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1 The “Local” in Workforce Development Politics *An Introduction*

EVERY YEAR in many inner-city high schools half of the students who started out four years earlier as freshmen graduate. Although high school dropout rates declined in the 1990s, there are now more than 3.1 million 14- to 24-year-olds who have not graduated but are no longer attending school (Halperin, 1998). These young people are in more economic jeopardy than they would have been in the past. More broadly, there are 4.5 million working poor families with more than 10 million children who have insufficient skills and incomes (Annie E. Casey Foundation, 2002).

What has changed for these young people and families is the complexity of skills demanded by employers for jobs that promise family-supporting wages and careers. Not surprisingly, young adults who graduate from high school and obtain some post-secondary education experience steadier work and higher earnings and income than those who drop out or those who only receive a high school diploma (Judy and D’Amico, 1997; Pines, 2000).

The failure of schools is a central reason behind the emergence of “second chance” employment and training programs. This fragmented, hodgepodge of programs—high school equivalency degrees (i.e., GEDs), basic skills remediation, English as a second language, short-term training, long-term training, on-the-job work experience, dislocated worker and reemployment programs, and upgrade training for incumbent workers—tries to supply the education and training that the “first chance” system of schools, colleges, and employer training failed to deliver. Although there is much variation in their design, target groups, quality, and availability, second chance programs typically fail to provide a leg up on the economic ladder for low-wage, low-skilled, frequently minority, workers.

This book is about the politics of second chance employment and training systems and their relation to first chance systems. We define politics

as the ways in which we collectively organize and interact to solve problems, in this case trying to make second chance systems more coordinated, effective, and linked to the mainstream. A guiding question of this book is “why” ineffective training programs, largely serving communities of color, are tolerated.

What is distinctive about this book is that it focuses exclusively on the politics of local and regional—rather than national—workforce development. Although little has been written about local workforce development politics, except for occasional implementation studies related to the latest federal legislation, this topic is important because labor markets are largely regional; they are not based in central cities alone, nor are they simply the reflection of national economic trends and policies.

This book is not about developing a blueprint for new federal workforce legislation; it is not about identifying a pathway for U.S. workforce systems to become more like those in northern Europe; it is not about arguing that more good jobs need to be created, particularly in areas suffering high unemployment. These goals are important, particularly given the recent economic slowdown, however, this book shows that without attention to local politics, these reforms will ultimately fail.

High dropout rates and second chance employment and training systems are affected by a fluctuating and changing economy, shifting demographics and immigration, and poor program implementation. They reflect a deep confusion in America about how to best help people obtain jobs that lead to family self-sufficiency.

Public opinion polls, for example, show that 88 percent of Americans believe that education and training resources should be available for the jobless (*Jobs for the Future*, 1999). Eighty-one percent of Americans believe that the working poor should receive public benefits (Draut, 2002). Annual surveys by the National Association of Manufacturing (NAM) and the United States Chamber of Commerce demonstrate that 68-78 percent of employers have identified workforce and skills shortages as top priorities. These surveys contrast to issues given priority in the past, such as local economic development, which usually is focused on business climate issues and business attractions (*Manufacturing Institute*, 1998; *Center for Workforce Preparation*, 2001).

Conversely, although some evidence shows that increased investment in skills offers economic benefits and is the only sustainable pathway to economic prosperity for the working poor, evaluation studies cast doubt on how successful job training is in raising the incomes of low-income, working families (Lerman, McKernan, and Riegg, 1999; Smith, et al., 2002).

Public expenditures, primarily from the federal Department of Labor, for training and retraining low-skilled workers have diminished from a peak of \$24 billion in 1978 to \$7 billion in 1998, and a little over \$6 bil-

lion in 2000. These expenditures lag behind public training investments in many other countries (National Center on Education and the Economy, 1990). Employers in the United States invest approximately 2 percent of payroll expenses in training, mostly for higher-level workers, in contrast to a 6 percent investment by employers in other advanced economies (Camevale and Jacobson, 1997; Berg, 1996).

As we have seen, public opinion and employer priorities do not guarantee federal legislation that promotes substantial public commitments to workforce training and advancement (Martin, 2000). President Clinton’s ambitious economic stimulus and employer training package was defeated in 1994; however, welfare reform passed in 1997 and reauthorization debates occurred in 2002–2003, emphasizing time limits, “work first,” and some recognition of career advancement challenges. The Workforce Investment Act of 1998 (WIA) replaced the Job Training Partnership Act (JTPA) of 1982 and resulted in a cut in overall resources while attempting to consolidate programs, introduce competition, impose performance measures, and more fully engage employers (Buck, 2002; O’Shea and King, 2001).

Under the guidance of President George W. Bush, the Department of Labor and its myriad programs have become, according to some observers, the willing object of budget cuts. Nevertheless, work-based social policies, such as the \$30 billion Earned Income Tax Credit (EITC), have bolstered the incomes of lower-income, working families, and won widespread congressional support. However, even the EITC has not been immune to “welfare bashing.”

The constituencies of employment and training interventions—workers/job seekers and employers—experience today’s labor market and workforce development systems in different ways. For the working poor or unemployed, family self-sufficiency represents much more than a minimum wage job. It requires a family budget that amounts to 200 percent of the federal poverty level, or about \$37,000 for a single mother with two children in the Philadelphia region (Pearce and Brooks, 2001). Few jobs requiring modest levels of training exist today that pay these wages (Northwest Policy Center and Northwest Federation of Community Organizations, 1999; Bartik, 2002).

Moving up the economic ladder requires as much as 1,000 hours of basic education and training if you are a low-skilled worker (Canlevale and Reich, 2000). Ethnographies of low-skilled workers show that this is not a short-term process; many workers never choose to move in this direction because they are not confident about the job and wage benefits that will result from improving their skills and they lack the time and resources necessary to make these improvements (Iversen, 2002).

Alternatively, businesses, particularly small businesses, face a global marketplace driven by incentives to pursue “low-road” investment in

workers and technology, contingent or temporary workers, or to simply relocate to the periphery. These firms frequently do not see their labor force as an asset deserving of investment. Firms under invest in the training of entry-level workers because of “lean and mean” management strategies or because they fear that other firms will reap the benefits of their training investments by luring away newly trained workers with promises of slightly higher wages. However, employee turnover, retiring workers, and skill shortages impose real costs on many businesses, frequently constraining their ability to expand and grow. These challenges are likely to grow as baby boomers retire. It is not surprising that many businesses turn to the contingent or the immigrant workforce as short-term human resource solutions (Osterman, 1999).

The ability of employment and training investments to address these challenges has fallen short of expectations, and, in fact, has engendered serious skepticism. Despite the best of intentions, our reforms have either made employment issues worse or have contributed to the reduction of public commitment to human capital investment. We have, however, learned a great deal about what combinations of training, work supports, industry targeting, and human service supports deliver results for both workers and employers (Giloth, 2000). There exists a political problem: How do we translate what we have learned into collective action to produce scale impacts?

The impetus for organizing this book is the multi-city Jobs Initiative demonstration of the Annie E. Casey Foundation. The Jobs Initiative (JI) is an eight-year, \$30 million effort launched in 1995 to change the ways in which second chance systems perform in connecting inner-city young adults with good jobs in regional economies. Ineffective training programs perpetuate the problem while good jobs go unfilled. The JI has not only invested in specific jobs projects that connect job seekers to jobs, it also has aspired to build local coalitions of businesses and other stakeholders to change the scale and sustainability of public and private investments in effective and coordinated workforce development.

The Foundation chose six diverse, large- and medium-sized cities—Denver, Milwaukee, New Orleans, Philadelphia, St. Louis, and Seattle. Within these cities, it chose an eclectic group of intermediary organizations—ranging from a city government to a union/employer partnership—to organize the JI in their city and region.

The JI embraced a set of principles for jobs projects and system reform investments that changed the thresholds for good practice and definitions of success.

- Outcomes for low-income workers should be related to higher wages, labor market retention, and career advancement

- Jobs investments should be customized to job seekers and workers who have different workforce experiences, basic skills, barriers, assets, and aspirations
- Diverse resources and partners should be integrated

Since 1995, the JI has placed 6,000 entry-level and hard-to-place workers in jobs with an average wage of \$9.10 an hour. A follow-up survey of participants concluded that the JI had helped workers increase their earnings by \$4,000 annually. These results, for a harder-to-employ population, compare favorably to the results of other welfare-to-work and workforce programs (Fleischer, 2001). The prolonged economic downturn, unfortunately, has undermined the sustainability of some of these positive employment effects.

All JI sites adopted the same principles for developing strategies to address the question: How can local workforce development systems become “performance driven,” that is, organizationally focused and committed to promoting access to higher-wage careers for low-income job seekers and workers? Consequently, JI sites have pursued ways to foster systemic change by investing in “high-leverage” strategies that change the underlying forces that shape the way labor markets function. A good example of such a strategy is helping businesses to become more organized in relation to fulfilling their workforce needs (Jobs for the Future and On Purpose Associates, 1999).

JI sites have pursued and achieved a variety of workforce system reforms, even as they implemented short-term jobs projects. These reforms include creating flexible funding for job seekers, increasing employer voice in key policy forums, changing in-state policy rules and resources for education and training, and implementing standards of practice and organization for workforce providers. In order to accomplish these reforms, JI sites mobilized and expanded their relationships with a wide variety of stakeholders (Mueller and Schwartz, 2002).

As a part of the knowledge development needed to accomplish this system reform, the Foundation commissioned a number of background papers to advance the knowledge and theory about the politics of workforce development. This book is based on these papers.

These papers were not intended as substitutes for the ongoing evaluation of the JI, nor were they intended to be exhaustive examinations of the landscape and dynamics of workforce systems in particular cities and regions. Rather, authors were asked to combine case study material with relevant theories about local politics, system building, implementation, public policy, and economic change and development.

A simple question about “public will” motivated the JI. Why couldn’t a local coalition of civic leaders be assembled to transform lackluster sec-

ond chance programs into high-performing workforce development investments just as they mobilized, time and again, to build a new sports stadium, or make a bid to host the Olympics? Economic prosperity, tight labor markets, and long-term labor shortages in skilled occupations seemed the perfect setting to explore such a coalition. The payoffs for creating a competitive workforce seem obvious: Competitive firms, productive workers, a higher tax base, and more attractive and competitive regions. Why did such coalitions not form?

At the outset of the demonstration, the JI searched for sites with the “civic infrastructure” that could serve as the platform for such an ambitious agenda (Giloth and John, 1995). Yet, the selection of JI sites and local organizers was based on only modest knowledge of their civic potential and their willingness to pursue workforce development reform.

This Chapter discusses five background issues as a way of introducing the local politics of workforce development:

- Definitions of workforce development
- Approaches to workforce system reform
- The national and local contexts of workforce development politics
- Key ideas that chapter authors use in their case studies of local workforce politics
- The major themes and questions raised by authors that are addressed in the hook’s comparative chapter (Chapter 7)

The relative failure of second chance employment and training systems has usually been attributed to a failure of public commitment, design, and execution. Most of the attention has focused on the roles of Congress and the federal government. Also, it must be acknowledged that a failure of national public will is evident in our toleration of underfunded, fragmented, and poorly performing second chance programs.

This book, however, offers a different approach. It begins with the question: How have local politics contributed to the failure of workforce development systems on behalf of low-skilled, low-wage workers and job seekers? Secondly, it asks: If local politics played a different role, could it help make workforce development more coordinated and effective?

WORKFORCE DEVELOPMENT, REGIONAL LABOR MARKETS, AND SYSTEMS CHANGE

Second chance employment and training systems are not islands, although they are isolated in many respects. This is especially true because many workforce experts argue that workforce development must engage businesses as well as workers and integrate resources across a number of insti-

tutions, such as community colleges. The commitment to workforce development involves engaging businesses and making programs responsive to them, defining success as job placement and retention rather than graduation, and gaining a better understanding of how job seekers and workers are embedded in informal networks (Gilothe, 2000; Harrison and Weiss, 1998).

To understand the politics and policies of second chance systems, it is important to understand the larger environment of which workforce development is a part, including the public, private, and nonprofit sectors. Moreover, it is also useful to understand some of the approaches that advocates have used to improve and, in some cases, reform the performance of these employment and training programs. These reform approaches give an indication of possible strategies for encouraging local politics to support workforce change.

Second chance workforce development programs and institutions are part of largely private, voluntary regional labor markets made up of millions of individual and business decisions about occupations, skills and qualifications, wages, and hiring, firing, and promotions. These business decisions are influenced by macro factors related to economic growth, structural economic change, and technology, as well as micro factors related to external and internal labor markets, labor supply, geography, labor market intermediaries, informal networks, and unionization. Many factors related to industry structure, race, ethnicity, gender, and public policy also affect these decisions.

Today’s regional labor markets are characterized by technological change, geographic dispersion, service-sector growth, growth of small firms, contingent work, and decline in union density. Changes in labor markets and the structure of firms have produced economic incentives for the development of new workforce efforts to bridge supply and demand, city and suburb, neighborhood and sector. The structure of firms has dramatically changed the prospects of workers and workforce development because of the collapse of internal labor markets and career ladders, lean-and high-performance workplace designs, nontraditional work arrangements—such as temporary work-and heightened insecurity among employees and job seekers (Osterman, 1999). Many firms now lack the organizational capacity to find and keep workers.

Employment and training efforts overlap with, as well as depend upon, first chance education and training systems. For many communities, the failure of the public school system relegates its young people to lower-paying jobs and a remedial system of education and training.

The first chance system, however, extends beyond high schools, including vocational education, community colleges and technical schools, four-

year colleges, proprietary schools, nonprofit training providers, private-sector training institutions, and on-the-job employer investments. There are 1,000 two-year colleges, 2,000 four-year schools, and 4,000 proprietary schools nationally (Carnevale and Jacobson, 1997). The second chance system depends upon these institutions as training partners. However, these first chance institutions frequently are reluctant to invest in entry-level workers or in unprepared entrants except in times of labor shortages and environments flush with public subsidies.

Three images illuminate the roles and dynamics of first and second chance employment and training programs in regional labor markets. Together these images represent a composite of organizations and activities.

The first image is a market. Workforce programs enhance the human capital of individuals seeking work, improving their competitiveness and chance of moving to the head of the hiring queue. In the best of cases, these programs serve as credentialing intermediaries that link the job-ready with employers, help employers define jobs and job qualifications, and provide an alternative to the informal hiring networks that operate through internal labor markets. Billions of dollars in federal grants and loans, such as Pell grants, have enabled welfare recipients, dislocated workers, and low-skilled workers to improve their skills and compete in the marketplace (Carnevale and Jacobson, 1997).

The second image is an industry. In this case, first and second chance employment and training programs represent a cluster of cooperating and competitive organizations that share common or related goals, standards, technologies, human resources, and outcomes. Sometimes these similar programs are referred to as a field. The industry image calls attention to the capacities, human resources, and common practices of organizations with similar goals and policy agendas. In a number of cities, trade associations or coalitions of these workforce providers have formed for the purposes of sharing knowledge and promoting beneficial policies. More broadly, these industries are organized nationally as associations of community colleges, workforce boards, or sectoral employment programs. In turn, these national networks create their own specialized intermediaries for policy, financing, and technical assistance purposes.

Finally, the third image is a system. This image more comprehensively identifies the policies, regulations, and financing resources—many of which are federal in origin—that shape and reinforce the capacities and behaviors of individual and networks of employment and training organizations. These environmental and institutional constraints shape the basic functions and strategies of workforce development providers. What kinds of job training are allowed, and for whom? Who qualifies for specific types of training programs and economic supports? Who are the

implementers of workforce development and how are they financed? Again, the employment and training components are related, but in this image the accumulation and weight of various policies and their administrative rules are a key determinant of their shape and behavior.

The Regional Workforce Partnership of Philadelphia, for example, recently produced an organizational map of what workforce development systems look like in Pennsylvania. Its complexity fairly represents what would be found in all other states (Regional Workforce Partnership, 2002). The map shows five state agencies, twenty-two local workforce investment boards, and forty-nine job training and education programs. This institutional map represents close to \$1.3 billion in federal and state investment; there is an additional \$48 million in new programs for 2002.

Nevertheless, this map only captures a part of the complete picture of state workforce systems. It does not include, for example, the investments of many federal agencies such as the Department of Housing and Urban Development or of state agencies that invest in local school districts. Nor does the map show the hundreds of for-profit and nonprofit workforce providers who operate at the ground level, preparing, training, placing, and supporting workers and employers.

Changing how labor markets and workforce development systems are organized and function can help promote the scale, sustainability, and structural changes needed to improve access to good jobs and career ladders for large numbers of low-income job seekers. Workforce system reform means changing how public and private resources and actions support long-term job retention, career advancement, and neighborhood employment change. The systems reform route, however, is not without peril; it requires a conceptual framework that identifies opportunities for change in labor markets, the capacity to build political alliances around change strategies, access to significant public and private resources, and a commitment to produce measurable results for low-income job seekers.

Labor market complexity makes reshaping workforce development policies extremely difficult. Reform strategies range from comprehensive and detailed lists to highly targeted investments. One approach contrasts administrative exceptions and flexibility, specific policies, such as living wage ordinances, and comprehensive reforms containing multiple aspects of labor markets (Okigaki, 1997). A second approach identifies a limited number of strategic leverage points for change in labor markets, such as the cooperative organization of employers, credentialing and standards, and community policy mechanisms (Jobs for the Future and On Purpose Associates, 1999). A third approach promotes improvements in job quality, career ladders, internal labor markets, and labor market coordination

and benefits (Bernhardt and Bailey, 1998). A fourth approach recognizes the new and powerful role that workforce intermediaries play in bridging supply and demand, job seekers and employers, neighborhoods, sectors, and occupations (Evans and Kazis, 2000; Mt. Auburn Associates, 1996).

Examining these proposed reform strategies and many others suggests a surprising consensus among workforce experts about how a changed workforce system should function and what it should look like (Gruhb, 1996; Halperin, 1998). This consensus is not, however, about the realism of such a vision, how to bring about such change, or who should do it.

Workforce system change requires, first of all, exceptional public commitment and resources to integrate first and second chance systems to create ongoing opportunities for training and advancement. Workforce system reform should produce:

- Job retention and career advancement as driving outcomes
- Creation of and investment in good jobs and career ladders
- Workforce and education programs that are “vertically linked” to high school graduation, career training, post-secondary education, and skills upgrading
- Support services that are vocationally oriented and connected to training and jobs
- Opportunities, careers, and pathways that are visible, coherent, and interconnected
- Business engagement at every stage of workforce development

Workforce development is not just about public investments in programs and incentives. Workforce development is a part of regional labor markets in which business investments and behaviors are critical for the success of all workers. But there is a dilemma: A complicated and frequently disconnected set of funding silos and programs has developed that performs as much to secure its ongoing existence as to solve real labor market problems. Although there are a number of strategies for reforming these workforce development systems, any discussion about workforce development politics must begin by discussing the federal policy landscape.

FEDERAL POLICY AND WORKFORCE DEVELOPMENT

Second chance systems of employment and training have grown dramatically during the past fifty years due to federal policy and local implementation, although their history extends back to the last century. As a part of their recent evolution, the local- and state-funded first chance systems received additional federal dollars, even as parallel institutions emerged to serve new or redefined target populations. Federal workforce

policies and politics establish a baseline of public commitments, institutional designs, strategies, and performance criteria that severely limit the possibilities of local workforce development politics.

The storyline of federal labor market policies since World War II shows an overall narrowing in the ambition, ideas, target populations, and funding. Although the Works Projects Administration (WPA) and Civilian Conservation Corps (CCC) of the Great Depression Era involved public job creation and national economic planning, the final Full Employment Bill of 1946 signaled the direction and shape of workforce policy for decades—more concern with small-scale, human capital investments rather than active labor market policies (Harvey, 1989). The original ambition and rhetoric of this bill was kept alive, however, in the Humphrey Hawkins Full Employment Bill of the 1970s.

Five characteristics distinguish the US. workforce policy paradigm that emerged during this fifty year period (Mucciaroni, 1990; Weir, 1992; King, 1995; Martin, 2000). First, the final version of the 1946 Full Employment Act separated active labor market policies, including workforce training, from national economic management. By the 1950s, economic management emphasized commercial Keynesianism—the stabilizing of aggregate demand rather than more directive or adaptive approaches to economic structural change and its effects on labor markets. This meant that labor market policies became secondary in the policy thinking and action toward U.S. economic growth.

Second, employment and training policies developed throughout the 1960s targeted the poor, as evidenced in the Manpower Demonstration and Training Act (MDTA) of 1963 and the War on Poverty of 1964. Specialized workforce investments became limited rather than universal, severely constricting the constituency for these policies. This also became the case with the United States Employment Service, established under the Wagner Peyser Act of 1933, which tended to connect the unemployed with low-end jobs (King, 1995).

Third, workforce legislation and policies favored human capital investment, or supply-side strategies, rather than public job creation or sectoral strategies that sought to affect employer or industry decisions and behaviors. Nevertheless, public job creation strategies reappeared in the 1960s and 1970s as a part of Office of Economic Opportunity’s (OEO) New Careers, the Comprehensive Employment and Training Act (CETA), and in the 1990s, now called “transitional jobs,” as a part of “welfare reform.”

Fourth, federal legislation and budget allocations have committed only a small portion of the resources required to address the employment and training needs of even the narrow target populations. The Job Training Partnership Act (JTPA), for example, reached as few as 5 percent of the

population in need of—and eligible for—workforce services (Lafer, 1994, 2002). This paucity of resources not only limits the impact of these employment training programs, but again circumscribes the constituencies that benefited from them and had reason to care about their performance.

Fifth, the rapid development of employment and training policies and programs in the 1960s created fragmented programs and funding, so-called “silos.” By 1995, there were still 163 workforce programs administered across a wide array of federal agencies that totaled \$20.4 billion (Grubb, 1996).

Since the 1960s, Congress has mounted repeated efforts to consolidate, coordinate, and devolve decision-making about these programs to local and state governments. Although these administrative reform efforts have had positive impacts, employment and training systems remain a maze of institutions, regulations, and mandates.

A parallel track of first chance education and training evolved at the same time as programs devoted to targeting the low skilled and poor or unemployed. The G.I. Bill of Rights (1944), for example, supported the education and training of WWII veterans in a time of surging labor demand for skilled workers. Post-secondary education in the postwar era expanded and contracted depending upon demography, labor demand, and the relative value of college education. Today, the value of post-secondary education is rising again because of the relatively low value of high school diplomas and the increasing demand for skilled workers (Carnevale and Jacobson, 1997).

The politics associated with these federal workforce policies has ranged from conflict about ideas and ideology to questions of who gets what, how best to calm civil unrest, and the devolution of authority and resources to states and localities. Interests and priorities have shifted over time. Employment and training versus public job creation is a recurrent theme. In general, business participation in workforce development has been sporadic and weak except in times of ideological contention over the scope of labor market policies or with firms that have developed an organizational commitment and “policy legacy” for workforce development (Martin, 2000).

Not surprisingly, business cycle and unemployment impacts have generated interest and opportunities, most clearly in the 1970s with the passage of public job creation. In a number of situations, unions have opposed employment training and public job creation because these programs typically are directed only at a narrow population group and, in some cases, would produce lower-paying jobs that could undermine existing union employees.

Today’s national policy context for workforce development embodies policy, political, and institutional tensions that took shape in the 1980s, although strong continuities with the past are also present. In some sense, today’s federal policy challenge is to recognize that old reform formulas have proven unworkable and no accepted vision exists for building a better system. Indeed, competing social policy ideas emphasize work rather than welfare, work first rather than training, and making work pay supports rather than investments in career development.

President Ronald Reagan’s policies in the 1980s and the recession of 1979-1983 combined to produce cutbacks and devolution of social welfare programs and discussions about how to enhance economic productivity in the new context of global competitiveness. The Job Training Partnership Act (JTPA) of 1982 reduced the largesse and public service employment of CETA and introduced performance contracting and employer representation on local Private Industry Councils (PICs). JTPA contracted with many community-based organizations as providers, but its performance measures skewed service delivery to dislocated workers and those least in need of services.

From the mid-1980s until the early 1990s, there was growing bipartisan support for concerted policy attention to issues of skills and economic productivity. This began with *A Nation at Risk*, published in 1983, which called attention to lagging educational achievement in the United States. In 1987, *Workforce 2000* highlighted the coming workforce crisis in terms of skill requirements (Judy and D’Amico, 1987). Elizabeth Dole, Secretary of Labor, established the Secretary’s Commission on Achieving Necessary Skills (SCANS) to explore national skills standards. In 1990, the publication of the widely influential *America’s Choice: High Skills Low Wages* documented the crisis of human capital and global competitiveness in the United States (National Center on Education and the Economy, 1990). This publication would serve as a playbook for the early training proposals of the Clinton administration (Martin, 2000). Finally, the JOBS program of the Family Support Act of 1988 signaled a renewed attempt to transform our welfare system into a system promoting human capital investment and work.

In the early 1990s, two related events shaped workforce-related policy and practice for the decade to come. In 1993, Congress dramatically expanded the EITC, first established in 1975 as part of the Budget and Tax Reconciliation Act. This is a refundable tax credit for working poor families that by 2000 would amount to \$30 billion a year, making it the largest antipoverty program in the United States. Later that same year, Abt Associates completed its evaluation of the JTPA, concluding that these employment and training investments had modest, if any, effects

overall (Orr, Bloom, and Bell, 1995). One exception to their conclusion stood out: The Center for Employment Training (CET) achieved remarkably positive income impacts through a combination of employer-driven training, contextualized learning techniques, and community support (Melendez, 1996).

Additional data from the Riverside (Gain) project in 1994 reinforced the growing belief that investments in workforce development were not as productive as getting people into jobs—any jobs—and supporting them with work supports like the EITC (Strawn and Martinson, 2000).

President Clinton's administration attempted to connect workforce training to an ambitious economic stimulus package and employer training taxes. Although most of this ambitious plan was scuttled, skills standards and apprenticeships received endorsement in Goals 2000 and the School to Work Opportunity Act (Lafer, 1994; Martin, 2000).

In 1997, Congress passed and President Clinton signed welfare reform legislation, the Personal Responsibility and Work opportunity Reconciliation Act (PRWORA) of 1996. PRWORA imposed time limits on welfare recipients, using a work first approach to connecting to the labor market and making work pay provisions. The overriding emphasis, however, was on reducing the welfare roles rather than eliminating poverty or investing in skills development and careers.

The Workforce Investment Act of 1998 also emphasized the work first approach, but embraced parts of the failed Workforce Security Act of 1993 and continued a long tradition of attempting to consolidate workforce programs, devolve authority, engage employers, integrate services into One-Stop Centers, introduce competition, and set more ambitious outcome standards.

National politics surrounding workforce and welfare policies continued to be schizophrenic. President Clinton was a New Democrat who sought ambitious new funding and taxing roles, but settled for “ending welfare as we know it” and a reinvented but shrinking employment and training system. The business community continued support for employment and training policies, but also became an advocate of welfare reform in the context of tight labor markets.

The election of George W. Bush as President coincided with the end of nine years of economic prosperity, new tax cuts, and public attention diverted from domestic policy to our “war on terrorism.” The reauthorization debate for federal welfare legislation in 2002 kept the basic policy tenets and funding intact, while tinkering with work requirements and adding ideological commitments to promoting marriage. While much attention focused on the adequacy of and access to work supports, such as the EITC, renewed attention focused on how workforce development

investments might contribute to helping working poor families move toward self-sufficiency.

The Workforce Investment, Carl D. Perkins Vocational Education, and the Higher Education Acts are up for reauthorization in 2003-2004, offering new opportunities to modify, and perhaps incrementally improve, our fragmented and shrinking workforce development systems. The possibility also exists for further budget cutting and devolution.

THE LOCAL POLITICS OF WORKFORCE DEVELOPMENT

This book explores collective problem solving related to second chance workforce development systems. As we have seen, these systems serve a relatively small number of low-wage, low-skilled people who have failed in the first chance system of education, although a much larger number of similarly situated people need human capital investment to move ahead. As many as 15 million to 50 million adults between the ages of 16 and 64 may need human capital investments because of lack of basic skills, English proficiency, high school degrees, or technical training (Carnevale and Desrochers, 2002).

Workforce systems are nested in regional labor markets, made up primarily of employer opportunities and constraints, but they also exist within a limited and shifting context of ideas, authority, and resources created and reinforced by fifty years of federal workforce development policy and insufficient local implementation.

To date, local workforce systems largely fail to satisfy the needs and aspirations of both job seeker/workers and businesses. Low-wage and low-skilled workers are not supported on career paths that help them reach economic self-sufficiency, and businesses do not obtain a sufficient number of job-ready employees who can perform productively, acquire needed skills, and reduce turnover rates by remaining on the job. Some of this problem involves how to coordinate and integrate the multiple silos and programs; another part is about how to create pathways to careers.

The “local” we are focused on refers primarily to older central cities and inner-ring suburbs where poverty and large numbers of working poor with lower skills are concentrated. In most cases, these populations are largely communities of color. Much of this discussion, however, is also relevant for rural areas and small towns, which frequently face more challenging economic development problems. Although embedded in regional economies, many inner-city urban neighborhoods, particularly those experiencing a legacy of racial exclusion, did not fully benefit from the prosperity of the 1990s and still suffer the effects of high unemployment (Kotkin, 2002).

Although the cities are similar, they are not the same. Some have experienced population increases and the pressures of gentrification; others continue to shrink and are part of declining or no-growth metropolitan areas. In some cities, the poor are moving to the suburbs. In all cases, however, manufacturing jobs have declined, and job growth has occurred in the suburbs or exurbs.

Although cities have limited powers to affect policy and economic changes, a growing number of cities have explored the connections between economic and human capital development in the 1990s (Clarke and Gaile, 1998).

The local dimension of workforce politics, policy, and implementation has been further complicated by the increased role of state government in the administration of welfare reform under the PRWORA and the WIA. For example, state policy has been critical in defining work requirements, time limits, work supports, and access to education and training resources for welfare-to-work programs. States have also established state workforce boards, and have had the opportunity to pursue unified plans that would bring some level of integration to welfare, workforce, and community colleges (Clymer, Roberts, and Strawn, 2002). Few states took advantage of this opportunity. Not surprising, many welfare and workforce advocates have developed conflicting state policy agendas (Clavel and Westmont, 1998).

Clarence Stone has conceptualized the political challenge of local human capital politics, including education and workforce, as the question of whether “employment regimes” can be transformed into “performance regimes” (Stone, 1998). This question is part of a larger theoretical effort, called regime theory, to understand why and how informal and formal arrangements are produced to support stable governing coalitions (Stoker, 1996). Such arrangements bridge state and market, city hall and civic leaders, and take on various forms under different economic and policy conditions. Stone argues that adequate financial resources, access to authority, and common ideas are necessary for durable coalitions to form and last around particular policy issues.

Employment regimes are those implementing institutions that are most concerned with perpetuating their own survival and the jobs they provide. They are bureaucracies more focused on survival, job protection, and deflecting change than with doing what it takes to transform ineffective training programs into high-performing investments.

In contrast, the normative meaning of performance regime is that this same set of institutions, now enmeshed in a broader civic context of relationships, networks, and leadership, can drive toward more ambitious results and outcomes—good jobs, careers, and productive employers.

This conception of local workforce development politics suggests that problem solving is highly influenced but not completely constrained by federal policies, economic competition, and institutional arrangements. In other words, there is room to arrange things differently, ideally on a performance basis. This is a different type of autonomy than is usually posited by regime theorists, who have been more concerned with the impacts of intermetropolitan economic competition on local politics and policies. Indeed, the balance of local urban political analysis has focused on the issues of economic development, and the evolving pattern of business, public sector, and civic arrangements that have advocated for local growth.

One of the most common metaphors for these arrangements is a “growth coalition” of land-based elites who single-mindedly pursue local economic growth, downtown expansions, new infrastructure investments, and mega projects (Logan and Molotch, 1987). Political analysts have described these growth coalitions at work and identified opportunities for limiting or redirecting the local growth pattern of politics to consider other populations and public needs.

There is some ambivalence about such growth coalitions. Although their efforts may ignore other economic development strategies or equity considerations, at best they provide opportunities and incentives for creating and sustaining focus, a rare asset in a local political and institutional environment often characterized by a fragmentation of interests and authority. Unfortunately, rarely has this civic ability to focus transferred to the realm of human capital or quality of life for the entire urban population. The question of focus, and how to work incrementally to get it and maintain it, is at the heart of thinking about local workforce politics.

Workforce or human capital politics face a number of challenges related to building focus and coalitions when compared with local economic development. An overwhelming challenge is that workforce or employment and training constitute a subsystem of local policymaking (Stone et al., 2001). A subsystem suggests that workforce issues are smaller and more self-contained than other policy issues.

Subsystem may be misleading, however, in that it still suggests a level of commonality in terms of ideas, priorities, organizations, and resources. Given funding silos, regional fragmentation, and multiple problem definitions, commonality at the subsystem level may be elusive as well. As a subsystem, workforce development may need to be connected to other issues and stakeholders in order to gain broader acceptance and priority, and at the same time, may require more investment to construct itself as a subsystem with comprehensible and related ideas, functions, and decision-making processes.

Achieving this level of organization and credibility will be difficult because the incentives at work in the workforce development arena are simply not as strong as those in the economic development arena, and authority is widely dispersed (Clarke and Gaile, 1998). Workforce development benefits are limited rather than universal and accrue over the long term. Of course, this presumes that workforce development is effective in producing benefits. Improvements in workforce development, for example, accrue to individual workers and firms, but do not as easily benefit key stakeholders, and cities and regions in a visible way.

Economic development, in contrast, generates a variety of multiplier effects, producing financial opportunities for banks, contractors, developers, lawyers, and politicians. The ongoing investment impact of new physical infrastructure, such as an airport or highway, is obvious. The strongest benefits created by workforce development may be those jobs and contracts of workforce institutions that make employment regimes impediments to the reform process.

The fragmentation and dispersal of authority in the workforce development arena make it extremely difficult to target and capture even these limited benefits. Workforce development comprises multiple systems with weak governance-welfare-to-work, workforce, school-to-work, community colleges, adult education, and vocational education. Indeed, the two central constituents of workforce development—employers and workers—are largely unorganized for collective action at the local or regional level. Only a small number of these constituents can even theoretically receive benefits from these systems. This problem is compounded when we consider regional labor markets-multiple jurisdictions and workforce development planning areas and a multitude of diverse employers (Hughes, 1996).

These authority and fragmentation problems are exacerbated by the increased role of state governments. The state has always been involved in workforce-related issues-welfare, unemployment insurance, employment service, community college, and vocational education. However, the state's role and importance has increased with recent federal legislation and because of the resources they invest. What this does in many states is to pit cities and older suburbs—which frequently have large minority populations—against mostly white suburban and rural legislative majorities, which have different policy beliefs and agendas (Orfield, 2002).

As a subsystem with limited, short-term benefits and dispersed authority, how can workforce development inspire a politics capable of pursuing and achieving a performance regime in which workers and employers obtain significant benefits? Stone et al., in their work on urban education reform, have concluded that a politics of education reform (and perhaps

human capital politics more generally) must turn toward building civic capacity—the networks, relationships, and institutions connected and mobilized around a common set of ideas, issues, and objectives. Their research suggests that cities with civic capacity are more likely to achieve reform impacts (Stone et al., 2001). What this approach to building civic capacity suggests is that civic mobilization to overcome dispersed authority and small, long-term benefits to achieve workforce systems, change through incremental, systemic victories. Civic capacity is the sustained ability to overcome local divisions and fragmentation to pursue an accepted social purpose.

There is no single pathway for this civic capacity to emerge, or to become more transparent or viable. In some cities and time periods, workforce development may provide an organizing principle or opportunity. Educational reform has frequently provided such a starting point. In other situations, however, a broader “livelihood” agenda may be the banner under which to pursue workforce development objectives (e.g., social equity, affordable communities, or quality of life) (Evans, 2002).

No matter what the umbrella set of ideas and objectives, progress will not be made without “agents of reform”—intermediaries that are able to create and take advantage of local opportunities to build local civic capacity (Evans, 2002). These agents of reform can be quite diverse, but they must have the ability to use information, navigate and broker relationships, chart courses of action, identify concrete steps forward, and combine an entrepreneurial spirit with a realistic sense of the possible.

Finally, in the longer run, civic mobilization and capacity must contribute to a “systemic agenda” for change, in this case toward what we have characterized as a performance regime in workforce development. What will be needed is a sense of the interim steps and strategic levers that can achieve change and produce multiplier effects of additional change and civic capacity. It may be overly optimistic to suggest that this cycle of civic capacity building and systemic change can reach a turning point in the short run, but important steps toward performance regimes are possible.

Where is the civic capacity related to workforce development found in cities and regions? If found, how can it be mobilized and focused to support a systemic workforce development agenda for making progress from employment regimes to performance regimes? Who can make this happen?

Several contemporary examples show different forms of civic capacity, different approaches to systemic change, and different Opportunities defined by timing and circumstances. In several cases, a “sectoral” approach to workforce development, building civic capacity and workforce programs with particular industries, has been adopted (Dresser and Rogers, 1998). None of these examples, however, demonstrates full-blown

reform of workforce development systems; instead, they illustrate how small victories over time may accumulate into meaningful changes, increased credibility, and the development of more civic capacity.

PROJECT QUEST

In 1992, after the Levi Strauss plant closed and laid off hundreds of workers, Project QUEST of San Antonio was founded by COPs/Metro, an Industrial Areas Foundation (IAF) church-based, community-organizing network (Lautsch and Osterman, 1998). After numerous house meetings with residents, and numerous research actions to identify powerful workforce models, COPs/Metro formed Project QUEST to provide pathways to family-supporting jobs. The QUEST model involves employer commitments for hiring, flexible funding to support families for up to two years, a church-based recruitment and mentoring system, and a redesign of community college courses to fit the needs of employers and job seekers.

Achieving employer commitments and flexible funding required major organizing efforts because they essentially refashioned the relationship between working poor families and the labor market and public systems. Since 2002, Project QUEST had trained and placed 1,400 people in jobs paying an average of \$10 per hour, and achieved average income increases of \$7,000 for each participant. Project QUEST has been replicated and adapted in Austin and El Paso, and has influenced the Better Jobs Initiative agenda of San Antonio's new mayor.

SEATTLE JOBS INITIATIVE

The Seattle Jobs Initiative (SJI), a Casey Jobs Initiative site, was launched in 1995 under the leadership of Mayor Norm Rice (Smith and Davis, Chapter 5; Fleischer, 2001). Its impetus derived not only from the availability of foundation funds, but also from three converging forces:

- The social equity vision of the mayor in light of tremendous regional growth and downtown investment
- The first municipal budget surplus in decades
- Impending federal welfare reform and the perceived likely impacts on low-income residents

The mayor, city council, and other allies established SJI to change the way the workforce systems operated. SJI targeted higher-paying jobs, used community-based organizations for recruitment and support, organized employer brokers, marshaled flexible resources to support job seekers, and established human service and housing programs.