* reported in the application.¹⁸ While OCT Field Representatives are responsible for tracking compliance with stated plans, actual training activities are not uniformly or consistently recorded in an automated data base that could be used for analysis. Thus, to determine whether stated plans were actually implemented, we would need to review the narrative reports in the contract files¹⁹.

Exhibit 5.9 summarizes the number of different training activities that grantees proposed to offer. For each grantee, up to five distinct training types or activities were coded based on information in the application²⁰. On average, firms planned to offer two courses or curricula. Yet there are important variations by firm size. For example, while only 35 percent of all firms planned to offer only one training activity, 71 percent of small firms indicated this intention. At the other end of the spectrum, almost 40 percent of medium sized firms, and 35 percent of large firms, reported planning at least four distinct training activities. Training types were classified according to the following eight-category coding scheme:

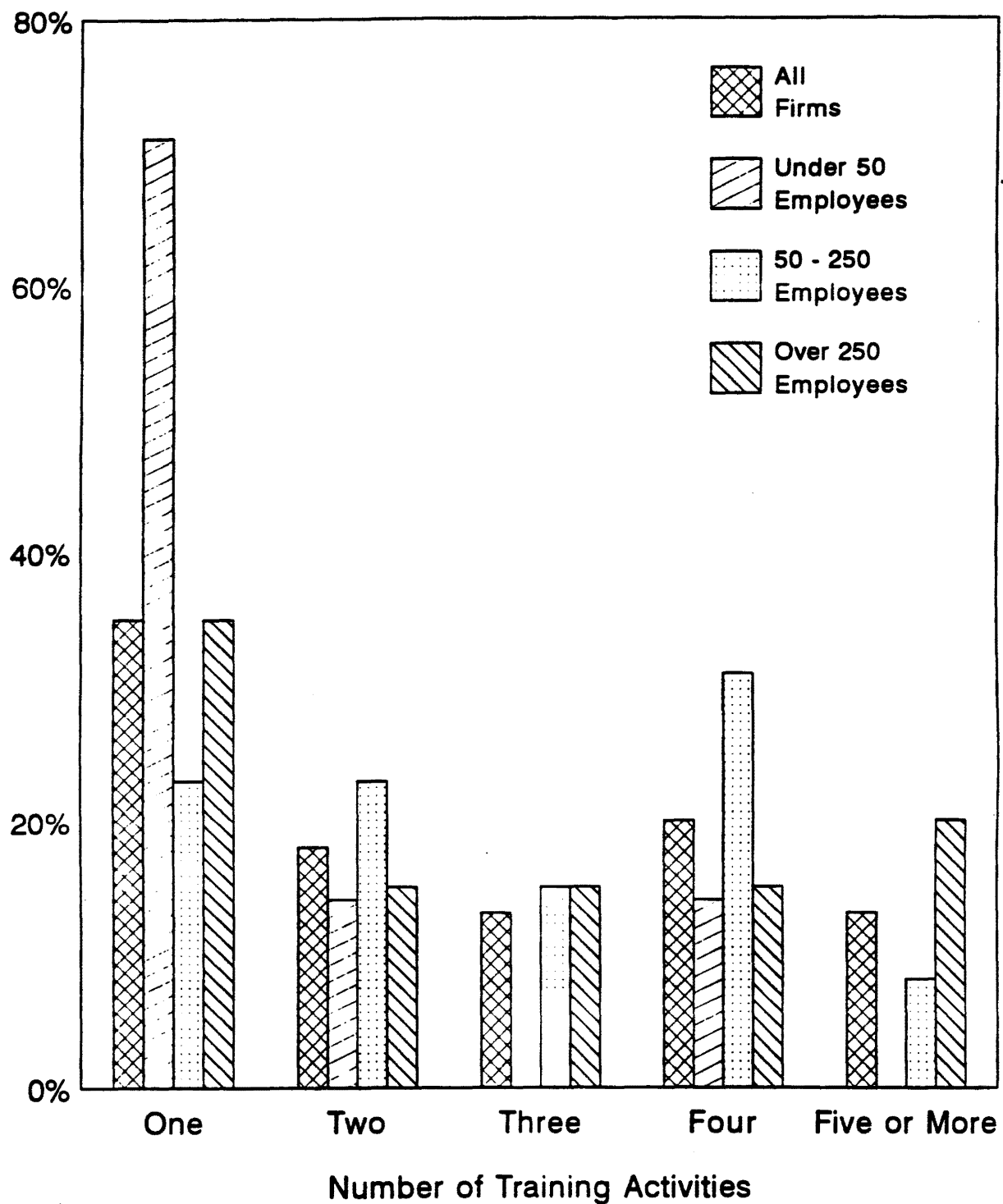
- Basic training for new hires;
- Basic mathematics or reading skills, or English as a second language (ESL);
- Safety;
- Skill enhancement: Skill strengthening, functional context instruction, or applied problem solving; the goal of such activities is raising employees' competence in their current jobs, utilizing equipment and processes involved in actual job tasks;

¹⁸ Once exception is number of trainees for FY '93 grantees; these reflect actual data.

¹⁹ We recommend that a simple but uniform tracking system be established to provide this information more readily.

²⁰ A very small number of firms reported more than five activities, and for these we coded only the most prevalent five. We did, however, code the number of planned training activities for these as "five or more."

Exhibit 5.9
Percentage of Grantees Undertaking Specific Numbers of Training Activities,
by Firm Size



Source: OCT applications.

Note: Files missing for 3 of 43 grantees.

- Training for new equipment or technology, or new manufacturing processes;
- Training to meet certification/licensing requirements;
- Training to cross-train existing workers or to develop self management teams; and
- Total Quality Management or continuous improvement.

Exhibit 5.10 summarizes the proportion of grantees proposing to undertake each of these types of training activities. The most common activity, proposed by nearly half the firms (49 percent), was to train employees in the use of modern manufacturing processes such as just-in-time or demand flow production systems (this can also include training for new equipment and technology).

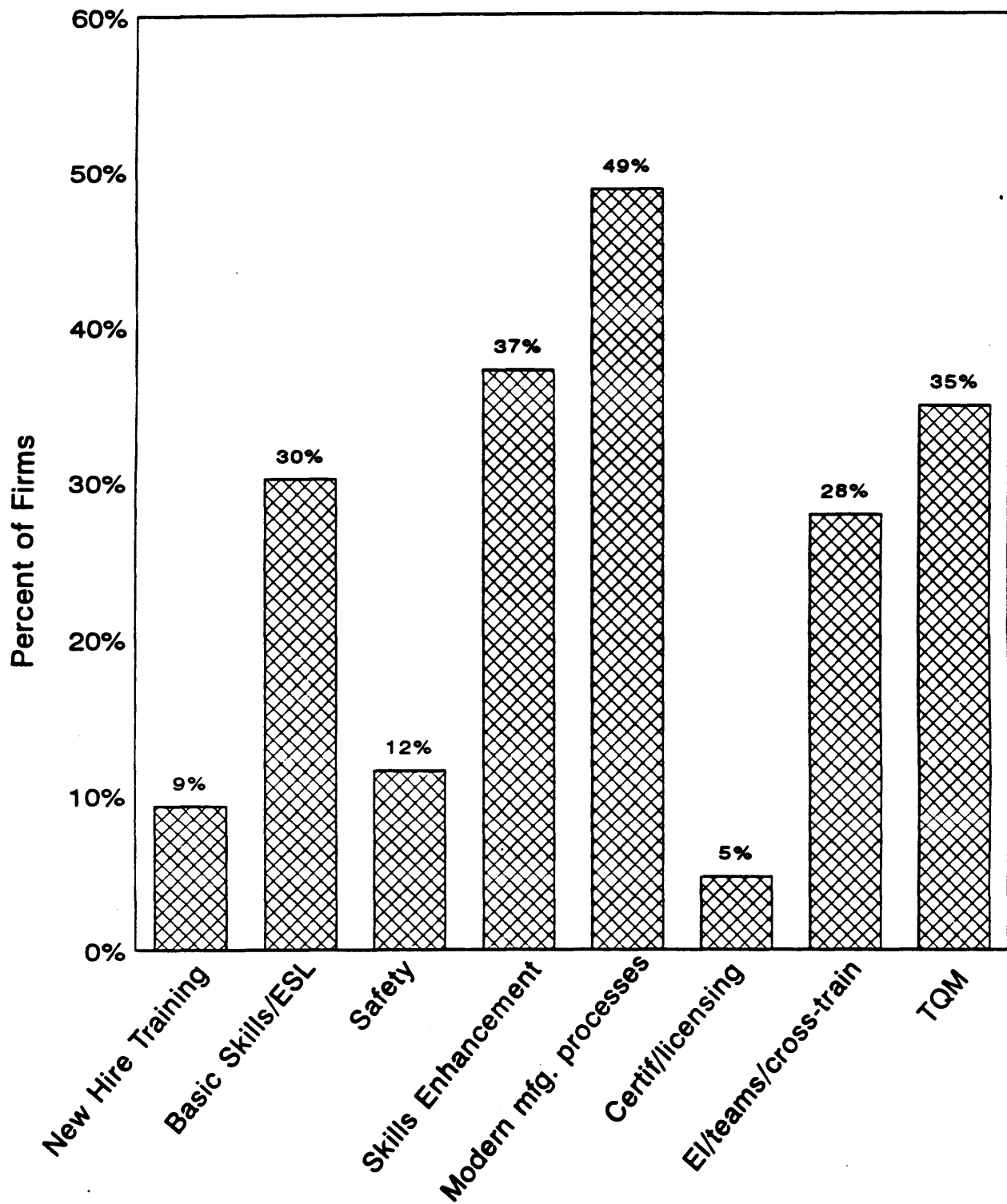
Skill enhancement programs were the next most popular option, with 37 percent of firms planning to implement them. As distinct from basic skills efforts, the emphasis of these programs is to strengthen workers' existing job skills and capacity for problem solving. Most proposed to employ contextual instruction methods which draw upon equipment and processes that employees use in their day to day work. Problems encountered in daily work were also to be used as a teaching tool, to develop employees' ability to solve problems independently.

Total quality management training was planned by 35 percent of firms. Nearly one-third of firms (30%) also proposed basic skills or ESL training, while over one-quarter (28%) proposed programs to cross-train existing workers or to develop self-managed work teams.

As shown in Exhibit 5.11, on average, firms undertook to train slightly over half of their employees (54%). The proportion of the workforce to be trained, however, varied quite widely by company size, with small firms seeking to train the highest relative share of their employees and large firms the fewest. On average 79 percent of small-firm employees and 61 percent of medium-sized firms were to receive training, while large firms planned to train fewer than one half the workforce (41 percent on average).

Small firms not only sought to provide training to a larger share of their workforce, but they also planned to provide relatively more training per capita. Exhibit 5.12 presents average training hours per trainee, for all firms and then separately for small, medium and large employers. On average, firms planned 285 hours of training for each employee trained. Small

Exhibit 5.10
Percentage of Grantees Undertaking Specific Types of Training

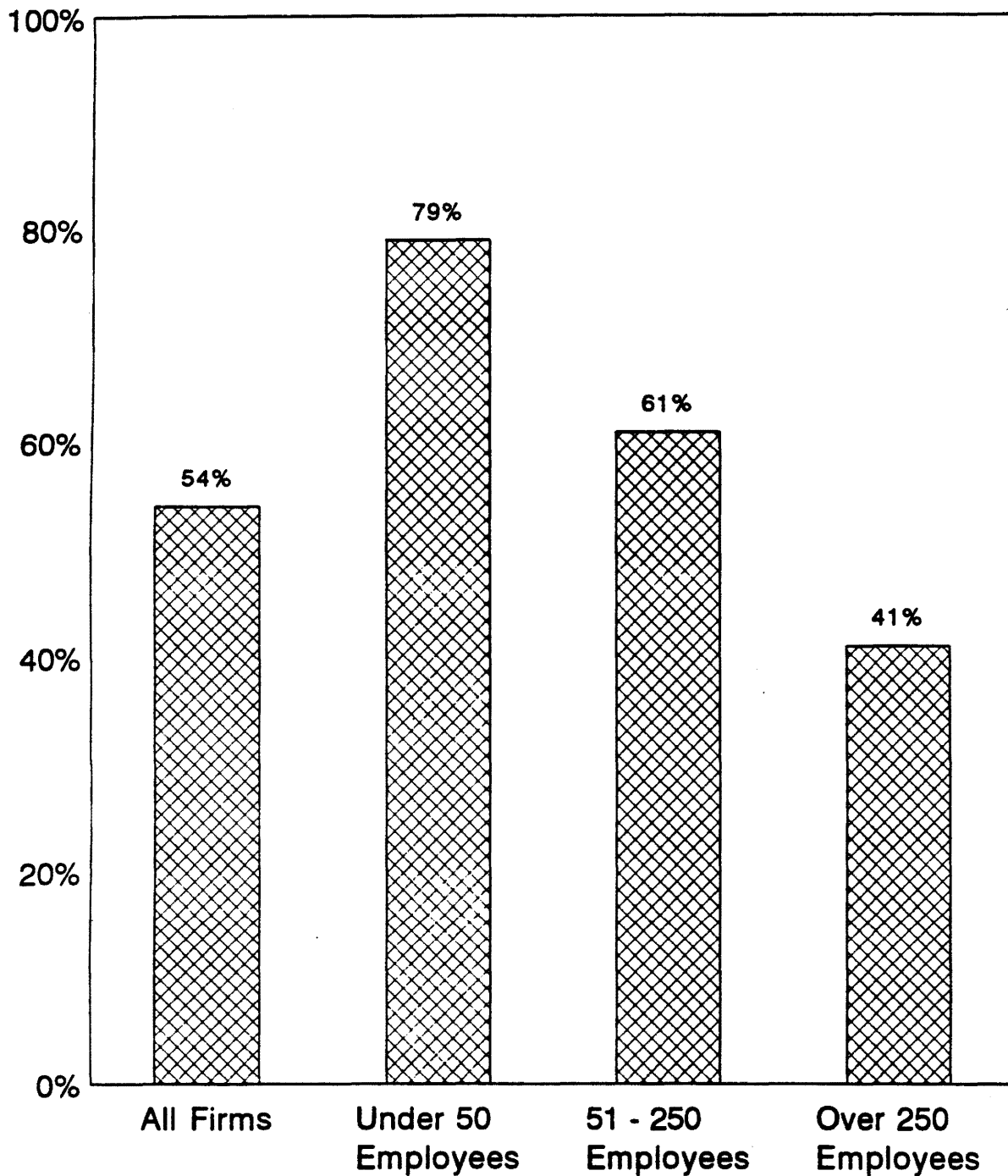


Source: OCT applications.

Note: Files missing for 3 of 43 grantees.

More than one type of training may be reported for each firm.

Exhibit 5.11
Average Percentage of Workforce Trained,
by Firm Size

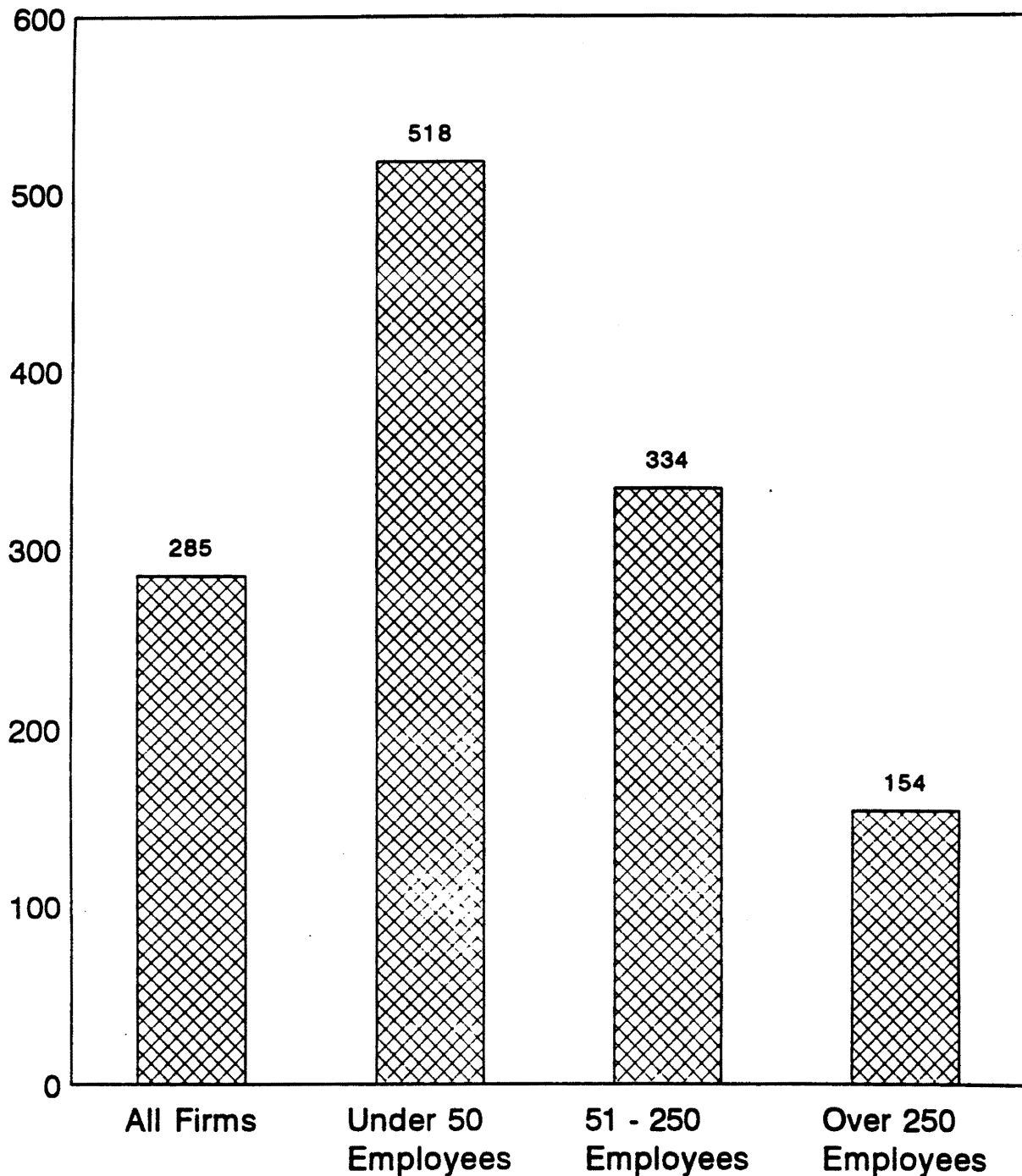


Source: OCT applications.

Notes: Files missing for 3 of 43 grantees.

Employee information missing for 1 of the remaining 40 grantees.

Exhibit 5.12
Average Per Capita Training Hours,
by Firm Size



Source: OCT contract files.

Notes: Files missing for 3 of 43 grantees. General Motors project excluded.

Date on number of trainees and/or training hours missing for an additional 3 firms.

firms planned the most hours per-trainee, at 518, while large firms other than GM provided the least, at 154.²¹

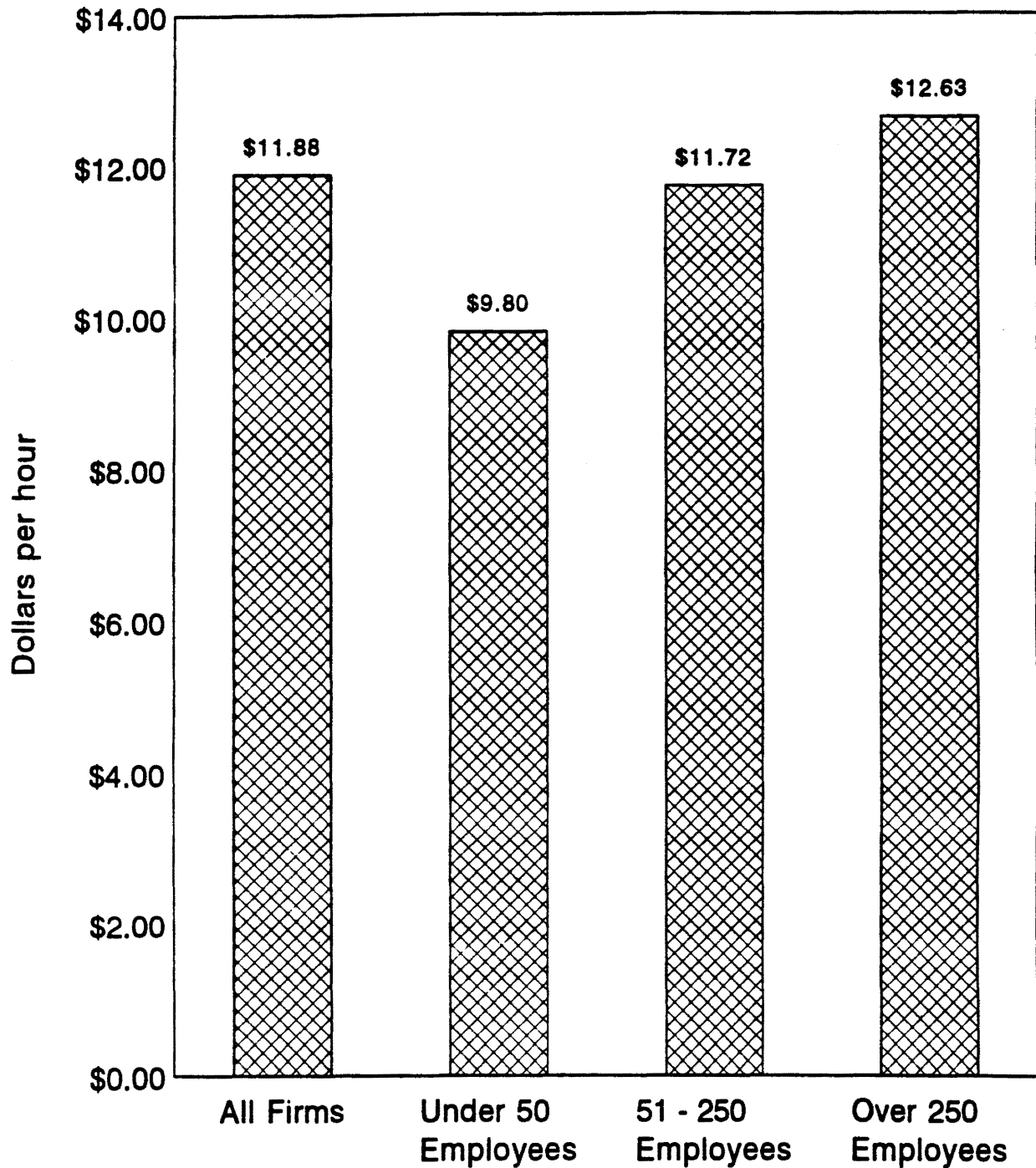
Exhibit 5.13 presents the average wages. On average, WDPP-funded training targeted individuals in relatively high-wage, high skill jobs; the average trainee wage in the plans was \$11.88 per hour. This varies somewhat by company size, with trainees at large firms earning more than their small- and medium-firm counterparts (\$12.63 versus \$9.80 and \$11.72 per hour respectively).

Reflecting the high concentration of manufacturing grantees, over half of training programs were to provide training to people employed in benchwork and machine trade occupations as indicated in Exhibit 5.14. Other occupations targeted for training programs include processing occupations, structural work, clerical/sales and "other" occupations (these were each targeted by 9-10 percent of programs). Less targeted were service staff, and professional/technical employees.

The preceding analysis focused on grantee characteristics; therefore, each grantee was accorded equal weight in the analysis, regardless of grant size. However, one grantee merits special mention because of its size: General Motors Corporation, which received by far the largest grant award. GM's grant was given to its Linden assembly plant, which was switching production from cars to small pickup trucks. The OCT grant award was \$4.5 million, with a company match of \$11.3 million. The training program, supported by the United Auto Workers union, was primarily for on the job skills upgrading. Its primary purpose was to train for a new manufacturing process, truck production. The application proposed 720.2 million training hours, of which over 98 percent was for labor costs associated with acceleration to full line production speed. The application proposed to train 2,466 employees, primarily those in machine trades and benchwork occupations (this figure was later revised to 1,743 trainees). Average trainee wages were \$18.05 per hour.

²¹ The General Motors project, had extremely high per-employee training hours and was omitted to highlight the tendency for large firms generally to plan low hours per trainee.

Exhibit 5.13
Average Hourly Wages of Trainees,
by Firm Size



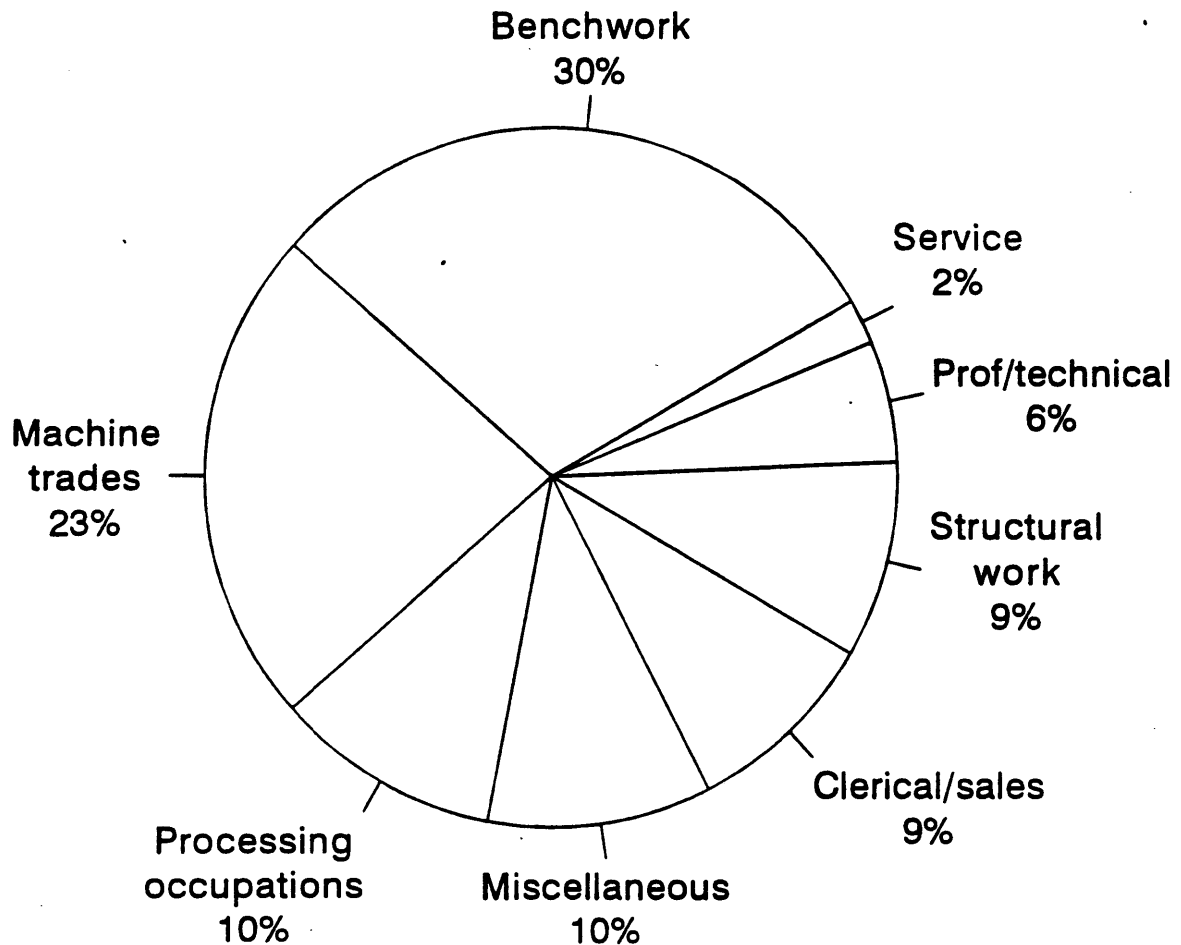
Source: OCT applications.

Notes: Files missing for 3 of 43 grantees.

Employee information missing for one of the remaining 40 grantees.

Exhibit 5.14

Percent of Grantees Training Specific Occupations



Source: OCT applications.

Notes: Files missing for 3 of 43 grantees.

Employee information missing for 1 of the remaining 40 grantees.

D. MAIN RESULTS

This chapter has described the Customized Training program and documented its implementation through September 1993. Given the small number of firms and the short time frame in our analysis, it is premature to reach any conclusions about program operations. During the next four years, we will continue to obtain OCT's databases and will gather additional data needed to support both the annual assessment of program operations, and the evaluation of OCT program impacts. As more firms receive grants and we obtain their data, we will be able to make more definitive observations on program effectiveness.

The limited analysis of the Customized Training program presented above indicates that:

- The rate of inquiries and applications for Customized Training funding, has approximately doubled in the first quarter of FY 1994, relative to FY 1993;
- From July 1992 through September 1993, 56 awards were made to 43 unique grantees. Nine of these grantees received two awards, and two grantees received three.
- Eighty percent of the awards have been made to manufacturing firms, mostly in the metal fabrication and electronics sectors.
- About two-thirds of grantees applied for OCT grants to support implementation of new technology.
- Half of the awards have been to small and medium-sized firms;
- Over half of the grantees were unionized and each of the unionized firm indicated union participation in the planned training activities.
- On average, companies supplied 70 percent of the funding for their training efforts, with OCT providing the remaining 30 percent. The average OCT grant was \$130,000, excluding a grant of nearly \$4.5 million to General Motors.
- Almost half of the grantees intended to provide training for modern manufacturing processes. Thirty-seven percent sought to strengthen workers' existing skills through contextual instruction. Another third planned quality management training.
- Most intended to provide training through on-the-job training.

- On average, firms expected to train just over half of their workforce. Small companies planned to train the greatest share, at 79 percent.
- On average, firms planned 285 hours of training for each employee trained (excluding the largest grantee).
- The average wage of those employees scheduled for training was \$11.88.
- Over half of training programs were to provide training in benchwork and machine trade occupations.
- There was one grant substantially larger than the others: \$4.5 million was awarded to General Motors.

CHAPTER 6

PLANNED EVALUATION OF WDPP IMPACTS

A. INTRODUCTION

The New Jersey State Employment and Training Commission (SETC) has a legislative responsibility to evaluate and report on the impacts of the Workforce Development Partnership Program (WDPP). At this point, when very few participants have completed training, it is premature to evaluate program impacts. As a result, this First Annual Assessment Report does not provide any impact estimates. In future annual assessment reports we plan to report WDPP program impacts.

It should be pointed out that there will not be sufficient longitudinal data in the first two years of the project to derive long-term program impact estimates. In Years 3 and 4 of the project, however, we anticipate having sufficient data to measure long-term impacts on individuals served in Years 1 and 2.

In the following sections, we describe our plans for the impact analyses and the methodologies that we will employ. These plans are preliminary and will be subject to modification and improvement over the course of the project.

B. MEASURING IMPACTS OF THE INDIVIDUAL TRAINING GRANT AND ABT PROGRAMS

In this section we present our approach to estimating program impacts for the Individual Training Grant programs (for both displaced and disadvantaged workers) and for the Additional Benefits during Training (ABT) program. In the following section, we present a separate discussion of our approach for evaluating the Customized Training component of WDPP. The methodology for evaluating the impact of the Customized Training component is sufficiently different from the methodology for evaluating the other three components to warrant a separate discussion.

Issues in Nonexperimental Impact Evaluations

Many training program evaluations use random assignment of eligible recipients to treatment (program) and control (no-program) groups to obtain unbiased estimates of program effects in a controlled experimental setting. Since random assignment is not possible for the current evaluation, we will rely instead on nonexperimental methods for measuring the net impact of the four WDPP components. The central issue in using nonexperimental methods for evaluating program impacts is how to select a comparison group that is as similar to the program participants as possible, but that did not participate in the program. The experiences of the comparison group are then used as a measure of what would have happened to participants in the absence of the program.

To adjust for pre-existing differences between the comparison group and the participant (or treatment) group, researchers often use statistical models. The main problem with these statistical models is that they only control for characteristics that can be measured. Individual characteristics that cannot easily be measured, like motivation, are often left out of these models. Leaving out such unmeasured characteristics will not affect the impact estimates if these characteristics are, on average, the same for program participants and comparison group members. If, on the other hand, the unmeasured characteristics differ on average between the two groups and the unmeasured characteristics affect labor market outcomes, the impact estimates will be biased.

This problem is illustrated in the following example. Suppose that the motivational level of program participants is higher than the motivation level of similar individuals in the comparison group who do not seek out WDPP training. Suppose, further, that motivation level is positively related to later earnings. Clearly, it would not be appropriate to attribute all post-program earnings differences between the two groups to the WDPP program. To attribute the entire difference in earnings to WDPP would overstate program impact since participants would have earned more than comparison group members even without the training (due to their higher motivation level). This problem is known in economic literature as *selection bias*.

Selection bias may arise from a variety of sources. As suggested above, it may arise from the choices of individuals who apply for the program (e.g., the highly motivated). It may also arise through screening operations of program operators (e.g., "creaming" of the most

qualified candidates). To overcome these selection bias problems, a variety of econometric techniques have been used in estimating program impacts. The following techniques have recently been used in employment and training program evaluations:

- *Including variables used for selection.* To the extent that the variables used in the selection process are measurable and available for the evaluation, we may control for the selection process by including these variables in the impact analysis.
- *Developing matched samples of participants and nonparticipants.* The goal of this process is to draw a sample of nonparticipants that is matched identically with the participant group. Of course, the problem is that the matches are based on observable characteristics only, so the two groups may still differ on unobservable characteristics.
- *Modeling the selection procedure.* Sophisticated modeling techniques have been developed to overcome selection bias. Heckman (1979) has developed a two-stage technique that uses a probit function on participation as the first stage. A fitted probit value is then substituted for the participation dummy in the second stage.
- *Making specific assumptions about the unobserved variables.* For example, assuming that unobservables are fixed over time allows one to derive consistent estimates of program impacts by using first differences.
- *Finding instruments for selection.* If certain external factors such as geographic proximity to the training site, affect participation but not earnings (directly), instrumental variables can be used to identify program effects independent of pre-existing differences.

The basic limitation of all but the last of these techniques is that we cannot be certain that the effect of the selection bias has been removed and instruments for selection are often hard to find. Thus, in most instances, studies based on these techniques require a faith that the problem has been resolved by the technique used to adjust for selection bias.

The following section describes the proposed impact evaluation approach. This description is highly technical and may not be of interest to the non-technical reader. In section C, we describe our approach to measuring the impact of the Customized Training Program; in section D, we describe our planned approach for evaluating service providers; finally, in section E, we present recommendations for future data collection.

Proposed Impact Evaluation Approach

Our approach to measuring impacts of the WDPP program is to make extensive use of an individual's pre-program earnings history to predict what expected earnings of WDPP participants would be in the absence of the program. This approach assumes that trends in unobservables are steady over time. Any deviation from the expected earnings trajectory can thus be attributed to the program. Such an approach is simply understood, yet yields powerful and convincing results.

Our measure of WDPP impacts will be derived through multivariate regression techniques. This approach uses covariates to explain some of the variation in outcomes across participants and nonparticipants. We refer to impact estimates obtained from such multivariate regression techniques as the "regression-adjusted" program impacts. A standard t-test can be calculated to determine whether the estimated impact is significantly different from zero. Only estimates that are significantly different from zero at the 10 percent level or better will be treated as evidence of a real effect of the program.

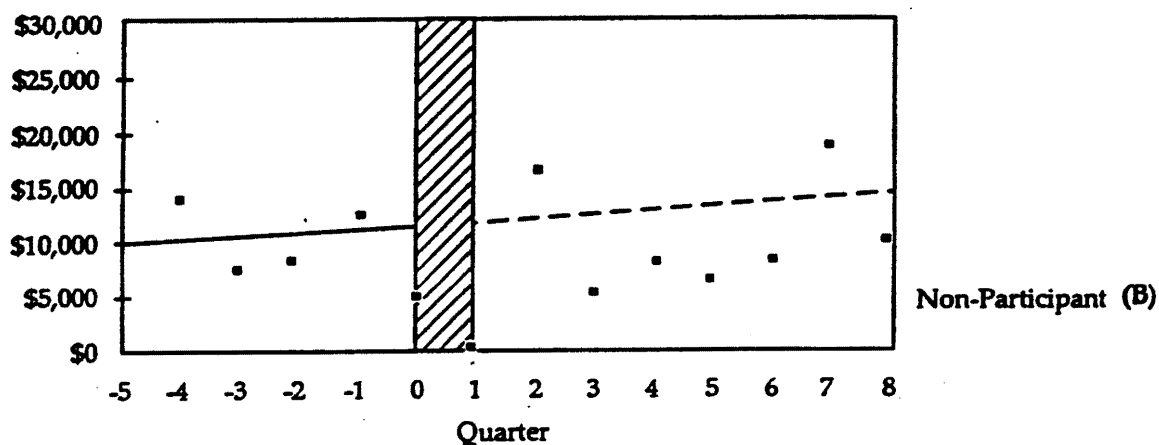
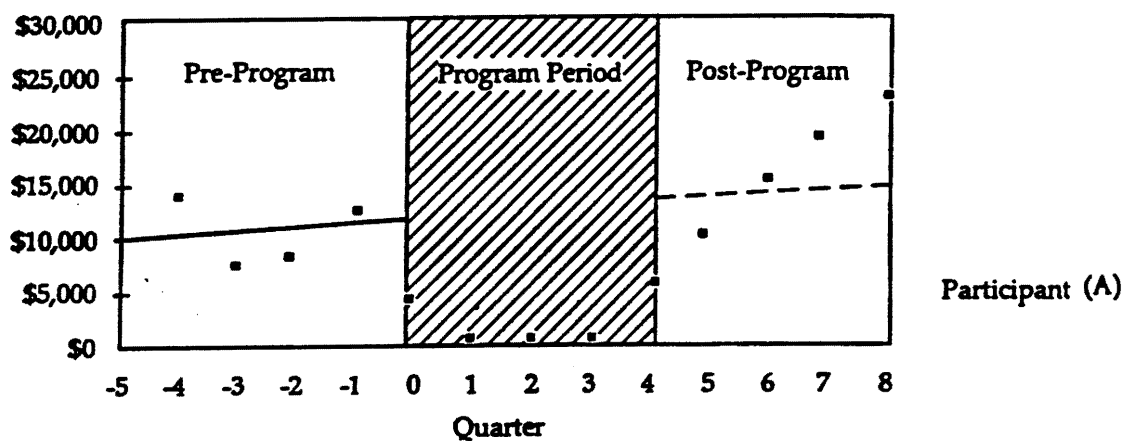
Our approach may be clarified by the following graphical illustration. In Exhibit 6.1, we present the earnings path of two individuals -- participant A and a comparison group member B. Both A and B have identical pre-program earnings. Based on their pre-program earnings time trends (the straight line through the plot of earnings amounts for the pre-program period), we project earnings into the post-program period (dashed line). In the example, participant A remains in training for a year; comparison group member B returns to employment after one quarter of unemployment.

Following the training period, participant A's actual earnings start out below projected earnings in Quarter 5. After two more quarters, however, A's quarterly earnings substantially exceed projected quarterly earnings. Comparison group member B, on the other hand, returns to employment sooner than A and earns more in Quarters 2-4. However, B's earnings pattern is erratic and does not indicate a rising trend (as does A's post-program pattern).

To estimate program impacts, we will regress post-program deviations from the earnings trend for each individual on a set of baseline and followup characteristics, a dummy variable for

Exhibit 6.1

Earnings Trends of a Hypothetical WDPP - Participant and Nonparticipant



Key: ■ = Actual Earnings
 — = Earnings Trend
 - - - = Projected Earnings

participation status, and a series of dummy variables for post-program quarter. The model may be expressed as:

$$D_{it} = X_{it}\alpha + P_i\beta + Q_t\tau_t + \epsilon_{it}$$

where D_{it} is the post-program earnings deviation from the pre-program time trend for individual i in quarter t ; X_{it} is a set of baseline and current period independent variables; P_i is a dummy variable for participation status of individual i ($P_i=1$ for participants, 0 for non-participants); Q_t is a set of dummy variables to indicate post-program quarter; and ϵ_{it} is a random error term with both an individual-specific component and a time-specific component. Program impact is measured by the estimate of β . This estimate fully accounts for differences in prior trends and in the independent variables in the model when isolating program effects.

The above model implies that the impact of each WDP program component will be measured separately since it includes only one program impact coefficient, β . However, it may be feasible to pool some, or all, of the individual-oriented program components into a single model and estimate their separate impacts in a single pooled regression²². We will explore the statistical implications of pooling samples for the purpose of improving the estimation efficiency of program impacts.

Our impact analyses will focus on the following outcome measures:

- Employment,
- Earnings,
- Rate of exit from UI, and
- Likelihood of return to UI.

The first two measures are obtained from UI wage records data, and the latter two from UI benefit payments records. In measuring program impacts using multivariate regression techniques, we will control for the following baseline and programmatic variables, as available:

²² Of course, the Customized Training component, which focuses on firms, cannot be included in this pooled individual level analysis.

- Age,
- Education,
- Gender,
- Race/ethnicity,
- Site variables,
- Quarter in which the claimant's benefit year started,
- Prior occupation,
- Type of training services received,
- Type of services provider, and
- Unemployment rate in the claimant's county of residence.

Through this multivariate analysis approach, we will be able to provide specific measures of the impact of each of the program components. We will also be able to identify differential impacts by type of trainee, by type of services received, by type of provider, and by region.

Sample Selection

For this analysis, we will select a sample of 3,000 participants in each of the three individual-focussed WDPP components. The selection process will be designed to ensure that we obtain a representative sample of participants in all regions of the state. We will also ensure that the selected participants are distributed across the entire calendar year in order to facilitate an assessment of seasonality (how program impacts vary over different seasons of the year).

In selecting individuals for the comparison group, we will match the two groups geographically, and temporally, based on their UI claim dates. By matching the groups carefully in these respects, we will further minimize bias in the estimates of program impacts.

C. MEASURING IMPACTS OF THE CUSTOMIZED TRAINING PROGRAM

To measure the net impact of the customized training program we must develop an analytic approach that measures what would have happened to firms and their employees had training not been provided through WDPP.

Measuring Impacts for Employees

Several possible changes may be effected by the program. For example, it is expected that customized training will provide benefits to individual workers as well as to participating firms. Specifically, the increased skills that trainees acquire should render them more valuable to the firm than similar workers who are not trained. Hence, they may be more likely than non-trainees to remain with the firm (especially in periods of economic downturn), and they may also be candidates for promotion and wage increases.

Those receiving training may, additionally, obtain non-economic benefits as well. Recent research, for example, indicates that people who feel that they are well-trained and well-equipped for their jobs, are also more satisfied with their jobs, have higher morale, and most important, are willing to take on additional responsibilities²³. Further, these non-economic benefits influence whether a firm will experience desired quality or productivity improvements; satisfied and challenged workers take more pride in the quality of their work, and use initiative to determine the most efficient way to accomplish their jobs.

To obtain a comprehensive picture of the benefits of customized training for individual employees, then, it seems important to examine both economic and non-economic outcomes. Our approach to this task entails significant additional data collection from both firms and employees. Based on our assessment of the Customized Training data to date, it is clear that we will need to collect new data to implement an assessment this component of the program.

The first step in our approach will be to select a small set of firms for analysis. We will work with these firms to obtain rosters of trainees, and to identify comparable workers who

²³ See Kulik, Jane, et al. "Thinking Outside the Lines: High Performance Companies in Manufacturing and Services." Cambridge: Abt Associates Inc., July 1993. Prepared for the US Department of Labor's Office of Work-Based Learning.

perform similar jobs but who did not receive training. Next, we will obtain UI earnings records for both groups. To obtain additional data for our analysis, we will ask employees to complete a brief self-administered survey which will include: demographic and personal characteristics; information on past and current jobs within the firm, including responsibilities and wages; promotions or changes in individual responsibilities; satisfaction with various aspects of their job; perceived ability to perform their jobs and meet quality and productivity expectations; and their satisfaction with any training received. The survey will be administered after workers have completed training.

We should note that a similar survey was administered by Abt Associates to over 5,000 employees at four firms participating in our recent study of high performance work organizations. It did not prove burdensome to employees and yielded sound response rates. The sample size of firms and employees, and the overall data gathering strategy, will of necessity be developed and refined further throughout the remainder of the study design phase. An important consideration in this developmental phase will be the capacity to accomplish the required additional data gathering (the survey of employees) within the confines of resources budgeted for the Customized Training program analysis.

Measuring Impacts for Firms

Because firms tend to define and measure performance in very different ways, measuring the impacts of customized training on participating firms is a much more challenging exercise than measuring impacts for employees. The chief challenges are threefold: defining outcome measures that can be applied consistently across firms; defining a sample of customized training firms and an appropriate and reliable comparison sample; and finally, collecting uniform and consistent data on all firms in the analysis sample. We discuss the first of these challenges in this section.

A number of outcome measures have been identified by SETC as being of particular interest. These include the value added (increased productivity or quality) by the training activity, expansion of firm employment, adoption of modern manufacturing systems, and other changes in work organization. In considering whether these and other measures are appropriate indicators, we begin by constructing a behavioral model of the process by which customized

training should influence a firm's performance. The connection begins with individual workers.

As noted above, training can be expected to increase the skills of individual workers, and their ability to perform job tasks. In addition, training also can be expected to increase these individuals' confidence in their ability to perform well; their commitment to performing at a high level of quality and productivity; and their willingness to perform tasks outside their normal scope of responsibilities. Thus, training should provide a number of tangible and less tangible benefits to those who receive it.

Improvements in workers' skills and perceived ability to meet job requirements, in turn, should translate into increased quality and quantity of their individual work effort. When a significant fraction of a firm's workforce is trained, we should begin to also notice aggregate changes in the firm's quality and productivity. This, in turn, should translate into reduced costs of production and service (through reductions in errors, rework, and inspection, as well as reductions in hours-on-task).

Improvements in workers' skills should also, other things equal, make it easier for firms to implement new technology or modern manufacturing practices, or to organize work such that the scope of individuals' job responsibilities is expanded. These technological and organizational changes may then further leverage the firm's ability to experience productivity and quality improvements.

We may also notice changes in a firm's sales, revenue, or profit, although these "downstream" measures are often influenced by exogenous factors unrelated to a firm's quality or productivity. Acquisitions or divestitures, as well as changes in accounting rules may exert important independent impacts on a company's balance sheet regardless of the productivity of its workers or the quality of its products and services.

During the remainder of the study design phase, we will use this generalized behavioral model to develop a more refined set of outcome measures. Field visits will be made to a small number of grantees to assess how this generalized model fits their situation, and more specifically, to determine whether and in what form the firms gather data on specific indicators incorporated in the model. These will include indicators of employee output or productivity, often measured by sales or revenue per employee; indicators of product quality, which often include customer satisfaction scores as well as more objective measures like rework or error

rates; indicators of the cost of production/service and/or the "cost of quality"; firm employment; and implementation of new technology or changes in work organization. Through our field work, we will be able to identify those measures which have the best likelihood of being gathered consistently across firms.

An important challenge for the Customized Training analysis will be to develop data collection tools and approaches which will ensure that we obtain uniform and consistent information on OCT grantees and the comparison firms. Using our field work as a guide, we will develop data collection forms which capture longitudinal sales, employment, and earnings information on these firms two to five years prior to training and extending through the evaluation period. The form will also gather information about changes in work organization, introduction of new technology and production techniques, and various indicators of quality and productivity, and overall measures of the firm's value, such as its net asset value or retained earnings. We will also ask the firm to note any exogenous changes (like acquisitions or divestitures of business units) which could affect its business outcomes. These data will be gathered retrospectively, once the firm is enrolled in our evaluation sample, with annual updates throughout the evaluation period. This will ensure that we are able to develop extensive time trends in both outcome measures and covariates.

D. EVALUATING SERVICE PROVIDERS

A legislative requirement of the Workforce Development Partnership Act is for the SETC to provide the Governor and the Legislature with "information regarding the effectiveness of individual service providers in enhancing the long-term productivity and earning power of trainees and in placing the trainees in permanent employment" (P.L. 1992, Chapter 48). This information is to be used by the Commission in establishing criteria and procedures for the evaluation and approval of service providers. The research contractor is to review the interim criteria and procedures currently in place and to recommend enhancements as necessary.

During the next few months, Abt Associates in cooperation with the SETC will develop an overall design for the WDPP evaluation. As part of this design effort, Abt Associates will work with the SETC to assess alternative approaches for evaluating the effectiveness of

individual service providers. A major focus of this assessment will be the identification of the data necessary for evaluating individual service providers. More comprehensive data collection efforts may be necessary to collect additional information necessary to assess the effectiveness of individual service providers.

It is important to note the inherent complexity in assessing the effectiveness of individual service providers. First, different providers serve different population subgroups and, thus, effectiveness is likely to vary dramatically across providers. That is, providers who serve highly educated and highly trained displaced workers are likely to exhibit more positive outcomes than providers who serve less educated and trained displaced workers. In theory, it is feasible to control for such variation in populations served, by identifying and selecting a matched comparison group for each provider. In practice, however, it is extremely difficult to model the vendor's selection process. Furthermore, for many vendors, small sample sizes (at least initially) will preclude statistically significant results.

Another important difficulty in assessing the effectiveness of individual service providers arises from the lack of reliable data for the analysis. For example, wage records are available only for in-state workers. Therefore, vendors located near the state's borders may exhibit lower placement and earning rates than other vendors simply because their students may find employment in nearby states. To obtain more reliable data than state wage records, it may be necessary to develop new data collection instruments. These and other options will be examined as part of the evaluation design. Recommendations about additional data collection and evaluation approaches will be incorporated into the Evaluation Design Report.

E. RECOMMENDATIONS FOR FUTURE DATA COLLECTION

A new automated data system, the Workforce Development Partnership Participant Tracking and Grant Payment Database, is currently being developed by DOL's data processing staff. This new data system will significantly enhance the researchers' ability to accurately assess program impacts and vendor performance. The database, as designed, will contain the following files:

- Participant Characteristics,
- Employment History,
- Non Contract Services,
- Contract Services,
- Employer Applications,
- Vendor Contracts,
- Contract Adjustments,
- Vendor Invoicing,
- Training Curriculum, and
- Participant Followup.

Once this database is available, it will eliminate the requirement to merge information from a variety of individual data sources, including: DOL's Wage Reporting System, Employment Service Enhanced National Data System (ENDS), Unemployment Insurance Local Office On Line Payment System (LOOPS), and the Customized Training Data System.

The availability of the WDP Participant Tracking and Grant Payment Database, however, will not eliminate the data problems associated with data quality. To date, we have had an opportunity to assess the quality and completeness of the data presently collected, and its adequacy to support both regular reporting and the evaluation of program impacts. Based on this experience, we have identified two major areas in need of quality improvement. The first is the Paradox data file which contains information on Individual Training Grants; the second is the Customized Training data file which contains information on Customized Training Grants and training services provided under these grants. Below we share our observations and provide some recommendations designed to strengthen existing data collection practices.

Data on Individual Trainees

Based on our early experience, the Paradox data file, requires significant improvement to be useful as an analytic tool. It should be noted that the Paradox file is currently the only source of information on Individual Training Grants and the vendors providing this training. The data for this file comes from Employability Development Form (EDP) which contains information on the trainee, the Individual Training Grant, and the service provider. This form is completed by the counselor and is keyed in by data entry staff at local and regional ES offices. On the whole, we are favorably impressed with the information captured in the EDP form. It is detailed, relevant, and generally complete. The main problem, however, is that a

number of key variables are often missing from the electronic data file, thus, creating analytic problems.

To improve the quality of these data, a quality control system must be developed to ensure that complete, accurate, and up-to-date data is available for analyzing the Individual Training Grant component as well as the effectiveness of individual service providers. At minimum, we must have available complete and accurate information on all trainees on the following variables:

- start date of training,
- type of training received,
- service provider,
- proposed length of training,
- actual time spent in training,
- number of hours spent in training,
- money obligated for training,
- actual dollar amount expended on training
- whether training was completed, and
- end date of training.

In addition, we must have available the following follow-up and placement information on each trainee:

- date of employment,
- type of employment, and
- wage information.

To ensure that these data are complete and up-to-date for all trainees, employment counselors or other staff must follow-up and collect information on each trainee as they progress through the training program and eventually to employment. A quality control system must also be developed to ensure that this follow-up is sustained throughout the implementation period, and that the data collected is promptly entered into the appropriate file.

Data on Customized Training Program

The second area requiring significant data quality improvement is the OCT data. We recommend the following ways to strengthen the analytical value of these data:

Include evaluation-related variables in the electronic database. OCT's electronic database already contains many variables of interest for analysis (such as region, reason for training, union affiliation, training method, industry code, grant amount, grantee contribution, number of training slots, and whether the firm previously received an OCT grant). Additional information valuable for analysis is currently available on hard copy applications. This includes information like average wage, number of trainees, training types, occupations, training vendor, training hours, average trainee wage, and number of employees. We strongly recommend that these evaluation-related variables be included in future OCT electronic databases.

Change the unit of observation to the firm (or allow for easy merging of same-firm entries). Currently some variables are grant-specific (e.g. grant amount) while others are firm-specific (e.g. grantee contribution). Complicating the issue further is that some variables (e.g. number of trainees) appear to be collected at the grant level for some firms and at the firm level for others, and it is not clear a priori which is which. We recommend that all data should be collected at the firm level. Alternatively, data may be collected at the grant level, but must contain a mechanism for easy merging of data to yield firm-based totals.

Track revisions to training plans and training outcomes. Our analysis of types of training activity and training hours has to date been limited to planned grantee activities and was drawn from the hard copy applications. It would be extremely valuable to the study if Field Representatives had a simple, standard form on which to code changes as the plan is being implemented; for example, the number of people being trained, the training curriculum, and the number of training hours could be included on this follow-up form. It would also be valuable if, at the end of a company's training program, a simple form was completed indicating the number of people trained; whether they were hired or retained at the end of training; and whether training helped the firm to accomplish its goals. These "change" and "closeout" forms could then be entered in the database and updated on a regular basis, providing both the researchers and OCT with the ability to track firms' training achievements against their plans.

Define variables consistently and precisely. While applications should certainly allow

firms flexibility in presenting their proposals, standard forms should be more precise in defining the information requested. For example, the application summary sheet requests data on training hours; most firms interpret this to mean per capita, but a few appear to have interpreted this as aggregate hours. More precise definitions on the application form would help avert problems of this sort.

In the next few months the researchers will provide additional specific recommendations regarding data collection and data quality. We urge that these recommendations be incorporated into future data collection and file construction plans.

Appendix A

FY 1993 OCT Grantees

American Standard, Inc.
Crescent Tire and Auto, Inc.
Crown Cork & Seal Co.
Cumberland Dairy
Elastic Stop Nut
Electronic Manufacturing Co.
Electronic Measurement, Inc.
GEC Marconi
General Motors Linden Assembly
Hill Refrigeration Company
Howmedica Company
Hudson Advertising & Engraving Co.
International Brotherhood of Electrical
Workers
Johnson Controls, Inc.
Martin Marietta - Camden
MediShare/Absecon/Oceanside
Monroe Systems for Business, Inc.
New Wave Trucking
North Ward Center
Paramount Metal Finishing
Patex Consortium
Republic Container Corp.
SmithKline Beecham
Sony Music - II
Sunshine Biscuits
The Trane Company

Total Energy Service
Tymac Controls
Voltronics

FY 1994 OCT Grantees

Accurate Box Company
Alpha Wire Corporation
Colonial Wire & Cable Co.
Crescent Lighting
Frigidaire Company
Hazmat Company
Jamesway Corporation
Martin Marietta - Moorestown
Meadowlands Chamber of Commerce
Consortium
Prospect Industries
SLP Engineering
Test Technology
Tetley, Inc.
White Storage

Appendix B

OCT Grantees with Union Representation

<u>Grantee</u>	<u>Union</u>
American Standard, Inc.	Glass, Molders, Pottery, Plastics & Allied Workers International, AFL-CIO
Crown Cork & Seal Co.	Sheet Metal Workers' International Association
Elastic Stop Nut	United Auto Workers
General Motors Linden Assembly	United Auto Workers
Hill Refrigeration Company	United Steel Workers of America
Howmedica Company	IUE
International Brotherhood of Electrical Workers (IBEW)	same
Martin Marietta - Camden	IUE
Patex	Textile Workers' Union of America
Republic Container Corp.	United Auto Workers
Sunshine Biscuits	Bakery and Confectionary/Tobacco Workers Union
The Trane Company	IUE
Voltronics	AFL-CIO
Alpha Wire Corporation	UAW AFL-CIO
Colonial Wire & Cable Co.	IBEW
Crescent Lighting	IBEW
Frigidaire Company	not available
Martin Marietta - Moorestown	IUE
Prospect Industries	IUE / AFL-CIO
Tetley, Inc.	Teamsters / Op. Engineers
White Storage	Retail Clerks

