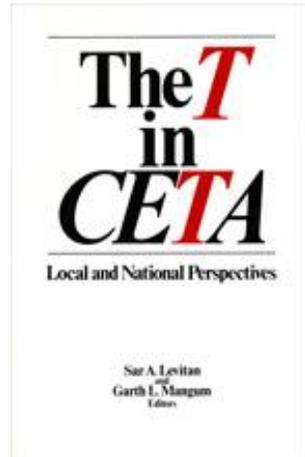

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Worcester, Massachusetts Decentralization in a Tight Labor Market

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The Labor Market

In mid-1980, the economy of the Worcester Labor Market Area (LMA) exhibited considerable strength. Employment reached record highs, unemployment rates indicated near full employment, the industrial structure of the local economy appeared to be sound, and a number of firms were completing significant capital investment projects. Substantial labor shortages existed for many categories of labor, especially skilled machinists, computer programmers, medical care personnel, and some types of clerical workers. The local economy appeared to be providing jobs for almost all of the available labor force.

The Worcester LMA is located entirely within Worcester County in central Massachusetts and contains only one city, Worcester, the second largest in the Commonwealth of Massachusetts, and 26 towns. The population of the LMA at the time of the 1975 state census was 385,600, up 1.9 percent from the 378,300 at the time of the 1970 federal census. The population of the City of Worcester declined by 2.4 percent in the 5-year period, from 176,600 in 1970 to 172,300 in 1975.

The Worcester Employment and Training Consortium (WETC) is located within the LMA, and contains the City of

Worcester plus 13 surrounding communities. The population of the consortium in 1975 was 306,600, or almost 80 percent of the population of the LMA, and the consortium area continues to contain about 80 percent of the population and the labor force. Nonwhites represented 1.5 percent of the population and of the labor force in both the LMA and the consortium area. The participation rate was substantially lower for nonwhite males than for white males; and the same held true for nonwhite females compared to white females. Except for a slight dip in 1977, the labor force has grown steadily since 1974. From 1974 through 1979, employment rose every year, for a total gain of 11.4 percent over the period. Unemployment increased sharply in 1975, but recovered relatively quickly, and by 1978 was below 5 percent. The Worcester unemployment rate has been consistently below the national and state figures.

By far the greatest demand among occupations in short supply is for skilled machinists; other skilled trade positions, auto body mechanics in particular, are also going begging. The largest shortage among white-collar occupations is for nurses aides, showing a continuing shortage of health care personnel in the area.

The only significant change in the demographic and economic characteristics of job applicants available and those actually placed in new jobs through the division of employment security offices throughout the Worcester LMA was the substantial decrease in the number of economically disadvantaged individuals—from about 36 percent of all applicants in fiscal 1978 to about 16 percent in fiscal 1979. Possibly, improved economic conditions—combined with concerted efforts at training, job development, and direct job placement—increased significantly the employability of the economically disadvantaged. There are job orders for employees in a number of semiskilled and skilled occupa-

tions. There are needs for sales and service employees. The implication is clear that training programs are the basic tools which can help match those persons seeking employment and the job openings in the labor market.

The Political Climate

While the Worcester Consortium is composed of the City of Worcester and 13 surrounding communities, the city, with 56 percent of the population, has taken the lead as prime sponsor of CETA activities. All of the surrounding communities are very small and depend upon the city for their economic activities and life. The CETA prime sponsor for the consortium is in fact the City of Worcester and is run by the employment and training office, which reports directly to the city manager. The Worcester Employment and Training Consortium functions as an agency of the city's government.

The Worcester city manager is appointed by and reports to the elected city council. The city manager, who has held the position for more than 30 years, considers himself a professional who does not have to play day-to-day politics. As a result, the prime sponsor's staff members are employed because of their skills and experience. This professionalization assures a capable staff, but the staff has little political clout of its own.

The Prime Sponsor's Staff and Organization

WETC's organizational structure is unusual, at least within Region I of the U.S. Department of Labor. Operationally, the CETA prime sponsor is the office of employment and training, directly responsible to the city manager. This office is the administrative and planning unit for CETA provisions which involve the employment and training of the

economically disadvantaged, but not the public service employment (PSE) provisions. The office of employment and training provides no direct services to CETA participants, but rather contracts out all services to community-based organizations (CBO).

The relationship between the prime sponsor's staff and the regional office has been cordial, but each has been critical of the other. Members of the prime sponsor's staff feel that insufficient understanding and assistance from the regional office have affected the WETC organization and operations. The regional office staff feels that WETC has not acted on any of the significant suggestions made to it.

The public service employment (PSE) program—not operated by the office of employment and training—functions as a branch of the city's personnel department. This arrangement appears relatively unusual, especially because the prime sponsor is a consortium of 14 communities. The PSE program provides services ranging from intake to job development, as well as the administrative, planning, and monitoring functions, for the public service employment program. The office of employment and training and the PSE program maintain separate fiscal units which, according to the regional office of the employment and training administration, “perpetuate problems, past and present, of coordination and of administrative cost control, financial recordkeeping, audit resolution and overall accountability by the prime sponsor.” No formal agreement outlines the responsibilities and defines the lines of authority between the prime sponsor and the PSE program. Hence, the relationship between the two organizations could falter severely if other (different) persons were involved. These programs should not depend on the chance of congenial personalities.

Over the past two years, the current PSE director has built the organization as it stands today, increasing the staff from.

20 to 53. For some time, intake was conducted independently by each consortium town, but it is now centralized. The fiscal officer has been in the personnel department; now PSE has an in-house fiscal unit with a staff of 10. Assessment had been contracted out, but starting in fiscal 1981 it was conducted in-house at some savings.

Turnover for the principal positions in the office of employment and training has been surprisingly low. During the past five years the key officers—the director, deputy director, management information system supervisor, and chief planner—changed only once. The directors' and the supervisor's positions are currently filled with persons who were on the staff in lower level positions, indicating WETC either provides career opportunities for staff or it does not recruit from the outside with much success. It came as a surprise that turnover was low, because the salary structure is also shockingly low. According to the "Employer Salary and Fringe Benefit Survey for All New England Prime Sponsors," November 1979, the Worcester Consortium has the lowest salaries in Region I for director and PSE director, and is well below the median for other staff members. This survey showed that the maximum salaries for directors ranged from \$21,944 (in Worcester) to \$39,374. A similar comparison for job developers showed a low of \$10,062 and a high of \$26,286. Staff salaries are determined in accordance with the City of Worcester's established salary structure.

The fiscal 1980 regional office assessment revealed that an affirmative action plan does not exist for the Worcester Consortium staff. Of 11 principal positions, 6 were filled by white males, 2 by black males and 3 by white females. Non-whites represent less than 2 percent of the population and of the labor force in the Worcester LMA and in the Worcester Consortium area.

A review of the education and work experience of five key staff indicates that the length of employment with WETC ranged from 10 months to 7 years. Average tenure has risen as staff members have advanced within the organization. Levels of education attainment vary, but every top staff member has at least a bachelor's degree.

Management System

WETC operates a totally decentralized system with each program operator conducting intake, assessment, and eligibility determination. Information is submitted monthly by the program operators to the management information system (MIS) unit on standardized forms. At the time of the study an automated data processing system was being developed in the MIS unit, and this will increase the prime sponsor's ability to analyze the data.

All participant and program monitoring data are collected and analyzed by the MIS unit. Functional areas analyzed include intake, assessment, eligibility determination and services to participants. For an evaluation of a followup of participants, WETC has contracted with the Worcester Consortium of Higher Education, Inc., an organization of representatives from local institutions of higher education. This annual report is one factor in assessing the performance of program operators.

The results of the evaluation and information gathered while monitoring are compiled and presented to the employment and training council's (ETC) subcommittees. Worcester's ETC appears well informed, and meetings of the planning and review and the evaluation and monitoring subcommittees suggest that the evaluation and monitoring results are a meaningful consideration when recommending modifications and funding levels for programs.

While evaluation and programmatic monitoring are done by the prime sponsor's MIS unit, the independent monitoring unit (IMU) is concerned with compliance monitoring. The IMU was established in August 1979. Although a work plan and monitoring tools were developed during the first quarter of fiscal 1980, many questions concerning roles and procedures remained. Independence is the key to the IMU's operations, but it appears to function as a part of the prime sponsor's staff rather than autonomously. Further, several areas are monitored by both the IMU and MIS staff, suggesting that the functions are not clearly defined.

Decisionmaking

As mandated by federal law, WETC established three advisory councils: the employment and training council, the youth employment and training council, and the private industry council. After consulting with the current chairperson, the prime sponsor's director forwards recommendations on council memberships to the Worcester city manager, who selects council members and chairpersons. The CETA coordinator provides staff support to the councils.

WETC has demonstrated creativity and organizational expertise in working with its councils, committees, and task forces. An intercouncil agreement was drafted outlining membership, responsibilities, roles and procedures for conflict resolution. A recent assessment by ETA regional office staff found the intercouncil agreement "effective and innovative."

Because WETC relies on contractors to deliver services, its planning and decisionmaking process is more intricate than that of prime sponsors providing in-house services. It thus must begin the process quite early to select all the contractors and determine the allocations before preparing the annual plan required by the DOL. An inherent problem with this

procedure is that WETC begins allocating funds to contractors before DOL releases the preliminary funding levels.

The prime sponsor's staff does a thorough and professional job in preparing and presenting information to the various committees and councils. In general, the staff members are highly regarded by the employment and training council, and staff recommendations are always given serious consideration. Council members' questions to program operators about their programs are pertinent, indicating knowledge about the program operators' services and local labor market needs.

While there has been relatively little turnover of organizations that have obtained funding under the CETA program, the decisions on contracts and size of funding appear to be based on objective criteria. The committee views the staff recommendations as professional judgments, with no political axe to grind. The prime sponsor's staff views the council members as persons with a public interest, acting without the pressures to make political decisions on program contracting and funding.

Training Policies

With the ready availability of jobs, the CETA programs have focused largely on job placement and job readiness (basic and prevocational education), rather than occupational skill training. The distribution of funds between vocational training and other CETA programs has remained relatively stable over the past few years. In fiscal 1980, the career education training center (CETC), which handles almost all of the vocational skill training programs, received \$251,000, or 11.2 percent of the total title II-B funds. The proposed allocation for fiscal 1981 showed a decline for CETC in absolute terms, to \$246,000, but because the total

title II-B allocation declined even more, CETC was to receive a slightly larger percentage (13.5 percent). One may note that this is a relatively small percentage of the total allocation of funds under this title. Neighborhood Youth Corps (in-school and out-of-school) was to receive over \$328,000; New Careers, over \$80,000; and Opportunities Industrialization Center, almost \$138,000. In general, one can conclude from the fiscal 1981 funding recommendations that vocational skill training does not have the highest priority.

The WETC evaluation of economic conditions may be the principal reason for the vocational classroom training versus nontraining fund distribution. However, within the scope of the training funds there are choices and decisions to be made, in terms of titles used, program deliverers selected, and occupations trained. These decisions and choices do not always appear thoughtful from the perspective of contractors competing for funds. Nevertheless, the funding allocations can be rationalized from the standpoint of conditions in the labor market.

Serving those most in need while maintaining low cost per participant frequently presents conflicts for programs that are also attempting to train for higher paying occupations. In an effort to show a good record, contractors could "cream" among eligible clients, and some of this undoubtedly occurs. Intricate compromises must be made when distributing funds to contractors, always keeping in mind placement and cost rates, which are areas emphasized by the federal Department of Labor.

An analysis of contractors' program status summaries shows minimal movement of participants between program activities. Evidently, under a broad policy of decentralized intake and referral, contractors operate independent programs, thereby reducing opportunities for participants to receive a range of CETA activities.

An additional deterrent to transfers between program activities is found in WETC's program design: there is little evidence of coordination between contractors concerning course scheduling and content. It appears that the situation may be improved during fiscal 1981.

Training Decisions

The process of making training decisions is very complex. With numerous individuals and organizations involved at different levels and at different stages. There are various and different inputs of information at all points of the process, as well as pressures by the numerous organizations and groups that are affected by the decisions.

Key participants in the training decisions of WETC are the three councils. As in any large organization with diverse representation, key functions are performed by committees, principally the planning and review committee and the monitoring and evaluation committee, each composed of eight ETC members.

Program operators participate in the decisionmaking process in a number of ways, especially through their representation on councils. The prime sponsor's staff contributes to the decisionmaking process by analyzing program operators' performance data, conducting site visits, analyzing labor market information, and recommending program modifications, if necessary. The ultimate staff authority is the WETC director, David L. O'Toole, who reports to the city manager. In fact, however, decisions work their way through the process, and action by the employment and training council has turned out to be final.

Many sources of information are used in various combinations to make the basic decision about trainees, occupations and service deliverers. A key source is an analysis of needs of

both prospective clients and the labor market, which the staff prepares from data provided by the division of employment security, the Massachusetts department of manpower development, and the Lawrence Berkeley Laboratory. Another source is the six-month follow-up study of title II-B participants which presents pre- and post-program profiles of participants and analyzes their job and wage status six months after they leave a CETA program. A third source is the MIS monitoring reports which contain performance indicators, such as placement rates and costs for each program operator.

An examination of the characteristics of clients served and the occupations for which they are trained, indicates that WETC is similar to the national picture. Women represent 66 percent of the enrollees in classroom training programs under title II-B, most of which focus on white-collar clerical jobs. The title VII program, concerned with private sector opportunities for the economically disadvantaged, trains electronic technicians, machinists and computer operators—male-dominated fields—and enrolls 80 percent men. Only 11 percent of the higher paying positions are filled by women.

A core of established program operators has provided the employment and training services in Worcester for many years. As a management strategy, WETC seems to encourage the program operators to alter their programs as needed and then retain them, rather than examining each proposal, old and new, on its merits. Fortunately, the monitoring reports by MIS staff straightforwardly address performance and administrative issues, and program operators apparently heed the recommendations and continue to strive for better performance. Evidently, also, program strategies are adjusted in order to comply with staff and committee recommendations.

The total funding requests submitted by potential program operators for fiscal 1981 under title II-B were approximately 50 percent higher than the fiscal 1980 funding and about 85 percent higher than the proposed funding for fiscal 1981. Actual funding was reduced by 20 percent. Clearly, the requests had to be reduced below the 1980 level. The WETC staff recommended that no new programs be funded for fiscal 1981, which clearly supported the current program operators and therefore got their support. Thus, when total funding is severely slashed, the staff is prepared to make drastic recommendations. However, new programs are not likely to receive funding unless ETA funding is increased substantially. The better of the existing programs were cut back in their funding in a relatively uniform percentage. WETC is more committed to maintaining the *status quo* than to introducing innovative programs.

Training Administration

The general framework of CETA policies is not determined at the local level, but in Washington when funds are allocated by formula to the prime sponsor and to specific titles.

In fiscal 1979, WETC received a total of \$14.8 million across all CETA titles. The \$3 million allocation to title II-B represents approximately 20 percent of total funding, and it is under this title that most vocational training is funded. The CETA legislation requires prime sponsors to use 15 percent of the title II-D funds allocated in fiscal 1980 for training. WETC allocated 18 percent for training, although nearly half of this was applied to a work experience component. Over 40 percent of title II-B expenditures in 1979 were allotted to classroom training activities, which include basic education, English as a second language, and prevocational education. It is quite evident that a substantial proportion of

the resources available to WETC is not devoted to occupational training and related instruction in labor force participation skills and basic literacy. To some extent, this is an overt decision by the prime sponsor as a result of functioning in a relatively tight labor market where job opportunities exist even for those with comparatively few occupational skills.

Regardless of the title, the majority of CETA participants served are men, with 62 percent under title II-D and 54 percent under title II-B. The smaller proportion enrolled under II-B probably reflects the heavy emphasis under this title on white-collar clerical occupations, which attract more women.

Representation by ethnic groups was also similar for each title, with whites constituting 62 percent of title VI, 71 percent of title II-D and 73 percent of title II-B. The comparable percentages for blacks were 13, 10, and 10, respectively—on the order of 10 times the percentage of blacks in the local labor force. Hispanics were the largest minority under all titles, and they accounted for 24 percent of title VI participants.

A typical title II-B training participant for fiscal 1979 was white, young, a female, and a high school dropout. Further, title II-B enrolled a higher proportion of ex-offenders, of AFDC recipients, and of handicapped persons than any other title.

Quality of Training

WETC has four major deliverers of training services. The career education training center (CETC), sponsored by the Worcester vocational school department, provides occupational training, English as a second language, and basic education. The opportunities industrialization center (OIC) offers prevocational clerical courses, English as a second

language, and basic education. The National Alliance of Business (NAB) provides all the on-the-job training. The preemployment seminar program teaches job seeking to all public service employment participants and, upon request, to classroom-training enrollees. In addition, four CBOs offer smaller training programs for the special population groups of women, physically handicapped, youthful offenders, and persons over 55 years of age.

The career education training center was started in August 1972 to meet the needs for more extensive vocational and skill training in the Worcester area. As a unit of the vocational school department, CETC receives technical assistance in curriculum design from the vocational school staff. The center offers CETA-funded programs to qualified individuals, and during fiscal 1980 the following programs were offered under title II-B: bookkeeper, general office clerk, culinary arts, patient care assistant, secretary, ward clerk, and English as a second language. Course offerings under title VII differed substantially and included electronics technology, machinist, and computer operator.

CETC requires applicants to spend two half-days in the actual classroom situation for assessment by instructors and to complete a pretraining test. Those not selected are to be referred to the prevocational training program run by OIC, but because there is no centralized intake system, some rejected applicants never receive any CETA services or training.

The ETA regional office has directed WETC to discontinue the tests for selection and has encouraged WETC to implement a centralized intake system which would make available the full range of CETA services to all eligible applicants. WETC is the only prime sponsor within Region I that does not conduct centralized intake and assessment. WETC's resistance to change has been due largely to the at-

titude that its placement rates indicate it succeeds without a centralized system.

The Worcester opportunities industrialization center (OIC) aims to assist participants in establishing and attaining realistic career goals, through skills assessment, career counseling, basic education, and general educational development (GED). The following programs are offered by OIC:

- 1) *General prevocational*—10-week program providing education and job readiness skills that will lead to further skill training.
- 2) *Clerical prevocational*—12 weeks of prevocational and English as a second language courses.
- 3) *Hispanic prevocational*—20 weeks of prevocational and English as a second language courses.

OIC also provides assistance in determining interests and skills, individual counseling, group counseling, referral for supportive services, and referral to further training or employment opportunities.

OIC is basically designed to help trainees get accepted into higher level skill training programs, although about one-fourth do obtain jobs directly. The staff has increased the length of time required for each course, claiming that it was needed to master the material. The lengthening of courses suggests that OIC is moving toward operating vocational rather than prevocational programs. Since many of their participants are not interested in further training and 35 percent of those referred to CETC (during two quarters of fiscal 1980) were not accepted, this seems to be the logical step to take. It is not, however, consistent with the OIC goals of operating a prevocational center.

The preemployment seminar program (PSP) is a series of motivational seminars, under the authority of the CETA

public service employment (PSE) program. PSP is designed to assist PSE participants in acquiring the motivational skills and self-confidence necessary to obtain an unsubsidized job. PSP has been operating for two years and is mandated for all public service employment participants. Unfortunately, no evaluation and followup is conducted on this program, so it is impossible to assess its quality based on assisting clients with a job search.

The National Alliance of Business (NAB) administers all WETC's on-the-job training services. Although the division of employment security conducts intake and initial assessment, NAB operates as a personnel agency after it receives a referral. Except for one class-size project, bank teller training, OJT positions are individual placements, made in a large variety of firms in different industries.

The one class-size project conducted by NAB is sponsored by the American Institute of Banking and enrolls 9 to 12 trainees per year. The program has been in operation since 1970 and the current funding is 34,000 at \$2,700 per placement. Although this program leads to unsubsidized employment within the occupation trained for, the numbers involved are so small as to make this OJT program in Worcester of very minor consequence.

Results of the six-month follow-up study of title II-B participants conducted six months after termination indicate that post-CETA incomes remained low; in fact, 33 percent would still have qualified as economically eligible for the program. Participants enrolled in training for 21 weeks or longer earned substantially more than those enrolled for less than 21 weeks (\$6,884 and \$5,934 respectively). Clients who were job-placed, that is, placed in jobs developed by the programs, had higher post-CETA incomes than those who were not job-placed (\$6,312 compared to \$5,559 respectively). NAB-OJT emerged as the program producing the highest

post-CETA main income, at \$8,809, while CETC averaged \$5,818.

Two-thirds of those surveyed were employed six months after terminating from CETA. Again NAB stood out, with 84 percent employed, while CETC had 68 percent and OIC had 53 percent.

Although a sizable proportion of trainees were employed six months after leaving, apparently only OJT participants realized a substantial income gain. If WETC is concerned with increasing the earning power of participants, their skill training programs must be lengthened and must encompass more than secretarial and clerical courses.

Conclusions

The Worcester prime sponsor is somewhat atypical in at least three separate areas. One is the relatively tight labor market area that WETC has been operating in for a number of years. The second is the rather complete decentralization of the total system, the result of an overt decision by the prime sponsor. The third distinction is the administrative separation of the PSE program from other CETA programs. This separation has not had substantial or significant effects on the training programs or the public service employment program, but the cooperation between the two organizations depends upon the personal relationship between the directors.

Prime sponsors continually face decisions on how to design, implement and maintain employment and training programs. Because of the system's decentralized structure, the decision process starts at the staff level, where relevant information is gathered and analyzed. Program operators and potential operators participate at various levels of the process, sometimes as members of a committee, and

sometimes only as discussants. The principal organization in the making of major decisions is the employment and training council. In fact, the recommendations of the ETC are final decisions, and all participants in the process are aware of this and expect it.

In identifying target groups, the staff found more people were eligible for CETA than could be served in a meaningful way with the available funds. WETC's response to this issue defined certain segments of the population as most in need, estimated their size and characteristics, and specified appropriate levels of service. WETC's staff planning unit presents this information in its annual analysis of need.

WETC adheres to a complex process of selecting training occupations through analysis of many sources of information. Apparently the most important element in the decisions relates the current program operators' training capability and capacity. The bulk of WETC's training occurs in the secretarial and clerical fields, with only one contractor offering a small program for machinists, which are much higher on the list of growth occupations.

WETC has an elaborate and thorough method for selecting service deliverers. Although for several years no change among the major service deliverers had taken place, the deliverers are subject to exhaustive performance monitoring. Monitoring results are used wisely and contribute significantly to improved program performance.

Communication between WETC and the ETA regional office on management and decisionmaking appears limited to routine, noncontroversial matters. In general, the federal representatives have made little or no positive contribution to the operation of CETA programs in the Worcester area. Several WETC staff members expressed a reluctance to ask the regional office for advice; they felt that the regional office staff was overly critical and made no effort to under-

stand their problems. For the most part, no federal intervention concerning planning decisions has occurred; management issues addressed in the 1980 assessment include assuring the independence of the independent monitoring unit and consolidating the financial management systems of the prime sponsor and the public service employment program.

Performance indicators alone do not adequately assess the quality of training offered under the sponsorship of WETC. Some program operators claimed that the CETA system's instability was a deterrent to the long-range planning necessary for excellent program development.

In our opinion, WETC has the capacity (in terms of facilities and staff) to expand its training program quickly and economically. The following suggestions, if implemented, would increase WETC's capacity to develop and manage programs:

1. Implement a centralized intake system, permitting selection, assessment, and referral to programs on a more equitable basis. Individual employability could be developed and kept up to date, rather than starting over with each program. Transfers among program activities could be based on participants' needs, and job development could be conducted in an intensive nonduplicating manner.
2. Restructure the organization, merging the public service employment organization with the Worcester Employment and Training Consortium. The cooperation of the two organizations should not depend upon the personalities and relations of the two directors.
3. Assign the responsibility for coordinating program operators to one staff member. Currently, many staff members contact a program operator, but no one person monitors the memoranda of agreement among

community-based organizations. It is left to each agency to coordinate its CETA services with other agencies.

4. Increase the frequency of the present 6-month followup study report. This would make the results available and useful in planning of the training programs.
5. Require the contractors to eliminate the use of tests and other preselection devices which tend to screen out eligible clients from CETA training programs. Such tests are inequitable, and are a "creaming" device which eliminates those most in need of CETA services.
6. The role of the independent monitoring unit should be clarified to differentiate its responsibilities and functions from those of the management information system unit. Further, the autonomy of the IMU should be strengthened.