

Investing in the Providence Workforce

Income and education are more closely linked now than at any time in our history.¹ Increasing the skills and training of low-income and unemployed (or underemployed) individuals is vital to the success of a city's and state's economy.² Research shows that the skill levels of an average high school dropout will qualify for 10% of all new jobs between 2000 and 2010, while people possessing the skills of a typical high school graduate will qualify for 22% of all new jobs.³ Linking lower-skilled workers with opportunities for postsecondary education and sophisticated skills training can be an effective approach to economic development. It is critical that employers are engaged partners in these efforts.⁴

This background paper focuses on successful strategies to increase education levels, establish career pathways and create jobs. A separate background paper focuses on related issues of connecting youth to the workforce, including investing in high quality public education for tomorrow's workers, K-12 career exploration, and engaging youth in work through jobs, internships and apprenticeships.

Investments in workforce development, lifelong education and skills development, and job-advancement opportunities are key strategies in improving the economic security of low-income and poor communities. Establishing state skill certificates and panels that promote high quality programs and ensure accountability can be important elements of a workforce development strategy.^{5 6} For high-quality programs to be successful in improving the odds for the working poor it is important to address the educational and career needs of hard-to-employ populations including: chronically unemployed and underemployed workers, current and former welfare recipients, teens, ex-offenders and immigrants entering the workforce. Attention must also be paid to the role of race and cultural competence in the workforce field.

Providence Workers in 2005

- ◆ 4% of all individuals that were working full time were living in poverty, compared to 1% for Rhode Island.
- ◆ 30% of all individuals that were working part-time or part-year were living in poverty, compared to 13% for Rhode Island.
- ◆ Of working-age adults (ages 25-64) living in poverty in Providence, 71% were female and 29% were male.
- ◆ 29% of all residents in Providence were living below 100% of poverty.
- ◆ 18% of all residents in Providence had incomes between 100%-200% of poverty.

Source: U.S. Bureau of the Census, ACS, 2005.

Median Earnings in Providence, by Educational Attainment

Providence Total:	\$27,672
Less than high school graduate	\$14,841
High school graduate (includes GED)	\$25,273
Some college or associate's degree	\$29,220
Bachelor's degree	\$39,826
Graduate or professional degree	\$46,705

Source: U.S. Bureau of the Census, ACS, 2005.

High School Credentialing and Postsecondary Education

Approximately, 25 million adults in the U.S. have less than a high school education.⁷ Employers pay an average of 10% higher wages for each additional year of education complete after high school, making it vital that workers of all ages achieve high school credentialing and postsecondary/vocational education.⁸

Problem:

The limited educational skills, low literacy levels and limited English skills of the low-income workforce make finding and maintaining employment difficult. In Providence, 26,253 people lack a high school diploma, 16,638 people have no high school diploma and/or are Limited English Proficient.⁹

Possible Solutions:

- ◆ A sufficient supply of Adult Basic Education programs that incorporate contextualized learning, setting course instruction within meaningful academic, real life and occupational contexts.¹⁰

Rhode Island Practice:

- ◆ *Southeast Asian Economic Development Center* offers a program that prepares low-income minorities and high school dropouts to take the GED exam. Classes include instruction in all 5 content areas. Those who succeed in this program will have the opportunity to access higher education, have a greater opportunities for employment promotions, higher wages and access to job training programs.

Rhode Island Innovation:

- ◆ *The Office of Adult Education at RIDE* aligned Adult Basic Education funds to aid targeted sector initiatives. The new contracts will require agency leaders to collaborate in redefining missions, blending funding and encourage joint work to respond efficiently to target industries and workers. Priority areas include:
 - Adult education and literacy services, including workplace literacy services.
 - Family literacy services (including adult education for parents and interactive literacy activities for parent and child).
 - English literacy programs (including EL Civics services).
 - Transition or bridge programs.
 - Integrated programs for welfare recipients, homeless adults, prisoners in reentry, dislocated workers, and incumbent workers in transition to first or new jobs and advancement in employment.¹¹
- ◆ *The Adult Education Tax Credit* allows for worksite and non-worksite vocational training or basic education. To be eligible programs must be designed to alleviate illiteracy and provide opportunities for academic achievement up to grade 12.¹²

Problem:

Students who enroll in postsecondary education are often ill-prepared for classes and require remedial education classes before they can pursue college level work.¹³ High drop out rates (29%) in Providence combined with students not learning the basic skills needed to succeed in college or work while they are in high school and an increased demand for postsecondary education have led to colleges offering and often requiring remedial courses. The cost of remediation can be exorbitant for colleges and increases the economic strain on states to ready their workforce.¹⁴

Possible Solutions:

- ◆ Strengthen curricula and standards in high schools and align these standards with the expectations of colleges and employers.¹⁵
- ◆ Effective ways of reducing transition fall outs between years or colleges by adult learners include: requiring clear content standards that address the skills and knowledge needed for students to smoothly advance in their studies, working with community colleges to clearly define the assessment and placement process, and standardizing placement exams. For example, Florida has established a common placement exam and cut-off scores for all community colleges to use.¹⁶
- ◆ *Promising Practice:* Kentucky created a “Go Higher” campaign to specifically encourage adults to return or continue education. Free classes are provided to prepare for GED exams as well as online virtual classes. The Campaign was sponsored by state education and tuition savings associations.¹⁷

Upcoming Providence Innovation:

- ◆ *Developmental Education, Math and Reading Institute (pending FY08 funding)* at Dorcas Place Adult and Family Learning Center, will determine if students who do not have to exhaust financial aid and who receive intensive college-level instruction in an adult education center are more likely to persist in college. This program will include extensive academic and support services for these students who typically have some of the greatest barriers to reaching their educational goals.
- ◆ *The Office of Adult Education at RIDE*, subject to funding, will begin using public dollars to support transition to college initiatives including Bridge/TRIO programs, the Developmental Education, Math and Reading Institute and the Transition to College Program (previously funded by the Nellie Mae Foundation).

Problem:

Colleges struggle with retention rates and successful completion of postsecondary degrees.

Research shows that difficulties in completing postsecondary degrees often result from having to play “catch up” with students who have lower incomes and/or limited English skills. Nationally, 46% of students who begin a postsecondary education at a community college complete their degree. A recent study indicated that of students enrolled in at least 3 remedial classes, only 2.1% ultimately earned an associates degree.¹⁸

Possible Solutions:

- ◆ Bridge/TRIO programs (those programs funded through the U.S. Department of Education that provide assistance and support to low-income and/or first generation college bound students) can be useful in getting students enrolled in college, but once the students are enrolled they need continued support. Students who participate in TRIO are 4 times more likely to earn a bachelor’s degree than those from similar backgrounds that don’t have the advantages of the TRIO programs.¹⁹
- ◆ *Promising Practice:* Washington State’s Integrated Basic Education and Skills Training pilots improve the pipeline of low-income adults into postsecondary education by combining adult education and English language instruction with workforce education. This integrated model involves the entire community college system.²⁰
- ◆ *Promising Practice:* Louisiana used welfare funds to start a performance-based financial aid program, “Open Doors”, for low-income students who are parents.²¹

- ◆ *Promising Practice:* City College of San Francisco has established an “open entry, open exit” policy whereby students can drop out of a course and return in another term, picking up where they left off, without having to repeat the entire course.²²

Rhode Island Practice:

- ◆ *The Bridge to College Program* at Dorcas Place Adult and Family Learning Center, assists students seeking post-secondary education by providing admissions, financial aid, application assistance, academic skill preparation, career and personal support.
- ◆ *Dual Enrollment Programs* –The Governor’s Statewide PK-16 Council commissioned a report to look at redesigning Rhode Island’s dual enrollment programs to meet PK-16 goals, increase the rates of college degree attainment and encourage participation by low-income students.²³
- ◆ *Transition to College Initiative*, mentioned above, is a partnership between the Office of Adult Education, Dorcas Place, Community College of Rhode Island and Mentor Inc./Project RIRAL. This Initiative will utilize public dollars to support various transition programs.

Apprenticeships and Industry Credentialing

Apprenticeships and credentialing programs integrate on-the-job training with school-based instruction. Over 850 occupations can now be apprenticed and recognized by state and federal agencies. In Rhode Island, there are 20 occupations that have active registered apprenticeship programs. As of federal fiscal year 1999, there were 431,797 active apprentices who received training in 36,903 different programs. Minorities accounted for 27% of all apprentices while women were only 7% of apprentices. In Rhode Island, there are currently 1,400 active apprentices.²⁴

Apprentices benefit from the formal training in a variety of ways including earning higher wages at the conclusion of their training, and obtaining documented and transferable credentials. In Rhode Island, a minimum of 144 hours of classroom training is guaranteed as well. Furthermore, workers who finish apprenticeships generally not only earn more during their working years than those who don't learn their skills in a formal training program but advance faster within their chosen field.²⁵ Employers also benefit from apprenticeships. These benefits include reduced employee turnover, increased productivity and morale, enhanced critical thinking skills, and a better trained workforce.²⁶

Problem:

Recent testimony before the Rhode Island State Apprenticeship Council suggests that current regulations regarding the ratio of journeymen (master workers) to apprentices are limiting the opportunities for growth in the apprenticeship sector. The regulations and others governing programs will likely have to be systematically examined in order to expand apprenticeship opportunities.

Possible Solution:

- ◆ *Promising Practice:* New York City created the Mayor’s Commission on Construction Opportunity. Central to the Commission’s recommendations was entering into agreements with different trades to allocate a certain percentage of apprentice slots for high school graduates, minorities, women, veterans and the disadvantaged. The Construction Opportunity model also contained a pre-apprenticeship program that offers basic workforce training and GED preparation to equip individuals with the skills necessary to enter more formal apprenticeships or credentialing programs.²⁷

- ◆ Increase healthcare apprenticeships in Rhode Island, utilizing CNA-LPN apprenticeship models funded by the U.S. Department of Labor and piloted by the Council for Adult and Experiential Learners.²⁸

Providence Innovation:

- ◆ *The Building Futures Apprenticeship Initiative* is designed to help the construction sector meet its future needs, while creating employment opportunities for unemployed or underemployed adults from urban communities. The project is a joint effort of The Providence Plan, YouthBuild Providence, BuildRI and Making Connections Providence. By spring 2008, Building Futures plans to place at least 30 low-skilled, minority residents from urban communities into apprenticeship programs.
- ◆ *Year Up*, a project of the United Way, is an intensive training program that provides a combination of technical and professional skills, college credits, an educational stipend and a corporate apprenticeship.

Rhode Island Practice:

- ◆ *Job Training Tax Credit-Apprenticeships* - offered to employers in Rhode Island who start or increase apprenticeship programs in their company. The program is limited to machine tool and metal trade or plastic processing apprenticeships. This credit allows a tax credit of 50% of actual wages paid to a qualifying apprentice. The apprentice must be enrolled in a registered qualified program through the Rhode Island Department of Labor and Training.²⁹

Problem:

Trainings, certificate and occupational credits are not always portable from one employer to another. State skills certificate and panels can unite businesses under a basic industry to create occupational training credits and guidelines, transferable from employer to employer.

Possible Solution:

- ◆ *Promising Practice:* The Georgia Statewide Certified Specialist Program unites groups of large employers who develop standardized, statewide, for-credit curriculum and credentials in key demand sectors. The program develops standard criteria and credentials for employers and technical colleges provide training funded by grants and state financial aid programs.³⁰
- ◆ *Promising Practice:* Portland Community College is a leader in the effort to modularize the curricula and credentialing pathways for occupational programs. Courses are organized around skill sets identified and verified by employers. The model includes career planning, modules that build on one another, and general education courses.³¹

Rhode Island Practice:

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Career Pathways

Career pathways are efforts to create clear road maps that help entry-level individuals, usually adults, navigate a sequence of pre-college and college-level technical and other courses that prepare them for

advancement in a particular industry or occupation. Regardless of the strategies employed to develop career pathways, special attention is also paid to the development of “soft skills,” the capacity to interact and function appropriately in the work place. While these skills are necessary, they can often be used to exclude minorities from opportunities. Successful strategies should explore ways to work with businesses to more clearly define these subjective criteria and work to develop these skills in the labor force.³²

Problem:

Traditional job-training programs that focus on basic education but fail to link to employer needs yield disappointing gains in wages and career advancement.³³ While gaining access to first jobs is critical, practices and strategies that focus on advancement generates real opportunities and advancements for workers and can be cost effective for business by reducing turnover.³⁴

Possible Solutions:

- ◆ Align credit and non-credit courses and divisions better to ensure that adult learners who find their way into college and develop an interest in a particular field can transition successfully to that tract without losing their efforts in the non-credit course.
- ◆ *Promising Practice:* Massachusetts Extended Care Career Ladder Initiative (ECCLI), which provides grants to nursing homes, community colleges, etc. to address staff training. Increases of training allow for higher numbers of Certified Nursing Assistants and moving CNAs to becoming Licensed Practical Nurses.³⁵
- ◆ *Sector Initiatives* are industry-specific workforce development approaches. They target a specific industry, crafting solutions tailored to that industry in that region; offer a presence of a strategic partner with deep knowledge of the targeted industry; provide training strategies that benefit low-income individuals, including the unemployed; promote systemic change that cultivates a win-win environment by restructuring internal and external employment practices to achieve changes beneficial to employers, low-wage workers and low-income job seekers.³⁶

Providence Innovations:

- ◆ *Skill Up Rhode Island*, a project of the United Way of Rhode Island, is a community impact initiative that invests in the development and enhancement of workforce intermediaries, or partnerships, to meet the needs of low-skilled adult Rhode Islanders and the employers who hire them. *Stepping Up* provides labor force development in the health care sector and *Building Futures* provides labor force development in the construction sector.

Problem:

Career pathways for unemployed, low-skilled and low-literate individuals, as well as people with limited English skills are difficult to navigate or do not exist. The limited skills and education of individuals can stymie their economic progress and can “trap” individuals in low-wage, unstable employment. Rhode Island has New England's highest high school dropout rate and has the highest percentage of adults at literacy Level 1, the lowest of five National Adult Literacy Survey (NALS) levels. Nearly half (47%) of employed Rhode Islanders are at Level 2 or below. Both levels are considered "well below what American workers need to be competitive in an increasingly global economy" and to secure jobs with salaries adequate to support a family.³⁷

In Providence, 42,891 adults make up the adult education target population (i.e., they are sixteen and older, are not enrolled in school and have no high school diploma and/or are limited English proficient). More than 3 in 5 of the adult education population are lacking a high school diploma but have English skills. Approximately 1 in 10 of the adult education population have a high school diploma but are considered limited English proficient.³⁸

Possible Solutions:

- ◆ Comprehensive Adult Basic Education programs that are specifically geared toward the spectrum of learners and that offer contextual learning that meet the needs of local employers. Programs that offer a comprehensive plan to move individuals through the various stages of education and training with the end result being employment that pays a self-sufficient wage and that has advancement potential yield the most positive results.
- ◆ *Best Practice:* The Seattle Jobs Initiative was created to advance low-skilled adults into good-paying jobs. The Initiative worked with employers to identify skills they needed and teamed with the state vocational institute (part of the community college system). Upon meeting entry requirements, participants engage in training around hard and soft skills and must complete an internship component. Each participant is assigned a case worker from intake to as long as two years after job placement.³⁹

Providence Practice:

- ◆ *The Family Literacy and Even Start Program*, a project of Dorcas Place Adult and Family Learning Center, provides a family literacy program to parents with low literacy/language skills. The program is developed using the four components outlined by the federal government for a quality family literacy program, including role modeling for parents and enhanced connectedness to the school. The schools/community-based partnership creates a welcoming atmosphere for parents and children's curriculum is integrated into all program components.
- ◆ *The Functional Literacy Education Program*, a project of Dorcas Place Adult and Family Learning Center, increases the educational attainment levels for low-income adults in reading, writing, verbal communication, English Language, math, financial and computer literacy skills. The functional literacy program integrates civics education and family and workforce literacy throughout the curriculum in order to prepare students for their adult roles of worker, family member and citizen.
- ◆ *The Workforce Literacy, Career Academy and Job Center*, a project of Dorcas Place Adult and Family Learning Center, is an 8-16 week, effective competency-based program that integrates academic and occupational learning to provide entry-level jobs and post-hiring supports to adults without credentials. The program design was informed by employers who continue to participate on many different levels as advisors, internship sites, speakers, and employment sites. This training program includes academic skills instruction, career exploration through field trips, job fairs, job shadows and internships, as well as job search, placement and retention support.

Upcoming Providence Innovation:

- ◆ *Work readiness training program for Providence Hospitality Industry to support the Providence Connects system, also known as First Source*, a proposed project of Dorcas Place Adult and Family Learning Center, is a 12-week literacy education and training service through Providence Connects job candidates seeking employment in the high demand hospitality industry.

Rhode Island Practice:

- ◆ *The pre-employment and job placement activities at the Family Life Center*, a non-profit organization whose purpose is to support and advocate for the reintegration of ex-offenders into the community, provides employment related services to people transitioning out of prison back into the community.

Upcoming Rhode Island Innovations:

- ◆ *Quality Partners RI*, subject to favorable review and funding provides adult education services in the context of career pathways in long-term care facilities. Hospitality and biomanufacturing components are also being developed.⁴⁰
- ◆ *Newport Skills Alliance*, funded by the Governor's Workforce Board, this interagency demonstration project is being developed on Aquidneck Island to link low-income job seekers and incumbent workers with unfilled vacancies in sectors⁴¹ deemed critical to the Island's future economic growth.

Problem:

State welfare policies (TANF) that fail to integrate the population into workforce development efforts neglect an important segment of the low-skilled workforce. In Rhode Island in 2006, over 10,000 families relied on a Family Independence Program (FIP) cash grant and the employment services offered. In Providence in 2006, 4,640 families, with 8,821 children, utilize FIP.⁴² A recent testing of a cohort of FIP parents showed that 32% read below the 6th grade level and an additional 43% read below a 12th grade level.⁴³ In 2005, 57% of all families living in poverty in Providence are female-headed households with children.⁴⁴

Possible Solutions:

- ◆ TANF policies can be implemented on the state level that can improve the lives of children and families who are enrolled. Policies include:
 - Disregard more earned income, while supplementing earnings.
 - Ensure educational and vocational training, even those not "countable" by federal regulations, are available to meet the needs of clients and extend training beyond the limited months to ensure clients can secure a job that pays enough to allow financial independence.⁴⁵
- ◆ Family Independence Program (FIP) policies should be aligned to allow parents to complete a 2-year college program and should allow parents with very low levels of literacy to continue with their education as necessary.
- ◆ *Promising Practice:* Seattle Jobs Initiative's "men of action" support group is a job retention initiative that recognizes that it can take a long time for people "to stick" in the labor market and progress is not linear. Retention services begin at placement. The program includes: basic knowledge and skill development, career management, family-friendly workplace options, financial support for education and training, place-based strategies for harder-to-employ, and special services for those with substance abuse, experiencing domestic violence, previously incarcerated, and depression.⁴⁶

Rhode Island Practice:

- ◆ In the 2006 legislative session, the Family Independence Program (FIP) was amended to allow participants to combine 10 hours of education or training with 20 hours of work to reach the 30 hour work requirement beginning in the 25th month of their employment plan.
- ◆ Rhode Island developed two programs to serve the needs of those unable to meaningfully connect to the workforce after 24 months of enrolled in FIP:
 - *Transitional Jobs Program* – is a subsidized period of work within the community to help participants develop skills. This is generally a 3-5 month learning experience.
 - *Supportive Employment Program* – offers a job coach/counselor to the participant. This is not subsidized.⁴⁷

Upcoming Rhode Island Innovations:

- ◆ As of July 1, 2007, the Office of Adult Basic Education will fund several innovative models that will support current and former FIP clients. These models combine education, training, wrap around supports and quality job matching (based on the Portland, Oregon experience).⁴⁸

Problem:

Adults who have limited English skills often face poor labor market prospects. Of the 42,891 adults who make up the adult education target population in Providence, 30% are classified as limited English proficient. Beyond their limited fluency in spoken English, many immigrants often lack education credentials and written English skills vital to the advancement in the labor market.⁴⁹ Nationally, less than 1/3 of adult English Language students achieve education levels beyond a GED.⁵⁰

Possible Solutions:

- ◆ *Promising Practice:* In Portland, Oregon and at the Center for Employment and Training in California, there has been tremendous success in integrating job training with English language literacy and math instruction. This integrated approach has resulted in increased employment and higher earnings.⁵¹

Upcoming Providence Innovation:

- ◆ *Welcome Back Center of Rhode Island and English Language Institute for Immigrant Professionals (pending FY 08 funding),* a proposal by Dorcas Place Adult and Family Learning Center, reduces barriers for foreign-trained immigrant health care professionals seeking to work in the health care sector by providing English language instruction and re-credentialing, licensing support, employer networking, and access to accelerated post-secondary health care courses.

Providence Practice:

- ◆ *Rhode Island Professional Latino Association (RIPLA)* RIPLA is an association of Latino professionals who would like to practice their chosen professions in the US, but face challenges associated with re-credentialing and English literacy. RIPLA is working with its members to help them gain credentials in the legal, engineering, teaching, and healthcare sectors, among others.
- ◆ *English for Speakers of Other Languages* programs are offered at the International Institute, Genesis Center, Progreso Latino, Dorcas Place Adult and Family Learning Center, the Southeast Asian Economic Development Center, the Providence Housing Authority, and English for Action.

Problem:

Limited skills of incumbent workers prohibit career advancement and/or full employment. To advance economic priorities, helping workers retool skills for career advancement, advancing low-skilled workers, and workforce education programs need to be used strategically to insure economic development. Helping incumbent workers can help attract or retain key businesses and help dislocated workers retool skills for new careers.⁵²

Possible Solutions:

- ◆ *Promising Practice:* Minnesota created a Job Skills Partnership that distributes “Low-Income Worker Training” grants to employment services designed to train individuals who are under 200% of the federal poverty threshold.⁵³
- ◆ *Proven Practice:* California’s Employment Training Panel, funded by unemployment insurance dollars, train new and existing workers on technological advances. There is a specific allocation for former TANF recipients. The Panel has demonstrated success of

increasing the wage levels of participants, with low-income workers seeing the greatest income gains.⁵⁴

- ◆ *Proven Practice:* The Allied Health Workforce Initiative responds to the present and projected shortages in the allied health workforce in Boston's hospitals. The initiative focuses on preparing current employees who have chosen careers in health care and helps them to advance to professional programs and allied health professions. It builds on the investment of Boston's major teaching hospitals in workforce development to create a pre-allied health educational "pipeline" to careers in critically needed allied health professions.⁵⁵

Rhode Island Practice:

- ◆ *The Job Training Tax Credit* allows a credit against the corporate income tax equal to 50% of actual training expenses for new and current employees, up to \$5,000 per employee, over 3 years. Employees must work at least 30 hours per week at the time of training, make 150% of the RI minimum wage at completion and be retained for 18 months for the company to qualify.⁵⁶

Upcoming Rhode Island Innovation:

- ◆ *Food Stamp Employment Training (FSET)*, Making Connections Providence is working with the Poverty Institute, the Family Life Center, Dorcas Place, CCRI and the Genesis Center and other partners to develop an FSET Pilot Project that would enable partners to provide additional services and/or serve additional food stamp participants as part of a neighborhood and re-entry pipeline effort. FSET provides federal matching funds for the majority of non-federal workforce development dollars spent on any food stamp recipient.

Problem:

Effective partnerships among labor unions, business, government and organizations with knowledge of the needs of low-income communities are needed to successfully implement workforce development strategies. Labor unions know the needs of employers and can identify changes that will be necessary to prepare low-income employees for advanced positions and employers can predict occupational and industry shift and can connect workforce education and training to employers who offer quality jobs and advancement potential for workers.

Possible Solutions:

- ◆ *Best Practice:* Baltimore Alliance for Careers in Healthcare Workforce is a workforce intermediary set up to meet the industry demands for health care workers. The alliance has developed career maps, career coaching programs and serves incumbent workers and unemployed individuals.⁵⁷
- ◆ *Promising Practice:* Critical Skills Shortage Initiative in Illinois uses state WIA funds to fund regional links between employers, economic/workforce development agencies and postsecondary providers to identify jobs which have critical shortages of skilled workers, uniting services to eliminate these shortages.⁵⁸
- ◆ *Promising Practice:* Washington State unites business, labor, education and workforce professionals to determine current/future skill needs and develop strategies to enable both business prosperity and worker advancement.⁵⁹
- ◆ *Promising Practice:* Massachusetts Workforce Training Fund (WTF) provides grants to partnerships of businesses to provide customized training to current/newly hired workers, specifically in private sector investment.⁶⁰

- ◆ *Promising Practice: Jobs to Careers* changes the way that health care employers train, advance, and reward frontline workers, contributing to improvements in care and service delivery. Partnerships consist of a health care employer and an educational institution and can also include unions, Workforce Investment Boards, and community agencies.⁶¹

Providence Innovations:

- ◆ *Providence Connects* implements City Ordinances 21-93 and 21-94 (*First Source*) that require businesses in the City of Providence who receive aid in cash or in-kind from the City to enter into an agreement with the City to hire Providence residents from a list to be maintained by the Department of Planning and Development. Aid includes tax concessions, and/or abatements, federal grants and direct City funding. Goals are also set for training and hiring women, minorities and the disabled for these jobs. Further work to improve implementation will promote the effectiveness of this ordinance.
- ◆ *Skill Up Rhode Island*, a project of the United Way of Rhode Island, is a community impact initiative that invests in the development and enhancement of workforce intermediaries, or partnerships, to meet the needs of low-skilled adult Rhode Islanders and the employers who hire them. *Stepping Up* provides labor force development in the health care sector and *Building Futures* provides labor force development in the construction sector.

Job Creation

Job creation is a vital aspect of economic development. Whether through micro-enterprise development or tax credits, appropriate measures of success need to be included in any program that seeks to offer an incentive to the private sector for job growth. A measure of success should take into account not simply the raw number of jobs created but also the quality of employment opportunities that become available to residents. These performance standards should be clearly articulated so that the public goal of the incentives are explicitly stated and allow for a continual evaluation of the results. Contracts need to be created with allowance for ownership and responsibility for specific criteria on the part of all stakeholders. Additionally, timelines for things such as the benefit period need to be determined as a part of this process.

Problem:

Complex regulatory and administrative frameworks create high fixed costs for small enterprises and increase the need for administrative and business advice. There is often reluctance in the banking sector to issue loans for these endeavors because of a lack of equity, experience, and/or collateral.

Possible Solutions:

- ◆ Micro-enterprise development can particularly benefit those who are unemployed, underemployed, long-term unemployed, and poor workers. Micro-enterprise is defined by HUD as a business with 5 or fewer full-time employees, one of whom owns the business.
 - *Proven Practice: ADIE/Cicero Foundation* provides access to financial and non-financial services. There is an established Intermediary who partners with banks to control the risk and externalize the additional costs, diversity of loans, set parameters, interest rates, and terms. Business training, marketing and legal, administrative support, micro business circles, internet forums and virtual associations are provided. There is a high recovery rate (94%) and success rate of business (75%). The survival rate beyond 2-3 years is 64%.⁶²

Rhode Island Practice:

- ◆ The Rhode Island Economic Development Corporation and a small group of partners provide access to micro-business financing through loans and provides business development assistance through training, support and mentoring.⁶³

Providence Practice:

- ◆ *The Prairie Avenue Revitalization Initiative* seeks to create a sustainable commercial business and residential district along Prairie Avenue and surrounding areas by implementing a comprehensive economic revitalization plan that will encourage institutional partnerships, attract broad-based investment, provide workforce development and employment opportunities, and support homeownership as an effective ‘Model Cities’ strategy. The consideration of Prairie Ave. as a strategic corridor was driven by expansion of hospitals and health care related jobs, training, and education.
- ◆ *Community Health Worker Initiative*, developed by the Central Area Health Education Center, works with students of all ages to ignite an interest in the sciences and to provide volunteer, mentoring and career training opportunities.⁶⁴

Problem:

Tax credits can help to stimulate an economy, but need to be monitored to ensure that the credit is producing the economic benefits required. Without this accountability, the loss of state revenues is problematic. Rigorous evaluation can eliminate the risk of ineffective outcomes not in the public interest. A firm understanding grounded in the value of the expected public benefit and what the expected public cost for such incentives will be is needed.

Possible Solutions:

- ◆ Systematic and ongoing assessments of the econometric effects of tax credits on job development are needed. Effective assessments use a standard academic measure of cost-effectiveness such as “cost per job created” to ensure that the loss of tax revenue is at an efficient level given the results.⁶⁵
- ◆ A comparative analysis at specified intervals to examine whether or not any job growth would have occurred in the absence of tax credits.⁶⁶
- ◆ Enact tax credits that apply to payroll taxes versus only income taxes to encourage all businesses, and not only profitable ones, to create additional employment opportunities.⁶⁷
- ◆ *Promising Practice:* In lieu of tax credits, Oklahoma’s “Quality Jobs Program” closely ties direct employment cash subsidies to strong accountability measures including a preliminary cost-benefit analysis for all companies seeking a subsidy, wage level requirements for qualifying new jobs, and provision of basic health insurance to new employees.⁶⁸

Select Rhode Island Tax Credits and Grants

- ◆ **RI Enterprise Zone Business Tax Credit** - Any business located in a state enterprise zone that grows its employment base by 5% with full-time Rhode Island residents may be eligible. If a business is eligible, the owner(s) may elect to take the **Enterprise Zone Resident Business Owner Modification** instead of the Business tax credit.
- ◆ **Mill Building Revitalization Act (MBRA)** -The MBRA allows tax advantages to the owners of certified mill buildings, lenders making loans to businesses located in the building, and businesses which are located in the building.
- ◆ **Jobs Growth Act (RIGL 05-054)** - The Jobs Growth Act provides tax incentives for employees of large companies by allowing companies that employ 100 or more new workers (with a new payroll of at least \$10 million) to offer their employees tax exemptions on half the money they make in bonuses.
- ◆ **Welfare-to-Work Tax Credit (PL 108-311)** - This law promotes the hiring of long-term recipients of the Temporary Assistance to Needy Families (TANF) program.
- ◆ **The Work Opportunity Tax Credit (PL 104-188)** - This law promotes the hiring of eight targeted groups of job seekers: TANF recipients, some veterans, recipients of vocational rehabilitation services, food stamp recipients, and Supplemental Security Income (SSI) recipients.
- ◆ **RI New Employment Tax Credit – Tax Incentives for Employers Long-Term Unemployment Act** – This tax credit promotes the hiring of long-term unemployed workers. The tax credit applies to new hires who were unemployed for at least 26 weeks and received Unemployment Insurance benefits or received public assistance for one year prior to the date of hire. The new employee must remain employed for 52 consecutive calendar weeks with a minimum of 1,820 hours of paid employment.

Source: Rhode Island Department of Labor and Training.

Providence Economic Development Partnership (PEDP)

The Providence Economic Development Partnership provides financial and technical assistance to businesses and organizations to help grow the Providence economy. PEDP programs include: technical assistance on a range of matters, including site selection and workforce training; revolving loan funds to encourage job creation; micro loan programs; storefront improvement grants; and art and culture revolving loans.

Source: www.providenceri.biz

Additional Rhode Island Resources

Workforce Investment Act (WIA) - WIA supports state and local job training and labor retention programs. The Rhode Island State Workforce Investment Office is responsible for oversight, monitoring and policy of the Workforce Investment Act (WIA).

The Governor's Workforce Board - The Governor's Workforce Board is currently preparing a strategic plan for advancing workforce development in Rhode Island. The Board provides qualified businesses with funding for worker training. **The Rhode Island Workforce Alliance** - The RI Workforce Alliance advocates for local, state, and federal policies and investments that help RI workers and job seekers, especially those who are low-income or low-skilled, advance in the workforce and that help businesses better compete in today's economy.

Source: www.ridec.com

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