Business Solutions Training Funds (TF)
A Program of the New York City Department of Small Business Services (SBS)

PROGRAM REVIEW SUMMARY

This overview of the Department of Small Business Services (SBS) Business Solutions Training Funds (TF)[1] is based on a program review conducted by Westat/Metis staff for the evaluation of the Center for Economic Opportunity (CEO) initiatives. Information and data presented here are based on interviews conducted by Westat/Metis staff between June and July 2008 with staff of the CEO and SBS and a review of program documents and management reports from SBS through July 2008.

Sponsoring Agency: New York City (NYC) Department of Small Business Services (SBS)

Provider Agency: NYC Business Solutions (NYCBS), a unit of SBS

Start Date: CEO funding began February 2007; Customized Training Grants, a Workforce Investment Act (WIA)-funded version, has operated since 2005.

CEO Budget: Fiscal Year 08: $3,704,404 (total budget including WIA funds = $5,200,000)

Target Population: Low-skill, low-wage workers and the unemployed

Statement of Need: Approximately 350,000 individuals in New York are working, yet not earning enough to rise above the poverty level. Due to a lack of skills, including limited English proficiency and an inability to access training, many working poor cannot secure permanent well-paid jobs with growth potential. Stabilizing workers on the first rung of the career ladder will improve retention and build a strong foundation for advancement.

Goal and Services: The goal of the SBS TF is to increase the wages and build the skills of low-skill, low-wage employees through training provided directly through their current employer. By offering grants on a competitive, cost-sharing basis to businesses and firms in NYC who employ low-skill, low-wage employees, appropriate training can be conveniently delivered that will help targeted workers gain occupational and transferable skills in literacy, numeracy, English as a second language (ESL), and workplace behavior, enabling them to advance in their careers. Through the grants and technical support, participating employers gain a stronger workforce, increased retention, and enhanced productivity.

Eligibility Criteria: Eligibility refers both to eligible grantees (employers) within NYC and to eligible trainees (workers). Potential grantees must complete a two-phase application process to determine eligibility. Grants are determined based on the administrative resources of the applicant to manage the program, the feasibility of achieving targeted outcomes on time, and the potential profitability gains from the training. Trainees may include incumbent or new workers and should focus on low-income workers earning $15/hour or less. Applications take into consideration the percentage of trainees expected to receive wage increases, how training will help employees perform more effectively, and the delivery of training that is applicable across one or more industry sectors. However, no specific target for serving low-skill low-wage trainees has been specified.

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[1]   The program was formerly named Customized Training Funds Initiative.

Targets/Outcomes: The goal for fiscal year (FY) 08 is to train 750 employees, and this goal jumps to 2,500 employees to be trained in FY09. As Table 1 shows, TF is on track to exceed its FY08 goal of 750 by 826. Another goal is to increase the number of new hires that participating businesses make. Table 1 shows the total number of trainees scheduled to receive training through TF grants and the number and percentage of those trainees that are new hires.

Table 1. Business Solutions TF Trainee Enrollment

Round	Total Number of Trainees	Number of New Hires	% New Hires
December 07	565	128	23%
June 08	563	80	14%
March 08	448	33	7%
Total	1,576	241	15%

Selected Key Findings

Fidelity to the Program Model. TF is based on the pre-existing NYC Customized Training Grants model that started operation in 2005 using WIA funding. CEO funding of the program began in February of 2007, and the first full round of CEO-funded grants began in December 2007. Both models share the goal of providing training for low-skill, low-wage workers that will lead to increased job retention, promotion, and wages. In both models, training is provided through the employer. While WIA funding remained stable, the addition of CEO funding brought with it a new theoretical model. The central tenets of the new approach are to make the program more flexible for businesses and to track fewer, but more measurable, outcomes. The program has made three rounds of awards, but only seven of the 23 TF grantees have started their training programs. While the first few grantees appear to be following the new model, it is too early to assess program fidelity to the new model, particularly given a lack of sufficient data about the trainees.

CEO funding allows for a broader range of training to be covered under the grants — training specifically designed to address transferable soft skills including job readiness, basic education, and ESL. However, less than half of the employers funded thus far appear to be taking advantage of this flexibility by offering some type of soft skills training. With the CEO funding, the employer match is more flexible, changing from 50 percent to between 30 to 40 percent depending on company size. The maximum grant size was increased to $400,000 and a provision was made for small businesses to apply together as a consortium. Final payment of the award is more flexible under the TF rules because if the outcomes are below certain thresholds, the figure is pro-rated rather than lost. The program has a built-in system for making changes to grants after an award is made. The program model also calls for fewer and more measurable outcomes to reduce the strain of participation on businesses.

Characteristics of the Clients Served in Comparison to the Target Population. As a CEO program aimed toward serving low-income New Yorkers, TF set as its primary focus workers earning $15/hour or less. However, TF trainees can include those who earn significantly more than $15/hour. Table 2 presents data provided by SBS on the pre-training wages of workers in the three most recent rounds of TF awards. Taken together, over half (53%) of the incumbent workers scheduled to receive training fall within the $15/hour or under categories.[2] Over the course of the three cycles, those in the lowest earning category (less than $12/hour) have ranged

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[2] Due to a higher cut-off point of $15.99/hour used for summarizing the pre-training wages of the June 2008 cohort, it is impossible to know with certainty using the reported data how many of the 119 individuals within this category earn more than $15/hour in pre-training wages. TF and CEO will need to standardize this reporting requirement for future comparable analyses.

between one-quarter and one-third of the total. When aggregated across the three cycles, this lowest paid group makes up 30 percent of the total scheduled to receive training, the largest proportion of all four wage categories. Those in the highest wage category (earning $20 or more per hour) are the second largest category to be served with training funds. Without specific targets for the percentage of trainees with pre-training wages below $15/hour, it is difficult to state whether TF is adequately serving its target population.

Table 2. Pre-Training Wages of Incumbent Workers

	December 07		June 08		March 08		Total	
	#	%	#	%	#	%	#	%
Pre-training wage:								
Less than $12.00	180	34%	139	29%	108	26%	427	30%
$12.00 – 15.00a	114	21%	119	25%	104	25%	337	23%
$15.01 – 19.99	123	23%	117	24%	64	15%	304	21%
$20 or above	119	22%	108	22%	147	35%	374	26%
Total	**536**	**100%**	**483**	**100%**	**423**	**100%**	**1,442**	**100%**

a NOTE: For the June 08 awards, the category of $12-$15/hour includes pre-training wages up to $15.99, as SBS summarized the data using this categorical range in response to a specific CEO request made prior to the program review.

Service Delivery. From the grantee's perspective, program services are essentially the influx of additional training resources. TF reports that NYCBS provides technical assistance to grantees that is designed to enhance the utility of the training resources.

From the trainee's perspective, program services are more direct and tangible in the form of convenient, employer-based training opportunities. The types of training are wide-ranging and may include job-specific training, literacy and numeracy skills, application of technology, workplace behavior, and English as a second language (ESL). According to a review of the NYCBS abstracts that described the current mix of 23 grantees, 13 plan to offer some type of ESL, literacy, customer service, communications, or job readiness training not eligible under WIA. Although many trainees might already possess basic job skills, or employers who need this type of training for their employees might not apply for these training funds, feedback from the employers themselves probably provides the best explanation: although soft skills are essential for initial hiring and retention, increases in soft skills rarely justify wages gains. Hence, employers focus on occupational skills.

Agency Management. SBS appears to provide strong managerial oversight of the TF program with respect to making the awards. However, at the time of the program review, only seven of the 23 TF grantees funded had started their training program, so SBS has had limited opportunities to manage fully implemented programs. Unlike many other SBS-managed programs, TF is managed internally by NYCBS, a division of SBS, rather than by an external service provider. The availability of CEO funding that started in February 2007 allowed for considerable expansion of program staffing, enabling both programmatic growth as well as programmatic management. A significant amount of additional resources are leveraged through matching contributions required from participating employer partners.

Periodic site visits to grantees provide SBS with information to help gauge fidelity to proposed training strategies. To reduce employer burden, Monthly Activity Reports (MARs) are collected bimonthly from grantees. These reports gather information on employees who are in training, what type of training is being delivered, etc. However, SBS has not yet developed mechanisms for aggregating data on training across grantees. The

lack of aggregate data makes it difficult to judge whether the program as a whole is meeting CEO goals. Although organizing aggregate data on demographic characteristics of trainees is not part of TF's current outcome analysis plan, it will rely on employer information as well as New York State Department of Labor's Wage Reporting System data to evaluate wage gains. Presumably, once these data are available, it will be possible to aggregate these data across all grantees.

Early Outcomes. TF appears to be consistent with the overall CEO mission by enabling employers to provide career advancement training to incumbent and new workers. However, the degree to which the program serves low-skill, low-wage workers is unclear. Due to the lack of aggregate data, it cannot be determined at this time whether the program is meeting CEO's goal of serving low-income workers, although data provided by TF show that over half of the trainees scheduled to receive training earn $15/hour or less. In addition, although SBS has a strong plan for collecting outcome data, only a few programs have started training, no grants have yet closed, and therefore no outcome data have been collected to date.[3]

Conclusions and Recommendations

The SBS TF program model represents an innovative and plausible approach to serving low-skill, low-wage New Yorkers through employer-based training. Some recommendations follow.

- Provide increased marketing and assistance to qualified employers in order to achieve more successful applications. In addition, there is a need for better tools to evaluate applications.

- Continue to explore new ways to reach out to and engage small businesses, which make up a huge proportion of NYC-based employers.

- Improve data management, especially with respect to ability to aggregate data across grantees. Efforts to transfer trainee information to Worksource1 are underway but face obstacles. In the interim, TF needs to design and implement a plan to summarize the characteristics of trainees in order to determine if the program is reaching the population the initiative is intended to serve.

- SBS and CEO should work together to set targets for serving low-skill, low-wage trainees.

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[3] Outcome data is generally not available until six months after the completion of the training.

Business Solutions Training Funds (TF)
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PROGRAM REVIEW REPORT

1. Introduction

The Center for Economic Opportunity (CEO) has funded approximately 40 initiatives across some 20 sponsoring agencies aimed at reducing the number of working poor, young adults, and children living in poverty in New York City. CEO is committed to evaluating its programs and policies and is developing a specific evaluation plan for each of its initiatives. For example, several major new initiatives will implement random assignment evaluations or other rigorous designs. Some programs are slated to receive implementation and outcome evaluations, while others may be evaluated using readily available administrative data. This differentiated approach reflects the varied scale of the CEO interventions, data and evaluation opportunities, and finite program and evaluation resources. Westat and Metis Associates are evaluating many of these programs on behalf of CEO. The purposes of the evaluations are to collect and report data on the implementation, progress, and outcomes of the programs in the CEO initiative to inform policy and program decision-making within CEO and the agencies that sponsor the programs.

The first phase of the Westat/Metis evaluation is to conduct a systematic review of selected CEO programs. The program reviews involve Westat/Metis staff reviewing program documents, obtaining available implementation and outcome data, interviewing program administrators, and, where appropriate, going on-site to observe program activities and interview direct service staff and participants. The results are used to assess the program design and implementation, develop a logic model to represent the underlying theory of each program, determine the extent to which the program meets key CEO criteria, examine the measurement and information systems for the program, and provide options for next steps.

The New York City (NYC) Business Solutions Training Funds Program (TF)[1] is one of eight CEO initiatives sponsored by the NYC Department of Small Business Services (SBS). TF provides grants using a competitive process to NYC-based employers who in turn provide transferable employability and job-specific skills to their employees, with an emphasis on serving low-skill, low-wage employees. However, at the time of this program review (July 2008), the program allows for employers to deliver training for up to 10 percent of their trainees who earn more than the upper salary limit of $61,830 per year in order to train the managers of entry-level workers as well.[2] The TF is based on an earlier version of the program known as Customized Training Grants, which was initiated in 2005 using Workforce Investment Act (WIA) funding. Additional CEO funding was first provided to TF in February 2007. CEO funding provided increased flexibility and allowed the program to award more and larger grants. Unlike other SBS-managed programs, TF is managed internally by the NYC Business Solutions (NYCBS) unit of SBS rather than by an external service

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[1] In shared program materials and internal conversation, the NYC Business Solutions Training Funds is generally referred to simply as "Training Funds." For the purposes of this report, "Training Funds" is abbreviated as "TF" to conserve space. The program was formerly named Customized Training Funds Initiative.

[2] On November 13, 2008, SBS in consultation with CEO eliminated the allowance for funding to serve workers earning over this amount.

provider. Although some states provide training grants to employers, SBS is aware of only a few other cities that have initiated such programs.

Information and data for this Program Review Report are based on interviews conducted by Westat/Metis staff between June and July 2008 with staff of the CEO and SBS and a review of program documents and management reports from SBS through July 2008.

This Program Review Report provides an overview and assessment of the program on several dimensions, including its goals, fidelity to the program model, target population and clients served thus far, program services, and agency management. CEO and SBS identified specific questions of interest to be included as part of this program review. Data to answer the majority of these questions are currently unavailable. Where available, preliminary answers are provided in this Program Review Report. The status of each question is summarized in the TF Evaluation Options Memo.

A key analytic tool in the program review is development of a logic model that serves as a visual representation of the underlying logic or theory of a program. The program logic model details the program's context, assumptions, and resources and their relationships to one another. By examining the program's internal logic and external context, the evaluation team and reader are able to determine if the program design is consistent with overall goals and capable of achieving its intended outcomes. Toward this end, this Program Review Report focuses on early outcomes and the challenges faced in achieving them.

2. Overview and Assessment of the Program

Program Goals. The impetus for the TF program was to expand the promising but relatively small-scale Customized Training Grants program—a WIA-funded, business-centered model that enables employers in targeted sectors to deliver worker training on-site to their employees that would lead directly to advancement opportunities. The guiding principle of the program was to stabilize workers in entry-level positions so that they could stay within an industry sector and have greater potential for advancement. This promising approach to workforce development is known as sectoral retention. In a June 2006 report,[3] the Workforce Strategy Center described the value of integrating a sectoral approach into NYC's overall workforce development strategy. The report focused on a pilot project in the information technology sector as a case study, claiming that the "IT Consortium is a regional, sector-based career pathways system, one of the most discussed innovations in job training." The report goes on to say that the formula for "building such sector-based career pathways is straightforward: unite key stakeholders and providers around a single high-growth industry. But as cities and states begin to implement this model, they are finding that it takes time and effort to bring the disparate partners together. The challenge lies in building trust among collaborating players and developing a new way to do business."

The dual goals of the SBS TF are to increase wages and build skills of low-skill, low-wage employees through training provided directly through their current employer and to increase the profitability for the participating businesses. By offering grants on a competitive, cost-sharing basis to businesses and firms in NYC who employ low-skill, low-wage employees, appropriate training can be

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[3] Workforce Strategy Center (June 2006). *Strength in Partnership: Building a New Approach to Workforce Development in New York City*: New York: Author.

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conveniently delivered that will help targeted workers gain transferable soft skills[4] and job specific occupational skills, enabling them to advance in their careers. By offering training on-site, TF avoids the common obstacles of scheduling, child care, and transportation that low-wage workers face attending off-site training. Through the grants and technical support, participating employers gain a stronger workforce, increased retention, and enhanced productivity.

One way in which TF strives to increase wages of entry-level workers is by providing new access to jobs for the unemployed. Achievement of this goal is based on the assumption that employers will be able to increase the number of new hires as business profitability grows and incumbent workers advance to higher, more skilled positions or transfer to higher-level jobs within the same sector.
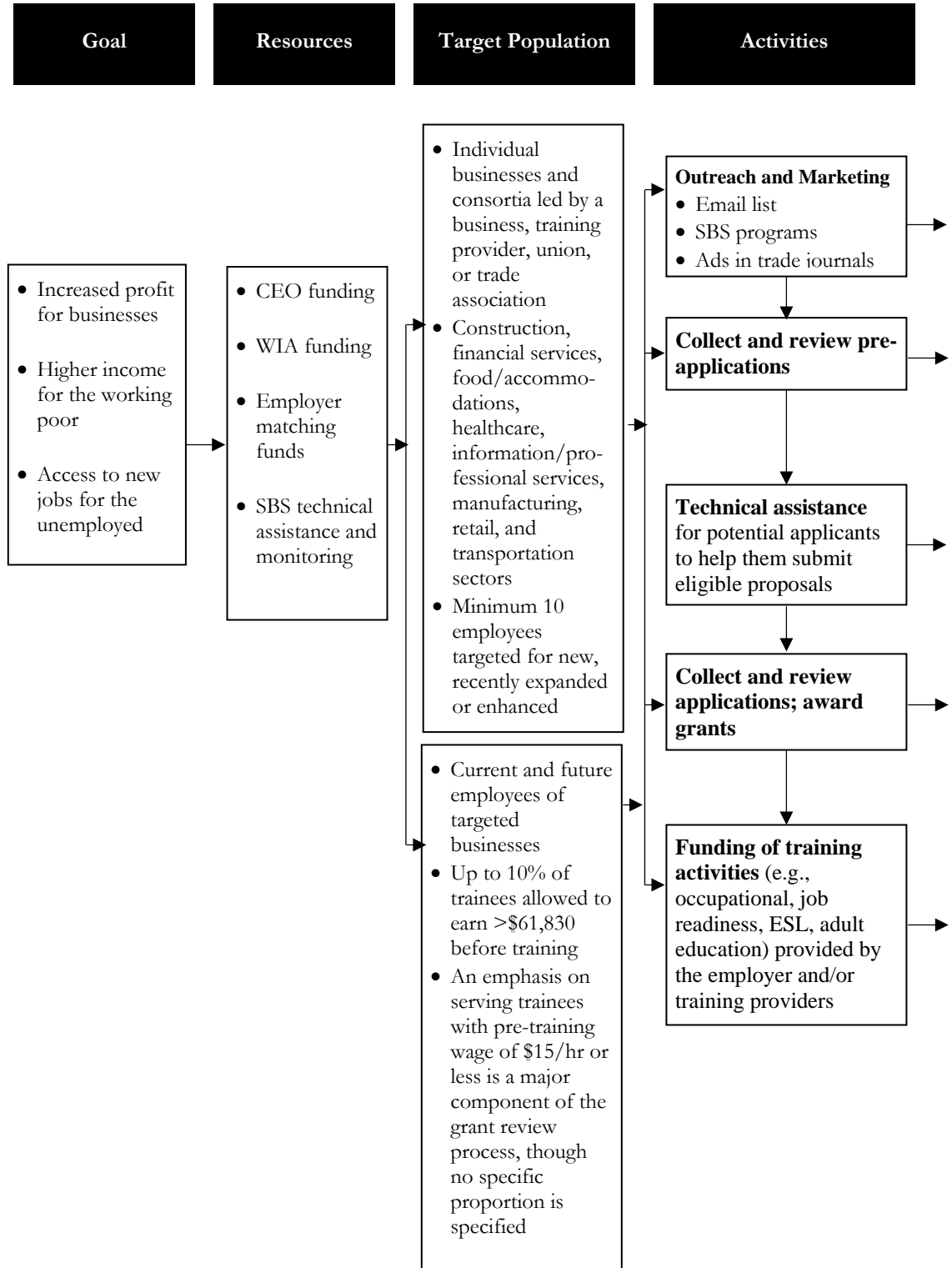
Focus groups with employers, academics, and experts in workforce development informed the design of the TF program. Among issues of illiteracy, low attachment to the labor market, and poor skills, employers indicated that employee turnover is one of the most detrimental factors to profitability and productivity. Therefore, the logic of the program is based on the assumption that a skilled workforce leads to increased profits and productivity while advancing the career interests of the workers themselves.

The TF model is displayed in a logic model—or theory of action—format on the following two pages. The logic model includes the program's context, assumptions, and resources. Each activity is linked to the number of individuals targeted to participate in the different activities (outputs), as well as short- and long-term participant outcomes.
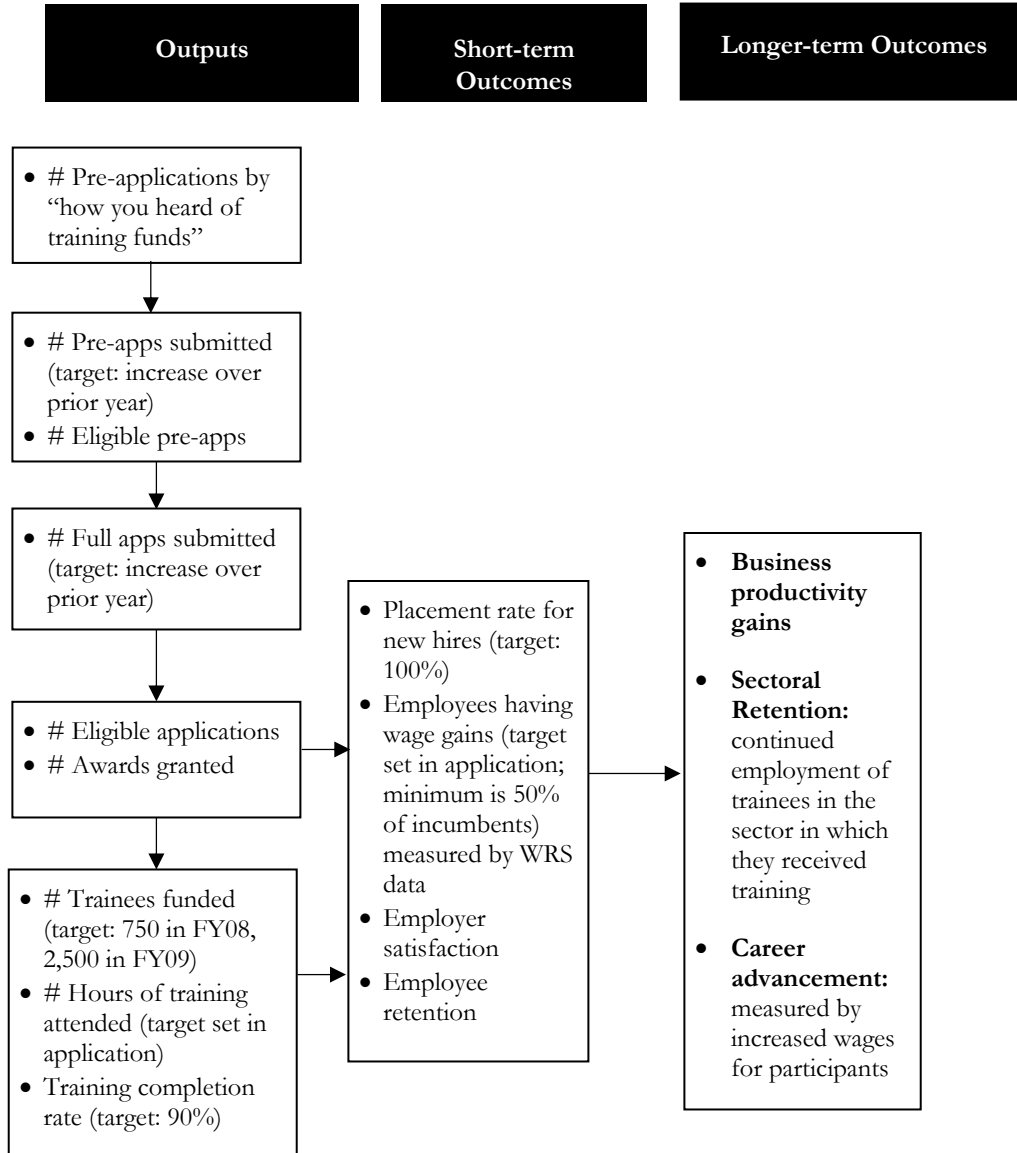
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[4] Transferable soft skills as defined by SBS include ESL, literacy, numeracy, job preparedness, Microsoft suite, customer service, communications, and administrative skills.

NYC Business Solutions Training Funds
Logic Model

Goal	**Resources**	**Target Population**	**Activities**

Goal
- Increased profit for businesses
- Higher income for the working poor
- Access to new jobs for the unemployed

Resources
- CEO funding
- WIA funding
- Employer matching funds
- SBS technical assistance and monitoring

Target Population
- Individual businesses and consortia led by a business, training provider, union, or trade association
- Construction, financial services, food/accommodations, healthcare, information/professional services, manufacturing, retail, and transportation sectors
- Minimum 10 employees targeted for new, recently expanded or enhanced

- Current and future employees of targeted businesses
- Up to 10% of trainees allowed to earn >$61,830 before training
- An emphasis on serving trainees with pre-training wage of $15/hr or less is a major component of the grant review process, though no specific proportion is specified

Activities

Outreach and Marketing
- Email list
- SBS programs
- Ads in trade journals

Collect and review pre-applications

Technical assistance for potential applicants to help them submit eligible proposals

Collect and review applications; award grants

Funding of training activities (e.g., occupational, job readiness, ESL, adult education) provided by the employer and/or training providers

NYC Business Solutions Training Funds
Logic Model

| **Outputs** | **Short-term Outcomes** | **Longer-term Outcomes** |

- # Pre-applications by "how you heard of training funds"

- # Pre-apps submitted (target: increase over prior year)
- # Eligible pre-apps

- # Full apps submitted (target: increase over prior year)

- # Eligible applications
- # Awards granted

- # Trainees funded (target: 750 in FY08, 2,500 in FY09)
- # Hours of training attended (target set in application)
- Training completion rate (target: 90%)

- Placement rate for new hires (target: 100%)
- Employees having wage gains (target set in application; minimum is 50% of incumbents) measured by WRS data
- Employer satisfaction
- Employee retention

- **Business productivity gains**

- **Sectoral Retention:** continued employment of trainees in the sector in which they received training

- **Career advancement:** measured by increased wages for participants

Context
- NYC employers face serious workforce issues, including low-skilled workers and high turnover, while the costs of providing high-quality, on-site training are often prohibitive, especially for small employers.
- The CEO funding provides greater flexibility than WIA training grants by expanding the types of training to include work readiness (literacy, numeracy, ESL, and workplace behavior skills) as well as transferable occupational skills.
- Although training offered through TF can serve a wide range of employees, criteria for receipt of a training grant includes the need to demonstrate impact on low-income New Yorkers: specifically, applicants must demonstrate impact on those who make $15/hour or less. Although no specific proportion is articulated, TF reports that the ability of the employer to serve this segment of the workforce weighs heavily in the review process.

Fidelity to the Program Model. At the time of the program review, TF had made three rounds of awards but only seven of the 23 TF grantees had started their training programs. In addition, the program could provide only very limited data on the characteristics of trainees to be served by the training awards. Furthermore, at this time of this writing (July 2008), SBS was not able to provide aggregated data information from MARs (Monthly Activity Reports) which gather critical implementation information on each awardee (including which employees are in training, the type of training that is being delivered, and the hours of training each trainee receives), citing deficiencies in the current reporting model which was in the process of being updated. Given these factors, it is difficult to determine at this point whether the program has fidelity to the program model. This section therefore focuses on describing the program model and how it was designed to differ from its predecessor program to better serve low-income New Yorkers.

TF is based on the pre-existing NYC Customized Training Grants model which operated using WIA funding. The first round of Customized Training Grants was awarded in 2005. Four additional rounds of Training Grant awards were made in February, May, and September of 2006 and in January 2007. CEO began partial funding of the program in February of 2007, and some CEO funds were used to fund three awards in April 2007 and two in July 2007 during the last two rounds of Customized Training Grants. Although some CEO funds were used for the April and July 2007 rounds, both CEO and SBS consider the three most recent rounds (December 2007, March 2008, and June 2008) to be fully funded CEO Training Fund rounds. These cycles were funded primarily using CEO funds and are managed by the NYC Business Solutions (NYCBS) unit of SBS. Accordingly, as of December 2007, the program became known as Business Solutions Training Funds (TF). However, the program remains eligible for and continues to receive WIA funding at the same level of support ($1.5M/year). This review contrasts the new TF model to the pre-existing Customized Training Grants Model, but given its recent start and limited number of awards, it can only address the extent to which the program appears to follow the new program model.

Both models share the goal of providing training for low-wage, low-skill workers that will lead to increased job retention, promotion, and wages. In both models, training is provided through the employer. However, with the addition of CEO funding, the central tenets of the new approach are to make the program more flexible for businesses and to track fewer, but more measurable, outcomes. In addition, the increased level of funding through CEO provides for an increase in agency staff and an increase in the number and size of the grants. CEO funding enabled the hiring of new staff that came on board in the spring and summer of 2007, growing in size from a team of seven to 12.[5]

But perhaps most importantly, CEO funding resulted in increased flexibility. A broader range of training is now eligible to be covered under the grants; training specifically designed to address transferable soft skills including job readiness, basic education, and ESL. Not all employers are taking advantage of this additional flexibility, however, as only 13 of the 23 CEO-funded grantees are offering some type of soft-skills training, according to the Employer Abstracts provided by SBS.[6]

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[5] It should be noted that the training team shoulders responsibilities beyond managing the TF program. These responsibilities include providing technical assistance for NYC-based applicants to New York State customized training programs like BUSINYS and AdvanceNY.

[6] As of October 2008, SBS uses an expanded definition of work readiness soft skill training that includes ESL, literacy, numeracy, job preparedness, Microsoft suite, customer service, communications, and administrative skills.

But feedback from the business community provides insight into this seemingly low ratio. Employers have repeatedly observed that soft-skills training is not in and of itself sufficient to justify wage gains. In order to obtain the kinds of productivity and wage gains that TF seeks, employers generally have to include an occupational component that has a more direct impact on employers' bottom line.

The employer match is more flexible as well, changing from a 50-percent requirement to 30 to 40 percent, depending on company size. The maximum grant size was increased to $400,000, and an allowance was made for several businesses to apply together as a consortium. Final payment of the award is more flexible under the TF rules because if the outcomes are under certain thresholds, the figure is pro-rated, rather than lost. The program also has a built-in system for making changes to grants after an award is made.

The program model calls for fewer and more measurable outcomes. To reduce the strain of participation on businesses, monthly activity reporting was reduced to bimonthly. Collecting data about promotions was judged to be a poor investment of resources because employers indicated that they had no qualms about making up job titles solely for reporting purposes. Future plans call for more reliable outcomes monitoring by integrating the New York State Department of Labor's (NYSDOL) quarterly Unemployment Insurance Wage Record Systems (WRS) data and developing stronger methodological tools for evaluating outcomes. As a WIA-funded program, TF has access to WRS data and was the first SBS program to reach an agreement with WRS to track long-term outcomes of trainees with these data. Additionally, in an effort to better manage data, TF is currently in the process of migrating its client data to WorkSource1.

Table 1 presents a side-by-side comparison of how the new TF program is both similar and different from its predecessor, NYC Customized Training Grants.

Table 1. Side-By-Side Comparison of Prior and Current Versions of Program

Characteristic	NYC Customized Training Grants	Business Solutions Training Funds
Eligibility		
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
ESL, work readiness trainings eligible for funding	Sometimes	Always
% 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
Funding		
Baseline SBS contribution	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%

Characteristic	NYC Customized Training Grants	Business Solutions Training Funds
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
% of projected trainees completing training program necessary to collect any final distribution	80%	50%
Outcomes and Data Collection		
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
Employee retention rate	Rarely	Yes
Types of productivity gains experienced	No	Yes
Promotions	Yes	No
Quality of job indices	Rarely	No
Occupation/Work Readiness categorization	Yes	No
Application		
Mandatory pre-application	No	Yes
Staff		
Directors	1	2
Office Manager	1	1
Account Managers	2	5
Contract Reviewers	2	2
Program Associates	0	1
Program Coordinator	1	1

The ability to gauge fidelity to the revised program model will be improved once the program has been in operation for at least one full program year. Although TF has now made three rounds of awards, it still has not finished revising and administering its grantee close-out surveys and Monthly Activity Reports (MARs), precluding our ability to report outcome data in this program review.

Target Population and Clients Served. The TF program serves two populations whose interests are intertwined though not always congruent, namely employers and their employees. As noted in the logic model, the program places an emphasis on serving workers earning $15/hour or less. Data provided by SBS for this program review suggest that over half of the trainees (53%) earn approximately $15/hour or less in pre-wages.[7]

TF is cognizant that the interests of the employers and the employees are sometimes at odds. Yet, SBS is clear in its intention that TF be a "business facing" initiative. That is, its ultimate success lies in attracting business partners that have the interest, infrastructure, and capability to provide appropriate training to low-wage, low-skill workers. Thus, the TF model structure allows employers to allocate training resources across a wide range of low- and medium-wage employees, based on

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[7] In the March 2008 cycle, only 6 percent of trainees were earning more than the maximum and in the December 2007 cycle, only 5 percent earned more than the maximum.

two assumptions: first, that the advancement of medium wage workers will create new employment opportunities at entry levels, and second, that businesses systematically under-invest in training both entry- and medium-wage workers.

TF allows most businesses in New York City to be eligible for the program, generally excluding only those that are involved in social service provision (i.e., welfare nonprofits) and education. These organizations are excluded in order to ensure that training funds are not used to "top off" other types of government funding, and to promote the economic development of the city. As discussed below and depicted in Table 2, to date the manufacturing sector has secured the largest share of grants and serves the highest percentage of employees.

TF eligibility refers to both eligible employers (grantees) within NYC and eligible trainees (workers). Eligible businesses must be located in one of the five boroughs of NYC. They must be prepared to train a minimum of 10 employees through a new, recently expanded, or newly enhanced training program. This prevents TF funds being used to pay for extant training.

To be eligible for training, employees must work full-time upon completion of the training and must be employed within New York City. Application criteria also require that the training demonstrate an impact on those workers who earn $15/hour or less. However, training opportunities are available to those earning much more. The underlying assumption—based upon employer feedback through focus groups[8]—is that advancement of mid-level staff managers both increases job openings at entry levels and expands businesses' capacity to manage those entry-level workers. The program therefore allows up to 10 percent of the employees trained by a single employer or consortium to earn more than $61,830 from that employer (or one of the employers if the application is submitted by a consortium). Future analyses of administrative data should determine whether this criterion is sufficient to ensure adequate impact on low-skill, low-wage workers.

When TF replaced Training Grants, a new feature was added to the program that allowed up to 25 percent of trainees to earn less than $10/hour post-training. This program change represents a significant adjustment intended to ensure that employers such as hotels and high-end restaurants could submit competitive applications that provide benefits to the lowest-level entry workers (since under Training Grants, no trainees could earn less than $10 after training). Several recent awardees (such as Merchants Hospitality) have taken advantage of this policy to focus a portion of their training toward their lowest-skilled workers.

Potential grantees must complete a two-phase application process to determine eligibility. The first phase is a simple screen that allows potential applicants to determine whether they are eligible for the program (and avoid the time-consuming process of applying if they are not). The second phase is a detailed application form and proposal. The proposal can request funding between $10,000 and $400,000 but the employer must be willing to pay 30 to 40 percent of the total cost of training. The application further specifies that training is to be completed within 1 year (although extensions are available). While the application requires that the employer must anticipate wage gains for at least

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[8] As part of the design of the TF, SBS conducted focus groups and interviews with employers who had not previously received SBS Customized Training Grants and with those who had. The non-user employer panels included 11 participants in a small employer panel (less than 35 employees), 12 participants from a medium employer panel (35-149 employees), and eight participants from a large employer panel (150 or more employees). Employers interviewed who were previous awardees of Customized Training Grants included Garment Industry Development Corp., Tiffany & Co., 119ETJSP – Grant Corp., Soundwriters, Inc., Felix Storch, Inc., Weill Cornell Medical College of Cornell University, Montefiore Medical Center, and MacAllister Towing and Transportation Company.

half its incumbent workers when the training ends, the employers whose training applications were actually funded include projected increases for 85 to 100 percent of their trained employees.

Each application is carefully reviewed and scored by two or more members of the TF team. Grant decisions are determined based on:

- An assessment of the administrative resources of an applicant to manage the program;
- The feasibility of achieving targeted outcomes on time and realizing profitability gains from training; and
- A cost-benefit analysis, incorporating both projected outcomes and the funding requested.

Applications take into consideration the percentage of low-wage trainees, the percentage of trainees expected to receive wage increases, how training will help employees perform more effectively, and delivery of training that is applicable across one or more industry sectors. To accomplish the goal of providing access to jobs for the unemployed, trainees can be new hires, and their full employment at the company can be dependent on the completion of training. After the training is over, no trainee should be barred from full-time employment at the company that provided the training, and at least 75 percent must be paid a wage of at least $10/hour.

At the time of the program review, only three of the six awards made in December 2007 had started training and just one of the seven awards made in March 2008 had begun training. The reason for the delay, as cited by the TF executive director, was the lengthy process of obtaining VENDEX[9] approval from the Mayor's Office of Contracts, as well as delays in signing a final contract.

A limited amount of demographic data are collected about trainees when they sign up for training via a customer information form. Data include basic information on age, gender, address, education, military service, and employment history. Demographic information on race and ethnicity is collected on a voluntary basis.

TF staff provide extensive monitoring of all projects, including due diligence research on each awardee before money is distributed, in-person staff observations of training sessions, a requirement that training hours be documented in order for the awardee to receive reimbursements, and the withholding of 40 percent of the training award until completion of at least 90 percent of expected trainees can be verified. However, at the time of this review, trainee information is not aggregated by grant or across the TF program. Therefore, no conclusions can be made about the relationships between the characteristics of the trainees and program goals.

According to the TF executive director, several obstacles complicate the aggregation of demographic data. He reported that these obstacles stem from NYSDOL reporting structures and limited SBS IT resources. To provide even basic demographic information about trainees (i.e., self-reported race, gender, and age), the executive director stated that TF would first need to first move all trainee information into Worksource1. "This is harder than it sounds, as the transfer requires substantial resources from both NYSDOL and SBS's IT department," he explained. The problem is that the information currently resides in the NYSDOL One Stop Operating System (OSOS, which is the data system for all WIA-funded programs) and there is no easy way to move it over to Worksource1.

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[9] Vender Information Exchange System (VENDEX) is a computerized data system used by the Mayor's Office of Contracts to determine if vendors have the capability to perform fully contract requirements and have the business integrity to justify the award of public tax dollars.

Doing so requires "batch tagging" TF's OSOS records, downloading the information from OSOS to Worksource1, and then building an analytical tool to obtain CEO's requested information from Worksource1. TF is currently working on this build-out, but they anticipate that they will not be able to provide aggregate demographic information for about a year.

Other SBS programs have also voiced concerns about the inability of Worksource1 in its current form to provide the management information they need to manage their programs most effectively. As a result, some SBS staff have designed Excel workarounds to collect the data they need to determine if their programs are serving the target population. While the parallel entry of data in two systems is not optimal, TF might consider the option of a simple Excel system to record demographic data. The program could start with collecting and entering this information on the four grantees who have started training so far.

Outreach and Recruitment. CEO and SBS planned for a full launch of TF in September of 2007, and the first round of TF grants were awarded in December 2007. Subsequently, two additional rounds of grants have been awarded in March and June of 2008. The most recent round of pre-applications was due August 14, 2008.

Outreach and marketing to employers takes several forms, including an e-mail blast that goes to over 1,000 NYC-based firms plus employer-serving organizations such as local chambers of commerce and business associations. The NYC Business Solutions Centers have also referred a number of applicants. SBS spends a modest amount of resources advertising the program in business publications such as *Crains* and other trade journals that serve the targeted business sectors. To date, the direct e-mail strategy has generated the greatest amount of interest and yielded the most applications. Applications are solicited and reviewed in rounds that occur approximately every quarter.

Although outreach takes place with employers, there are accompanying recruitment targets for the trainees as well. These targets for fiscal year (FY) 08 and FY09 are 750 and 2500, respectively. The number of clients served is estimated by the number of people that businesses report an intention to train in their applications. The actual number of clients served may vary. Therefore, training provision and completion targets are measured separately. As shown in Table 1, TF requires 90 percent of the grantee's trainees to complete training in order to collect 100 percent of the grant. Should the employer grantee be unable to enroll the number estimated or should a trainee decide not to participate or drop out of training, this is reflected through measures of training completion.

The increase from FY08 to FY09 in trainees to be served might seem large. However, the increase seems feasible given there will be an additional round of awards in FY09; hence, the number of grants to employers will likely increase. Some of these employers may employ large numbers of eligible workers. Moreover, the NYCBS executive director indicated that the TF budget allows for a larger number of grants to be disbursed than are currently awarded. This is due to the selective review of applications based on a cost-benefit analysis that looks at the feasibility of achieving grant outcomes and assesses organizational capability. So far, between seven and eight grants have been awarded per cycle, but TF hopes to raise the number of grants per cycle as the program gains

visibility and employers become more aware of grant goals and expectations.[10] In short, the program has the capacity to reach its goal if it can find good employer partners to work with.

In the first three rounds of funding for TF, 22 grants were awarded to firms in 21 different zip codes in three different boroughs. One of these awards was rescinded after it was discovered by SBS program staff that the wage increases were misrepresented and part of an expected wage increase not correlated to training.[11]

Tables 2 and 3 present data on the distribution of training funds across targeted sectors and respective enrollment data on trainees served. These data are broken out by the three most recent rounds of training awards made by TF in reverse chronological order. Clearly, the industrial/manufacturing sector produced the lion's share of trainees in these early rounds, with some sectors being unrepresented completely.

Table 2. Business Solutions Training Fund Trainees by Sector

	June 08		March 08		December 07		Total	
Sector	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Financial Services	55	10%	0	0%	0	0%	55	3%
Food Service/Accommodation	76	13%	0	0%	0	0%	76	5%
Health Care	184	33%	20	4%	0	0%	204	13%
Industrial/Manufacturing	131	23%	428	96%	482	85%	1,041	66%
Professional, Scientific, & Technical Services	0	0%	0	0%	42	7%	42	3%
Retail	117	21%	0	0%	41	7%	158	10%
Total	**563**	**100%**	**448**	**100**	**565**	**100%**	**1,576**	**100%**

An important question for TF is to determine whether the program is reaching its projected enrollment targets. As Table 2 above and Table 3 below clearly display, TF appears to be on track to exceed its FY08 goal of 750 by two-fold with a total of 1,576 trainees scheduled to receive training under TF grants. Administrative data, including the revised MARs, will enable SBS and CEO to determine if all the scheduled training is actually completed. Another of TF's goals is to increase the number of new hires that partnering businesses are able to make. The logic of the program model assumes that as business profitability grows and incumbent workers advance to higher, more skilled positions either within their current employer or another employer within the same industry sector, partnering businesses will be able to make new hires. Table 3 displays the total number of trainees scheduled to receive training through TF grants and the number and proportion of those trainees that are new hires. In contrast to incumbent employees, it is unknown what proportion of new hires were employed elsewhere or the distribution of their pre-training wages. Internal administrative records should contain these data; otherwise, they should be collected so that the change from pre-training wage to post-training wage can be examined. TF anticipates being able to use WRS data to track this information.

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[10] In recent correspondence, the TF executive director confirmed that some funding went unspent in recent grant cycles due to an inability to predict how quickly TF would attract employer interest. Therefore, the new program deliberately aimed high with the FY08 spending targets under the assumption that they could, if necessary, roll unspent funds into the FY09. Subsequently, the number of quality applications submitted has risen in recent rounds with a high of 176 pre-applications received for the 4th round of Training Funds due August 15, 2008. Given this trend, TF expects to use their full allocation in FY2009.

[11] The respective grant amount was $334,000 and will be rolled into the next award cycle. SBS expects no issue with spending down the funding in the next cycle.

Table 3. Training Funds Trainees: New Hires

Round	Total Number of Trainees	Number of New Hires	% New Hires
June 08	563	80	14%
March 08	448	33	7%
December 07	565	128	23%
Total	**1,576**	**241**	**15%**

As a CEO program aimed toward serving low-income New Yorkers, TF emphasized reaching workers earning $15/hour or less. As explained in the section on target population above, however, trainees can include those who earn more than $15/hour. Administrative records on current and future grants should be used to track the relative impact on low-wage workers (i.e., those earning $15/hour or less). Such analyses will require comparison to pre-training wages.

Table 4 presents data on the pre-training wages of workers in the three most recent rounds of TF awards.[12] Taken together, over half (53%) of the incumbent workers scheduled to receive training fall within the $15/hour or under categories.[13] Over the course of the three cycles, those in the lowest earning category (less than $12/hour) have ranged between one quarter and one third of the total. When aggregated across the three cycles, this lowest paid group comprises 30 percent of the total scheduled to receive training, the largest proportion of all four wage categories. Those in the highest wage category (earning $20 or more per hour) are the second largest category to be served with Training Funds.

Table 4. Pre-Training Wages of Incumbent Workers

	June 08		March 08		December 07		Total	
	#	%	#	%	#	%	#	%
Pre-training wage:								
Less than $12.00	139	29%	108	26%	180	34%	427	30%
$12.00 – 15.00*	119	25%	104	25%	114	21%	337	23%
$15.01 – 19.99	117	24%	64	15%	123	23%	304	21%
$20 or above	108	22%	147	35%	119	22%	374	26%
Total	**483**	**100%**	**423**	**100%**	**536**	**100%**	**1,442**	**100%**

NOTE: For the June 08 awards, the category of $12.00-$15.00/hour includes pre-training wages up to $15.99, as SBS summarized the data using this categorical range in response to a specific CEO request made prior to the program review.

In the absence of specific targets for the proportion of trainees with pre-training wages below $15/hour, it is impossible for this program review to comment with certainty on whether or not TF is adequately serving its target population. Moreover, because data on the wage records of trainees served under the Customized Training Grants program were not yet available at the time of this

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[12] Pre-wage data were missing for one employer in the December 2007 round. As this employer intended to train just 10 workers, the missing data should not have much effect on overall percentages.

[13] Due to a higher cut-off point of $15.99/hour used for summarizing the pre-training wages of the June 08 cohort, it is impossible to know with certainty using the reported data how many of the 119 individuals within this category earn more than $15/hour in pre-training wages. TF and CEO will need to standardize this reporting requirement for future comparable analyses.

writing, it is not possible to determine if TF is doing a better job of serving the target population than did the previous program.

Program Services. From the employer's perspective, program services are essentially the influx of additional training resources. These resources should lead to a better skilled workforce and improved productivity. In addition, SBS is able to provide technical assistance to grantees designed to enhance the grantees' use of the training resources. This service is explicit in the program logic model, but interview data suggest that such technical assistance is not requested nor offered in a consistent fashion, and obviously depends on the needs and interests of the specific grantees themselves. Such technical assistance might include guidance on training strategies and sharing lessons learned from other grantees.

From the trainee's perspective, program services are more direct and tangible in the form of convenient, employer-based training opportunities. The types of training are wide ranging and may include job-specific training (e.g., glass fabrication, inventory control, and technical kitchen skills), literacy and numeracy skills, application of technology, workplace behavior, and ESL. The justification for the specific type, or set of training types, must be strongly defended in the grantee's application. Structurally, employers are also able to provide different types of training to different sets of employees within the same organization, sometimes with great variation. For example, Allied Plastics Holding LLC is providing training to 47 of its 59 employees with 20 different training modules. Of the 47 trainees, 26 are targeted to receive training in reading and writing English, while four will receive training on quality supervision and nine on safety and basic training. According to a review of the TF abstracts that described the current mix of 23 grantees (i.e., the three most recent rounds funded under CEO), 13 plan to offer some type of ESL, literacy, customer service, or job readiness training not eligible under WIA.[14] This low proportion may be another indicator that many of the trainees already possess basic job skills or it may indicate that employers who need this type of training for their employees are not applying for these training funds. It may also reflect a lack of willingness among employers to pay for work readiness training themselves (at least in comparison with occupational training).

Periodic site visits to grantees provide SBS with audit protection to gauge fidelity to proposed training strategies but also provide grantees with opportunities to request and receive technical assistance. Each site visit culminates in a one-page write-up on program status. A mechanism referred to as a "change of scope process" allows employers to modify their training plans should the need arise. The process is designed to provide added flexibility to the grantee while allowing SBS to keep a close eye on how and why such changes take place. During the last three award cycles only three of the 23 grantees have invoked this option. These activities are reiterated in the section below that addresses the quality of agency management.

To reduce employer burden, MARs are collected from grantees on a bimonthly basis. Currently, these reports collect limited information on the number of hours each trainee receives, although SBS indicated that the format for these reports was in the process of being updated, and the current reports were said to be unreliable and outdated. Future reports should link the information on number of hours completed each month to the type of training that is being delivered, the wage level of the trainee, and ideally to some measure of how well the trainee is meeting training goals.

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[14] As noted earlier in this report, the current SBS definition of work readiness soft skills includes: ESL, literacy, numeracy, job preparedness, Microsoft suite, customer service, communications, and administrative skills.

The launch date for the revised MARs was not provided, but subsequent correspondence with the executive director suggested that they are in the final stages of revisions. Although we discuss data collection below, it is noteworthy to point out here that SBS appears to follow a grants management approach. That is, each grant is managed individually by one of five account managers. Because MARs provide information on the number of trainees who actually received each type of training, these would provide a valuable measure of how well TF is serving the low-skill, low-wage target population.

Outputs and Outcomes. Many of the TF outputs are focused on the application process, increasing the numbers of pre-applications from the previous year, eligible applications, and full applications submitted.

Table 5 presents the application funnel for TF grants. It includes data for the previous Customized Training Grants model as well as the full TF rounds starting as of December 2007. The table reflects the slow but steady rise in applications received over time, although the largest number of applications was received during the first round of TF in December 2007.

Table 5. Training Funds and Training Grants Outputs: Volume of Applications

Award Process	Customized Training Grants							Training Funds		
	2005	Feb 06	May 06	Sept 06	Jan. 07	Apr 07	July 07	Dec 07	Mar 08	Jun 08
Pre-applications Received								125	121	174
Eligible Pre-applications								72	66	101
Applications Received	11	25	28	27	34	30	25	47	35	38
Disqualified	0	9	3	11	12	4	6	2	0	5
Eligible Applications	11	16	25	17	22	26	19	45	35	33
Not Awarded	3	14	18	11	17	21	14	38	28	25
Awarded	8	2	7	6	5	5	5	7	7	8
Ratio of Awarded/Eligible	73%	13%	28%	35%	22%	19%	26%	15%	20%	24%

It is worth noting that the number of pre-applications received is very high in comparison to full applications received. This reflects a strong interest on the part of employers in seeking training grants, but the drop-off in full applications suggests either the application process is overly complex or a realization among potential applicants that they are not well positioned to pursue the grant. SBS reports that the two-phase process was intentionally designed to make it as easy as possible for businesses to learn about TF and determine quickly if they are eligible and if so, make an informed decision whether or not to apply. TF reports that upwards of 40 percent of pre-applicants are deemed ineligible because they do not meet one or more of the eligibility criteria: location in one of the five boroughs, plans to train at least 10 employees with new or expanded training, willingness/ability to pay 30 to 40 percent of training costs, completion of training in 1 year, or augmentation of wages of at least half the trainees once training ends. The TF executive director noted that the criterion of training at least 10 employees was a barrier to many smaller employers with fewer employees. Consequently, TF has been exploring ways for smaller employers to work together to apply for training funds as a consortium.

Only eligible employers receive the full application to complete, and experience to date suggests only one third of those complete and submit the full application. Feedback to TF from employers

indicates that this drop-off is largely due to the applicant's realization that they are not ready or do not want to compile the required information.

Still, the ratio of awarded-to-eligible applications has remained relatively low, reflecting an emphasis on making awards only to the most qualified applicants. Only twice has this ratio exceeded one out of three, with the most notable exception being the initial round of Customized Training Grants in 2005, which is probably explained by a desire to get as many grants off the ground as possible. Since the December 2007 TF round, this ratio has remained below one out of four.

Figure 1 depicts the growth of interest in the TF program following the very stable level of interest during operation of the Customized Training Grants model. Although some CEO funds were used for the April 2007 round, the three most recent rounds (December 2007, March 2008, and June 2008) are considered to be fully funded TF rounds. The new pre-application process was implemented in the July 2007 round, and the table displays the growth in pre-applications and the proportion deemed ineligible as well as the total number of full applications received.

Figure 1: Full Applications Received in Relation to Ineligible and Eligible Pre-Applications
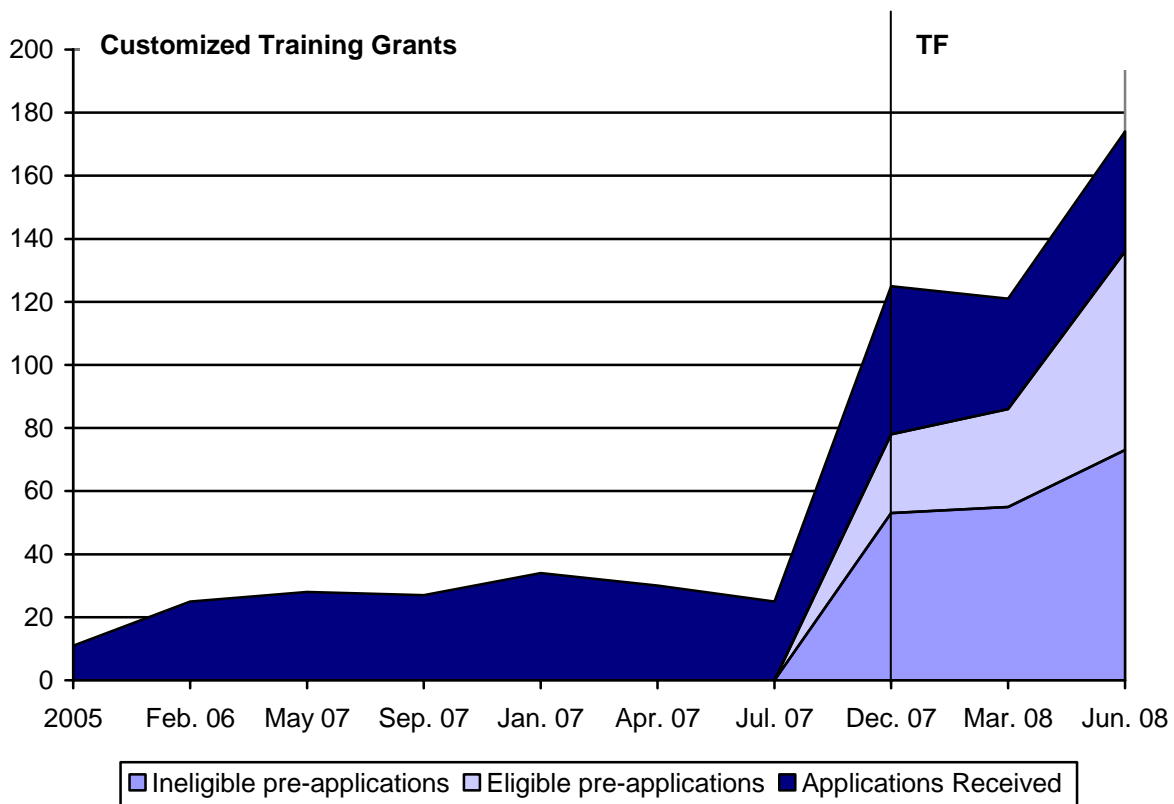

Figure 2 illustrates the target for number of trainees for FY08 and FY09 and the actual number of trainees funded for FY08. TF is on track to exceed the FY08 goal of 750 trainees by funding more than twice that number. Correspondence with the TF executive director confirmed that the annual trainee target goals were determined through discussions with CEO and follow CEO's general pattern of increased targets in the second year of program operation. When asked about the

dramatic target increase to 2500 for FY09, the executive director candidly stated that it will be a "stretch" given the fact that the average number of trainees funded per cycle is approximately 480. He and his team remain optimistic that the target is feasible assuming that the employer demand for the program remains strong, applications meet award criteria, and the number to be trained reported for FY09 refer to the figures specified in the grant awards as opposed to those who actually receive training during the 2009 fiscal year. In addition, in contrast to the three rounds of awards made in FY08, there will be four rounds of grants in FY09. With a target of 2500, TF will need to increase the average number of trainees funded from 480 per cycle to 625.

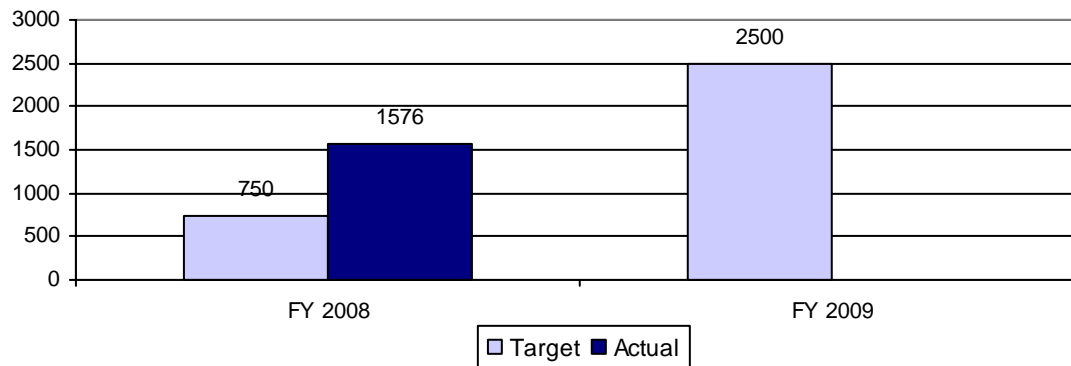**Figure 2: Training Funds Targets and Outputs for Trainees Funded**

Table 6 presents TF's plan for tracking outputs and outcomes. As noted above, TF serves two clients: employers and trainees. Therefore, the table distinguishes between these two populations and their respective outcomes. Progress will be measured at least three points in time: at closeout (the end of the grant period), 6 months after closeout, and some time beyond that (1 to 2 years after training) for worker advancement data. SBS is using employer financial record data to collect proximal outcomes (retention, hours worked, and wage) at program closeout and at 6 months post-training. For new hires, placement rates will also be measured from Employer Financial Records. Although some employers promise that their trainees will receive wage increases immediately following training, others say that the training will not translate into wage gains for trainees until increased productivity can be measured. Therefore, having a 6-month point for measuring changes in wages from Employer Financial Records should be a sufficient time to see the impact of training on wages from all employers. Although TF does not use the term "out of compliance" in reference to employers who fail to meet these 6-month goals, such situations would raise a red flag presumably triggering some corrective action or intervention. For longer term outcomes, SBS proposes using NYS Wage Reporting System (WRS) data to measure wage gains and sectoral retention 1 and 2 years after training completion. MARs submitted bimonthly by employers are used to measure the training completion rate.

It is important to note that an important component of TF's strategy is based on the theory that training and promotion of managers can also create job openings at lower levels. In fact, businesses have explicitly requested that TF allow some mid-level staff to be trained so that they can gain skills necessary to manage new entry-level workers they intend to hire. With respect to measuring placement rates of new hires, SBS collects data directly from employers at closeout to determine

which trainees have been placed into full-time positions and at what salaries. SBS plans to verify this employer-provided information with WRS data as soon as it becomes available.

Table 6. Business Solutions Training Funds Outputs and Outcomes Tracking Plan

Goals	Outcomes Tracked	Closeout	6 Months Out	Beyond 1-2 Years Out
Trainee Goals				
Higher income for the working poor	Total Hours Worked (Weekly)	Financial Report	Financial Report	
	Hourly Wage	Financial Report	Financial Report	
	Income			NYS DOL's WRS
Training Completion	Training Completion Rate	Bimonthly Activity Report		
Placement Rate For New Hires	Placement Rate for New Hires	Bimonthly Activity Report		NYS DOL's WRS
Sectoral Retention	Sectoral Retention			NYS DOL's WRS
Employer (Grantee) Goals				
Increased Profitability	Satisfaction	Survey 1		
	Productivity Gains		Survey 2	
	Employee Retention	Financial Report	Financial Report	NYS DOL's WRS

SBS appears to have a solid plan to document outcomes. However, because none of these data have been systematically collected at the time of this program review (July 2008), it is not possible to determine at this point whether these proposed outcome data will be available, complete, and accurate. When asked to estimate when SBS would feel confident about reporting data on the Dec. 07 round (i.e., the first CEO-funded cycle) the executive director responded that several elements, many of them beyond SBS's control, would dictate this date. These elements include: the length of time it takes to complete the contracting and VENDEX process (approximately 4 months on average); the training period itself (approximately 1 year on average); the subsequent process employers will go through to observe and determine productivity gains followed by presumed wage increases (about 6 months); and the data collection from employers and analyses conducted by SBS staff (another 1 to 2 months). Using these approximations as a guide, TF estimates that it will be the end of the 2009 calendar year before solid information on the Dec. 07 cycle will be available, and this does not take into consideration the collection and application of WRS data. SBS's employer-driven focus causes it to be reluctant to burden employers with data collection activities. Yet, the necessity of evaluation will likely require employers to invest more of their time in ensuring accurate data collection and transfer so that the effectiveness of TF can be determined.

Although no data on outcomes are available, each employer is required to estimate the number of trainees who will obtain a wage increase and the average wage increase of those who receive one. Once outcome data are available, it will be instructive to compare the projected outcomes to the actual outcomes. Table 7 presents the target wage increases by sector for grants awarded in FY08. These targets are projections set by the grantees in their applications.

Table 7. Training Funds Wage Increase Targets for Grants Awarded in FY 2008 Based on Applications

Sector	Trainees	Trainees with Wage Increase	Percentage with Wage Increase	Percentage Average Wage Increase
Financial Services	55	55	100%	8%
Food Services/ Accommodations	76	76	100%	29%
Health Care	204	182	89%	9%
Industrial/Manufacturing	1041	962	92%	9%
Professional, Scientific, & Technical Services	42	42	100%	22%
Retail	158	134	85%	19%
Total	**1,576**	**1,451**	**92%**	**11%**

Provider Capacity. SBS is serving as the provider, and its management capacity is described in the next section.

Agency Management. SBS appears to provide strong managerial oversight of the TF program with respect to making the awards. However, few of the TF grantees have actually started their training program at the time of this review. Unlike some other SBS-managed programs, TF is managed internally by the NYCBS division of SBS rather than by an external service provider. The availability of CEO funding, which started in February 2007, allowed for considerable expansion of program staffing, enabling both programmatic growth as well as programmatic management.

In addition to the executive director, TF has two directors, an office manager, five account managers who oversee grants and provide technical assistance, two contract reviewers who are available for site visits and back-office work, a program associate—described as something of a jack-of-all-trades—and a program coordinator. This represents a five-person increase over the previous staffing structure. The agency judged that having adequate staff to oversee grants is a critical factor in determining how many grants it can provide. Most staff work directly with businesses, supporting the objective of TF to support employers and make the program as beneficial and simple for them as possible.

Periodic site visits to grantees provide SBS with audit protection to gauge fidelity to proposed training strategies. Each site visit culminates in a one-page write-up on program status. A mechanism referred to as a "change of scope process" allows employers to modify their training plans should the need arise. The process allows SBS to keep a close eye on how and why such changes take place.

As noted above, MARs are collected from grantees on a bimonthly basis rather than monthly in order to reduce reporting demands on employer partners. In the near future, newly designed reports will gather more detailed information on the employees who are in training, what type of training is being delivered, and ideally the degree to which the trainee is gaining skills. SBS has yet to develop mechanisms for data on training to be aggregated across grantees, despite the small number of grantees who have started training. This is perhaps due to an emphasis on individual grant management by TF account managers. However, the lack of aggregate data makes it difficult to judge whether the program as a whole is meeting CEO goals. As noted above, this same data issue

applies to demographic data on participating trainees. Given TF's staffing size and structure, it would seem that they have the capacity to better compile data on an aggregate basis as well as on an individual grant basis.

TF manages a large budget of CEO funds. For FY08 the program budget from CEO was $3,704,404. Funding from the Federal WIA brought the total to $5,200,000. And the program has significant additional resources that it can bring to bear on its objectives in the form of matching contributions required from participating employer partners. The match is designed to be flexible so that the cost of participating is not overly discouraging for employers, but does discourage employers who are not fully committed to employee training. The employer contribution, aside from paying for a portion of the training, means that those responsible for training implementation are invested in the success of the initiative. Recognizing the limited budget of small businesses, TF's policy is to provide a 60/40 match to businesses with 100 or more employees and a 70/30 match to businesses with fewer than 100 employees. There is an expectation that 10 percent of the costs of the program will be administrative overhead and that 10 percent is understood to fall in the Training Funds share and does not require receipts for reimbursement.

Table 8 displays the total size of training awards by sector along with the employer match for the three most recent rounds of TF that are funded under CEO.

Table 8. Training Funds Awards and Employer Contributions for FY 2008 (Dec 07-June 08) by Sector

Sector	Awards	Employer Contributions
Financial Services	$ 67,575	$ 39,062
Food Services/Accommodations	152,547	99,416
Health Care	462,515	495,828
Industrial/Manufacturing	1,318,517	1,684,311
Professional, Scientific, & Technical Services	128,470	73,773
Retail	299,117	229,285
Total	**$2,428,741**	**$2,621,675**

As Table 8 above indicates, TF distributed less than $2.5 million in grants. With a combined budget $5.2 million ($3.7 million from CEO and $1.5 million from WIA), this suggests that resource availability is not encumbering the program's ability to achieve its objectives at this time. Although some of the total budget is used to cover salaries and program administration, the executive director indicated that in FY08 the program had excess funding at its disposal that it was unable to disburse due to an inadequate number of successful applications.

Conclusions. As only seven of the 23 grantees have begun training, the TF has not yet been fully implemented. As designed, the TF appears to coincide with the overall CEO mission by enabling employers to provide career advancement training to incumbent and new workers.

- It has the ability to serve low-wage, low-skill earners. Based on data supplied by TF, approximately half of the trainees scheduled for training under FY08 grants may be considered in this category.

- It has the flexibility to serve the training needs of low-skill workers by providing soft-skills training such as work readiness, literacy, ESL, and customer service.

- It has innovative programming to help with career advancement rather than simply job placement.

- It has a well-designed (though not yet implemented) system to track program outcomes in the short and long-term.

- At this time it cannot be determined whether the program is meeting CEO's goal of serving low-income workers with the intended suite of transferable employability skills training. SBS has provided data that indicate that over half (53%) of identified trainees are earning $15/hour or less, but we lack data on other characteristics of the target population. As only seven programs have begun their training, there are no data to evaluate what training is actually provided and which workers are receiving what types of training. It is therefore difficult to determine how many workers are receiving soft skills training and the number of employers who are offering it. Of the 23 grantees in the FY08 cycle, less than half indicated plans to offer these forms of training. This may be due to employer preferences to justify wage gains by increases in specific occupational skills rather than basic soft skills.

- SBS has a strong plan for collecting outcome data. For example, aggregate information about trainee progress will become available in the next few months as TF finalizes the revised MAR and launches a new program dashboard. The dashboard is in final stages of development and it will include quantitative information about program progress, including the percent of total training hours completed for each project. The dashboard will be distributed on a quarterly basis, allowing CEO to get a relatively up-to-date picture of project progression. However, at this point in time only a few programs have started training, no grants have yet closed, and no outcome data have been collected.

- Nationally, the program is unique and if it proves to be successful, it may be replicable in other cities. A strong methodology for evaluating outcomes, which the program hopes to implement, would go a long way towards building a case for such replication.

3. Programmatic Recommendations:

- The low proportion of awarded programs to applications suggests a need for increased awareness of the rigor of the TF program. This may be achieved by targeted marketing to qualified employers and capacity building or technical assistance delivered to firms that came close to acceptance.

- TF is very concerned that they allocate their training resources to firms that can best utilize the grants. Given the diversity of employer size and structure, proposals are submitted from widely varying organizations with widely varying objectives, raising challenges for methodical comparisons For example, TF must wrestle with comparing proposals from large firms with well-resourced human resource offices and grant-writing departments against proposals from small firms with no grant-writing expertise, and these against proposals from small

firms that hired a grant-writer. Interview data suggest that there is a need for better tools to evaluate applications.

- The program should continue to explore new ways to reach out to and engage small businesses – for example, encouraging and building consortia of small businesses that could apply for training grants. The agency indicated that they would like to work with Work Advancement and Support Centers (collectively WASC) to reach out to businesses that are too small to meet the criteria to apply for Training Funds, but may be well-served by employee training.

- The program needs to improve data management, especially with respect to aggregating data across grantees. To its credit, TF is the first SBS program to reach an agreement with the New York State DOL to employ the WRS to track long-term outcomes of trainees. In an effort to better manage data, TF is currently in the process of transferring its client data to Worksource1. Plans call for either an internal demographic tracking system, or for NYSDOL to provide TF with demographic information from OSOS that SBS will house in Worksource1. While this is being completed, TF should make a greater commitment to a system of timely data collection for program monitoring, especially with respect to pre-wage and demographic data. For example, TF should track the percentage of trainees who are low-income workers by summarizing this information after each grant cycle. Only through this type of analysis can CEO know whether the program is reaching the population the initiative is intended to serve. TF should follow the lead of other SBS programs which have designed workaround systems to collect necessary program monitoring data not currently available from Worksource1.

- SBS and CEO should work together to set targets for serving low-skill, low-wage trainees. In the absence of such targets, it is difficult for the program to know whether it is adequately serving the CEO target population of low-skill, low-wage New Yorkers and whether training resources are going to those who need them most.