

**Labor Market Intermediaries
for the Training of Low-Wage Workers**

by

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Background Discussion

With unemployment at a 30 year low, more welfare recipients facing time limits, employers in the high tech sector lobbying for immigration reform to import skilled labor the time seems ripe for increased job training in the United States. Yet in spite of increasing returns to education and training over the last twenty years, the U.S. still seems to invest much less in post-school training than many other advanced industrialized economies (see Lynch (1994) for a summary). This is in spite of the fact that almost one in five youths in employment in the U.S. have difficulty with basic math compared with 5 percent in countries such as Germany and Sweden. This project will examine how new types of labor market intermediaries have emerged to meet this skills gap and “bargain” for training programs for low-wage workers to ensure decent wages and benefits.

While employers in the U.S. say they need more educated workers and there appear to be large returns to employer provided training, employers may not be able to fill the skills. A firm’s decision to invest in training, especially more general training, may be influenced in part by the characteristics of the workers they employ. Employees who are perceived to have higher turnover rates are less likely to receive employer provided training. In addition, training itself may contribute to employee turnover: if new skills are of value to other employers then firms risk having their trained employee hired away (the poaching or “cherry-picking” problem). Therefore, investments in non-portable firm-specific training are more attractive to firms than are investments in general training unless employers can find some ways to “capture” their investment in general training. If firms invest in general skills of workers and workers then leave a firm, employers may end up investing in a sub-optimal level of training.

In addition, smaller firms may have higher training costs per employee than larger firms because they cannot spread fixed costs of training over a large group of employees. The loss in production from having one additional worker in off-site training is probably much higher for a small firm than for a larger one. Smaller firms are also less likely to have developed extensive internal labor markets that allow them to better retain and promote employees within a firm.

Other factors besides size may also influence the amount of training provided by an employer and who actually receives it. As human capital theory argues, employees who have already shown an aptitude to learn new skills by having completed more years of schooling are more likely to receive additional human capital investments provided by an employer. None of these issues would necessarily result in under investment in training as long as capital markets were perfect so that workers could borrow to finance more general training, if the government subsidized general training, or workers accepted lower wages during training spells. However, capital markets are far from perfect, and workers differ from employers in their attitudes towards risk and time horizons. As a result, there may be a market failure in the provision of general training and the proportion of workers trained in more general skills.

When we look at the pattern of private sector training in the United States we see that it tends to be quite skewed. Research has shown (see Lynch 1994 for a review) that firm provided training is much more likely to be obtained by more educated employees. This results in the creation of both a “virtuous” circle and a “vicious” circle of human capital accumulation. Individuals who acquire more schooling are also more likely to receive post-school employer provided training, while those with minimal education find it extremely difficult to make up this deficiency in human capital once they enter the labor market. Workers in unionized firms are

more likely to receive training than those in non-unionized establishments (see Lynch 1992 and Lynch 1994). Large firms are more likely to provide training than small firms (see for example Lynch and Black (1998) and Frazis et. al (1995)), and, as shown in Table 1, the firms that do invest in training are more likely to provide it to their managers and professionals than to workers farther down the skills ladder. Since low-wage workers are typically employed in smaller firms in service occupations the figures in this table suggest that they are very unlikely to find additional support for skills upgrading from their employer.

Recent theoretical work by Stevens (1994) and Acemoglu and Pischke (1998, 1999) re-examines the issue of market failure in the delivery of training in the context of imperfect competition. In particular, these papers try to develop the theoretical basis for understanding investments in general training by relaxing the assumption that the labor market is characterized by perfect competition. More specifically, Acemoglu and Pischke show how a firm can exhibit ex-post monopsony power and as a result workers decide not to invest in general training because they realize that part of the return will be appropriated by the firm. So workers could end up not investing in general training even if they were not credit constrained. Acemoglu and Pischke (1998) argue that there may be multiple training equilibria -- low training and high quit rates or low quit rates and high training with the US representing a high quit rate and low training equilibrium and Germany and Japan representing a low quit rate and high training equilibrium.

Booth and Chatterji (1998) argue that unions in this context of firm ex-post monopsonistic power can increase social welfare by counterbalancing the firm's ex-post monopsonistic power in wage determination. As a result, local union-firm wage bargaining

ensures that the post-training wage is set sufficiently high to deter at least some quits so that the number of workers that the firm trains is nearer the social optimum.

So labor market institutions can play a potentially important role in ensuring that there is not a market failure in training. What are some examples of these types of institutions? As discussed in Lynch (1994), countries like Japan and Germany have pursued very different yet ultimately successful institutional systems to overcome the potential market failure inherent in firm-based general training. The social partners, business, labor and government, have designed an institutional system characterized by three features – codetermination, coinvestment and certification of training. These features along with enforcement pressure provided by Chambers of Commerce (see Soskice (1994) for a more detailed discussion of this) to minimize “unfair” poaching of workers by employers has resulted in a high training equilibrium in Germany. There is substantial coinvestment in training in Germany since apprentices in Germany work at substantially lower wages during their apprenticeship. At the same time employers contribute large sums to apprenticeship programs and the government funds extensive classroom training. The content of apprenticeship programs in Germany is codetermined with unions, employers groups and the government to ensure relevance and generality of skills. Finally, the certification of skills makes it worthwhile for young workers to accept lower wages, maintains uniform quality standards, and makes identifying skills much easier for employers.

In Japan the seniority based pay structure and lifetime employment guarantees reduces turnover, which in turn increases the probability of employers providing general training. But this payment structure also means that employees coinvest in training by accepting lower initial starting wages while employers pay by providing more general training and lifetime employment.

In addition, both Germany and Japan have created incentives for youths who do not obtain a university degree to perform well in secondary school by linking their ensuing progress in the job market to their school or apprenticeship record.

Whether or not the Japanese will continue to rely on this model due to the economic pressures of a decade long economic stagnation remains to be seen. In addition, the German model depends on a broad consensus among the social partners that has been increasingly challenged in the context of unification. But in the U.S. with less than 10 percent of all workers represented by unions in the private sector and little tradition of labor-management-government cooperation along the lines of what occurs in Germany, the potential for institutions to intervene and push the economy towards a higher training equilibrium seems bleak.

How could we increase the amount of post school training provided beyond what single employers may be willing to do (in either a unionized or non-unionized context)? Given this theoretical context, are there institutions, in addition to unions, in the U.S. that may be able to play a role in solving this market failure in the delivery of training and move us to a “low quit high training equilibrium”? In particular, how can they take on the characteristics that unions or labor market systems in Germany and Japan have historically done to ensure a higher training/wage equilibrium? What might be some key features of an institution that could in a sense “replicate” the high training outcomes achieved in other countries, yet still be feasible within the U.S. context?

One of the key features would be the ability to negotiate with employers on training issues in such a way that they would be able to enforce any long term agreements. In union models we typically think of unions having bargaining power because they can organize workers

to withhold their labor. But the emerging intermediaries face many more challenges as they bargain with employers over workers who they may not even employ at the moment. Potential sources of power for these institutions to use in negotiations with employers might include the ability to influence public opinion or consumer buying power, or political influence that in turn could bring pressure to bear on employers. Employers perception of the permanency of the intermediary will also affect its power to negotiate with local employers and government. A non-union organization that wants to be a training intermediary will need to be able to establish a reputation that it is not an institution that might be focused on training issues today but something quite different tomorrow.

To avoid the problem of paying for training programs that private sector employers would have been willing to do anyway, these institutions would also have to have the capacity to design training strategies that go beyond individual employers. Finally, they need to have a steady predictable source of funding that again would serve to enhance their negotiating power as they bargain with employers to reach a new training equilibrium.

As discussed at the beginning of this paper, we are currently in one of the tightest labor markets in 30 years. This provides alternative labor market intermediaries in the training area another possible leverage point – their ability to identify and screen new workers from social networks that were not part of employers traditional recruiting networks. At the same time, with welfare reform there is a rising demand from those who have been disconnected from the labor market for a considerable period of time need to get reconnected.

If we think of the three C's of successful training systems, the next section of the paper identifies some examples of how can emerging labor market intermediaries establish

codetermination, coinvestment and certification of training.

Examples of Emerging Training Intermediaries for Low- Wage Workers

The role of third party intermediaries in the labor market to provide training is certainly not something new – there are numerous for-profit training providers that market quite successfully their ability to provide skilled training and/or skilled workers to a firm. What I am describing, however, are more permanent social institutions (some have called them development intermediaries) that attempt to establish new partnerships focused on raising the skills equilibrium in a particular geographic area or for a demographic group, rather than for the needs of a single specific employer. In this section I provide some examples of these types of intermediaries. This is not meant to be an exhaustive list of all of the efforts under way in the U.S. Instead, I have tried to identify emerging institutions that are geographically diverse, have established different types of partnership relationships between community groups, training providers, employers and government, have used different sources of funding, and have impacted varying industries.

Union-management collaborative efforts

There are numerous examples of union-management collaborative efforts to increase training. What is unique and interesting about the following three examples is how they have created unique partnerships between labor and management to raise skills standards within a large industry. I have chosen quite different sectors for my examples – the electrical contracting sector, the hotel and hospitality sector, and temporary workers in Silicon Valley. These are sectors that potentially could provide opportunities for currently low-skilled workers to find jobs

with wages and benefits that can support a family. They are also sectors undergoing tremendous change. In electrical contracting and the temporary help business in Silicon Valley it is driven by new technologies and in the hotel industry example it is driven by competitive pressure from non-union hotels.

The IBEW/NECA Joint Apprenticeship and Training Committee for the Electrical Contracting Industry of Greater Boston. This innovative program was established in 1947 as a quasi-independent organization and qualifies under IRS rules as an educational institution. It is funded through several collective bargaining agreements between the Boston Chapter of the National Electrical Contractor's Association (NECA) and Local Union 103 of the International Brotherhood of Electrical Workers (IBEW). It represents approximately 150 major contracting firms and over 4000 skilled workers. This program is unique because it is responsible for the selection, education and training of all apprentices entering the units covered by the collective bargaining agreements of these 150 firms. It is also a collaborative effort in an industry that has been transformed by technological change, but one that represents a potentially rewarding career path for currently lower skilled individuals. This center has all of the features described above as critical to a successful training system – coinvestment, codetermination and certification. The program has clearly established a reputation for longevity and its funding stream is relatively predictable.

The San Francisco Hotel Partnership. In 1994 a group of the major hotel chains in San Francisco banded together to form the San Francisco Multiemployer Group and negotiated a new labor contract (called a Living Contract) with the local union (HERE Local 2) to improve service and productivity in order to better compete with non-union hotels. Stuart Korshak (1999) (who

was the general counsel hired by the hotel group to help them negotiate this agreement) argues that a critical component of the 1994 contract was the training program created within the agreement. The training program is focused on improving communication skills between workers and guests and workers and managers, along with improving critical thinking skills, team building, problem solving, English as a Second Language, and craft-specific technical skills. It is 60 times larger in scope than any previous joint training program in the hotel industry in San Francisco and is funded jointly by the unions, management and funds from the State of California. Union and management jointly designed the curriculum. Korshak (1999) states that this was critical to overcome fears among some employees that the program was merely a way for management to weed out workers or just some fad. Finally, the training of workers within the hotels was extended to the Hiring Hall to raise skills for banquet servers including classes in French service, wine appreciation, food carving along with training in sanitation and safety issues. The training component of this agreement was an important complement to another unique dimension of this agreement which was greater employee involvement. At the end of the 5 year contract the hotels and unions, as described by Korshak (1999), have gone from a confrontational relationship to a partnership based on mutual gains. Again, this is a good example of an institutional structure that is characterized by coinvestment, codetermination and certification of skills. The fact that the contract was recently renewed and kept these unique features suggest that this increased investment in workers skills will remain a permanent feature of the hotel industry in San Francisco. it will be interesting to watch however what happens if employee turnover is such that the partnership finds itself providing much of the training for the non-union hotels as well.

Working Partnerships USA. Working Partnerships was founded in 1995 as a collaboration between community-based organizations and the South Bay AFL-CIO Labor Council in San Jose, California. Its objective is to act as a labor market intermediary in the area of Temporary Help workers. They have established the Temporary Worker's Employment Project (see their web site www.atwork.org for more details) that is focused on assisting temp workers to find jobs at better wages, along with creating a skills standard for contingent workers in the clerical field. The Project is made up of two components [together@work](#) a membership based organization for contingent workers that provides portable benefits and financial services and [solutions@work](#) and an employee-governed staffing company that trains and places clerical workers throughout Silicon Valley. Again this organization appears to cover the three C's (coinvestment, certification, co-determination), although under co-determination they have opted to become the employer rather than recruiting employers.

Consortiums of Labor, Employers, and Government

While there is little consensus in the US about the role of social partners compared to countries such as Germany or Sweden, there are examples of labor, employers, training and education providers, and government establishing consortiums working together to raise the skills equilibrium in either a particular industry or a geographic area. The Private Industry Councils that play a critical role in the implementation of the federally sponsored Workforce Investment Act are sometimes an example of this. But the example below is somewhat different from a city's PIC and represents another form of an emerging training intermediary.

The Garment Industry Development Corporation. This is a non-profit consortium established in 1984 of labor, industry and government focused on improving the competitiveness

of the apparel industry in New York City. In the area of training they have established the Fashion Industry Modernization Center located in the heart of the garment district in New York. Its facility includes the latest in computerized sewing machines, state of the art presses and a computer lab carrying CAD/CAM software. More specifically, it offers skills training for dislocated sewing machine operators as well as English as a Second Language, and health and safety instruction. A unique feature of this training center is that it trains not only workers in the industry but also garment contractor and manufacturers in the latest techniques and innovations. In this way the center hopes that it will train employers in techniques that will ensure that they will be able to compete successfully and therefore retain jobs in the City.

Community Based Organizations

Perhaps the most important new form of training intermediaries has been the rise of community based organizations taking on more and more activities in economic development. In particular, more interfaith organizations have become involved in efforts to increase the training opportunities provided by local employers for low-wage workers. The interfaith organizations are place-based and so they build upon a pre-existing institutional structure. But this structure has not typically been involved in economic development issues. Therefore, a first challenge faced by these organizations is to develop the human capital within the organization to allow it to prepare a strategy for economic development issues such as training. If they “contract out” this expertise they run the risk of losing an important source of their power – broad based grass roots support. Their source of leverage is their diversity and ability to bring together a broad political coalition. A challenge, however, for these organizations is to maintain support (both financial and public) for an issue like training that may not generate the same sense of urgency such as

housing or school quality. In addition, some of the organizations have struggled to create a governance structure that ensures that the institutional partnerships that they broker can deliver the three C's (coinvestment, codetermination, certification). The examples below include interfaith CBOs along with other examples that have been chosen for the sectors they target or unique sources of funding.

San Antonio, Texas Industrial Areas Foundation. A considerable amount has already been written about the Industrial Areas Foundations, especially their experience in Texas. As discussed by Ernie Cortés (1994), the Industrial Areas Foundation is a national network of broad-based, multi-ethnic, interfaith organizations in primarily poor and moderate income communities. It was created over 50 years ago by Saul Alinsky and it provides leadership training for nearly 40 organizations representing over 1,000 institutions and one million families principally in New York, Texas, California, Arizona, New Mexico, Nebraska, Maryland, Tennessee and the United Kingdom. One of the best documented experiences of the IAF and training for low wage workers is Project QUEST in San Antonio, Texas. Project QUEST grew out of a new social compact among employers, workers and the community at large. It was engineered by two Industrial Areas Foundation organizations — Communities Organized for Public Service (COPS), one of the oldest and most established IAFs and Metro Alliance. Brett Campbell (1994) describes this compact as a new kind of labor market intermediary bridging the gaps created in the labor market.

As Campbell discusses, the IAF though its involvement in Project QUEST “operates as a mediating institution to bring families back into relationships with employers, training institutions and social service providers”. This has a certain ring of “codetermination”. In

addition, in reading about the IAF's philosophy and experience in Project QUEST there is discussion of workers contributing "sweat equity", state and local government funds, local employers committing to 650 jobs and employer involvement in curriculum design and funding support for training programs at local community colleges. This has a ring of "coinvestment". Finally, in the studies by Campbell and Osterman and Lautsch (1996) it is clear that Project QUEST focused much of its attention on redesigning the role that community colleges played in the local labor market. For example, they developed a customer service accredited certificate program in conjunction with a local community college and the American Institute of Banking. This has a ring of "certification".

But before we leap to the conclusion that the Texas IAF are the new magic elixir for worker voice and worker protection there have been difficulties. Mark Warren (1996) in his detailed study of the Fort Worth IAF points out that the Fort Worth IAF has had difficulty in recruiting large numbers of affluent whites in mainstream denominations to work cooperatively with leaders of African-American and Hispanic communities. In addition, in their evaluation of Project QUEST, Osterman and Lautsch discuss how employers have supported QUEST by providing input on training programs development and forecasts of future staffing needs. But they argue that few employers have made dramatic changes in their hiring practices in response to Project QUEST. In addition, unstable government funding has at times undermined the sense of permanency of Project QUEST. Although employers were "coinvesting" by making employment pledges the length of Project QUEST training programs meant that employers found themselves making a pledge of a job placement that would not occur for two years. Finally, Osterman and Lautsch discuss how Project QUEST was successful in developing training

programs for low income workers in the health sector but they wonder how successful the program will be in meeting the needs of displaced workers from Kelly Air Force Base in San Antonio that is scheduled to close in 2001.

In April of 1997 Boeing signed a 20 year lease (four five-year options) for 1.3 million square feet of space at Kelly to create a world class maintenance and modification center for large, primarily military aircraft. Boeing set up operations in May of 1998 and have already hired more than 700 employees with a goal of approximately 2000 by 2001. Part of the agreement between the city of San Antonio, the Greater Kelly Development Corporation and Boeing included \$7 million dollars of warehouse improvements for the facilities that Boeing will occupy that are Boeing specific upgrades on top of another \$25 million of general improvements. In addition, incentives were included to reward Boeing for the number of Kelly workers hired and the wages and benefits paid to them. Finally, St. Philip's College, and the Greater Kelly Development Corp. have agreed to a multi-million dollar renovation project to create a state-of-the-art Technology Center close to the Boeing facilities that will supply on-site training (some of the instructors are Boeing employees) in avionics and specific skills needed by Boeing workers. St Philips College is part of the Alamo Community College District and the first Texas community college to be designated a One-Stop Workforce Center. It serves to link welfare recipients and displaced Kelly employees to area education and employment opportunities. It has worked very closely with the IAF and is a good example of a transformed labor market institution.

Jane Addams Resource Corporation. This not-for-profit community development organization was founded in 1985 to promote retention and growth of local metal working firms

on Chicago's North Side. They have established a Metalworking Skills Training Program to provide literacy and technical training for low wage workers. As described in a report for the National Governors Association, Brown et.al. (1998), this training program is also undergoing an extensive evaluation and assessment effort. The training programs focus on machine training in manufacturing areas with a shortage of skilled workers.

Annie E. Casey Foundation Jobs Initiative. In 1995 the Annie E. Casey Foundation began an 8 year 6 site \$30 million demonstration project to help low-income residents in designated neighborhoods find jobs that paid family-supporting wages. All of the six sites (located in Denver, Milwaukee, New Orleans, Philadelphia, St. Louis and Seattle) are managed by what the foundation calls "entrepreneurial intermediaries". The general philosophy of the Foundation's efforts appears is to be a catalyst to bring together employers, elected officials, community-based organizations, low-income residents and other stakeholders in the design and creation of new job-related initiatives. The model is a sectoral based approach in that the intermediaries target specific sectors of the local economy in which they develop employment and training opportunities. The sites have varied greatly in the composition of these managing intermediaries. The two examples below have been chosen because of the different governance structures chosen, the diversity of the targeted participants, and the range of sectors for placement.

The Milwaukee example is typical of the problems facing many large urban areas. The unemployment rate is around 3 percent but in the poorest neighborhoods it is 23 percent with many long term unemployed. The Milwaukee Jobs Initiative in 1997 chose to partner with an existing training program, the Milwaukee Graphics Arts Institute, MGAI, to develop training for

low-wage workers with no previous experience in an industry that has been rapidly transformed by computerization. As described in an initial report by the Annie E. Casey Foundation (1999), the Milwaukee Jobs Initiative worked quickly to get money from agencies receiving TANF grants to fund and implement training programs for entry-level workers. This allowed MGAI to recruit more broadly, provide customized training and get people into jobs quickly. As a result MGAI was able to establish a track record that they used to approach new industries and employers. They also worked closely with the local Private Industry Council to streamline its funding process to get resources into training more quickly.

The Jobs Initiative in Milwaukee has also been active in two other sectors – manufacturing and construction. In manufacturing they are working with the pre-existing Wisconsin Regional Training Partnership (a consortium of unions and employers) to develop vocational education including the provision of instructors for on-the-job training from the Milwaukee Area Technical College. In construction, the Campaign for a Sustainable Milwaukee has opened a Construction Workers' Center in a neighborhood church where job seekers can meet contractors and union officials to find out about training and other support services to help them build a career in the construction trades. This effort is especially focused on recruiting more African Americans into this sector.

The New Orleans Job Initiative had a difficult start and has some of the greatest challenges of the 6 sites. In fact, the demonstration project almost fell apart as described on their web site (www.aecf.org/jobsinitiative/neworleans.htm). In 1997 the Jobs Initiative faced an organizational crisis. On the one hand they realized that in order to succeed they needed to include more representatives from major businesses on their governing board. But on the other

hand since the initiative was a grass roots effort how could community control be maintained if the board was expanded to include employers? What lurked behind this discussion was, according to the ABT initial evaluation report (1999), a long history of racially-charged tension between representatives of the impact community and the city's business community. This issue was ultimately resolved by increasing employer representation on the board but giving veto power to 3 principal community groups over all board policies and actions. Because of the delay in resolving governance issues this site has only just begun to organize its training activities.

They are targeting three sectors – construction, machining, and hospitality. Employee referrals come from 3 community based organizations. Once recruited enrollees receive technical skills training at a local community college, which in turn works closely with employers to design curricula to meet their skill needs. In the construction area the initiative is developing a program with community groups, contractors and a laborers' union to recruit job seekers, place them in a 100 hour training program and then in jobs paying \$7 to start. In the area of machinists the program is developing a training program for entry level workers where an employer will provide a 6-month training program. At the end of the training, the individuals be placed in jobs at other machine shops. Community organizations will help workers with transportation and other social supports. Finally in hospitality, the program is working with hotels, a community college and the local Private Industry Council to develop career paths from minimum wage service jobs into more skilled and managerial positions within the industry. But there has been tension in the relations between the local PIC and the New Orleans Jobs Initiative as the PIC has decided that the training models they are developing do not meet federal funding guidelines.

While it is too early to tell if these initiatives will work, the New Orleans Jobs Initiative is a good example of the tensions underlying the concept of co-determination. It is not necessarily easy to get all parties to agree to co-determine the content of programs if there is not sufficient trust among all the partners.

WorkSource Staffing Partnership Inc. Established in 1995 this not-for-profit represents a partnership between community based organizations and employers based in Boston, Massachusetts. The model for this organization is to help under-employed low-wage workers and former welfare recipients obtain job training and access to better career paths. At the same time it provides local employers in a tight labor market the ability to identify potential employees outside their traditional recruiting networks. The success of the organization depends critically on its ability to establish a reputation for identifying and preparing motivated and work ready employees. They do this by working closely with community based organizations to identify motivated individuals who they then help provide obtain appropriate training and employment. WorkSource also provides follow up support for child care, transportation, housing and personal management issues. Their initial employer partnerships have been primarily in the health care sector such as the Joslin Diabetes Center. A unique feature of this organization is its initial funding source – venture capital from the Boston Community Venture Fund.

The Future of Emerging Training Intermediaries

As is shown in the examples cited above, one of the biggest challenges to the capacity of these newly emerging labor market intermediaries has been funding. For those programs supported by joint labor management agreements, funding for the training programs will likely

be determined in large part by the economic fortunes of the sector for which the training is done.

For many of the programs examined in this study that are sponsored by venture capital money or private foundation support, the hope is that once the programs are up and running that alternative sources of funding would be identified. These would include employers in the private sector paying a fee for the ability to recruit skilled work ready individuals outside their traditional networks, or state or federal funds to support workforce development of low-wage workers. But reliance on federal funds highlights a special problem with federal funding formulas. A state's share of funds from the Workforce Investment Act is heavily based on unemployment rates and concentrated joblessness. This works against a state like Massachusetts for example, that is more plagued by earnings shortfalls among the working poor than by pockets of high unemployment. Second, the Workforce Investment Act in principal allows states to target not only unemployed but also low wage working individuals for training. But if we look at the inflation-adjusted federal training funds per civilian labor force member over the period of 1993-1999 we see that this number has fallen almost 20 percent (see Donahue, Lynch and Whitehead 2000). So the federal government is an unlikely source for increased training funds.

As a result of this trend in federal funding of training, what states chose to do will have an important impact on the eventual success these different types of intermediaries. It will be up to individual states to decide whether or not they will allocate additional funds for the creation of a workforce development system that will meet the needs of the working poor along with those without employment. This will mean that many of the organizations described in this paper will need to engage in the political process to ensure that funds are allocated to their activities. Their success will be driven by their political power and reputation, the success of current activities,

and the general economic climate of the state/community they are in.

A second issue is employer involvement. While it is critical to ensure that there is employer involvement in these emerging intermediaries, there is also a tension about how much of a role employers should play in the governance of these institutions. In the Abt (1999) study of the Annie E. Casey Foundation's 6 site jobs initiative there is considerable discussion of reasons why employers were willing to participate in these programs and why they weren't. Participation was usually driven by employers playing a 'leadership' role on advisory boards or a 'placement' role where they are recruited as customers of the jobs initiative. In tight labor markets it will certainly be easier to attract employers into a placement role, but this has not always been so easy. Stereotypes of the impact communities persist and one wonders about the fortunes of some of the programs described in this paper should the economy suffer an economic turn down.

This paper has tried to briefly summarize some of the basic characteristics of emerging intermediaries in the provision of training to low-wage workers. The examples cited are not meant to be exhaustive of all the ongoing efforts but I think that they highlight some key features and challenges of these institutions. Their probability of success in the longer term will certainly be affected by economic conditions, but also the ability of these newly emerging institutions to build a track record that establishes them as a permanent fixture that must be negotiated with in the local labor market. These challenges are not unfamiliar to unions. The key to the survival and impact of these organizations will be their ability to construct the social cohesion and common vision necessary to bring about the consensus that we see in other countries in a high training equilibrium.

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Table 1: Which Workers Get Employer-Provided Job-Skills Training?
(Percent of Firms offering job-skills training to indicate occupational category)

<u>Category of Worker</u>	<u>All Employers</u>	<u>Smaller Employers</u>	<u>Larger Employers</u>
Management	50%	46%	80%
Professional or Technical	38	38	42
Computer	53	51	71
Sales	58	56	69
Clerical	35	33	48
Services	17	16	29
Production	36	34	47

Source: BLS Employer Training Survey, 1993

Table 2: Summary of Emerging Training Intermediaries

Type of Structure	Industry	Location	Source of Funding	Date Started
Union/Management				
<ul style="list-style-type: none"> IBEW/NECA Joint Apprentice and Training Committee 	Electrical Contractors	Dorchester, MA MA	Jointly funded union, firms	1947
<ul style="list-style-type: none"> San Francisco Hotel Partnership 	Hotel	San Francisco, CA	Union, Firms, State of California CET	1994
<ul style="list-style-type: none"> Working Partnerships USA together@work and solutions@work 	Temp Help	San Jose, CA	fees paid by firms union funds	1995
Consortiums of labor, industry, government				
<ul style="list-style-type: none"> Garment Industry Development Corporation 	Garment Industry	New York, NY	union, industry assoc., state govt, JTPA	1984
Community Based Organizations				
<ul style="list-style-type: none"> Project Quest/IAF 	Health Care, Aircraft Maintenance	San Antonio, TX	private donations JTPA, State of Texas	1993
<ul style="list-style-type: none"> Jane Addams Resource Corporation 	SME manufacturers	Chicago, IL	local govt grants, foundations, firms	1985
<ul style="list-style-type: none"> Annie E. Casey Foundation Jobs Initiative Milwaukee New Orleans 	manufacturing, construction printing construction, machining hospitality		matched foundation local money TANF	1995
<ul style="list-style-type: none"> WorkSource 	Health Care	Boston, MA	venture capital	1995