

REVITALIZING EMPLOYMENT TRAINING:
COMMUNITY DEVELOPMENT CORPORATIONS AND TRAINING POLICY

by

Steven T. Hulett

B.A. Economics, Oberlin College
(1988)

Submitted to the Department of Urban Studies and Planning
in Partial Fulfillment of the Requirements for the Degree of

Master of City Planning
at the

Massachusetts Institute of Technology

May 1992

© 1992, Steven T. Hulett
All rights reserved.

The author hereby grants to MIT permission to reproduce and to
distribute copies of this thesis document in whole or in part.

Signature of Author _____
Department of Urban Studies and Planning
May 1992

Certified by _____
Leticia Rivera-Torres, Visiting Scholar
Thesis Supervisor

Accepted by _____
Ralph Gakenheimer, Professor
Chair, MCP Committee

Notch
MASSACHUSETTS INSTITUTE
OF TECHNOLOGY

MAY 27 1992

LIBRARIES

REVITALIZING EMPLOYMENT TRAINING:
COMMUNITY DEVELOPMENT CORPORATIONS AND TRAINING POLICY

by

Steven T. Hulett

Submitted to the Department of Urban Studies and Planning,
May 1992 in partial fulfillment of the
requirements for the Degree of Master of City Planning

ABSTRACT

Employment training reduces poverty by opening pathways to the labor market and helping workers overcome barriers to employment and self-sufficiency. However, the current training policy treats the most needy unfairly and, by insisting on performance, limits the ability of community providers to do their best to serve the poorest. Recent studies have shown that effective training occurs when providers have freedom to answer the various needs of individual participants.

Community development corporations (CDCs), that have built thousands of units of affordable housing in low-income neighborhoods, have recently begun to expand their role in neighborhood economic development. Besides housing, they now create jobs, aid local businesses, and often run their own enterprises. This research examines the current and potential role of CDCs in employment training.

Case studies of three CDCs that provide training will be used to examine their methods and outcomes. The barriers to more active CDC participation are outlined in interviews with other CDCs that do not provide training.

I argue that CDCs could improve the quality and equity of employment training by more actively participating in the provision of training to their neighborhood constituency. Working either on their own or in collaboration with experienced providers, they would bring to employment training special institutional capacities they have developed as a result of their affordable housing mission.

The three CDCs studied have achieved successful outcomes by bringing unique resources to their training efforts, including the flexibility to accommodate participant's individual needs.

Supervisor: Leticia Rivera-Torres
Title: Visiting Scholar

I would like to thank the people who have generously given me their help and understanding during the last few months.

Leticia Rivera-Torres, for her sensitivity and the many hours she has given, her scholarship has been an inspiration.

Marcus Weiss and Bennett Harrison who gave me access to their experience and let me learn on the job.

All of the community development professionals who agreed to be interviewed and have so generously given of their time.

The thesis group: Claudia Green, Nanette Robicheau, Grace Vazquez-Pereira, Lizbeth Heyer, and Virginia Bullock - for making me feel like one of the guys.

My friends, Lara Moutsos without whom I could not have gotten through and Sumila Gulyani who helped me get started.

And Deborah Doolittle for her patience and support which meant more to me than I can say.

Dedicated to my family,

David and Mary Hulett, Becca and Chris,
John and Grace Minor, and
Jody and Edward Hulett

CONTENTS

CHAPTER ONE -- INTRODUCTION	6
CHAPTER TWO -- EMPLOYMENT TRAINING AS AN ANTI-POVERTY POLICY	11
Job Markets, De-Industrialization, and Urban Isolation	12
Current Interest in Training	15
Industrial Policy	16
Welfare Reform	19
History of Training and Community-Based Service Delivery	21
Conclusion	26
CHAPTER THREE -- CURRENT TRAINING PROGRAMS AND SERVICE DELIVERY	28
The Job Training Partnership Act	28
JTPA Outcomes	32
Effective Training and Community Based Organizations	33
Groping Along	35
CBO Performance and Capacity	38
Community Development Corporations	39
CDCs and Human Services/Training	42
CDC Approach to Job Training and Private Industry	43
Conclusion	45
CHAPTER FOUR -- COMMUNITY DEVELOPMENT CORPORATIONS THAT TRAIN THE RESIDENT LABOR FORCE	46
Just A Start	47
Origins and Funding	51
The Center for Employment Training	52
Training Principles	53
Administrative Principles	54
Employment in Good Jobs	56
Brightwood Development Corporation	57
Training	59
Learning from Success	60
Conclusion	64

CHAPTER FIVE -- BARRIERS TO INNOVATIVE EMPLOYMENT	
TRAINING IMPLEMENTATION: INSTITUTIONS AND PERCEPTIONS	66
Community Development Corporations	67
The Jamaica Plain Neighborhood Development Corporation ...	69
Urban Edge	71
Economic Development and Industrial Corporation	75
Community-based Training Organizations	77
Intermediaries	78
Available Training Resources	80
Specialization and Partnership	81
Conclusion	83
CHAPTER SIX -- CONCLUSIONS AND RECOMMENDATIONS	84
Barriers of Funding	86
Barriers of Perception	87
A New Community-based Development Policy	88
Bibliography	92
List of Interviews	97
Appendix: Interview Methodology	99

CHAPTER ONE -- INTRODUCTION

Employment training reduces poverty by opening pathways to the labor market and helping workers overcome barriers to employment and self-sufficiency. However, the current training policy treats the most needy unfairly and, by insisting on performance, limits the ability of community providers to do their best to serve the poorest. I argue that community development corporations (CDCs) could improve the quality and equity of employment training by more actively participating in the provision of training to their neighborhood constituency. Working either on their own or in collaboration with experienced providers, they would bring to employment training special institutional capacities they have developed as a result of their affordable housing mission. This research examines the current and potential role of CDCs in employment training and discusses whether CDCs could redefine training as a central strategy in a new community-based economic development agenda. The following paragraphs place this argument in the institutional context of the recent history of community development and neighborhood organizations.

Employment training answers an important need in community economic development. Many residents of poor communities suffer from structural unemployment or under-employment. They lack skills and experience to find adequate jobs among the scarce opportunities that are open to them. Rarely do today's CDCs include training neighborhood residents as part of their approach to development. Instead, most CDCs are housing and real estate specialists, seeing themselves as separate from involvement in human services and training that other community organizations provide.

In the sixties and seventies CDCs were beginning to establish themselves and define their role in community development. They were active in a wide range of activities including training and other types of human services. In the early eighties CDCs established providing affordable housing as their primary

mission. They invested in specialized capacity as institutions - in terms of staff and business practices - to own property, manage assets, and mobilize financing on a large scale. In time their success in providing affordable housing in low-income neighborhoods, a market niche others had abandoned, earned them the respect of the business establishment.

The CDC mission had diverged from that of other community-based organizations (CBOs) who continued to provide human services and training to neighborhood residents. While CDCs were developing capacity to enter new program areas, CBOs were building on their established capacity to serve the human service needs of neighborhood residents that would otherwise go unmet. Two separate groups had formed, sharing the same goals, but with distinct roles and different institutional capacities.

This separation forms a barrier in the current community development framework between CDCs that are property and business oriented and CBOs that are human service providers; CDCs have negotiated for flexibility from local government and funders, while CBOs are caught in a bureaucracy that treats their abilities with suspicion and insists on restrictive oversight of their activities. The differences between the groups have become ingrained in their own perception of their respective roles and institutional strengths, cementing the separation. If collaboration between CDCs and CBOs would improve the employment training service delivery system, then these barriers of perception must be overcome.

Today, CDCs need the employment training system. The movement of CDCs into community economic development strategies cannot succeed without a "labor policy." Job creation is only slightly related to employment - without workers who have the necessary skills, new jobs are someone else's jobs. Employment is a training issue; for workers who are chronically unemployed, or even welfare-dependent, joining the labor force is a journey of human development which can be facilitated by outside support. Adopting employment training will help CDCs put people first in their own economic development strategies.

At the same time, the employment training delivery system needs CDCs. Training has not been effectively used to fight poverty since the late seventies when training was distinguished by a service delivery system that was decentralized and community controlled. Now that system, including the CBOs that form it, faces a crisis of steadily eroding capacity. Local oversight agencies demand performance from service providers; these funding relationships leave providers without the flexibility they need to answer the needs of the hardest to serve clients, who usually can benefit the most from training. In the struggle to serve the most needy despite funding that does not pay for non-performance, CBOs have used up their discretionary resources and run down their long-term capacity.

Involving CDCs would not so much "rescue" the system as infuse it with new abilities, talents, and a different perspective on development. How did a system that was initially a successful joint effort of government agencies and CBOs reach this point of crisis?

In 1982 the well-funded Comprehensive Employment and Training Act (CETA) was replaced by the Job Training Partnership Act (JTPA). CETA provided for direct job creation and over one-third of CETA jobs went to staff community non-profits like CDCs. The JTPA eliminated employment creation, and greatly reduced the overall level of funding. Also it shifted the focus of training activities to the process itself: insisting on efficiency from local providers by using quota-based contracts that did not pay for non-performance. Local providers have had to largely ignore their instincts to serve the neediest clients first in order to insure that they meet the terms of their contracts so they can continue to operate. Ten years of the JTPA have drained community-based training providers of their capacity to plan or innovate on a regular basis. The problems of the delivery system can only be solved if training is re-thought and control of delivery returned to those who are best able to utilize it, the community-based providers.

CDCs can offer new institutional capacity that will bridge gaps in the training service delivery system. The strict measures of the JTPA were motivated

by policy maker's need for accountability at the local level. CDCs have proven themselves accountable in the most afflicted neighborhoods in the country, and in the process have gained the trust of bankers, employers and local government. Their involvement may serve to mitigate the pressure for local accountability.

But CDCs can also bring other unique capacities to employment training. A small number of CDCs have been participating in the employment training delivery system in various ways. Their experiences show that CDCs can provide effective training in the existing policy framework, and that by combining training with their other development activities they create new possibilities for participants.

CDCs are entering a new phase in their development, moving away from strictly housing-based development. New community economic development strategies including running their own property management companies or creating small business incubators. Despite the new roles they are exploring, CDCs are surprisingly wary of taking on the challenge of employment training. Their resistance to this potential role can be explained in two ways. First, as caution of becoming involved in a service delivery system that is in crisis. And second, as a problem of perception on their part: training has a stigma for CDCs because it has been treated like welfare, like an entitlement program instead of like an employment program. Entitlements are antithetical to the bottom-up community ownership approach that CDCs as a group have cultivated, they represent dependency while CDCs strive for control and ownership. I argue that the perceptions, at least, should be overcome to renew the synergy between CDCs and CBOs to reach their common goal together.

This paper explores these issues using information from interviews with local community development professionals. Interviews were conducted from December 1991 to April 1992 (a list of interviews follows the bibliography). Chapter two outlines the growing gap between urban unemployment and training policy. Chapter three explores the problems of the service delivery system and argues that training must be re-thought. Chapter four presents three CDCs that

are currently making training work as part of their economic development approach and draws lessons from their experiences. Chapter five tells of the resistance that many staff and directors of even progressive CDCs have to the idea of training. Chapter six concludes with a short discussion of the possible form that community training and development collaborations could take and provides an agenda for further research.

CHAPTER TWO -- EMPLOYMENT TRAINING AS AN ANTI-POVERTY POLICY

In the eighties, U.S. anti-poverty policy consisted of little more than a rising tide of general job creation intended to lift all boats. But, the economic growth of the eighties has come and gone and it is now clear that job creation alone has not reached those in poverty. Training is being linked to welfare reform (resulting in "workfare") in an attempt to get the poor into the labor market by "restoring conventional work norms to the authority they once had..." (Mead, 1989). Following the May 1992 Los Angeles riots, the Congress recognized the frustration of poor urban residents and attempted to respond with a more compassionate urban policy. The resulting proposal was notable for its lack of innovation, recommending incremental expansion of five existing programs (including job training and workfare) and adoption of the "urban enterprise zone" concept. An "urban agenda" is being formed by policy-makers who have confused and often conflicting goals of employment creation, industrial retention, infrastructure investment, reduced welfare dependence, etc. Only a program with a clearly defined goal and strong commitment will reduce poverty. This chapter argues that it will also have to address increasing access to jobs and economic opportunity as well as low-income urban neighborhoods and the isolation of the poor.

This chapter outlines the development of training programs, and how their current form has been shaped by their history, both as planned policy and by their implementation. I argue that training has not succeeded in what it is meant to do and must be re-conceptualized. Training has been seen as a means to address a wide variety of issues, making training policy a history of different programs with different goals and outcomes. However, if training is to be used primarily to reduce poverty, then it must address changes in labor markets, the nature of poverty, and the past failures of training; it remains a potentially powerful policy tool that must respond to past lessons and current realities.

Job Markets, De-Industrialization, and Urban Isolation

The need for training as a response to poverty and barriers to labor force participation among the poor is at least as great now as at any time during the last two decades. Harrison and Bluestone (1988, pp. 121-3) document a growing polarization of occupations in the American labor force into more low-paying and somewhat more high-paying jobs, while the share of jobs in the middle has declined.

Between 1979 and 1986, 35 percent of the growth in jobs was in low-wage occupations, defined by Harrison and Bluestone (op. cit.) as those earning less than \$11,103 annually, a number that is half the average wage in 1973, the year that average wage peaked (adjusted for inflation to 1986 dollars). Only half the growth was in middle-wage jobs (\$11,104 to \$44,412). In contrast, from 1963 to 1973, low-wage jobs declined 10 percent while middle-wage jobs grew almost 90 percent.

Workers who used to earn middle-wage salaries are squeezing down into low-wage jobs. The early eighties image of unemployed Pittsburgh steel mill workers symbolizes this movement. The Pittsburgh Post (1988) found that up to three or more years after being laid off, as their union severance payments dwindled, many mill workers had taken early retirement, some were in union retraining programs to be oxygen technicians, others had taken jobs in other fields, and many were unemployed. Few earned more than they had in the mills.

"The low-wage workforce in America increasingly includes a large contingent of middle-class citizens - or, at least, citizens who have up to now thought of themselves as middle-class." (Harrison and Bluestone, 1988, p. 127) This squeeze, from the middle out, has "democratized" low-wage workers; there are more men and suburbanites competing for jobs that pay very little. Workers who have always faced barriers to entering the labor force - dropouts, minority urban residents, single mothers - now must compete with workers that traditionally receive better treatment in the labor force for the few low-wage jobs that have any sort of potential or security.

Doeringer and Piore (1971) write that low wage jobs can be understood in terms of a dual labor market that is divided into primary and secondary sectors:

Jobs in the primary market possess several of the following characteristics: high wages, good working conditions, employment stability, chances of advancement, equity, and due process in the administration of work rules. Jobs in the secondary market, in contrast, tend to have low wages and fringe benefits, poor working conditions, high labor turnover, little chance of advancement, and often arbitrary and capricious supervision... Disadvantaged workers...are confined to the secondary market by residence, inadequate skills, poor work histories, and discrimination. (Doeringer and Piore, 1971, pp. 165-166)

Disadvantaged workers have easy access to secondary market jobs, but wages are lower and the duration of employment is shorter than in the primary market.

Some jobs that pay low wages are not bad jobs at all, they are entry level primary sector jobs. These jobs are attached to internal job ladders that lead to advancement and higher salaries. Downward pressure from unemployed middle-income workers seeking jobs drives traditionally disadvantaged workers even further into the secondary market, making it less likely they will find jobs with advancement potential.

Job creation during the eighties has not benefitted workers who were at the bottom end of the labor force. Downward squeeze has reduced the likelihood of finding a good job and made it more difficult to remain attached to the labor force. Taggart (1981) provides a probability model for job seeking that takes skill level, dual labor markets, wages, and macroeconomic conditions such as increasing wage disparity into account. He confirms the notion that low skill workers are less likely to find jobs when middle-income jobs are scarce.

Nor has job growth benefitted American cities. Edward Blakely (1992) says that economic opportunity is increasingly being removed from cities and especially from their low-income residents. Some cities, such as Boston, that did experience job growth during the eighties, increased their white collar employment and their commuter work force but did not decrease the unemployment of low-wage workers (op cit).

The problem is aggravated by the structure of local tax revenues that rely on a worker's home address to assess the tax base. Urban schools and social services get

poorer when cities replace middle wage jobs with high wage commuter jobs.

Other authors have documented the deindustrialization of cities and the increasing poverty and decreasing services to their residents. Persky, Sclar and Weiwei (1991) point out that the occupational characteristics of urban and suburban workers are largely the same (except for a disparity in administrators and managers who favor the suburbs) yet more city residents are unemployed or out of the labor force. The perception that urban workers are largely unskilled is not true, skilled occupations are as well represented in cities as in suburbs. Yet cities are underserved by public investment in education and other human capital enhancing resources.

Goldsmith (1989) outlines a pattern of increasing separation between rich and poor, urban and suburban, in economics and society. He finds that high poverty neighborhoods in central cities are growing. More poor residents live there, more Black and Hispanic. The number of Black people in high-poverty urban areas (defined as more than forty percent poor) grew 59 percent between 1970 and 1980; the number of White residents grew less than two percent. Over two-thirds of the population of high-poverty neighborhoods is Black.

In a study using more current data, Paglin (1990) estimates local poverty in Cleveland through 1988. He found that the city poverty rate rose from 22 percent in 1979 to 29 percent in 1988, and that the share of poor living in city neighborhoods where the poverty rate exceeded 30 percent increased from 50 percent to 70 percent. He also calculated an "isolation index" that measures the likelihood of poor residents' contact with non-poor persons based on place of residence. During the same period the isolation index rose 22 percent.

Nationally, the number of poverty-income people living in census tracts where the poverty rate exceeds 20 percent increased 90 percent to 7.8 million from 1974 to 1985 (Persky, Sclar, and Weiwei, 1991, p. 34). Children who grow up in the isolation of American urban poverty enter an intergenerational cycle that will likely leave them poor as adults (Wilson, 1987). They lack opportunities to learn skills that the market finds useful because of the scarcity of jobs and inadequate public education.

Economic opportunity eludes residents of poor urban neighborhoods, youth and adults. At the same time, city tax revenues have declined along with the quality of social services and education. This is where employment training is needed to bridge the gap to the labor market, and help people move up job ladders once they are inside.

Training has been the sole federal anti-poverty transfer that reduces welfare dependency and promotes long-term self-sufficiency. Training has been put forward as an effective tool against poverty by people on all sides of the poverty/welfare debate (Wilson, 1987; Osterman, 1990; Mead, 1989).

For training to be effective it needs to be targeted to those who are most disadvantaged: school dropouts, welfare recipients, and the long-term unemployed. In order to reduce the growing spatial isolation of the poor it must to be targeted to low-income city neighborhoods. Training in poor neighborhoods should be combined with employment creation to compensate for the flight of opportunity to the suburbs. Finally, jobs must be appropriate to the work force, as well as available. Jobs with prerequisites like union membership, or a high school degree, will have less impact.

Current Interest in Training

The studies outlined above show the need for anti-poverty programs that can pierce the walls of isolation and increase self-sufficiency. Training has traditionally been seen as one of the most effective anti-poverty programs that transfers resources to participants and results in reduced dependence. But current interest in training has distracted from the poverty reduction mission by seeing training from different perspectives that have policy outcomes, very few of which directly serve the poor.

Employment training has received recent support from private employers, welfare reformers (both conservative and progressive), community organizers, academics and economists. It is seen as a tool to increase the competitiveness of American industry by improving the overall productivity of the workforce (National Center on Education and the Economy, 1990). It has also been viewed as the way to

transform current workers into the workers of tomorrow who will reflect the changing nature of work itself and new standards of performance: quality, variety, customization, convenience and timeliness. Workers must be prepared to be flexible, responsible, decision makers (Carnevale, 1990). Training has also been called the answer to the coming skill shortage precipitated by demographic changes that will slow the growth of the workforce and shift its composition. Less than 30 percent of new workers in the next twenty years will be white males, eliciting recommendations that training be affirmatively targeted to women and minorities to maintain the overall skill level of the work force (Johnston and Packer, 1987). Others see training and apprenticeships as the answer to the declining quality of secondary education and the increasing gap between high school skills and work skills (Marshall and Osterman, 1989; Spring, 1987). Urban employers have more and more difficulty communicating with their low wage employees. They have raised a call for "employability" training and lessons in the "culture of work" (Wilson, 1987; Moss and Tilly, 1991). A related training trend is the rise of workfare, the aim of which is to accustom welfare recipients to the discipline of the working world (Mead, 1989).

These visions for employment training policy compete for the scarce resources available in the federal training budget. They can all be separated into two basic ET agendas: industrial policies and welfare reform policies.

Industrial Policy

There has been pressure from business on the federal government to form industrial policy that will help American manufacturers to regain the competitive position they had in world markets not long ago. Most of the tentative industrial policies include a labor component that focuses on increased skill training to raise productivity, enable the adoption of new quality standards, and speed the application of new technologies (Carnevale, 1990; Johnston and Packer, 1987).

Should the JTPA be seen as an industrial policy tool? Training policies that would help American industry compete in high tech industries are incompatible with training that is targeted to reducing poverty. Industrial training teaches employed workers new skills or how to function in new forms of work organization. It does

not help the chronically unemployed. The JTPA already under-serves the eligible poor population, reaching only five percent (Ostrower interview, 1992).

Using JTPA funds to underwrite industrial policy would be taking money away from the poor to benefit industry. American businesses spend an estimated \$30 billion yearly on formal training (half of which goes to managers and professionals, only one-third to front-line workers) (National Center on Education and the Economy, 1990). Federal employment training expenditures came to \$5.4 billion in 1989. Meanwhile, federal commitments to activities that could be considered industrial policy are significant: 1989 federal spending on industry research and development was \$29 billion (Markusen and Yudken, 1992), accelerated depreciation allowances on machinery and equipment cost the federal government \$30 billion in revenue (U.S. Department of Commerce, 1990). Making the JTPA part of the industrial policy debate will divert training funds to help meet the needs of business instead of the poor.

The same is true at the local level where cities face the same type of pressures from business to use their training funds to help pay for enterprise development goals, whether by offering incentives designed to attract and retain manufacturing facilities, or by adding services to industrial parks as part of a "complete package" of perks. Even at the local level, the inequity of spending on programs to help the long-term unemployed when compared to tax abatements to increase industrial activity, is argument enough that training funds should be left alone by local enterprise developers.

In Boston, the Economic Development and Industrial Corporation (EDIC) is responsible for both enterprise development and employment training administration.

EDIC's mission is to strengthen the public-private partnership to create jobs and income to be shared by all of Boston's residents. EDIC's economic development strategy integrates its [enterprise] development, financing, business assistance, job training, placement, and human services programs in order to comprehensively promote economic health and growth for Boston and all of its neighborhoods. (Economic Development and Industrial Corporation, 1991)

When the EDIC combines training and enterprise development, the anti-poverty

aspects of training suffer. For example, EDIC's new "Employer Advisory" demonstration training project uses JTPA funds to combine local biomedical firms (New England Medical Center, Genetics Institute) with experienced neighborhood organizations (Jobs for Youth, Boston Technical Center) to train 30 clients for jobs in this high tech industry. They collaborate on design, curriculum, and planning. The EDIC has great hopes for the collaboration because it solves one of their persistent problems which has been to keep training current in fields where technology is changing rapidly.

The net effect of this program is to transfer of JTPA funds to the biomedical (biomed) industry. There is no skill shortage in Boston for low-level biomed workers, recent college graduates currently hold these jobs on a short-term basis.

Jobs for Youth was characterized by EDIC as having to "give up control" to the employers in the arrangement. In effect, they were being asked to ignore their usual anti-poverty style practices of client assessment and support to better suit the needs of the employers for presentable workers who needed less training to fit in.

Keeping skills current in training programs is also not an issue that should be receiving a lot of attention. As an anti-poverty program, training has more serious flaws such as a service delivery system that is ineffective in reaching those most in need. The impact of changing technology on skill is only a serious issue when training is being used to serve as local industrial policy, providing ready-trained labor to key industries. Devoting EDIC resources to this issue is a drain that takes away from more serious needs.

The structure of the JTPA invites the industrial policy approach to training by making the Private Industry Council (PIC) responsible for local level training policy. The PIC is not expected to, nor will it, attempt to solve the issues of an inequitable distribution of training resources to the poor before it attempts to make training more responsive to the needs of business. The implied mandate of the JTPA is for the PIC to shape training to fit the labor market. The market approach of the PIC and JTPA have not been effective in reducing poverty.

Using employment training to answer the need for industrial policy, either

locally or for the nation, is money taken away from the chronically unemployed and the working poor.

Welfare Reform

The Family Support Act of 1988 changed the participation of parents receiving payments from Aid to Families with Dependent Children (AFDC). The most significant change is found in the Job Opportunities and Basic Skills Training (JOBS) Program, that directs states, within certain guidelines, to design welfare-to-work programs, also known as "workfare." JOBS links cash assistance to labor force participation measures that include job search, employment training, and basic skills education. Most state pilot programs require mandatory participation by the parent (Gueron and Pauly, 1991).

The goal of JOBS is to reorient welfare funds to providing incentives for work instead of dependence. Its passage was inspired by two state programs during the eighties that attempted to provide work incentives for welfare recipients: the GAIN program in California and the ET program in Massachusetts. These programs showed that, even with limited resources, programs could be designed that would increase employment among AFDC recipients. They also showed that there were cost savings to the initial training investment in the form of reduced future AFDC payments.

JOBS requires states to design welfare-to-work programs for the federally defined "non-exempt" welfare population that have 100 percent participation as a long term goal. States are directed to use certain tools including: an initial assessment that sorts participants according to job readiness, job search, basic education for those with low school attainment, in-program and transitional services that include extended medical benefits, and job training. States are left to choose between mandatory or voluntary systems, between low-cost services (like job search) for a large portion of the case load or intensive services for a narrowly defined group (such as basic education for dropouts), or choosing a mixed strategy.

State participation in JOBS is mandatory, but the Family Support Act only provides federal matching funds for state effort. States have to find half of the funds

in their own education, training, and welfare budgets. Naturally, state JTPA funds are being diverted to pay for training.

JOBES enlists employment training to serve a welfare-reform agenda and restricts activities to those consistent with this goal. It narrows the range of available training routes, requiring that states provide job readiness and job skill training, they must then choose two of the remaining activities: job search, community work experience, and on-the-job training. It requires twenty hours of weekly participation for full reimbursement, which may be too great a commitment for some trainees. It also requires that participants under twenty years of age who have not completed high school enroll in an education program, which is a traditional standard of achievement but may not be the right route for every nineteen year-old welfare recipient. Decisions about day-to-day training processes should be left to experienced community-based training organizations that can flexibly design the right course for the individual to follow given their own needs and the opportunities available in the neighborhood.

Neither workfare nor industrial policy is a vision of employment training that will enable training providers to effectively serve those who need training most: workers who have been consistently excluded from the labor force and left behind by education and other human capital enhancing services to which everyone is entitled. As the preceding paragraphs have shown, the goals of the particular training have an impact on the ability of training providers to help certain clients or to use certain methods. Training must be rethought so that effective practices are the basis of policy instead of an elusive goal.

This "reformulation" will take place in the context of the background of what has come before. Changing goals has been a recurrent problem for training policy. The next section describes this history and what must be done to change it.

History of Training and Community-Based Service Delivery

The history of federal training policy is one of shifting goals. The fundamental thrust of training has changed several times in the brief history of federal programs. As we will see, the history of training includes the story of community groups that today provide social services from day care to health care to affordable housing. The following section tells the story, especially focusing on the development of a network of community-based providers and the growth of their capacity to serve low-income workers.

Bassi and Ashenfelter (1986) divide the history of federal training programs according to the economic goals of the era. There are three economic goals training can be used to address: 1) frictional unemployment - reducing the period of unemployment by providing information about job openings, available workers and wages, 2) cyclical unemployment - that would trigger in response to rising levels of unemployment, and 3) structural unemployment - targeted to persistently unemployed persons or groups that historically face lower average wages or employment levels. I would add 4) technological unemployment, job loss due to automation or the advance of production methods, which will often be called structural unemployment by labor economists. Of these four goals only structural unemployment, narrowly defined, directly addresses low-income workers. For training to be an anti-poverty policy, the strategies chosen must be consistent with reducing structural unemployment, and not confused with the other possible goals.

Federal training policy dates from the 1962 passage of the Manpower Development and Training Act (MDTA) which was an initiative designed to retrain skilled workers whose occupations became obsolete due to advances in technology and automation. Classroom instruction and on-the-job assignments were the preferred training methods (Currie and Posner, 1980). At first, the MDTA served middle-income male heads of household and was aimed at technological unemployment (Bassi and Ashenfelter, 1986).

The presidential administration of Lyndon Johnson shifted the goals of the MDTA to make it part of the War on Poverty - funding began to go to minority

urban residents. Many other anti-poverty training projects and programs serving different categories of specific needs were begun during this period: Job Corps, Neighborhood Youth Corps, Operation Mainstream, Work Incentive Program, and others. Training processes shifted away from classroom and on-the-job assignments and began to favor less structured work experience programs (Currie and Posner, 1980). Training policy began to address structural unemployment, the focus had shifted to poverty instead of the changing labor demands of the technology of production.

The Johnson administration also began the Community Action Program (CAP) which was designed to foster the growth of locally based organizations, called community action agencies (CAAs), by delivering federal funding directly to groups in urban centers without state or even city intervention. Over 1,000 CAAs were formed greatly increasing the potential participation of urban residents in the War on Poverty (Levitan, 1987). Many of these groups began to provide social services to their own communities.

The goal of Johnson-era training programs was to alleviate structural unemployment by increasing access to the labor force and employability for disadvantaged workers who were at risk of remaining in poverty throughout their lives. These goals represent a good anti-poverty dedication freed from any other conflicting mission such as reducing technological unemployment.

The recession of 1970 shifted public attention to cyclical unemployment and away from poverty alleviation. The Emergency Employment Act gave \$1 billion in 1972 and \$1.3 billion in 1973 to create state and local government jobs under the Public Employment Program (PEP) (Bassi and Ashenfelter, 1986). Unlike MDTA, not all of the jobs went to the long term unemployed, the goal was to increase employment of all types to revive the economy.

The passage of the Comprehensive Employment and Training Act of 1973 (CETA) collected and combined the numerous existing structural unemployment training programs of the Johnson era under one authority. It also incorporated the counter-cyclical job creation aspects of the PEP in the CETA provisions for Public

Service Employment (PSE) that continued to subsidize jobs in state and local government. Over half the CETA funds went to PSE; in 1978, at the height of funding for CETA, \$5.8 billion went for PSE out of a \$9.5 billion total budget. CETA was aimed at both cyclical and structural unemployment.

Currie and Posner (1980) say that CETA had two major policy impacts. It was a "decategorization" of the numerous War on Poverty training programs, collecting them into one funding authority for the sake of planning and efficiency. And it also decentralized job training. CETA created a network of "prime sponsors": locally based non-governmental service providing institutions.

Marshall (1982) says that there was a dual strategy of decentralization of poverty programs during this time. First, there was a "functional devolution of established federal specialization agencies to intermediate level specialized agencies." Second, a "decentralization to [non-governmental] interest organizations...selected on the basis of their commitment to targeting programs to low-resource groups" (op.cit., page 48). Decentralization meant new resources and new missions for CAAs just starting to define their role.

Why a dual approach? The institutional strength of sub-national agencies made it necessary to include them in the anti-poverty effort, but their past record made some policy-makers doubt the ability these agencies to deliver services to the most needy. Marshall concludes:

The evidence clearly shows that it is extremely difficult to force established agencies to target their programs to the poor when their leaders oppose this kind of targeting. It has been demonstrated repeatedly that grants can facilitate change in local agencies willing to move in the direction desired by the center but cannot force that change on resistant recipients" (op. cit., p. 50).

Thus, the funding of community-based service delivery organizations was a response to the perceived conflict of goals on the local level. Established sub-national anti-poverty agencies would have difficulty implementing policies to serve the most needy and seeking their participation. This was during a time when the federal government saw itself as more progressive than the majority of state governments.

Funding levels for training were at their high point historically during the

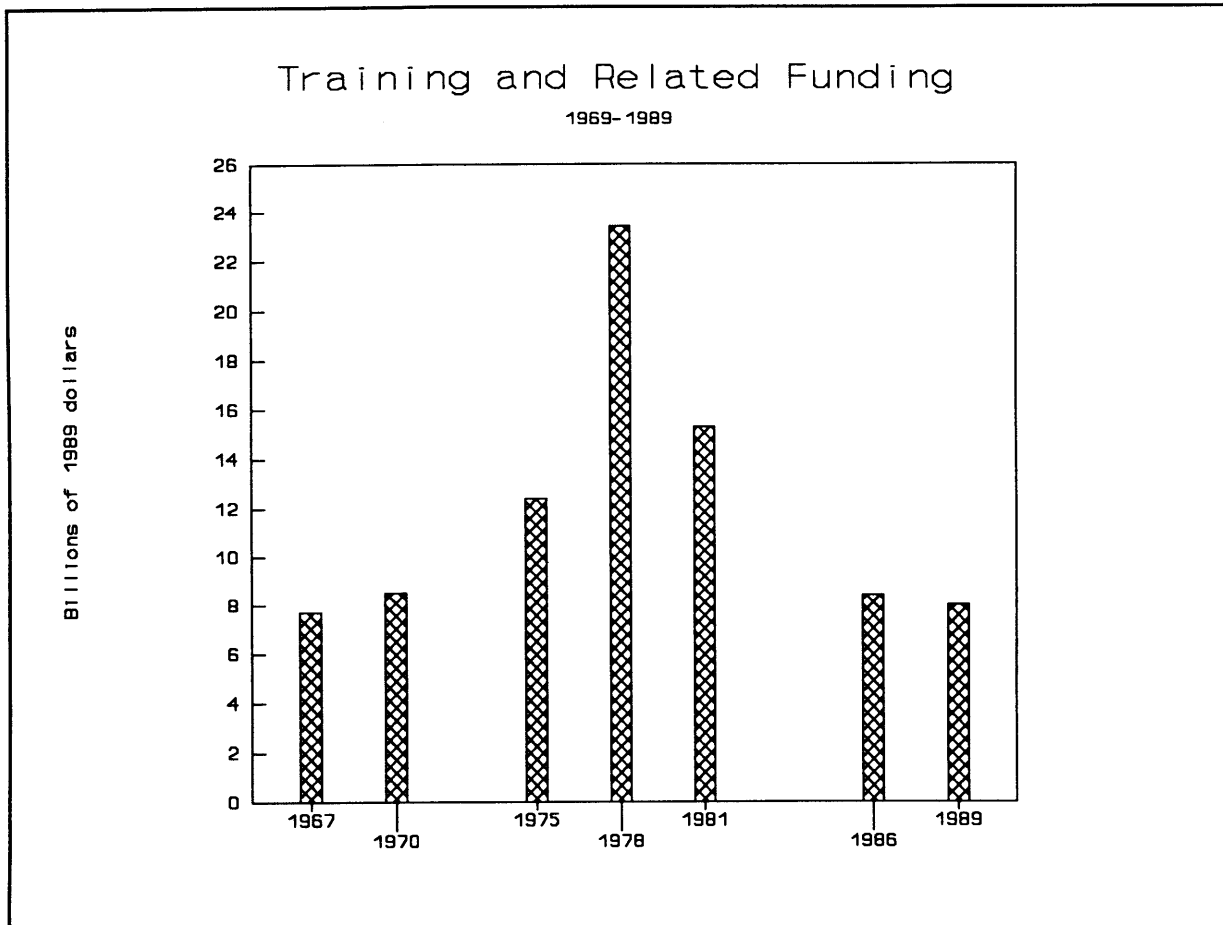


Figure 1

Note: Includes Employment Service, public service employment, vocational rehabilitation, and training.

Source: Bassi and Ashenfelter, 1990, p. 238.

period from 1975 to 1982 and experimentation and demonstration projects flourished. The Supported Work Demonstration was one of the most important programs of the time because it used experimental design to measure the effect of training on various eligible groups. Impacts had never been carefully measured before. They found significant post-program employment and earnings effects on AFDC recipients and ex-addicts. There was less evidence of training effects on ex-offenders and young school dropouts. Another innovation was the Jobs Tax Credit to subsidize initial employment of qualified low-income recipients in the private sector. The tax credit was controversial - low initial participation led evaluators to suspect that employers who eventually did claim the credits were not responding to economic stimulation to

hire workers they would not otherwise have hired.

CAAs began to have an existence of their own following the end of CAP funding, and were carving a service delivery niche for themselves. These community based organizations (CBOs) became very involved in providing training at the local level. For example, these Urban League affiliates received \$9 million in CETA money in 1974. In 1977, 85 of these affiliates were contracting for comprehensive employment services including job development, on-the-job training, and apprenticeships (Nightingale and O'Brien, 1984, p. 12). In 1978 and 1979, over 100 CBOs received more than half of the total \$170 million from the Department of Labor for the Youth Demonstration Projects (op. cit., p. 10). CBOs brought advantages of community outreach and diversity of services that city agencies could not provide (op. cit., p. 16).

The 1978 reauthorization of CETA was marked by a backlash against PSE:

It was criticized as a "makework" income-transfer program that gave participants little incentive to find unsubsidized work. To the extent that participants performed useful functions, they were believed to displace regular municipal workers. Thus, both conservative private employer groups and liberal public sector unions found problems with PSE (Bailey, 1988b, p. 167).

But the fierce reaction obscured the unique benefits that PSE brought to employment training, especially the ability to place chronically unemployed workers in secure jobs where they could learn the discipline needed for regular employment. That aspect of training was damaged by the curtailment of PSE in 1978.

PSE not only employed public sector workers, but it was also an important source of staff for non-profits and CBOs. The 1978 reauthorization limited PSE eligibility to low-income and welfare recipients. It also required that one-third of the PSE slots go to non-profits. These two provisions actually expanded CBO participation in PSE (while total PSE shrank) and provided an indirect subsidy for all CBO activities - employment training, economic development, social services, health services, child care, and others (Nightingale and O'Brien, 1984, pp. 14-15). PSE recipients benefitted from the greater range of employment experiences available from CBOs than from city government, and the better outreach CBOs demonstrated.

About 100,000 persons were employed in CBOs by PSE (op. cit.).

PSE was finally eliminated in 1981, cutting 400,000 subsidized jobs and \$3.1 billion from CETA. The Urban Institute estimated that the federal budget in human service areas would be reduced \$115 billion between 1982 and 1985, \$33 billion would come out of funding for non-profit institutions.

Nightingale and O'Brien surveyed 27 CBOs and CDCs in 1983, selected from community development directories and favoring larger organizations. They found that 24 of the 27 had PSE participants and eight reported that they were dependent on PSE for administrative and office activities. "At the time of the termination of the PSE programs, there were about 1,000 persons assigned to the 24 organizations." (Nightingale and O'Brien, 1984, p. 40).

A "golden age" of both training and community-based organizations was over. ET has not been as broadly supported or as innovative since the sixties and seventies, and the federal government has not turned to community-based organizations as they did in the seventies, seeking a more responsive and participatory delivery system than that provided by local government agencies. Current training programs serve structurally unemployed low-income workers with a welfare sensibility that has stigmatized training and fragmented neighborhood service delivery organizations.

Conclusion

Researchers have suggested that if training is to be used primarily to reduce poverty then it must be re-conceptualized (Levitan and Gallo, 1988; Herr and Halpern, 1991). In the past federal policy has mobilized training as a policy against a variety of different issues: automation, discrimination, recession, to name a few. Current goals of training policy are likewise confused: industry competitiveness, skill mismatch, local industrial development, welfare reform - all have been seen as training issues.

These struggles over training policy have obscured effective practices. As the next chapter will discuss, the JTPA and JOBS have restricted allowable training practices in order to keep training focused on desired policy outcomes. The result is

a crisis in the service delivery system that threatens the ability of community-based organizations to provide effective training; training that reduces poverty and leads to increasing self-sufficiency for those most in need.

CHAPTER THREE -- CURRENT TRAINING PROGRAMS AND SERVICE DELIVERY

This chapter examines current employment training policy and the network of community organizations that are largely responsible for its service delivery. Effective anti-poverty training policy, with self-sufficiency as a long-term goal will require training practices that are flexible enough to meet the needs of individuals. This chapter turns to the provision of services and research on effective training practices for reducing poverty.

Re-thinking training involves learning from programs that work. This chapter describes Project Match, an innovative training demonstration program in Chicago. They have made recommendations concerning everyday practices and broader philosophies that help guide a responsive redefinition of training.

Although the potential for innovation exists, we will see that a crisis grips the training delivery system. Performance standards lead to inequitable outcomes that work against those who need job training most. CDCs, who have been outside the system, have developed a unique capacity for interaction with the private sector and government funding agencies. They have also been led to a point in their own development where they are considering training and other human service programs by the success of their housing mission.

The Job Training Partnership Act

The Job Training Partnership Act of 1982 (JTPA) is the current federal system for employment training. It's passage marked a return to training policy focused solely on structural unemployment and targeted exclusively to the poor. But much had changed since the Johnson-era anti-poverty training programs in terms of methods, level of funding, and the capacity of providers.

Thomas Bailey (1988a) describes the JTPA as a "market-oriented" policy that was primarily designed to replace administrative oversight of local programs with

market incentives to perform to contracted standards. The JTPA was designed to be self-regulating and efficient giving local training authorities flexibility to meet the performance standards however they see fit (performance standards are described in more detail below). The JTPA also provided for the decentralization of training policy decisions to the state and local level, and for local policy committees to have a majority of representatives from private industry (these Private Industry Councils (PICs) also include representatives from local government agencies, and often community leaders as well). Bailey criticizes the JTPA as an attempt to administer public policy in a market system. Like other authors, he finds that performance standards have a negative effect on the outcomes of training programs, causing them to under-serve workers who are least ready for jobs.

Performance standards apply to training outcomes - the only acceptable outcome in adult training programs is a job placement in the occupation in which training is received. There are standards for minimum wage and average wage for a training class. A certain percentage of the training class must be placed in a job within 90 days of graduation (see table 2-1).

Table 2-1: Placement Rates and Earning Standards by Type of Training, 1985

Type of Training	Placement Rate	Average Hourly Wage
On-the-Job	76%	\$4.81
Classroom	54%	\$4.80
Job Search	75%	\$4.80
Work Experience	42%	\$4.04
TOTAL	62%	\$4.65

(Source: Levitan and Gallo, 1988, p. 100)

Bailey details the connection between performance standards and a "market oriented" approach found in a statement of Congressional policy.

The legislation must insist on performance. The current CETA system does not have any effective means for measuring program results or penalizing non-performance. The new legislation will provide standards for judging the programs for what they accomplish -- by whether those trained are hired and earn more as a result of training. It will end federal involvement with the process of how people are trained. It will provide for measurement of the outcomes and remove the federal government from involvement in the details of program operations. (US Senate Committee on Labor and Human Resources, 1982)

A market-based training strategy requires establishing performance standards as an objective basis for determining outcomes. Unfortunately, performance standards have had detrimental effects on training organizations and outcomes. Local training authorities and individual training organizations are held accountable for outcomes just as private firms are accountable for their sales performance. Private firms maximize profits which are the residual of sales minus costs -- training organizations under JTPA are meant to maximize performance under certain cost restrictions, the best being rewarded with bonuses (similar to profits) of up to 6 percent of the local JTPA funding amount. For the system to work the way it is envisioned, for it to be self-regulating and efficient at producing only the desired outcomes, policy-makers must find incentives that make service providers react the same way the private sector reacts to potential profits. Bailey, for one, does not think that is possible.

Bailey's critique of performance standards and private market incentives has three parts:

- 1) He doubts whether financial rewards have the same motivational effect in training as profit maximization does in a private firm. Influencing the behavior of trainers may not be necessary, given the commitment they have to the greater goal of community development. Further he found that the 6 percent premium did not influence performance and was rarely fully used. (However, CBOs are strongly averse to being penalized for not reaching performance targets.)

- 2) The objectives of the JTPA are less closely related to meeting performance

standards than are the goals of a private firm connected to profit maximization. The goals of the JTPA are "increased employment and earnings of participants and the reductions in welfare dependency." (JTPA - PL97-300, sec. 106(a)(2)). Performance standards measure placements, not wage gains or reductions in welfare payments.

3) Performance standards cause training organizations to seek out and select the most job-ready trainees, those most likely to find a job upon completion. This is popularly called "creaming." The reason it happens is that performance standards are made difficult to achieve in order to promote ever more efficient administration. But efficient administration is not the only option trainers have; choosing more job ready clients is another way to meet the standard. In a private firm, using high-quality inputs increases costs and reduces profits, but high-quality inputs cost the training organization nothing. The market-oriented approach fails to take these basic considerations into account, and therefore, fails to provide either the proper incentives or effective oversight to insure the goals of the law are met.

The performance standards have proven to be a powerful tool for influencing the local administration of the federal employment training policy. However, the attempt to invest the public provision of employment and training with a more market-oriented sense of efficiency has failed. Further, by shifting attention from the quality of training to the efficiency of the training system, the goals of the JTPA have been obscured. "[A]lthough the trends in the JTPA are consistent with the performance standards, there is no compelling evidence that those trends are leading towards a more effective employment and training system." (Bailey, 1988a, p. 306).

Besides performance standards, the JTPA also includes guidelines limiting the cost of training, eligibility and types of allowable services. Contracts are based on the number of training "slots" a trainer will fill in a class. There is a federally established limit for how much can be spent on each slot. It is up to the trainer to efficiently administer the training program so that the outcomes are positive (job placements) but the cost is no more than the maximum.

The income cutoff to be eligible for training is below poverty level, meaning that the working poor are ineligible; in a way, the income cutoff penalizes the

working poor for their efforts to support themselves. The JTPA also does not allow payments for income support during training; law makers were concerned about duplicating the functions of the welfare system. Low-income trainees have very little personal or family resources to support them during training. Therefore, only people who receive welfare can "afford" training. Since most welfare recipients are single female parents, the JTPA, along with the welfare system, has been "feminized." Very few training resources are truly available to men (Bassi and Ashenfelter, 1986, p. 150).

The only allowable training curriculum for JTPA providers is job skills. Trainers are prohibited from providing basic education and language instruction since the public schools are available to provide those services. When trainers have students with low literacy skills they are supposed to refer them to a literacy program and defer training. Some trainers who feel that basic skills are complementary to job skills teach reading and math as part of their programs and lie to the PIC about it (Ostrower interview, 1992).

Performance standards and the restrictive list of allowable services and eligibility requirements cause the JTPA to fail to meet the needs of the chronically unemployed. Service providers cannot reach some clients who need training and are forced to select those who will succeed for the sake of their own financial health.

JTPA Outcomes

Empirical studies have confirmed that the performance standards affect the types of clients served by training programs (SRI International, 1988; Levitan and Gallo, 1988). SRI International found that JTPA programs discriminated against dropouts, who are more difficult to place in jobs than others who are eligible. Among adult JTPA graduates only 25 percent were school dropouts while, in the JTPA eligible population, 37 percent were dropouts. Dropouts were even more likely than any other group to be under-served when their likelihood of completing the program was taken into account or when previous work history was considered as enrollment criteria (SRI International, 1988, table 13).

Not only was enrollment affected but also the form of training. Cities that

have specific JTPA policies for serving school dropouts and welfare recipients were found to be substantially less likely to provide on-the-job training, which has been found to be the most effective form of training (SRI International, 1988, table 23; Anderson, et al., 1991). Performance standards cause more job-ready clients to be served and for them to receive more effective forms of training than more needy trainees receive.

Creaming is a serious problem for the JTPA, not only because it is inequitable towards the hardest to serve clients but also because it causes effects contrary to the goals of the Act and it inefficiently focuses training efforts on the most employable of the eligible population. The JTPA says: "Each job training plan shall provide employment and training opportunities to those who can benefit from, and are most in need of, such opportunities and shall make efforts to provide equitable services among substantial segment of the population." (JTPA, Sec. 104(a)). Unfortunately, the performance standards of the Act are at odds with this stated goal (see above).

Empirical studies including the Supported Work Demonstration have shown that training dollars get the highest return when they are targeted to those most in need. Training given to job-ready individuals layers on top of their existing skills. Training money spent on placement assistance for job ready workers is more likely to displace other workers than money spent reducing structural unemployment by increasing the work skills of the long-term unemployed (Bassi and Ashenfelter, 1986, pp. 148-9).

Effective Training and Community Based Organizations

Creaming is possibly the most frustrating problem of the JTPA for CBOs who have to balance their own well being against serving those in their constituency who need training the most. But besides the problems of assessing clients, performance-based contracts are responsible for other effects that make delivery of effective training difficult for CBOs. Boston trainers that I talked to say that the short list of allowable services, the control on eligible clients, the performance-based contracts - all work against the delivery of effective training services at the lowest level.

Despite the fact that the JTPA restricts CBOs from types of training that they know are more effective like basic education, and ESL, still, CBOs are the most successful training providers for the hardest to serve. The SRI study showed that SDAs with a high involvement of CBOs provided significantly more services to dropouts. Also, SDAs that allowed variation in the terms of their performance based contracts with CBOs served more dropouts (SRI International, 1988, table 15). Allowing CBOs to negotiate for needed flexibility result in better training.

Evidence from recent studies on training practices (see Project Match outlined below) shows that a truly effective training policy for the poor would have to allow CBOs more flexibility to act in the ways they want to, flexibility they do not have as subcontractors under the JTPA. Further, the rigid control of the JTPA curtails innovation.

Olivia Golden (1990) contrasts two styles of innovation in human services: the policy planning model and the "groping along" model. The policy planning model is the more traditional approach in which policy experts research and design innovations in human services then focus on refining the incentives and controls to induce compliance. The groping along model "argues that a good policy idea is the result of a stream of experience, not the starting point." (Golden, 1990. p. 226).

We cannot know ahead of time what the results of our ideas will be, because the complexities of the real world cannot be anticipated and because ideas divorced from rich operational experience are so general that they are likely to be systematically wrong. Because we cannot know the results of our ideas, we need to try them out in action and learn from experience; based on that learning, we may need to modify not only our actions but also the policy idea and the original objectives. (op. cit. p. 226)

Groping along puts the process first and the administration second, it puts people in action and draws policy lessons from success. Policy planning begins with a clearly expressed policy idea while groping along starts with a broadly expressed goal; policy planning requires a long planning period and a careful plan for implementation, groping along would be expected to have a brief planning period and then several changes during implementation.

Golden looks at seventeen finalists and winners of the Ford Foundation

Awards Program for Innovations in State and Local Government. She finds that rarely is the final innovation present at the beginning of the process, that the planning step is short (a year or less in 15 of 17 cases), and that innovative human service programs display a "culture of change," they are willing to take chances and risk failure.

The JTPA is a classic policy planning program. Since the passage of the Act, reforms have been made to find the proper incentives to make training providers behave the way the Act intended. The underlying idea that training providers should behave like market producers is not in doubt. Mistakes are not seen as a learning process, but as evidence that the system is failing.

It could be argued that the JTPA's market-style characteristics give service providers more freedom than in most public programs. But Bailey (1988a) notes that the law makers need for accountability made them stop short of a true market-oriented approach. The JTPA claims to be modeled on the free market, but then restricts service providers to certain methods and practices, which violates the basic free market principles that lead to efficient outcomes. Market efficiency results from individual firms finding their own best production methods. Bailey gives examples of instances in which the JTPA mandates a certain level of service, short circuiting market practices (the 40 percent spending on youth requirement, and percentage restrictions on some types of spending such as support services to clients and administrative costs.) (Bailey, 1988a, p. 306).

Groping Along

In contrast, there has been research attempting to find the right mix and sequence of strategies for effective ET. Project Match, a demonstration program in Chicago, has been providing innovative employment training using a "groping along" style. They have documented their attempts to serve their clients more effectively and, as expected, there have been mistakes and corrections along the way.

Project Match has operated since 1985 as a research and service welfare-to-work program developing, testing, and articulating strategies to move long-term welfare dependent families to economic self-sufficiency. (Herr and Halpern, 1991).

Project Match is a project of Northwestern University and get their funding from the Illinois Department of Public Aid and a host of foundations. They do not receive federal funding and could not operate the way that they do otherwise. Project Match participants come mostly from the Cabrini-Green Public Housing community; most are black (99%), female (77%), and single (95%). Sixty percent were age 25 or under, 45 percent had little work experience, and 35 percent were high school dropouts.

What makes Project Match different than other training programs is partly the lessons they have learned by being willing to make mistakes while trying to run the program, and partly that they have been willing to make mistakes in order to learn.

Their programs begin with a set of process standards: long-term commitment to participants, offering comprehensive case management, protocols are informal but based on a clear and focused mandate, emphasize brokering services instead of supplying them, recognition and celebration of incremental gains, and a tracking system to generate case histories.

The most fundamental lesson Project Match has found is that there are many routes to self-sufficiency. "Leaving welfare is a long and difficult process, not a discrete event" (op.cit.). The barriers that Project Match participants face include lack of formal education, being a single parent, long-term welfare dependency, and coming from welfare-dependent households.

The project has found ten characteristic routes falling generally into three groups: "steady progress" (48 percent of 225 participants), "unsteady progress" (34 percent), and "lack of progress" (19 percent). Each case is tracked separately and the details of each are different; there are not clear lines separating the groups.

The forty-eight percent "steady progress" rate in Project Match programs is not successful compared to standard JTPA programs that are required to be 70 percent successful. However, it is difficult to compare Project Match outcomes using a conventional "positive termination" rate because Project Match does not terminate participants who are placed in jobs. By continuing to track people once they are placed they under-emphasize their success relative to standard program measurements that only follow students for thirty days. Project Match finds that

three months after a participant's first placement, only fifty percent are still on the same job, and at twelve months less than thirty percent (Herr, et al, 1990).

By recognizing that each new participant has a different potential path to follow, they have realized more specific issues:

- Basic skills education is not necessarily the best first step, even when the participant's lack of literacy is standing in the way of the job market. Counsellors in the early days of Project Match urged dropout participants to improve their basic skills, but the attrition rates were high and some of the students never returned after failing to return to school. They now feel that experiencing a placement in a low-paying, low-skill job can help motivate students who naturally fear school.
- Entry level jobs can be stepping stones. Project Match is aware that the journey out of welfare is also a process of personal development. First jobs that do not pay well and do not provide new skills can be good for personal development, if not skill development.
- Work or school is too big a first step for some participants who may lack personal or family resources, maturity, future-orientation, sense of self-efficacy, or realism. Failure at a series of first jobs may take the form of lateness, fighting with supervisors, or disappearances. The tracking system allows Project Match to sort out these symptoms. The cure is often to take incremental steps to build up responsibility and confidence. Project Match uses community involvement or volunteering. The participant can work in a familiar setting and pressure to perform may be lower in their own minds.

The relevance of the Project Match method is twofold. First, they have established that welfare-dependant clients need more than skill development to become self-sufficient, they need human development - a process that must take place in the context of a long-term commitment. Sometimes failures are part of the growth process (retention on the second job placement is about fifteen percent better than on the first), and, once failures are expected by the trainer, sometimes unusual routes to self-sufficiency can be pursued, that go against traditional practices but have been effective for Project Match. The performance-based JTPA training model is

antithetical to the Project Match approach.

Second, Project Match could not have tested and articulated these strategies without the freedom to fail themselves. The policy planning style of oversight in the JTPA is designed to focus on incentives for compliance, and to keep failures from happening. Project Match confirms Golden's theory that sometimes failure leads to innovative human services.

CBO Performance and Capacity

The history of CBOs parallels the history of anti-poverty initiatives and funding. The War on Poverty funded Community Action Program (CAP) helped cause the creation of more than 1,000 community action agencies, as they were then known. In the seventies training funds and PSE helped these CBOs carve a niche for themselves and build social service capacity. CETA funding peaked in 1978 at \$9.5 billion including PSE (\$3.7 billion without PSE), in the mid-eighties JTPA funding averaged \$1.8 billion.

In Boston, the effect of cutbacks in training money on CBOs was severe. In 1981 JTPA funding to Boston was \$27 million, in 1985: \$7 million, in 1991: \$2.7 million (Economic Development and Industrial Corporation, 1991). Jay Ostrower, Director of Planning at Action for Boston Community Development (ABCD) - an original CAP agency and the city's leading anti-poverty CBO, says that the sustained decline of money means that Boston CBOs will not do training anymore within the next few years.

For the last ten years, the JTPA has not paid to sustain the capacity of the CBOs to provide services. There are no provisions for planning, program support, or development. "Ostrower says that if there is no way to make money in the JTPA, and lots of ways to lose money, then as a trainer, you can only go broke being part of the system.

The timing of JTPA funding puts a fiscal strain on service providers. The EDIC, which administers JTPA for the city, pays one-third of the contract amount upon enrollment, one-third on retention, and the final third upon verification of placement on a job and thirty days retention. Prior to each stage the CBO must

advance the cost of recruitment, training, and placement out of their own budget. Not only do you go broke doing training, says Ostrower, you have to be rich to start.

The standards are inflexible in the face of changing economic conditions also. During the recent recession, Ostrower asked for an extension of the placement period, but was ultimately denied. Nor was he allowed to place unemployed trainees in the first available job (if he wanted to be compensated), he had to find trainees jobs using skills in which they had received training.

The lack of funding for JTPA and the restrictive service arrangements have not only hurt the long-term ability of CBOs to provide employment training, but also the overall capacity of the CBO network as community responsive service providers and as a means for community participation.

Community Development Corporations

If training providing CBOs are suffering a general decline, then community development corporations (CDCs) are having the opposite experience.

In the urban development landscape of today's inner cities community development corporations (CDCs) stand out among the federal and state entitlement and safety-net programs. They are community controlled, property-owning, conduits for investment that have established a collective track record for success in neighborhoods where the government and the private sector had given up hope of success.

CDCs share a common history with CBOs to a point. They were also beneficiaries of the CAP funding in the sixties. They share the same goals as CBOs, and, until the early eighties, many of the same functions including employment training (Nightingale and O'Brien, 1984). But when the JTPA became the training law, severely reducing funding, CDCs shifted their attention to other program areas (especially housing) leaving behind the CBOs, who were more invested in training capacity.

The Nightingale and O'Brien CBO-CDC survey in 1983, asked training organization about changes in funding and staffing following the change from CETA

to JTPA. While both the CDCs and the CBOs suffered reductions in funding, the CDCs escaped without significant impacts on their staff, while most CBOs had to cut staff.(see table 2-2)

Table 2-2: Funding and Staffing Changes in Training Organizations, 1983

Change since 1980	CDCs (n=9)	CBOs (n=19)
Minor funding increase	1	1
Significant funding increase	--	2
Minor funding decrease	--	5
Significant funding decrease	4	9
No real change in funding	4	2
Slightly increased staffing levels	--	1
Minor decrease in staffing levels	--	5
Significant decrease in staffing levels	--	10
No real change in staffing levels	9	3

Note: "significant" is defined as forty percent or more either way.
Source: Nightingale and O'Brien, 1984, Table 3.

Since the early eighties CDCs have been specializing in affordable housing development (Vidal, 1989; Pierce and Steinbach, 1987; National Congress for Community Economic Development (NCCED), 1991). Today there are 2,000 CDCs, 88 percent create affordable housing - 320,000 units, and 87,000 from 1989 to 1991 (NCCED, 1991).

Like CBOs, many CDCs were created in a time of active community organizing that was often adversarial. But the hallmark of CDCs is their growing sophistication, success in the business world, and acceptance by private industry and government as community representatives who are able to "speak a common

language". "The adversarial tactics of the sixties have largely been replaced by a more cooperative style and an interest in program delivery." (Vidal, 1989, p. II-1) The Wall Street Journal portrayed CDCs as scrappy yet business-minded in 1991:

Typically they work out of bare storefronts on shoestring budgets and with tiny staffs. They scrape together financing for their development projects through a combination of government funds, private donations, foundation grants and low-interest bank loans. They are run at the grass-roots level, by the communities themselves. (New Foundations..., 1991)

An example of the evolving style of CDCs, and the respect they are increasingly getting from private industry, is the handling of redlining and the Community Reinvestment Act. In the mid-eighties, CDCs were acting as advocates for residents and businesses located in redlined neighborhoods. They would typically confront banks that refused to make loans in the neighborhood with threats of litigation or boycotts. But in many cities, including Boston, Pittsburgh, and Cleveland, things have changed between bankers and CDCs. Banks in these cities have started special funds to be set aside for loans in redlined neighborhoods, and they have developed working relationships with CDCs that have potential to pay dividends in bringing even more resources to the communities.

The same is not true for CBOs. When the CBOs stayed with the employment training system during the JTPA years they tacitly agreed to become sub-contractors to the local training authority. The JTPA does not have room for the development of the type of mutually respectful relationships that CDCs were creating with their funding sources during the eighties. CBOs were caught in a yearly grant-writing cycle that left them unsure of next year's funding amount and unable to plan, while CDCs were developing the ability to function in the business world, doing pro formas, syndicating real estate development, even administering small business loan funds. CBOs are not as glamorous today as CDCs are; in the world of alternative community organizations, they are second in line.

Having relatively less equal relationships with funding sources means that CBOs have to face more controlling oversight measures. Dale Rogers Marshall (1982) classifies linkages between government agencies and their non-profit service

providers as either control oriented, assistance oriented, or a mix. Control linkages enable the agency to determine some aspect of the providers performance, while assistance linkages facilitate program implementation by compensating for gaps in the performance of implementing organizations. Control linkages damage the flexibility of the subordinate organization. Conversely, assistance linkages are characterized by bargaining. From my own observations, I could find almost no evidence of bargaining in the ET service delivery system among Boston CBOs. On the other hand, bargaining typifies the relationships that CDCs have created with their funding sources. CDCs benefit from assistance-style linkages with their funding sources because they are seen as more business-like, while CBOs face control-style linkages that limit their flexibility.

The CBO mission has also suffered from stigmatization. Employment training was once an employment creation and work experience program, when CETA included money for PSE. But since the early eighties, training policy has been entwined with welfare.

CDCs, although they do not speak with one voice, have consistently disavowed welfare and other entitlements. The CDC strategy is to bring investment to the neighborhood by increasing community ownership and control, not by providing a conduit for entitlement money. Few CDCs receive JTPA funds and few are involved in the employment training system (JTPA was not among the top seven sources of funding in the NCCED national survey of CDCs). However, many have some training or work experience component (40 percent responded that they have some training: NCCED, 1991).

CDCs and Human Services/Training

The housing boom for CDCs has leveled off in recent years and CDCs have begun to express interest in entering or re-entering the role of neighborhood economic development and human services provision. There are two common explanations of the growing interest of CDCs in re-entering the human services side of community development.

One argument for CDC involvement in employment training was put forth by

Danette Jones of Madison Park CDC in Boston (Roundtable interview, 1991). She said the CDCs are responsible to their community because of "the times" i.e. the present economic recession. Unemployed residents have started demanding different services that are oriented to the labor market. To keep the quality of affordable housing investment Jones says she must deal with the other needs of the community. These include: employment, crime, substance abuse, daycare, training programs, health benefits, etc. Though as a CDC, she could say "No I am just your landlord" and not be involved in the other basic needs of the community. Jones says the need for comprehensive human services is as a follow-on investment to the housing. CDCs can help assure the long-run quality of their affordable housing by helping residents find jobs and become self-sufficient.

The other explanation of CDCs interest in employment training is the emergence of the community economic development strategies (CED). CED can be loosely defined as activities that create job opportunities in the neighborhood. Pat Libby of Massachusetts Association of CDCs said that the number of CDCs implementing CED has risen from 6 to 14 in the last year. She believes the rise in interest is the result of successful affordable housing creation; thus there is a new momentum of economic development that creates a demand for retail development, employment training, and entrepreneurship opportunities.

These two explanations overlap; whether the desire to provide for the human service and training needs of the community comes from a need to preserve the prior housing investment or simply an interest in continuing to generate economic activity, CDCs that are successful in providing housing are naturally turning to other non-housing services to provide for the welfare of their residents.

CDC Approach to Job Training and Private Industry

CDCs have always had an informal neighborhood jobs policy. Many have consistently negotiated with local employers for job commitments, while others try to work with business to develop local jobs. Boston CDCs have used both approaches with large neighborhood employers; the advocacy model and the partnership model.

In the advocacy model the CDC acts as the voice of the neighborhood in

negotiating employment quotas and other concessions from new employers. It is an adversarial approach that has been used historically in Boston. Its origins are in the early battles over hiring for large commercial construction projects such as the Prudential Center and Copley Place. This has traditionally been an effective method to coerce employers to hire neighborhood workers of many different skill levels. In some cases it has led to the need for a CBO to train community members for the jobs for which it has bargained.

United South End Settlements (USES) is an example of an advocacy approach to private business. In the sixties, when the Prudential building was being erected on land near the South End, USES attempted to get a commitment for apprenticeships for neighborhood workers from the construction contractors. When they were refused USES helped form another group called STOP that picketed the site and caused the work to be stopped until the unions and the contractors together had offered them access to the union apprenticeships. USES, in their role as advocates, won training slots for their residents (King, 1981, pp. 51-57).

In the partnership model, the CDC might act as a training/placement agency in a market relationship with the employer. They provide employers with pre-screened available workers, their capabilities, and a quick way to assess the workers so that they can diversify their workforce. Another potential role is in post-placement intervention. After training and placement CDCs may offer to provide employers continuing back-up and follow-up in dealing with problems that trainees face outside the work place. Case managers would continue to provide daycare support, legal support, substance abuse, housing and continuing education. Boston employers claim to value post-placement assistance (Rainaldi, 1991).

Of the two models, the "advocacy" version has traditionally been favored and used by Boston CDCs and they have had success with it. The South End Neighborhood Action Program (SNAP) has formed a coalition of neighborhood groups, including CDCs, that combines the advocacy and the partnership models to bring biomedical technology industries into Boston's neighborhoods. Their study found that "the benefits from such investments [biomedical industry construction],

especially jobs and opportunities, will not reach the community unless barriers to access are removed." (Selvarajah, 1991) Biomedical careers will not match the skills of the neighborhood residents unless residents receive special training and also the jobs are made available to them.

These CDC interactions with business on behalf of their residents have brought them more into the realm of training. Whether they operate as "advocates" or as "partners," many see that the gains they fight for can be enhanced by providing training and human services to help residents take full advantage of hard-won opportunities.

Conclusion

This chapter has shown how the development of a community-based service delivery system has led to the current arrangement of neighborhood institutions.

Scholars and trainers suggest that the poor should be put first in training by adopting practices that are responsive to their needs, not driven by policy goals (Levitan and Gallo, 1988; Herr and Halpern, 1991). Project Match argues that training is a process of human development, of starts and stops, as each person overcomes their personal barriers to entering the labor force and gaining self-sufficiency. Trainers need the flexibility to treat each trainee individually, make a long-term commitment, and not necessarily demand pre-arranged results on a standard schedule. Policy should evaluate the average performance of a training organization rather than the outcome of each enrollee.

This chapter has also looked at the history of community-based organizations as part of the training service delivery system. Effective training will depend on the continued ability of trainers to elicit participation from the community.

The split between CBOs and CDCs has resulted in different institutional capacities among the two groups, and different perceptions of methods and missions despite shared goals. The rest of this paper explores the potential for more effective training service delivery by rejoining CDCs to the existing network of CBOs. Would benefits follow, and what would be the cost?

CHAPTER FOUR -- COMMUNITY DEVELOPMENT CORPORATIONS THAT TRAIN THE RESIDENT LABOR FORCE

This chapter contains descriptions of three community development corporations (CDCs) that have made employment training an important part of their service delivery strategy: The Center for Employment Training in San Jose, California, Just a Start in Cambridge, Massachusetts, and Brightwood Development Corporation in Springfield, Massachusetts. Each has made a significant training impact in their community: the smallest served 600 clients last year, the largest placed over 2,000 in 1989. All three have been expanding their training activities, and all three provide effective, innovative services that go beyond what is easily available from the usual training funding sources.¹

The experiences of these three CDCs will be used to show that CDCs can bring institutional capacity to employment training that enables them to provide training that is progressive in its commitment to the individual, the range of services and training activities provided, and in its well developed links to employers. These three CDCs also bring administrative capacity to the process such as access to many different funding sources, ownership capacity, and relative stability.

Finding CDCs which have been formally involved with the employment training system required judgement of what activities qualified as training. The Ford Foundation has sponsored research on the issue of CDCs and training which resulted in a roundtable discussion of the current and potential roles in Boston in December, 1991. Of the CDCs invited most had some contact with employment issues. But all of their efforts were essentially ad hoc, none had been receiving city training funds

¹ In contrast, according to Jay Ostrower of ABCD, Boston's largest community-based training provider, there are 350 total training slots in Boston contracted through traditional sources: Job Training Partnership, ET - the Massachusetts welfare training program, JOBS, and a few other small programs including some Boston city funds.

and none had formal arrangements with any training organizations. They had made referrals for residents who had lost their jobs, or, in several cases, had to coordinate residents to apply for jobs that the CDC had secured acting as an advocate for neighborhood workers.

As part of a Ford Foundation research team, I was able to travel to San Jose, California (December 1991) to interview staff at the Center for Employment Training, a CDC that has been regularly training thousands of participants per year. Another member of the Ford team was Heriberto Flores, President of Brightwood Development Corporation in Springfield, Massachusetts. Brightwood has been running a training collaborative with local institutions in which there is a formal arrangement for division of responsibilities and funds. Back in Boston, Pat Libby at the Massachusetts Association of CDCs, informed me of three member organizations that she felt were on the forefront of ET in the state: Urban Edge, Jamaica Plain Neighborhood Development Corporation (both profiled in chapter five), and Just a Start in Cambridge. Just a Start has been regularly receiving training funds to operate youth housing rehabilitation crews that have job skills training and basic education among their goals.

Just A Start

Cambridge based Just A Start trains low-income youth and adults, runs its own housing rehabilitation (rehab) crews (200 housing units and over 10 community facilities serviced per year), and develops and retains affordable housing (served 3,200 households through stabilization and 220 through ownership and development programs).

Just A Start (JAS) began in the South End neighborhood of Boston in 1967 as part of the Boston Redevelopment Authority (BRA). This neighborhood was part of the Office of Economic Opportunity's (OEO) Wellington-Harrington Urban Renewal Project, an approach to development that formulated goals first, then instituted programs to reach those goals. It was a "bottom-up planning style that gave neighborhood representatives considerable flexibility. Youth employment was one of

the goals in the South End development plan so Gordon Gottsche of the BRA started work crews for adolescents to repair and weatherize homes. The program ran for a few summers and was successful putting the young people to work.

A few years later JAS moved its entire operation across the Charles River on the invitation of the Cambridge Redevelopment Authority (CRA) to replicate the successes they had in the South End. Again, the neighborhood plan and goals were developed first: to make North Cambridge a better residential community, rehabilitate existing housing, provide low-interest loans to retain and improve existing housing, and remove non-conforming uses. The youth programs continued to provide the focus and funding continued to come directly from the federal government.

In 1975 their funding changed to a Community Development Block Grant (CDBG). There were several important impacts on JAS:

- Federal money began to go through the City of Cambridge instead of to the BRA (their federal funds continued to flow through the BRA even after they had moved to Cambridge), where they had less access to it than before simply because of the different bureaucracy.
- At this time JAS became incorporated - officially a CDC - to allow them to qualify to receive different types of grants.
- Their staff increased and they became a "real organization," with capacity to take on more community projects.
- They arranged funding for their own home improvement loan grant programs to replace those that the former funding had contained. They administered the fund themselves and began building financial management capacity.
- They expanded their housing agenda to include issues of affordable housing, while continuing efforts to stabilize the current housing stock.

The importance of the funding source is clear in light of these program changes. They were partially caused by the normal growth of the organization but the precipitating factor was the change in funding.

Another funding change that resulted in more new program areas was the

inception of the Comprehensive Employment and Training Act (CETA). One important part of the summer youth program had been matching high schoolers with private sector jobs. When CETA came into effect in 1977 it gave JAS the resources to start training classes and general equivalency diploma (GED) preparation and go beyond simply developing summer jobs to actually increasing the adolescent's skills and likelihood of getting a job on their own.

Van Spanos, Director of Human Services, who has been with JAS for more than twenty years, says that now their training programs (which are direct descendants of the South End rehab crews and the late seventies CETA funding) focus on:

- Labor force entry for students at risk of dropping out of school or who have already dropped out. Work experience and counselling in a supportive environment is the preferred mechanism.
- Training stipends as a form of support, motivation, and reinforcement. Spanos believes that youth are both attracted by the stipends and that they help make training an economically viable option over the summer.
- Education to keep students in school and increase incomes in the long-run. JAS has programs to help students retain learning over the summer.
- Vocational exploration to widen the perceived possibilities for work. Spanos thinks that this is one of the most valuable services they provide because it helps give adolescents hope for the future when all their friends are working at bad jobs if they are working.

Table 3.1 - JAS Human Service Programs

One-Stop Youth Program	80-90 youth	work experience, GED preparation, basic education, employment readiness, counseling, placement
Construction Skill Training	20-30 adults	training, ESL, work experience, job placement
FUTURES for Young Parents	20-30 parents	counseling, vocational awareness, GED preparation
Cambridge Teen Work	200 youth	employment readiness, job matching-placement
Summer Youth Program	60 youth	work experience on JAS crews, remedial education
Summer Remedial Education	300+ youth	work experience, remedial education
School-year Dropout Prevention	40 youth	work experience, remedial education

Source: Just A Start, 1991.

JAS human resources funding comes from CDBG, JTPA, the Cities of Cambridge and Somerville, the School Department and the Housing Authority of Cambridge, the State Department of Welfare, Employment Resources Inc, and the Massachusetts Department of Education. They use JTPA funds along with money from these other sources and from the private sector in ways that are innovative and successful:

* They combine funds from different sources to give them flexibility to do more than some single sources allow. Training funds normally come with restrictions on the allowable services or occupations, there are also timetables for performance, eligibility requirements for participation, and other restrictions. JAS uses multiple funding sources to help them cover more participants and provide a greater range of services.

In their youth training program, of the 50 program slots, money from JTPA

pays for 18. JTPA performance standards only pay for successful job placements. To minimize the risk of not making a placement they make sure they designate the participants most likely to get jobs to the JTPA slots and reduce the pressure to "cream" their applicant pool.

- * Having multiple funding sources has been a source of institutional strength for JAS. They are less vulnerable to cutbacks or policy changes from a single source that may require changes in their training methods or eliminate entire programs. "Having money from a lot of different places has kept us going sometimes," says Spanos.

- * JAS also benefits from having their own work crews. The crews provide the backbone of work experience for the youth programs and also the main service of the housing rehab program. By combining the labor and development pieces they get the dividend of community building. The crews work on 10 to 15 community facilities each year. JAS is a presence in the local school, Cambridge Ringe and Latin, where they run dropout prevention programs with the cooperation of the school.

The JAS approach makes the connection explicit:

The issues of affordable housing and employment skill are often intertwined. And many of our programs reflect that connection. For example, Just A Start crew members often receive on-the-job training in carpentry in our housing programs. Trainees build their manual skills, while lower labor costs enable homeowners to make improvements they couldn't otherwise afford. (Just-A-Start Corporation, 1991)

- * JAS youth trainees receive stipends of \$5 per hour. Spanos says that, in her experience, \$5 is about the minimum they could pay and still get young people to come for training instead of hanging out. The JTPA allows only \$8 per day. Youth spend 37.5 hours per week in training: 8 to 10 in education, 4 counseling, and the rest of the time with work crews.

Origins and Funding

The evolution of the unique JAS approach, both as a training provider and as a CDC, was influenced by the origins of the organization and also by impacts from changes in funding sources.

Origins - The youth crews and rehab work have been the central programs at

JAS since the beginning. They have influenced the rest of the programs that have grown up around them.²

JAS is unusual among CDCs, instead of focusing on property development they have a strategy of rehabilitating existing property. From these unusual beginnings has sprung a loan fund for homeowners to pay for improvements; they now manage over \$600,000 in loan funds. Also descended from issues of housing conditions is the landlord counselling program, with 600 annual participants, that teaches ownership skill, standards, how to resolve disputes, and housing laws and regulations. Finally, in cooperation with landlords and the City of Cambridge, they have formed a collaborative to resolve tenant-landlord disputes and prevent homelessness. Their origins as a training organization have led JAS to a number of programs that are unusual for a CDC.

Funding - The history of the evolution of JAS programs is marked with changes in their funding. New funds result in a greater ability to provide services, but also result in innovative ways of meeting JAS goals. It is interesting that the funding itself rarely suggests the innovation but rather provides the resources that JAS lacked. The capacity of JAS to innovate new programs and new synthesis of program areas is an example of creative community-based problem solving applied to increasing incomes and community welfare.

The Center for Employment Training

The Center for Employment Training (CET) is a twenty-five year old community-based institution in San Jose, California whose story is one of remarkable success. They have trained and placed 53,000 "second chance" clients. Unlike most training organizations that test applicants for skill level and likelihood of finishing the program, CET has never screened applicants during assessment; they believe in training on demand. The average participant increases their income from \$6,000 to \$14,400 after training.

² The JAS annual report lists 12 current program areas.

They began as a training organization but ten years ago they created a subsidiary CDC to own their property, and a for-profit property management business (DURA): the CDC controls \$25 million in property and DURA has begun a range of business service activities that employ neighborhood residents and provide funds for CET.

Training Principles

The Rockefeller Foundation, in a study of over 3,000 unemployed single minority women with children (Burghardt, 1990), concluded that the "integrated model" that CET has developed resulted in 27 percent more employment and 47 percent higher incomes than conventional classroom training methods used in the majority of other programs. CET's "integrated model" includes training, childcare, education, and counselling in one package. It is a multi-service approach that they believe is necessary to serve the needs of clients that face multiple barriers to employment. The main points follow.

- 1) The first CET training principle is an open intake policy: each applicant is assessed and placed in available training slots right away without screening. None are turned away or referred to other organizations. CET training staff is bilingual and also prepared to take extra time when a student's skills are not immediately sufficient. 65 percent of the trainees are dropouts, 55 percent do not speak English.
- 2) The second principle is hands-on training. CET classrooms are full of modern manufacturing equipment and trainees begin using it on their first day. The chalkboard is rarely used. Carlos Lopez, CET's State Level Coordinator, says that nothing gets students interested like being exposed to the work right away.
- 3) The third training principle is that the classroom is the workplace. Student's days are from 8:00 am to 3:30 pm, but each morning they punch the clock at 7:55 so that they can be at their stations by 8:00. Classes produce useful output like printing CET materials in the print shop. Basic education in reading and math use work-relevant materials. Students are more interested by work-relevant lessons.
- 4) The last training process principle is open entry and exit. The standard training practice is for the whole class to follow the same training cycle together, like

a school-year, enrolling at the same time and graduating together. But at CET, students join classes that are already in progress when they enroll. There is no waiting, an enrollee who decides to seek training could be in a classroom the same day. In each class there is a constant gradual turnover. Instructors divide their time between individual instruction with new students and group instruction on new skills.

Open exit means that students stay until they are placed. Students who are more skilled "graduate" faster. This minimizes the need for tracking. "There is only one track," says Lopez, "the employment track."

Administrative Principles

The four training process principles above are supported by a set of administrative principles that are equally basic. The combination of effective process and administration in an atmosphere fostered by success and leadership are the "secret" of CET.

1) Staff excellence - The teachers are from private industry, as much as possible. Many work at CET, then return to industry, and come back again, maintaining their skills in quickly changing hi-tech manufacturing fields like drafting and metal forming. Teachers who return periodically demonstrate a level of dedication that is consistent among the staff. Staff dedication has also helped CET through periods when funding sources shrank and other money had to be found.

2) Diversified contracts - are one "key to our survival" said Hermilinda Sapien, Deputy Director. CET has over fifty funding sources but their main contracts are one-third JTPA 402 funds - for rural workers (in their satellite offices), one-third JTPA II and III - for "second chance" and displaced workers, and one-third Pell grants and Stafford loans - which are the traditional "guaranteed student loans". Qualifying for these college-style educational loans has opened an area of funding to them that has traditionally been favored over "second chance" programs by a factor of about twenty to one.

The difficult work is coordinating the terms of their fifty funders. Training funds normally come with restrictions: short lists of allowable services, specific

occupations or skill areas, timetables for progress, and student eligibility requirements. Since CET only provides one form of service and leaves the choice of skill area to the student, they have to negotiate for special treatment from their funding sources. Bob Johnson, Director of Planning and Evaluation with twenty years of CET experience, spends much of his time negotiating terms with funders.

3) Staying close to the employers - CET has an active Industrial Advisory Board (IAB) made up of industry representatives that periodically reviews curriculum, equipment needs, and skill areas. The IAB notes areas where skills are becoming outdated or where new demand is emerging. Membership represents almost every hi-tech manufacturer in the Silicon Valley: MCI, Lockheed, IBM, National Semiconductor, over seventy in all. They have also helped develop placement contact networks and helped provide for CET's equipment needs. Some employers with whom I spoke said that CET was the only facility capable of providing training for certain skill occupations in equipment-intensive manufacturing industries such as metal forming.

4) Support services for multiple need clients - The instructor is the main service provider, almost a counselor for the trainees. But CET also has support service counselors (about six) whose job it is to address student's non-skill needs. Some of the most important services are performed by the placement office which has special sessions for trainees on applying for a job. The placement office has more of the appearance of private industry than the rest of the facility and provides the bridge to the work world.

CET also has a free daycare center on their "campus" sanctioned by Montessori. There are two very large rooms, one for infants and one for older children. They both had about twenty-five children and three total staff. Sapien told us that it was the best daycare in San Jose, and the Rockefeller Foundation noted that having a safe, convenient place to leave children was critical to the successful training of single mothers.

5) Ownership - One thing that has served to stabilize CET, to institutionalize them as a neighborhood provider, is their ownership of the facility. CET was

originally discouraged from having property assets by Office of Management and Budget regulations on federal funding to property owning non-profits. But they found when they went to the bank for an improvement loan for the building, that their lack of assets proved to be a barrier to funds. They set up a subsidiary CDC that now owns the school building, some historic property, and others totaling over \$25 million. Ownership has helped them secure themselves in the neighborhood. These holdings also saved CET in the early 1980's when they lost 60 percent of their federal funding due to the cuts in CETA.

In addition to the CDC, CET spun off DURA, a for-profit subsidiary, to manage their property holdings. DURA (not an acronym) provides CET a platform for a range of money making activities. DURA is developing a Mercado shopping plaza, they run Santa Clara County food stamp distribution centers that handle \$3.5 million in food stamps monthly, they also run DURA Equipment Corporation that rents and leases heavy equipment, they have a computer services division that supplies CET operations, and they run DURA Temps that provides food service workers for the San Jose Sharks.

DURA combines training, ownership and enterprise under the CET umbrella. Out of their food stamp centers they train UNIX tellers to not only issue food stamps but also cash checks and write money grams. DURA makes CET an employer and provides profits they can use at their own discretion to cover gaps in their traditional funding, such as bureaucratic delays in payments that can seriously hinder an organization without sufficient working capital.

Training is fundamental in all CET/DURA activities. There will be links between CET classrooms and the new Plaza Mercado, whether they are hiring recent trainees or providing evening seminars on small business finance.

Employment in Good Jobs

CET has had success placing trainees in the Silicon Valley's manufacturing industries, good jobs that are technology intensive. From the employer's perspective CET trainees come to them with some advantages over other applicants but also some drawbacks.

Employers see a tradeoff between the training that CET graduates come with and what employers perceive as their lower potential retention on the job. Coming from CET, like any training program, carries some stigma in the job market. CET manages to provide high quality training that offsets the stigma sufficiently to achieve good placement results. Employers value the skills training as useful to their business but also realize that employment may require more effort for CET trainees. As one said, "there's a reason these people were unemployed in the first place."

One metalworking industry employer has hired 50 CET trainees and 45 are still on the job. They make up a third of his work force. He says that CET is the only facility who have the equipment to train skills for his industry and that each CET trainee was hired based on the worker's competence, not any kind of interest in "fair play" or duty to the community.

Another employer said that the skills CET graduates came with did not replace the necessary on-the-job learning that every employee gets, but did provide a good "jump start" and allows them to come in and start work immediately. All of his employees go through training on the job, he says, but when it only amounts to two hours a week the CET training saves a couple of months.

CET increases the employability of its trainees, off-setting real labor market disadvantages. For many employers who hire CET graduates despite the stigma, they have reached or exceeded the breakeven point of employability. It has taken all of their efforts to reach this marginal point. Getting to the point where employers take training graduates seriously should be the criterion for success for any program, and on this basis CET has made a large contribution.

Brightwood Development Corporation

Brightwood Development Corporation (BDC) serves the largely Hispanic and Puerto Rican North End neighborhoods of Springfield, Massachusetts. Their ambitious strategy for revitalization involves affordable housing, job development and training, and assistance to minority small businesses. The Minority Employment Program that it operates with the local Private Industry Council (PIC) had 800 clients

in 1991 and 200 placements. The average wage was \$6.00 an hour and 45 percent of the clients, both those placed and those who were not, did not have a high school degree or equivalent. BDC handles intake and job development and placement. They have arrangements with the Puerto Rican Cultural Center to provide English as a Second Language (ESL) and secondary school graduate equivalency and with the Massachusetts Career Development Institute (operated by the PIC) for skill training.

BDC has been operating since 1977. They have developed or refurbished nearly 500 units of affordable housing and three dozen single family homes. In 1989 Heriberto Flores took over leadership of BDC bringing labor experience as the longtime head of the New England Farm Workers Council (he continues to hold that position). At BDC, he created Caribe Property Management (Caribe), a for-profit subsidiary, to provide property management services to their own property and others in their neighborhood. Caribe has a staff of fourteen, all of whom are minority residents of the neighborhood. They affirmatively hire people who do not have experience and can grow on the job.

BDC plans a Mercado shopping plaza as a small business retail incubator to go along-side the McDonald's that BDC helped bring to the neighborhood in 1991. The Mercado will provide space and services for about eight businesses and create even more jobs.

One of the first battles Flores fought as head of BDC was to negotiate for both construction phase jobs and also for permanent jobs in a recycling plant that was to be built in the North End. He got a commitment for half the jobs of each, but when he took his residents to the construction site they were told that they had to be in the union and speak English. None of the residents met either of the requirements. Flores, called upon his political resources (specifically, the good standing he had cultivated with the governor at that time) and managed to get the state construction funds halted. Bargaining from a position of strength, he conceded the construction jobs but successfully demanded all of the permanent jobs. He says that he learned a lesson: training can be a tool in all aspects of community economic development.

Training

Lawrence Beane who is the Vice President of BDC ³ says that he does not want people to think of the Minority Employment Program as "human services." "Our mission is to create, develop, and match people to jobs, to stimulate the economy. Human services don't stimulate the economy, they are entitlements. However," he says, "employment training is the human aspect of community economic development." Beane's approach was similar to that of other CDC directors I contacted. They would draw a fine line between their economic rationale that they believed made them different from "traditional" community service organizations, and their commitment to serve the needs of the residents, that often requires them to take "human services" seriously into consideration.⁴

The Minority Employment Program is a collaboration that brings together different community organizations with different strengths. Brightwood provides the link to employers who come to respect the ability of the BDC job developer to provide screened and trained applicants. BDC also makes their bookkeeper available to the other two providers. The Massachusetts Career Development Institute uses JTPA funds to provide traditional job skill training to workers referred by BDC. It is run by the Springfield PIC and is the only significant recipient of JTPA money in the Springfield SDA. They have a two-week waiting list for assessment. The Puerto Rican Cultural Center uses CDBG money to provide GED and English as a second language (ESL). They have a waiting list of 200 or 300. Half of the funds for the program come from private industry donations raised once a year by the PIC.

Beane says that among the other service providers in town, BDC is unique in providing community-based employment, technical assistance on getting along in the business world, contacts with private industry for job development and placement,

³ Mr. Beane was Chief Operating Officer of two different Springfield banks prior to joining BDC in 1991. His expertise is extremely rare in the CDC community.

⁴ See the interview with Mossik Hacobian, Director of Urban Edge, Chapter Four.

and outreach to tenants and residents. "Other providers programs are entitlement driven. We try to help people off the entitlements. We provide expertise to other providers, they provide human service experience for us; it is a good system."

Collaboration with more experienced training organizations allows BDC to meet the needs of its residents without over burdening their capacity to do their usual business development work. In return, they provide the collaboration with good contacts to employers and technical assistance. The collaboration uses scarce resources in an innovative way to benefit the trainees and the service delivery network.

Learning from Success

These three stories describe CDCs that have made employment training part of their economic development strategy. The significance is that they are unusually rare. Most CDCs do not see themselves as part of the training network. By accepting the role of training provider, these three CDCs have put people to work and broadened their own institutional capacity.

The three CDCs described above show by example that funding resources existing in the current system, when combined with other sources of money and other community development goals, can result in effective employment training for clients. All three have decided to make ET an important part of their community economic development strategy and all three have found that they have a greater ability to make an economic impact.

Multiple funding sources – The staff at JAS and CET both put down their multiple sources of funding as a secret to their success. As CDCs these groups have experience finding funds to finance projects, bringing together commitments from a range of sources. The 1991 National Congress for Community Economic Development survey ⁵ found that

⁵ The NCCED is a national "trade organization" for CDCs. Their survey attempted to reach each of the estimated 2,000 CDC in the United States.

...CDCs combine a panoply of public and private resources to create pools of capital. And in this process they are strengthening community partnership ties, achieving community commitments from pivotal groups in the private sector and forging new alliances to bring about lasting change." (pp. 7-8)

Not only is fund raising a strength of today's CDCs but the activity itself is important to community building.

CET receives training funds from over fifty sources. Obviously, documentation (such as eligibility forms for trainees) and accountability responsibilities (mailing out fifty different performance statements) take a large amount of staff time; arranging the terms of the contracts - which ones will pay for men and which for women, what is the maximum allowable income, how much is available for basic education and for ESL, etc. - is a full-time job for one of their senior staff.

The benefits, they say, are that they are less vulnerable to a reduction of funds from any one source. CET has outlived several ET programs. It would be difficult to suspend their operations when one source was phased out while they wait for the next.

At JAS they also take advantage of their multiple funding sources to do things in their training programs that no single source would allow. In a program partially funded by JTPA, they match the JTPA funds with money from other sources to pay training stipends and teach basic education, neither of which is allowed by JTPA alone. They also employ trainees on work crews that are hired to rehab houses. Most of their sources will not subsidize this kind of work experience but JAS believes that it works, that it is all part of the package, to allow young people to enter the labor force.

Private Sector Connections -- A related common element of the three case studies is the strength of their connection to employers. Lawrence Beane of BDC mentioned their ability to communicate with employers as one of the key elements that they bring to the Minority Employment Program collaboration in Springfield. Neither the PIC nor the Community Center is as successful in job development or getting job commitments. Heriberto Flores of BDC says that as a CDC director --

sometimes a rent collector, sometimes a bottom line minder -- that he can speak the same language as employers. His ability to play different roles at different times is emblematic of one of the important unspoken strengths of today's CDC leadership. Beane was on the other side of the desk himself until late 1991 when he left his job as a banking executive to join BDC. But even CDCs that have not recruited bankers have gained their respect.

Employers in San Jose talk about the job placement counsellors at CET like they are colleagues, and in turn, the job placement counsellors seemed to know the needs of the employers in detail. CET has also taken specific steps to involve business in the training process from the start. Their Industrial Advisory Board not only gives them information about the skill needs of industry but also shows business leaders how difficult the training process is and that there are employable workers in the neighborhoods that they might not have otherwise considered.

Basic Education -- The JTPA does not reimburse trainers for basic education, but often in the classroom, the need for basic skills education demands attention. All three of the CDCs had basic education and ESL as major parts of their training. Van Spanos of JAS says that the need for education in the Cambridge job market is growing and that she does not think it is an isolated trend. One of her training goals is to widen the vocational opportunities for lower income youth who can become discouraged when they feel that the same short list of low-skill occupations is all that is available to them. The JAS solution is a combination of counselling and education to open up summer job opportunities or internships in some of Cambridge's more high tech businesses.

Researchers have also found an increasing need for basic skills in the work force (Moss and Tilly, 1991; Bailey, 1988b; Johnston and Packer, 1987). They find that, as more entry level jobs are created in service industries, employers are less interested in specific job skills and more concerned with the ability to interact with customers and co-workers. Yet some funding sources are reluctant to provide money that they believe will duplicate training in "soft skills" - services they believe ought to be provided by public education.

CDCs like JAS and CET put basic education in a work context. They use work relevant materials such as manuals and work orders to teach reading skills. CET believes in motivating trainees to improve their basic skills by demonstrating that they are relevant to work. Public schools have not been able to make the connection to the work world either in terms of motivating students to graduate or helping them get good jobs. ⁶

Origins -- Each of these CDCs began with a commitment to training, labor, or human development. CET began as a training center, JAS had youth employment as its first mission, and although BDC began as a housing development CDC, their current director has brought the outlook of a union leader. "Community economic development" is a goal common to these CDCs but they see that goal through the eyes of human resources instead of housing. They view community economic development as a series of neighborhood programs all aimed to reducing the barriers to self-sufficiency.

With those beginnings each of these CDCs has become invested in the physical development of their neighborhoods. Each pursued property ownership as a means of increasing community investment and for the special status - "a place at the table" - that property ownership brings in the business world.

Mutually supportive activities -- Each CDC has benefitted from the combination of physical development and human development. When JAS crews come to do a job they provide both work experience and weatherization services. CET trainees are employed as DURA Temps, a spin-off of their property management firm, BDC helped negotiate with the City of Springfield for site control and highway variances on a parcel to bring McDonald's to the neighborhood along with 90 jobs, then they helped get neighborhood residents to work.

The CET/DURA connection is unusual because the CDC plays a separate role

⁶ The National Center on Education and the Economy (1990) found that American education is geared almost exclusively toward college-bound students. Ostrower (1992) claims that seven out of eight Boston high school graduates that do not go on to college will not have had any training in work skills.

from the main function which is training. However, the CDC brings CET a new set of possible activities that complement training. Having ownership capacity gives them the means to establish a lasting economic presence in the neighborhood, to ground the gains that individual trainees make in local economic expansion like the Plaza Mercado.

These three CDCs are examples of good training practices but they are also examples of very successful CDCs. All three are expanding their capacity and their output, serving their community development missions, and considering new ways of combining their strategies and program areas to create new benefits for their neighborhoods.

Conclusion

These three case studies have shown that CDCs can contribute to employment training service delivery using funding and resources that are currently available. They have also provided examples of some of the benefits that CDCs can bring to the system due to their specialized capacity as owners and developers of property and as participating members of what can be considered the "economic development community," in cooperation with local government, private industry, and sources of finance (foundations, banks, and intermediaries).

The cases typify three approaches that CDCs may take to become involved in employment training:

- JAS combines training with their own housing rehabilitation services and work crews, fully integrating their housing and human service policies.
- CET has grown from an organization that only provided training to one that owns its own enterprises. They still provide training first, but they also provide a model for combining skill training with CDC-owned enterprises. They show that a CDC can bring important capacity, even to a very successful training organization.
- BDC is involved in the intake and the placement of participants in its Minority Employment Program, but not the actual training. They provide an example

of an effective formal training collaboration. They have a clear division of labor and responsibilities between government agency, CDC, and CBO - demonstrating the benefits of including organizations with different institutional capacities.

Finally, all three cases point to a larger lesson: that as CDCs performing training, they have put people first in their vision of community economic development. Training causes them to plan for the increased self-sufficiency of their residents and participants. Housing-based strategies plan for the provision of more and better housing, for increasing community control, but rarely for self-sufficiency. Training strategies could be seen as a useful exercise for CDCs for their own sake, a new viewpoint to evaluate their own economic development strategies.

Eventually they can serve as the organizing theme of a complete neighborhood based economic development strategy that is planned and implemented from the bottom-up, encourages collaborations of different community service institutions, provides multiple services including housing, training, and employment assistance, and has greater individual self-sufficiency and neighborhood control as long-term goals.

CHAPTER FIVE -- BARRIERS TO INNOVATIVE EMPLOYMENT TRAINING IMPLEMENTATION: INSTITUTIONS AND PERCEPTIONS

This chapter describes the barriers to greater CDC involvement in employment training in an institutional framework. Two case studies of established Boston CDCs that are actively pursuing community economic development (CED) and job creation strategies will illustrate the context in which they operate and show how they see their own role in training from within their institutional mission.

Very few CDCs have formal job training programs - Just A Start is the only one in the Boston area, where there are over thirty CDCs. However, in discussions with CDC directors, the resolve in their resistance to training was surprising. After all, they agreed that CDCs were entering a period of transition that involves reducing their emphasis on housing development and taking a more comprehensive approach to the economic development of neighborhoods. And the agenda for these new CED strategies is still unsettled (CED strategies that are currently being used by CDCs are micro-enterprise loans, development of commercial property, business incubators, and certain services to residents like day care, and after-school activities). They also agreed that there was relatively more demand among their residents for jobs and job assistance. And finally, not long ago most CDCs had been ET providers.

So why not make ET one of the preferred strategies in the new CED movement? There are two issues that I will discuss.

First, the JTPA has made training a no-win proposition, and run down the capacity of community-based training providers. Chapter three discusses the reasons for the failure of ET, its unequal provision of services and the inadequacy of its funding. Service delivery has particularly failed: the policy restrictions of the JTPA, in the pursuit of accountability and efficiency, have kept local service deliverers who have tendencies towards more flexible, individualistic, and

effective training practices from putting those practices to use. Further, the "network" of community based organizations has had their capacity eroded by years of punitive program driven funding that ignores the need for capacity building, program support, and planning. CDCs would have to overcome training funding that has been almost hostile to training providers for the last ten years, if they wanted to qualify for training funds (see the next chapter for a brief discussion).

The second reason is the stigmatization of training as a welfare program combined with a growing division of labor among CDCs and CBOs and aggravated by trends in funding since the passage of the JTPA that made training and trainers worse off (see chapter three).

On the one hand, training has been linked to welfare as a likely instrument for reducing welfare dependence (most recently by the Family Act of 1988). On the other hand, CDCs have carefully carved out a niche for themselves that begins with bottom-up control of neighborhoods and rejects top-down assistance, like welfare, that often results in dependence. CDC strategies have formed around property ownership and development and they have become more specialized and more separate from CBOs as they have worked to increase their capacity in these areas.

The hard-won success of CDCs has made them even more convinced that they "did something right" and that there is something special about CDCs that has to be preserved. Staying away from what they see as a welfare program - training - is one way to do it.

Community Development Corporations

CDCs have been less active in the work of training their neighborhood constituencies than they used to be. Their involvement of the late seventies with CETA and PSE has all but disappeared. Only one or two CDCs in Boston receive training funds from the City in any year. Despite the lack of formal participation,

I found that CDCs do face issues of training and labor on an ad hoc basis all the time.

Evidence around Boston shows that CDCs are participating more in employment creation activities that can be grouped into the new trend toward community economic development (CED) that is gaining importance alongside traditional property development projects. CDCs create space for industrial and commercial uses, they loan money to neighborhood small businesses, they create their own money-making subsidiaries such as property management companies -- all in an attempt to bring economic opportunity to the neighborhoods.

But there is surprisingly little evidence of formal ET strategies to affirmatively reach out to residents who are out of the workforce or children who have dropped out of school. CDCs do not apply for training funds from the city and they generally have no formal arrangements with training providers.

Without training, the benefits of job creation are less well distributed than they can be. Edward Blakely of the University of California at Berkeley says, "Job training has nothing to do with employment... Employment is an issue of training." (Blakely, 1992) In his study of the Oakland economy he found that thousands of jobs were created in the City during the eighties, but that the minority unemployment rate actually grew. Training helps target economic growth to neighborhoods and populations who could benefit most.

This chapter is partially the result of interviews with the staff of two CDCs that are actively pursuing community economic development strategies, expanding on the traditional "affordable housing" role. Staff of both CDCs were resistant to the idea of providing ET although they both have recently been involved with ad hoc "labor policy" due to their expanded economic roles in the community. After the cases are presented there will follow a similar examination of the perceptions of the training administrator's perceptions of service delivery and a discussion of the sources of resistance and the pervasive perceptions that make ET a less desirable program for CDCs.

The Jamaica Plain Neighborhood Development Corporation

The Jamaica Plain Neighborhood Development Corporation (JPNDC) is one of the leading examples of community economic development among Boston CDCs thanks to its Brewery small business incubator. The Brewery is an industrial facility that was abandoned in 1965 when Haffenreffer moved its operations and 250 jobs out of the city. In 1983 JPNDP bought the five acre site and planned a phased rehabilitation (one building at a time) that has made sixteen of the buildings ready for occupancy with more on the way. Today there are 26 tenant businesses employing 130 workers, two-thirds live in Boston and one-third live in Jamaica Plain. Their largest tenant is Sam Adams Brewing.

The CDC provides collective services to the tenants that started with fax, xerox, and bulk ordering. They have added: a conference room and joint office facilities, a recycling program, a micro-loan fund (with EDIC), ESL classes, and business "organizing" especially for the various food manufacturers. They would like to become a regional center for the high-end food industry.

Part of the mission is to actively create employment opportunities for neighborhood residents. As part of their lease, the business tenants agree to work with the CDC to fill job openings with neighborhood residents. Susan Gittleman, the JPNDP Project Developer at the incubator, says, "the businesses understand that we are in this to create economic activity, not to make money."

While the JPNDP does develop jobs and assure opportunity for neighborhood residents, they do not do any training themselves that would help distribute the benefits of their development to less skilled residents. Gittleman says they have a relationship with other local service providers: the Jamaica Plain Community School, Economic Development Industrial Corporation of Boston (EDIC), Oficina Hispana, and Action for Boston Community Development (ABCD). So far they have only made referrals back and forth with these groups without creating a more formal link to any of them. Gittleman did recently attempt to work with ABCD to revive their culinary arts training program that has lost its home in a downtown hotel after several years there, and bring it to the

Brewery, but the JTPA funds for the program were suspended before they could begin.

Gittleman spends a share of her time making job referrals for residents who come through their doors looking for work. She recognizes that people come to them because they are accessible. They are located in the middle of the community and they give out signs of economic activity (the Brewery facility is the sixteenth largest industrial facility in Massachusetts with 160 total employees. (Neighborhood Development Corporation of Jamaica Plain, no date)) "It's an issue of who is available in the community," says Gittleman. "If there is a bilingual service provider then people will go to them with their problems. People walk in and we send them to their representative, the appropriate city agency, etc." Community access and trust are invaluable for community development, and the result of planning and hard work. To the extent that these resources have been fostered by CDCs, they should be used to mobilize and train the local work force.

For JPNDC, community development means specializing in what they do best as an organization -- small business assistance. They see the need for training and referrals in the community and they devote resources to it. Gittleman says that human services come up every year in their annual strategic planning meetings as a program area they could be more involved with, but they have decided to continue to focus on providing business technical assistance. The Brewery itself represents a large investment in their chosen vision of CED. Part of being a neighborhood group means that other organizations take care of labor concerns while JPNDC creates the jobs, an informal commitment to local trainers has been enough to serve the goals of JPNDC so far.

Boston CDCs like JPNDC that have come in contact with ET as a development strategy, usually favor the role of making informal referrals to nearby CBOs that do provide training.

Urban Edge

Since its founding in 1974 Urban Edge (UE) has developed 550 units of housing in Jamaica Plain and in its current home, Egleston Square, which is the intersection of the Jamaica Plain and Roxbury neighborhoods. In the beginning they provided home ownership counselling and real estate brokerage to protect Jamaica Plain against redlining by providing information to overcome discrimination among home buyers. Later, they began rehabilitating vacant units. When the Boston housing boom hit in the late seventies UE started projects aimed at maintaining affordable housing including extensive rehabilitation of larger multi-unit buildings. With funds from CDBG they became owners of much of the renovated property. In the early eighties UE real estate activities were comprehensive: they had their own construction firm, Urban Edge Construction Corporation (UECC), their own property management staff, even in-house design.

What happened next, according to Antonio Torres who was head of the Board at the time, was a crisis on two fronts. First, there was a crisis of mission: "We were caught being a missionary instead of an organization with a mission." They had gotten too involved in the real estate aspects of the neighborhood and had lost sight of the greater community development goal. They would have to be a stronger community organization even if it meant being less of a force in neighborhood real estate.

Second, there was a fiscal crisis brought on by their rapid growth. UE lacked the management systems to handle the large volume of houses they had rehabbed and were trying to sell which prolonged the sales period costing them money by tying up their operating funds in houses that were sitting vacant. The real estate market also entered a slack period; at the time UE owned \$2 million in property. They had to reevaluate their funding relationships and their program functions. Torres formed an Audit Committee of finance specialists, chaired by a UE member to begin a corporate restructuring. UE also formed a Creditors Committee of their city, bank, and foundation funders that met monthly to monitor the restructuring process and the financial health of UE.

The construction and property management functions were found to be too expensive and had to be eliminated. Torres says that the construction represented neighborhood employment opportunities but there were also cost over runs to which funders objected, some may have been caused by inexperienced labor.¹ Now UE contracts their construction out to local builders and they still provide employment opportunity, but not at the management level anymore: no foremen, estimators, contractors, etc. They also contracted the property management to Community Builders until they could regain their fiscal footing. In 1991 they resumed direct responsibility for their own property management functions.

Mossik Hacobian, the Executive Director of UE, says that they also learned during the audit process that they needed operating support and they needed to be allowed by their funding sources to make some money on the construction phase of the projects to help finance the operation phase. "We told them they couldn't expect us to operate a \$50 million budget with zero cash." They lobbied funding sources for long term operating support, and instituted a policy of adding a ten percent development fee to the cost estimates of construction projects. Hacobian says that the discipline needed to enforce the ten percent fee on themselves has been difficult. They have a tendency to under estimate the costs of projects they want to do to make them look better to funders. On one project they had to prepare themselves to walk away when the City did not want to pay for five years of pre-development and planning. Eventually the city gave in and UE did the project.

The retrenchment to their real estate development activities made UE a stronger organization according to both Torres and Hacobian. They continue to develop housing and their job creation and commercial development projects are gaining momentum.

¹ Mossik Hacobian, the current director of UE and the founder of the UECC says that they saved money by doing their own construction and he is looking forward to re-starting UECC.

As Director, Hacobian has reaffirmed their goals. "The reason for being for Urban Edge is to change the balance of power of decision making to the community." Now UE uses more strategies than just housing to increase community control. They have evolved from a real estate driven organization to one that pursues its goals with economic development strategies. The goal is the same regardless of the approach they use on a particular project. "If we can't show the neighborhood that they have more control after the project than before then we have failed."

In 1991 they restarted their property management division. They employ thirty staff (five are tenants) to oversee almost 500 units. Hacobian says there are three benefits to doing their own property management: 1) it is an opportunity to serve tenants, 2) it is a skill transfer to tenants, 3) it helps balance quality, responsiveness, and tenant control in the living community. Training in property management skills made possible by Massachusetts Housing Finance Agency Training Assistance Program and also by UE tuition reimbursement of up to \$500 for college courses.

UE has also recently started a temporary employment service they call Eglestemp. In the summer of 1991 the Public Facilities Department of Boston sent out an RFP for temporary office help. At the same time UE was aware of local training programs that could not place their trainees due to the economic recession. They started the service that today has about five to ten participants (although they did not get the PFD contract.)

UE plans to develop a commercial building in Egleston Square that would bring banking services to the square for the first time, help draw shoppers, and create retail jobs. Torres says that the senior project manager they are hiring for this job will be the first non-housing person they have hired at UE.

UE has distributed a questionnaire to its tenants for several years that has helped them gauge resident concerns about the neighborhood. Two years ago two of the leading unmet needs were: neighborhood safety and after school activities for children. In response, UE helped bring the YMCA to Egleston

Square with financing and construction of a new building, in a time when the YMCA was reducing its activities in the rest of the city.

This year the survey showed the main concerns as: neighborhood safety, employment training, and job referral. UE is looking for ways to address these needs and they continue to try to create local jobs.

The UE approach to ET and other traditional human services is that they do not want to duplicate or undermine other CBOs that have made that their business. Antonio Torres says there was a conscious decision in the early eighties to not do human services or training.

They also want to preserve the special qualities of UE which, to Hacobian, means staying out of human services. "We have a habit of getting things done, a results orientation." As an organization that controls property and has achieved tangible results, they are special members of the community landscape; a more accountable organization. The experience with the audit committee and especially the concessions they negotiated from their funders represent this. "They know we know how to do business." He contrasts the standing that UE has achieved with that of "advocacy groups" whose "results" are rarely as concrete as those that Urban Edge achieves.

Hacobian is also a strong believer in community coalitions to organize, fill different needs, and empower the community. UE is part of the Egleston Neighborhood Coalition, made up of churches, the schools, and service providers. He sees the Coalition as the key ingredient in increasing neighborhood control of assets and environment. He feels that UE is a unique member of the coalition because they bring business accountability - a history of dealing with banks, special standing as owners of property, results orientation that helps demystify the process of economic development (distilling it to the bottom line when necessary) and a conduit for bringing resources to the community. "You can't do community based development without a CDC."

UE began as a real estate organization and in the mid-eighties became a comprehensive one. Since then they have evolved to include job creation and tenant services but they have stopped short of adopting ET as a viable strategy. They want to preserve the "special" status of UE as a successful, results oriented organization. Despite their belief in coalitions they have not begun any formal connection with an ET CBO (although they have had several experiences on an ad hoc basis).

They may fear committing to give another organization access to jobs they create. In a way, the jobs created are the reward for the hard development work. They also might not want to burden their already difficult job creation projects with commitments to employ "second chance" trainees. Just like any employer UE wants the best person available, but they also want to "increase community control." This represents an inherent conflict of combining market oriented goals and development of communities that markets have left behind. Should CDCs that are trying their best to bring resources and investments to the community that they can control, also be required to hire staff that are chronically unemployed?

There is no answer, but CDCs have managed this conflict successfully in the affordable housing market, achieving market success in areas where the market has failed. They did it by being willing to adapt themselves (and the market) to existing conditions. For example, "sweat equity" is a CDC home-financing arrangement gives homebuyers credit for improvements they make to their own house, making it possible for low-income families to buy. Banks do not give credit for labor, just for cash, but CDCs recognize that sometimes labor is all a homebuyer has to give.

Economic Development and Industrial Corporation

The EDIC is the agency of the City of Boston that administers employment training programs. They have a two-pronged mission which includes enterprise development along with training. The EDIC shares the same perception of the

role of CDCs that Urban Edge and JPNDC do: they do not expect Boston CDCs to participate in the training programs they administer. Conversely, Mark Chalik, Assistant Director of Program Development, and a former training provider himself, sees CBOs as a network of training providers with EDIC as the sole funder, making policy and distributing resources.

Jerry Rubin, Deputy Director of the EDIC, and Chalik both think of CBOs and CDCs in different ways. They have developed funding relationships with CBOs to provide training over the years and these relationships have become settled. The EDIC leadership are used to seeing CBOs as human service providers, a role that carries a certain amount of stigma with respect to the ability of these providers to behave in a business-like manner or get along with the private sector. Chalik says that in their experimental "Employer Advisory" training system in which employers and service providers work as teams from the beginning of the training process, his role is to "interpret" between the two groups to maintain the collaboration. The struggle he sees comes when CBOs have to "give up some control" - have less say in selecting students, in curriculum, and in being subject to the ongoing evaluation of their private sector partners. Chalik thinks CBOs may have gotten too comfortable with a certain style of training that is unresponsive to business needs.

The EDIC has a separate policy toward CDCs. Two years ago when new leadership arrived at EDIC including Rubin and the new director, Don Gillis, they set out to formulate a policy for the first time toward the well developed network of CDCs. Rubin says, "CDCs are an important service delivery network. They deal with niches where the private sector won't get involved, at least in housing. That can be extended to other services."

They particularly wanted to get them involved with the other half of the EDIC mission. "Enterprise development makes more sense with CDCs than CBOs." Before coming to the EDIC, Rubin had been director of Coalition for a Better Acre in Lowell, Massachusetts and Gillis had been a long time community organizer. EDIC called together six of the large Boston CDCs and asked them

what they wanted in terms of economic and enterprise development. They learned there was a shortage of credit for neighborhood small businesses. In response, EDIC set up a loan fund that the six CDCs can access; acting as loan officers they review and develop business plans for clients who come to them. The fund is new and the first application has been sent up to EDIC from JPND for review and approval.

The loan plan represents the EDIC policy toward CDCs and is emblematic of the difference in attitude toward them and CBOs. "There is training and there is development," says Rubin, "and CBOs are more on the training side and CDCs are on the development side." The role of the CDCs in the loan fund is to provide technical assistance to small businesses and to approach the EDIC with workable plans. According to Rubin, there is no formal performance criteria for the CDCs in the micro-loan program, but they do risk their future participation in the program if they bring a lot of unworkable business plans to the EDIC loan review committee.

Conversely, the role of CBOs in a standard job training program is to subcontract for funds and to report back periodically in accordance with contracted oversight and performance standards. CBOs that fail do not receive payment. There is a singular lack of negotiation and little flexibility.

Community-based Training Organizations

Boston CBOs who have done the training are defensive of their funding sphere and of their experience and ability to provide training and human services. Gary Kaplan, Director of Jobs for Youth, a large CBO that provides education and training to out of school kids, says that CDCs should stay out of the training business. "Human services are not their role." He questions why anyone would consider giving scarce training money to organizations without human service experience, especially when there are eligible CBOs in the area. He points to the example of the Columbia Point affordable housing rehab and conversion of a large failed public housing project. The neighborhood-based developer agreed to

provide tenant services including training as part of their funding package with the city. Kaplan says that the reason nothing ever came of their promise was that the developers had no human service expertise, they "weren't concerned" with those aspects which took a back seat to the real estate development part of the deal.

However, he does think that CDCs have a role in the "second chance market," just like Jobs for Youth, and that the real underlying issue is the "idea that you can do human services better by turning it over to the private sector." But he was clear that the CDCs role would be small, they could help build the facility, maybe assisting with intake, but that is all. He said he did not need anyone else competing for his money.

Intermediaries

Intermediaries are organizations that have been formed to help CDCs operate and build their long term capacity. (Pierce and Steinbach, 1987) The Community Development Finance Corporation (CDFC) is one intermediary with a portfolio of 200 loans on behalf of CDCs with a median loan size of \$250,000. It was started in 1972 to help fund CDC enterprises, with the goals of generating cash flows, and increasing community employment. For several years the CDFC funded community owned and operated businesses. Charles Grigsby, who was President of CDFC from 1982 to 1988, repeats a well-known story about the performance of these CDC enterprises during the mid-seventies: "they all went belly-up."

In 1982, feeling that they had learned their lesson, Grigsby instituted three major changes that have kept the CDFC solvent for the last ten years: 1) due to the growing need for affordable housing in the early eighties, they started splitting their resources - half to housing projects and half continued to go to enterprises. 2) They started taking a "venture capital" approach to the projects. Grigsby had ten years experience with a venture capital firm so he knew how to look beyond the balance sheet of an applicant firm, to do cash flow and market

analyses. He knew how to help firms improve their performance before he would let a CDC invest, "we used to spend a lot of time providing technical assistance."

3) They stopped investing in CDC controlled firms. "A CDC director has too many other things to worry about. It isn't fair to make them business people too." They started providing seed money to firms run by outside entrepreneurs, firms with no particular "social mission."

However, these firms were required to prove that they would benefit the community. Besides generating equity value and possibly a cash flow for the CDC, the enterprise had to be located in the community and, "to the best of their ability," hire from a list of referrals provided by the CDC. The lack of skills of the people on the list was a persistent problem. It was the best jobs that had the skill requirements that the CDC could not fill. Did any CDCs train neighborhood residents to try to retain more of these jobs?

"Most CDCs developed a strategy of focusing on the entry level jobs and getting people on-the-job training and letting them move up internal ladders." Grigsby could not recall any instances of training.

The story of the CDFC shows how an idea for creating neighborhood based employment and opportunities for on the job experience and training was sacrificed to keep the CDFC operating. They gave up the employment related aspects of the program, falling back on CDCs proven capacity for portfolio management. When the operation was threatened it was the training and labor aspects that were sacrificed. Either they were seen as less successful, less important, or outside the real program area. Just like the CDCs themselves, there was a willingness to sacrifice employment objectives (although not employment creation), and an underlying disinterest in human services. The CDFC initially provided a unifying community development link between CDC's ownership capacity and neighborhood labor needs. Unfortunately, potential for a CDC-labor connection was sacrificed for the sake of financial survival.

Available Training Resources

It is surprising that Boston CDCs have not considered a greater role for themselves in training, especially considering the general movement toward more involved CED strategies and job creation. Patricia Libby, Director of the Massachusetts Association of CDCs (MACDC), she is getting twice as many inquiries about CED from members as she did last year. The strategies pursued to create jobs are developing commercial buildings, creating incubator space, and doing small business loans. Few have dealt directly with skill issues and none (except JAS) have done training.

She gives two reasons: 1) the CBO network provides those services, and 2) the resource issue - there are too many other interesting things to do and too few resources. "It's not that they are not interested. If you came to a Boston CDC with a grant to do ET very few would turn you away."

Susan Gittleman of JPNDC echoed both points. "There are a lot of competent people in CBOs that if they had more resources could do great things." She stretches her own resources thin responding to the demand for job skills by providing informal referrals to employers and training providers, but she is unwilling to compete with CBOs in what she sees as their funding sphere.

This attitude of professional respect is found on both sides of the issue throughout the city and at the EDIC. It is the rational response to a polarized funding system that has treated human development and housing development as separate phenomena and it is at the root of the difference between CBOs and CDCs.

But it also stands in the way of the style of effective community development synergy practiced by Just a Start, CET, and Brightwood. Unwillingness to cross funding boundaries is one reason that Boston CDCs do not participate in the useful combination of funding sources that are less effective on their own. JAS crosses those lines with results that are unique in Boston; no other CDC or CBO has the same type of development and employment impact.

The polarization of funding spheres has created two groups of community development institutions with separate forms of expertise. Does the current system have benefits for the neighborhoods they are trying to serve or should the two be joined?

Susan Gittleman does not want to compete for what she sees as CBO funds, but she also wants to concentrate the effort of JPNDC on small business assistance. "If I had another staff person I couldn't tell you that we would put them to work on human services."

When Mossik Hacobian talks about the role for Urban Edge in employment training he says the same types of things: he prefers to work through the existing organizations and provide referrals to local trainers. He points out the collaboration they have forged with the YMCA and how UE helped make it possible for them to come to Egleston Square when the community expressed a need for more youth activities. However, there is also just a note of impatience with the slow movement of the training system as it currently stands: "We will do anything we have to for community economic development."

Specialization and Partnership

The track record of CDCs mirror the beliefs that CDC people have about their role in economic development. CDCs have specialized in a particular form of community development that has housing and real estate at its core and stops somewhere short of human services. Without including training as part of the CDC definition of community development, the job opportunities they now are struggling to create will not be distributed to those who need them most. The circle of poverty will not be broken unless the "last are put first".

This is not to say that specialization does not make sense or have benefits. Pat Libby emphasizes that staff size in Boston CDCs are small, they cannot be expected to fill every need because they just do not have the staff or the expertise.

JPND has specialized in small business assistance and has invested heavily in their capacity to deliver that service. It would be inefficient to ask them to split their time running a training facility also.

Jerry Rubin suggests that the special talents of CDCs and CBOs could be combined: "It might be interesting to fund CDC-CBO relationships; that's what you would have to do." He sees the potential for CDCs in enterprise and economic development as providing "tailored job creation: the right time, right place, right job, right scale." For the people he would like to reach, transportation is more of a problem. Recent training reform efforts have tried to assure that the right skill level jobs are created and that there are enough people trained in those jobs. CDCs would bring these enterprise concerns and a well developed business network to a training partnership with a CBO. The CBO would bring training experience. Otherwise "there would be efficiency costs to changing, CDCs [would] have to learn human service delivery skills," says Rubin.

Comparing CDCs capacity to CBO's he says, "Their world, their language is closer to enterprise development. For one thing, they have deeply developed lending contacts. They understand pro formas, bottom lines." CDCs have made themselves competent in the world of financial planning, a crucial step in business development.

He is also cautious about the actual impact that such a partnership would have on the Boston economy that is thousands of jobs short of providing employment for all of its low income residents. "How many jobs are actually created by CDC enterprise activity. Are we talking about a lot? This is no panacea." He favors a private sector approach to job creation but he also feels that CDCs have an ability to fill market niches where the private sector won't go.

Conclusion

Boston CDC directors reacted to the suggestion that they consider making employment training one of their program areas with puzzlement. Why would they encroach on the expertise of the community-based training providers already in the neighborhood? When asked about what makes them different from these other providers, they responded strongly saying that CDCs "got things done" and "took care of business" in contrast to training organizations who were often described as "entitlement driven." Training carries a stigma for many of the staff of CDCs who may share the same goals and even origins as neighborhood training providers but who do not want to be perceived as part of the welfare system.

These perceptions may block CDC-CBO collaborations that would serve the needs of their neighborhood constituencies. As the CDCs begin to explore CED strategies more they will come into greater contact with employment issues. If they do not remove the barriers they have now, that are at least somewhat based on stigma, they will cut themselves off from a proven policy tool that would help better distribute the benefits of the economic growth they work so hard to create.

CHAPTER SIX -- CONCLUSIONS AND RECOMMENDATIONS

Community Development Corporations (CDCs) are entering a new stage in their evolution as community developers. Many more are branching out from their traditional focus of providing affordable housing, to take on the mission of stimulating economic activity in their communities. CDCs have begun new projects that encourage business activity. Some have started their own enterprises such as property management divisions, and small assembly facilities. Others develop commercial property for franchises or locally owned small business. And others have started micro-enterprise loan funds to support entrepreneurial activities in the neighborhood.

Employment training (ET) would appear to be a natural component of these new economic development strategies and a likely activity for CDCs to pursue. Training would ensure that local economic development benefits residents by giving them the skills they need to participate in the local labor market. This would be especially true in neighborhoods with large low-income and unemployed populations.

Why have I argued that CDCs should participate in ET when other neighborhood organizations already provide it? Training needs CDCs and CDCs need training.

Training is currently a troubled program. The service delivery network has been eroded by performance-based contracts and a general lack of funding. Community-based organizations (CBOs) that provide training services are concerned that they have been forced to neglect equity in order to continue operating. Reform efforts have worked within the administrative control mind set that is itself the cause of the crisis. Since the passage of the JTPA "reform" has meant modifying the performance standards rather than considering new arrangements that would give more flexibility to neighborhood service providers; flexibility that has been shown by demonstrations such as Project Match to be a

necessary component of training that is effective in serving those with multiple barriers to employment.

Training must be re-conceptualized as a program targeted to serving the needs of low-income persons who face barriers to the labor force and self-sufficiency. Training should not be confused with efforts to shape the overall skills of the labor force or reform welfare. A fine line separates anti-poverty training and welfare reform training, but the implications for training practices are very different. Anti-poverty training involves increasing economic opportunity as well and overcoming personal barriers. Since it is based on the personal development of the participant, it therefore must respond to the particular needs of each client in the context of a long-term commitment. Conversely, welfare reform training has reduced dependence as its goal, and often works on the assumption that job opportunities are either sufficient or beyond the scope of training policy. Therefore, it tries to instill work values in the attitudes of the participant. Both approaches address the worker's self-concept, but anti-poverty training works with the participant to overcome their internal (and external) barriers, while welfare reform training seeks to change them, treating the barriers themselves as the source of the problem.

CDCs bring unique institutional capacities with them including a history of negotiating relatively flexible relationships with funding sources, and their recent attention to creating local economic opportunity - both are prerequisites for an effectively re-conceptualized employment training policy.

The experiences of CDCs like Just A Start, Brightwood Development Corporation, and The Center for Employment Training show that CDCs can participate in training and that they do benefit from their unusual capacity to run effective training programs. Not only do they have some control over their own local economic environment, they also have an ability to draw training funds from an unusually large number of sources. They also have well developed employer contacts due to their own business accomplishments, and they are involved in

mutually supportive outside activities that add to their training efforts such as housing rehab and property management.

CDCs need employment training. Community economic development strategies are incomplete without policies to affirmatively increase the access of hard to employ neighborhood residents to new jobs. Without training to fill this need, CDCs would be repeating the mistakes of Reaganomics: the belief that job creation alone would benefit even the poorest. People who are chronically underemployed need more than just opportunity, they need ways to rebuild their confidence in their own ability and their own worth. People with other barriers to work, like young single mothers, need specific services, like daycare, not just job creation. For CDC's to fulfill their new mission of community economic development, they have to deal with the specific skill and human development needs of their own labor force. Some sort of training program will be necessary.

But if it is true that CDCs need training then why have such a small number been involved? The answer I found from speaking to CDC staff has two parts: structural barriers due to the sorry state of training policy, and barriers based on their perceptions of their roles as CDCs and their perception of training.

Barriers of Funding

Chapter five tells of the responses that CDC directors have to the idea of participating in employment training. Very few were receptive. The current state of training policy and funding make entering training for the first time a demanding task recommended only for the most committed organizations.

CDCs that want to begin providing training services face the prospect of a funding atmosphere that has been on a ten-year decline. Should they be expected to compete for these dwindling contracts?

CDCs that were convinced of the value of training neighborhood residents would have to overcome barriers created by ET funding arrangements. Just a Start has managed to do just that, and they have also developed outside sources of training funds on which they can rely (they have service contracts with Cambridge Public Schools and the Cambridge Housing Authority, good

relationships with foundations including the MIT Community Service Fund). Most of their training money would not normally be considered "training funds." CET is one-third funded by guaranteed student loans. Finding alternative training money is one of the secrets to these CDC's success.

They also have to learn how to provide training services. Forming partnerships, like Brightwood Development Corporation did in Springfield is one way to flatten the learning curve.

Barriers of funding in the training system do exist, but there are also ways to overcome them. CDCs must first be convinced of the benefits doing so.

Barriers of Perception

Another set of barriers were those of perception - CDCs have a view of their role in the community, what is special about them as organizations, and how they are seen by others. They see themselves as business-like organizations that "get things done." Many said that they have a reputation as effective, bottom-line style operations, that get results. They also have a set of beliefs about training and training providers. Some contrasted themselves with "advocacy groups" stressing their ability to communicate and cooperate with business interests to bring resources and investment to the community. They see this as a rare feature in community development and they wanted to preserve it.

They saw training providers as "human service" providers and some cringed when they said the words. Few would say what they thought of training itself, but their reactions showed that they had little hope for it as it has been practiced.

It was not only CDCs that had these reactions. Training administrators and the training organizations themselves all gave evidence of being stuck within a shared set of perceived roles that defined training as something akin to a welfare transfer. The rise of welfare to political acceptability has done nothing to reverse these views.

These perceptions have created a wall between CDCs and CBOs that has kept them from meaningful cooperation to reach their common goal. The division

of responsibilities has cost community developers more than they have benefitted from it because the CBOs on one side of the barrier have been lacking capacity that CDCs on the other side had created for themselves.

It is time now for CDCs to rejoin the human services side of community development including participation in employment training, regardless of their perception of their preferred role or their fears of eroding their special abilities.

If CDCs do begin to integrate human services and business services, human development and commercial development, the potential for a new holistic approach to the economic condition of neighborhoods exists. An entirely decentralized approach with community organizations in the lead and community participation in planning and implementation as the starting point.

A New Community-based Development Policy

An opportunity exists for cities and community-based development organizations to create a neighborhood economic development policy that would increase employment and community control, reduce welfare dependence and social isolation of the poor, and bring together the fractured institutions - public, private, and non-profit - who share these goals.

Employment training programs would provide the link. Cities that dedicated training programs to the goal of neighborhood development would gain important partnerships with experienced and community-grounded CBOs. CDCs that joined the existing system would add a human development capacity to their list of services, and would begin seeing the needs of their clients in terms of prerequisites for self-sufficiency. Training CBOs that joined with CDCs would gain access to other funds and ownership capacity that would increase the scope of their services (running a training and production incubator, owned by a CDC, for example). See table 5-1 for a comparison of the current and the proposed training and community development systems.

The Employment Training Delivery System:

Proposal Linking Employment Training, Community-Based Development and Community Development Corporations

	The Current ET Delivery System	The Proposed System
Training provider	Individual CBOs and other contract winners	CBOs and CDCs, often in collaboration
Administrative authority	EDIC	EDIC, but in a reduced role, "everyday" administration would be from CDCs
Goals	Place a high percentage of trainees in jobs for which they are trained at a decent average wage	Use ET as a strategy within the community development context to build the skill level and earnings of the recipient
Participant outcomes	High rate of success in first job placements (70 percent of trainees) no data on retention or income gain	High rate of placement on first job, probably in local area, but with expected low retention, will have second and third placements as well
Community outcomes	Employment impact (approximately 190 jobs per year); no neighborhood capacity gain	Increase capacity of community collaborations to implement bottom-up economic development
Training activities	classroom skill training	classroom skill training, basic education, ESL, community volunteer experience, work experience, OJT
Links to industry	Job search, some job development (job commitments in advance of training)	Job search, job development, worker clearinghouse, links to local small business, CDC enterprises, cooperative CDC relationship with many employers
Technical assistance	small amount from EDIC	Collaborative training arrangement among community-based providers with different expertise and abilities
Funding structure	Performance-based contracts focusing on attainment of individual participants	Year-long renewable contracts with multi-year performance agreements of CDCs negotiated in advance

The promise that CDCs have for strengthening the community-based employment training delivery system is the result of their past successes in providing affordable housing. By organizing low-income residents and mobilizing resources to answer needs in market niches that others had abandoned, they proved their ability in difficult circumstances and increased their capacity to serve their residents. CDCs have used business principles to reinvent the market for housing where the market had failed.

The market for labor has also failed in the same low-income neighborhoods. Without access to employment the CDC mission of community control can never be fulfilled. CDCs have a new challenge ahead: to bring the same persistence, innovation, and commitment to bottom-up participation that they used to reduce homelessness to the aid of persistently the unemployed. Again, the market has left these neighborhoods behind, and again, community-based efforts can succeed where others have failed.

Further research on this topic could examine the possibilities of CDC-CBO collaborations. Institutional forms for such partnerships should be identified that would allow each group to contribute relative to their respective strengths and still maintain an efficient administration of programs and resources. The barriers to partnership detailed above were partly due to "internal" perceptions of CDC's proper role and partly due to "external" funding relationships that make existing training provision a "no win" proposition. How significant are the "external" funding barriers in keeping new providers out of employment training? Can lessons learned from CDCs such as Just A Start and the Brightwood Development Corporation be replicated to provide others with funding that allows them the flexibility they need? New funding methods should be researched and piloted, in an effort to give providers more flexibility toward their clients while maintaining accountability and efficiency.

This research has re-emphasized the need for reform of the employment training delivery system. Basic principles of the system, such as performance-

based contracts and the goals of welfare reform (as they now stand) have hindered effective training practices. I have proposed one solution, the involvement of CDCs, that would increase community participation, equity, and flexibility - key components of an effective anti-poverty training policy. Certainly other answers, now or in the future, may meet these same criteria or improve on them. The beginnings of many solutions to the economic development of low-income communities already exist in the neighborhoods themselves, and will be found if they are sought out. If CDCs choose not to take on the challenges of providing community responsive training, others who believe in the power of all people to take control of their own circumstances should step forward and take the lead.

BIBLIOGRAPHY

- Anderson, Katheryn H., et. al. 1991. Mixed Signals in the Job Training Partnership Act. Growth and Change. (summer) 32-48.
- Bailey, Thomas. 1988a. Market Forces and Private Sector Management in Government Policy: The Job Training Partnership Act. Journal of Policy Analysis and Processes. Vol. 7, No. 2. 300-315.
- Bailey, Thomas. 1988b. Employment and Training Programs. in Charles Brecher and Raymond Horton, eds. Setting Municipal Priorities: 1988. New York: New York University Press. 162-195.
- Bassi, Laurie J. and Orley Ashenfelter. 1986. The Effect of Direct Job Creation and Training Programs on Low Skilled Workers. in Danziger and Weinberg, eds. Fighting Poverty. Cambridge: Harvard University Press. 133-151.
- Blakely, Edward. 1992. Lecture at the Department of Urban Studies and Planning, MIT (April).
- Britan, G.M. 1978. Experimental and Contextual Models of Program Evaluation. Evaluation and Program Planning 1. 229-234.
- Burghardt, John, project director. 1990. The Minority Female Single Parent Demonstration: Report on Short-term Economic Impacts. Princeton, New Jersey: Mathematica Policy Research Inc.
- Carnevale, Anthony P. 1990. America and the New Economy. Training and Development Journal. Vol. 44, No.11. 31-52.
- Currie, Elliot P. and Robert G. Posner. 1980. CETA: Making It Work for Community Based Organizations. Berkeley: National Economic and Development Law Center.
- Dertouzos, Michael L., et. al. 1989. Made in America: Regaining the Competitive Edge. Cambridge: MIT Press. 81-93.
- Doeringer, Peter. 1991. Turbulence in the American Workplace. New York: Oxford University Press.

- Doeringer, Peter and Michael Piore. 1971. Internal Labor Markets and Manpower Analysis Lexington, Mass.: Heath. 163-183.
- Economic Development and Industrial Corporation. 1991. Investing in Human Development Promoting Economic Self-Sufficiency. Draft document. Boston.
- Fueled by Social Trends, Welfare Cases Are Rising. 1992. New York Times (January 10) 1.
- Golden, Olivia. 1990. Innovation in Public Policy Sector Human Services Programs: The Implications of Innovation by Groping Along. in Journal of Policy Analysis and Management Vol. 9, No. 2, 219-248.
- Goldsmith, William W. 1989. Poverty, Isolation, and Urban Policy. Ithaca: Cornell University Department of Urban and Regional Planning.
- Goldsmith, William W. and Edward J. Blakely. 1991. Generations of Poverty: America's Underclass as an Economic and Political Dilemma. Berkeley, California: University of California, Institute of Urban and Regional Development. Draft.
- Gottschalk, Peter. 1983. U.S. Labor Market Policies Since the 1960s: A Survey of Programs and Their Effectiveness. Madison: University of Wisconsin. IRP Discussion Paper DP730-83 Institute for Research on Poverty.
- Gueron, Judith M. and Edward Pauly. 1991. From Welfare to Work. New York: Manpower Demonstration Research Corporation.
- Harrison, Bennett and Barry Bluestone. 1988. The Great U-Turn. New York: Basic Books. 109-138.
- Heclo, Hugh. 1986. The Political Foundations of Anti-Poverty Policy. in Danziger and Weinberg. Fighting Poverty. Cambridge: Harvard University Press. 312-340.
- Herr, Toby, et al. 1990. High Job Turnover Among the Urban Poor: The Project Match Experience. Evanston, IL: The Center for Urban Affairs and Policy Research of Northwestern University.
- Herr, Toby, and Robert Halpern. 1991. Changing What Counts: Re-Thinking The Journey Out of Welfare. Evanston, IL: The Center for Urban Affairs and Policy Research of Northwestern University.

- Job Training Partnership Act of 1982 (PL 97-300, October 13, 1982).
- Johnston, William B. and Arnold E. Packer. 1987. Workforce 2000: Work and Workers for the 21st Century. Indianapolis: Hudson Institute, Ch. 3.
- Just-A-Start Corporation. 1991. Summary of Results and Impacts of Just-A-Start Programs. Cambridge, Massachusetts.
- Just-A-Start Corporation. no date. Just-A-Start: A Community Development Corporation. Cambridge, Massachusetts.
- King, Mel. 1981. Chain of Change: Struggles for Black Community Development. Boston, Massachusetts: South End Press. 51-57.
- Levitan, Sar A. 1987. Helping People With Labor Market Problems: An Overview of Key Policies. Policy Studies Review. Vol.6, No.4. 712-721.
- Levitan, Sar A. and Frank Gallo. 1988. A Second Chance: Training for Jobs. Kalamazoo, Michigan: W.E. Upjohn Institute.
- Levitan, Sar A. and Frank Gallo. 1990 Uncle Sam's Helping Hand: Education, Training, and Employing the Disadvantaged. in Louis A. Ferman, et. al. New Developments in Worker Training: Legacy for the 1990s. Madison, WI: Industrial Relations Research Association. 225-256.
- Markusen, Ann and Joel Yudken. 1992. Building a New Economic Order. Technology Review (April). pp. 23-30.
- Marshall, Dale Rogers. 1982. Lessons from the Implementation of Poverty Programs in the United States. in David K. Leonard and Dale Rogers Marshall, eds. Institutions of Rural Development for the Poor. Berkeley: Institute of International Studies. 40-72.
- Marshall, Ray and Paul Osterman. 1989. Workforce Policies for the 1990s. Washington, D.C.: Economic Policy Institute.
- Maxwell, Joseph A. 1990. Using Qualitative Research for Causal Explanation. unpublished. Harvard Graduate School of Education.
- Mead, Lawrence M. 1989. The Logic of Workfare: The Underclass and Work Policy. Annals of the American Academy of Political and Social Science.

- Moss, Phillip and Chris Tilly. 1991. Why Black Men are Doing Worse in the Labor Force: A Review of Supply-side and Demand-side Explanations. New York: Social Science Research Council. Forthcoming.
- National Center on Education and the Economy. 1990. America's Choice: High Skills or Low Wages!. Rochester, New York. 43-65 and 109-113.
- National Congress for Community Economic Development, 1991, Changing the Odds. Washington, DC: NCCED.
- Neighborhood Development Corporation of Jamaica Plain. no date. The Brewery: A Small Business Community Creating Jobs for Jamaica Plain. Jamaica Plain, Massachusetts.
- New Foundations—Community Groups Quietly Making Strides in Inner-City Housing. 1991. Wall Street Journal (September 17) 1.
- Nightingale, Demetra Smith and Carolyn Taylor O'Brien. 1984. Community Based Organizations in the Job Training Partnership System. Washington, D.C.: The Urban Institute.
- Osterman, Paul. 1990. Elements of a National Training Policy. in Louis A. Ferman, et. al. New Developments in Worker Training: Legacy for the 1990s. Madison, WI: Industrial Relations Research Association. 257-282.
- Paglin, Morton. 1990. Estimating Poverty at the Local Level: Applications to Cleveland and Its Neighborhoods. Cleveland: The Center for Regional Economic Issues, Case Western Reserve University.
- Persky, Joseph, Elliott Sclar, and Wim Wiewel. 1991. The Productivity of Cities: The Case for a Federal Urban Strategy. Forthcoming. Washington DC: Urban Policy Institute.
- Pierce, Neal R. and Carol F. Steinbach. 1987. Corrective Capitalism: The Rise of America's Community Development Corporations. New York: The Ford Foundation.
- Rainaldi, Richard J. 1991. Evaluating Employment Training Programs in Boston: The Employers Perspective. Boston: Economic Development and Industrial Corporation.

- Schramm, Richard. 1990. Do Community Development Schools Develop Community. paper presented at the National Congress for Community Economic Development Mid-Year Conference. Washington, D.C. November 11, 1990.
- Selvarajah, Eswaran. 1991. Boston: A Biomedical Frontier - Hype or Hope?. Boston: South End Neighborhood Action Project (SNAP) of ABCD.
- Spring, William. 1987. Youth Unemployment and the Transition from School to Work. New England Economic Review (March/April) 3-16.
- SRI International and Berkeley Planning Associates. 1988. Evaluation of the Effects of JTPA Performance Standards on Clients, Services, and Costs: Final Report. Washington, D.C.: National Commission for Employment Policy.
- Taggart, Robert. 1981. A Fisherman's Guide: An Assessment of Training and Remediation Strategies. Kalamazoo, Michigan: W.E. Upjohn Institute for Employment Research. 143-182.
- U.S. Department of Commerce, Bureau of the Census. 1990. Statistical Abstract of the United States, 1990 (110th edition). Washington, D.C.
- U.S. Senate Committee on Labor and Human Resources. 1982. Senate Report No. 97-469, GPO.
- Urban Edge. 1989. 15-Year Update. Roxbury, Massachusetts.
- Vidal, Avis C., Robyn Swaim Phillips, and H. James Brown. 1985. The Growth and Restructuring of Metropolitan Economies: Decentralization and Industrial Change During the 1970s. Cambridge, Massachusetts: John F. Kennedy School of Government, Harvard University.
- Vidal, Avis C., principal investigator. 1989. Community Economic Development Assessment, A National Survey of Urban Community Development Corporations: Preliminary Findings. New York: New School for Urban Research.
- Wilson, William J. 1987. The Truly Disadvantaged. Chicago: University of Chicago.

INTERVIEWS

Dec. 2, 1991: Ford Foundation Boston CDC Roundtable
Robert Jacobsen, Tent City Corp.
Kyle McKinney, Lena Park CDC
William Freid, Back of the Hill CDC
Danette Jones, Madison Park Development Corp.
Martin Nee, South Boston CDC

Dec. 2, 1991: Ford Foundation Boston Industry Roundtable
Lisa Garvey, Filene's
Emanuel Berger, New England Medical Center

Dec. 6, 1991: Gary Kaplan, Jobs for Youth

Dec. 10, 1991: Ford Foundation San Jose Site Visit, Center for Employment
Training
Al Arisa, Industry Coordinator
Bob Johnston, Director of Planning
Carlos Lopez, State Level Coordinator
Hermilinda Sapien, Assistant Director
Ted Gonzalez, Placement Counselor
Jose Jimenez, Director of DURA

Linda Ramus, Santa Clara County PIC
Ron McPherson, Black Chamber of Commerce
Dan Sanslack, Housing for Independent People
Allette Lumberg, GAIN
Tim Dunkin, North Valley PIC
Al Stuckey, Mass Precision Sheetmetal, Inc.
Priscilla Azcueta, Manpower Temporary Services
Joe Gurumlai, WestFab, Inc.
Rolando Loera, Touche Manufacturing Co.

Feb. 8, 1992: Jerry Rubin, Economic Development and Industrial Corporation,
City of Boston

Mar. 16, 1992: Jay Ostrower, Action for Boston Community Development

Mar. 16, 1992: Charles Grigsby, Community Development Finance Corporation
(formerly)

Mar. 18, 1992: Pat Libby, Massachusetts Association of CDCs (phone)

Mar. 23, 1992: Van Spanos, Just A Start

Mar. 24, 1992: Antonio Torres, Urban Edge

Mar. 26, 1992: Susan Gittleman, Jamaica Plain Neighborhood Development Corporation (phone)

Mar. 27, 1992: Eswaran Selvarah, South End Neighborhood Action Project (SNAP) of ABCD

Mar. 27, 1992: Mark Chalik, Economic Development and Industrial Corporation, City of Boston

Apr. 7, 1992: Mossik Hacobian, Urban Edge

Apr. 8, 1992: Lawrence Beane, Brightwood Development Corporation

APPENDIX: INTERVIEW METHODOLOGY

Drawing lessons from interviews of successful organizations does not involve constructing a model for CDC training activities, nor has there been any formula repeating their experiences. The examples in this research show that "outside" influences like staff ability, economic conditions, and a long list of exogenous variables influence the form of the organization and its effectiveness. Replicating models can be a frustrating exercise when so many important aspects are outside the control of the institution.

However, these examples do indicate the existence of causal relationships between institutional factors and effective employment training. Causality may sound like an overly strong claim given the qualitative methodology of this research, but, by looking at the context and actions that resulted in desired outcomes the methodology makes a strong claim of actually exposing causal relations more clearly than a quantitative study.

Maxwell (1990) surveys the literature comparing experimental and contextual models of research design which supports the idea that qualitative methods may actually have stronger ability to reveal causality than quantitative. Britan (1978) argues:

Experimental evaluations relate program treatment to program effects without directly examining causal processes, [while] contextual evaluations investigate causal relationships...by directly examining the processes through which results are achieved. (p. 231)

"Qualitative research aims at understanding local, contextualized causality, rather than "general laws" linking isolated variables, and can only develop general models on the basis of valid site-specific explanations." (Maxwell, 1990, p. 8).

This research identifies what can be considered "likely causal" links between institutional forms and actions and outcomes that result in effective anti-poverty training programs.