

**A RESOLUTION OF THE NEW YORK CITY WORKFORCE INVESTMENT BOARD
WORKFORCE POLICY COMMITTEE APPROVING MODIFICATIONS TO
THE NYC BUSINESS SOLUTIONS TRAINING GRANT PROGRAM**

BE IT RESOLVED that the Workforce Policy Committee hereby approves the modifications to the NYC Business Solutions Training Grant Program, described in the presentation attached hereto.



New York City Department of Small Business Services

www.nyc.gov/training

Proposal for Improvements to the Customized Training Program

August 29, 2007

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I. NYC Business Solutions Training Overview

- **Business Rationale for Program**
- **Awards To Date**

II. Improvements to the Customized Training Program

- **Executive Summary**
- **Eligibility**
- **Funding**
- **Outcomes and Data Collection**
- **Application**



- **Objectives**

- Launched in 2005, the NYC Business Solutions Training Grant provides New York City employers with technical support and funding to develop the skills of their workers
- The Grant is designed to grow the City's economy by enabling employers to increase wages, build skills, and help workers advance in their careers

- **Training Grant Funding**

- Workforce Investment Act (WIA)
- Commission on Economic Opportunity (CEO) – Tax Levy

- **Training Types**

- Occupational
- Work Readiness: adult literacy and numeracy, English as a Second Language, and workplace behavior skills



- **The program creates value for NYC businesses in a number of ways, including:**
 - General productivity gains attributable to improved soft skills and deeper occupational expertise
 - Fewer customer returns due to faulty products/orders
 - Increase in sales or revenues
 - Reduced processing time of customer orders
 - Reduced search costs for high-demand, mid-skill job openings (i.e., Licensed Practical Nurses)
 - Improved retention of key staff
 - Facilitated expansion: lowers costs required to train staff on new technologies and new skills
 - Lower insurance premiums and reduced liability for businesses whose low-skill employees receive training beyond legally mandated levels (i.e., restaurants)
 - Higher customer satisfaction driven by better service



- **35 Grants awarded since 2005: led to \$8.5 million in training investments**
 - Program awards: \$3.4 million
 - Employer contributions: \$5.1 million
- **7 Industries Served**
 - Concentration of funding in Manufacturing/Industrial and Healthcare
- **Projected Outcomes**
 - 2,225 employees trained
 - Wage increases for 77% of all trainees, with an weighted average wage increase of 22%¹
 - Transferable skills in growth occupations
 - Career advancement and promotion for over 500 trainees (22%)
- **Occupations (partial list)**
 - Surgical Technicians and Licensed Practical Nurses (LPNs)
 - IT technicians
 - Commercial drivers (CDL Class A)
 - Retail operations coordinators

¹ Weighted average increase calculated as the average gain for all trainees who experienced a wage increase after training



I. NYC Business Solutions Training Overview

- **Business Rationale for Program**
- **Awards To Date**

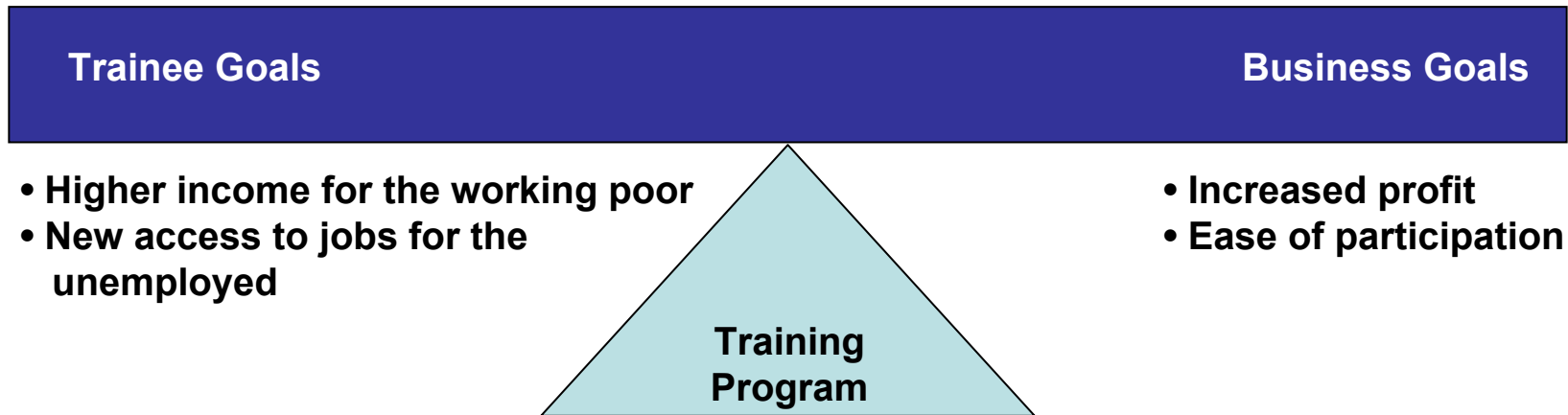
II. Improvements to the Customized Training Program

- **Executive Summary**
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Executive Summary



- SBS is revising its customized training grant program
 - SBS will “blend” funding from city tax levy dollars and WIA into a single program
 - Total funds available in FY08 represent a threefold increase over previous years
- SBS proposes changes to the training program model that will help meet its goals of delivering value to businesses while increasing the income and mobility of trainees
- Significant proposals include
 - Renamed program for increased brand recognition
 - Removal of the word “grant” from all materials
 - New name of NYC Business Solutions Training Funds
 - Flexible trainee wage eligibility
 - Up to 10% of trainees allowed to earn over \$61,830/yr pre-training
 - Up to 25% of trainees can earn below \$10/hr post-training
 - More generous match for businesses
 - Normal business contribution lowered from 50% to 40% due to a new 10% administration payment
 - Businesses with fewer than 100 employees eligible for a 30% contribution
 - Movement toward a pay-for-performance reimbursement system
 - 40% of SBS contribution held until closeout, with distribution contingent on trainee completion rates
 - Additional incentive payments available to employers that exceed the trainee estimates in their application
 - Easier application process
 - Mandatory use of a brief preapplication to help provide technical assistance as companies prepare their proposals
 - Marketing of rolling applications that request less than \$50k of funds
 - Better outcomes tracking
 - Use of state Wage Reporting System data to track income and employment of trainees



We have proposed changes to the training program's design *ONLY* when they enable us to better meet these goals for trainees and/or businesses.



SBS conducted interviews with

- 20** Mid- and large-sized business representatives

- 11** Small business representatives

- 10** Training intermediaries

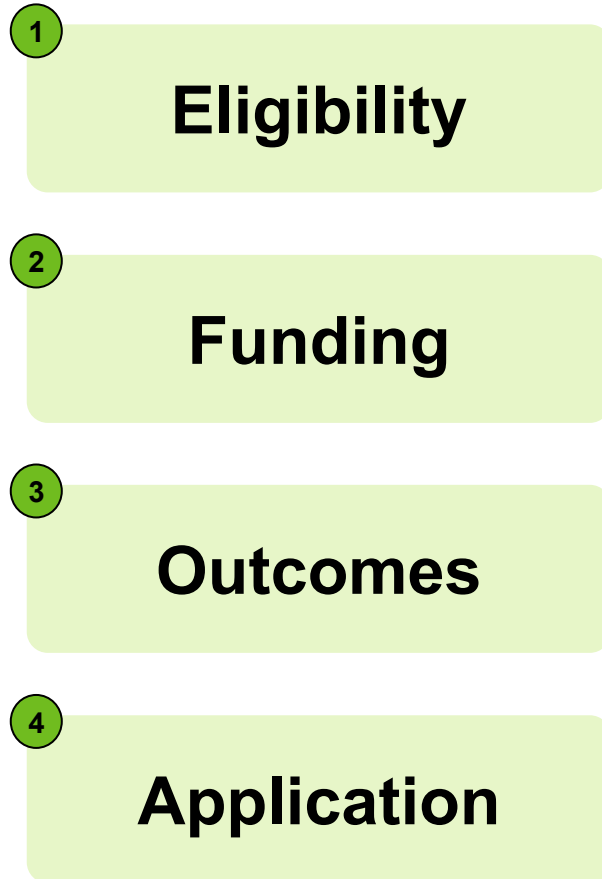
- 10** National thought leaders (academics, researchers, etc)

- 9** Training providers

- 8** Past recipients of a SBS Training Grant

- 8** Leaders of out-of-state training programs

The full list of individuals consulted is included in the Appendix



SBS must also establish the necessary back-end processes to manage the expanded training program



Applicant Eligibility

- The only entities eligible to apply will be:
 - Individual businesses
 - Consortia of businesses (i.e., Greater New York Hospital Association or a Chamber of Commerce)
 - Training providers ONLY if they represent at least three businesses that commit to a proposal
- Expansive sector based criteria
 - Revise “aviation” to “transportation”
 - Use NAICS designations of sectors to align with other SBS units
 - Provide examples of businesses in each sector

Trainee Eligibility

- The income threshold for trainees has been adjusted so that:
 - The upper income threshold for all trainees increases from \$56,000 to 450% of the federal Lower Living Standard Income Level (LLSIL), currently \$61,830
 - Up to 10% of trainees can earn over 450% of LLSIL BEFORE training (to expand managerial capacity)
 - Up to 25% of trainees can earn below \$10/hr AFTER training (to create entry level positions)
- Eligible trainees will include new workers and incumbent workers, just as in the old program
 - Trainees must have a W-2 upon completion of the program
 - Interns and part-time workers remain ineligible, unless they will have full-time jobs after completing training

Program Eligibility

- Size
 - Revised maximum grant of \$400,000 (up from \$300,000)
 - New minimum grant of \$10,000
 - New minimum of 10 employees being trained
- Format
 - Occupational skills training including contextualized ESL/numeracy/literacy training are eligible
 - Skills must be transferable
 - Pre-employment, orientation, and internships all remain ineligible



Match Level

- The normal SBS match rises from 50% of costs to 60% of training budget to account for administrative costs borne by the company
- Businesses with fewer than 100 employees receive an additional contribution of 10% of the budget, allowing them to contribute 30% of total training costs

Reimbursement Timeline

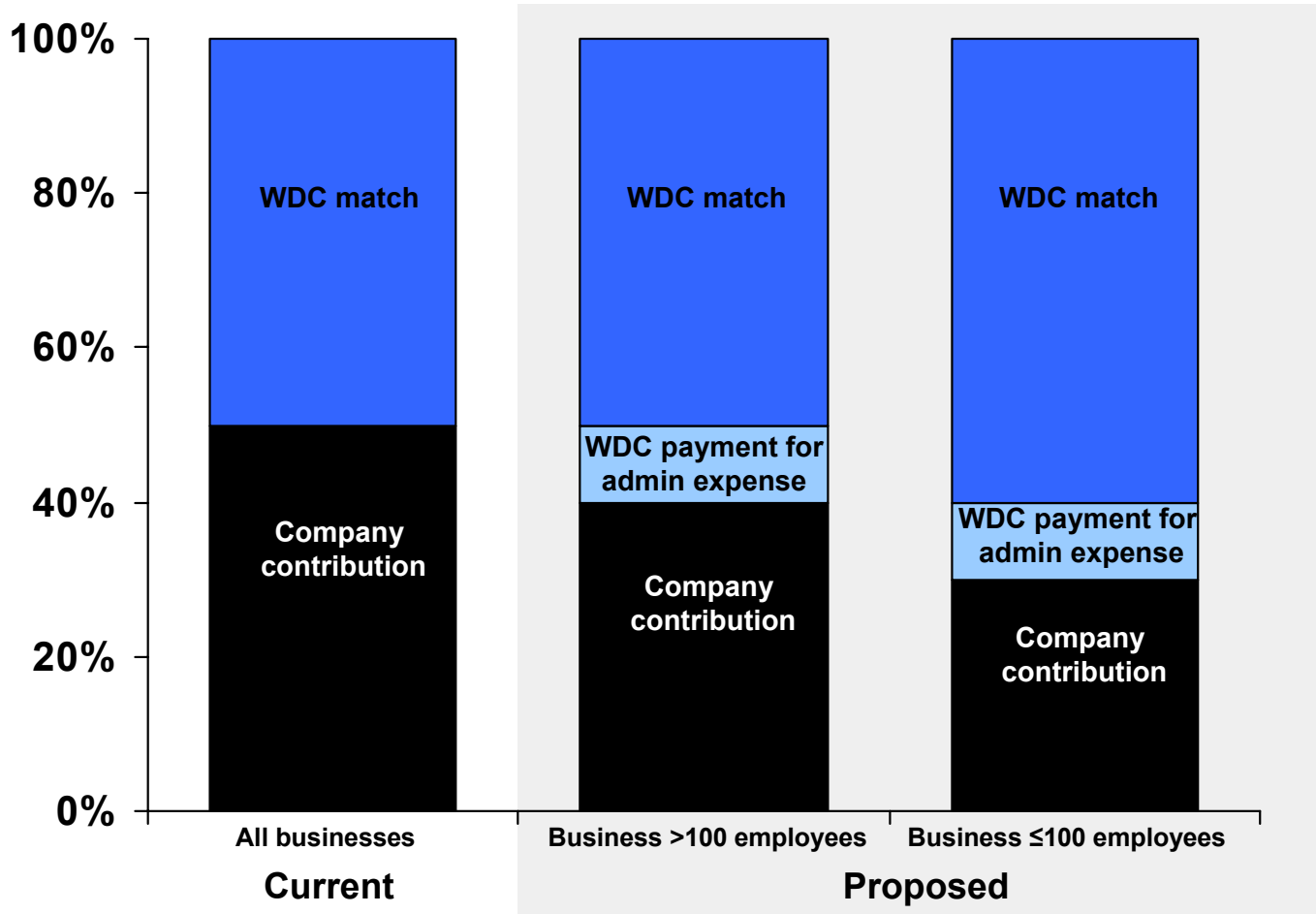
- 20% of SBS funds will be distributed as soon as contract is signed
- 40% distributed during the training program's operation
- 40% distributed as a “closeout payment” when the program is finished
 - Size of closeout payment dependant upon the completion rate of trainees

Training Completion Rate	Closeout Payment (as % of funds remaining)
>100%	Bonus of up to 10%
90-100%	100%
50-90%	Pro-rated
<50%	0

The next two pages provide illustrations of these new funding policies

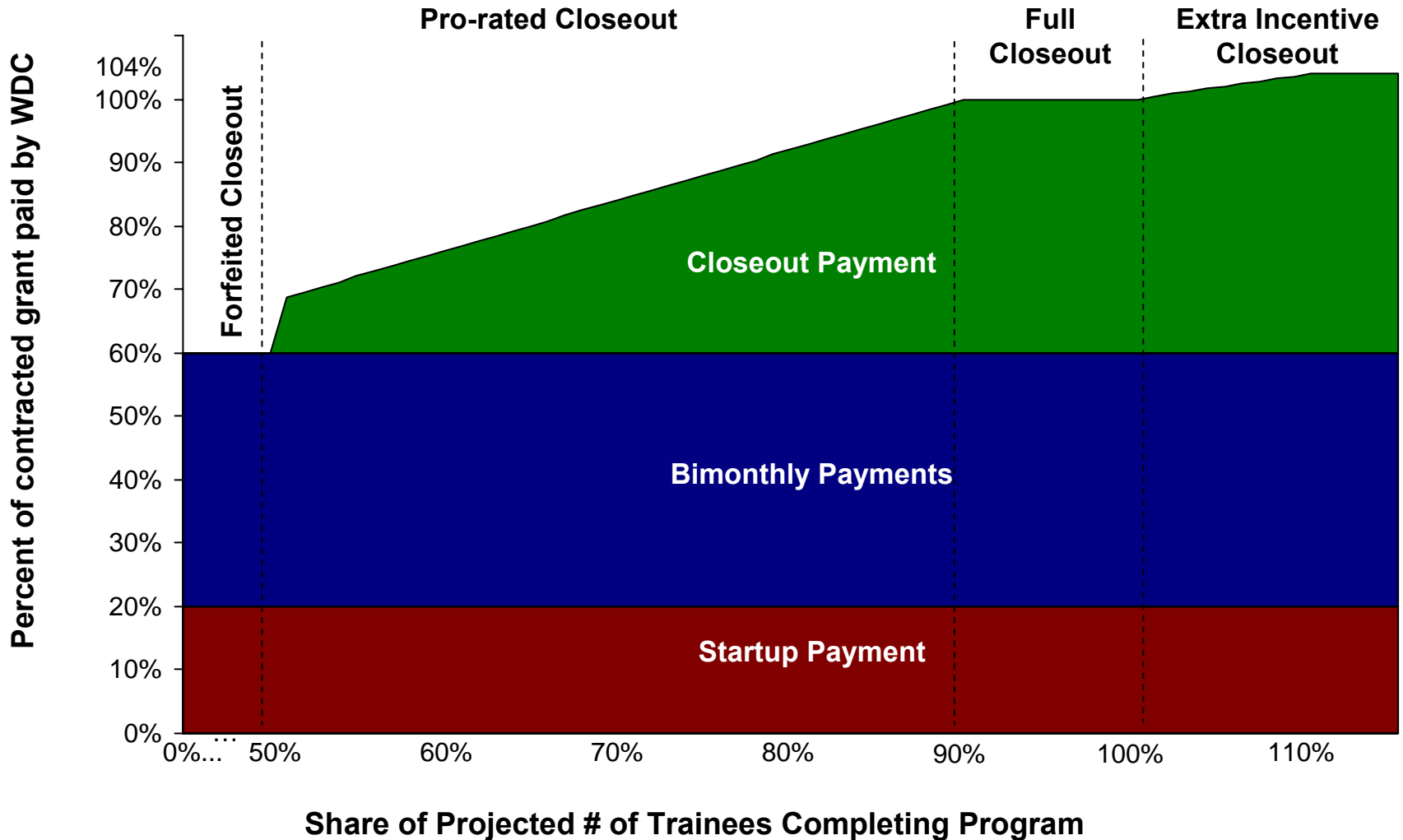


Share of Training Budget Paid by WDC and Employer





Impact of Training Completion Rates on Closeout Payment Plan



③ Outcomes and Data Collection



Outcomes information captured will include:

- For trainees:
 - Income increase post-training
 - Skills gain
 - Training completion rate
 - Placement rate for new hires
 - Retention rate (within sector)
- For employers:
 - Employer satisfaction
 - Employer retention rate
 - Types of productivity gains experienced

We will not track:

- Promotions
 - Employers say they can be “invented” and are meaningless
- Split between work readiness and occupational training
 - Employers tell us that categorizing is artificial and arbitrary
- “Quality of job” indices like changes in working hours or improvement in health benefits
 - No reliable way of collecting information without excessively burdening employers

Outcomes will be verified using New York State Wage Reporting System (WRS)

- WRS is based on quarterly employment insurance information filed by employers
 - We are still working with New York Department of Labor and the NYC WIB to confirm WRS data availability
- Pro’s of WRS data:
 - Reliable
 - Can be tracked via Social Security number
- Con’s
 - Limited information available
 - 6-8 month lag receiving it from New York Department of Labor
 - Cannot capture information for trainees who leave New York State

3 Outcomes and Data Collection, continued



WDC/SBS touch points with employers

	Program application	Program launch	Bi-monthly check-ins	Program closeout	6 month review	12 and 24 month analyses
Data Collection method	Employer application	Registration forms	Bimonthly Activity and Financial Reports (BAR's and BFR's)	Employer survey, interview	Employer survey, interview	NYS Wage Reporting System data
Purpose	Evaluation	Tracking, Monitoring	Monitoring	Tracking, Monitoring, Outcomes	Tracking, Outcomes	Tracking, Outcomes
Data used to track:						
Income growth	✓				✓	✓
Training completion rate (skills gain)		✓	✓	✓		
Placement rate for new hires		✓		✓		
Retention rate (sector)		✓				✓
Retention rate (employer)		✓		✓	✓	✓
Productivity gains	✓			✓	✓	
Employer satisfaction				✓	✓	



Mandatory preapplication

- All businesses interested in applying must submit a 10-minute preapplication
 - Allows SBS to minimize number of applications submitted that are ineligible, incomplete, or otherwise unlikely to be funded

Streamlined application process

- Companies requiring VENDEX approval will be encouraged to submit VENDEX questionnaires as soon as soon as they submit a preapplication that is favorably reviewed
- Companies needing emergency training encouraged to submit applications for under \$50k that can be reviewed on a rolling basis
 - Preapplication still required

Revised application

- Language will be simplified
 - I.e., all references to “incumbent workers” will be changed to “workers you now employ”
- No budget split between occupational and work readiness training
- The words “productivity” and “profit” will be more prominent



Summary of Proposed Programmatic Changes

	Current	Proposed
<u>Eligibility</u>		
Training providers allowed to apply on behalf of applicants	No	Yes, if they represent three or more businesses
Upper limit for trainee annual salaries (pre-training)	\$56,000	\$61,830
% of trainees allowed to earn more than the maximum prior to training	0	10
% of trainees allowed to earn <\$10/hr (post-training)	0	25
Maximum grant size	\$300,000	\$400,000
Minimum grant size	None	\$10,000
Minimum number of employees trained	None	10
<u>Funding</u>		
Baseline SBS match	50%	50%
SBS contribution for admin expenses	0	10%
SBS additional contribution available to businesses <100 employees	0	10%
% of funds eligible for distribution :		
At program launch	20%	20%
During training	60%	40%
At program closeout	20%	40%
% of projected trainees completing training program necessary to collect 100% of final distribution	80%	90%
Penalty if minimum number of trainees does not complete program	Lose all closeout payment	Pro-rate closeout payment
Incentive payment available to companies exceeding expected number of trainees	No	Yes, up to 10% of closeout payment
<u>Outcomes and Data Collection</u>		
Frequency of reports generated during program	Monthly	Bimonthly
Use of WRS data	No	Yes
Tracking		
Income increase	Yes	Yes
Training completion rate	Yes	Yes
Placement rate for new hires	Yes	Yes
Retention rate for sector	No	Yes
Employer satisfaction	Yes	Yes
Employer retention rate	Rarely	Yes
Types of productivity gains experienced	No	Yes
Promotions	Yes	No
Quality job of indicies	Rarely	No
Occupation/Work Readiness categorization	Yes	No
<u>Application</u>		
Mandatory preapplication	No	Yes
Employers allowed to apply for VENDEX approval before grant awarded	No	Yes





Individuals Consulted on Program Design (1 of 3)

Training Provider Panel

<i>Virginia Cruickshank</i>	Federation Employment and Guidance Service (F.E.G.S.)
<i>Linda Quinones Lopez</i>	Per Scholas
<i>Elizabeth McGuire</i>	The HOPE Program
<i>Eurydice Robinson</i>	Binding Together
<i>Mary Sprague</i>	Managed Work Services
<i>Stu Schneider</i>	The Skill Center
<i>Sandy Roldos</i>	Career Quest LTD.
<i>Sonya Maxwell</i>	American Society for Training and Development (ASTD)
<i>Suma Kurien</i>	LaGuardia Community College

Non-User Employer Panels

** Businesses with no prior SBS training grant experience*

Small Employer Panel (34 or fewer employees) – 11 participants

Medium Employer Panel (35-149 employees) – 12 participants

Large Employer Panel (150 or more employees) – 8 participants

In total, SBS staff spoke with more than 70 people about the program's design

Individuals Consulted on Program Design (2 of 3)



User Employer Panel

** Existing training grant participants*

<i>Daisy Romero</i>	Garment Industry Development Corp.
<i>Gaspar Marino</i>	Tiffany & Co.
<i>Florence Wong</i>	1199ETJSP – Grant Corp.
<i>Sean Maurice</i>	Soundwriters, Inc.
<i>Ken Cohn</i>	Felix Storch, Inc.
<i>Louise Holmes</i>	Weill Cornell Medical College of Cornell University
<i>Janett Hunter</i>	Montefiore Medical Center
<i>John Torgersen</i>	McAllister Towing & Transportation Co.

Intermediary Panel

** Industry associations, economic development organizations, etc.*

<i>Rick Surpin</i>	Independence Care Systems
<i>Chuck Hunt</i>	New York City Restaurant Association
<i>Michelle Valdez</i>	New York City Sales and Service Training Partnership
<i>Pam Bradley</i>	Industrial Technology Assistance Coporation
<i>Jay Kairam</i>	New York Industrial Retention Network
<i>Ana Perez</i>	Garment Industry Development Corp.
<i>Rachael Dubin</i>	Southwest Brooklyn Industrial Development Corp.
<i>Francine Thompkins</i>	New York City Sales and Service Training Partnership
<i>Jeanette Nigro</i>	Brooklyn Chamber of Commerce
<i>Richard Werber</i>	Greater Jamaica Development Corporation

Individuals Consulted on Program Design (3 of 3)



National Programs

Bluegrass State Skills Corporation, Workplace Essentials Skills Program – *Robert Curry, Director*

California Employment Training Panel – *Michael Rice, Manager, Planning & Research Unit*

Chicago TIFWorks program/Customized Training Program, Mayor's Office of Workforce Development – *Will Edwards, Director*

Minnesota Job Training Partnership – *Jodie Greising, Program Coordinator*

New Jersey Workforce Development Partnership Program – *Jessica Richardson, Dir. of Literacy/Basic Skills*

Pennsylvania State Workforce Investment Board – *Teresa Kaufman, Deputy Director*

Commonwealth Corporation (MA) – *Mishy Lesser, Former Director of Program and Resource Development*

Chicago WIB – *Linda Kaiser, Director*

Academia

Paul Osterman, MIT Sloan School of Business

Rob Hollister, Swarthmore College

Heidi Williams, Harvard University Department of Economics

City University of New York – School of Professional Development (Focus Group)

National Supporting Institutions

Annie E. Casey Foundation – *Bob Giloth, Jobs Initiative Manager*

Jobs for the Future – *Richard Kais, Senior Vice President*

CAEL – *Pam Tate, President and CEO*

SeedCo – *Neil Kleiman, VP for Policy, Research, and Communications*

Public/Private Ventures – *Sheila Maguire, Vice President for Labor Market Initiatives*

WIB – *Mark Elliot, Consultant, Board Member*