Workforce Development: Contrasting Implementation in Boston, Philadelphia and New York City

By
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Abstract

WORKFORCE DEVELOPMENT:
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PHILADELPHIA AND NEW YORK CITY
BY
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Like the majority of federal programs in the United States, the Workforce Investment Act (WIA) is administered by local government agencies entrusted to carry out federal objectives. In implementing WIA, localities may structure their workforce development programs using social service policy objectives, economic development policy objectives, or a mix of the two. Three Northeastern cities provide three different implementation models: as an extension of welfare reform, New York initially focused its programs solely on low-income residents and then reoriented them around business services; Philadelphia, focused on economic development objectives, using its funds in large part to support customized training to meet business needs; and Boston employed a blended model combining economic development and social service policy objectives. This dissertation will investigate the local conditions that led to varying models of WIA implementation and assess the implications of implementing a federal law in either a social service or economic development direction when its framework may be interpreted as permitting either.

Particular attention is paid to the general consensus in the Political Science literature that local political leaders are inclined to use federal programs to meet economic development goals rather than focus service delivery on the poor or low-income residents. The study conducted for this dissertation focused on the critical role played by local institutions in shaping implementation and program structure. While local elected leaders had tremendous influence and local producer groups had some degree of influence, this study found that independent agencies were able to shape policy outcomes more than any other actor. This was the case in all three cities. The independence of implementing institutions thus becomes a critical variable for how federal objectives are interpreted at the municipal or county level.

Finally, this study found that a blended approach to policy implementation—one that integrates an orientation to business and low-income residents—is far more feasible and even preferable to local employers and bureaucrats than has been previously thought. This is of particular interest to Political Scientists who have long advocated for such an approach to address both social and economic goals.

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[1] Components of sub-employment include: unemployment, part-time work, sub-minimum earnings and non-participation in the labor force.

Chapter I: Objectives and Methods

INTRODUCTION

Local governments and businesses alike have become increasingly focused on workforce development programs—which can include job training, job placement, career advisement and remedial education[2]. Initially such programs were only oriented to benefit low-skilled job seekers, but now they are seen as a permanent and necessary part of local labor markets (Grubb *et al.*, 1999; Ganzglass *et al*., 2001; Reesman and Troppe, 2004). Technological change and increased international competition have created a need for workers at all levels to update their skills periodically and throughout their lifetime. By 1995, fully 84% of employees received formal training from their current employer (Bureau of Labor Statistics, 1996) and one of the few surveys of private training expenditures tabulated $56 billion spent by businesses on direct training in 1994 (Hattiangadi, 2000, p.2). Responding to this need for skilled employees, most states began to integrate workforce development into their economic development efforts in the 1980s (Eisinger, 1988). By 1999, 45 states had initiated customized training programs totaling over $590 million for entry- mid- and advanced-level jobs (Ducha and Graves, 1999).

While this attention to employment programs by businesses and state governments is fairly recent, the federal government has been supporting employment services since the 1960s. The objectives of federal policy have fluctuated wildly over time and have the distinction of being "re-invented" a half dozen times in the past forty

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[2] Note: Workforce in this dissertation is a limited one that only encompasses short or medium-term preparation or training for a job. It does not include primary, secondary or higher education. A full definition of workforce is provided later in this chapter.

years. Workforce policy has shifted from public job creation to publicly sponsored training; from strong centralized control by the national government to wide local discretion and from concrete performance measurements to poorly defined ones. But throughout all of these wild swings in structure, federal workforce policy has increased its orientation toward the business community as participants in program design and beneficiaries of federal allocations. On its surface, this increased orientation to business and economic development has placed federal workforce programming more into alignment with the popularity of job training as a tool of business development at the state and municipal level.

With the sole exception of George H.W. Bush every presidential administration since the election of John Kennedy in 1960 has embarked on a major revision of workforce programming at the federal level[3]. The most recent reinvention of employment policy is the Workforce Investment Act (WIA) that was enacted in 1998. This new law continued a steady emphasis on private sector participation that began in 1978 with the reauthorization of the Comprehensive Employment and Training Act. WIA strengthened previous stipulations that a business-led governing board design program structure. Additionally, the law mandated that services be available to *all* workers, not just low-income job seekers. Finally, the law instituted a variety of market mechanisms including the introduction of 'one-stop' career centers and training vouchers. Despite this continued trajectory towards a more business-oriented program, the focus of WIA remained ambiguous. It contained business-driven mandates, yet it retained some aspects of the old social service model by calling on states to link programs to other means-tested programs such as welfare and housing assistance. Consequently, local authorities could

[3] See chapter two for a full description of every federal workforce bill.

interpret WIA either as a social services policy to assist the dependent poor or as an economic development policy to assist businesses and help high-skilled displaced workers find new jobs. Local implementation of the law has run the gamut—with many localities implementing a mixed system with both developmental and social service goals (Barnow and King, 2003).

The diversity of WIA implementation is at odds with the majority of the Political Science literature that finds localities favoring economic development interpretations of federal programs (Peterson, 1981; Rivlin, 1992; Donahue, 1997 are three oft-cited examples). Federalist literature notes that lower levels of government are invariably more oriented towards economic development policy and disinclined to initiate or administer social service programs. In the urban politics literature there is a wide range of opinion, but most authors believe that cities operate within a context of structural economic constraints—unlike the federal government, cities are constrained by the need to compete with other localities in the quest to lure mobile capital and high-income homeowners. This literature will be discussed in more detail in the next section, but suffice it to say here that the varied interpretation of WIA presents a contradiction to past theoretical and case study texts.

To understand the nature of local implementation of WIA this dissertation revolves around the following three hypotheses:

General Hypothesis One: If governors and/or mayors make workforce development a priority, then local implementation of WIA will favor an economic development perspective.

General Hypothesis Two: In the absence of a political focus on workforce development, strong producer interests of nonprofit service providers with historical investment and connection to workforce services will influence local adoption towards a social services orientation.

General Hypothesis Three: In the absence of a political focus on workforce development, a strong local institutional venue will enact programs emphasizing a social services approach to implementation. An institution's position within the municipal administration—as well as its history—will shape such a policy outcome.

These hypotheses and the literature supporting them will be explained in more detail below.

METHODS AND PERSPECTIVES

A Case Study Methodology

The primary method of analysis for this dissertation is a case study methodology, relying on quantitative and qualitative data from three cities—Boston, New York and Philadelphia. Close attention was paid to the political environment and political conditions prior to and at the time of WIA implementation. To assess the full range of the policy environment, this dissertation used two study periods. The first is the pre-study or longer period of 1979 to 1998. This period encompasses the two incarnations of federal workforce legislation, CETA reauthorization and JTPA, which encouraged a substantive connection to the private sector. The second, and primary study period was the WIA

implementation period of 1998 to 2004. This period encompasses the time period from WIA federal passage to its sunset date[4].

The data collected is a mix of qualitative and quantitative. The qualitative data consists of over 120 interviews with key stakeholders at the municipal, state and national level. At least 30 individuals were interviewed in each city with a fairly even mix of representatives from interest groups, the mayoral administration and the local administering institution. Additionally, foundation officers and members of the policy and advocacy community in each city were interviewed. National interviews were conducted with ten policy experts who have published widely on the topic of state and city workforce programming. A set list of questions was asked of each interviewee and it is this source that provided the data for many of the tables in this dissertation that assess policy directions in each city.

Quantitative data encompassed an assessment of local workforce budgets, contracts, and specific allocations of funds. Additionally, a thorough Nexis review was conducted of over 200 documents of every public article written about workforce development in each city over the past 25 years. A review of all relevant policy research reports was also conducted that included academic, public policy and government-generated material on each city. Any salient material in this review is incorporated into the text of the dissertation and referenced in the bibliography.

Taken together, the comparative case study methodology will allow for a summary of program decisions, outcomes and objectives. This narrative approach is well suited to the purposes of this study because the focus is not on successful

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[4] Note: WIA reauthorization was scheduled for 2004 but has been delayed and at the time of the writing of this dissertation has not been finalized.

implementation, but on the orientation of implementation (i.e. social services, economic development or a blended approach). The narrative will trace the development of various orientations and why they were chosen.

Definitions

There are three terms that will be used throughout this dissertation that must be defined at the outset of this study. They are workforce development; social services and economic development. These are terms that can and have had varied meanings in different academic texts and policy settings. This section will provide very specific definitions for the terms and describe what they do and do not refer to. These definitions are not meant to be exhaustive or definitive, but they should provide clarity for the reader throughout the remainder of the text.

Workforce Development

Of the three terms, this is the one that could be most easily misunderstood because workforce development can encompass so many activities and programs. Broadly, workforce development could consist of any program or service that enables someone to obtain a job or advance their career. This could include a rigorous grade school education that promotes lasting reading and math skills; day care that allows someone to work longer hours; or even social security that allows a worker to take more professional risks with the knowledge that a retirement payment will be provided by the federal government.

All of these aspects of a broad understanding of workforce development fall outside of the purview of the definition that will be used in this research. A relatively narrow view of workforce development will be taken which is defined as publicly funded short- or medium-term preparation or training for a job. This includes job training, job placement, career advisement, remedial education and job preparation such as résumé writing. This definition is closely aligned with the traditional federal government meaning of workforce development and its primary programs such as the Comprehensive Employment and Training Act or the subject of this study, the Workforce Investment Act.

Economic Development Orientation

An economic development orientation in this dissertation is defined simply as programs that benefit employers. This can encompass a range of initiatives such as tax brakes, construction of a new building or job training, but it must be proactively affirmed as a benefit by the employer intended as the beneficiary. It is important to stress that employers in this definition are not limited to private sector businesses and can and indeed often does include nonprofit agencies; educational institutions and hospitals.

Economic development is a demand side approach to policy—one that responds to the needs of employers. This is in contrast to a social service approach which is supply oriented. As such, economic development is never about benefiting a specific individual, but a company or broad economic sector.

It should also be made clear here that the presence of economic development does not imply the absence of a social services. Indeed, one of the critical findings of this

research is the ability of municipalities to create programs that have a blended orientation—incorporation of both an economic development and social services; both the demand and supply side of policy development.

This critical dependent variable of an economic development approach will be measured in each city according to a list of criteria judging whether a city has taken such an approach to WIA. If a city genuinely meets three of the five criteria listed below it will be considered economic development.

Measures of Whether a City Employed an Economic Development Approach to WIA Implementation:

1) A business dominated workforce board that independently sets local policy;
2) Over 25% of WIA funds dedicated to business customized training;
3) WIA funds coordinated with the local economic development agency and used as part of economic incentive packages to retain or attract companies to the region;
4) Public recognition by the mayor and/or governor of workforce dollars as an economic incentive to business;
5) Positive impression of the WIA program from traditional business advocacy organizations (i.e. local chamber of commerce).

Social Services Orientation

A social services orientation in this dissertation is defined as programs that benefit low-income[5] individuals. This can be a range of programs such as subsidized child care, tuition remission or job training, but it must be specifically intended to benefit the most economically disadvantaged residents in the area. A social services orientation should not be confused with a redistributive program that refers to a tax on moderate and upper-income individuals and then a transfer of those funds to low-income individuals. The use of social services in this dissertation is broader and generally refers to an orientation and focus of programs towards the poor or unemployed.

[5] Low-income is defined here as the federal TK xxxxxxxxxxxxxxxxxxxxxx

A social services orientation is dedicated to individuals, not institutions or employers. And within the context of workforce development it is a supply side approach—one focused on the supply of labor for employers.

This critical dependent variable of a social services approach will be measured in each city according to a list of criteria judging whether a city has taken such an approach to WIA. If a city genuinely meets three of the five criteria listed below it will be considered economic development.

Measures of Whether a City Employed a Social Services Approach to WIA Implementation:

1) Administrators focused program benefits on individuals who are unemployed, transitioning off of public benefits or meet the federal definition of low-income;
2) Public recognition by the mayor or governor and/or senior staff of workforce dollars as a benefit to low-income individuals;
3) A business dominated workforce board that independently views workforce policy as a benefit to low-income individuals;
4) Attempts to link federal workforce funds with other means-tested and non-means tested programs dedicated to low-income individuals and families.
5) A city developed plan for all social service programs that included workforce development and WIA programs a core service delivery system.

A city that meets both sets of criteria of economic development and social service policy will be viewed as implementing a blended approach to workforce development.

Summary Definitions of Key Terms

Key Term	**Definition**	**Examples**
Workforce Development	Publicly funded short- and medium term job training and preparation.	Remedial education, brief vocational training.
Economic Development	Programs that benefit employers.	Tax incentives, business customized job training.
Social Services	Programs that benefit low-income residents.	Subsidized childcare; job training.

Choosing Three Cities

The cities were chosen because they diverged in overall workforce history and their approach to implementing WIA allowing for an investigation of what factors led to such divergence. The cities were also chosen because these three Northeastern cities have very similar contextual circumstances, but diverged on the dependent variable. In this sense, it is possible to “control” for such matters as economic structure, labor market conditions, and business cycle, since all three cities are similar in these respects.

Chapter three will assess each of the cities in depth, but the following passage will briefly note their broad similarities. The three cities each have a strong democratic tradition of activist government with strong mayoral systems, Republican governors and divided state legislatures. Geographically, all are Northeastern cities along historically prosperous waterfront, highway and transportation routes. Demographically, they have extremes of wealth and poverty and New York and Boston have a tradition that exists today of accepting immigrant workers into the economy. And most relevant to this study, they share an economic milieu: all three have fading industrial economies that are now far more dependent on financial services, health care, tourism and higher education.

The three cities also share similar workforce climates and systems. They have an increasing need for high-end skilled labor and have traditionally relied on importing high-end workers from other regions. In terms of their workforce development infrastructure each city is heavily populated with both neighborhood-based and large-scale nonprofits, and unlike many other cities, community colleges do not dominate public sector workforce programs.

Despite the baseline similarities of the political and policy environments in each of the three cities, each had distinctly different orientations towards workforce

development. Historically, Boston had a deep commitment to the field and has constantly improved its programming; Philadelphia has been known as a relatively competent, but not terribly innovative city; and New York is notable for not having any interest in employment policy, its programs have been victim to wild swings in policy direction and focus.

Each city had varying historical orientations to workforce development and different approaches to WIA implementation. Preliminary reports about early WIA implementation noted that each city had taken a different course: Pennsylvania's governor articulated a major reform plan based on integrating workforce with economic development and Philadelphia focused most of its training funds on custom-designed business training (Thompson, 2000; Buck, 2002); New York used WIA to augment its welfare reform efforts (Alssid *et al*., 2003); and Boston focused squarely on assisting the most disadvantaged residents and also met a number of economic development goals through a mix of municipal training funds and connections to major real estate development projects (Parthenon Group, 2003).

The distinctly similar economic, demographic, geographic and workforce environments coupled with apparently divergent interpretation and implementation of the federal WIA made New York, Philadelphia and Boston ideal comparative examples of local implementation and varying approaches to workforce policy.

A Focus on Workforce Investment Boards

This study sets out to evaluate the role of local administering agencies. In most policy areas this would translate into an analysis of the local public sector entity charged

with oversight and service delivery responsibilities for the federal program. Workforce is unique in the sense that the federal government, beginning with CETA reauthorization in 1978, mandated that business-led workforce boards play a role in oversight, administration and even direct service provision. In a sense, business-led workforce boards could and often did have considerable authority over the system[6]. Consequently, business workforce boards must be evaluated as a local workforce agency as well as an independent oversight board.

Mandating that business boards participate in the administration of federal programming is unique to workforce development, but demands that this analysis assess both the public sector agency and the workforce investment board. This form of analysis complicates the study because there are two agencies to assess and track historically and politically. But there is a great advantage to this dual assessment: it presents an opportunity to evaluate how the locality used business in-put; whether the dominant business leaders or regime leaders were involved in workforce policy and if workforce policy was directly responsive to business interests.

Each city had vastly different relationships with their workforce board. Boston's workforce programming was led by its board and at the time of WIA implementation there was fully shared responsibility between the board and the public sector agency. In Philadelphia the workforce board took over all of the employment programming throughout the 1980s and 1990s, but was then split off for WIA implementation and given an oversight function. New York developed one of the most aggressive workforce

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[6] As will be discussed in this dissertation, Philadelphia's workforce board took over the entire system and in Boston the workforce board has what amounts to joint control of the system with the local public workforce agency.

boards in the country in the late 1970s, but by the time WIA was implemented the board had virtually no power and no impact on workforce policy development.

A Focus on Policy Actors

Most Political Science studies focus on institutional factors of economic constraint or interest group pressure. But this study will focus on individual policy actors as well. The table below summarizes the institutional history and biases of each actor I will assess. Mayors are predisposed to favor economic development, whereas nonprofit providers and bureaucracies are predisposed to favor social services policy and interpretation of WIA. It is important to articulate these predispositions at the outset of the dissertation as careful attention will be paid to individual actors including mayors, mayoral aides, agency commissioners, deputy commissioners and executive directors of nonprofit organizations.

Table I-A: Role and Incentives of Policy Actors

Policy Actor	History	Economic Development Incentive	Social Service Incentive
Mayor/ Governor	Traditionally, unfocused on federal training policy	With training becoming more valuable to the private sector; avenue to win business favor and attract mobile capital	Spread dollars around to various constituents though community nonprofits
Nonprofit organizations	Main provider under social services model since 1960s	None	Continued access to funds and contracts under a familiar model
Local administering agency	Traditionally, focused on social services model at a human services agency	None	Continued focus on model that has been professionalized over time

Actors Not Chosen

The above section delineated the actors chosen and their built in incentives for engagement with the workforce system. There are a couple of actors that were not chosen that warrant some explanation in terms of their exclusion.

One set or actors that will not be assessed in any detail are minority or low-income advocacy organizations such as local chapters of the Urban League that organize for improved local service delivery for economically distressed communities of color. These are interests groups that have had considerable impact on other policy areas such as housing or welfare reform (Piven and Cloward, 1971; Gitlin, 1987; Fisher, 1994). But these organizations are not found in the literature to have been active around job training issues. There are certainly examples of advocacy around job creation, but rarely around training and workforce development or the implementation of federal employment programs.

Another policy actor excluded from this study is the U.S. Department of Labor (USDOL). This is the federal agency that has historically had jurisdiction over the primary federal workforce programs including the Comprehensive Employment and Training Act, the Job Training Partnership Act and the Workforce Investment Act. But unlike other federal agencies, the USDOL has seen its influence over policy development and implementation wane markedly over the past thirty years. Whereas some federal agencies such as Housing and Urban Development and the Department of Education have developed and directly overseen a number of substantive new reforms and programs during recent presidential administrations, the USDOL has been on the periphery of workforce reform nationally and locally.

The USDOL had a substantive impact on policy development during the 1950s and 1960s, the years during the initial planning years of job training policy during the Kennedy and the Johnson administration. The agency drafted a number of white papers detailing how the federal government could enhance workforce programs and link such efforts to national economic policy (Weir, 1992, p.63-68). This strong intellectual and program role began to fade as early as 1964 when President Johnson decided to take a multi-prong approach to job training that spread programs and dollars throughout many federal agencies as part of the broad War on Poverty (Weir, 1992, p.75). By folding job training into anti-poverty efforts, the USDOL permanently lost its position in terms of policy development and also signaled the beginning of a disparate set of programs that the labor department had no control over.

The USDOL lost even more authority and political standing during the Nixon administration. President Nixon was wary of many federal bureaucracies and believed that after successive Democratic administrations they would be aligned against his interests. The USDOL was an agency that Nixon was particularly suspicious of and he excluded its staff from all discussions around workforce reform which was a priority of his administration during the end of his first and beginning of his second term of office (see Nathan, 1983, Ch. 3).

Beyond exclusion from the policy discussions around CETA, the final structure of the law stripped many program responsibilities away from the USDOL. CETA was oriented towards local control which diminished the USDOL's authority. The fundamental components of program administration were transferred from the USDOL to local administering authorities known as prime sponsors under CETA legislation. The

prime sponsors—which was typically controlled by City Hall and the local workforce agency—obtained responsibility for planning, implementing and overseeing all federal training programs that fell under the purview of CETA. The secretary of the USDOL was responsible for selecting and approving the prime sponsors and retained some measures of accountability to ensure the funds were spent on their intended purpose (Orfield and Slesarev, 1986, p.41), but overall lost a considerable amount of responsibility.

The passage of JTPA during the Reagan administration further eroded the USDOL's authority. Throughout the 1960s and 1970s, federal workforce policy was built around a direct relationship between the USDOL and local sponsoring areas. In an effort to increase the role of the state, a number of the responsibilities were transferred from the secretary of the USDOL to governors. These included the designation of service delivery areas, review or workforce planning documents and oversight of program compliance. Additionally, the states now became the fiscal conduit for federal funds, rather than funds flowing directly from the USDOL to local counties and cities.

The marginal role of the USDOL improved slightly during Secretary Robert Reich's tenure in the first half of the Clinton administration. He was one of the more aggressive Labor secretaries in the latter half of the 20th century (see Weir, 1992, ch.4) and the first since Raymond Marshall in the Carter administration to focus reform efforts on workforce. Reich's lasting initiative was a one-stop career center demonstration grant that was eventually incorporated permanently under WIA. But WIA itself did little to improve the role of the USDOL in relation to the localities; the agency did not receive a restoration of previous policy development or program accountability responsibilities. Moreover, after Reich left the Clinton administration the USDOL took a fairly passive

stance in terms of local implementation of the law according to federal officials interviewed for this dissertation. One senior administrator at the U.S. Government Accountability Office said, “the USDOL took a ‘wait and see’ approach to WIA and allowed the localities to experiment with the law at first. But four years later they still have not done much. The experimentation phase is over and many localities are doing well with WIA and (the) Labor (department) is still missing in action.”

The USDOL was not seen locally as playing any role in terms of implementation. The few texts that have assessed local implementation have not even mentioned the USDOL in the text other than to state the required performance measurements that they collect (Barnow and King, 2003; TK). In fact, New York City, one of the case cities, is one of the greatest examples of USDOL weakness that is cited by interviewees. New York consciously refused to implement WIA and ignored many of its major tenets, yet the USDOL did nothing more than announce its misgivings at public hearings. The city was so oblivious to the federal agency that one USDOL official who met with Mayor Giuliani’s chief of staff said, “I was shocked to hear that he had not even heard of the federal law until ten minutes before our meeting.” This highlights the degree to which the USDOL played no role in local implementation in New York and the other case cities in this dissertation.

A Focus on Outputs, Not Outcomes

This study is about outputs—the policy approach taken in each of the three study cities. There will not be an evaluation of policy outcomes—objective measures of the policy’s performance. The objective of this research is to determine the political and

policy dynamics that lead to one particular type of policy over another; assessing the benefits of that policy are outside of the purview of the intended focus.

Beyond maintaining a research focus, outcomes will not be evaluated because under WIA they are essentially meaningless. WIA performances measures are written in such an ambiguous way that localities can and have interpreted them in a variety of ways that have rendered the data collected worthless to researchers and government bodies alike (D'Amico and Salzman, 2004). The murkiness with which WIA performance measures were written is a departure from JTPA, in which outcomes were clearly defined. JTPA measures were seen as fraught with fallibilities, but they were still considered by most researchers a viable measure of performance (King, 2004). In sum, the lack of rigor applied to defining and collecting WIA performance data has led to the conclusion that they do not merit inclusion in this study.

Before abandoning performance assessment entirely it is worth noting here the state of outcome evaluation. There have been dozens of formal evaluations of federally funded job training programs conducted over the past twenty years. Almost all of these studies have been of the JTPA program and have assessed the value of training to welfare recipients, dislocated workers and incumbent workers. The bulk of evaluations conducted are generally not positive: In most cases some improvements in wages were found, but often not enough to warrant the government's original investment (LaLonde, 1995). Moreover, for workers below the poverty line, the prime target of JTPA programs, training did not lift the majority of program participants out of poverty (Orr *et al*., 1996).

As discouraging as the evaluation literature of federally funded workforce programs is it should be stressed that programs that had a connection to the workplace

had the highest wage-gain benefits (Orr *et al*., 1996). The highest result was an experimental use of JTPA for customized job training that was initiated by a few disparate counties in the late 1980s (Barnow *et al*., 1999). The evaluation of this program found near 100% placement rates and long-term wage benefits that far exceeded traditional JTPA programming. The benefits of aligning training with business labor force needs will be revisited at different points in this research as a best practice approach that each of the three cities employed at some point during implementation of WIA.

Chapter Structure

The bulk of this study is organized around three city chapters that provide an in depth assessment of workforce policy implementation in Boston, Philadelphia and New York. Two of the key variables are the role of local workforce agencies (including workforce boards) and special interest groups. But because mayoral administrations impact on each of these variables, an assessment of mayoral impact will be conducted within each section, rather than dedicating a separate section solely to mayoral impacts. A final section on state level actors, with a particular focus on governors will be presented.

It should also be noted that different policy actors will receive different lengths of analysis dictated by their influence on policy in each city. For example, nonprofits had virtually no impact on policy implementation in Boston and Philadelphia and consequently the sections describing their composition and influence are much shorter than the sections devoted to the local employment agency.

Also of note is a focus on one-stop career centers that is contained within each case study. One-stops are the cornerstone of the WIA legislation. Federal lawmakers designed one-stops as foundation for all of their policy goals of universal access, training vouchers, service coordination and economic development. For this reason, I will assess each city's path towards implementation of one-stop centers. This analysis will be conducted within one the larger subject heading (i.e. workforce agency or state actors) that was most influential to the creation of one-stops in the city.

POLITICAL SCIENCE THEORY: LOCAL IMPLEMENTATION OF ECONOMIC DEVELOPMENT AND SOCIAL SERVICE-BASED PROGRAMS

Introduction to the Dissertation Thesis and the Literature

At its core this inquiry is a study of third party government arrangements. Third party government refers to the phenomenon that began in the late 1950s when the federal government increased funding and the scope of public services without corresponding increases in the federal delivery system. Instead, third party entities such as local nonprofit organizations began to carry out federally funded programs (Salamon, 2002). The federal government placed significant mandates on local governments, but it had little capacity to ensure they were actually implemented faithfully (Bardach, 1977; Pressman and Wildavsky, 1979). Within third party systems, workforce is a particularly difficult law to implement faithfully given the law's ambiguity—it can be interpreted as benefiting the poor, benefiting business or a blend of the two.

It is WIA's ambiguity that is the focus of this dissertation; whether the policy is to be administered in the service of individuals or business, or in the service of both—a blended approach to policy. It is precisely this division between social service and economic development ends that has been a central concern within Political Science literature for the past thirty years and it is the subject of the following literature review.

Orientation of State and Local Governments

Determining the appropriate role and leanings of state and local government in terms of social services and development policy has been a major topic within federalism, urban politics and implementation literature for the last twenty-five years (Pressman and

Wildavsky, 1979; Peterson, 1981; and Rivlin, 1992 are examples of frequently cited texts in this tradition). Much of this literature insists that localities are more interested in and more likely to undertake development-oriented policies that increase their tax base, respond to the political base of business-dominated governing coalitions, and attract mobile capital. Amendments to this view have been made, but still the majority of commentators have stated that when it comes to national programs, localities are best equipped to carry out development policy where their true interests lie, while the federal government should focus on redistribution or social service policies, where it possesses more capacity. What follows is a more detailed review of the various texts in different strands of the Political Science literature that have addressed the issue of local implementation of policy that can be interpreted as meeting social service or economic development goals.

Urban Politics Literature

Understanding economic imperatives in city policymaking has consumed many urban-oriented Political Scientists since the publication of Paul Peterson's City Limits in 1981. Peterson makes the argument that cities are structurally constrained; that they must in every possible way initiate and interpret policies from an economic development perspective. This argument has its origins in Tiebout's (1956) ideal model of fiscal equilibrium. It states that local communities are far more constrained than the federal government because they have to compete with each other to attract economic investments and homeowners, and to export their goods. Whereas the federal government can regulate the flow of productive resources such as labor and capital (see Oates, 1972),

local governments are powerless to do so. Consequently, cities are limited and often only have full autonomy over land use decisions. Accordingly, cities respond as any rational actor might and enact economic policies that are most attractive to business and shun human service policies that will do little to attract businesses and high income tax payers.

Variously referred to as economic or structural constraints, cities in this model have no choice but to pursue business-driven policies. Municipal leaders have little creativity in policy development and can be counted on to resist any policies that will benefit the poor. Many authors have responded to Peterson, not so much with a rebuke, but with amendments. Critics of City Limits do not deny that cities indeed have valid economic constraints. But they claim that there is room for politics and genuine choices. This analysis is clearly articulated in The Politics of Urban Development (Stone and Sanders, 1987) in which the authors state, “Cities don’t make development decisions; people do” (Stone and Sanders, 1987, p.8).

The Stone and Sanders anthology and a number of other studies have shown through a case study approach that economic constraints are often, if not always, the municipal context. However, institutional, political and historical factors can deeply impact and even alter the municipal imperative to attract mobile capital.

There are many case studies that have demonstrated that local government agencies can override any economic imperative to pursue a business bias in policy implementation. Authors have pointed out that administrators making decisions are free from the pressure of the electoral process that often favors an economic orientation and thus able to make decisions that are not necessarily inline with the city’s economic constraints (Lipsky, 1971; Lowi, 1979). And Pierre Clavel (1986) argues that many

public planners and administrators have an internal liberal and social services bias and are trained as such in policy and administration schools. Some of these studies have found that a focus on effective and efficient implementation will lead to an increased orientation to poorly served and marginal areas (Bryan Jones *et al.*, 1978; Kenneth Mlandenka, 1980).

There are also a number of studies that have found that mayors have made conscious decisions to construct policies that would directly benefit low-income and minority communities. These studies have found examples of black mayors using programs to benefit a previously marginalized minority group (Karnig and Welch, 1980; Browning *et al.*, 1984; Eisinger, 1984) or of white mayors using programs to win support of local community and minority groups (Mollenkopf, 1992). A few studies have even documented "progressive regimes"—mayoral administrations that work to curb capital development, not foster it (Clavel, 1986; Swanstron, 1988; DeLeon, 1992). But it should be stressed that this body of literature functions as exceptions to City Limits not as a fundamental contradiction to its central premise of municipal economic constraint.

With the wealth of case studies that have responded to Peterson, it is fairly well established that urban policymaking is not solely defined by economic constraints. Political and institutional factors do matter. But there is just as much consensus that municipal leadership, especially mayoral leadership, indeed does prefer economic development. Political choices can be and are made, but taken together the literature states that all things being equal, a mayor will opt for business-friendly policy if given the choice (for the best articulation of this summary of the literature see Stone and Sanders, 1987).

Federalist Literature

The federalist literature, which identifies the most appropriate role of each level of government in terms of policy implementation, reaches similar conclusions. Prominent works in this literature include those of Richard Nathan (1983), Alice Rivlin (1992) and Paul Peterson (1995). They differ on some intergovernmental issues, but agree that states and localities are better positioned to administer economic development programs than the federal government. This argument was first clearly stated in <u>When Federalism Works</u>, by Peterson *et al*. (1986). The authors measured a number of local fiscal and organizational outcomes for various federal programs to determine which relationships were productive and which ill-suited to intergovernmental cooperation. They concluded that developmental programs such as community development and vocational education were enthusiastically supported and easy to administer, but that social service-oriented programs such as rent subsides and compensatory education were far more difficult. Localities would try to divert funds dedicated to assisting low-income individuals to other purposes and the federal government would have to expend considerable effort to ensure program goals were met.

When government outlays are categorized as economic development and redistributive/social service it is possible to see this bias. What follows is a table that highlights each level's outlays on programs that they had directly contributed to, not funds in which they are compelled to match. Table I-A highlights that development outlays for localities are twice as large as social services policy and that the federal

government's outlays for redistributive or social service-based programs have increased by 10% over a twenty-year period.

Table I-B:
Government Expenditures From Own Fiscal Resources
(Percentage Distributions Among Functions)

	1962	**1983**
LOCAL		
Redistributive	13%	12%
Developmental	22%	24%
Education	33%	25%
Other	31%	39%
	1962	**1983**
FEDERAL		
Redistributive	46%	58%
Developmental	32%	16%
Education	3%	4%
Other	17%	23%

Source: Peterson (1981) and Wong (1990)

Subsequent studies reached similar conclusions. Most were not as detailed, but volumes by Rivlin (1992), Donahue (1997), and Peterson (1995) all concluded that states and cities gravitate towards economic development policy and shun policies that mandate funds dedicated to disadvantaged populations. These studies described this as a natural split of function. Donahue, for example, says that the federal government should focus on areas where efficiency and standardization are required, such as redistributive/ social service programming, and that states should focus where customization and economic development take precedent. Rivlin calls for a productivity agenda in which states and localities are squarely in charge of development-oriented programming. And Peterson believes that states and cities are forced into an economic development approach because they must constantly compete for the tax revenues generated by mobile individuals and businesses.

Complementing this federalist literature are two influential volumes on state innovation by David Osborne (1990) and Peter Eisinger (1988). These texts provide further evidence of state competence in developing economic development programs. Through an analysis of new legislation and state-funded programs, both authors discuss the sheer disjuncture between the federal government, which rarely intervenes in the market place, and states, which are driven by entrepreneurial governors to erect a host of programs that work directly with the private sector. Eisinger notes that the federal government never had a clear commitment to economic development policy and that internationally the United States is known as a 'weak state' model. Conversely, at the local level Osborne discusses a new upsurge of entrepreneurial public leaders who have established an evermore sophisticated array of programs, including job training, to enhance their state's economic standing. These volumes provide credence to the general consensus amongst federal thinkers that states and localities are predisposed to focus on and innovate within the area of economic growth policy.

Nonprofit Producer Interests and Local Administering Agencies in the Literature

The above summary of urban and federalist literature highlights the predisposition of states and local governments toward policies that will improve the business climate. There is far less commentary on the leanings of nonprofit service providers and local administering agencies. Despite the paucity of specific studies assessing the specific leanings of nonprofits and local bureaucracies it is fair to deduce that the literature points to a social service orientation of these two institutional actors.

When assessing the leanings of nonprofit producer interests the most important fact is their historical focus on a low-income population in the area of employment service delivery. As will be discussed in chapter two, workforce policy was focused on an under-employed population throughout most of its history. Job training programs were only made accessible to a universal population when WIA went into effect in 2000. Consequently, over the course of four decades nonprofits that received federal job training contracts built an expertise working with poor and minority communities. Hence, producer interests will lean towards a social services orientation because that is the area in which they are most qualified to receive additional government contracts.

Although the literature does not comment specifically on nonprofit preferences for social service or economic development policy a few authors have documented their rapid growth and growing political influence in the second half of the 20th century (Lipsky and Smith, 1993). A number of studies (Hayes, 1990 and Wilson, 1990) have pointed out that such groups often have the greatest influence on policy and can focus their energies on the highly complex and information-intensive implementation process. Hence, a convoluted policy area such as workforce development is particularly vulnerable to influence by nonprofit training providers, which have collectively been the primary service delivery system.

Similar to nonprofit providers, local workforce bureaucracies will lean towards a social service orientation because that is their historical orientation. Although different federal laws have had economic development elements, prior to the passage of WIA they have been clearly focused on moving a low-income and low-skilled population into jobs. Bureaucracies have a natural tendency towards incrementalism (Lindbloom, 1959) and

will not likely move quickly to re-orient workforce policy away from its original goals of benefiting struggling job seekers. In general bureaucrats tend to resist change in the system with which they are familiar (Lynn and Vaden, 1979). Hence, in the absence of mayoral attention to, or concern for, workforce development policy, local administering agencies will influence policy towards a focus on low-income residents.

Indeed, bureaucracies will favor the traditional social services approach to workforce policy, but they are also generally seen as having a closer affinity to individuals rather than businesses. Wong (1990) notes that, compared to mayors who favor economic development, local administrators are less comfortable with business elites and "given the passage of time will become more identified with redistributive goals," (p.141). Henig *et al.* (1999) note that unlike economic development officials, quasi independent agencies "have long traditions of bureaucratic autonomy and norms of professionalism that create an institutional and ideological buffer zone that holds private actors at arm's length" (p.17). Hence, similar to producer interests, local employment agencies are likely to be rooted in the historical workforce orientation of social services and have less affinity for a business and economic development approach.

Notions of Leadership and the Role of Individual Policy Actors in the Literature

This dissertation is centered on the question of what influences a social services or economic development approach to local implementation of an ambiguous federal policy. The previous sections reviewed the literature and its assessment of the *institutional* orientations of local elected officials, nonprofit service providers and local bureaucracies, but it did not encompass a review of *individual* orientations.

Political Science has much to say about institutional factors such as economic constraints on mayors and governors; the pressure of interest groups and; bureaucratic culture, but has little to say about individual policy actors. This is a gap I aim to address in this dissertation by paying close attention not only to the institutional biases and constraints mentioned above, but also to the executive leadership within the institutions of City Hall, nonprofit organizations and employment bureaucracies.

The few texts within Political Science that do evaluate the impact of individual leadership often begin with a preface about the paucity of such study in the field. Jameson Doig and Erwin Hargrove provide a typical summary below.

> History and the field of business enterprise (provide) probing studies of behavior, with primary attention directed to the values, actions and impact of chief executives. The tradition in the social sciences is quite different. Here, particularly in the study of American Politics, the role of interest groups in shaping public policy is emphasized, together with the powerful impact of bureaucratic routine and institutional processes. Against the continuous pressures of these forces the opportunities for conscious and sustained executive leadership—to redirect individual agencies and programs, to make an impact on the economy and society—appear highly limited. (Doig and Hargrove, 1990, p.1)

Most surprising is the virtual absence of any study on mayoral leadership and its impact on specific policy outputs and outcomes (Flanagan, 2004). For all that is written about cities and power, Political Science has little to say about issues of individual mayoral leadership. Most of the texts that do reference mayors as individual policy actors only refer to them in terms of their limited power (Yates, 1977; Stone, 1989). There are a few in depth case studies of notable mayors such as Fiorello LaGuardia in New York and Richard Daley in Chicago, but these tend to be of the ‘great man’ variety, rarely

providing an assessment of the benefits of particular types of leadership nor a comparative perspective on mayoral leadership (Flanagan, 2004). One of the few genuine attempts in this vein is Melvin Holli's The American Mayor (1999), which polled urban experts in academia for their views on the leadership skills of 56 mayors. In no way will this dissertation provide the breadth of Holli's broad assessment of mayoral leadership, but it will provide a much closer look at mayoral interests and leadership styles than typical Political Science case studies.

Focusing on individual mayoral decision-making is critical to this study because it must address the question of why mayors would pay attention to workforce at all. The WIA legislation allows workforce to be used as an economic development program, which may attract mayoral interest. But the program is still larded with many reporting requirements and the federal allocation is quite small. Mayors, especially big-city mayors in places like New York, tend to give their attention to larger issues of crime, education and the budget[7]. To determine exactly why they did or did not pay attention to federal employment policy this dissertation will pay close attention to individual political leadership. I also intend to assess the executive leadership of local bureaucracies. Similar to mayors the few good studies that exist tend to be of the great man variety, with a few volumes focusing on the style and impact of Robert Moses and Hyman Rickover (see Caro, 1974; Lewis, 1980; Doig and Hargrove, 1990).

Summary

[7] Although it should be noted that mayors have turned their attention to federal employment dollars in the past. During the Carter administration it was possible to use CETA funds for municipal job creation and most mayors quickly erected such programs to offset municipal budget deficits (Baumer and Van Horn, 1985). And with the orientation towards economic development there are reasons for mayors to focus on WIA.

Taken together, the urban politics and federalist literatures leave little doubt that states and cities have indeed focused intently on economic development as a policy goal. The literature also finds room for genuine political choices that will favor social services-oriented policies that are based on political calculations, bureaucratic biases or effective advocacy by minority and interest groups.

What the literature does not do is break out of the rigid framework of assessing policy in social services or economic development terms (Wilson, 1987; Rivlin, 1992 are two prominent examples). A number of texts call for blended approaches to policy, but these discussions of blended policy are often in recommendation sections of the text and have not been studied at length. Other authors have discussed how economic development tools such as linkage policies can be used to meet ends of benefiting low-income residents (Keating, 1986; Clingermayer and Feiock, 1995), but these authors do not discuss economic development and social service goals being pursued *simultaneously.*

Workforce development is such a policy and it is surprising that it has never been studied as such. Most implementation authors that have written about employment policy view it as social services (see Magnum, 1969; Perry *et al*., 1976; Friedlander *et al*., 1997; Clarke, 2004). Most federalist literature sees it as an economic development policy (Rivlin, 1992; Donahue, 1997; Wong, 1990). None have assessed the ambiguous nature of workforce within an intergovernmental or urban politics framework; and none of the authors have discussed the possibilities of using workforce as a blended policy that can address both business growth and social service aims simultaneously. This study will attempt to do just that; understanding the local implementation of an ambiguous policy

and exploring the feasibility of a policy that attempts to pursue both goals of economic development and assistance to economically disadvantaged citizens.

Additionally, the dissertation will pay particular attention to executive leadership. The types of leadership and the impact of high-level officials on policy implementation will be discussed and evaluated throughout the case studies. This is not an aspect of policy case studies that is often reviewed in Political Science, but this study will attempt to determine the degree to which specific individuals, beyond institutional processes, affect policy implementation.

REVIEW OF VARIABLES AND HYPOTHESES

Despite the wealth of literature assessing local implementation, few have studied the implementation of federal programs that could be interpreted as *either* social services or developmental in nature (Wong, 1990 is one such study); or a program that could *simultaneously* meet both goals. Because WIA embodies such ambiguity, it presents an opportunity to determine which local factors drive toward one or the other focus; whether a developmental focus actually increases local interest in the law; and whether a developmental focus improves program quality or provides the accountability for which a number of Political Scientists have called. And, most importantly, whether a blended approach was even possible.

This dissertation will address these questions by carefully assessing the local influences on implementation, including political leadership, producer interest groups (i.e. nonprofit organizations that provide training services), the business and labor constituencies, and the dynamics of the local institutions charged with implementing the

program. My hypothesis is that a mayoral or gubernatorial focus on workforce issues will push implementation towards an economic development perspective, while the absence of such executive concern allows interest groups and/or local administering institutions to pursue a social service orientation. In the interest of winning business support, keeping a high-tax base, and luring mobile capital, local chief executives will typically use federal programs for economic development ends. In the absence of their concern, however, traditional nonprofit service producer interests will enforce a status quo focus on maintaining longstanding contracts. If local agencies have autonomy in program implementation, they will retain a social services focus based on decades of professionalizing a social service orientation to workforce programs.

My independent variables will be operationalized as follows:

Local Political Leadership Leans Towards an Economic Development Model: As stated, the literature suggests that, given the choice, state and municipal elected officials will orient policy towards economic development instead of social service goals (Peterson, 1981; Rivlin, 1992; Donahue, 1997). In fact, when oversight is lax, city leaders will often *usurp* funds dedicated to low-income residents for economic development purposes (Peterson *et al*., 1986; Wong, 1990). Using federal dollars for economic development allows mayors and governors to gain business support, increase their tax base, and compete for increasingly mobile capital. There may be exceptions to this rule (Browning *et al*., 1984; Eisinger, 1984), but in most case study analysis government executives are found to favor business development policy. Accordingly, to the degree that governors and mayors are aware of the possibility of employing WIA towards economic development ends, they will do so.

Producer Interest Groups Lean Towards a Social Services Model: In the absence of executive leadership, producer interests will greatly influence implementation towards a social service orientation. Studies have pointed out that such groups often have the greatest influence on policy and can focus their energies on the highly complex and information-intensive implementation process (Hayes, 1990 and Wilson, 1990). Such a convoluted policy area is particularly vulnerable to influence by nonprofit training providers, which have been the primary service delivery system (Lipsky and Smith, 1993). These providers historically have a social service orientation toward workforce development policy and would consequently influence a continued social services orientation.

Local Agencies Lean Towards a Social Services Model: In the absence of mayoral attention to or concern for workforce development policy, local administering agencies will influence policy towards low-income residents. Their norms, culture, and individual leadership can have significant influence (Franklin and Ripley, 1986), particularly where a completely independent set of institutions has been created to carry out the law's intent. Wong (1990) notes that, compared to mayors who favor economic development, local administrators are less comfortable with business elites and "given the passage of time will become more identified with redistributive goals," (p.141). Henig *et al.* (1999) note that unlike economic development officials, quasi independent agencies "have long traditions of bureaucratic autonomy and norms of professionalism that create an institutional and ideological buffer zone that holds private actors at arm's length" (p.17).

Hence, similar to producer interests, local institutions are likely to be rooted in the historical workforce orientation of social services and resist a shift towards a business and economic development approach.

Taken together the hypotheses can be succinctly re-stated in the following table:

Outcome	**Causal Factors**
Social service or economic development policy orientation	Gubernatorial and/or mayoral priority given to workforce development policy
	Role of producer interest groups
	Role of local public sector institutions

Chapter II: History of Workforce Development

INTRODUCTION

Few federal policies have gone through as many permutations as workforce development[8]. Throughout its seventy-year history it has never had a clear mission, clientele or structure (Franklin and Ripley, 1984; Weir, 1992). It has featured arpeggios up and down the scale of federalism with cities, states and the federal government having primary program responsibility at different points. Programs have always centered on job placement and career advancement, but variously targeted at the poor, minorities, large corporations and the general population. And there has always been a tension as to whether the programs should serve as a reactive and temporary response to poor economic conditions or as a permanent fixture of macro-economic policy (see table II-A for a review of tensions in the history of workforce development).

The variations in workforce policy are attributable to wide swings in partisan sentiment, national electoral shifts and economic trends. The one unifying feature throughout its evolution is the reliability that every ten years at the beginning of the decade from the 1930s through the 1990s (with the exception of the 1950s) it will be significantly re-structured and re-defined by the president and Congress. Equally predictable is the fact that each national reform package would be hailed as a major legislative victory and then quickly abandoned by federal lawmakers, allowing localities to discern what implementation should look like (Weir, 1992).

What follows is an attempt to concisely lay out the disparate history of workforce development policy in the United States, emphasizing major shifts in the politics that

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[8] This policy area is variously referred to as manpower development, job training, employment services and workforce development.

surrounded each new set of reform packages and the ensuing results of local implementation. Most relevant to this dissertation is the increasing orientation towards private sector and economic development goals encased within each re-invention.

Table II-A: Historical Tensions in Workforce Development

Historical Tensions in Workforce Development
Permanent macro-economic vs. reactive and temporary policy
Federal vs. local control
Public subsidized jobs vs. career-based job training
Consolidated and central vs. disparate and local program structure
Poor and minority vs. universal target populations

THE EARLY YEARS OF WORKFORCE DEVELOPMENT POLICY

From the very beginnings of the nation, the federal government provided military manpower development, but it was not until 1917 that any formal training program was established in the states. In that year the federal government made vocational education grants available to states for basic level training by industry. Beyond this program there was no job assistance of any size until the election of Franklin Roosevelt in 1932 (Clague and Kramer, 1976, p.1). It was the economic collapse of the Great Depression that spurred the new president and Congress to apply sizeable funds and actual employment planning for the first time.

Public Works Dominate a Reactive Set of Employment Policies in the New Deal

Responding to the dire effects of massive unemployment levels, the Roosevelt Administration created the Civilian Conservation Corps (CCC) as one of its very first acts in 1933 to create jobs for out of work Americans. The CCC was essentially a public works program that placed unemployed young men in residential camps to work on agriculturally based projects in parks and forests. In 1935, the CCC program of publicly

subsidized jobs was greatly expanded under the Works Progress Administration (WPA) in which job seekers worked on major projects such as road, library and bridge construction. Throughout the 1930s numerous subsidized job programs of varying size were established depending on the national level of unemployment; and by 1942 over $17 billion was allocated to create temporary jobs throughout the U.S. (Baumer and Van Horn, 1985, p.10). In addition to public jobs, the Roosevelt administration established unemployment insurance as part of the Social Security Act[9].

Despite the enormous funds poured into public jobs and their historical legacy, unemployment insurance was the only lasting facet of the many New Deal employment programs. The millions of Americans who were put to work through public jobs seemed to be a clear expression of macro-economic policy that established a new *responsibility* for the federal government as a job provider and trainer (Franklin and Ripley, 1984, p.5), but it wasn't. Public works was seen by the administration as a social benefit and not part of an overall economic policy (Weir, 1992, p.10). At the time, the WPA was the most aggressive jobs program in the world, but unlike most other industrial countries, it did not translate into a permanent set of programs linked to domestic policy. Instead, Roosevelt viewed the programs as akin to welfare and quickly dismantled all of the public works bureaucracies by the time America entered World War II.

At the beginning of the 1940s liberal Democrats attempted to create a clearly articulated employment policy through Congressional introduction of the Full Employment Act. The proposal had strong support in the Senate and with government

[9] Unemployment insurance provided temporary and partial replacement of wages to individuals who were laid-off from fulltime jobs.

funds would guarantee any American a job. The Act was based on Keynesian principles that high unemployment is cyclical and that the public sector should compensate with job creation during times of high unemployment.

The idea of committing the U.S. to a major employment policy faced strong opposition from a coalition of private businesses, agricultural interests and conservative lawmakers. The bill's foes did not believe that the federal government should have a macro-economic workforce policy and they succeeded in watering down the legislation to a relatively meaningless set of goals. This was underscored by the fact that the Employment Act passed in 1946, dropping "full" from its title. The bill contained muscular language that the government should promote maximum employment and employment opportunities using "all practicable means," but there were no institutions or policies erected to carry out such goals. Indeed, it would be another 16 years until any sizeable employment programs were put into place.

WORKFORCE DEVELOPMENT BECOMES A PERMANENT PART OF FEDERAL PROGRAMMING IN THE 1960s

The first half of 1960s ushered in an entirely new approach to employment policy: one that focused on individual training rather than massive public works; programs targeted to the poor rather than a universal population of dislocated workers; and one that created a decentralized and fragmented set of programs rather than a centrally controlled system.

A New Coalition Advocates for a Focus on Low-Income and Minority Job Seekers

The roots of the U.S. formal commitment to employment policy grew out of a loose network of liberal foundation officers, empirical economists, Department of Labor officials and advocates for the poor. Under the heading of the National Manpower Council, the group began meeting in the 1950s and believed that the U.S. needed to moved beyond the rhetoric of the Employment Act and establish a clear and well-funded set of programs to combat high concentrations of unemployment throughout the country (Weir, 1992, p.65). Unlike the Great Depression, unemployment in late 1950s was becoming much more centered in specific communities or areas that had suffered massive layoffs due to plant closings, technological advances and 'white flight'. This group believed that employment policy should be both universally available and more specifically target the disadvantaged in urban areas.

Influenced by the thinking of the National Manpower Council, Congress began to push for a stronger bill around job training. A coalition of liberal Democrats led by Senator Paul Douglas of Illinois passed a bill in both houses of Congress that contained a mix of re-training and public job creation. The bill was vetoed twice in 1958 and 1960 by President Dwight Eisenhower who opposed any form of manpower policy. The election of President John F. Kennedy eased the resistance to employment programming and a watered down bill, the Manpower Development and Training Act (MDTA) was signed into law in 1962. The bill jettisoned any reference to public employment and focused instead on re-training programs for adults displaced by automation.

MDTA was very modest at first and did not garner much attention from the Kennedy administration, which focused its economic policy on tax cuts. But the

establishment of a bill and a new set of programs set off a ferment of discussion and planning for a large-scale manpower policy that would link to larger macro-economic goals. The National Manpower Council (with significant support from the Ford Foundation) and the Department of Labor began drafting an array of initiatives that could fall under the MDTA legislation (Weir, 1992, p.67).

Johnson Targets Workforce Programs at the Poor and Minorities Through the War on Poverty

Within a few years, MDTA was vastly expanded, but not in the image of the National Manpower Council or the Department of Labor, which were both advocating for a permanent and well-funded set of employment programs. Instead, President Johnson wanted to create a program that would receive his imprimatur and link to the goals and program structure of the War on Poverty. He ignored the legislative intent of re-training displaced workers that applied to a more universal population and instead pushed for an array of targeted programs aimed at welfare recipients and the long-term unemployed. He also refused to make a sizeable financial commitment because of his belief in the Kennedy tax cuts and his increasing military investment in Vietnam.

Johnson opted for a wide range of initiatives that would by bypass the bureaucracy of the Department of Labor and directly target low-income communities. He wanted high-profile programs that would provide immediate assistance to distressed areas and urban ghettos. Minority residents in major cities were a particular focus as Johnson initiated a series of new training and vocational programs that were erected at a frantic pace in 1964 through MDTA and the newly created Employment Opportunity Act

(EOA). Large cities such as New York, Chicago and Los Angeles along with Boston and Philadelphia received a disproportionate share of training programs because of their high unemployment rates.

Table II-B: Sub-Employment[10] Rates in Five Low-Income Areas, 1966

City/Neighborhood	Sub-employment Level
Philadelphia-North Philadelphia	34%
New York-Harlem	29%
New York-East Harlem	33%
New York-Bedford-Stuyvesant	28%
Boston-Roxbury	24%

Source: Manpower Report of the President, 1967.

Through MDTA and EOA, Johnson added a series of programs aimed at an ever-increasing clientele of youth, welfare recipients, veterans, public housing residents, immigrants and ex-offenders. And employment programs in the 1960s were not only reserved for the Department of Labor, but spread amongst a diverse group of federal agencies responsible for welfare, education and housing. Taken together, the programs were a fragmented set of initiatives with overlapping goals and constituents.

Probably the most important aspect of rolling manpower programs into the War on Poverty is that it isolated the programs as a "poor people's program"—a social service that was acutely focused on a set population. Workforce was no longer addressing the needs of a universal population of job seekers and it certainly was not part of any larger economic policy. The Johnson administration believed that macro-economic policy of tax cuts would benefit the majority of workers and that training programs were designed to motivate and assist those caught in a cycle of poverty. This approach was an extension of the Kennedy administration's focus on tax cuts. It was also strongly influenced by

[10] Components of sub-employment include: unemployment, part-time work, sub-minimum earnings and non-participation in the labor force.

increased policy and media attention to the overwhelming concentrations of economic malaise in many areas including the country's most important cities.

The many liberal advocates of a permanent employment policy were encouraged to see a focus on the poor, but concerned that there was no clear link to the mainstream economy in the program structure. One elected official in Congress at the time noted, "Perhaps the most striking characteristic of this view of the poverty cycle is the absence of any mention of the economic system within which it operates" (quoted in Aaron, 1978, p.20). Johnson's approach to manpower policy had the effect of segmenting the policy exclusively for the poor, especially the black poor. And the disparate and decentralized approach cemented the template of employment services that still exists today (Franklin and Ripley, 1984, p.7).

CETA: WELL-INTENTIONED REFORMS LOST AMIDST FOCUS ON PUBLIC SECTOR JOB CREATION

The 1970s ushered in a return to a more universal and public jobs approach to workforce programming. The Keynsean belief that the public sector should maintain a substantial public jobs program never really died and Congressional leaders began to push for a major public jobs program to address high unemployment rates that were spreading far beyond urban ghettos soon after President Richard Nixon took office in 1968. Congressional Democrats had wanted a subsidized jobs component added to MDTA, but they held back from an aggressive push because of an allegiance to Johnson who would not support a public jobs program of any variety (Weir, 1992, p.117).

President Nixon vociferously vowed to block any public jobs package that passed through Congress, but bowing to high unemployment and the pressure of a re-election campaign he signed the Emergency Employment Act in 1971. The bill allocated a little over $2 billion to create 200,000 transitional jobs through state and municipal agencies. Nixon and his backers took pains to stress the temporary nature of the program, saying it was a time-limited, two-year program. The Emergency Employment Act may have been an ephemeral program, but it was the first public jobs program since the New Deal and created a wedge for the Democrats to return to. Additionally, it proved that local governments had the ability to and the interest in creating tens of thousands of jobs.

With the comfort of a landslide victory in 1972, Nixon moved off the defensive on a number of policies, employment chief among them. The President wanted to address the continuing economic woes and to be known for crafting policy that was not affiliated with public jobs. He also wanted to re-make all workforce services in his vision of block grants and local autonomy (Franklin and Ripley, 1984, p.22).

This focus on decentralization was fueled by Nixon's deep suspicion of all major federal agencies that were primarily erected during Democratic administrations (Nathan, 1983, Chapter 3). The Department of Labor in particular was isolated; the commissioner was barred from all employment policy discussions and Nixon severely cut the agency's budget. Nixon devised his employment policy with his close advisors at the White House and set out to consolidate all the disparate programs, de-categorize them and devolve all administration to local governments.

Congress was willing to follow Nixon on most of his reforms, but they were insistent on a public sector jobs component in the final legislation. This sticking point

sparked major divisions as many conservatives felt that such programs would lead to makeshift and dead-end work assignments for millions (Davidson, 1972, p.70). President Nixon continued to be one of the loudest critics of public jobs and withdrew his support of the bill at various points.

In the end Nixon gave in to Congress and allowed for a public jobs program to be included as a small component of the legislation. In 1973, the Comprehensive Employment and Training Act finally passed and block granted all 17 separate categorical programs from MDTA and EOA, but it did not include the dozens of other employment and training programs housed in other federal agencies. The act did encompass the majority of Nixon's governance goals by de-coupling program activity from specific targets and moving responsibility for service delivery to local cities and counties.

When CETA was passed it was considered a major legislative achievement and a signature piece of Nixon's "New Federalism" (Conlan, 1998, p. 166). And Nixon himself called it "one of the finest pieces of legislation to come to my desk this year" (quoted in Baumer and Van Horn, 1985, p.20). But within months of passage, the federal government completely reversed course and began to impose new requirements and restrictions on implementation. New mandates included specific populations to be served and almost immediate pressure to pursue a large-scale public jobs program. Although Nixon was adamant that subsidized jobs not dominate CETA, Congress pushed for an increased focus on this area. As the 1974 recession dragged on, Congress' insistence on increased funding and greater federal focus on public jobs seemed warranted, and within months of passage, subsidized jobs became the primary thrust of CETA dollars at the

local level. Almost overnight a tremendous number of people were employed through the new program: The Act was signed into law in December of 1973 and by May of 1975 nearly 300,000 people were put on to city and county payrolls.

But it was under President Jimmy Carter that public employment truly came to dominate CETA. With Carter's election in 1976, Congressional Democrats were eager to initiate a domestic agenda after 8 years of Republican control of the White House. With the President, Congress authorized over $20 billion in new spending; public jobs through CETA were the cornerstone of this effort. Allocations for subsidized jobs tripled from $1.5 billion in fiscal year 1975 to $4.5 billion in 1978 and $6 billion in fiscal year 1979, while funds for actual 'training' stayed the same. This massive outlay translated into 750,000 jobs, mainly at local government agencies throughout the country. Like with the Johnson initiated programs, big cities were the primary recipients of these jobs. New York for example had the largest program in the nation with 11,500 public sector training slots during the later years of CETA (Rule, 1981).

The emphasis on public jobs was far removed from the rhetoric of decentralization and local control originally set out in CETA, as localities were compelled to use the program in a specific way. But mayors and county executives appreciated and even encouraged the funds and emphasis on subsidized jobs. The advantages were easy to see: they used federal dollars to hire municipal employees that they would have hired with or without CETA funds. Increasingly, the program had little to do with training or re-employment as tens of thousands of well-skilled college graduates were hired by city agencies (Donahue, 1989, p.181). Put simply, the program was about filling city budget gaps, not workforce development.

Leveraging training dollars to ease local budget deficits was a dubious use of funds, but there were even greater infractions of outright fraud and misallocation of funds that began to occur in many cities and counties (Baumer and Van Horn, 1985; Donahue, 1989; Weir, 1992). The level of misuse of funds became scandalous and was attributable to weakness at the federal and local level. At the federal level, the Department of Labor was in a poor position to provide oversight. The Johnson, Nixon and Ford administrators had greatly devalued the role of the agency and often undercut its authority. Additionally, as CETA funding more than quadrupled from 1973 to 1978, DOL funds and staff lines remained the same. The other reason for the proliferation of waste was the precarious infrastructure established locally to administer CETA dollars. Almost overnight, 450 prime sponsors[11] were established. Local officials assumed that the new law was not going to be a major program or emphasis for Nixon or any future president. Consequently, they did not create a separate agency and often used mid-level staff from existing agencies to run the program. This was an inadequate administrative structure to administer what totaled $10 billion by fiscal year 1979.

The combination of a weak federal agency and overwhelmed local agencies led to uneven and after poor results. CETA was quickly seen as a sham in which cities used federal dollars to plug budget holes and many funds were poorly spent on exotic jobs and patronage hires. The initial focus on program fraud came from major media outlets including *The New York Times*, *Newsweek* and the *Washington Post*. *Fortune* magazine called CETA a “four-letter word” (Cameron, 1979) and the *Readers Digest* pointed to public jobs created for art teachers and “communist agitators” (Bennett, 1978). All of the bad press sparked a wave of angry letters about CETA that poured into Congress.

[11] Prime sponsors was the name for local areas designated to issue CETA funds.

Increasingly, the program was even excoriated by the original Congressional sponsors as distinctly ‘un-American.’ By the end of the 1970s, CETA’s reputation was cemented as ill focused and wasteful. Opinion of employment programs reached their lowest levels at the end of the 1970s and any hope of institutionalizing workforce as a major economic policy evaporated. Even before a new reform bill was passed many revisions were made to CETA through its reauthorization.

More than any other time in employment history, major changes were made to the law prior to an entirely new legislative bill. The 1978 reauthorization of CETA ended subsidized jobs, applied greater emphasis on serving the poor and initiated an effort to include business participation through the creation of Private Industry Councils. The bulk of the reauthorization discussion centered on the need for a greater connection to the private sector. Congressman asked why 80% of jobs were based in the private sector yet nearly 100% of job programs focused on the public sector (Baumer and Van Horn, 1985, p.131). It was this drive to include businesses in workforce development that ushered in the next round of legislative debate in the early 1980s when Ronald Reagan came into office, and it is the focus of the next section.

WORKFORCE DEVELOPMENT AND ITS CONNECTION TO THE PRIVATE SECTOR

This section is a break in the historical narrative of workforce development. It stops to assess the evolution of thinking around the connection between employment programs and the business community and economic development. It is this link that is at the core of this dissertation, hence a particular focus on it is warranted at this juncture.

Linking employment and training programs to the private sector had long been an afterthought for federal lawmakers and Department of Labor officials. Policy was either about massive public sector job creation or tailored to hard-to-employ individuals. Workforce development is about linking supply (available workers) to demand (business-generated job openings), and the American approach focused almost exclusively on the supply side of the equation (See Franklin and Ripley, 1984, chapter 5).

Focusing on the demand side and building in business participation in terms of program planning or even programmatic outcomes rarely entered into reform discussions until the late 1970s. Indeed, a survey of the breadth of disparate programmatic initiatives from the 1930 through the 1970s yields no substantive examples of employer-focused employment programming (Franklin and Ripley, 1983). Occasionally, planners at the national or local level would try to integrate private sector firms into programs, but given the near-exclusive focus on the poor and hard-to-employ it was difficult to move beyond rhetorical flourishes. The Job Opportunities in the Business Sector (JOBS) initiative is an illustrative example. In 1968, in a special address to Congress, President Johnson announced the JOBS program, which was a "new partnership between government and private industry," (quoted in Weir, 1992, p.93). The program was based on corporate leaders, led by Henry Ford II, pledging job openings and receiving federal training money to connect workers to them. Within a year over 300,000 jobs were pledged, but the businesses never accessed the funds and never worked with government to place individuals into jobs. When Ford asked for their commitment, CEOs gave it out of personal obligation, but they did not want to associate with a program geared to serving

minorities and the poor (Levitan *et al.*, 1970, p.20). By 1970, the JOBS program was eliminated with virtually none of the funds spent.

The CETA legislation did little to bring the private sector into its programming. Overall, its training programs created few opportunities to work with business and the primary reputation of CETA was as a wasteful public jobs initiative. There were a few more small-scale attempts to work with businesses than under MDTA, but all were short-lived or poorly planned. For example, a program called HIRE (Help Industry Retraining and Employment) was an on-the-job training program for veterans, but few local employers participated. (Franklin and Ripley, 1984). The one program that businesses gravitated to was the New Job Tax Credit. This 1977 program provided tax relief to employers who hired additional workers. Compared to other efforts to engage the private sector, this program garnered mass engagement, but as promising as it was, the program was discontinued after one fiscal year.

Overall, the lasting legacy of the first 50 years of employment programming was one of little outreach to business or attempts that were not well executed. Congress and the president attempted to reverse this in 1978 with a focused effort on the role of businesses during the reauthorization discussion of CETA.

Lawmakers were pre-disposed to a private sector push because of the embarrassment surrounding the subsidized jobs emphasis of CETA. They were also influenced by a number of recently released books emphasizing the benefits of privatization over anything government run (Savas, 1978 is one prominent example). But the most concrete influence was a well-timed policy report issued by the Committee for Economic Development entitled *Jobs for the Hard to Employ: New Directions for a*

Public-Private Partnership (CED, 1978). The report was a best practices review of programs in which local governments improved training efforts by working with a business intermediary. The report called for funding such private sector intermediaries across the country. In addition to the attraction of programs that work, the report's recommendations were backed by intense lobbying by National Alliance of Business, whose local chapters happened to be the intermediaries featured in the CED report (Franklin and Ripley, 1984, p.126).

The CED recommendations emerged in the form of Private Industry Councils[12], the newly branded intermediaries that localities would be forced to form as part of Title VII of CETA reauthorization. The new intermediaries were to be created in all 450 CETA areas and given enormous authority over implementation. PICs would provide the planning and vision for the entire array of CETA programs and be given wide latitude to directly administer their own set of funds. This was a bold step in merging private and public sector interests and was enthusiastically announced as part of President Carter's January 1978 State of the Union address.

Like many reform periods in the workforce field, this one was generated with a genuine focus on substantive improvement, and like other reform efforts it met with a number of significant obstacles.

Obstacles Precluding the Creation of Strong Business-Backed Workforce Boards Through CETA Reauthorization

1) Poor Impressions from CETA: From the beginning, employers did not gravitate towards PICs because of the negative stigma of government programs in general and the wasteful aspects of CETA specifically.

[12] Although the federal government did not officially affix the name Private Industry Council until the JTPA legislation in 1981.

2) Local Government Controls Selection: All PIC members were appointed and approved by a combination of local officials and bureaucrats, not business leaders or the board itself.
3) Incomplete Authority: On paper PICs could reform the entire workforce system locally, but municipal and county agencies were ultimately responsible for funds and had final say on any policy or program changes. In the end, PIC suggestions were treated as such, not as new mandates to be widely implemented.
4) Few Funds: Carter and later Reagan attempted to allocate dedicated funds for PICs, but they rarely materialized because of funding delays and an inability of PICs to quickly devise ways to spend dollars. In the vacuum, local agencies would often "raid budgets" assigned for PIC spending priorities (Franklin and Ripley, 1984, p.129).
5) Economic Downturn: Some employers spent considerable time establishing training programs for low-income job seekers, but a national recession wiped out virtually every opening.

The CETA reauthorization granted new powers to business-backed boards, but the above factors meant that in reality many were relatively weak and ineffectual. In the end the PICs were often seen as administering an isolated and small set of programs for small businesses (Donahue, 1989, p. 182). Despite these mitigating factors, genuine links to business were still made. For the first time businesses gave advice on program design; provided information about micro- and macro-labor conditions; and gave contributions of staff, equipment and space (Franklin and Ripley, 1981). In sum, businesses may not have been an integral partner, but the creation of PICs did begin to open the door to meaningful assistance from the private sector.

JTPA: THE ELIMINATION OF PUBLIC SECTOR JOBS, A RENEWED FOCUS ON THE PRIVATE SECTOR AND JOB TRAINING

Building on the interest in business reforms from CETA reauthorization, further revisions to workforce seemed all but inevitable when Ronald Reagan was elected to office in 1980. Early in the new administration signals were sent to further incorporate

market-based reforms and consolidate programs (Conlan, 1998, p. 169). The actual specifics of new workforce legislation came from Senators Edward Kennedy of Massachusetts and Dan Quayle of Indiana. They put together a bill noted for expressly eliminating subsidized work; formalizing the role of businesses through renewed support for PICs and introducing accountability with clearly articulated performance measurements. Overall, the bill, unlike CETA, expressly called on the private sector to become involved in designing and administering workforce programs. All training was to be geared toward and responsive to the private marketplace (Donahue, 1989, p.179). The primary vehicle for business input would be the Private Industry Councils. These Councils were introduced in 1978 through CETA reauthorization, but were fairly marginal and only gained responsibility for a small business training program; now their powers were vastly expanded to include oversight and potentially control of administering the entire system[13].

Compared to past debates, there was little rancor between Congress and the White House on the new employment package, and the Job Training Partnership Act was signed into law by President Reagan in 1982. As with previous training bills, JTPA was introduced with a lot of fanfare and self-congratulation by the President and Congress. On paper, the legislation seemed poised to address all of the previous workforce problems. Public training was ineffective—forbid it; businesses were not involved—demand participation and create new varieties of work-based programs; results rarely led to increased wage gains—institute performance measurements to hold localities

[13] JTPA legislation was clear that the PICs would have oversight, but murky about whether they could actually administer all of the programs. This led to many divisions at the local level as will be most clearly seen in the Philadelphia and New York case studies.

accountable. But like CETA and MDTA before it, problems in implementation arose almost as soon as the bill was passed.

The primary flaw in the JTPA legislation was the built-in incentive to "cream" participants—to find those participants most likely to meet stringent new performance measures. In fiscal year 1983 there were only enough funds to assist between 2 and 3% of the eligible population[14] (Donahue, 1989, p.209), and naturally training providers chose the most qualified applicants. In the end, performance measures were met with ease, but there was little value added to pre-existing earning power. This was confirmed in a long-term study of potential benefits of JTPA commissioned by the Government Accounting Office. The report was a widely cited indictment of the overall effects of training and found adults received marginal benefit and youth saw no improvement at all in terms of wage gain (Abt Associates, 1993; King, 2004). Further federal and local reports were issued that concluded with that JTPA provided virtually no benefit to client participants.

JTPA: Moderate Success at Linking to Business

Most of the private sector initiatives under JTPA also failed to produce intended results. JTPA empowered the PICs to plan and operate training programs, but in 'partnership' with local authorities. The definition of partnership was vague and led to turf issues with local agencies that quickly repelled many business leaders. One national policymaker said, "Most PICs did not have any credibility in the business community. They thought it was a waste of time and CEOs would send an underling from the HR or marketing department."

[14] Reagan cut program outlays at the program's inception.

One popular, if underutilized, program was customized job training (CJT). This form of training was encouraged as an option in the original legislation and a few isolated municipalities established CJT programs. A survey of such programs commissioned by the Department of Labor found that programs that consulted with businesses in advance on program design and recruitment of trainees were able to achieve extremely positive outcomes for JTPA participants. Job placement was almost 100% because companies promised to hire successful training participants upfront; wage gains were significantly higher; and businesses and local PICs all expressed much greater satisfaction with CJT than with traditional JTPA programming (Barnow *et al*., 2000). Despite its success, CJT was limited and its results were only published after the legislation expired, so there was little recognition of these efforts at the time.

WIA: A CONVOLUTED POLITICAL PROCESS PRODUCES A CONVOLUTED WORKFORCE BILL

JTPA, like the training reforms before it, was widely criticized within a few years of passage. It was seen as producing uneven job placement outcomes and failing to attract business leadership through the PICs. But it was not these critiques that led to the next round of reform as much as the scattered nature of training during the 1980s. This was not a new critique; as early as 1964, a presidential commission was established to identify all the different manpower programs and propose a plan of coordination. The commission and future assessments invariably recommended mass consolidation, but it always proved to difficult given the turf orientation of the many federal agencies with workforce programs in their portfolios. Typically, agencies and special interests lobbied Congress to water down any attempts to truly consolidate workforce programs (see Weir, 1992).

The disorganized nature of employment programming became a political issue in the early 1990s as a series of critical reports and testimonies was produced by the General Accounting Office. The GAO derided the muddle of programs that existed and made an urgent call for major reform and an overarching strategy (GAO, 1994). The GAO identified 163 different federal programs in 15 separate federal agencies (GAO, 1995) and in April 1995 testimony to Congress stated:

> In the workforce development area, the nation's job training programs have become increasingly fragmented and unclear. Rather than a coherent workforce development system, what exists today, spread across many federal agencies, is a patchwork of federal programs with similar goals, conflicting requirements, overlapping populations, and questionable outcomes. A major overhaul and consolidation of programs is needed to create a more efficient, effective workforce development system (Crawford, 1995, p.1-2).

The poor performance reviews and the GAO reports began to influence Congressional discussions of reform. Like the early 1960s, 1970s, and 1980s, the early 1990s became filled with Washington discussion of major workforce reform. By the time William Clinton was elected to office in 1992, it was clear that the question was not whether JTPA would be reformed, but how.

President Clinton and Congressional Republicans Vie for Reform

The drivers of change in the reform debate were Congressional Republicans and New Democratic thinkers in the Clinton administration. Congress focused on the devolution aspects of reform and the prime champion was Kansas Senator Nancy Landon Kassebaum who was a member and eventual chair of the Labor and Human Resources Committee. She wanted to consolidate virtually every workforce program in Washington and turn them over to the states. Additionally, Kassebaum's reform plans called for stripping away almost all of the current restrictions in terms of target population and income eligibility. Governors would choose program orientation and would even have the option to spend up to 50% of funds on *economic development* (Kassebaum, 1995).

As Kassebaum focused on the consolidation and devolution aspects of reform, a few policy entrepreneurs within the Clinton administration were focused on customer choice through training 'vouchers.' Led by prominent New Democrats David Osborne, who wrote numerous influential policy books and reports, and Doug Ross, assistant secretary at the Department of Labor, the Clinton administration began to articulate a model focused on the individual job seeker in the system. The feeling was that job seekers should have 'choice' in what training they receive. In addition to the benefits that

were to accrue to individuals, vouchers would instill accountability on training providers (i.e. nonprofits or community colleges) who were seen as focused only on lucrative contracts and not on the program client. New Democrats wrote of an imbalance in the system that gave far too much power to the training providers and virtually none to job seekers (Donahue *et al*., 2000). To rectify this imbalance, Ross argued that training vouchers would allow individuals to access the exact type of training program that met their needs.

Early in his administration President Clinton gravitated to the notion of customer choice and training vouchers but Congressional Democrats lobbied against the idea and all workforce reform efforts were temporally shelved. It was not until Republicans won majorities in the House and Senate in the 1994 elections that workforce reform was revisited by Clinton. Searching for more conservative ideas to blunt the Republican domination of national issues, Clinton latched onto job training and the notion of vouchers. He pieced together a major workforce reform package linked to other economic reform initiatives and billed the whole package as a "middle class bill of rights."

Clinton's focus on vouchers and the Republican focus on decentralization formed an alliance around a strongly worded reform bill that wended through Congress in 1995. For a time, it seemed that a significant shift in policy was likely—one that would truly consolidate all workforce programs and orient the whole system toward individuals rather than increasingly powerful nonprofit and community college providers.

During the 104th Congress, the possibilities of reform for workforce began to erode as Democrats picked away at the reform ideas and conservative Republicans

refused to work with the White House. Congressional Democrats feared that individual training programs for veterans, Native Americans or welfare recipients lumped into one block grant would lead to less service for any one of those constituencies. And despite the clear ideological and programmatic consensus between the White House and the majority of the 104th Congress, Republicans were not eager to provide Clinton with a victory on an issue that he had begun to champion. Eventually the bill died in 1995 and with it the opportunity for a clear set of reforms.

The stalemate over workforce lasted for another three years. Rather than winnowing down policy ideas, they continued to accrue as the bill was endlessly debated. When the Workforce Investment Act was finally signed into law in 1998 it included strong language about every major reform idea floated over the past five years: vouchers, universal access, one-stop career centers, increased coordination, greater connection to the business sector and coordination of all workforce programming. The rhetoric surrounding the bill also called for addressing social service *and* economic development goals with the new legislation. The final WIA bill was overflowing with so many ideas, reforms and goals that one policymaker affiliated with the passage of the bill admitted that it is was like "100 pounds of potatoes in a 10 pound bag (Donahue, 2000, p.18)."

WIA HAS LITTLE POLITICAL, POLICY OR PROGRAMMATIC CONNECTION TO WELFARE REFORM

WIA was a workforce bill that encompassed many competing ideas and goals including individual choice through vouchers; government efficiency through one-stop career centers and public/private partnerships through the reaffirmation of business-dominated workforce boards. One would assume that one of these goals would have been

to link workforce reform with welfare reform. The Personal Reasonability and Work Opportunity Reconciliation Act (PRA) passed just two years ahead of WIA in 1996. The passage of PRA signaled a tremendous shift in social service policy. It ended the entitlement of cash assistance for low-income individuals by placing time limits and work requirements on welfare benefits.

Major reforms of welfare had been attempted by past presidential administration and indeed President Reagan accomplished a number of substantive changes, but it was President Clinton that made the greatest impact on the program by ending the entitlement aspect of welfare. Welfare was no longer an automatic benefit to those that qualified—it was time limited and work requirements were imposed and encouraged. The orientation of welfare policy fundamentally shifted from cash assistance to work. Individuals were expected to work and the public sector was expected to encourage and facilitate permanent attachment to the labor market.

Given the high degree of policy and political focus on this new emphasis on work after the passage of PRA it would seem likely that major reform of federal workforce programs would have some, if not considerable, linkage to welfare reform. Surprisingly, WIA had virtually no connection to PRA or the general policy and political discussions about social service reform during the time of its passage and implementation.

Workforce development had its own reform trajectory and its own set of constituents and regime actors that were distinct from those of welfare policy. Numerous federal officials interviewed for this dissertation admitted that a programmatic link is easy to see and that both bills followed the same trend of encouraging more people to work and enter the labor force as quickly as possible, yet the legislation was not

discussed or advocated jointly. A Vice President at the John Heldrich Center for Workforce Development at Rutgers University, an organization that has conducted numerous evaluations for the federal government about workforce policy, said “WIA certainly is a program that fits into the whole of welfare reform thinking—it emphasizes rapid attachment to the workforce and a focus on business needs. But it was definitely not welfare reform that drove WIA in any way. There are a different set of players in the workforce world, you just don’t get the same kind of interest groups.”

Interviewees the even a few accounts in the policy literature of WIA’s passage note that the interests and concerns that contributed to workforce reform have little in common with welfare reform. The most detailed assessment of the politics and policy that surrounded the passage of WIA was an analysis produced by John Donahue and a team of academic researchers based at Harvard University. This review of all the discussions about workforce reform in the sessions of Congress between 1993 and 1998 does not contain one mention of welfare reform or PRA (Donahue *et al*., 2000). And one of the most detailed accounts of the PRA passage and its implications nationally and locally was a recent book by *New York Times* columnist, Jason DeParle. His detailed account of welfare reform does not contain one mention of WIA or any of the traditional federal job training programs such as JTPA or CETA (DeParle, 2004).

A close look at the time-periods surrounding both workforce and welfare reform reveal that they were driven by different federal bureaucracies, political interests and even different policy ideas. These differences are summarized below.

First, welfare and workforce were situated in two distinct and isolated federal agencies; the Health and Human Services administration (HHS)CK and the United States

Department of Labor respectively. HHS is a large agency with oversight over many major federal programs including food stamps, welfare and medicaidCK. Whereas the USDOL is a relatively small agency with responsibility for workforce and an array of marginal labor-oriented programs and analysis. These agencies do not have a history of working together or reporting to the same Congressional committees. In almost every way, they have functioned in different policy streams in Washington.

Second, the interests groups and political focus on the two areas were unique. The elected officials dedicated to workforce reform were centrist Republicans and New Democratic thinkers attempting to better coordinate a system widely viewed as contradictory and poorly focused (Donahue *et al*., 2000). Beyond these "good government" focused officials there were few outside advocates or interest groups oriented towards workforce reform according to numerous national and locally based officials interviewed for this dissertation. In stark contrast, welfare reform was a heated debated populated by many interests groups ranging from large business associations to welfare advocates. Many of these interest groups along with virtually every member of Congress articulated clear policy positions surrounding welfare legislation (DeParle, 2004).

Third, the core issues driving reform were distinct in each field. Workforce reform was driven by calls to increase coordination of scattered programs, create universal access, improve business oversight and establish customer choice through training vouchers. These were good government reforms aimed at improving a program that was seen as wayward, not ineffectual. In contrast, welfare reform was driven by

reforms—time limits and work requirements—that aimed to address a program that was seen as beyond repair and in need of fundamental revision.

Although the policy environments, reform proposals and stakeholders involved in welfare and workforce reform were distinct there was one unifying theme in each area. This was the notion of personal responsibility. The notion that individuals are now expected to shoulder the burden of choosing their career, engage in training, and finding their first and subsequent jobs and ultimately maintaining their employability over the course of a lifetime was an underlying approach to the development of PRA and WIA (see O'Shea and King, 2001). In WIA this is seen in the switch to training vouchers and in PRA this is seen in the overall shift to work over cash assistance.

These were some of the reasons cited in interviews as to the why WIA and PRA had distinct reform motivations and outcomes. Additionally, the money allocated for WIA was far too small to address the new and immediate training needs of the welfare population. This specific training need was addressed by the passage of a large scale welfare-to-work bill that provided training funds (dedicated to individuals transitioning off of public assistance) that often doubled the WIA allotment made at the local level.

Although workforce and welfare reform had no connection at the federal level, there were some linkages made at the state and municipal level. A number of states constructed overall workforce programs that addressed the welfare population and took advantage of the flexibility inherent in PRA and WIA (Nathan and Gais, 1999; Barnow and King, 2005).

Although some states merged programs and thinking around PRA and WIA implementation many did not (Barnow and King, 2005) and in this dissertation it was

evident that the case cities established little linkage between the two program areas. Because of the historical orientation of job training and workforce with social services, the program have at times been in alignment with the local welfare agency in Boston, Philadelphia and New York. In Boston, the local workforce agency constructed a series of welfare training programs; in Philadelphia workforce and welfare programs were situated in the same agency; and until the mid-1980s the workforce agency was a division of the welfare agency in New York. Despite these closer alignments, welfare and workforce are still viewed as distinct policy and program areas locally. Philadelphia for example is the one city that should have engaged in joint programming because welfare and workforce programs were in the same agency, yet the two divisions rarely communicated. In fact, a 200 page assessment of Philadelphia's welfare training programs by MDRC does not mention WIA programs or the link to workforce development once (Edin *et al*, 2003). None of the study cities possessed a welfare policy that addressed the role of traditional federal workforce funds. Nor did the welfare and workforce bureaucrats in either city interact or jointly plan for implementation of WIA and PRA.

The Bush Administration Leaves Implementation to the States, but Encourages Links to Business Needs

The Bush Administration took office in January 2001, six months after WIA legally went into effect at the state and local level. The Administration did not have a stated policy around WIA and workforce was not a campaign issue of any consequence in 2000.

President Bush's initial domestic focus was on tax cuts and public education. If the administration had any thought about workforce it fell under the purview of education, not the Department of Labor. After the September 11th terrorist attacks there was even less room for a domestic agenda and so the White House had no position on WIA implementation.

The Bush administration, through the Department of Labor, allowed the states to define WIA implementation. The law placed reporting responsibility squarely in the hands of states and it was their task to report back to the Labor Department. To the degree that the Labor Department had a position, it emphasized a stronger connection to economic development (Troppe and Reesman, 2004). Emily Stover DeRocco, Assistant Secretary of Labor said, "The public workforce system must be an aggressive partner with business. There are so many prospects for additional linkages that it is incumbent upon all of us to grasp these opportunities," (Speech to the Texas Workforce Commission, Dallas, September 5, 2002).

In 2003, as part a series of campaign initiatives, the Bush administration crafted a proposal to link community colleges to workforce and economic development. Other administration officials began to mention the need to use workforce as a business growth tool. David Sampson, assistant secretary of the Commerce Department, expressed on numerous occasions such sentiments saying, "The Bush administration is committed to development closer linkages between economic and workforce development (remarks at the National Association of Workforce Boards, Washington D.C., March 4, 2003)."

It is unlikely that the Bush administration with its emphasis on devolution in the area of workforce had much of an impact on WIA implementation, but these statements

point to overall encouragement for localities making a workforce and economic development connection.

WIA: A REVIEW OF THE CONTRADICTORY POLICY MANDATES

WIA contained a number of new ideas and program mandates including:

- Increased coordination through mandated partnerships at one-stop career centers;
- Customer Choice through the creation of training vouchers; and
- Universal access to programs through the elimination of income eligibility requirements;
- Increased state discretion through enhanced gubernatorial powers and discretionary funds.

As bold as the reforms were, there was little in the legislation that actually required anything. Far more than CETA and JTPA, WIA was filled with loopholes, exemptions and language so vague that it could be interpreted anyway a locality wanted. Every national policy expert interviewed for this dissertation remarked about how confusing and also how permissible WIA was. When one read through the legislation carefully, WIA was more akin to a list of suggestions than a comprehensive overhaul. Certainly, many localities moved in the direction that the law intended, but it's important to note the many ways in which the law was ambiguous and open to local interpretation. What follows is a review of the key components of the law, the inherent contradictions and the many ways in which states could opt not to implement them. What follows is a detailed review of the central mandates and contradictions of WIA.

WIA Mandate: Linking Workforce programs

In many ways the key goals of WIA, including universal access and improved coordination, were to be accomplished through the creation of one-stop career centers to be opened throughout the country. One-stops would be a central point of access for both workers and businesses and a common entity forging collaboration amongst all the local government agencies responsible for workforce programming.

The idea of one-stop service delivery had been gaining support in the public policy literature and a number of states had successfully implemented one-stop workforce programs (Lazerus *et al*., 1998; Grubb *et al*., 1999). The concept was to unite all related programs in one place, creating seamless options for the user. Building on this sensible principal, the architects of WIA put most of their emphasis on the role of one-stops and legislated a number of specific stipulations to meet the overarching goals of the act. What follows is a review of the core components of the one-stops.

Almost from the beginning of its commitment to large-scale workforce programming, the federal government has attempted to better link the myriad agencies that administer employment programs. Various attempts always failed because the territorial culture of federal agencies outlasted the political will to merge program operations. The CETA and JTPA block grants created the false notion of consolidation, when in fact the vast majority of federal programs were scattered at over a dozen other agencies and untouched by either piece of legislation (Weir, 1992). Similarly, WIA reformers also failed in their initial attempts to block grant the myriad 163 programs at

the federal level—in lieu of a major consolidation the new law mandated that local agencies work together collaboratively through one-stops.

Unlike CETA and JTPA block grants, WIA had the ambitious aim of coordinating the *entire* public workforce system. However, rather than mandating consolidation, it would be done through Memorandums of Understanding (MOUs); formal agreements between the myriad agencies that administered employment programs.

The legislation named "required partners" who were charged with jointly crafting MOUs. Required partners included local agencies responsible for each of the following 11 programs:

- All categories of the former JTPA program;
- Unemployment Insurance;
- Adult education;
- Employment service (Wagner-Peyser);
- Vocational rehabilitation;
- all welfare-to-work programs;
- Senior community service employment (as specified under Older Americans Act);
- Veterans' employment;
- Post-secondary vocational education (Perkins);
- Employment and training programs administered by the U.S. Department of Housing and Urban Development; and
- Trade Adjustment Assistance (part of the North American Free Trade Act).

Additionally, agencies in charge of Temporary Assistance to Needy Families, Food Stamp Employment, and community development were encouraged to form MOU agreements and participate in the one-stop system.

Mass coordination of all these required and recommended partners would be a major undertaking under any circumstance, but the legislation contained no specificity in terms of how to do it. Beyond the requirement of MOUs, there was no clarity on who should run the one-stops (it could be nonprofits, colleges, a private firm, or an umbrella

consortium); how many each region should erect (the implication was that each area should create a 'network' of one-stops, but only one per major service area was required[15]); or the degree of coordination that occur (partners could agree to merge all program operations and funds or simply make program information available on a web site).

The vagueness of program implementation seriously hampered local progress as states, counties and cities struggled over how exactly to erect this new system; all of the above mentioned options were found in different regions.

Contradictions in Linking Workforce Programs

Beyond the fuzziness of exactly how to set up the new system, there were many internal contradictions that meant effective implementation was virtually impossible.

1) **Federal government requires Local Coordination; something it did not require of its own Agencies**: Local agencies were asked to put significant differences aside and form true partnerships that would ultimately include sharing information, merging different protocols and linking funding streams. Yet the federal government did not require anything akin to this linkage from its own agencies. This meant that even if localities were committed to collaboration there were major obstacles inherent to interfacing with a disaggregated government system: Each of the various federal programs ranging from unemployment insurance to youth development had distinct reporting requirements, performance measurements, and funding guidelines. Without the federal government coordinating this disparate program administration, consolidation or

[15] The technical term is Service Delivery Area. In New York City, all five boroughs are one SDA, for example.

even coordination was virtually impossible because localities would have to merge their operations and then disaggregate them again to report to separate federal agencies.

Beyond the near impossible logistics of merging local programs without federal agencies doing so themselves, there was the simple fact that the absence of federal leadership on this issue was discouraging to localities charged with making the new system work. As one local workforce agency director said, “why should we move mountains here when the federal government has not coordinated anything?” And indeed, with notable exceptions, few regions were able to truly coordinate programs (Barnow and King, 2003).

2) **Unequal Partners**: When charged with a difficult task of merging or even coordinating a range of agencies, the easiest path would be for the partner with the greatest political capital and credibility to take the lead. This was the opposite situation with the creation of one-stops. The agency charged with administering WIA, the same agency with all of the accrued negative impressions of CETA and JTPA and with the smallest funding stream, was the agency responsible for management and oversight of all the one-stop required partners. The federal government required a small funding program (WIA) to coordinate and subsume far bigger partners in the one-stop system. In other words, the legislation was asking small departments of employment to force massive agencies of human services and departments of education to come together and coordinate their programming. One local official said, “This was a clear case of the tail trying to wag the dog and more often than not the tail lost.”

WIA Mandate: Delivery of Tiered Services

WIA intended for workforce services to be widely available to all Americans at any stage of their career. One way to accomplish this was through a tiered mechanism of delivering of services in which participants were required to use services in one tier before being allowed to progress to the next tier.

In sequential order the tiers are:

- ✓ Core Services: General assistance for job searches including basic information about the local labor market, access to job listings, and information about applying to other programs including unemployment insurance or student financial aid.
- ✓ Intensive services: If a job seeker does not obtain employment, a more intensive array of services are offered including skill assessment, construction of individual employment plans, and short-term pre-vocational training.
- ✓ Training Services: If employment is still not found after accessing the core and intensive services then a job seeker is eligible for actual training that can include short or long-term career-based courses.

Establishing 'core' services as the initial entry point was a key component of WIA's universal access approach. The legislation eliminated the income requirements of MDTA, CETA and JTPA, which all mandated that funds must benefit low-income residents.

Additionally, universal access was to be met through the creation of many one-stops centers. The idea conveyed by the President and other elected officials was of one-stop centers dotting every corner of the country; open to any individual and attracting business interest as well (Holzer and Waller, 2003).

Contradictions in Delivery of Tiered Services

WIA, unlike any other previous federal employment bill, mandated universal access to all programs. This is an idea that many workforce reformers dating back to the

National Manpower Council had advocated for in some form, but there was little thought to providing the revenue or the policy guidance to actually implement a more universal program.

1) Universal with Same Funds: Under JTPA there was just enough funds to serve between 2 and 3% of the low-income population eligible for services (Donahue, 1989, p.209). WIA called for a complete expansion; from just serving low-income job seekers to the entire population. Yet, there was only a marginal increase in funding and no guarantee of what funding levels would be in the future.

2) Infrastructure verses Services: The law required universal access and responsiveness to job seekers in delivery of services, but the requirement of the physical construction of one-stop centers meant that funds needed for service delivery would be diverted to capital construction and maintenance. In other words, the immense funds needed to serve a universal population would be heavily drained by new capital costs associated with the creation of one-stops before anyone could access services.

WIA Mandate: Consumer Choice through Training Vouchers

Customer choice was one of the signature components of the new WIA legislation and it was established through the creation of Individual Training Accounts (ITAs)[16]. The concept of ITAs was relatively simple: individual participants would use the vouchers to choose the training provider that they believed would best train them for their job search.

The ITA program sounded straightforward, but it was a radical shift from all previous workforce models. Rather than a few select organizations receiving multi-

[16] ITA is the term used for training voucher.

million dollar contracts to provide services, small voucher grants were given to individuals to choose amongst a wide number of organizations. An entirely new system of administering vouchers would need to be erected.

Similar to one-stops, the federal legislation provided no guidance as to how to set up the ITA system or what parameters to place around it. There was no specificity for instance about what form vouchers would take: they could be paper, electronic or linked to other service grants. Deciding the size of vouchers was also left to localities, which tended to set ITA limits from $2,000 to $12,000 dollars.

The ITA component also contained the largest loophole of all aspects of WIA. This came in the form of exceptions to the ITA program. The legislation states that the majority of training is to be provided through ITAs but puts no limit on three major exemptions that include: on-the-job training; customized business training; and special populations such as the disabled or minorities. In essence, a locality could fail to issue a single ITA, channel all of their WIA training dollars toward corporate training efforts, and still be in compliance with the law. In fact, Philadelphia dedicated over 70% of training funds to customized business training.

Contradictions in the Voucher Process

Training vouchers were another novel and ambitious goal of WIA. And like many of its goals there was little thought put into the practical application.

1) Poor Information: Expecting individuals to make sound choices about where to use their ITAs is dependent on them having sound information to make such a choice. This unbiased and accessible information never materialized. The federal government at one

point promised technological coordination of all programs in a searchable database, but it never happened. Additionally, the lack of true partnership amongst the required one-stop partners meant that unified assessments (or any assessment at all) of training providers were rarely provided.

2) High Expectations of Customers: Many interviewees about the system doubted that the average person (let alone a low-skilled individual) could determine the best training provider on their own. One policy maker in Boston said, "I assess this field for a living and have trouble discerning exactly who is providing quality programs; how is it that a complete new comer to the programs will figure it out?" Many local providers expressed a fear that rather than choosing a high-quality provider an individual would be attracted more to subway and bus ads that promote questionable organizations offering quick training and immediate job placement.

WIA Mandate: Business Leadership through Workforce Investment Boards

Businesses from the private sector were to direct how every dollar of WIA funds was spent and to have tremendous influence over all public workforce funding streams. The vehicle for this role was the Workforce Investment Boards (WIBs); local governing bodies appointed by elected officials. The WIBs were required to have a majority of board members from the private sector and on the whole were not that different than the PICs under JTPA[17].

[17] The primary difference between PICs and WIBs is that the latter were not allowed to administer any funds and were to instead focus solely on planning and governance.

WIBs legally had the power to determine where all funds would be spent and were also the body that certified every one-stop created. In this role, they were to provide a strategic plan for how all workforce dollars are spent locally.

Contradictions in Business Leadership

Gaining business input and direction was an extension of JTPA legislation. This was a concept that was usually endorsed by Democrats and Republicans. This aspect of the WIA legislation was not filled with contradictions, but it was also not backed up with strong provisions that ensured it would be implemented.

1) Overcoming Past Reputation: In the abstract, WIBs are granted tremendous authority over a set of programs that should appeal to the philanthropic and financial interests of local business leaders. But impressions were tainted by the abysmal results and reputation of the PICs. The lack of clear distinguishing traits between the two bodies instantly repelled many of the more notable private sector leaders. Additionally, many municipalities including New York and Boston made virtually no changes to their PIC structure, keeping the entire PIC board, in Boston the name was not even changed and the board is still called the Boston PIC.

2) The Public Sector Still Determines Governance Decisions: WIA provides the WIB with ultimate authority over implementation, but does not give it any control over its governance or budget. Local elected officials, similar to JTPA, still choose the board, number of staff and budget allocation for each WIB. In other words, WIBs could

maintain authority but have no staff, funds, or control over further recruitment for their own board.

WIA Has Little Political, Policy or Programmatic Connection to Welfare Reform

WIA encompassed many competing policy ideas and goals including individual choice through vouchers; government efficiency through one-stop career centers and public/private partnerships through the reaffirmation of business-dominated workforce boards. One would assume that one of these goals would have been to link workforce reform with welfare reform.

Welfare reform was embodied at the federal level in the Personal Reasonability and Work Opportunity Reconciliation Act (PRA), which passed just two years ahead of WIA in 1996. The passage of PRA signaled a tremendous shift in social service policy. It ended the entitlement of cash assistance for low-income individuals by placing time limits and work requirements on welfare benefits. Major reforms of welfare had been attempted by past presidential administrations and indeed President Reagan had accomplished a number of substantive changes, but it was President Clinton who had the greatest impact on the program by ending its entitlement status. Welfare was no longer an automatic benefit for those that qualified because it was now time limited and work requirements were imposed. The orientation of welfare policy fundamentally shifted from cash assistance to work. Individuals were expected to work and the public sector was expected to encourage and facilitate permanent attachment to the labor market.

Given the high degree of policy and political focus on this new emphasis on work after the passage of PRA, it would seem likely that major reform of federal workforce programs would have some, if not considerable, linkage to welfare reform. As elected

leaders called for everyone to work, how could a new workforce bill not have some connection? Surprisingly, WIA had virtually no programmatic, policy or political link to PRA during its passage and implementation.

Workforce development had its own reform trajectory, constituents and regime actors, distinct from those of welfare reform policy. Numerous federal officials interviewed for this dissertation agreed that a programmatic link would have been logical and stated that both bills followed the same trend of encouraging more people to work and enter the labor force as quickly as possible, yet the legislation was not discussed or advocated jointly (O'Shea and King, 2001). A Vice President at the John Heldrich Center for Workforce Development at Rutgers University, an organization that has conducted numerous evaluations for the federal government about workforce policy, said, "WIA certainly is a program that fits into the whole of welfare reform thinking—it emphasizes rapid attachment to the workforce and a focus on business needs. But it was definitely not welfare reform that drove WIA in any way. There are a different set of players in the workforce world; you just don't get the same kind of interest groups."

The few accounts in the policy literature of WIA's passage note that the interests and concerns that contributed to workforce reform had little in common with welfare reform. The most detailed assessment of the politics and policy that surrounded the passage of WIA was an analysis produced by John Donahue and a team of other academic researchers based at Harvard University. This review of all the legislative discussions about workforce reform in sessions of Congress between 1993 and 1998 does not contain one mention of welfare reform or PRA (Donahue *et al.*, 2000). And one of the most detailed accounts of the PRA's passage and its implications nationally and

locally was a recent book by *New York Times* columnist, Jason DeParle, that also is without any mention of WIA or any of the traditional federal job training programs such as JTPA or CETA (DeParle, 2004).

A close look at the time-periods surrounding both workforce and welfare reform reveal that they were driven by different federal bureaucracies, political interests and even different policy ideas. These differences are summarized below.

First, welfare and workforce were situated in two distinct and isolated federal agencies; the Department of Health and Human Services (HHS) and the United States Department of Labor respectively. HHS is a large agency with a budget of $642 billion in FY 2006 and oversight of many major federal programs including welfare, Head Start, Medicaid and Medicare. The USDOL, by contrast, is a relatively small agency with a budget of just $54 billion in FY 2006 and responsibility for workforce development, an array of labor protection programs and laborforce research. In short, the two agencies are unequal footing, with HHS being the more dominant, politically visible agency. In almost every other respect the agencies function in different policy streams in Washington: they report to different Congressional committees, have different interest groups and report to different officials within the executive branch. Additionally, the agencies have no history of working together on programs or legislative initiatives.

Second, the interest groups and political focus on the two reform areas were highly distinct. The elected officials dedicated to workforce reform were centrist Republicans and New Democratic thinkers attempting to better coordinate a system widely viewed as contradictory and poorly focused (Donahue *et al*., 2000). Beyond these "good government" focused officials there were few outside advocates or interest groups

oriented towards workforce reform according to numerous federal and local officials interviewed for this dissertation. In stark contrast, welfare reform was a heated debate populated by many interest groups, ranging from large business associations to welfare advocates. Many of these groups, along with virtually every member of Congress, articulated clear policy positions on welfare legislation (DeParle, 2004).

Third, the core issues driving reform were distinct in each field. Workforce reform was driven by calls to increase coordination of scattered programs, create universal access, improve business oversight and establish customer choice through training vouchers. These were good government reforms aimed at improving a program that was seen as wayward, not ineffectual. In contrast, welfare policy was driven by reforms—time limits and work requirements—that aimed to address a program seen as beyond repair and in need of fundamental revision.

Fourth, the money allocated for WIA was far too small to address the immediate and large-scale training needs of the welfare population moving off of cash assistance. This specific training need was addressed through a multi-billion dollar welfare-to-work allocation that provided an infusion of training funds dedicated to individuals transitioning off of public assistance; more than double the traditional workforce allotment made at the local level. In a sense, the immediate need for linking training and welfare reform was addressed through welfare-to-work dollars. Workforce reform was not necessary to begin transitioning former public assistance recipients to employment.

Although workforce and welfare reform had no connection at the federal level, some linkages were made at the state and municipal levels. A number of states constructed overall workforce programs that addressed the welfare population and took

advantage of the flexibility inherent in both PRA and WIA (Nathan and Gais, 1999; Barnow and King, 2005).

Although some states merged programs and thinking around PRA and WIA implementation, many did not (Barnow and King, 2005). In this dissertation it was evident that the case study cities established little connection between the two program areas. Because of the historical orientation of job training and workforce with social services, the programs have at times been in alignment in the case study cities. In Boston, the local workforce agency constructed a series of welfare training programs; in Philadelphia, workforce and welfare programs were situated in the same agency; and until the mid-1980s, the workforce agency was a division of the welfare agency in New York. Despite these past alignments, welfare and workforce were still viewed as distinct policy and program areas in the three study cities and in most cities across the U.S. Philadelphia for example, is the one city that should have engaged in joint programming because welfare and workforce programs are in the same agency, yet the two divisions rarely communicated. In fact, a recent 200-page assessment of Philadelphia's welfare training programs by MDRC does not mention WIA programs or the link to workforce development even once (Edin *et al*, 2003). None of the study cities possessed a welfare policy that addressed the role of traditional federal workforce funds. Nor did the welfare and workforce administrators in either city interact or jointly plan for the implementation of WIA and PRA.

A REVIEW OF PROGRAM GOALS, BENEFICIARIES AND FUNDING LEVELS

This chapter has focused on the political and policy history of specific federal workforce development acts over the past fifty years. Workforce's legislative history is so varied that it was necessary to focus individually on each act prior to this section. This section will provide a brief overview of all of the acts taken together to assess their overall program goals, funding levels and intended beneficiaries over time.

Program Goals and Intended Beneficiaries

Workforce development program goals have moved in a number of different directions over the years. In some respects program goals have progressed steadily and in other respects that have swung from one position to another and back again. The following table reviews some of the core program goals and their variation over time.

Table II-C SUMMARY TABLE OF ALL MAJOR WORKFORCE BILLS

	Federal/State/Local Program Responsibility	**Primary Outlays dedicated to Public Jobs/Training**	**Legislative Mandate to Assist Poor or Universal Population**
New Deal	Centralized	Public Jobs	Universal
MDTA/EOA	Local	Training	Poor
CETA	Local	Public Jobs	Poor
CETA Reauthorization	Local	Training	Poor
JTPA	State	Training	Poor
WIA	State	Training[18]	Universal

As the table indicates there was an evolution of program responsibility from the local to the state level. And there have been sharp swings in the orientation of program

[18] Although WIA did favor training rather than public service jobs, it was not encouraged as it was under JTPA and MDTA. Training was viewed as a second or third order activity under WIA guidelines.

funds used as an on-going source of training or for mass public jobs that serve as an economic corrective.

One of the most interesting shifts in terms of program goals is in the area of intended beneficiary. Initially, it was the "unemployed" broadly defined. It was then targeted at low-income individuals and indeed, most individuals receiving CETA or JTPA training were below the federally defined level for low-income individuals[19] (Perry *et al*, 1976; Franklin and Ripley, 1981; Weir; 1992). WIA signaled a departure from past beneficiary focuses—all workers and job seekers were intended to be beneficiaries. Unlike even the New Deal programs, WIA was intended to benefit even individuals who were currently employed. There is no official data gathered about income levels of WIA recipients but a survey of each city reveals that despite the universal access component of the act, the individual beneficiaries remained primarily low-income. In all three cities the vast majority of the job seekers that received WIA training earned under $20,000. New York City was the one city that had tracked specific income levels and reported that pre-program earnings were $14,850[20] in program year 2004. The other cities claimed that this was a comparable pre-earning level for their beneficiaries. In fact, even in Philadelphia, a city that used the majority of its training dollars for customized business training, individual beneficiaries had household incomes below the federal definition for low-income. In Boston, the one-stop career centers were accessible to individuals of various incomes, but the overwhelming majority of beneficiaries were low-income according to the director of all three Boston centers.

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[19] In 2003, this income is defined as $37,958 for an individual or a family.
[20] Note: New York City only tracked information for a six month period, so this figure is an assumption that the six month period that was not tracked is comparable to the one that was.

Funding Levels

The federal government beginning in the Johnson administration made a firm commitment to workforce development. But federal funding levels have never been that large, peaking at $7.3 billion in 1978 during the Carter administration. Workforce has often been viewed as a policy area that has received a substantive amount of congressional and presidential attention, but few dollars to buttress the many program initiatives and goals. The following table reviews funding history for select years from CETA to JTPA to WIA.

Table II-D: Funding Levels for Federal Workforce Development Programs for Select Years

Year	Program	Funding Level in billions
1973	CETA	$3.4
1978	CETA	$7.3
1985	JTPA	$4.8
2001	WIA	$3.7
2004	WIA	$3.3

Source: Orfield and Slesarev, 1986; Kiel and Spence, 2003; New York City Independent Budget Office, 2005.

The above table highlights the low levels of funding allocated under various federal workforce programs. Funds do rise and fall during various fiscal years, but generally have been falling since the mid-1970s with the largest reductions occurring during the implementation of JTPA at the beginning of the Reagan administration. It should be noted that these programs represent only a fraction of the overall federal dollars for workforce programs. The primary workforce act comprises only one of many different federal workforce and training programs. For example, in 1995 the General Accounting Office identified 163 different federal programs in 15 separate federal agencies; JTPA was only one of those programs and the USDOL only one of the federal agencies (GAO, 1995).

The low level of funding is equally apparent when assessing the amount of federal dollars available for WIA at the municipal level. What follows is a review of funding in each of the study cities.

Table II-E: WIA Funding Levels in Boston, Philadelphia and New York City, 2001

City	Federal Funding Level in Millions	Percentage of Municipal Budget
Boston	$11	.006%
Philadelphia	$22	.007%
New York City	$125	.003%

Source: US Department of Labor

The above table reveals not only the small amount of absolute federal funding for workforce in each city, but also that the allocation is a remarkably small percentage of municipal revenue. It is for this reason that it is important to point to why a mayor or governor would ever form an interest in the federal workforce act when the funding is such a small component the annual budget. To gain more of a historical sense of funding, the following table highlights funding in one of the study cities, New York, over the course of 25 years of funding.

Table II-F: Federal Funding for Workforce Development in New York City

Program	Year	Funding Level
CETA	1978	$316
JTPA	1982	$158
JTPA	1988	$125
WIA	2001	$125
WIA	2004	$133

Source: New York City Independent Budget Office

The above table highlights the overall decline in federal workforce funds in New York City. The level of funding in New York is fairly typical for most cities, which experienced sharp reductions in workforce programs in the early 1980s. The table also

reveals that occasionally federal funding climbs back up, as it did in 2004. Overall, the funding tables show diminishing funds available through federal workforce acts.

SUMMARY

This review of WIA leaves little doubt how ambitious the law was and how ambiguous, confusing and flawed its implementation would be. The overriding goals of streamlining services, increasing competition and orientation to the marketplace echoed conventional wisdom in the field and what many past reforms had aimed for. But there was virtually no specificity about how to meet these goals and no enforcement power given to any level of government to hold local service delivery areas accountable. A summary of WIA's ambiguities is outlined in the table below.

Table II-G: Ambiguities and Contradictions in WIA Legislation

WIA Mandate	Ambiguity/Exemptions	Contradictions
Coordination through One-Stop Partnerships	One-stops can be run by any organization and can take any form	Locals agencies forced to coordinate when federal agencies aren't; weakest partner (WIA agency) responsible for leading coordination
Universal Access through Tiered Delivery of Service at Multiple One-Stop Career Centers	One-stops could service a community or an entire city	WIA was charged with serving entire population with same amount of funds
Individual Choice through Training Vouchers	Customized training and special population training can function as partial or full exemption	Free choice, but little done to facilitate individual to access information needed to make informed choice
Business Control of Policy Development through Workforce Boards	New WIBs have little noticeable difference from PICs	Local government still controls budget and board appointments

Localities with any interest in creatively interpreting the legislation would find WIA the most permissible workforce legislation ever written. It is precisely this permissibility that has led to such wildly different local interpretations.

Beyond the permissibility, and most relevant to this study, was the ease and the encouragement to interpret the law as economic development policy. Far more than previous employment and training bills, WIA allowed mayors and governors to subsume workforce activity under their business retention and growth strategies. What follows is a review of the many ways that the law could be easily and legally interpreted as part of state or local economic development plans.

Ways WIA Can Be Interpreted as Economic Development Policy:

- <u>All Vouchers Used for Customized Business Training</u>: Fully 100% of all training dollars could be spent on custom-designed training for local businesses. This is one of the exemptions to the ITA requirement; there is no limit to the amount of customized training.
- <u>Discretionary Grants Dedicated to Economic Development</u>: The governor could spend every dollars of his/her 15% state set-aside grants on economic development including such non-workforce uses as road construction or financing for a baseball stadium.

- WIB Focused on Private Sector Model: As the law intends, WIBs could be dominated by business interests and model programs to directly benefit major corporate interests and local economic development efforts.
- Other Workforce Funds Linked to Economic Development: Through the mandated partnerships, strong local leadership could merge additional funding streams to link to business and economic development goals.

In sum, WIA is a program that is quite ambiguous and could easily be interpreted as economic development. Indeed, more cities that ever before began to embrace economic development aspects of workforce policy (Barnow and King, 2003). But many cities did not and few engaged in a wholesale revision of their workforce programs to reflect business growth strategies. Surely, some of the timidity in local programming is connected to the confusion that such an ambiguous policy engenders. And there are many local political and institutional forces at play—that is the focus of the next three chapters.

Chapter III: Baseline Information about Boston, Philadelphia and New York City

INTRODUCTION: WHY THESE CITIES

Federal policy *formulation* happens in legislative halls, negotiated by a myriad of interest groups that descend into the D.C. Beltway when a window of opportunity arises for significant reform (Kingdon, 1995). Federal policy *implementation* happens at the local level—in thousands of cities and counties across the country. Thus, implementation study is about case studies. A comparative and local data set is necessary to discern true outcomes and policy results. With a focus on the implementation of the Workforce Investment Act this dissertation provides an in depth analysis of three cities: Boston, Philadelphia and New York.

The three cities possess one of the oldest and in many ways richest cultural, religious and economic histories in the country. These are three iconic cities that are often compared by the media and Political Scientists. Consequently, there is a plentiful amount of past analysis and data, particularly in the public policy literature on the three case cities. Clearly, the wealth of historical and contemporary analysis is an attraction as a researcher, but it is the ability to isolate my chosen causal factors that led me to choose these three cities in particular.

Baseline Characteristics are Similar

Broadly, the cities have similar economic, political and workforce compositions. Yet they have markedly different histories in relation to workforce in general and WIA in particular. Choosing these cities allowed for control of major variables such as political,

cultural or economic orientation and focus intently on the isolated independent variables of mayoral/gubernatorial interest, administering agencies and interest groups.

While differences amongst the cities do exist, their major characteristics contain a significant amount of similarities. These similarities are highlighted in Table III-A and the overlap makes it possible to isolate the causal factors of political leadership, interest groups and bureaucracies.

Table III-A: Major Similarities of Boston, Philadelphia and New York

History: Notable historical cities that gave rise to national political and economic ascendancy.
Economies: Series of booms and busts that originated around major transportation routes and now center on health care, education, culture and finance.
Political History: Strong and corrupt machines that were displaced by reform-oriented mayors in the early to mid-20th century.
Political Characteristics: Strong mayoral systems with weak city councils and Republican governors with national aspirations at time of WIA implementation.
Demographics: Majority minority cities. New York and Boston have long traditions of European immigration now coupled with a very diverse influx of immigrants from Asia, Africa and Eastern Europe.
Electoral Orientation: Nationally, strong Democratic and liberal voting patterns. Locally, split between liberal/minority and conservative/white-ethnic vote.
Media: Independent media tradition with multiple and nationally recognized print outlets.

These and other characteristics will be described in more depth later in this chapter.

THE WORKFORCE POLICY ENVIRONMENT

Beyond the similarities in politics, history and economic conditions, each city has very similar workforce environments. Reviews of workforce and education programs reveal a policy area that is very much influenced by regional location (Gittell and Kleiman, 2000; Barnow and King, 2003). Broadly, the South and West have made

concerted efforts to build strong public workforce systems over the past thirty years and the Northeastern states have done little to cultivate such systems. More specifically, Western states, including California and Washington, have relied heavily on their community college systems to develop workforce programming; Midwestern states have concentrated on industrial programming; and the South has been the most aggressive at developing business-initiated programs with virtually no use of nonprofit training providers.

Compared to other regions, the baseline aspects of the workforce environment are virtually identical in the three chosen cities. The following table summarizes common characteristics in the workforce environment.

Table III-B: Historical Role of Key Workforce Development Stakeholders in Boston, Philadelphia and New York

Service Delivery Areas: Each city has large federally designated service areas and has historically received the largest shares of federal employment dollars.
Citywide and Community based Nonprofits: Each city's workforce system is dominated by nonprofits of varying size.
Higher Education: Politically weak community college system that is seen as just one of many training providers.

Despite the above-mentioned similarities in workforce environments, each city has had noticeably different orientations and experiences with this policy area in general and implementing WIA specifically. New York has been a model of disorganization and lack of interest (Alssid *et al*, 2003) Boston is noted for innovative approaches and funding models (Heldrich Center, 2002); Philadelphia is seen as a competent city that has been aggressively linking workforce to targeted business sectors and customized training for private sector firms.

With comparable variables of politics, history, economy and workforce stakeholders, this study will closely assess the variables of political leadership, interest groups and administering agencies to determine what led to such varying workforce systems and orientations.

Table III-C: Different Workforce Orientations and Approaches to WIA

City	Workforce Orientation: CETA-JTPA	Approach to WIA Implementation	WIA Outcome
Boston	Strong commitment and a blended approach	Strong commitment and a blended approach	Strong commitment and a blended approach
Phil.	Weak commitment with a blended approach	Weak commitment and an economic development approach	Weak commitment and an economic development approach
NYC	Weak commitment with a social services approach	Weak commitment with a social services approach	Weak commitment with an increased focus on economic development

SECTORS OF THE ECONOMY

Boston, Philadelphia and New York City have fairly similar economic compositions. The following table delineates the basic composition of the core and marginal economic sectors in each city. Each has large numbers of jobs in areas of health care, educational services and tourism. Although still a presence, manufacturing has dropped sharply and government employment has begun to stagnate over the past five years.

Table III-D: Industry Composition in the Three Cities, 2000

	Boston	Philadelphia	New York
Agriculture	.1%	.2%	.1%
Construction	3%	6%	5%
Manufacturing	7%	12%	7%
Wholesale trade	2%	3%	3%
Retail trade	8%	9%	9%
Transportation, warehousing, utilities	3%	5%	7%

Information	4%	3%	5%
Finance, insurance, real estate	11%	9%	11%
Professional, scientific, management and waste mang.	16%	11%	11%
Education, health, social services	27%	25%	22%
Arts, entertainment, accommodation, food service	11%	9%	9%
Other services (not public)	4%	5%	6%
Public administration	4%	6%	5%

United States Census Bureau, American Community Survey 2003

Table III-E: Growth and Decline in Select Industries, 1995 - 2003

	Boston	**Philadelphia**	**New York**
Colleges/Professional schools	12%	20%	28%
Education and Health services	7%	11%	17%
Manufacturing	-18%	-26%	-33%
Finance & Insurance	10%	14%	8%
Professional, Science and Tech Services	28%	14%	25%
Leisure and Hospitality	13%	26%	23%
Government	5%	-4%	2%

U.S. Department of Labor, Bureau of Labor Statistics, Series Catalogue 2004

The above table highlights the similarities in economic composition in the three cities. There has been a sharp rise in the education and technology sectors and a stagnation and decline of manufacturing and government jobs. Beyond these broad numbers and basic similarities there are some ways in which each of the cities possesses a unique economy; this will be explored in the following section.

Boston's Economy

As the United States entered the 21st century, Boston retained its image as the pristine City on the Hill (Glaeser, 2003; Hiestand and Zellman, 2004). It is both a historically rich destination and has recently developed one of the largest concentrations of wealthy, college educated workers and million dollar homes in the world.

Benefiting from a series of stable, pro-development mayors and an increasingly technology-rich economy Boston has experienced fairly significant economic expansion

for the past twenty years. In a recent volume entitled the Boston Renaissance, the economic surge has been referred to as a revolution, as the city has emerged from "a veritable basket case hemorrhaging people and jobs" (Bluestone and Stevenson, 2000, p.1). The poor economic picture of the 1980s is captured in an oft-cited Brookings Institution study of 154 cities that in 1982 ranked Boston at the bottom. The city was ranked below even *Detroit* on measures of crime, poverty, and income. Boston has now become one of the major magnets of wealth in America. By 2000, Boston income ranked fourth in the nation, as only residents of San Francisco, Minneapolis and Washington, D.C. earned more. And housing prices—a measure of a city's desirability—have risen faster than any other region in the country. Measuring national housing growth between 1980 and 2000, Boston ranked fourth (increasing 430%) and was behind its own suburbs of Newton which ranked third and Cambridge which ranked first (Glaeser, 2003, p.24).

Boston still has pockets of poverty in Roxbury, Dorchester and parts of South Boston, but the sheer density of wealth in such a small city is a salient feature of the city in comparison to both New York and Philadelphia at the time of WIA implementation. There is no part of the city with the wholesale deprivation that is found in Philadelphia and until very recently in some neighborhoods in the Bronx and Brooklyn.

Boston is known as a college town, with a university-driven economy. In fact, a review of its economic history is a testament to the city's success in fostering knowledge-based industries. More than almost any other city, Boston has been known for its reliance on individual skill and craft since it's founding. In the 18th and 19th century, New York, Philadelphia and Boston were all major port cities. But Boston was far less reliant on its port, truly capitalizing on maritime and seafaring activity, an industry far more dependent

on the individual skills of people who crewed, captained and owned ships that sailed in and out of other ports in the U.S., Asia and Europe.

The predominance and continued success of sailing talent meant that Boston had less incentive than Philadelphia or New York to transition to a manufacturing economy. In fact, it was not until a mass influx of Irish arrived in the mid-1800s that the city began seeding industrial-based jobs. Soon the city and surrounding region possessed a density of textile and railroad employment. But the slow connection to the industrial-era meant that plants and industrial districts did not take root as firmly in Boston as they did in other Northeastern cities. By 1920, Boston's industrial base had begun a steep decline and manufacturing evaporated at a much quicker pace than neighboring Northeastern cities.

The faster transition away from industrial jobs was one factor that led to the city's rapid adaptation to the technology economy of the 1980s. In the 1990s, Boston ranked number one in knowledge jobs in a number of different surveys (Bluestone and Stevenson, 2000, p.9) and the technology sector accounted for nearly half of all job growth between 1997 and 2000 (Hogarty, 2002, p.1). The proximity to the technology firms of Route 128 and MIT was a major asset, but the city's greatest economic strength has been its concentration of highly skilled workers. Among all major cities with populations over 150,000, Boston ranks fifth in share of residents over the age of 25 with a college degree and third if measuring population between age 25 and 34 (behind only Boulder and Stamford) (Glaeser, 2003, p.3).

Overall, Boston's economy is concentrated in four export-oriented industries: professional services, finance, health care and educational services. One of the main drivers in this mix is the technology and scientific research-based professions that are a

part of professional services. They have directly led to the growth of the investment community looking for high-growth opportunities in the technology and life sciences sector. In fact, in 2000, Boston became the world's largest source of venture capital and had $1.5 trillion in equity funds under management, the third largest amount in the world (O'Connor, 2001, p.270).

Boston: Economic Development

Boston has had two very different approaches to economic development in the 20th century. The first was a well-planned and methodical focus on downtown development. From the 1950s through the 1970s the city epitomized the notion of a 'pro-growth coalition' as businesses worked closely with three successive mayoral administrations to clear major tracts of downtown and replace them with gleaming office towers (Mollenkopf, 1983).

Partly based on the success of this pro-development era, Boston entered into a phase of progressive economic development in which neighborhood residents received as much, if not more, attention than the business community. Mayor Raymond Flynn did not have a proactive development strategy; instead he taxed real estate development through a linkage fee that created funds for affordable housing and job training and forced city contractors to hire low-income residents. This linkage policy was the focal point of progressive politics that would "spread the wealth" from the business elite and downtown to neighborhoods throughout the city (Swanstrom, 1988, p.139). For ten years Flynn maintained a progress economic agenda that is cited as the longest running liberal regime in a major city (Dreier *et al*., 2001, p.162). Mayor Menino was not as progressive on

economic issues as Flynn, but maintained virtually every one of his initiatives, and even furthered a few.

This does not mean that Boston was anti-capitalist, but given low commercial office vacancy and low unemployment it was able to pursue more equitable policies than other cities (Keating, 1986, p.134). Mayor Menino did have a few economic development projects, but they were never a priority for his administration. His most publicized effort was a program called Back Streets that provided loans and incentives for small business growth, but most interviewees referred to it as strictly a 'ribbon cutting' program.

Menino, like all of the mayors in this study, also supported a number of high-profile real estate projects including rebuilding the Fenway baseball park, refurbishing the waterfront, and building a new convention center. Menino was not seen as particularly adept at corralling the partners and momentum needed for these types of major projects, although he is given credit for attracting the Democratic Convention in 2004.

Surprisingly, Menino's close connection with the diversity of Boston residents was seen as his biggest single economic contribution. His outreach to all races, ethnicities and sexual orientations stood in stark contrast to former Mayor Flynn's social conservative views. One Democratic consultant said, "If Flynn reached out and said all the neighborhoods are equal, Menino said all the neighborhoods are open to everyone" (quoted in Gitell, 2001). This openness was seen by media commentators as an economic boon for the city, encouraging many business leaders and young entrepreneurs to move in or move back to a city that was infamous for its racial strife in the 1970s (see Hiestand and Zellman, 2004). Bill Russell, a Boston Celtic basketball star in the 1960s, began

touting the city as far more open-minded after publicly claiming Boston was racist during his playing days. "There are a lot of things happening to make it an open city where everybody is included," he said as he promoted Boston during the 2004 Democratic convention (quoted in Belluck, 2004).

In sum, Boston went from a strong pro-growth to a progressive approach to economic development policy. The city has not been strategic about economic development for at least twenty five years and the past two mayors have focused more on issues of housing, public education and, as will be discussed in more detail, workforce development.

Philadelphia Economy

Philadelphia has been dubbed the City of Firsts: the first public school in the colonies; first American hospital; first volunteer fire company; the first American magazine and first stone bridge (Bissinger, 1997, p.31). Philadelphia still garners historical respect and millions of tourists each year to its well maintained heritage-based attractions. But rather than firsts, the city's economic statistics are last or near last on a number of critical indicators of economic health including number of college educated workers, employment growth and in-migration. Unlike Boston and New York, Philadelphia has not experienced a significant economic revival in recent years and instead has been in a slow decline since the 1950s.

Philadelphia still possesses many natural assets including historical and contemporary cultural attractions; a high density of post-secondary research institutions; and an attractive housing stock throughout the region. But its economic woes have led

policymakers and commentators from all corners to proclaim it in a dire situation. A recent City Controller report said, “Philadelphia has fallen into a state of economic distress (with a) crushing cycle of poverty” (Philadelphia Controller, 1999, p.1). David Rusk, a noted expert on regional growth said, “Philadelphia has continued to slide further past the point of (almost) no return” (Rusk, 2003, p.23). And Buzz Bissinger, a Pulitzer-prize winning journalist and book author, described it as “a city utterly on the brink” (Bissinger, 1997, p.xii).

The struggling Philadelphia economy is a microcosm of a state that is in equally poor shape. Historically, Pennsylvania was controlled by the strong business interests of steel, coal and the railroads in the 19th century (Peirce, 1972, p.231). This legacy left the Keystone state in a poor position to emerge from the era of industrialization. The state had the slowest population growth of the ten most populous states in the first half of the 20th century; experienced a depression that lasted from 1928 to 1965; and during the same period had an unemployment rate that was higher than any state except West Virginia (Peirce, 1972). Few of these statistics have improved as the state ranked 48th for population growth through the 1990s; 47th in employment growth and number one for absolute loss of young workers (Muro, 2003, p.11).

Philadelphia’s plight mirrors the states’; a strong industrial past, but difficulty adapting to the new post-industrial and technological economy. Philadelphia was initially a port city that engaged in trade and shipbuilding. The city also fostered a diverse mix of crafts people and merchants. This variety served the city well as it entered the industrial age. Clothing and textiles employed 40% of the population, but the rest worked in a wide range of manufacturing enterprises including shoes and boots, paper and printing, and

tools and hardware (Philadelphia Controller, 1999, p.6). The various industries were situated in districts with smaller, more flexible plants that allowed the city's industrial base to remain more diverse and stable than many other manufacturing hubs in the Northeast.

In many respects, Philadelphia's industrial diversity and success led to poor preparation for de-industrialization. The decline of manufacturing in the city was much slower and less perceptible than in cities such as New York and Boston and few strategies were in place to restructure the economy (O'Mara, 2002, p. 19). Philadelphia's precipitous decline was visible in the 1950s in virtually any economic indicator, particularly those that are most important to a post-industrial economy. Most noticeably, people have been moving out of the city to the surrounding suburbs. At the beginning of the 1950s the city of Philadelphia had 56% of the region's population and 68% of the region's jobs; by the end of the 1960s those figured fell to 40% and 51% respectively (O'Mara, 2002, p.20). The trend has not abated: between 1992 and 2000 jobs in Philadelphia grew by 5% while growing 20% in the suburbs. Population growth has been even worse as Philadelphia lost 5% of its population between 1990 and 2000[21], while the outer ring suburbs gained 18%.

Philadelphia: Economic Development

Similar to Boston, there was a phase in which a pro-growth coalition firmly held sway in Philadelphia. Unlike Boston, though, that period lasted only ten years, from the election of Joseph Clark in 1952 until the departure of Richardson Dilworth in 1962, who

[21] Overall, the city has lost approximately half a million residents since 1960, dropping from over 2 million to under 1.5 million.

left office to run for governor. These two mayors worked in lock step with a progressive coalition of young business leaders and city planners that charted detailed master plans for improving Center City. Although the mayors that followed Clark and Dilworth were not overtly business friendly, Center City development was never neglected. In fact an analysis of capital dollars for Center City projects reveals that in constant dollars more was spent during the administrations of Tate and Rizzo than Clark and Dilworth (Adams *et al*., 1991).

Of all the mayors in the past fifty years, Mayor Wilson Goode was the most focused on pursuing an economic development agenda. He was the city's first black mayor, but was willing to abandon all of his progressive economic policies of affirmative action hiring to see his plans for Center City and a new convention center reach fruition. Goode battled publicly with the City Council and the municipal unions to address these development plans and deliver results for private sector real estate developers. His political paralysis after the MOVE incident precluded the completion of these plans. But Mayor Rendell did see that the convention center was built and also continued to advance Center City development.

Mayor Rendell never had a particular focus on economic development planning, but like Menino his image was seen as a major advancement for the city's economy. Rendell was a national booster for the city and was recognized in glowing articles from *Time* magazine to policy focused urban journals. His aggressive push to balance the city's budget also restored confidence to a financial community that began to question the city's ability to survive without a state takeover.

If there was any focus to Rendell's economic development thinking it revolved around tourism and the arts. He invested a lot of political capital and arranged financing for the Avenue of the Arts project that supported the creation and rehabilitation of a series of major cultural institutions along Broad Street in Center City. He also worked to create a more friendly tourist climate by converting a few abandoned office towers into hotels with tax incentives. These new hotels, usually clustered around the newly built convention center downtown.

Mayor John Street more than past mayors has focused on fostering growth in neighborhoods outside of Center City through a slum clearance program called Neighborhood Transformation. Also like Rendell he has pieced together a number of incentive packages for office and hotel development in Center City. And similar to the other two cities, Street was focused on sports development, successfully negotiating a new stadium for the local baseball and football teams.

Some of the more notable economic development initiatives in the city developed outside of City Hall's purview. The Center City Business Improvement District is given credit for Philadelphia's downtown's revival and the University of Pennsylvania was seen by many media outlets as pioneering university-driven real estate improvements in the surrounding West Philadelphia area. And the state's governors are known for initiating a number of major development programs over the years that vastly overshadow any municipal effort. For example, the Ben Franklin Partnership is a model in attracting biomedical development (Osborne, 1990) and the plethora of state Keystone Zones are often the primary city development tool used to attract and retail major corporations.

Taken together, economic development in Philadelphia is almost always about Center City real estate development (Adams *et al*., 1991). Beyond this obvious focus few mayors in recent years have articulated a more strategic set of business growth programs and have instead relied on transactional arrangements to attract and retain major businesses.

New York City Economy

Each of these cities is iconic, but none more than New York. It has long been the nation's center of finance, culture and international relations (Sassen, 1991). New York is still very much a global city and dominated by a high number of business services and media sectors. For example, in 1997 New York ranked number one nationally and number one or two internationally in categories of number of corporations, stock markets and advertising agencies (Sassen, 2000, p.55). New York's enormous wealth is no surprise; the city has always been about making money. Puritan Boston and Quaker Philadelphia were founded by religious visionaries, but New Amsterdam was financed by private subscribers interested purely in profit.

New York's original dominance centered on its ports and a very diverse manufacturing base. As late as 1950, the city's economy still relied heavily on blue-collar employment. Well over a million people were employed in industries such as garment, printing and other sectors related to the creation, assembly and transportation of goods. By 2000, the city had fully shifted to a post-industrial economy. Manufacturing's share of the economy fell to just 7%, whereas financial, professional and real estate jobs

accounted for over 20% of the city's employment base (U.S. Census Bureau, American Community Survey, 2003).

As manufacturing and other industrial jobs dropped, the city became increasingly dependent on the securities industry for tax revenue. In 2002, jobs in the security sector (known as "Wall Street") accounted for just 5% of city employment, but generated over 20% of all wages paid in the city. In total, the securities industry contributed $2.4 billion or 16% of all nonproperty city taxes collected that year (New York State Comptroller, 2004, p.2).

It is important to note that New York's economy was more diverse than the financial and media sectors. Health care increasingly grew in jobs and added positions during recent economic recessions. By 2000, health care was the largest employer in the boroughs outside of Manhattan and Mount Sinai was the largest single employer in the city. The arts and tourism sector also grew noticeably throughout the latter half of the 20th century in New York, employing over 250,000 in 2002 and growing by over 25% over a five year period (New York State Department of Labor).

Taken together, the inordinate concentration of wealth generated by Wall Street and affiliated industries is a primary reason New York City has one of the most extreme income inequity rations in the nation. A 1999 study found that New York State had the highest inequity in the nation, with New York City's income inequality even higher than the rest of the state. The richest fifth of families had an average income over 20 times greater than that of the poorest fifth, $155,500 versus $7,775 (Fiscal Policy Institute, 2000).

New York City: Economic Development

Interviewees in the other study cities have termed economic development as transactional development based around major real estate projects and deal-making. New York even more than the other cities has long epitomized this approach to economic development (Fainstein, 1994). Unlike Boston and Philadelphia, there was never a pro-growth coalition or planned economic development centered on a mayoral administration. The major projects carried out during the period of urban renewal were mostly led by master-builder Robert Moses (Caro, 1974). The one financial area with any master plan was Lower Manhattan and that was initiated and overseen by business interests that coalesced around the David Rockefeller led Downtown-Lower Manhattan Association (Darton, 1999).

Rather than supporting a citywide pro-growth coalition, recent New York development has been driven by a series of high-profile real estate projects throughout the city including the Marriott in Midtown; MetroTech in Downtown Brooklyn; Battery Park City and South Street Seaport. This climate has not fostered any long-range planning or economic development vision. It has also meant that the business community is poorly organized in New York. Real estate developers are the most politically engaged businesspeople and they rarely work in concert, instead opting to make donations to City Hall or City Councilmembers in search of specific zoning variances or development incentives (Fainstein, 1994; Newfield, 1981).

Mayor Giuliani's primary economic development contribution was to focus on lowering the crime rate in New York and broadcasting this drop through the international

media based in the city. Similar to Rendell and Menino, this indirect benefit was widely touted as helping to revive business confidence and interest in New York (Kirtzman, 2000). The Giuliani administration did not have many concrete development programs beyond boosterism and individual tax breaks to large corporations threatening to leave the city (Bowles, 2005).

Mayor Michael Bloomberg, in direct contrast to his predecessor, is the first mayor in the past half century to focus intently on economic development planning. He has produced major rezoning and development plans for almost half of the city's neighborhoods; elevated the role of the Department of Small Business Services and small businesses in general; initiated central business district development in Brooklyn and Queens and made the expansion of the convention center and sports development around a 2012 Olympics bid one of the central goals of his administration. In addition to planning and projects, the mayor brought in accomplished business leaders from the private sector to carry out these development plans through City Hall (Swope, 2004). Of all the mayors evaluated in this study, Bloomberg's economic development approach was the most far-reaching and aggressive.

In sum, economic development in New York City has often been driven by individual, high-profile real estate developments. Mayor Giuliani complimented this strategy with successful marketing of the city as a safe and economically vibrant place to do business. In a sharp break with past administrations, Mayor Bloomberg has initiated a large number of planned economic development projects and master plans throughout the five boroughs (Cassidy, 2005, p.61).

POLITICAL ENVIRONMENT

Each of the three cities has a storied and well-chronicled political environment, from the infamous machine politics of New York and Boston to the colorful mayoralties of Rudolph Giuliani and Ed Rendell. Each city and state has also been a launching pad to higher profile and elected positions. Pennsylvania is a good example: Mayor Rendell was elected governor in 2002 and Governor Ridge was made the nation's first homeland security secretary in 2001.

The spectacle of politics aside, each of the cities has a fairly similar political environment. Strong mayors dominate municipal politics in each city. Mayors have firm control over all administrative agencies and near total control of all budget responsibilities. And each state empowers its governor with near total budget and appointment authority. In a recent 50 state ranking, Massachusetts was ranked number one in terms of formal power, New York was ranked number ten and Pennsylvania ranked number eleven (Mueller, 1985).

What follows is a more detailed description of the political climate and the specific elected leaders in each city during the workforce study period.

Massachusetts Governors

Of all the recent Massachusetts governors, Michael Dukakis stands out for his longevity and legacy. During his record twelve years in office (breaking a record long held by John Hancock) he instituted a number of innovative economic development and welfare reform programs by surrounding himself with a cabinet of intellectually

accomplished academics and policymakers who generated many new ideas (Osborne, 1990; Behn, 1991). Dukakis' WorkFirst approach to social services and unification of the state transportation system, in addition to restructuring the calcified departments of public works and mental health gave him a national platform for the presidency. But, the economy and patience of the electorate turned on Dukakis as soon as the presidential race was over in 1988. The Governor was not focused on bedrock economic issues and the state slipped into a deep recession. For the last two years of his term Dukakis was seen as out of touch and he left office a "despised figure" (Hogarty, 2002, p.42) and a "political pariah" (Fiorina, 1996, p.66).

The long Dukakis years gave way to a veritable revolving door of idiosyncratic Republican governors (Hogarty, 2002, p.16-49) who failed to have much of a lasting impact on the state. Governor Weld (1991-1997) had a number of reform ideas, but would often lose patience when he could not gain political support from the Democratically controlled legislature. After a failed attempt to gain a position as U.S. Ambassador to Mexico he handed the office over to his Lieutenant Governor Paul Cellucci. Acting governor Cellucci won the post outright in 1998, but left after just two years. Even more than Weld, Cellucci had difficulty working with the Democrats of the legislature and besides the imposition of a strict testing requirement for all public school students did not accomplish much during his tenure. Frustrated in the position, Cellucci left to become ambassador of Canada in 2000. Jane Swift, his Lieutenant Governor, took office but had a difficult time gaining traction on any issue because of a string of personal scandals and gaffes and decided not to run for the office. Mitt Romney, another Republican and the former president of the 2002 Utah Olympics Organizing Committee,

was elected governor in 2002. Since assuming office his agenda has been caught up in personal battles such as his drive to remove former Senate majority leader Bulger from his position as President of the University of Massachusetts (Butterfield, 2003).

Boston Mayors

Like many Northern cities Boston's politics were controlled by a political machine throughout much of the 19th and early 20th century. James Michael Curley was the most notable of the machine mayors, serving four nonconsecutive terms (1914-17, 1922-25, 1930-33,1946-49) and often warring with the city's Yankee elite. In fact, Curley was known for his "soak the rich" policies, heavily taxing the business elite and redistributing funds through patronage jobs. Partly in response, the city's business and reform leaders became tightly organized around an elite pro-growth coalition known as "The Vault" (Mollenkopf, 1983, p.154) that crafted an entirely new municipal vision dubbed "New Boston." This was a vision based almost exclusively around erecting high rise commercial towers in downtown Boston and it was cemented with the election of John Hynes in 1949.

Hynes immediately began downtown redevelopment projects and the momentum around the "New Boston" continued with the upset victory of John Collins in 1959. Collins was a major proponent of the Vault's vision and his election solidified one of the nation's first pro-growth coalitions (Mollenkopf, 1983; Jennings and King, 1986, p. 207). This close relationship between the mayor and downtown development interests was further strengthened under the four terms of Kevin White's mayoral administration.

Mayor White did cultivate community-based interests more than his two predecessors (O'Connor, 2001, p.70), but on the whole he advocated and continued major development in and around the central business district. By the time of White's record-setting fourth consecutive term he was seen as truly out of touch with Boston's neighborhoods and increasingly captive to the city's development interests. White's administration was also know for political favoritism and seen as having one of the biggest patronage machines outside of Chicago (Jennings and King, 1986, p. 115). This created a very progressive climate in the city, as all of the mayoral candidates running to succeed him attempted to vie for the title of most progressive and neighborhood-oriented.

In this extremely progressive milieu Raymond Flynn won the election and brought a group of radical community organizers to City Hall (Dreier, 1989, p.43) in an attempt to curb business growth and redistribute resources throughout the city. Flynn was a rambunctious and tireless force for equity throughout his tenure at City Hall and after ten years in office had had the longest serving progressive regime of any big city mayor (Dreier *et al*., 2001, p.162). Flynn did not halt development, but was driven by a desire to redistribute some of the commercial and real estate wealth back into the neighborhoods. This was embodied in his advocacy and focus on the city's 'linkage' policy, which successfully extracted fees from downtown real estate development to support housing construction and job training. This was part of a larger progressive economic agenda that focused on gaining jobs for low-income and minority residents. This orientation is what led the Flynn administration and some of his top deputies to take workforce development very seriously and elevate its place in city governance far above the other two study cities.

Thomas Menino replaced Flynn in 1993 and followed the same template with varying measures of emphasis on business and neighborhood interests. Menino was not as aggressive on economic programs and housing development as Flynn and had a reputation as a micro-manager and as a ‘pothole’ mayor (Anand, 1996; Gitell, 2001). The Mayor was not a visionary but he was always animated by programs that would better serve local communities. This led Menino to continue many of Flynn’s progressive economic policies including a commitment to the real estate linkage policy. Even more than Flynn, Menino embraced job training and the linkage policy as a way to allow struggling Bostonians to benefit from the city’s solid economic standing.

Beyond the clear reform and pro-development orientation of Boston’s mayors the most noticeable aspect of their leadership has been stability. Unlike in New York and Philadelphia, there are no term limits in Boston; the city has only had three mayors in the last 35 years, with Menino in his third term. Additionally, each of the last three mayors won landslide re-elections with sizeable numbers of blacks voting for them as well as residents in the “white ethnic” neighborhoods of South Boston and Hyde Park.

Pennsylvania Governors

Prior to Pennsylvania's 1968 state constitutional revisions, governors could not serve two consecutive terms. But ever since that time, the Keystone state's voters have elected a consecutive string of two-term governors beginning with the election of Milton Shapp in 1970. Each of the state's governors in this era had been reform-minded: Governor Shapp and Governor Richard Thornburgh (1979-1987) instituted a series of accountability reforms to combat the notoriously corrupt state of politics in Scranton

(Peirce, 1977); Governor Tom Ridge (1996-2001) and Governor Ed Rendell (2003-present) focused their reform efforts on countering special interests at the state level.

In addition to this reform streak in recent gubernatorial platforms, there has also been a substantive focus on economic development. Few states have had as difficult a transition from an industrial to a technological economy as Pennsylvania. The state has had one of the highest levels of unemployment and out-migration throughout the last half of the 20th century (Adams *et al*., 1991; Muro, 2003). This has forced successive governors to make business development, specifically cultivation of non-industrial employers, a high priority. Governor Thornburgh began making economic development a cornerstone of gubernatorial activity with the Ben Franklin Partnership, a program that united the efforts of government, business and research universities around fostering the creation of new high-technology enterprises. This partnership approach became a national model (Osborne, 1990) and led to each successive governor attempting to outdo his predecessor in terms of innovative and large-scale business development programs. Governor Ridge, for example, engaged in trade missions all over the world including trips to Asia, Europe, Canada, Mexico and South Africa. Ridge also doubled the state's investment in the customized training program that began in the 1980s. Governor Rendell has continued this emphasis on economic development with a focus on tourism and a merger of all economic development programs into one agency.

Philadelphia Mayors

Besides Ed Rendell, Philadelphia mayors in the last half of the 20th century have been known for negative impacts on the city, including poor race relations, weak fiscal management and corruption. The city broke its political machine later than either New York or Boston, term limits have precluded any one mayor from providing stable leadership and it has the distinction of electing two of the worst mayors[22] in the past century according to a panel of Political Scientists (Holli, 1999) and *Time* magazine described current mayor John Street as one of the five worst municipal executives in the country (Scully, 2005).

Similar to the other two study cities, Philadelphia supported a strong machine form of government that lasted from 1850 to 1950[23]. But unlike the other study cities there was virtually no tradition of opposition and few of the good government and business groups that tended to coalesce around reform advocacy.

Frustrated with the lack of leadership amongst mainline business elites and elected officials, a coalition formed in 1949 under the heading of the Greater Philadelphia Movement. The coalition was a mix of young, Ivy League-educated urban planners looking for more progressive development strategies and business leaders from the legal and finance sectors. They backed a new city charter that created a strong mayoral system and established a two-term limit for the executive office. In 1951 the charter was adopted and a reform minded mayor, Joseph Clark, was elected. Clark entered office with an array of major redevelopment plans and goals for an improved Center City in

[22] Frank Rizzo and Wilson Goode
[23] For a Northeastern city, Philadelphia's machine was unique in being in Republican control.

Philadelphia. Clark was followed by his colleague and fellow reformer, Richardson Dilworth.

Both mayors worked closely with the planners and business leaders of the Greater Philadelphia Movement. Similar to the relationship between Boston mayors and downtown business interests in the 1950s and 1960s, Philadelphia mayors worked intimately with private sector interests and focused the bulk of their development plans around the downtown area. The strength of the reformers and their pro-growth coalition seemed assured for many years, but it only lasted ten. After Dilworth left office in 1962, Philadelphia elected a string of mayors through the 1970s and 1980s known for ineptitude and corruption instead of reform and development. Almost as quickly as the pro-growth coalition was formed, it crumbled (Beuregard, 1989, p.214). The machine-oriented mayor, James Tate, replaced Dilworth. Spurning the business community and engaging in a wide range of patronage, the Tate administration was indicted on many counts by District Attorney Arlen Specter in 1969. Despite Tate's troubles, he was able to hand-pick his successor, Frank Rizzo (1972-80), who was even more distasteful to the business community. Rizzo was known as the tough cop mayor and deepened racial tensions in the city. Partly in response to their lack of influence and their dissatisfaction with the direction of the city, the business community began to disband and move to the suburbs as early as the late 1960s.

In addition to alienating the business community, one of Rizzo's lasting legacies was to unite the black vote in Philadelphia, which became monolithic (Bissinger, 1997) and in 1984 helped to elect Wilson Goode, the city's first black mayor. Working closely with the business community and neighborhood leaders, Goode appeared to offer a new

fusion politics for the city. In fact, Goode effectively pursued a number of prominent downtown development projects, but his administration became unhinged when he was emotionally paralyzed and held responsible for the inept handling of the police bombing of MOVE, an African cult group (Holli, 1999, p.24). Goode was noticeably distraught after the incident and allowed the fiscal situation of the city to deteriorate. By the early 1990s the city's finances received junk bond status. Commenting on his last budget, the city controller at the time said that it was so full of holes and unrealized revenue that "it may be balanced for about seven hours" (Bissinger, 1997, p.35).

Mayor Ed Rendell (1992 – 2000) was an aggressive task-oriented mayor who immediately tackled the city's worsening fiscal situation. He engaged in a drawn out battle with the city's municipal unions to gain large cost savings instrumental in curbing Philadelphia's deficit. The city's unions were legendary for their unwillingness to bargain; Rendell's acumen in those negotiations gave him immense political capital as a national spokesperson for municipal discipline (Bissinger, 1997).

Rendell was seen as a skillful and colorful advocate for the city, both in Washington and in the media. For both residents and the outside world, Rendell is best known for restoring respect to the city. Beyond budgetary matters, the Mayor focused on economic development. He personally recruited many corporations to remain in or relocate to Philadelphia and changed zoning regulations to allow for major hotel construction downtown. Connected to his orientation on economic development and tourism, Rendell and his wife put energy into erecting an arts district on Broad Street near City Hall.

Rendell was followed by John Street (2000 – present), the former City Council President. Street is the consummate Philadelphia politician, skilled in the art of deal-making and patronage politics (Weyrich, 2001). Philadelphia far more than New York and Boston is a city still oriented towards patronage politics and many city observers believe that Street moved politics back in that direction. As one observer stated, "corruption and pay-backs now dominate City Hall yet again." The return of patronage politics caught the attention of federal prosecutors who carried out a major investigation of the Street administration that has led to indictments of many top city officials.

Street, like Rendell, focused on economic development. He has not been as aggressive or vocal about his development advocacy, but some local commentators believe that he is just as effective (Weyrich, 2001)—Street was able to negotiate new baseball and football stadiums, two major goals that Rendell failed to accomplish. Unlike Rendell, Street has focused more intently on neighborhood development outside of the Center City area and initiated a large-scale slum clearance and housing construction program in some of the poorest communities in the city.

New York Governors

New York has spawned some of the most creative and independent governors of the 20th century. Four of the state's governors were either President or Presidential candidates (and Nelson Rockefeller was a vice presidential candidate). From Governor Franklin Roosevelt (1928-1932) through Governor Rockefeller (1958-1974), the Empire State gained a reputation for leading the nation in major reforms and new initiatives (Peirce, 1972). Governor Al Smith instituted an executive budget system and mandated

that the governor appoint all department heads, two reforms quickly adopted by other states in a move towards executive consolidation of power in the middle of the 20th century. Governor Lehman was one of the nation's greatest champions of the civil service system and instituted labor laws far more progressive than the federal government or any other state (Peirce, 1972). And Governor Rockefeller engaged in an unrivaled building spree that massively expanded the State University and rebuilt the entire state capital.

In contrast to their 20th century predecessors, New York's two recent governors are not known for major innovations or economic development programs. Mario Cuomo (1982-1994) won accolades as a skilled rhetorician in the Democratic Party, but was not seen as having many accomplishments in his own state. Similarly, George Pataki (1994-present) built a strong national image through his role as governor after the September 11th terrorist attacks, but grew increasingly unpopular among New Yorkers. He was seen as having no core vision for the state and being politically adaptable (Senior, 2003). Neither of the two had any interest in workforce development.

Overall, the most notable attribute of the recent New York governors has been their longevity in office. Unlike Pennsylvania and Massachusetts, there has been little gubernatorial turnover in New York; Governor Pataki was the only governor in the three states to serve throughout the WIA study period.

New York City Mayors

New York City, like Philadelphia and Boston, has a machine tradition in municipal politics. Similar to Boston, that tradition was all but extinguished in the latter half of the 20th century. Its two most recent mayors in fact are proud of their focus on

fiscal discipline and clean government operations. These two mayors focused intently and aggressively on tackling a range of policy and program areas. Mayor Rudolph Giuliani built his reputation on lowering the crime rate and improving quality of life. Vastly improved crime statistics coupled with strong leadership surrounding September 11th earned Giuliani a national reputation as one of the nation's leading reform mayors (Kirtzman, 2000). Although Giuliani was criticized for not extending his focus much beyond crime, his aggressive governing style did lead to other significant changes including the end of remediation at the four-year City University colleges and the creation of a large 'workfare' program that drastically lowered the welfare rolls.

Not as visible in the national or even local spotlight, Mayor Michael Bloomberg is equally focused on attaining systemic change in the policy areas that he has given high priority. For example, Bloomberg made reform of the public schools one his top goals and achieved mayoral control of the schools and thus attained near complete governance authority over instruction. Economic development was his other main priority and while focusing heavily on building a football stadium on the West Side of Manhattan, he also achieved many other development victories including a near total revision of the city's zoning regulations to spark housing and commercial development in neighborhoods in each borough. Even more wide-ranging than Giuliani, Bloomberg attained systemic change in a number of other areas including a smoking ban in all public places, reorienting homeless services to focus on prevention, revision of all foster care contracts around performance measurements and an ambitious housing development plan.

What is most striking about the two most recent mayors is their political affiliation: Republican. In a city in which registered Democrats out number Republicans

by 7 to 1, the two most recent mayor's party affiliation underscores their focus on results over ideology.

Giuliani and Bloomberg were also able to accomplish a fair amount in a new era of municipal term limits. Unlike state officials, all city officials in New York are subject to a term limits law that went into effect with the 2001 municipal elections. The mayor, comptroller, councilmembers and public advocate are restricted to two consecutive four-year terms in office.

Summary Points on Mayors in the Three Study Cities

As stated at the outset, there are many basic mayoral similarities in each of the three study cities. Each has a strong mayoral governance structure in which the mayor has complete appointment powers and near complete budgetary discretion. Each city also has machine traditions that have largely faded.

These basic political environments certainly align more closely with one another than they would compared to West Coast or Southern cities, but there are also noticeable differences between the cities. What follows is a brief summary table of the specific mayors that have had jurisdiction over workforce development in recent years. I have used Holli's (1999) bifurcated assessment of leadership that places mayors in either a task- or relationship-oriented category. Such classification is too blunt to capture the nuances of positions or other salient traits (Flanagan, 2004), but it does serve the purpose of quickly identifying them as an aggressive, results-oriented or a quieter, relationship oriented municipal executive. It is precisely this task-orientation that allowed a few of the mayors to have a major impact on workforce even though it was not a primary focus of

their administration. Hence, the categorization will be helpful when final evaluations of mayoral impact are made.

Table III-F: Summary of Attributes and Priorities of Recently Elected Mayors in the Three Study Cities

Mayor	Trait	Priorities
Boston		
Flynn	Task-Oriented	Equitable economic development, housing
Menino	Relationship-Oriented	Education, workforce development
Philadelphia		
Rendell	Task-Oriented	Budget, economic development in Center City and around tourism
Street	Relationship-Oriented	Housing, community development
New York		
Giuliani	Task-Oriented	Public Safety, quality of life
Bloomberg	Task-Oriented	Economic development, education

Chapter IV: Workforce Development in Boston

INTRODUCTION

Employment policy has long been a priority in Boston, whereas in most other cities in the Northeast the area has been ignored, poorly developed or characterized by mis-management[24]. Most salient to this study, Boston's approach to workforce development has been a blended one—an approach that unites social service and economic development policy goals. From the late 1970s through the implementation of the Workforce Investment Act, Boston managed to both address business labor force needs and to provide jobs for the most disadvantaged youth and adults in the city. Implementation of WIA did not change the contours of this blended approach so much as enhance them.

Boston's success in implementing federal workforce policy and balancing economic and social service goals is attributable to the high degree of support from successive mayors, governors, lieutenant governors and U.S. senators. Each of these stakeholders had a strong political investment in the system's success, which made the area a legislative and governing priority that stretched from the federal to the state to municipal government. In fact, Boston is the only study city in which the mayor made workforce a top priority. Equally important and most relevant to this study was the high-level of business support for workforce programming. The city's top CEOs themselves actively set policy and participated in employment program development through the city's Private Industry Council. What follows is a table summarizing the role of each primary workforce policy actor in Boston.

[24] The other two cities in this dissertation are prime examples of historically weak development of workforce policy.

Summary of the Role of Each Policy Actor in Boston[25]

Dominant	Somewhat Dominant	Had No Affect
Mayor, workforce agency, workforce board	Governor	Training organizations

Top-level political and business support has been complemented by a number of senior bureaucrats that were politically connected to City Hall and had a deep personal and professional commitment to workforce issues. It is this personal drive of senior level bureaucrats that set Boston apart from other city workforce agencies. Commissioners, deputy commissioners, mayoral aides and PIC staff all had a desire to help low-income residents *and* work with business. The longevity, competence and united focus of all the relevant policy actors fostered a workforce environment that was stable and easily adapted to the new federal legislation.

[25] The sources for this table is the over 30 interviews conducted within the case city.

THE ROLE OF THE WORKFORCE DEVELOPMENT AGENCY

Introduction and History

In Boston, oversight and administration of workforce policy was equally shared between the city's employment agency and the workforce investment board (in Boston referred to as the Private Industry Council). This section will detail the structure, performance and culture of the city employment agency charged with administering the Workforce Investment Act, the Mayor's Office of Jobs and Community Service (JCS).

The city agency is not based at City Hall, but the official pre-fix of "Mayor's Office" indicates the priority given to this relatively small agency. JCS had a budget of $20 million in 2003. The agency was responsible for all adult federal workforce dollars coming into the city, major welfare-to-work programs and the city's linkage program of workforce dollars generated from a fee placed on commercial real estate development.

Of all three study cities, JCS is the only agency that did not undergo any governmental change since the passage of WIA. Philadelphia created an entirely new agency and structure that was precipitated by WIA and New York moved adult workforce funds to three different agencies during the six-year WIA study period. Currently, JCS is a department of the city's Boston Redevelopment Authority (BRA), but functions as an independent agency. Created in 1957 to implement the "New Boston" development plan, the BRA is still the city's primary economic development entity. It is a public/private agency akin to the Economic Development Corporation in New York and the Philadelphia Industrial Development Corporation in Philadelphia, a vehicle for major real estate investments and high-cost economic development projects. Despite its

affiliation with the BRA, the Boston workforce agency never interacted with BRA staff on programmatic issues and always made policy decisions without BRA input.

Although fairly stable and independent now, JCS has been structurally re-organized a few times throughout its history. Initially, it was not a separate agency but part of the Neighborhood Development and Employment Agency (NDEA) that oversaw housing and workforce development. Approximately two-thirds of the funds and staff of NDEA were dedicated to housing and the rest to employment services. A decision was made in 1985 to breakup NDEA. Mayor Raymond Flynn's first term was focused on housing development and with millions coming into city coffers from state funds dedicated to housing there was a need to consolidate all housing development and construction into one agency. The housing component of NDEA was transferred to the Housing Facilities Fund, allowing for a single agency to focus exclusively on housing. The employment component was maintained as a standalone agency and called the Mayor's Office of Jobs and Community Service, the name it still retains today.

In 1991 JCS was merged with the Economic Development and Industrial Corporation (EDIC). This move was not motivated by any mandate to better link workforce and economic development, but instead was a budget measure to save dollars from overhead costs. EDIC is an agency that focuses primarily on small business development and provides low-cost loans and other financial assistance. This agency is akin to New York's Department of Small Business Services. In 1993, EDIC and JCS together were merged with the Boston Redevelopment Authority.

Over a twenty-year period, JCS went through a few different organizational incarnations, but the core staff and culture of JCS never changed. This contrasts with

New York and Philadelphia, two cities with significant agency restructurings and staff turnover over the years.

Mayoral Relationship to JCS

There have only been two Boston mayors since the creation of JCS in 1985 and both have been committed to workforce generally and specifically to JCS as an agency. In fact, Boston is the only study city in which a mayor made workforce one of his top governing priorities.

Boston's Progressive Economic Development Policies Link to Workforce Development

Workforce development was not an initial priority for Mayor Flynn but it soon became an integral part of his progressive economic development agenda of spreading the jobs and wealth of Downtown development to low- and moderate-income Bostonians. One of Flynn's main economic programs was a requirement that businesses with city contracts hire low-income Bostonians. The Mayor and his advisors believed that simply requiring companies to recruit poor residents would be enough to ensure job creation for that community, but they soon realized that many people were simply not qualified, even for entry-level work at most firms, without the requisite education or training. Consequently, progressive economic development needed job training to move low-income residents into the jobs. Flynn's chief of policy, Neil Sullivan said, "We had all these requirements like you have to hire such and such number of minorities and low-income individuals and realized that businesses were willing to do this, but people didn't have the skills. Then the onus was on us. We had to address the real barriers to

employment. We realized that the real work in terms of equity issues is making sure people are prepared for jobs."

Boston's Real Estate Linkage Program Permanently Ties Mayors to Job Training

Once the Flynn administration realized that job training was a necessary part of progressive economic development it became one of the most important areas for his and then the Menino administrations. The most visible connection between workforce and progressive economic development was the real estate linkage program that taxed real estate development and used the funds to affordable housing and job training programs. Boston was one of the most pioneering cities in the nation when it first created its linkage program in December of 1983. Few cities have ever created a linkage program for fear of driving development away (Keating, 1986) and no city has a program that has generated as many funds as Boston (Boston Redevelopment Authority, 2000)[26].

The linkage fee is applied to all commercial development that exceeds 100,000 square feet, as almost all downtown development does. The linkage fees are paid by real estate developers over the course of seven years and placed into a trust administered by the city. Initially, fees were set aside for creation of low-income housing, but beginning in 1986 fees were also set aside for job training. Now there is both a housing and an employment trust called the Neighborhood Jobs Trust. Mayor Menino expended significant political capital and withstood criticism from the developer community to raise the fees. Beginning in 2002, Menino raised the linkage fees from $5.49 to $7.18 per square foot for housing and from $1.09 to $1.44 per square foot for job training.

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[26] For example, in a fifteen year period between 1985 to 2000, Boston collected $45 million in linkage fees while San Francisco collected $10 million.

The existence of linkage fees for workforce dollars ensures that Boston's mayors will at least pay some attention to job training because the fees are a locally-generated revenue stream that is highly visible in the city. In fact, Boston is one of the only cities in the nation to create a permanent municipal fee dedicated to job training. The funding stream is directly overseen by the JCS director, another reason that the mayor has a built in interest that does not exist in Philadelphia or New York, to directly oversee the local employment agency.

Boston Mayors Ensure that Trusted Aides Head the Workforce Agency

Boston is the only study city in which the mayor appointed trusted aides to the post of commissioner of the local employment agency. The other study cities, particularly New York, had a tradition of appointing commissioners purely for political reasons. Because workforce programming played such a central role in Boston's progressive economic development policies and the linkage fee for job training, JCS became an agency in which Flynn and later Menino made sure a competent advisor from within City Hall's inner circle oversaw JCS.

The very first director of JCS was Kristin McCormick who was a close advisor to Flynn and had been moved into the position from a high-level post in the budget office. McCormick's replacement in Flynn's second term was Nancy Synder, one of the original Flynn campaign workers. Menino also made sure to appoint trusted aides to the post. The director during the bulk of his mayoralty was Conny Doty, a loyal and deferential bureaucrat. Additionally, Doty's husband, Harold Leibowitz, was Menino's director of intergovernmental affairs.

Both Adult and Youth Workforce Programs are often Highlighted in Political Speeches and Events

Mayor Flynn supported workforce because it furthered his progressive economic development agenda, but also because it was an attractive policy to highlight in political speeches. When publicly highlighting workforce successes, Flynn and later Menino often focused on the youth component of programs. The focus on youth jobs was seen as an issue with wide appeal in every neighborhood and allowed the mayor to focus on young people without touching the complexities in Boston around school busing.

The political appeal of workforce grew under Mayor Menino who became even more directly focused on employment then his predecessor. Menino, like Flynn, won political points by using the bully pulpit to encourage businesses to participate in the summer jobs program. Menino also took particular interest in the role that Boston played nationally on workforce issues and used the area as one of the few ways he projected a national image. As Vice President and then President of the U.S. Conference of Mayors, Menino would often discuss the importance of workforce development and Boston's programming in this area. This took the form of national convenings on job training, speeches made in other cities and testimonies to Congress. In one strongly worded testimony soon after the September 11th 2001 terrorist attacks Menino said, "In the last few weeks, we have seen our country unite in ways that I don't think many of us could have imagined just one month ago….And now, it is time for us to come together and support American workers. We need to put them back to work, and workforce development should be an important part of our economic stimulus package. We need to

make the investment now, and we need to continue to do so for generations to come" (Menino Testimony to Congress, October 8, 2001).

In addition to calling for more funds, Menino would emphasize both the social and economic benefits of workforce when publicly speaking. In a speech in New York City he said, "Workforce is about educating our young people and helping our newest citizens integrate into our economy. I (also) believe that if we do not link job training with economic development, we will fail in our mission. Companies cannot locate or expand in your city unless you can guarantee them an educated and skilled workforce. In the end, it is more important than tax breaks" (Menino speech to New York City Workforce Development Funders conference, December 9, 2002).

Menino also believed that his responsiveness to employment issues would raise his political capital. For example, he made job training the focal point of a state-of-the-city address in January 2001, which was his first official speech for his re-election campaign that year.

During the implementation of WIA, Menino's focus on JCS meant that workforce was a high priority in his administration. This played out in a number of ways: Menino made sure to protect the role and territory of JCS in relation to the PIC which had joint responsibility for administering workforce programs in Boston; he lobbied the state legislature for additional workforce dollars; reversed a number of harmful aspects of state regulations affecting training and welfare-to-work programming; and encouraged a stronger relationship between the BRA and JCS. The accessibility and focus on workforce by the mayor in Boston did not exist on any level in New York or

Philadelphia. One JCS staff person said, "We can pick up the phone and talk with Menino directly and he will fight for our issues."

Interestingly, all of this mayoral focus did not lead to direct mandates from City Hall. Menino tended to defer to the leadership of the JCS director Conny Doty and her staff. The Mayor was more focused on protecting the agency than on directly influencing it. Menino might not have mandated any particular policy direction, but he was clear in wanting all of the public recognition for the agency's program successes. The Mayor would publicly recognize the JCS staff, but he was careful to orchestrate new initiatives for personal public recognition according to interviews conducted for this research.

Despite the hands-off stance that Menino took on WIA policy, the role of the mayor was still seen as important by many stakeholders in terms of maintaining and even elevating the role of a relatively small agency and of workforce in general. One workforce advocate noted that, "The Mayor may not be at every meeting or calling the shots, but the fact that he has made this a priority and will always support Conny (Doty), means that the entire area and JCS are able to accomplish a great deal more than similar agencies (in other cities)."

Culture and Orientation of JCS

The Importance of Stability

One of the most significant features of the JCS culture is the competence and stability of its senior level staff. Interviewees viewed the agency as effective and often cited their knowledge and long-term commitment to their work. Indeed, each of the senior staff members was with the agency throughout the implementation of WIA and

many had been there long before. The following table highlights the JCS work history of its senior staff.

Table IV-A: Stability at Boston's Job and Community Services

Administrator	Title	Time of Service
Conny Doty	Director	1995-Present
Dan Singleton	Deputy Director	1991-Present[27]
Ken Barnes	Assistant Director	1997-Present
David Basset	Assistant Director	1997-Present

Interviewees noted that the stability of leadership lent authority and clarity to many of the decisions that were made at JCS. One service provider noted that, "Once a policy was made you knew the implications and that it was not going to be questioned in the field." The stability at top positions was in sharp contrast to New York, which experienced very high turnover throughout the WIA study period.

Stability meant that unlike the other study cities, Boston's transition to WIA was characterized by a high-degree of smoothness with virtually no interruption or major change in service. One staff person at JCS noted, "In general WIA was not hard for us at all in Boston. When (the law was passed) it was same old same old for us. We had long standing relationships with our providers, we already had a business board (in the form of the PIC), we had one-stops. In other words, what WIA was asking for we were already doing and experienced at, so it was no big deal."

The one major change to the Boston system that WIA brought was a shift from group training (typically, training that is contracted out to nonprofits) to training vouchers (which individuals are allowed to spend wherever they want). Again the experienced staff at JCS worked to ease the transition to this new approach by using the real estate linkage

[27] Note: Singleton also served at the agency for six years in the 1980s.

funds from the Neighborhood Jobs Trust to continue funding group training as the agency used WIA training dollars for vouchers.

Having a stable core of top leaders in place also allowed for the agency to handle new and large-scale funding programs quickly and efficiently. For example, JCS was credited with implementing a successful welfare-to-work program called First Step that was based on a one-time infusion of over $11 million from the federal government. And after the economic fallout from September 11th the city was able to quickly erect a series of emergency employment responses.

A Culture Driven by a Social Services Mission

As important as stability was, it was a mission-orientation to assist low-income Bostonians that most accurately defined the senior administrators at JCS. Nancy Synder, director of JCS throughout most of the 1980s, and Conny Doty, the current director, were both originally community organizers and members of Ray Flynn's small campaign staff. They were driven by an idealism rooted in social justice that did not ebb once they became ensconced in city agencies. Interviews with Doty reveal the strong sense of mission that drives her work as she noted, "All of us (she, Nancy and Neil Sullivan) always think about how to get more for people who don't have much." Her top staff are longtime bureaucrats in the workforce system, but bring a similar sense of mission to their work.

Unlike other bureaucracies which tend to focus on rules over creative adjustment of programs (Lynn and Vaden, 1979), the JCS staff's mission-orientation led to a constant re-thinking of policy and programs to ensure that job seekers would receive the

best service. This orientation was readily apparent in its approach to creating more English for Speakers of Other Languages (ESOL) classes. Boston as a city was inundated with immigrant workers who wanted to learn English to gain access to the labor force. The lack of state funding for ESOL classes and the waiting lists were well documented in a MassINC study (Comings *et al*., 2000). Responding to the immense demand, JCS worked in collaboration with other funders and businesses to start the English for New Bostonians initiative that created 400 additional ESOL slots. JCS used $250,000 from its real estate linkage fund program the Neighborhood Jobs Trust to seed the effort. A JCS staff person said, "It was clear that we should do something. All you had to do was look at the demographics and the (waiting lists). We had our funds and we put it in."

An Orientation Towards Collaboration and Partnerships

One of the most unique and effective qualities of JCS was its willingness to partner with external stakeholders and agencies, a rare quality in government bureaucracies (Franklin and Ripley, 1986). Of all the agencies assessed in all three study cities, JCS was the least territorial. Conny Doty said, "I always say we have to work together at the local level because the (state is often against you). Why needlessly compete?"

The openness to partner is driven by a combination of the above-mentioned factors: stability of leadership and mission-orientation. The stability allowed JCS to have a history of interaction with many of the key stakeholders and agencies. The mission-orientation led JCS to seek out any partnership that would facilitate its mission of better serving low-income Bostonians in need of employment assistance. These qualities

coupled with the confidence that the mayor would support the agency fostered a collaborative culture, in contrast to the territorial culture found in Philadelphia and New York.

The collaborative ethos led to a relatively amicable relationship with training providers (which were mainly nonprofits). JCS spent considerable time discerning the best ways to assist employment providers through technical assistance and special grants geared to their expertise. The agency held periodic meetings with providers to seek their input on WIA implementation and would also participate on a number of joint boards. The level of openness with providers even led to JCS jointly administering a one-stop career center with Jewish Employment and Vocational Services in downtown Boston.

Another notable collaboration was with an assembly of local private foundations. Working directly with over a dozen local and national funders, JCS put $1.5 million (more than any other individual funder) into a joint initiative in which it relinquished the majority of control to the philanthropic community.

No partnership highlights JCS' willingness to collaborate more than its relationship to the Private Industry Council (PIC), which serves as the city's Workforce Investment Board. In Philadelphia the relationship with the WIB was acrimonious. In New York the city's workforce agency always kept the WIB at a distance and refused to fund more than a couple of staff or relinquish authority over program policy until the last year of WIA implementation.

Table IV-B: Workforce Agency Relationship to Workforce Investment Board

	Type of Relationship	**WIB Structural Role in workforce system**
Boston	Collaborative	Co-equal partner
Philadelphia	Acrimonious	Oversight of one-stops
New York	Tense	No role

In Boston, JCS and the PIC maintained a strong relationship from the PIC's inception in 1979. The working relationship between the PIC and JCS grew closer over time. When WIA was implemented in the late 1990s the two entities clearly demarcated what each was responsible for and jointly administered the workforce system. There was a very clear understanding that the PIC focused on policy, business input, youth jobs, and coordination of the one-stop career system and that JCS oversaw the administration of all workforce programs and the linkage funds.

Table IV-C: Division of Workforce Development Responsibilities in Boston

Office of Jobs & Community Service	Private Industry Council
Administration of most workforce programs	Policy development of most workforce programs
Coordination and Planning with nonprofits	Coordination and Planning with business sector
Direct Administration of Linkage funds	Direct Administration of one-stop career centers

Speaking of the joint effort of the PIC and JCS, Conny Doty said, "We divide up turf. We figure out what we do as a pure partnership and where we split up and have different and distinct expertise. They have a core expertise in (areas) we don't have. For us, it is all about knowing what we're good at and what we're not. They do a great job working with the business community and we are government and run programs and if you get the two to work together then (that's everything for a successful workforce system). Why work against each other?"

The positive relationship between the WIB and the workforce agency in Boston is truly an anomaly nationally from both a historical and contemporary perspective. When private sector boards were first established under CETA reauthorization in 1978 and then

under JTPA in 1982 they were often at odds with the workforce agency over turf, responsibility, funding and claim to the system. In regions where tension did not exist it was often because the business boards simply lost interest in the system and just did not bother to lobby for a role (Franklin and Ripley, 1984, Chapter 5).

One of the key aspects of the productive collaboration is the close working relationship of the top staff at the PIC and at JCS, many of who worked together for ten years. The top two staff people at the PIC had close ties to JCS and understood their point of view and position on programs and administration. The PIC Executive Director, Neil Sullivan, was Mayor Flynn's chief of staff and often worked directly with JCS and its directors. The PIC's senior vice president, Nancy Synder, was the former director of JCS. And as stated, the mission-orientation of the JCS staff and their sense of security and desire to partner fostered a collaborative dynamic with the PIC.

More than clarity of roles, both entities appreciated the other's position in the system. They were mutual allies and would often confer about the appropriate role each should take on a given program or potential new funding stream. On a day-to-day level this happened through constant contact on the phone, numerous advisory board meetings and planning around board and public presentations. One JCS staff person said, "Sometimes we're the junior partner, or vice versa, but we never cut each other out. It's not easy to share and (yet we do)."

Taken together, the partnership with the workforce board, rare outside of Boston, underscores JCS's willingness to partner. It also demonstrates JCS's understanding that a business connection was essential for effective workforce programming.

Putting all of the attributes of JCS functioned much like public entrepreneurs. The leadership was focused on the broad public interest and attempted to steer its resources in a way that would create the greatest benefit to as many Bostonians as possible. The culture was solely animated by a drive to improve the lives of struggling job seekers. If that meant that sharing power and acclaim with the PIC, losing funds to another agency, or working harder to reform the status quo that was acceptable as long as service delivery improved.

Program Initiatives During the WIA Study Period: An Emphasis on Creating New Programs

The Boston JCS is seen nationally as one of the most competent and effective municipal workforce agencies. Locally, providers had some complaints about their responsiveness, but overall assessment of their performance was quite high in all interviews. As described at length above, they were also commended for their commitment and willingness to partner.

For all of those positive attributes, the agency is not known for having a vision. In fact, it is the most oft repeated criticism leveled against JCS and workforce development in Boston in general. Negative comments about JCS could be quite pointed. MassINC, a leading policy institute focusing on workforce issues said, “there is no unified vision or widely agreed upon strategy for improving the system. (Siegel and Kwass, 2004).” And a major evaluation in 2004 of all city programs conducted by the Citistates Group noted there are a “huge array of organizations, overlapping networks, and pockets of money that cannot be mixed. Even the big picture is blurry (Peirce and Johnson, 2004).”

The criticism of poor coordination, disparate funding streams and competing interest groups is often inevitable when administering a federal program with such convoluted guidelines, but the critique has validity in terms of the lack of overall vision emanating from JCS. Whereas the PIC and state workforce agencies have a history of developing new programs, there was no systemic initiative by JCS or any attempt to systemically affect the workforce system. The agency had any vision it was an underlying one that was not stated. That unspoken vision was centered around a blended approach to economic development and constant refinement of various programs.

If JCS was not known for issuing grand master plans for workforce it was quite adept at implementing programs and establishing new initiatives that would then be integrated into the overall blended approach to workforce development. The staff believed that its role was to thoughtfully evaluate the merits of new projects and either administer them directly or provide initial funding, not attempt to 're-invent' workforce or to lobby the mayor to 're-invent' workforce. External critics may have wanted more of a vision, but JCS proved highly competent in its ability to run new programs and/or initiate innovation. The proof of competence was seen in measurements of job placement, but more importantly in the fact that other public and private sector partners would often embrace and continue to fund efforts begun by JCS. The two following examples of welfare-to-work and health care training highlight JCS's competence in the area of direct administration and creation of new program activity. In these two programs the goal was not to re-invent the system or re-position JCS as much as to smooth the way for other stakeholders to become involved in workforce programming.

The welfare-to-work program was created in 1998 with an expansion of funds around the federal welfare reform effort. JCS worked in partnership with the PIC to establish a program in which the training was all customized to meet business needs. As is typically the case, the PIC would administer the funds and the PIC would help develop the broad policy and work to recruit the business community. JCS and the PIC worked with individuals that did not have a GED and often scored below 8th grade reading levels. But the focus on businesses customization allowed JCS to place 700 welfare recipients into jobs and the business reported that the retention rates were 20% higher than with other hiring methods. JCS worked with 14 different employers in the program and two of them, the TJ Maxx department stores and Partners HealthCare System (a consortium of all the major Boston-based hospitals) decided to continue the recruitment programs with their own resources.

The Training Institute program that JCS established in 2002 is another example of a specific program eventually adopted by other workforce partners in the city. The Institute was a partnership of community development corporations in Jamaica Plain and Fenway that collaborated to design training programs for career advancement for health care workers at Boston's largest hospitals and medical research facilities. Two years after the initial JCS investment in the Institute it received over a million dollars in additional grants from a number of private funders including the Rockefeller and Boston Foundations.

These two programs highlight the competent role that JCS played in implementing new programs and seeding new efforts. It was an agency that was able to use its own city linkage funds to identify innovation and effectively manage new federal

and state mandated programs. The programs also highlight the unique ability of the agency to initiative effective programs and bow out and allow other stakeholders to take over the program, rather than hold on to program control or insist on garnering credit for their efforts.

Programs Liking to Economic Development: A Slow Start that has Evolved into a Strong Partnership with Business Development Planners

JCS has always had a social service orientation, but has been part of a city economic development agency since 1991 when it was merged with the Economic and Industrial Development Corporation, the city's primary small business agency. Then in 1993, EDIC, and JCS with it, were merged with the Boston Redevelopment Authority, the city's primary economic development agency that negotiates all major real estate development projects.

For the first eight years after the merger with these agencies, JCS had virtually no connection with the agencies or their business development projects. The merger was based on budget savings, not united functioning. Consequently, any partnership depended on the larger, economic development agency leadership, which never had any incentive or rationale to forge a working relationship. Despite some of the mayoral rhetoric about needing a closer tie between JCS and BRA it did not happen until the right leadership was in place, with the installation of a new director at BRA, Mark Maloney, in 2002.

Maloney quickly began to explore ways to work with JCS and incorporate workforce into economic planning. In addition to directing the agency of which JCS was a part, Maloney was also given a position on the executive committee of the PIC. The PIC's role as a strategic oversight board allowed Maloney to explore the broader

implications of workforce as a policy area. Within a few months in his position, Maloney saw ways that workforce could be advantageous in meeting BRA's goal of fostering major real estate development.

To ensure that JCS was at the table of economic development negotiations, Maloney passed a BRA requirement that said that any major institution or business was expanding in Boston must articulate a workforce plan. New construction plans must now include an employment plan (i.e. number of jobs to be created and projected number hired locally) along with traffic mitigation and environmental impacts. This meant that any major convention center, business expansion or new museum of any significant size would have to submit a workforce plan to BRA, and most likely work with JCS to generate such a plan.

There are a couple of initial and large-scale projects that have demonstrated the benefits to BRA of building in the JCS focus on employment issues. The first major project that was subjected to the new requirement to produce a workforce plan was expansion of the Longwood Medical Area. This is one of the most successful and also contentious developments in the city. The area is home to half a dozen hospitals and medical research facilities that occupy two million square feet of lab space and there is a plan to expand by another one million. The institutions have refused to expand elsewhere in the city because they value the benefits of being in close proximity to so many colleagues. The one problem is the limitations on space, with little available land left to build on and a community strongly opposed to further expansion and congestion.

One of the primary strategies to allow for expansion and build community support is through the new BRA requirement of a workforce plan. The logic is that if the medical

institutions hire locally there will be much less stress on traffic and public transit in the area. JCS worked with the hospitals to devise a workforce plan of hiring and recruiting for the anticipated job creation at the expanded facilities. Another aspect of the arrangement is that a portion of one of the buildings will be dedicated to a permanent job recruitment center to be run by JCS.

At first the health care providers were resistant to working with JCS but they soon came to see the value from a human resources perspective. Even more important to both BRA and the hospitals was the value of having JCS available at community meetings. At these engagements with the public about the expansion plans, the health care employers were on the defensive, but JCS was able to highlight a community benefit of future employment for local residents. This 'hire locally' attribute that JCS injected into the development process increasingly eased community angst about the project and made JCS a valued partner for the economic development planners.

Based on the positive experience of working with JCS on the expansion of Longwood Medical Area, BRA invited the agency to participate in the Harvard University expansion plans in Allston. The new Harvard campus will be more than 200 acres—considerably bigger than its Cambridge campus. And the expansion will bring many new academic facilities and jobs to the community. JCS is working with Harvard both on the jobs that the university will create and to deal with the loss of jobs due to the many small businesses that will be shut down for demolition as Harvard plans new buildings throughout the neighborhood. JCS will open a satellite one-stop career center in Allston specifically to manage the job losses and assist workers needing training and placement services.

In both examples, JCS was a good partner for BRA. The agency was capable and flexible. It had a strong background in community issues that enabled it to navigate concerns about the negative repercussions of major economic development projects. Additionally, JCS had strong relationships with other partner agencies including the PIC that it could bring to negotiations. Although JCS was not seen as an equal in terms of articulating the terms of economic development plans, it was seen as a partner that brought value.

This recent connection to economic development projects is relatively new for JCS, happening only during the last two years of the WIA study period, but in some respects its activity has even more of a connection to business growth policy than in Philadelphia. Workforce planning in Philadelphia was more oriented to meeting individual business needs through training, with little connection toward the city's overall economic development planning. JCS' role as a willing and increasingly valuable partner with the city's main economic development agency is more akin to the New York experience in the last stage of WIA implementation. As in Boston, New York's workforce agency had proximity to the city's main economic development agency and was able to leverage that tie to make the argument that it can add value to business growth plans.

THE ROLE OF THE WORKFORCE INVESTMENT BOARD

Introduction and History

Boston's Workforce Investment Board has retained its original name, the Boston Private Industry Council (PIC). With an operating budget of $8.5 million[28] in 2001 and a staff of 57 it is one of the largest WIBs in the nation. It is also widely seen as one of the most effective workforce intermediaries serving as a bridge between business and government.

The PIC is seen as a co-equal with JCS in the development, oversight and implementation of workforce programming in Boston. All of these attributes distinguish Boston's workforce board from Philadelphia and New York where the WIB was a conscious effort by the workforce agency to limit the WIB's authority. Additionally, the long history and stable leadership of the board and staff of the PIC contrast with New York in which board and staff composition have turned over many times and in Philadelphia where the WIB was created only at the beginning of WIA implementation.

The PIC has a number of formal responsibilities under WIA including certification, coordination and oversight of the entire one-stop career center system; in partnership with JCS, development of all workforce policy; and administration of the bulk of youth funds. The PIC also oversees over $8 million dollars in various workforce contracts including a sectoral industry initiative and a high school vocational program. And most notably, the PIC is responsible for overseeing the Boston Compact—a joint agreement amongst business leaders, the school system, the teachers union and city

[28] Unlike the other two WIBs studied, the Boston workforce board generates nearly 100% if its budget from outside grants and contracts. In New York and Philadelphia the WIB budget is a direct allocation of federal training dollars.

government to assist all public school children meet higher academic standards and attain exposure to the workplace before graduation.

How Boston's workforce board was able to gain such credibility and run so many programs is best understood through its unique history. The PIC was borne out of a turbulent time in Boston—a shift was occurring in the late 1970s from downtown development to a populist and neighborhood responsive governing regime (Dreier, 1989). A number of regime actors affected by these shifts were at the core of the PIC's creation. These business and political elites channeled their energy into the PIC, which came to embody the transition from the old-moneyed elite to the new populist regime in government and the private sector.

The PIC was officially established in 1979 after the reauthorization of CETA in 1978. The new version of the federal training act called for the creation of private sector boards to oversee and administer programs. Mayor Kevin White appointed William Edgerly as the first chairman. Edgerly was one of the city's most powerful businessmen in the city and with many titles and positions, including: chairman of State Street Bank Boston, the city's leading financial institution; chairman of the famed "Vault," a core group of CEOs that was responsible for much of the development of downtown Boston (Luberoff, 2004); and a trustee on many of the city's top boards including MIT, Northeastern University, United Way of Massachusetts Bay and Children's Hospital Boston.

At the time of the PIC's inception in 1979 it was hastily created to meet the federal mandate for a business board under CETA, but over the next three years both Edgerly and White saw tremendous advantages to raising its stature and transforming it

into a high-profile public/private entity. Both men were feeling pressure to move away from the traditional closed-door approach to ruling the city toward a more open and community-oriented set of programs.

For Mayor White, the PIC was created during the most tumultuous two years of almost any Boston mayoralty in the 20th century. It was the end of his fourth term in office and White was becoming vastly unpopular, particularly in the low-income and working class neighborhoods where he was seen as a pawn of the downtown business community (O'Connor, 2001). Just as damaging, White increasingly relied on patronage to stay in office and was hurt by a number of scandals at City Hall. As bad as his political problems were, White also saw a vast decrease in municipal funds. Federal and state dollars were evaporating as the Reagan administration cut funds to urban areas and the statewide passage of Proposition 2½ in 1980 placed ceilings on municipal tax increases leading to the closing of many fire houses and the firing of 1,000 teachers.

At the same time that White weathered criticism from virtually all quarters of the city, the business elite that had coalesced around the Vault was also increasingly coming under attack. Anger and resentment at the White administration spilled over to the business community as activists and the media began calling for more accountability from the clubby atmosphere of Boston's tight-knit business leaders. Compounding the external criticism, corporate CEOs were less cohesive. Business sway over public policy was waning as local companies were increasingly owned by out of state corporations and more of the Vault's membership did not even live in Boston; by 1982 only four of the 29 members resided in Boston proper (Luberoff, 2004, p. 6).

The pressures on both White and Edgerly to open up and give back to the neighborhoods peaked in the early 1980s. White, responding to the pressure, passed a wave of progressive reforms during the end of his fourth and final term. These reforms included the real estate linkage fee policy, one of the primary social service tools that Raymond Flynn inherited.

At the time, Edgerly struggled to find a public face for the Vault. Edgerly wanted the business community to maintain an association in which it could meet, but he also felt that their association should be more philanthropically oriented. The PIC became that association, and many interviewees noted that the workforce board absorbed the remaining Vault members.

Corporate participation on the PIC was at the CEO level only. This was a role established at the inception of the PIC by Edgerly and strictly enforced by future staff, that only the CEO can attend meetings and participate in the primary policy decisions of the board. Representatives below the CEO level were simply not allowed to attend, even if the board member had a scheduling conflict. For this reason and because much of the membership was drawn from the banking community, many Boston commentators saw the PIC as the closest approximation to the Vault after it folded in the late 1980s. The support of the business community for workforce development was evident in myriad ways that extended far beyond a simple advisory role including: CEO-level attendance at all board meetings; hiring of hundreds of young people in paid jobs during the summer; hiring of tens of thousands of Boston public school high school graduates and in-kind contributions of space and facilities for all PIC events.

Edgerly, with little direct input from White, began to spend a lot of his time on the PIC and focused on youth employment as the cornerstone of the PIC's work in the area of labor force development. Rather than content himself with simply supplying jobs for teenagers, he wanted to engage in a major citywide reform, which led him to the Boston Compact. Edgerly was the prime organizer and architect of the Compact, signed in 1982 with great fanfare. The Compact was an agreement to recruit at least 200 local firms to sign a pledge to give Boston high school graduates a priority in hiring for entry-level jobs. In return, the School Committee promised to reduce dropouts by five percent a year and guarantee that all graduates would meet minimum reading and math standards within four years. The PIC was the body designated to oversee the enactment of the Compact and recruit the businesses to participate. Beyond the promise of job hires, the PIC soon initiated a wide range of youth employment programs including summer youth jobs and school-to-career programs that began as early as freshman year of high school.

Initial Program Focus is on Youth, Which Builds in Mayoral Support

Although youth and education are not the focus of this dissertation, it is critical to explore the development and import of this programming because it was the initial focus of the PIC and the reason that the body gained and retained strong support from its business members and three successive mayors.

From its beginning in 1979, youth employment and education was the primary focus of the PIC and quickly came to dominate its orientation and work. The PIC spent virtually no time assessing or even making an effort to understand the adult side of workforce development. The PIC was statutorily responsible for the adult programs of

CETA and then JTPA, but its oversight role was carried out by JCS. The mayor's workforce staff would oversee and implement all federal adult workforce programs and dutifully inform the PIC of the activity, but little else. One former JCS staff member said, "The PIC was just not interested in the adult issues. This was not a problem. We would do the staff work and run the programs and then brief them, but it did not go much beyond that. They keyed into youth and we focused on adults and it worked fine that way."

The PIC's focus on youth education had two beneficial effects that did not exist in New York, Philadelphia or virtually any other city business training board: It made its work highly visible and ensured that whoever was mayor was also committed to the area. In the 1990s schools became a primary focus for virtually all big city mayors, but in Boston the issue had long been the most polarizing policy area, dating back to Judge Arthur Garrity's 1974 order to integrate Boston's public schools through forced busing. Many neighborhoods, particularly in the mostly white sections of South Boston, refused to abide by the court order and a long legal and violent battle ensued. Although the mayor did not directly control the schools at the time, it was always a source of debate and endless discussion in Boston. Hence, any serious reform attempt to fix the schools received a large degree of attention in the media and public eye.

The PIC focus on schools through the Boston Compact forced Mayors White, Flynn and Menino to engage with the PIC on the issue. A total of three separate Compacts was produced, each was based on a model of mutual accountability. The PIC would organize the business community to commit thousands of jobs for young people in the summer and after high school graduation, and would gain commitments of

educational improvements from the school system and scholarships from higher education institutions. Politically, with such firm commitments laid out, no mayor could afford to ignore the PIC. Business members and PIC staff were well aware of the import of the schools issue and the role of the Compact and would use it to their advantage to gain mayoral participation. In fact, the PIC timed the drafting of the third Compact with the 1993 mayoral election. Every candidate responded formally to the draft; candidate Menino immediately responded and endorsed the Compact.

Beyond schools, youth employment was an area that held great political appeal for both Flynn and Menino. Both mayors expended a significant amount of energy promoting the summer youth jobs program. Youth and youth employment issues gained a fair amount of prominence in the 1980s across the country as an area that had wide appeal amongst the electorate. With the rise of "latch-key" kids who did not have a parent or caretaker to watch them and the rise in youth gang violence, there was growing support for programs that would help young people stay off the streets and access vocational skills. Beyond the political benefits of championing youth employment, Flynn and Menino supported the programs because they fit in with their populist economic agenda. Both mayors would personally lobby business leaders who had not yet joined the program to participate and personally ask current business sponsors to increase their efforts.

Youth Focus Builds Business Support

There is no one explanation for why businesses became so invested in the mission of the PIC; instead, there are three distinct reasons that form the basis of their support,

each initially linked to the PIC's original focus on youth. First, businesses were motivated by self-interest—they believed that Boston's youth were their future workforce and that it was in their interest to assist this population gain better academic and vocational skills. Second, it was much easier to find entry-level and niche-specific jobs for large numbers of young people than for adults. Third, concrete results gained through meeting targets established in the Compact and through numerous awards and grants from the federal government sustained business interest and support. These issues are explored in more depth below.

One of the core issues that plagues most workforce boards with low business participation is their perception that they are only participating because it is a philanthropic or civic duty. Although philanthropy was a motivating factor, business leaders first became active with the PIC out of self-interest. From the 1950s through the 1970s the private sector agenda centered on developing the downtown business district (O'Connor, 2001). This goal was successfully accomplished as Boston built many office towers during the urban renewal area and had one of the country's lowest commercial vacancy rates (Keating, 1986). Partly as a result of the success of downtown development, businesses had exceeding difficulty finding qualified workers locally. Boston's unemployment rate in the 1980s was far below the national average and the public schools were seen to be rapidly declining as white students emptied out of the system because of the forced busing decision of 1974.

Boston's schools rapidly became one of the worst performing systems in the nation; by 1985 only 50% of high school graduates attended a four-year or community college (Stein, 1993). More than rhetoric, Boston's corporate leaders on the PIC wanted

to save the schools for the sake of their current and future workforce. To this end, the Vault's leadership led by Edgerly saw the need to invest time and money into school reform. One longtime PIC staff member said, "They really saw the schools as their future workforce. Downtown was booming, yet when they looked at the future pipeline of workers the picture was (grim)."

The second reason the youth focus garnered sustained business interest and support was the ease of teenage job placement compared to placing adults. On its face, involvement in reforming public schools does not appear to be a task that could be considered easy. But the role of the business members of the PIC was relegated solely to job placement and did not involve school governance issues. The Compact was a simple agreement in which businesses would provide entry-level jobs and the schools would work to improve educational standards. In terms of job placement, it is much easier to place young people in temporary or entry level positions than it is to hire adults. In fact, the few workforce boards that have strong business membership still are not able to place that many individuals in jobs with those business leaders because there are just too few jobs open on an annual basis at any individual locally-based firm. Conversely, many businesses can afford to hire dozens or even hundreds of young people at minimum-wage salaries for the summer.

The third reason for continued business interest in the PIC's youth mission was the concrete outcomes that were derived from the various initiatives. Often businesses want to see tangible results when they enter into public/private partnerships. Whether it be a set of new high-rise office buildings downtown or test scores raised a specific percentage, private sector leaders tend to take a bottom-line approach in their civic efforts

and want to see targets and measurable goals met or they tend lose interest (see Barnow *et al*., 2000; Franklin and Ripley, 1984, chapter 5). The measurable outcomes in Boston were clear and simple and designed with business input, as opposed to the federal training performance measurements, which were hard to decipher and deeply flawed (Bundy and Fersh, 2004).

The focus on concrete deliverables drove the first and subsequent Compacts. The hallmark of the Compact was its clear articulation of benchmarks including specific targets for youth jobs and increased graduation rates. This tie between business support of public schools and measurable academic improvements became commonplace by the 1990s. In cities and states across the nation businesses have organized themselves around educational improvement and formed major alliances to push for reform locally and nationally through organizations such as Achieve, which was founded by Louis Gerstner, the former CEO of the IBM Corporation.

The persistent commitment of businesses leaders around youth and education issues was widely recognized by national media. The Compact was deemed a model in many newspapers across the country including *the Christian Science Monitor* (Purcell, 1983)*, The New York Times* (Butterfield, 1986) and the *National Journal* (Peirce and Sagen, 1983). In one typical praise-dominated piece, *Crain's Business* magazine in 1987 wrote, "When it comes to public private partnerships, no plan holds a place higher in corporate esteem than the Boston Compact. Today it seems that nearly every major U.S. city—New York, Detroit, and Chicago among them—wants a compact of its own" (Marsh, 1986).

Current PIC Programming: A Greater Emphasis on Adults

Although the PIC focused exclusively on youth throughout the 1980s, adult programs were incorporated in to its work by the mid-1990s and by the time WIA was implemented the PIC was seen as the joint partner with JCS for administering the entire workforce system Boston.

The expansion into adult programs was a conscious decision and driven in large part by the new PIC director, Neil Sullivan. Hired in 1992, Sullivan was former Mayor Flynn's chief of policy and it was his experience of working with businesses that led to a focus on their workforce needs. Flynn established a number of set-aside programs for minority contractors and for businesses to hire minority workers. The administration found that businesses were willing to hire blacks and Hispanics, but that many workers lacked the skills necessary even for entry-level positions. From that point on, Sullivan connected workforce to many of the economic development programs in the Flynn administration.

It was Sullivan's belief in the importance of adult as well as youth workforce services that led to his advocacy of more adult programming at the PIC. Beyond Sullivan's interest there were a number of major initiatives in workforce development, all on the adult side, in which the PIC could play a leadership role and further solidify its position as a workforce leader. To build internal capacity on adult issues, Sullivan hired Nancy Synder as the new director of workforce programs. Synder was the former director of JCS and focused almost exclusively on adult programs.

The PIC's first major initiative in adult programming was administering the city's one-stop career system, which is described in detail in the following section on state

policy actors. The new system grew out of a reform initiative jointly advocated by Governor Weld and Senator Kennedy to improve workforce programming. The one-stops were a high-profile and intensive effort that forced the entire PIC staff and board to better understand working with the adult population. The one-stop initiative also led to a series of subsequent adult workforce programs that were increasingly about linking training with the interests of the city's major employers.

Beginning in 1999, the Boston PIC established a series of sectoral workforce programs in which it worked directly with industry leaders in the areas of health care and financial services. The objective of these programs was to generate a mix of new government dollars and money from the private sector to directly address core labor force issues in Boston's largest economic industries.

The first effort was a partnership with Partners HealthCare System, a consortium of the largest health care providers and hospitals in the Boston area. The PIC built a strong relationship with Partners during their joint effort with JCS around welfare-to-work training. Now Partners had approached the PIC to address an acute shortage of mid-level trained workers in radiological technology. The PIC and Partners developed a series of initiatives that included incumbent worker training, school-to-career programs and college scholarships. The PIC then raised a $1 million from the Department of Labor to fund the effort. Partners made significant contributions as well as including payment for training of 90 workers who were not covered by the grant and a staff person to work exclusively on the project. In an effort to expand the model, the PIC is using this experience from the radiology area to create a similar program addressing the nursing shortage.

The PIC has also engaged six banks in the area of financial services. Similar to the health care initiative, the PIC worked with industry leaders to identify labor shortages that cut across the entire field and where addressing those shortages would benefit all employers. The labor focus was on employees in check processing and customer service. The PIC worked with bank managers to translate their skill needs into actual courses that that PIC administered. Using a state worker grant, the PIC oversaw 2,100 hours of training for 690 employees, with Fleet Bank workers accounting for most of the training.

The PIC Staff: A Culture of Innovation

The senior staff at the PIC were distinguished by the high-level of experience they brought to the job. Almost all of the top staff members of the PIC came to their position with considerable public sector experience at the highest levels of government. In addition to the quality of experience, the PIC staff was committed to its work and there was very little turnover. All senior staff were in their current positions for at least five years prior to WIA implementation. Similar to JCS, the low turnover lent a great deal of stability during the transition to WIA.

Beyond experience and commitment, the culture of the staff was very entrepreneurial. Unlike JCS administrators, PIC staff were big-picture thinkers who were persistently exploring new ways to re-make the system, measure it and better market it to the public. Indeed, every few years the PIC and its staff would evaluate its program offerings and determine ways to substantively expand their efforts. From their initial creation of a massive corporate summer jobs program to their design of the city's one-stop career system, the PIC was seen as the more ambitious workforce agency in Boston.

The creation of the ProTech program highlights the innovative focus at the PIC. In the late 1980s, the PIC wanted to increase academic and workplace performance beyond what a summer jobs program could provide. In the early 1990s, the PIC, using a federal Department of Labor grant, created a new year-round program called ProTech. The program was a school-to-career approach that integrated academics, on-the-job experience in high-growth economic sectors and work-based learning. Components of the program include student internships, part-time employment, in-class learning about the industry and eventually full-time employment. The program spans four years beginning in the 10th grade through two years of post-secondary education and engaged managers, supervisors, human resources staff, guidance counselors, and high school teachers to focus on helping low-income students improve their learning and enter a career track that will be lucrative.

ProTech won national recognition for its involvement of business in school reform and work-placed training and was the primary inspiration and basis for the federal School-to-Work Opportunities Act of 1996. The federal act differed from ProTech, namely in that there was no requirement to have staff such as that at the PIC that would broker relationships between the schools and business, but its national influence was widely noted.

Complementing the entrepreneurial approach to their work, PIC staff also had the mission-drive that existed at JCS. Nancy Synder and Neil Sullivan were both 'sandistasts,' the term used for the community organizers and campaign workers that Flynn brought into his administration. Through their positions in city government and at the PIC they never lost a core focus on assisting the disadvantaged. Neil Sullivan said,

"Nancy and I were and are lefties. Let me be clear, I am not a liberal, I am a leftie. I believe in changing the system, not making it better." And like JCS staff, the PIC directors believe that working in partnership with business was the most direct way of assisting the disadvantaged. Similar to JCS, the PIC leaders functioned very much like public entrepreneurs. They were driven to improve the greater common good in Boston through their work at the PIC.

THE ROLE OF EMPLOYMENT AND TRAINING PROVIDERS

Introduction

Boston, like New York, is a city with a large number of nonprofit and community-based organizations. There are approximately 3,700 nonprofit organizations in the Greater Boston area accounting for $19 billion in annual spending (O'Connell, 2003, p.51). With San Francisco, Boston is recognized as supporting one of the most "sophisticated" and "innovative" set of nonprofits (see O'Connell, 2003; Pastor *et al.*, 2000). And more than the other two study cities, nonprofits in Boston dominate the workforce delivery system. In New York, public colleges and proprietary institutions provide a significant amount of training. In Philadelphia, the workforce agency and private businesses provide training services. But in Boston, employment programs are almost exclusively handled by entities with 501(c)3 legal status.

A recent report identified 140 workforce training entities within Boston city limits (Massachusetts Workforce Alliance, 2003). Most of these organizations are a mix of nonprofits of varying sizes that provide a range of employment and human services. Increasingly, local housing and community development organizations such as the Fenway Development Corporation have begun to partner with traditional workforce

organizations, but the majority of employment providers are still the same entities that have been accepting federal training contracts for over 30 years.

Providers Have No Impact on Policy

Workforce providers in Boston historically, and during the WIA study period, have had no influence on policy decisions made in the city. Their utter lack of power is striking because there is no competition from community colleges or other training providers; the workforce system in Boston is solely dependent on nonprofits. Yet, the various nonprofits are unable to sway policy thinking on any level. They are simply not a factor in program development, articulation of RFPs (request for proposals) or new policy ideas.

There is not a lack of organization of the nonprofit community. There are a multitude of trade organizations and advocacy groups dedicated to workforce issues, including more than ten coalitions in the state such as the Alternative Education Alliance; Boston Workforce Development Coalition; Job Training Alliance of Massachusetts; Massachusetts Alliance for Adult Literacy; Massachusetts Coalition for Adult Education; Massachusetts Workforce Alliance; Massachusetts Worker Education Roundtable and the Massachusetts YouthBuild Coalition. This level of organization and advocacy far surpasses Philadelphia (which has virtually no nonprofit provider organizations) and New York. Additionally, these coalitions have proximity and are all based in downtown Boston. Still, their advocacy messages do not translate into political clout or influence on local policy development.

The substantive amount of organization and advocacy amongst service providers demonstrates the high degree of interest they have in affecting the system. There are no other policy actors such as community groups, minority organizations or educational institutions that have even a tangential interest in the system. Outside of the workforce agency and elected officials no other stakeholder would even try and influence workforce implementation.

The Strength of the PIC and JCS Relationship Precludes Provider Input

The strong working relationship between JCS and the PIC (described in the previous sections) was seen as the primary reason that nonprofits have no political voice in the city. Most cities have a strong public sector agency (such as New York) or a historically strong workforce board (as in Philadelphia where the board took over all the programs), but Boston is unique in having both a strong workforce board and public workforce agency.

The partnership between the PIC and JCS is strong and all encompassing. With a few exceptions they have neatly divided the work of administering the workforce system: the PIC sets policy and JCS implements it. The two entities are clear about their respective missions and roles. They are also both staffed by political insiders who have been in their positions for many years. This precludes other policy actors from penetrating this relationship or their lock on policy development and administration.

Many interviewees believed that the PIC and JCS may have the right intentions, but simply refuse to allow outside input. Two interviewees stated that decisions are "made behind closed doors by the PIC and JCS." There was a feeling that the senior

management at both organizations had an arrogant and aloof attitude towards providers. One provider said that a PIC official at a meeting stated, “You don’t know the reality, I’m higher in the information chain and therefore you should basically be quiet.”

Of the two entities, most providers believed that it is the PIC that truly precludes a provider role in policy development in Boston. The PIC is often lobbying the mayor and the state legislature for policy changes and money. Because they are a public/private entity they are seen in a similar vein as nonprofits, but as more savvy. One provider said that the PIC “sucks up all the oxygen from legislative meetings. How can we compete with them. They have all the political connections and the great presentations.” Providers resent the funds that the PIC is able to attract for policy and oversight that they believe should be channeled to nonprofits for service delivery.

Overall, providers in Boston were the most critical of the policy environment. They believed that they had no role in policy development and that that was a detriment to them and to their clients. Providers in New York admitted that they had at times unfairly influenced the system and many providers in Philadelphia believed that the changes in policy were for the best. By contrast, Boston providers were not encouraged or satisfied with their position in the system or the changes made.

Providers Frustrated by a Lack of Inclusion

Boston has witnessed a number of innovative and collaborative workforce programs during the WIA study period. But nonprofit providers were not part of any of the programs and were actually disturbed by the outcome of each initiative.

Boston is the only city in the U.S. that has a linkage program, transferring a tax on real estate development to workforce programs. These funds are administered through the Neighborhood Jobs Trust overseen by JCS. The grants are largely dedicated to nonprofits and JCS claimed that they were used to help most providers make the transition from group training (under JTPA) to the voucher model (of WIA). Because nonprofits were not part of the process though, they did not believe the contracts from the Trust were that helpful. They believed that the funds were distributed erratically and through a confusing RFP. In the end, the linkage program is one of the most progressive in the nation, yet the nonprofit community only expresses scorn for its administration—a true sign of their isolation from the policymaking process in Boston.

Another high-profile training effort was a state legislature program of $6 million set aside in the 2003 session for partnership-based workforce programs. This initiative was originally pushed by the Massachusetts Workforce Alliance, but the program was usurped by the PIC. Once the legislature set aside the funds, the PIC lobbied for the RFP to require that only WIBs be allowed to apply for funds. This had the effect of moving virtually all of the funds from nonprofits to the Boston PIC.

These two programs highlight the high degree to which nonprofits are isolated from the creative programming and collaborative workforce efforts occurring in Boston. The providers are still the core of the service delivery system, but they have no ability to impact decisions.

Little Input in Transition to WIA

How JCS and the PIC worked with providers during the transition to WIA exemplifies the low-level of political clout that they have. A workforce advisory board was established that was jointly run by JCS and the PIC. The objective was to create a working group to discuss the changes that would take place around WIA. Providers were told to present new ideas and the difficulties they were experiencing.

But rather than truly benefiting the providers, these advisory boards were seen as just posturing when in reality none of the issues raised were ever addressed by JCS or the PIC. This came through in interviews from all the parties that participated in the board meetings. For JCS and PIC participants the transition to WIA was a minor shift in operating principles and the advisory board was a pleasant forum to hear different views. But for nonprofits, WIA was a radical shift in funding and program orientation that led to a major scaling back of services.

THE ROLE OF STATE AND FEDERAL ACTORS

Introduction

State and federal officials in Boston have long been focused on workforce development. Federal actors have virtually no direct impact on Boston's WIA implementation, but their outspoken leadership on the issue nationally warranted a brief description of their role in this section. There have been occasional federal representatives in the other study cities that have engaged with employment issues, but nothing comparable to the consistent and determined commitment to this policy area exhibited by Massachusetts' senators and presidential staff.

In fact, there is no city in the nation that affected the intellectual and programmatic reform efforts around federal policy aimed at adult and youth employment as much as Boston did throughout the 1990s. Both the 1998 Workforce Investment Act and the 1994 School-to-Work Opportunities Act were conceived and written by a close-knit group of federal bureaucrats, professors and presidential appointees largely consisting of Bostonians. The closeness to federal policymakers allowed Boston officials to anticipate and enact programmatic changes in advance and with more ease than in the other two study cities.

At the state level, major workforce initiatives by four successive governors had a significant impact; the one-stop career center initiative in particular shifted the framework for delivering employment services in Boston and the rest of the state. The other study states saw little impact on workforce policy on the part of the governor or state legislative level. In New York the governor refused to set any policy guidelines for

WIA implementation and in Pennsylvania the turnover in governors and resistance to reform locally led to little affect.

The Federal Connection to Workforce Development

Boston is the only case study that warrants a focus on federal in addition to state actors. A number of policymakers and policy thinkers that have influenced workforce policy at the federal level who have strong ties to Boston. Ranging from Harvard professors to U.S. Senators, Bostonians provided the intellectual and political substance behind many of the major policy reforms around employment policy during the Clinton presidency (see *Boston Globe*, December 12, 1992).

Of the many influences on the federal Workforce Investment Act, the strongest was probably David Osborne, a Harvard University professor. Osborne was one of the most celebrated academics during the Clinton candidacy as his book Reinventing Government became a cornerstone for the reform minded aspects of the 1992 Democratic party campaign. Once in office, Clinton and Vice President Al Gore continued to rely on Osborne's advice on government cost-cutting measures and other ideas to improve public sector efficiency and effectiveness.

Clearly, Osborne's focus on competition and vouchers made a lasting impression on the legislation. But there was a coterie of other Bostonians who worked for or were consulted by the administration on workforce reform plans. They include the following:

- John Donahue: Like Osborne, Donahue was a reformer and a centrist Democratic professor with a teaching post at Harvard. He served as Assistant Secretary in the U.S. Department of Labor and focused his time in Washington on drafting plans for WIA. He had written a book critiquing JTPA that called for more of a connection to business trends.

- Tim Barnicle: Barnicle served as the head administrator of Boston regional U.S. Department of Labor office. He also served as chief of staff to Lieutenant Governor John Kerry. Barnicle met with the Clinton transition team in 1992 and continued to advocate for workforce issues as one of the country's primary experts and points of contact for workforce investment boards at the Education and Training Association.
- William Spring: Spring held many high-level workforce jobs in Washington including serving two secretaries of labor and as the Senator who chaired the labor committee. Spring was also instrumental in crafting the 1994 School-to-Work Act which was based both on his experience in the Carter White House and also on the ProTech program administered by the Boston PIC.

Often these individuals would meet collectively, as they did during the Clinton transition period in 1992 and at key points during the drafting of the School-to-Work Opportunities Act and the Workforce Investment Act. This was not a group that acted in isolation; they were friendly and shared a similar 'New Democrat' approach to youth and adult employment issues. And this group always pushed the Boston approach to workforce development, emphasizing public/private partnerships. This is highlighted by testimony that William Spring made in 1997 during a Senate hearing. Aiming to influence future workforce legislation Spring said, "Workforce development cannot be successful without the full inclusion of the private sector at the labor market level. Only by establishing broadly representative boards where, at a minimum, private sector participation can be organized and public sector efforts understood can we build one system" (Spring testimony to Congress, March 11, 1997).

U.S. Senator Ted Kennedy was a constant throughout all of the reform discussions. Kennedy is one of the longest serving U.S. Senators, a former presidential candidate and is very influential on all of the committees on which he sits. He has long focused on workforce issues and co-sponsored the JTPA bill with Senator Dan Quayle in

1982. Although not a direct sponsor, Kennedy was also instrumental to the passage of WIA in 1998.

Kennedy both influenced workforce policy nationally and was deeply influenced by the programs in his home city of Boston. He named workforce intermediaries in the JTPA legislation 'Private Industry Councils' because of the success of the Boston PIC. The productive collaboration between the private and public sector that Kennedy saw through the Boston PIC also led to his persistent belief that businesses should be a key part of WIA reform efforts and even have a role in oversight and policy development.

Senator Kennedy's support for public/private partnerships, school-to-career reform and championing of the major additions to the Workforce Investment Act demonstrates the similarity of thinking amongst Boston-based workforce reformers in Washington. These individuals tended to have similar reform perspectives and were all positively influenced by locally-based programs.

A Long Tradition of Gubernatorial Interest in Workforce Development

Prior to the election of Mitt Romney in 2002, Massachusetts had four consecutive governors who made workforce one of the cornerstones of their administration. Governor Dukakis based his presidential bid on his welfare training program; Governor Weld created one of the country's first one-stop career systems and Governor Swift enacted a series of innovative state funded training programs. A number of states, including Pennsylvania, had governors committed to workforce issues only to see reform efforts lose focus after they left office. Frequently, administrative structures that are set up by one governor are later abandoned by the next. Such was not the case in Massachusetts as

successive governors continued to focus on workforce reform and use similar agencies to do so. What follows is a review of each governor's role and set of accomplishments.

Dukakis Creates a National Job Training Model

Michael Dukakis made job training and work preparation of welfare recipients one of his priorities during his second administration beginning in 1983. Dukakis was first elected governor in 1974 and during his first administration he enacted a punitive workfare policy that essentially pushed welfare recipients off the roles. During his four years out of office, Dukakis strategized ways to improve on his failures; building a successful welfare-to-work program was one primary resulting initiative. His second administration welfare program was widely praised in terms of both job placement and long-term employment and became the basis of his 1998 presidential campaign.

This signature welfare-to-work program was called Employment and Training Choices (referred to as simply ET Choices) and was run by Charles Atkins, Boston's commissioner of employment programs in 1977. ET Choices was strictly voluntary, but for anyone who chose to work the program provided an intensive array of services. Job seekers could choose education (the state paid for remedial or college courses) job training, supported work or job search assistance. While engaged in one of these options they had transportation, childcare and health care fully or partially subsidized.

The results of ET Choices for both placement and long-term job placement far exceeded almost every other program in the country. A review by the General Accounting Office found that most programs reported that 38% of those making minimum wage salaries were off of welfare and still working six to 18 months later; that

number rose to 62% for those making enough to leave welfare. For ET Choices in the same categories the numbers were 67% and 86%, respectively (see Osborne, 1990, p. 203).

Acclaim for ET Choices spanned liberal and conservative opinion, and local and national press. It was praised in the editorial pages of the *Boston Globe* and the conservative *Boston Herald*. In one piece, *Newsweek* wrote, Dukakis's "reputation as a presidential contender has been buoyed by ET's success" and *Atlantic Monthly* echoed that sentiment and wrote that the Dukakis approach to "welfare reform has made (him) a presidential contender" (Behn, 1991, p.5-6).

Much of the acclaim noted the direct attention Dukakis gave to ET Choices. He told *Boston Business Journal* that it was the accomplishment he was most proud of (Boston Business Journal, 1987). In the *Washington Post* William Raspberry wrote, "I had called Massachusetts to talk to the director of the state's new jobs program. The return call, when it came at 10 o'clock that night, was from Governor Dukakis himself. That should give you an idea of what Massachusetts officials think of their Employment and Training Choices program" (Raspberry, 1984).

It is important to note that ET Choices was just as much a training program as it was a welfare program. The key, and somewhat revolutionary, insight gained from it was that welfare recipients did want to work and that with the right supports they could. To accomplish the task of moving tens of thousands of welfare recipients into jobs, the welfare agency was forced to build partnerships with other agencies, particularly employment. Atkins was focused and adept at such collaborations and easily formed a

close connection to the state employment agency, which was run by his wife, Kristin Demong.

Additionally, Dukakis laid the groundwork for a conceptual link between workforce and economic development in a report entitled *Choosing to Compete,* which stressed the role of education and training in ensuring the future economic competitiveness of the state. The report, which was conducted under the auspicious of Lieutenant Governor John Kerry, began the discussion of linking employer workforce needs to economic development that influenced later reform efforts by Governors Weld, Cellucci and Swift.

Dukakis also established the core statewide structure for oversight and workforce development policy. In 1988 he created the MassJobs Council and Regional Employment Boards (REBs) to rationalize all education and employment programs in the state. These were both expansive boards that went much further than most other states in terms of attempting to coordinate all programs that fell under the broad category of workforce development. JTPA mandated states to create policy boards: PICs at the local level and a statewide jobs coordinating council[29]. But the MassJobs Council and REBs were among the first in the nation to be charged with assessing both JTPA and the many employment programs that fell outside the purview of JTPA funding (Donahue, 2000, p.39).

Governor Weld Establishes a Privatized One-Stop System

Governor William Weld did not focus on workforce at the beginning of his first term, but by 1993, as part of his re-election effort, it had become one his top priorities.

[29] Officially, the name of such entities were Human Resource Investment Councils; virtually all statewide boards used that title.

Rather than create a new vehicle, Weld turned to Dukakis' MassJobs Council as the source of his training reform efforts.

Weld immediately raised the profile of Council by deciding to co-chair the body with his Lieutenant Governor Paul Cellucci. Weld personally recruited a number of prominent business leaders and Professor David Osborne, a close advisor to the Governor and to President Clinton. The Council quickly engaged in a broad review of programs and issued a series of public rebukes to the state workforce system, saying that it was fragmented and ineffective. The reports led to a few fundamental recommendations to re-frame the entire workforce system statewide.

Driven by an ambitious Republican governor and the New Democrat thinking of Osborne, the Council advocated two major reforms: privatization of programs and greater central control of the system by a private-sector led body (preferably the Council itself). This business reform approach is easily detected in the "Vision, Mission and Goals of the MassJobs Council" statement:

> The system should emphasize a 'demand' or customer driven perspective, not a 'supply' or program driven perspective. In such a system, customers (individuals and businesses) articulate their demands; brokers provide those customers with guidance and customers are able to make informed choices about the most appropriate supplier.
>
> The system should be administered locally, but guided centrally. A strong state-level policy coordinating body is necessary to establish a single, consistent policy for the job training system.

To achieve both privatization and greater central control of the programs the Council latched onto the notion of one-stop career centers. One-stops were a logical reform approach because the federal Department of Labor was about to issue millions of

dollars in demonstration grants for them and, with the connection to Osborne, the Council had a direct link to federal developments.

The MassJobs Council believed that the one-stop centers would be the ideal vehicle for their plans of increased centralization and privatization (Lazerus *et al*., 1998). Weld gave the federal application careful political consideration and worked directly with Senator Kennedy's office. Eventually Massachusetts was selected as one of six states to be awarded a one-stop grant in the amount of $11.6 million in 1994. Weld's close collaboration with Kennedy and Osborne was hailed as a "bipartisan success story" by the press in Boston (Grunwald, 1996).

The Massachusetts one-stop plan had competition and privatization at the center of its proposal and its underlying goals of consolidation, customer focus and suppression of needless bureaucracy had all the hallmarks of Osborne's reform ideas that eventually made their way into the Workforce Investment Act four years later (Donahue *et al*., 2000, p.46).

With an innovative proposal and bi-partisan support of Weld and Kennedy, the one-stop proposal seemed primed to quickly re-create the workforce landscape in the state. But the proposal began to unravel in implementation and was almost abandoned entirely at a number of points between 1994 and 1998.

Many of the problems around implementation emanated from the inexperience of the MassJobs Council. The Council was established as a policy making body, not a government agency or a nonprofit implementing public sector programs. Consequently, the Council did not anticipate or think through many of the problematic issues that arise when new initiatives must be adopted statewide.

The Council did little to explore the range of difficulties associated with a new workforce system based on a privatized one-stop model because it rushed to meet a government deadline for proposals (Donahue, 2000, p. 46). In 1993, when the Council began meeting about one-stop reform there was a real divide between members who thought that the new one-stops would initiate the consolidation of the dozens of training programs statewide and members who believed that the one-stops should focus more narrowly on providing more convenient access to a disparate array of programs that would remain in isolated agencies. The debate was not resolved as the Council focused its proposals almost entirely on privatization and glossed over these core structural issues.

The Council's inexperience surfaced in many ways. It took a long time to hire an executive director, who did not start until July of 1995, just six months before the first round of centers was to open. And the Council badly misjudged the politics that goes into extracting funds from other agencies, which were needed to operate the one-stops. Council staff went to each employment-related state agency and informed them that they would now have a certain percentage of their work done by the new one-stops and should therefore dedicate that percentage of funds to the Council to administer the one-stops. This request caught many agencies unaware and they were unwilling to part with any of their programs or funds. All of these bungled moves sent mixed signals to the state legislature, which in 1996 rejected virtually all of the Council's $8 million request for funds.

Of all the obstacles that the budding one-stop system encountered none was more difficult then than that the resistance to competition from state employees at the Department of Labor. The Massachusetts Division of Employment and Training (DET)

was part of the state Department of Labor and had a monopoly on employment services statewide prior to the receipt of the federal demonstration grant. DET's commissioner and line staff was completely opposed to implementation of the one-stop system because the plan entailed shutting down DET offices throughout the state as the new one-stops were opened. In addition to their fear of job loss they felt that the Council was exhibiting a high degree of political and programmatic ineptitude. On April 3, 1997 the National Association of Government Employees union, which represented the 1,100 DET staff, some of whom had already been laid off because of the new one-stop system, filed suit to prevent more one-stops from being created.

Given the power granted the MassJobs Council, the high-level of political capital that Governor Weld invested in the initiative and the bipartisan nature of the initiative, the Council believed that it would win this battle with the DET staff. But DET was able to amass an equally large amount of bipartisan support in the state legislature. Local Republican and Democratic representatives were close not only with the agency but with the local PICs that had formed a close relationship with their local DET offices. State representatives grew increasingly hostile to the entire initiative, refused to fund it and even began passing bills to stop it all together.

The fight over the new one-stop system revolved almost exclusively around bidding out of one-stop center operation. Osborne pushed Weld to maintain the stance of privatization and told the *Boston Globe* that he would not budge on that aspect of reform. "I'm not going to do this any other way. I'm sure this battle will drag on, but if you have guts, you shouldn't bother getting started with this stuff," he said (Grunwald, 1997). In the end, the Governor made a compromise and allowed those regions that had bid out the

centers to keep them and all other regions to have a choice about whether to privatize or not. Osborne promptly quit the Council. The one-stop system was eventually established statewide by 2000. The final push came from the passage of the Workforce Investment Act 1998, which codified and legitimatised one-stops in a way that Governor Weld and David Osborne were unable to do.

Boston Embraces the One-Stop Model

Despite all of the problems that arose, Boston had the smoothest transition to the new one-stop system. In fact, the Boston PIC seized on the new initiative as a way to firmly move the PIC into adult service. The entire process was managed by the PIC, which successfully engineered a competitive bidding process for three centers in 1995.

The centers were each run by different organizations, public agencies or a combination of the two. Each had its own distinct identity and specialized in different populations. For example, The Workplace was a partnership of the Jewish Employment and Vocational Services and Boston's Jobs and Community Services office. The center is located in downtown Boston, serving financial service and other professional employers and working with ex-offenders. The Boston Career Link is located in Roxbury and is a partnership between three Boston nonprofits, led by Goodwill Industries, that specializes in clients with disabilities. The JobNet is a partnership of the state DET and Action for Boston Community Development (the city's largest community action program) and is located near Chinatown.

The PIC took planning of the centers very seriously and engaged in an intensive research process to determine what businesses and job seekers would want out of the new

system. The answers they received were relatively similar and for businesses focused on the need for staff to be professional, have knowledge of their industry and designate a single point of contact. Job seekers wanted to be treated with respect and a hands-on approach to their job search process.

The PIC built these qualities into the RFP process and the performance measurements they used to evaluate progress at each of the three centers. The PIC used a corporate model of accountability called Continuous Quality Improvement. This encompassed both quantitative and qualitative measurements that they developed locally rather than using federal measurements. All of the measurements enforced the dual customer approach of addressing both individual and business needs.

The quantitative measures were:

- Ninety percent of all job seeker customers will be enrolled in education and training program or service;
- Ninety percent of all job seeker customers placed in a job will stay at least six months;
- Ninety percent of all employer customers that accept a job seeker for hire will keep the employee for at least six months;
- Ninety percent of all employer customers who use the Center will return within two years for additional services.

A battery of other measurements was built in that were more qualitative and encompassed measuring customer flows; methods of staff empowerment; matching customers and services and partnering processes.

To measure all of these indicators a sophisticated technology system was established at the beginning of implementation in 1996 that went far beyond the WIA required data and performance measures. The database system measured every transaction between a job seeker, employer and the career center. The information is

captured easily through a 'swipe card' given to everyone who enters the center. Both Philadelphia and New York have wanted to establish a similar instantaneous monitoring system and have not done so. Philadelphia is further along but still working out flaws in the tracking and New York just begin to implement a system in 2004.

In sum, Governor Weld's campaign to establish privatized and accessible one-stop career centers had a major impact in Boston. The rest of the state resisted the change, but Boston used the new system as a way to continue along the path of linking business and worker needs around employment programs.

Cellucci and Swift Maintain a Focus on Workforce

After William Weld left office in July 1997 to pursue an appointment in the Clinton administration Paul Cellucci became acting governor and then governor outright in 1998. Cellucci left a lasting legacy in workforce by erecting the state Workforce Training Fund in 1998. This program is a typical state incumbent worker training program in which individual employers apply to the state for a grant to train workers in critical skills that are needed for them to stay competitive in their industry. In the mid- and late-1990s many states set up such programs. What made the Cellucci program a forceful statement about workforce was the fact that it imposed an unemployment tax on businesses to fund it. Cellucci who was far more affiliated with the national Republican party than was Governor Weld, withstood criticism from business that this was yet another tax. As important as the Workforce Training Fund may be to an overall economic and workforce development linkage, the city of Boston did not access many of the funds

because the dollars were oriented to manufacturing and industrial companies which did not have much of a presence in Boston proper (Siegel and Kwass, 2004, p.40).

Governor Jane Swift became even more of a public champion of workforce than Cellucci. On her first full day as the state's new governor on April 11th 2001, she declared that workforce training was one of her top priorities and created a task force to review all state and federally funded job training programs. She proposed adding $22 million in funds for adult basic education and $30 million for an incumbent worker training program. The state legislature eventually whittled about half of these funds away, but the governor still pushed forward a workforce agenda and managed to enact a couple of visible workforce accomplishments.

One was most important programs passed by Governor Swift was the Building Essential Skills through Training (BEST) program—a strategic incumbent worker training program. This unique approach focused on entire industry sectors rather than on individual employers, as most incumbent worker programs tend to do. The BEST program also was unique because it brought together a number of different federal training, welfare and education funding streams. The $3 million in BEST programs was the main funding source for the financial services training program administered by the Boston PIC, which was described in the workforce board section.

Romney Ends the Gubernatorial Focus on Workforce

Governor Romney is the first governor in the past twenty years not to emphasize the importance of workforce development. He has maintained the Workforce Training Fund and not advocated to abolish that or any other state efforts, but has not been

proactive on any workforce initiatives. Interestingly, he choose not to continue funding the BEST program started under Governor Swift; it was the state legislature that allocated $3 million in 2003 to keep the program funded.

SUMMARY

Of the three study cities, Boston was the only one with both strong mayoral and gubernatorial interest in workforce development. It was also the city that came the closest to implementing a truly blended approach to workforce development—meeting both economic development and social service goals. Workforce in the city was tied to a vision of progressive economic development pioneered by Mayor Ray Flynn and continued during the Menino administration. There was also a strong tie between workforce and the city's business leaders stretching back to the 1979 creation of the Private Industry Council.

Boston was a unique city not only in this study, but also nationally in terms of the joint administration of the workforce system by the local employment agency and the Private Industry Council. Both agencies exhibited "public entrepreneur" leadership traits, working for the greater good in Boston and driven by a mission of improving prospects for struggling job seekers.

Overall, the deep commitment to workforce on the part of such a wide range of elite policy actors in Boston set the city apart from the other two study cities. This citywide commitment led to what Clarence Stone calls a *performance regime* around employment issues in Boston. Stone discusses the difficulty of advancing human capital development as opposed to economic development and wrote that to do so demands a performance regime, which is a network of stakeholders—both inside and outside of the workforce system—who collectively subscribe to a common set of goals and strategies to focus policy development. This is in contrast to what Stone calls the traditional *employment regime,* in which resistance by employment organizations leads to

institutional survival instead of progressive reform (Stone, 1998). Of the three study cities, only Boston supported a true workforce performance regime and this regime focused its efforts on a blended approach to workforce development.

Boston Mayors Are Committed to Workforce Development and Focus on a Blended Approach to Implementation

Boston offers a near perfect opportunity to explore the first hypothesis of this dissertation, which states that if a mayor or governor is interested in workforce, he or she will adopt an economic development orientation to WIA implementation.

Throughout the period of 1979-2004 all Boston mayors made workforce one of their top priorities and focused intently on the area. The attention paid to employment issues in Boston by high-level public executives was in contrast to the other study cities. In New York, no mayor ever sustained a focus on employment and in Philadelphia, there was only an intermittent focus.

The Reasons that Boston Mayors Made Workforce a Priority

Before assessing the impact of mayoral focus it is necessary to answer the question of why Boston's mayors were interested in workforce in the first place. The federal allocation for employment programming is quite small and competing issues of safety, education and economic development can crowd out workforce development. I have argued that WIA's allowance for an economic development interpretation of workforce could legitimately encourage mayors to pay attention to employment issues, but in Boston two mayors focused on the issue even before WIA was passed.

There are a few fundamental reasons for mayoral interest in employment issues that were assessed in the case study. First and foremost, workforce was intimately entwined with the progressive economic development platform of Mayors Flynn and Menino. Both mayors, but especially Flynn, believed in local businesses "giving back" to the city. One way this manifested was through job training programs that would prepare low-income residents and young people for jobs with Boston-based companies. This progressive economic development agenda animated both mayors on the campaign trail and in office.

This progressive economic development approach to policy led to a real estate linkage fee partly dedicated to employment programs. Boston is the only city that has a locally generated real estate fund for employment and its existence ensured that the mayors focused on its use and outcomes.

A final but less critical reason Boston's mayors focused on workforce was the commitment to the policy area by local business leaders. Through the Vault and later the Private Industry Council, many of the city's top corporate CEOs channeled their philanthropic and labor force development efforts into city workforce policy. Boston's top CEOs embraced a blended approach to workforce development. They believed that the downtown had sufficient office space, but lacked enough skilled workers to fill the jobs in their companies and so supported a citywide workforce strategy that has lasted from 1979 to the present day (Dreier, 1989). This elite private sector focus on workforce was a contributing factor to the issue's high profile and to mayoral interest in Boston.

The Reasons that Boston Mayors Specifically Adopted a Blended Approach to Workforce Development

According to the hypothesis, Boston should have implemented a set of employment policies focused on business development. In reality, this was only partly true. Indeed, the city had a high degree of business participation in program planning and activity, but the policy in no way was strictly focused on economic development. Instead, the policy from day one had a blended approach—aiming to address both business and worker needs. And it was not until mid-way through the implementation of WIA that workforce became an overt component of the city's economic planning and incentive packages.

If Boston did not implement a strict economic development orientation, neither did it implement a strict social services approach. Its workforce centers were made accessible to people at all income levels, the business community embraced and saw the value of workforce programming, and a number of industry-specific training programs were developed.

Boston, in short, represents a model example of 'blended' policy implementation, policy that benefits both low-income residents and private sector businesses. The question is what role did mayoral and gubernatorial attention have on this policy orientation, and why was it not weighted more toward economic development?

The primary reason for the city's blended model is connected to the reason that mayors were interested in workforce in the first place—workforce was an area entwined with their orientation to a progressive approach to economic development. A series of mayoral administrations advocated for programs that would maintain a friendly business

atmosphere but also find ways for business wealth to be channeled back to Bostonians. This orientation was personified in the implementation of workforce policy. Mayor Menino, although not as progressive as Flynn, embraced the prior approaches to workforce development and always championed and supported the programs as a benefit to both workers and businesses. The priority given to workforce and its progressive economic development orientation is highlighted throughout Menino's administration. He held numerous press events around youth employment issues, always stressing the importance of providing jobs for low-income teenagers and providing local businesses with affordable assistance over the summer months. As the president of the U.S. Conference of Mayors he would make speeches across the country discussing the benefits of employment programs to the unemployed and to local businesses. Menino also increased the amount paid into the real estate linkage program that resulted in more local funds for job training. These actions highlight the degree to which Mayor Menino truly believed that workforce was a win-win proposition for the city's top employers and struggling job seekers. This was also reflected in his policy orientation in the implementation of WIA.

The second explanation has to do with the influence of the workforce agency itself on the mayor. The second hypothesis states that the local agency will have a social services approach to workforce; that was certainly the case in Boston. The workforce agency was staffed with competent longstanding administrators who possessed a social services orientation and they had tremendous sway over both policy development and implementation. They convinced the mayor of the importance of social service aims. That

logic held sway over Menino partly due to his governing style, which was relationship-oriented; he was more inclined to let competent administrators lead the reform effort.

The blended approach to workforce development policy in Boston does not necessarily prove or negate the original hypothesis, as the mayor both supported an economic development and a social services orientation. This highlights the possibility of implementing a blended approach to economic and social service policy that will serve both development and social service goals. It also underscores the importance of mayoral attention and leadership in the city. Three successive mayoral administrations throughout the 25-year study period were unified in both their commitment to employment policy and the same policy orientation, and Boston faithfully developed and implemented policy in accordance with this orientation.

Governors Make Workforce a High Priority but Have Little Direct Impact on Policy Implementation

The gubernatorial emphasis on workforce was stronger in Massachusetts than in the other two study states, but it had little affect on local policy orientation. The state emphasis on early adoption of one-stop career centers that were widely accessible and collaborative was a direction that Boston embraced and welcomed. This policy, while not economic development oriented, was far more business-focused than traditional workforce policy implementation in the rest of the state. In other words, gubernatorial leadership in Massachusetts was oriented toward economic development, but it was the same orientation that Boston was already pursuing. This approach was new for the rest of the state and was strongly opposed in virtually every county outside of Boston.

The similarity in state and city policy orientation in Boston make the city a poor test of gubernatorial influence. Because Massachusetts governors borrowed so much from the Boston approach to blended workforce policy it is difficult to assess the degree of influence the state's top executive had on the city's policy orientation.

Local Workforce Agency Dominates Policy Implementation, but in Conjunction with City Hall and the Workforce Board

Boston provides an excellent case study of the second hypothesis, which states that if the local workforce agency is dominant it will lead to a social services orientation in the city. The local workforce agency in Boston had stable leadership and support throughout the study period of 1979-2004. Unlike the workforce agencies in New York and Philadelphia there were no major restructurings in leadership or policy orientation and there was always high-level support from City Hall and the business community.

The strong position of the workforce agency in Boston should lead to a strong social services orientation to policy according to the hypothesis. Indeed, Boston's Jobs and Community Service (JCS) agency had a strong social services policy orientation. Despite some of the bold economic development directions taken by cities such as Philadelphia, Boston never fully embraced an employer-centered model partly because of JCS' dominance over workforce policy in Boston. The staff at JCS were social workers, community organizers or lifelong municipal bureaucrats and their primary policy goal was to assist low-income Bostonians.

The emphasis on social services at JCS strongly influenced a number of policy initiatives that distinctly targeted the most disadvantaged Boston job seekers. JCS

oversaw a major welfare-to-work program that had the largest allotment of TANF training funds in the city; steered the bulk of Linkage dollars toward low-income communities and community-based organizations; and often encouraged the mayor and other city officials to better understand the population of low-skilled workers.

At the same time that JCS adhered to a social services approach that deeply influenced policy implementation in Boston, it also supported blended and economic development orientations toward workforce development. JCS staff felt that their primary target was low-income job seekers, but they believed that one of the most efficient ways to assist this population was through business-oriented and designed programming. The agency had near total control of policy development, believed in an approach to service delivery that benefited low-income Bostonians, yet it advocated and implemented a number of business-oriented programs associated with WIA. In fact, as WIA progressed it became increasingly oriented to businesses and economic development in Boston, much of it around JCS-sponsored initiatives.

The blended approach is partly attributable to the public entrepreneur bureaucratic style of leadership exhibited by JCS. They were bureaucrats motivated not by the status quo or advocacy of a particular cause, but by the greater good, and that agency leaders will question personal assumptions and standard practice if they believe it will improve policy. And in the case of workforce, a closer affiliation with employers and economic development is seen as the most effective way to effectively link low-income residents to jobs in the long run (Giloth, 2004).

This blended approach to workforce development surfaced in a number of ways. First, JCS believed strongly that businesses should be involved in the planning of

workforce policy and that is why it was a strong supporter of the local business board, which was the Boston Private Industry Council. The workforce agencies in Philadelphia and New York resisted the formation of Workforce Investment Boards and often did not defer to their leadership. In Boston, the JCS, despite its outsized authority over policy, willingly deferred to the Boston PIC because it wanted a partner that would bring business input and participation to workforce programming. Second, JCS focused its welfare-to-work efforts around business customized training. All of the training done under this program was fully responsive to private sector specifications. Third, JCS became a close ally and partner with the city's economic development agency, the Boston Redevelopment Authority. Mid-way through the implementation of WIA, BRA partnered with JCS around job training incentives that became a part of major real estate projects being negotiated by the city. This alliance was forged first and foremost because of the desire to place low-income residents in jobs, but JCS, and certainly BRA, saw the benefits that accrued to businesses as well.

Unlike the other two study cities it is worth noting the impact of the PIC in Boston as a workforce development agency. In Boston, the workforce board was given official, essentially dual, responsibility for oversight and administration of the workforce system. The PIC partnered with JCS on virtually every workforce program, developed and oversaw the one-stop system and raised additional revenues to administer a range of youth, adult and business-based training programs. The PIC is one of the few successes in the federal experimentation in business-led intermediaries and actually had the intended affect of uniting business and government interests and better focusing employment programs on the private sector labor force needs.

In sum, JCS believed in a blended approach because it was the most effective way of meeting its social service ends and it had a flexible and stable partner in the Boston PIC. The workforce policy literature has suggested that a blended approach to policy is more than a politically attractive stance; it is the most effective way of placing struggling workers into jobs (Giloth, 2004). Boston's workforce agency is an embodiment of this view as the agency used its dominant position to forge a policy orientation that was blended in nature, not purely benefiting low-income residents or private sector employers.

Providers Have Little Impact on Policy Implementation

The third hypothesis states that provider interest groups that dominate WIA implementation will influence in favor of a social service orientation. In Boston, the provider community of nonprofits certainly had a social services orientation, focusing their program efforts almost exclusively on low-income, minority and immigrant residents of the city. But these organizations had little to no influence on policymaking in the city. Compared to providers in New York and Philadelphia the provider community was fairly well organized in Boston. There were two major trade organizations that allowed providers to articulate common policy positions and organize their disparate interests. Community colleges in Boston were inactive and uninterested in participating in the workforce system, leaving the field to the nonprofits. But despite the organizing advantages of nonprofits in Boston, they simply did not have enough political muscle to influence policy on any level.

Concluding Points

A broad summary of influences on workforce policy is presented in the following table. This based on 30 interviews conducted in Boston with key workforce stakeholders.

Table IV-D: Key Workforce Policy Actors in Boston and Their Level of Influence on WIA Implementation

Mayor	Strong
Workforce Agency	Strong
Workforce Board	Strong
Governor	Moderate
Providers	Weak
City Council	None

As the above table demonstrates, the key actors in Boston's workforce system were the mayor, workforce agency and the local workforce board. All three of these stakeholders worked together well and coordinated their efforts. There was a high degree of respect that each stakeholder had for the other and a history of working together. Additionally, there was little turnover at City Hall, the workforce agency and the local WIB. In sum, there was consistency amongst the most influential actors and a trust in their decision-making process.

All three of these key actors and institutions were in agreement on a blended approach to workforce policy. None of the key actors believed that workforce should be viewed purely as social services or economic development. Instead, they believed that these were mutually reinforcing goals. And unlike some policy assessments of progressive regimes and policies that saw policies such as the linkage mechanism as using economic development policy intended to benefit business as instead benefiting low-income residents (Keating, 1986; Clingermayer and Feiock, 1995), this approach was about both businesses and residents benefiting—a truly blended policy.

The Boston case study suggests that the traditional policy and political assessment of social services and economic development in isolated terms may be outdated. Simply categorizing mayors or governing regimes in economic development, social service or progressive categories maybe a simplistic frame of analysis in the 21st century. Other analysts have noted the progressive tendencies of Boston, but often they have highlighted only the progressive aspect in terms of curbing business development. This too may be overly simplistic. Boston's approach to workforce development demonstrates that it is possible, and indeed was most desirable, for the governing regime to implement a policy that benefited poor residents and powerful business executives equally. Additionally, this nuanced and blended approached allowed Boston, more than the other study cities, to best adhere to the federal intent of WIA.

Chapter V: Workforce Development in Philadelphia

INTRODUCTION

More than the other two case cities, Philadelphia developed a strong set of business-focused programs. The city dedicated the majority of WIA dollars for business-designed training; provided recruitment for major corporations at its one-stop career centers; had a mature relationship with all of the primary economic development agencies; and produced a thoroughly planned out sectoral business strategy through its workforce board.

Prior to the late 1990s, Philadelphia was not seen as particularly noteworthy in the field of workforce development. It had not pioneered best practices as in Boston and was not known for resisting workforce innovation as in New York. To the degree that national workforce practitioners knew Philadelphia, it was seen as a competent administrator of federal employment funds. But the passage of the Workforce Investment Act brought major structural changes to the workforce landscape. WIA coupled with federal welfare reform prompted Mayor Ed Rendell to create one single workforce agency that came to decisively dominate the employment field in the city. At the same time an independent workforce board asserted its authority as an oversight body. And the governor had an impact on the city's WIA implementation through the articulation of a major reform plan that emphasized a connection to the private sector. Taken together, Philadelphia emphasized employer-oriented service provision far more than the other study cities. The following table summarizes the role of each of the major institutional actors in the Philadelphia.

Summary of the Role of Each Policy Actor in Philadelphia[30]

Dominant	Somewhat Dominant	Had No Affect
Workforce agency	Workforce board; governor; mayor	Training organizations

Philadelphia may appear to be unified around an economic development approach to workforce development, but there was a real division amongst key stakeholders in the system. Notably, the business-led workforce board had an antagonistic relationship with the local workforce agency. This poor relationship existed because of the opposing leadership traits—the workforce agency was led by someone who was career motivated and the workforce board by someone who was driven by good practice, a combustible combination. This adversarial relationship meant that the economic development approach in Philadelphia was limited, and never reached the level of attaining media and City Hall attention as it did in Boston.

[30] The source for this table is the over 30 interviews conducted within the case study city.

THE ROLE OF THE WORKFORCE DEVELOPMENT AGENCY

Introduction

The designated administrator of all adult WIA funds is the Philadelphia Workforce Development Corporation, a 501(c)3 private nonprofit organization. It is the only nonprofit workforce agency designated with this responsibility in this study, and one of the only nonprofits in the country serving as a fiscal conduit for federal workforce programs.

In 2003 the PWDC had an agency wide budget of $120 million and a workforce development budget of $38 million. The agency focuses primarily on workforce and welfare programming. Programs are roughly split between these two areas with roughly 40% of funds dedicated to workforce, 50% to welfare and 10% to youth programming. The bulk of federal youth programs administered by the Philadelphia Youth Network, a nonprofit established in 1999 to coordinate large youth programs and provide technical assistance to smaller youth service providers. The PWDC does administer targeted youth programs, primarily with the court system, to help teenage lawbreakers connect to an education or career path.

In contrast to the other two study cities, the Philadelphia workforce agency directly provided many of the workforce services in the city. JCS in Boston and DSBS in New York contracted out the vast majority of all training programs. PWDC in Philadelphia also contracted for services, but far less than other cities and actually delivered services itself. The same applied to the provision of services at the one-stop career centers. New York contracted out the management of its one-stops and Boston contracted out the majority of its one-stop operations. The PWDC partnered with the

state, but was the lead service provider at the one-stops in Philadelphia and even ran its own one-stop out of its headquarters in Center City.

A History Marked by Two Periods of Restructuring

The history of the PWDC is punctuated by two major agency restructurings. Both coincided with new federal workforce legislation and were partly intended to better meet federal mandates. In Boston, the workforce agency slowly progressed and easily met new federal mandates; in New York the workforce agency changed hands many times. Unlike the multiple changes of New York or consistency of Boston, the workforce agency in Philadelphia went through just two very distinct shifts in organizational structure and orientation.

The First Workforce Restructuring is Focused on Increasing Links to Business and Gaining Independence from City Hall

Initially, Philadelphia's workforce programs were administered by a mayoral agency called the Office of Employment and Training (OET). From the start, the agency's reputation was tarnished, as it was in many cities, by the abuse of CETA funds at City Hall. CETA, as noted in chapter two, was shifted to a public service program during the Carter administration so that cities could close budget deficits and place unemployed workers in jobs during a national recession. Many mayors took advantage of this shift in workforce funding to fill various public agencies with non-union patronage hires. In Philadelphia the practice was viewed as particularly egregious as Mayor Rizzo personally used CETA to staff many agencies with friends and campaign aides. One

interview noted that at one point Rizzo actually filled all vacant garbage collector jobs with patronage appointments paid for with federal training dollars.

OET's performance did not measurably improve after Rizzo left office. It was seen as an agency with very high program costs and one of the poorest job placement rates in the country. By the mid-1980s the separate Private Industry Council had called for the abolition of the OET. The PIC was chaired by Lee Everett of Philadelphia Electric who was a major financial contributor to Mayor Wilson Goode. Everett saw that performance was far better with newly created PIC-run initiatives than OET-run programs. He believed that the OET should be eliminated and merged with the PIC and by 1984 had begun to lobby the Mayor to do so.

Goode soon agreed to abolish the agency. There were many reasons for Goode to act: there was a public relations incentive to improve the credibility of the programs; Goode wanted a high-profile initiative early in his administration; and merging the agencies would be more consistent with the federal intent of the new JTPA legislation which called for closer alliances with the business community. With few reasons against the merger, Mayor Goode officially eliminated the Office of Employment and Training in 1985 and merged its staff and functions with the PIC.

Almost immediately, the Philadelphia PIC went from being a business board with a few isolated programs to being the sole operator of all workforce programs in the city. It took control of all youth and adult federal training programs. The PIC took its lead from Everett, who wanted the newly empowered organization to establish independence from City Hall and to forge even deeper connections with the private sector. To ensure

that the link was made to the business community, Everett hired David Lacey, a senior human resources executive at CIGNA Corporation, as the new executive director.

Lacey worked closely with Everett to re-make the agency in the model of a private human resources firm. Lacey was a self-identified Republican and took a business approach to the agency that immediately clashed with the traditional patronage-based agency culture (see Ginzsberg *et al*., 1989). Lacey described the agency he took over as an "unmitigated disaster with costly contracts that did not lead to jobs." Within the first year Lacey fired or transferred 90 of the 125 staff people. He mandated that all training programs make direct contact with employers. And his most noticeable reform was the elimination of all prior contracts in favor of an entirely performance-based contract model. It was this last reform that was most upsetting to a City Council accustomed to steering favored district-level organizations to OET for contracts.

For all of the business focus that Lacey brought to the PIC, the actual businessmen and women on the board began to lose interest in the organization. Once the PIC took control of all the federal workforce funds it ceased being a strategy or policy body and became purely an administrative organization now responsible for tens of millions of dollars in government contracts. The business board members were no longer tapped for insights into new program or policy development; they were only asked to approve the minutia of program improvements. Additionally, the PIC became engulfed in political battles with City Hall and City Council that held no interest for busy business CEOs. Lacey did little to re-engage the board or renew the leadership. His focus was consumed by organizational improvements and he paid little attention to the board.

The PIC board may not have been particularly strategic, but overall the agency was far more responsive to overall business needs than when it reported directly to City Hall. The PIC was less of a pawn of political machinations after a few years as an independent body, but it was still a constant battle to withstand calls for patronage jobs from City Council. Lacey remarked that, “After years of improving quality and placement rates, I still had city councilors like John Street and Lucian Blackwell, pressuring me to (fund) their favored contractors in their district.” After five years in the position, Lacey could no longer tolerate defending his program model to City Council and he resigned.

A New PIC Director Moves the Agency Back to a Social Service Model

Lacey left the PIC in 1990 and it quickly reverted to a more social service orientation with the appointment of Pat Irving as its new president. Irving had a background working for human service agencies and was herself a former welfare recipient. She was also a veteran of the PIC, having worked at the agency for ten years prior to her appointment. Irving did not cultivate the business board or continue the private sector orientation that Lacey had pursued with the agency’s contractors.

Irving was also less focused on performance measurements of contractors and during her eight-year tenure the PIC’s training costs rapidly escalated and the number and percentage of job placements declined. One City Council hearing noted that the agency was good at meeting federal targets, but that most of the jobs were low-paying and often did not last beyond the 90 day federal requirement (Twyman, 1994). And the *Philadelphia Daily News* reported that during the 1990s the cost of placing individuals

into jobs grew from $3,800 to $11,000 while the number of individuals placed in jobs declined from 5,000 a year to 1,100 (Davies, 1998).

In most of the media coverage and in City Council hearings, the PIC was also rebuked for its secretive nature (Twyman, 1994). Irving used the independence that the agency had gained under Lacey's tenure to withhold data and reporting information from advocacy groups and city officials. Soon editorial boards and various councilors began to suspect that the funds were being mis-managed.

The Second Workforce Restructuring Raises the Profile and Budget of the Workforce Agency

The criticism of the PIC intensified at the same time that Mayor Ed Rendell decided to use the agency as the home for his new welfare-to-work program. It forced Rendell to assess the agency closely and decide what to do about its reported problems.

It was welfare reform and welfare training that interested Rendell in the PIC, not workforce development. From the beginning of Rendell's term in 1992 he had no workforce initiatives beyond making obligatory appointments to the PIC personally had no connection to the agency. Rendell actually had a poor impression of federal training from his time as the city's district attorney. The *Philadelphia Inquirer* reprinted an interview in which Rendell said, "The CETA workers got no support. They had no job coaches and there was very little skill building. Very often, they were placed in offices where none of the employees wanted to take any time with them. (When) the CETA job would end the people would be no better off than before" (quoted in Goodman, 1998).

Rendell may have been dismissive of federal job training, but he was highly motivated to construct a new welfare-to-work training program. Philadelphia was arguably the city with the greatest obstacles in the country in terms of implementing the new federal welfare requirements. The specifics of the federal Personal Responsibility Act coupled with that state's own strict welfare reform bill meant that that Philadelphia had less support than most municipalities. In the mid-1990s when the laws were passed, Philadelphia had 190,000 individuals receiving welfare; 47% of the recipients in the entire state (Parmley, 1998). This number also represented one in ten of all households in the city; only Los Angeles and New York had a larger number of welfare recipients than Philadelphia. And despite a national economic boom, Philadelphia had lost 100,000 jobs between 1986 and 1996. Taken together, Philadelphia had to expend considerable effort in constructing its welfare-to-work program.

Rendell believed that he deserved assistance from the federal government in the effort and he had already built a reputation for aggressively arguing for additional funds and dispensation in Washington (Goodman, 1998). Rendell was far more strategic and proactive in lobbying the federal government than mayors in New York and Boston. And welfare reform was high on his agenda of federal advocacy. He worked closely with Seattle Mayor Norman Rice and Detroit Mayor Dennis Archer to request supplemental welfare-to-work funding that was not part of the originally passed Personal Responsibility Act. The small band of mayors was successful in lobbying for additional funds and in the fall of 1997 Congress allocated $3.1 billion for a temporary welfare training program.

Philadelphia received $52 million of the new federal welfare training dollars for a three year program to commence in the fall of 1998. Rendell had anticipated the new funds and been planning for the program for over two years. He assigned Deputy Mayor Donna Cooper to establish an in-house think tank at City Hall in early 1996 to focus exclusively on welfare training programs. Cooper would assemble the commissioners of every human service agency at 7:30 a.m. to discuss the design of a welfare-to-work program. She also took many trips to other states, including Wisconsin, New York and Missouri, to view their programs.

By the summer of 1998, the Mayor and Cooper had settled on the key aspects of their welfare program, called Greater Philadelphia Works (GPW). There were many elements of the new program that had been proven to work in other cities, including: hiring 'job coaches' to work directly on barriers to employment with struggling job seekers; new funds allocated to create day care slots during the nighttime hours to allow for a range of employment; the creation of new train routes to transport welfare recipients to high-demand job areas like King of Prussia and the airport; asking of businesses to hire welfare recipients from the program; and the cornerstone of GPW was a program was a massive transitional work program that placed aid recipients in public agencies and nonprofits on a temporary basis.

Given all the energy, thought and political capital put into GPW the Mayor wanted to make sure it was run by the right agency. The program was an amalgam of services that were traditionally administered by different agencies at the time. The thinking at City Hall was to place it in one single agency, and the PIC made the most sense given its historical focus on job training and placement. But the Mayor did not trust

the agency or the leadership at the agency with his new program. The first issue for the Mayor was the fact that adding $50 million in funds would instantly double its budget. Also, Rendell had a poor relationship with its president, Pat Irving, that grew more strained as he developed GPW. Third, the criticism surrounding the PIC made launching a high-profile program there politically risky for Rendell unless he could ensure that the funds would be well spent.

All of these reasons taken together led Rendell to the conclusion that he needed to take control of the PIC. The influx of millions of dollars for welfare training and other reforms from the state and federal level brought a much higher profile to what had been a relatively modest and little noticed component of municipal service delivery. Rendell's first move was to force Irving and most of the board members out in March of 1998.

Irving was quickly replaced by Rosemarie Greco as the interim president. Greco's tenure bridged a series of radical shifts in the composition of workforce programming and governance in Philadelphia. Greco was one of the most independent and forceful choices Rendell could have made. She was a powerful businesswomen and at the time a rumored candidate to succeed Rendell as mayor after he termed out in 2000. She had recently resigned as the CEO of CoreStates Financial Corporation,[31] where she had been the first female CEO of a major bank in the U.S. Hiring Greco was part of Rendell's high-profile unveiling of the Greater Philadelphia Works program. Rendell wanted to maximize media and public attention for the program and personally lobbied Greco to take the job, which was called a "coup" by the *Philadelphia Inquirer* (Parmley, 1998) and a "masterstroke" by the *Philadelphia Daily News* (Davies, 1998). Greco was brought in

[31] Soon after Greco resigned CoreStates was bought by First Union Corporation.

as the PIC CEO along side the president of the Philadelphia Chamber of Commerce, who was brought in as the new board chair.

Greco's official tenure as the PIC president only lasted three months[32] but she had an enormous influence on the transition from the PIC to the new agency, which was called the Philadelphia Workforce Development Commission (PWDC). One major change was the shift of youth dollars to the Philadelphia Youth Network. Greco had long been active around youth issues and vocational education and had close ties to the Network. It was her belief that youth programs would be better served by an entity that focused exclusively on youth issues and could make a stronger connection to education. Once that split in funds was made there was never much of a linkage between adult and youth employment programs again. This was similar to the New York experience, but distinct from Boston in which a conscious linkage between youth and adult programming was maintained through WIA implementation.

Greco was also instrumental in the eventual decision to form a separate business board that would operate independent of the workforce agency. The idea was to have the city's workforce investment board be a separate entity, rather than have it be one in the same with the workforce agency as was the case during JTPA. She came to this decision by working closely with Sallie Glickman, who she recruited from Washington to oversee planning around board development. Glickman was director of member services at the National Association of Private Industry Councils where she worked with over 500 PICs on a range of policy issues. It was Glickman who advocated for a board that would break off from the current workforce agency and convinced Greco to make this move. The new board was called the Philadelphia Workforce Investment Board (PWIB).

[32] After stepping down in the summer of 1998, Greco became the Co-Chair of the PIC.

The other major change made during Greco's tenure was a renewed focus on linking training efforts to the private sector. The PIC was initially formed to make such linkages and during the period from 1985 to 1990 focused intently on responding to business needs through its training programs. But this focus was lost during the tenure of Pat Irving. Greco's national reputation as a successful CEO coupled with Rendell's business emphasis in his welfare-to-work program was enough to signal within the PIC and to outside stakeholders that there would be a significant effort to realign the agency with local employers. Greco did not do anything to reach out to employers, but just her presence as President and then board chair sent the right message to the larger business community.

In sum, Greco's tenure as President of the PIC three major changes occurred that lasted throughout the five year WIA study period:

- Youth funds were transferred to another agency
- The workforce board became a completely separate entity
- The agency renewed its focus on private sector-based training

Mayor Rendell wanted to move quickly to replace Greco who made clear her intensions of leaving after a brief period as interim president. He was lobbied by then City Council President and eventual mayor, John Street, to hire Ernest Jones. Jones was one of the most politically connected nonprofit leaders in the city. He had been a legal aid lawyer, assistant district attorney and most recently executive director of the Greater Philadelphia Urban Affairs Coalition, a large social service agency. The Mayor appointed Jones to be the new president in the summer of 1998.

From the outset Jones used his skills as both a lawyer and a political operative in Philadelphia to inoculate himself from outside control. He retained 501(c)3 status and control of the one-stop centers and distanced himself from the PWIB. One longtime workforce official said, "Jones is a smart political guy and he did not want to suffer the same fate as Pat Irving so he did all that he could to create independence for the new agency before it was even launched." Mayor Rendell was eager to move forward and agreed to most of Jones' stipulations of independence.

In theory, a strong and independent workforce agency and business board was to lead to a politically-free and strong partnership. But as the rest of the case study reveals, the focus on independence at the outset led the PWIB and PWDC to clash over numerous issues.

Mayoral Connection to PWDC

As noted in different passages in the above section, mayors in Philadelphia never sustained a focus on workforce development. The few times that mayoral involvement did occur it was always prompted by significant changes in federal legislation. Mayor Rizzo used changes in CETA to initiate a major patronage hiring program; Mayor Goode used JTPA to create a new program structure that would signal greater efficiency; Mayor Rendell created a new agency to focus on both welfare and dislocated worker training and a separate business policy board.

In each case, the mayor did not have a prior interest in workforce and did not maintain one after structural changes to the program were completed. And none of the mayors ever grasped the economic potential of the programs or the agency. If anything,

mayors in Philadelphia saw the agency as an opportunity for political patronage through jobs at the agency or political appointments to the board.

Mayor Rendell had a tremendous impact on the agency at the outset of WIA by separating the workforce board from the agency, placing all the welfare training dollars there and generally raising the profile of the agency and workforce in general. But this only happened because one of Rendell's issue priorities, welfare reform, was aligned with the workforce agency. Because Rendell was such a task-oriented mayor he was quite aggressive once he did focus on the agency and completely restructured it, but it is important to remember he was only engaged because of the link to a favored issue.

Street is the mayor whose tenure most closely coincides with WIA implementation, and he is also the mayor who has paid the least attention to workforce since its inception in the 1960s. Mayor Rizzo had a patronage interest, Goode a reform interest, and Rendell an interest in the connection to welfare training. Mayor Street was particularly oriented towards patronage and relationships, and the independent incarnation of PWDC did not allow him to directly influence its staffing or policy direction, which is what many interviewees said led to his lack of interest. Additionally, Street had strained relations with the PWDC president Ernest Jones. Street had pushed for his appointment, but once in the position, Jones became a competing figure in municipal politics. Jones' control of a large amount of federal money with the independence of a nonprofit allowed him to engage in his own political deal-making and at times he clashed with the mayor. Many in Philadelphia even believed that Jones would have been forced out of his position if Street had not been preoccupied with the federal corruption investigations that engulfed his administration at the end of the his first term.

Culture of PWDC

The culture of the PWDC was a mix of entrepreneurial and innovative program development with a solipsistic attitude towards program delivery.

The entrepreneurial culture was partly fostered by the nonprofit status of the agency, which allowed managers to hire and fire staff free of politics and union rules. This freedom was widely used as the agency recruited many top caliber staff from the private sector. These hires brought an innovative approach to service delivery not typically found in public sector agencies.

The independence of the agency also allowed key program staff to experiment with policies free of politics and outside lobbying. In New York and Boston, mayors never particularly interfered in program decisions, but the agencies were always closely watched by City Hall. In contrast, the Philadelphia PIC and the PWDC were consciously intent on exercising their independence from the mayor. In fact, the mayor could still greatly impact the workforce programs, as demonstrated by Rendell's restructuring of the agency, but on a day-to-day basis the agency operated independently of municipal politics. This led to a strong sense of ownership of programs that led to some more entrepreneurial directions on the part of PWDC.

The affect of the entrepreneurial culture on program development was noticeable in a number of ways. One was the drive to establish new programs that broke with traditional service delivery. The greatest example of this in workforce was the shift from traditional job training and training vouchers to customized training. This was a radical break from virtually every city in the Northeast and put Philadelphia ahead of most major

cities in terms of business-based training. Beyond the sharp break in philosophy, establishing a customized training program entailed a significant amount of operational energy to initiate. A new orientation amongst program staff and a concerted effort to build relationships with the private sector was needed. Neither was a mandate from outside of PWDC, but its staff proactively built the program nonetheless. As a PWDC director noted, “We are the only county to establish customized training. This is not easy, we had to build the system and the relationships. The other counties are frankly (lazier), they just issue (vouchers) which does not take much effort; you just hand them out.”

Another example of the entrepreneurial culture of PWDC was its ability to identify, negotiate and administer large federal and state grants. PWDC was known for efficiently administering the $50 million dollar Greater Philadelphia Works training program, which doubled its budget in one year and was praised as one of the best welfare training programs in the country by the U.S. Department of Labor for having served fully 10% of the national welfare caseload (Booker, 2001). The agency also quickly accessed a major emergency employment grant after the September 11th attacks to retrain airline workers.

The greatest example of PWDC’s skill at accessing and administering large workforce grants is its worker training and re-training programs around the Philadelphia Naval Shipyard. Over 10,000 jobs at the shipyard were lost in the 1980s and early 1990s and with a mix of different federal funds the PWDC (at the time the PIC) was responsible for re-training and finding employment for 5,000 laid off workers in the mid-1990s. Then in 2000 PWDC was built into $280 million package of federal, state and city funds to attract Kvaerner, the Norwegian shipbuilding company, to establish an American

assembly line in the abandoned shipyard. PWDC's funds were used to establish a program called 'Recruitment 2000' that would eventually screen and hire over 1,000 workers for Kvaerner. All of the programs taken together highlighted the speed and competence that the PWDC possessed with large-scale federal and state funded employment programs (Holcomb, 2001).

Somewhat at odds with the entrepreneurial spirit was PWDC's solipsistic tendencies. The agency was fairly inventive, but was seen as secretive and unwilling to work with other major workforce stakeholders, particularly the WIB. One government officials described them as "walled-off, very internally focused."

This approach dates back to the creation of the PIC, which worked hard to establish independence from City Hall and the patronage jobs associated with the agency during the Rizzo administration. The initial independence was necessary to rid federal training programs of politics, but the next director, Pat Irving was seen as truly separating the PIC from any form of outside oversight or accountability. Throughout Irving's tenure, the organization was known as difficult to work with and not forthcoming with information about its programs. In one pointed opinion written in 1994, the *Philadelphia Daily News* said, "The PIC has gone about the task of funding job training as if it were a private, top-secret enterprise, rather than a public agency. (It is a) closed-door approach and the PIC has a reluctance to answer questions and open its records. (This) has fed suspicions that the agency has something to hide" (*Philadelphia Daily News,* 1994).

The inward focus did not abate under the leadership of Ernest Jones. From the beginning of his tenure in 1998, Jones was seen as a political operative who used the PWDC as an independent entity and platform. Jones wanted all of the credit for the

agency's initiatives and was disinclined to partner with other politicians and organizations.

Connected to the inward focus was an orientation toward control. The agency was not territorial or competitive as much as unwilling to trust other entities, such as the one-stop career centers or agencies, to administer its programs. If given the option, the PWDC would often opt to run programs itself.

This orientation of controlling all aspects of service delivery surfaced in a number of ways during WIA implementation. One was PWDC's resistance to a one-stop system predicated on partnership with other government agencies. The PWDC eventually did form a working relationship with the state around one-stop operations, but only after PWDC reluctantly ceded control of the quasi-governing one-stop consortium board. Even at that point, PWDC decided to set up its own one-stop within its central offices in Center City that it would control and operate. In addition to administering many of its own programs, the PWDC established its own relationships with the business community and economic development agencies apart from the one-stop system and the business-led WIB.

It is worth noting that despite this controlling and solipsistic attitude, few of the other workforce stakeholders questioned PWDC's role in the system. It was universally seen as a competent and effective workforce agency, trusted with major grants and responsibilities and invariably performed at relatively high levels. Other nonprofits and partners in the one-stop system were aware of the their circumscribed roles, but did not express resentment about it. It was only the PWIB that directly and persistently challenged PWDC's authority.

The last organizational orientation worth noting is the lack of vision. Throughout the 1990s the Philadelphia PIC was accused of having little vision beyond the administration of JTPA programs. A window of opportunity opened when PWDC was created and given significantly more responsibility and funds for workforce, welfare and economic development oriented programs. Yet, the agency never produced any comment, let alone vision, on the state of workforce. This was partly due to the fact that the WIB was charged with providing vision, but more directly to the lack of vision from the president, Ernest Jones. Rather than interfere in anyway, Jones was content to allow his program directors to run their own programs without providing a policy or framework for their work. One government official noted that "Jones was a political deal-maker and PWDC was a platform, he was not going to get involved in the details or bother to craft a vision."

In addition to Jones' hands-off approach, the entire agency was segregated amongst policy areas. There was little to no connection, for example, between the welfare and workforce aspects of the agency. Each individual program director was in charge of his or her individual programs with no incentive to work with other divisions.

The Philadelphia workforce agency had a mix of different styles. Ernest Jones, the president of PWDC during the implementation of WIA was clearly a career climber, primarily interested in power and prestige and advancing his career. But his staff functioned more like public entrepreneurs, willing to experiment with different programs to broadly improve the performance of the system. Jones was an aloof leader and allowed his staff to continually innovate on their own, which led to the near complete focus on customized business training.

In sum, the PWDC experienced a major programmatic shift towards more business-based training, but it was never articulated as a broad vision to the external policy community and it was never formally linked to other economic development programs (such as those being developed by the PWIB or City Hall). The PWDC link to economic development was solid, but occurred through direct relationships, not broad policy.

PWDC's WIA Implementation Focuses on Economic Development Oriented Programming

PWDC's increasing program focus under WIA was on customized training. Whereas New York and Boston did not use any federal workforce funds for business training, PWDC allocated 75% training funds for such activity by 2003. Put another way, PWDC shifted employment dollars from an orientation towards individuals who were unemployed and looking for work to employers looking to custom designed training for new positions. The customized training is the primary thrust of what even academic commentators have noted is a real spurt in innovative programming in the past five years at PWDC (see Bartlett, 2004).

Customized training actually began during the last two program years of JTPA in 1997 and 1998. The goal of moving to employer-centered training was to force greater program accountability. One of the senior workforce officials at the time said, "We were meeting our federal performance measures easily, but that did not prove we were moving people into long-term jobs. To ensure a greater connection to good wages and sustainable employment we began moving to a customized approach." The agency required that an

employer was brought forward before any workforce dollars would be issued. Philadelphia's workforce providers were far more receptive to this approach than in New York or Boston and readily accepted the offer to work cooperatively with employers. This openness to a demand approach was partly attributable to a greater number of for-profit and proprietary schools in Philadelphia invested in workforce programming.

Based on the initial success of customized training as a small program during the end of JTPA, the newly formed PWDC decided fairly early into WIA implementation to move virtually all of the training funds into such programming. The program took a year to establish in terms of internal organization, but was fairly straightforward in execution. PWDC would meet with an employer, identify its training needs, and design a training program around those needs. Under JTPA, the providers brokered the employer relationship, but more professionally oriented PWDC staff took on this responsibility. With PWDC coordinating the relationship with employers and distributing nearly 100% of training funds to customized training the program took on a centralized approach that made it easier for business to engage with the public sector and take advantage of workforce programming.

Employers were often required to contribute at least 50% of the costs of customized training and the rest would be paid for with WIA dollars. Trainings could be done internally by the company itself or through an outside vendor, which PWDC would assist in finding. PWDC was always the single point of contact for the training. To handle the broad range of employers that PWDC began working with it established am employer services unit. This unit hired human resources specialists based at all the career centers

and at PWDC's main office to focus exclusively on cultivating new business training and then oversee the implementation of the program.

The customized training was very diverse. Major corporations, private hospitals, small businesses and public authorities all received training. The size of training program also varied from over 1,700 employees for a TJ Maxx retail warehouse to training of four new exterminators for Steve's Bug Off. As the table below highlights, just over 50% of the training was conducted in-house by the employer and the rest by a mix of local nonprofits, colleges and private training providers.

Table V-A: Philadelphia Customized Training with WIA dollars (Summer 2003 – Winter 2003)

Sector	**Employer**	**Trainer**	**# Enrolled**
Automotive	Cottman Transmission	Lincoln Inst.	36
Automotive	Ford Dealership	CCP	16
Building trades	PECO	TOP/WIN	20
Building trades	SEPTA	TOP/WIN	11
Building trades	School District	JEVS	150
Building trades	Various Home Builders	Connection Training	50
Child Care	Allegheny Child Care	Allegheny Child Care	75
Education	Com. Education Partners	Com. Education Partners	75
Financial Services	Various Insurance Co.	Drexel University	40
Healthcare	Fels/Wistar	CCP	42
Healthcare	Multiple Healthcare Facilities	Pioneers Intern.	60
Healthcare	Resources for Human Dev.	Resources for Human Dev.	40
Healthcare	IBC, Idamar	Idamar	40
Healthcare	Catalyst Solutions	Catalyst Solutions	80
Healthcare	Home Care Associates	Home Care Associates	10
Healthcare	Reimbursement Technologies	Reimbursement Technologies	8
Healthcare	TAIG	Sugarfoot Consulting	60
Healthcare	Philadelphia Hospitals	Dist. 1199C	100
Hospitality	Team Clean	Team Clean	10
Hospitality	Aramark	Aramark	238
Hospitality	PA Convention Ctr.	Universal Homes	50
Hospitality	Steve’s Bug Off	Steve’s Bug Off	4
Hospitality	Oley Institute	Oley Institute	3
Hospitality	Multiple Hotels	Top of the Tower	22
Manufacturing	Active Radiator	Active Radiator	15
Manufacturing	American Postal Union (mechanics)	American Postal Union	21
Manufacturing	Specialty Retail Fabricators	Specialty Retail Fabricators	20
Manufacturing	Phil. Tramrail	Phil. Tramrail	25
Manufacturing	Ricochet Manufacturing	Ricochet Manufacturing	20
Manufacturing (warehouse)	TJ Maxx	TJ Maxx	1,796
Total			**3,137**

Source: Philadelphia Workforce Development Corporation

The heavy reliance on customized training over ITAs (the voucher program) was extremely rare across the U.S. Fewer than 15% of localities nationally used as large a share of WIA dollars for customized training as Philadelphia (D’Amico and Salzman, 2004, p.124). Most cities in the Northeast felt that the bulk of the training dollars from

WIA should be earmarked for ITAs. This was a legitimate belief given the that individual customer choice gained through vouchers was a cornerstone of the WIA legislation. And given that the law called for erecting an entirely new and complicated system for administering ITAs, most workforce agencies just assumed that the bulk of funds should be used for vouchers. In addition to those reasons, many localities rightly believed that customized training could actually hamper their ability to meet stringent federal requirements to demonstrate significant wage increases for job seekers. If a person was laid off and then quickly retrained with customized training, their wage level would rise less than that of someone who had never been employed, hence bringing down the localities' wage gain performance measure. For many localities, this was a serious argument against administering customized training. Philadelphia chose not to let that hamper its focus and put the time into developing the program. PWDC program administrators felt vindicated by performance numbers that showed customized training placement rates that were 87% compared to 60% for those job seekers that used ITAs for training (Parthenon Group, 2003).

PWDC made a bold move by implementing an extensive customized training program and essentially ignoring the WIA intent of customer choice for job seekers. PWDC exploited a loophole in the WIA legislation that said a locality could opt out of issuing vouchers if it dedicated funds to customized training. The wording was vague, but most who interpret the federal law believed that Congress assumed this would be a small percentage and that no city would use the majority of funds for anything but vouchers. But the legislation did not place a limit on this exemption and so PWDC used virtually all of its training funds on customized training and never erected much of a voucher system.

The emphasis on customized training meant that PWDC quickly learned to build strong relationships with employers of varying size; whether a multinational corporation such as Aramark or a small radiator repair company. PWDC also built strong relationships with the major economic development agencies. Prior to PWDC's customized employment program, there was no entity focused on business training in Philadelphia. The community colleges in the city expended few resources on customized training and the economic development agencies never established a program around workforce issues. But with PWDC's focus on business training and a few high-profile employers that benefited from the services, the various economic development agencies knew to call on it when a business client might benefit from job training assistance.

In Boston, the workforce agency was housed in the city's economic development agency for nearly ten years before any sort of connection was made. But in Philadelphia the PWDC quickly built a credible working relationship with the economic development agencies. Its private nonprofit status and ability to serve as a single point of contact was attractive to business account managers at the various development agencies.

THE ROLE OF THE WORKFORCE INVESTMENT BOARD

Introduction and History

The Philadelphia Workforce Investment Board (PWIB) is a standalone policymaking and oversight body. Its autonomy and independence is in direct contrast to New York where the WIB is completely deferential to the workforce agency and Boston where the WIB is a co-equal in administering the system.

The PWIB's staff of seven is larger than in NYC, but much smaller than Boston. It has an operating budget of $2 million that it receives directly from the mayor's office. The PWIB does not administer any programs (as the Boston PIC does) instead focusing exclusively on policy and oversight functions. It has three core responsibilities summarized below.

Major PWIB Functions:

- Oversight of the one-stop career system
- Articulation of a broad vision for all workforce programs
- Organization of employer participation in the workforce system

The PWIB is the youngest of the private workforce boards in the three study cities. As discussed in the previous section, it originated at the same time that Philadelphia was implementing WIA. From 1981 to 1999, the city had a Private Industry Council, but the business board provided more of an oversight function of the workforce programs administered by the PIC than any sort of strategic role in workforce planning. After absorbing all of the federal workforce programs, the PIC was essentially a large service organization. The board of the PIC was increasingly disengaged from workforce issues at the city, state and federal level.

It would have been possible to either maintain the structure of the Philadelphia PIC or retain the same board for the new WIB. Instead, an entirely new body was created with very distinct functions. The new PWIB was the creation of one individual—Sallie Glickman. Hired by the interim president of the PWDC, Glickman was based in Washington DC working for a trade organization for WIBs across the country. Glickman drafted a plan that would provide complete autonomy for the new PWIB and authority over the entire one-stop career system.

Glickman's plan was soon adopted by City Hall and a separate WIB was created in 1999. The decision to create a standalone board did not guarantee credibility in the workforce system. In fact, for the first two years of the PWIB's existence it had virtually no support or infrastructure. Ernest Jones, the first PWDC president, saw the WIB as a potential threat and would not lend it support or staff and John Street, the new mayor, was uninterested in workforce and would not even appoint new board members to the WIB (Young, 2000). This lack of support meant that the PWIB had no staff beyond Glickman and had to share space in the PWDC central office in Center City. With persistent advocacy of the mayor's office, Glickman was eventually able to secure a separate office, budget and staff.

Mayoral Relationship to the WIB

As discussed above, Mayor Street was not particularly interested in workforce issues and did not participate in WIB meetings. In fact, he was criticized in the *Philadelphia Daily News* for taking over a year to even appoint new board members to replace those who had resigned during the Rendell administration (Young, 2000).

Despite the lack of focus by the Mayor, the WIB did have a strong link to Street and City Hall. Top staff directly below Street were instrumental in securing the WIB's budget. Unlike in Boston and New York, the PWIB's budget was decided upon annually by City Hall officials who parceled out funds from different federal funding streams including WIA and TANF. Additionally, Glickman's husband worked for Mayor Street's wife, which led to at least a 'do-no-harm' policy that protected the PWIB from the PWDC.

Beyond these connections to City Hall, the PWIB more than WIBs in the other two cities viewed the mayor as its primary stakeholder. Glickman made it clear in interviews that she served the mayor's interests above all others. Her position was to hold the workforce system accountable and it was City Hall that held her accountable for doing so. Glickman said, "I'm very focused on protecting the mayor's interest in all of this and I think the Mayor's influence is diminished when you have a funding agency (like PWDC) running the system." Each city was different in terms of its relationship to the mayor and other stakeholders in the system. In Boston the PIC functioned separately from other policy actors and in New York the WIB served the interests of the workforce agency more than any other stakeholder.

Culture of the PWIB

The culture of the PWIB was determined by the executive director, Sallie Glickman. Glickman was the driving force behind the PWIB's origin and vision. She possesses a strong personality and her style of running the relatively young WIB set the tone for her staff and board members.

Glickman's approach to agency leadership was very driven by an ideal of workforce development. This was an orientation not based on political advantage or best practice as it was in many other cities. Instead, Glickman focused so intently on linking workforce and economic development because that was what the law and the policy thinking around the law called for. One interviewee described Glickman as a "believer, she is a true believer in WIA and all that it stands for. That is fine as far as it goes, but some aspects of the law do not always work and she had no room in her brain to incorporate that into practice."

Independence defined the WIB at its inception. It was established as both an oversight and strategic body, which required that it have complete autonomy from the operators of the system. This orientation led to an extremely adversarial relationship between the PWIB on one side and the one-stop centers and the PWDC on the other. In Boston, the PIC worked jointly with JCS to devise policy for the workforce system. But the PWIB wanted to stand *above* the system by crafting a guiding framework and monitor its progress. This naturally led to friction between the PWIB and the PWDC, an agency that was quite large and accustomed to functioning independently and often secretively. The leadership at PWDC chafed at the oversight and did not appreciate the public scrutiny brought to bear by the PWIB. There was an equally fractious relationship with the one-stop operators who did not agree with the stringent oversight the PWIB exercised over their program goals.

Structurally, it is not surprising that the workforce operators resisted the oversight of the nascent PWIB. But the dislike was compounded by what many operators claimed was Glickman's strident personality. One workforce practitioner said, "She is certainly a

strong personality and some are put off by her abrasive approach." At the same time many observers claimed that Glickman's forthright personality was necessary to establish the independence of the PWIB.

The other aspect of the culture that Glickman instilled in the PWIB was a policy, almost intellectual orientation. One workforce provider referred to the PWIB as "wonky." Prior to arriving at the PWIB, Glickman's career was spent as a policy analyst, writing position papers and providing technical assistance to workforce boards across the country. She brought this same focus on good practice and strategic thinking to the PWIB. Far more than the New York WIB and even the well-established Boston PIC, the PWIB was prolific, issuing a bevy of white papers, policy statements, report cards and color-coded matrixes of goals and progress.

This policy orientation had the benefit of helping the PWIB to quickly gain a structure and set of goals. Glickman had an ability to focus the agency on the important issues facing the field of workforce and bring in good speakers from across the country to provide inspiration to the nascent board.

Glickman's extreme focus around autonomy and policy had the benefit of focusing the young organization and giving it a clear purpose, something that never happened in New York. But her intent regarding independence and policy issues led to what was seen as a lack of understanding about street-level implementation issues. Throughout Glickman's tenure the other workforce stakeholders claimed that many of her theoretical ideas did not to benefit the actual system.

PWIB Program Focus on the One-Stop Career Centers

The PWIB did not directly provide services and instead had a number of strategic oversight and planning functions. Its primary oversight role was to ensure quality services at the one-stop career centers, called CareerLink Centers in the state of Pennsylvania.

This was the first area where the PWIB asserted its authority. Governor Ridge, in his quest to establish more accountability, gave local WIBs and the state Department of Labor the authority to certify every CareerLink Center. Theoretically, this gave the PWIB the power to withhold certification for any current or planned CareerLink; and that is precisely what it did in 2000.

The first CareerLink in Philadelphia opened in 1998 at 990 Spring Garden Street just North of Center City and was referred to as the North CareerLink. In many ways this first CareerLink Center was out of compliance with state and federal statutes. The center was to be a collaborative venture between city and state operators, but in reality was completely dominated by PWDC. And the Center was supposed to be oriented towards business as much as unemployed workers, but in day-to-day operations had no connection to employers.

As one of its first acts, the PWIB formed a CareerLink sub-committee and reviewed its operations. The committee and Glickman were concerned and expressed frustration at the poor quality of services and lack of collaboration at the North CareerLink. The decision was made almost immediately to withhold certification until the North CareerLink substantively improved. This led to a drawn out process of determining exactly what the CareerLink Consortium—the governing board of city and

state officials—needed to do to earn certification at the North CareerLink. There was a lot of tension and confusion on both sides. In the end, the process of agreeing on an improved service plan for the North CareerLink took two and half years.

Many participants in the process described the stalemate as "torturous." But Glickman was unrelenting. Her unwavering dedication to the PWIB's role of accountability was intense and in the end PWDC backed down. Resolution was reached when the PWDC representative, Patrick Clancy, ceded power and stepped down as chair of the CareerLink Consortium and worked to improve a business orientation and partnership at the North CareerLink.

Clancy stepping aside allowed for a much stronger and equitable collaboration between the state and city at the CareerLink centers. Subsequent centers were evenly staffed and run by both PWDC and state Department of Labor officials. It is important to note that Philadelphia, in direct contrast to the other study cities, never contracted out operation of its one-stop centers. Each CareerLink was run by the same composition of government partners and had the same branding and policies as CareerLinks throughout the state. In New York and Boston, each one-stop career center was contracted out to different nonprofits or other entities and had distinct policies and orientations. The Philadelphia one-stop network was far more collaborative between city and state agencies than New York and Boston.

In addition to making the CareerLinks more collaborative, the PWIB also succeeded at making them more business oriented. The most noticeable change at the North CareerLink was the focus on private sector businesses as clients. Influenced by the

PWIB call for more employer focus, the CareerLink began to orient its services, staff and even its physical space toward area businesses.

In what became a national model, the North CareerLink began to rent space to major corporations that established recruiting offices at the Center. The first and most visible tenant was Aramark, an international food and facilities management company that serves hospitals, school districts and sports stadiums. The company employs over 200,000 people, many of whom work in the Northeast and for hourly workers. Aramark depends on a stable and reliable workforce and had been experiencing high turnover in recent years. To address this issue, the company decided to establish regional staffing centers that would be based in low-income communities to improve outreach and recruitment for what are often entry-level jobs. The first such center opened in Harlem in the winter of 2000; the Philadelphia center opened that spring at the CareerLink. Aramark now rents nearly one quarter of the 20,000 square-foot North CareerLink and does all of its recruiting for Pennsylvania, New Jersey and Delaware at the site. Additionally, Aramark worked with the City to secure ongoing access to WIA customized training dollars[33] and found that the training reduced the cost of recruitment from an average cost per hire of $750 to $250. The regional staffing manager for Aramark said, "This is wonderful. With one phone call, I get 50 applicants who have been appropriated pre-screened (by CareerLink staff) and I know I'll be able to fill my open positions." These cost-saving facts and quotes were used to recruit other businesses to partner with the CareerLink centers.

The location of Aramark did indeed send a signal to other businesses and to the other CareerLink partners that the Center could be well used by employers. Aramark was

[33] These are the same customized dollars that are referred to in the PWDC section.

followed by United Parcel Service (UPS) and Wa-Wa grocery stores. These two companies rented space, but only had recruiters on site on a part-time basis. Beyond the on-site business connection, the North CareerLink and other career centers became quite adept at establishing recruiting services for companies that needed to hire ten or more employees at once. When Home Depot, for example, would open a new store it would place a call to the nearest CareerLink, whose staff would in turn screen applicants and set up a series of interviews for them. One-stops in Boston performed a similar function, but Philadelphia's engagement with employers was more ongoing and on-site.

The changes to operations and governance at the North Career Link, taken together, reveal that the PWIB clearly won the battle over the certification of new one-stop centers. The PWIB demanded and achieved much more responsiveness to businesses and the establishment of a business climate. It fostered more collaboration and with little City support the PWIB was able to assert its position as the body that the PWDC must report to for approval of one-stop operations. Overall, the CareerLink was established as the oversight body in a city where one had never previously existed.

PWIB Program Focus on Economic Sectors

Overall, the PWIB had a very positive impact on the CareerLink system. More than in New York or Boston, the centers were well coordinated and had good business partnerships. It was Glickman's crusading approach to leadership that forced the CareerLink Consortium to improve. But it was also this approach that made the PWIB less effective in the area of workforce planning.

The PWIB's role in certifying the one-stop centers was fully within the purview of the PWIB's authority, consequently it was able to successfully carry out its oversight function. But a strategic workforce plan demands buy-in and participation from the other key workforce actors and that was much harder to achieve.

A sectoral workforce strategy is a fairly simple approach to engage businesses and link to economic development. It entails identifying the key economic sectors in the region that present opportunities for growth and job progression and then charting a strategy for workforce development around these sectors. Once agreement on the sectors is reached then the key economic development actors in the region focus their energies on just those types of businesses. This is a strategy that was pushed by Glickman who saw this nationally as a common and effective way of organizing business participation in a workforce system. Glickman explained her focus on sectors by saying, "Workforce doesn't need to be like world peace and if you don't focus you don't get anywhere. It's too big to think about as a whole economy; you must break it down. The easiest way to do this is through sectors."

In 2002, the PWIB settled on four sectors: hospitality, life sciences, manufacturing and financial services in 2002. The sectors were chosen because they were the ones that either city had already committed to supporting or had significant growth potential or both. For each sector, the PWIB developed a range of projects that had varying levels of employer participation and success.

Hospitality was a logical choice as a sector because it was one that Mayor Rendell, and to a lesser extent, Mayor Street focused on intently on as an economic strategy. Rendell and previous Philadelphia mayors had invested considerable political

capital and financial resources to upgrade Philadelphia's tourist attractions and market the city to out of town visitors. The PWIB's hospitality effort centered around the CareerLink system. The goal was to better educate CareerLink staff about the hospitality field, specifically restaurants, and begin to use the career centers as a pipeline for the entire industry. At one point the PWIB set a target of filling 150 jobs in the hospitality sector between February and August of 2004.

The manufacturing initiative focused on forming a new entity called the Manufacturing Jobs Agency. This new organization would be sponsored by the PWIB and a couple of other manufacturing support entities including the Philadelphia Commerce Department. The goal of the Manufacturing Jobs Agency was to serve as an intermediary between hundreds of small industrial firms and the public workforce system.

The work done in the area of financial services demonstrates the PWIB's interest in working regionally. The PWIB partnered with the WIB in Montgomery County, a suburb of Philadelphia. Together the two WIBs convened bank CEOs to determine what they would find most valuable from public workforce programming. Employers expressed strong interest in having a workforce link to public colleges. Based on this finding, the two WIBs worked with the Community College of Philadelphia and the Montgomery County Community College to develop a financial services institute. This institute was established in 2004 to serve both entry level and mid-management financial workers with a mix of non-credit and graduate level courses.

Life sciences is a major sector encompassing health care and biotechnology and had witnessed significant growth in the Pennsylvania area. Virtually all aspects of life

sciences had growth potential in the Philadelphia metro area and had long been a focus of state economic development efforts. Of all the initiatives that the PWIB initiated this was by far the most ambitious. In 2002 the PWIB paid for a study of life science occupations in the region and presented it to the Delaware Valley Healthcare Council. Based partly on the research findings, businesses in the field recommended creating a broad organization to advocate for the sector and assist with workforce needs. All five WIBs in the Southeastern Pennsylvania region helped to fund the creation of such an organization, called the Life Science Career Alliance and housed at the PWIB. The goal of the new Alliance was to mobilize regional resources to ensure the availability of a skilled workforce and promote the opportunities for life science careers in the region.

The PWIB's Sectoral Workforce Planning Had Mixed Results

The success of the sectoral programs varied. The hospitality initiative met with resistance from the CareerLink system, whose administrators believed restaurant and related jobs in the field of tourism were too low-paying to meet federal performance targets. The Manufacturing Jobs Agency stalled because of organizational restructuring with partner groups and at present the idea has not moved to the implementation stage. The financial services institute has been successfully established, but has not yet enrolled many workers. The Life Sciences Career Alliance was the most successful of the four initiatives and won praise from many workforce practitioners because it made a connection to four other WIBs and hired an independent staff person to work directly with the industry.

The success and sustainability of Philadelphia's sectoral initiatives were mixed, but the thinking and planning that went into them were more thought-out than in New York, a city that just began such a strategy in 2004, and even Boston, which had begun working on sectors with little advance planning.

There was certainly some success in sectoral planning and outreach, but the most disconcerting aspect of the PWIB's effort is that it was completely unconnected to the other workforce agencies and stakeholders in the city. In fact, many of the key workforce operators did not take the sector work seriously. One PWDC official said, "They may be engaged in sectors at the WIB, but I am focused on finding someone a job, and I do not much care what sector it is in." And there were even examples of workforce actors accusing the PWIB's sector strategy of running at cross-purposes with their work. One of the CareerLink operators said that the sectoral focus on tourism was frustrating because those are jobs that pay cash wages unreported and make meeting federal WIA measurements exceedingly difficult. The operator said, "This is a great example of how the PWIB gets ahead of itself. Sallie worked with these employers and came up with a whole restaurant strategy. Well, restaurants do not pay living wages**.** You may make $200 a night as a bartender, but that is all under the table so it looks like sub-living wage on paper. And we have to abide by the performance measurements of WIA and this would never work."

What angered most participants was not so much the illogic of the sectoral approach, but the isolated way in which it was carried out. Most workforce actors believed that the PWIB had a good board of business leaders and saw merit in the sector

approach, but felt as though it became detracted from, rather than reinforce existing efforts.

PWIB Connection to the Philadelphia Business Community

As evident from the above examples, the PWIB worked hard to build a business perspective and responsiveness into the workforce system. Indeed its mission statement begins with the statement, “The purpose of Philadelphia’s Workforce system is to promote the economic development strategies of the region.”

The PWIB certainly was responsible for moving Philadelphia’s workforce system much closer to meeting business needs through more employer focus at the CareerLink centers and through an ambitious sectoral strategy. But it had little ability to engage the broader business community.

The PWIB was simply unsuccessful at reaching employers beyond its board members. The reasons for this were multifold and are primarily linked to the weak organization of the business community in Philadelphia. The strongest and most cohesive business group, Greater Philadelphia First (GPF) was dissolved in 2001. GPF was analogous to the Vault in Boston; a small organization limited to only a handful of the top corporate CEOs in Philadelphia. The organization was merged with the Philadelphia Chamber of Commerce when its President Sam Katz lost his bid to become mayor in 2002. The loss of GPF was particularly harmful to the business organizing of the PWIB. Under Katz’s prodding GPF elevated workforce issues as one of the organization’s top priorities beginning in 1995. GPF commissioned a series of studies about business workforce needs and ways to better interface with state and municipal labor force

programs. Katz sat on the PWIB and often promoted workforce programming to his members.

When GPF closed the greatest chance of the PWIB working with the broader business community rested with the Chamber of Commerce. The Chamber absorbed the GPF membership and beginning in early 2003 was led by former Governor Schweiker. This seemed to bode well because Schweiker had made workforce a priority during his brief time in office. But the Chamber was going through a series of internal battles over its leadership and Schweiker had little room to maneuver. In the tense climate of the Chamber he was increasingly isolated by his own members. Additionally, many interviewees indicated that he seemed to lose the initial interest he had in workforce issues as governor.

Glickman did try and engage a business policy organization, the Pennsylvania Economy League, in PWIB issues. She had invited the League to speak at PWIB events and asked it to conduct workforce research. But the League decided after initial work on workforce development to move away from workforce as a policy area. It settled instead on the retention of college students in the region as its primary workforce strategy.

THE ROLE OF EMPLOYMENT AND TRAINING PROVIDERS

The provider community in Philadelphia has the least in common with the other two study cities. In New York and Boston, providers are primarily nonprofits that strongly resisted the transition to WIA and all employer-oriented workforce initiatives. By contrast, Philadelphia's more diverse group of providers, including nonprofits, proprietary schools and for-profit trainers, equally shared federal workforce funds in the city. These providers fully embraced the shift to a demand-focused approach to workforce development and began cultivating employers with which to partner. There was also a number of circumstantial aspects of Philadelphia's workforce environment that fostered a greater receptiveness to employer-focused job training that will be explored in depth in the following section.

A Diverse Provider Population

The workforce environment in Philadelphia is quite unique for a large city in the Northeast. Traditionally, Northeastern and Mid-Atlantic cities' job training providers are almost exclusively nonprofits. Occasionally, there is a strong community college presence as in New York, but nonprofits often receive the largest share of federal training funds and contracts. This is not the case in Philadelphia.

Unlike in other cities, there are only two large-scale nonprofits focused on employment in Philadelphia, Jewish Employment and Vocational Services (JEVS) and the Greater Philadelphia Urban Affairs Coalition. There are about a dozen other nonprofits in the field, but they are relatively small in scale. Philadelphia, also in contrast to most cities along the Eastern shore, has a large number of proprietary or for-profit

training schools that access federal training dollars. The Metropolitan Career Center is the largest and has been quite successful at competing for both WIA and TANF contracts.

A number of Eastern cities have strongly resisted the entry of for-profit training entities into the local market out of concern about a purely profit-driven agenda. But in Philadelphia a few these companies have prospered. Arbor Education and Training L.L.C. and Educational Data Systems, Inc., for example, have the reputation of being oriented toward meeting both individual and business training needs. One nonprofit provider noted, "The for-profits in Philadelphia are not big and scary. We do not have Lockheed Martin or other questionable corporations breaking into our market. These are companies that care about the people they're serving as much as making a profit."

The diversity of Philadelphia's provider population has a number of effects. Notably, providers are more receptive to an employer-centered workforce development orientation. The for-profit training organizations and schools are generally focused on demand-side service provision, which has influenced the nonprofits. Additionally, the diversity of types of training entities dilutes the advocacy efforts of any one type of provider. In Boston, the provider community is well organized through a number of trade associations. New York has an active nonprofit provider organization as well. But in Philadelphia, there has never been a training provider coalition or clear advocacy message. In 1997, the Executive Director of JEVS organized a meeting of all the nonprofit providers with the aim of forming a stable trade organization, but attendees had little sense of how to sustain the effort and the group quickly disbanded.

Relations Between the Workforce Agency and Providers

Providers are Isolated from the Local Workforce Agency

Overall, the provider community in Philadelphia had no discernable impact on workforce policy. This was also the case in Boston, but in Philadelphia there was not even an attempt to articulate a provider position around the implementation of workforce programs. This complete lack of advocacy in many ways is linked to the relationship between providers and the workforce agency[34].

Provider isolation from the local workforce agency was the overarching dynamic throughout the 1980s and 1990s. Throughout the history of the Philadelphia PIC providers were prevented from having any input on program development. The PIC's founding Executive Director, David Lacey, focused intently on establishing the agency as an independent body. His goal was to maintain distance from a patronage-oriented city government; in the process he created an organization that strongly resisted *any* outside direction. Pat Irving, the successor Executive Director, was widely seen as creating an even more closed environment, in which all agency decisions were shrouded in secrecy. This approach led to calls for more accountability by the City Council (Twyman, 1994). Irving was a micro-manager who resisted any outside input—decisions were made directly by her or her senior staff. One nonprofit training provider noted that, "Irving bred fear in the provider community. No one would question her or even think of offering alternative reforms."

Staff From the Workforce Agency Migrate to Provider Community

[34] Note: Philadelphia's workforce agency in the 1980s was the PIC; in the 1990s it became PWDC.

Another reason that Philadelphia's provider community did not develop an advocacy agenda was the migration of government staff to the provider sector. Often, agency workers leave for the provider community, but in Philadelphia there was a large number of government workers that left in the late 1990s—precisely as the time when cities made the transition from JTPA to WIA. There was still a fear of the agency that was instilled from the days of Irving's leadership of the agency, but this migration of agency staff gave the provider community a greater level of familiarity and ease in their negotiations with the newly established PWDC at the exact time that the agency transitioned to a new, more economic development oriented focus.

Virtually all of the top administrators at Philadelphia's workforce agency moved into nonprofit and for-profit training organizations when the PWDC was established in 1999. Karen Burgess, Executive Director of the Metropolitan Career Center worked at the PIC in the early 1990s. Her organization was the leading developer of customized training programs with PWDC during the early years of WIA implementation. Richard Greenwald, Executive Director of the Transitional Work Corporation, worked at the PIC and PWDC until 1999. He received large grants to form an organization to provide temporary jobs to individuals leaving public assistance. Kristen Rantanen was the assistant to Pat Irving, the PIC's Executive Director, and was also responsible for development of the City's welfare-to-work program during the first year of PWDC operations. Rantanen is now the Director of Public Affairs for JEVS, the only nonprofit in the city to receive WIA customized training funds in 2003. Joseph Farrell was director of dislocated worker programs at the PIC through 1999 and initiated customized training under JTPA. He is now a senior executive at Educational Data Systems, Inc., one of the

city’s primary for-profit training providers. This migration from the workforce agency to the provider field has led to a level of collegiality between government and providers that does not exist in the other two study cities.

Providers Embrace Employer-Centered Approach to WIA

Philadelphia is unique not only for its government’s commitment to an economic development interpretation of WIA, but also for an embrace of this orientation by its provider community. There are a number of reasons for this, as outlined in the previous sections: Providers had a long history of isolation from the agency that stunted any advocacy focus and had a collegial relationship with the workforce agency that enabled them to better understand the new changes at the exact point of transition to the new WIA set of programs. But the most salient reason providers embraced the employer-approach was the fact that they were more entrepreneurial and willing to adapt to a demand-driven approach to workforce development than the other two study cities.

Because many providers in Philadelphia were for-profit entities they were accustomed to adjusting to new program mandates. In addition to taking their cues from the local workforce agency, providers knew that the field was shifting to an economic development focus based on the changing federal mandates. Rather than resist this shift, as providers did in New York and Boston, Philadelphia providers saw this as an opportunity. One provider that received substantial WIA customized training funds said, “We liked the WIA changes and thought it was a great opportunity. We knew we could build an employer connection and we probably got a larger chunk of those dollars in Philadelphia because of this. We were already aware that employer relationships were

key to meeting our mission, and our board had been pushing us in this direction before the shifts occurred locally."

Clearly, the entrepreneurial drive and culture of Philadelphia's providers made the shift to employer-centered workforce programming easier to accomplish. It is one reason that a demand-focus happened almost organically in Philadelphia. There was little of the strategic planning around employer strategies that was necessary in New York and Boston. This is partly attributable to having a provider community that was flexible and willing to move in this direction.

THE ROLE OF STATE ACTORS

Introduction

Governor Tom Ridge served during the WIA discussion, passage and implementation phase and was one of the most outspoken governors in the nation on workforce issues (Thompson, 2000). He attempted to use the legislation to re-make training and employment programs in his state. At the core of Ridge's reform efforts was an unprecedented plan to link workforce and economic development. Additionally, he was intent on creating a clear separation between the business boards that would set policy and the workforce agencies that would administer programs.

Ridge's reforms demanded a merging of interests, funding streams and cultures. This effort was strongly resisted at the local level and Ridge's departure mid-way into his second term meant that the initiative stalled and never reached its original goals. Although, as this review of the state's impact on Philadelphia will demonstrate, the timing of Ridge's reforms in this study city did lead to major structural changes in the workforce system.

Governor Ridge Aggressively Focuses on Workforce Development

Like all Pennsylvania governors in the second half of the 20th century, Tom Ridge made economic development a priority on the campaign trail and once in office (Thompson, 2000). Pennsylvania's steep declines in population and the core industries of steel, coal and transportation forced a constant focus on economic development.

Ridge pioneered a number of economic development initiatives including the Greenhouse program which targeted venture capital investments around biotechnology

and life-science industries. He also increased the focus on special Keystone Zones in which targeted business districts received a range of tax benefits. But what distinguished Ridge from his predecessors was his inclusion of workforce issues his economic development focus. Workforce was simply never a priority for governors prior to the Ridge administration. Almost immediately after taking office Ridge began to explore ways of improving the state's training programs to better appeal to businesses and link to an overall economic development strategy.

Ridge Increases the Budget and Profile of a State-Funded Job Training Program

This initial focus on linking workforce and economic development is most evident in Ridge's actions around increasing the finances and reach of the state incumbent worker training program. This is a funding stream that many states created in the 1980s and 1990s to train workers already employed with the goal of assisting businesses to gain more skilled workers and improving workers' earning potential. Pennsylvania's program, known as Customized Job Training (CJT), originated in 1985 and had been housed in the education department. Ridge moved funding to the Department of Community and Economic Development, the state's primary business development agency. He also redesigned the program to guarantee funding for any new and expanding business that required workforce assistance in its expansion plans. The most noticeable change to incumbent worker training was the significant increase in funding. The program's funding had always fluctuated from a high of $11.5 million in the 1989-90 fiscal year to a low of $5.3 million the following year. Ridge's first state budget increased the program's allocation to $9 million in the 1995-96 fiscal year and then to

$15 million the next year and a high of $78.5 million in 1998-99 (Pennsylvania Economy League, 1998).

Ridge also created two new grant programs for training in his 1998-99 budget. One encouraged community colleges to form partnerships with industry consortia to meet employer needs in designated industries. The other provided incentives for career-oriented schools to work with business in developing new occupational and technical training programs.

Governor Ridge Presents a New Vision for Workforce

Beyond program improvements and funding increases, Ridge soon put together an overall vision to reform the entire workforce system and form a closer linkage with economic development. The governor began this effort with the creation of the Pennsylvania Human Resources Investment Council (HRIC) through executive order in 1997. This council was a mix of the five agencies responsible for workforce and economic development and a number of prominent business leaders chosen by the Governor.

The five agencies were the state Department of Aging; Labor and Industry; Education; Community and Economic Development and Public Welfare. The process was primarily driven by the vision of top-level officials at the Department of Labor and the governor's stated desire to achieve more efficiency and business linkages. At the Department of Labor there was growing concern with Pennsylvania's slow start on workforce reform. The commissioner and his deputy looked closely at the reform discussions in Washington and knew that one-stop centers would be the focal point of

new workforce legislation and that Pennsylvania was late in applying for demonstration grants; the state was the 47th to receive funds to establish a network of career centers. One state official said, "They were frankly embarrassed at the Department of Labor. They felt we were far behind the curve and wanted to articulate a dramatic and forceful plan that would push the state forward. That is what they presented to Ridge's staff."

Governor Ridge did not become involved in the details of the workforce reform plan, but he did have very distinct policy leanings that affected the direction of the proposals the HRIC was discussing. Ridge was not a social conservative, but was a staunch supporter of privatization and government efficiency. This drove much of the thinking around his nationally recognized push for school vouchers. Pennsylvania became one of the most committed states to school voucher reform and it was clear to the HRIC that he wanted a similar type of bold, efficiency-oriented set of reforms for workforce.

The final vision for workforce improvements was quite bold; Ridge laid the groundwork for the new directions by dedicating a portion of his second inaugural address to them. Speaking about his coming workforce reforms, the Governor said, "It is time to put an end to the politics of fear and blame – and replace it with the relentless pursuit of 'what works.' It is time to put an end to the politics of division – us vs. them. We need to be for business and for workers because if Pennsylvania is to grow and prosper in today's global market – neither can succeed without the other" (Ridge, inaugural address, January 19, 1999).

The reform plan was officially released on March 31, 1999 under the title: "A Unified Plan for Workforce Investment: Building Pennsylvania's Workforce for the New

Economy." It centered on strengthening the link to economic development, as underscored in the opening vision statement: "Our vision will be obtained through a systemic plan for workforce and economic development, one that is based on customer needs and market allocations of resources (Unified Plan, 1999, p.3)."

The plan discussed better meeting those needs by collapsing the HRIC and turning oversight of the reforms over to the business-led Team Pennsylvania. This entity was a private sector-led nonprofit created by Ridge in 1997 to work flexibly with business and navigate the myriad of economic programs scattered through the state. Team Pennsylvania was a high-profile entity that received virtually all of its funding from Ridge's top corporate donors. Having workforce report to this body signaled the importance of the connection between workforce and economic planning in the state. The Unified Plan underscored this point by saying, "For the first time, workforce and economic development are strategically linked through a shared vision and interlocking boards of directors" (Unified Plan, 1999, p.7).

The report also called for the separation of policy and program in the area of workforce development to be accomplished by creating "firewalls" that would separate oversight and service delivery functions. In Pennsylvania, as in many counties and states, the local workforce board or the local workforce agency would typically both receive workforce grants and have oversight responsibilities. This was certainly the case in Philadelphia up until 1999; the PIC was the oversight body and also administered all of the federal workforce dollars. Similar to the WIA legislation, Ridge's plan called for an end to this practice and the creation of a firewall between policy and program.

As bold and aggressive as the Unified Plan was it quickly lost its leverage at the county level. Local workforce areas resisted breaking their boards away and forming a true firewall; agencies did not want to cooperate and merge staff at the CareerLink centers; and the state agencies themselves set a bad example by resisting the mandate to work together. But the biggest obstacle to implementation was Ridge's departure at the mid-point of his second term to become secretary of the country's newly created Department of Homeland Security. Ridge's personal focus on economic development and government efficiency was the primary force behind the reform energy and so once he left office that reform drive lost steam. One state official said, "You have to realize that you are dealing with one of the densest sets of bureaucracies of any state and the prevailing attitude was to wait this out. Even if Ridge had twenty years, all of the proposed reforms may not have happened."

Pennsylvania has a Lame Duck Governor and the Reform Momentum Fades

Ridge was succeeded by Mark Schweiker in 2001. Initially the new governor maintained enthusiasm for workforce. He created a new customized business training program called Critical Skills Job grants that dedicated $24 million for manufacturing-based jobs. He also commissioned a number of internal and external reports on system reform. But within months of taking office Schweiker announced that he would not seek the post outright. The lame-duck status of the new governor, which lasted just over a year, emboldened the intransigent agencies and bureaucrats to ignore the Unified Reform plan.

Even when Ed Rendell was elected as the new governor in 2002 most of the reform efforts did not take root. Most interviewees claimed that virtually all of the major reform ideas were not adopted at the local or even the state level. One of the most critical appraisals of the Unified Plan was issued by the Pennsylvania Auditor General, Robert P. Casey Jr. The audit measured the period between July 1998 through June 2001. It found that the state customized training programs were not coordinated with workforce efforts. The audit surveyed WIBs across the state and could not find one that was notified when the state Department of Community and Economic Development made a customized jobs grant in its local region. According to Casey this negated the all-important connection between employment programs and business development that Ridge had mandated.

State Reform Plans Do Influence WIA Implementation in Philadelphia

Despite the mixed results of the Ridge workforce reform plans, they did have some impact in Philadelphia. The city's workforce agencies and Mayor Rendell did not have a particularly strong relationship with Governor or his staff, but it was the timing of the Unified Plan that truly affected Philadelphia.

The development and initial focus around the Unified Plan lasted between 1997 and 2000. This was the same period in which Mayor Rendell fired the president of the PIC and called for a complete re-structuring of the organization and of all workforce programs. The PIC's newly installed president, Rosemarie Greco, recruited Sallie Glickman from Washington, who based her thinking on best practices that were similar to the Unified Plan. In particular, the ideal of a firewall that separates policy and program was something both the Plan emphasized and Glickman believed was the right

framework for any large-scale workforce system. The Ridge plan, coupled with the newly passed WIA legislation, gave Glickman the backing she needed to convince Greco and the mayor's staff that having a separate, standalone WIB was the appropriate course of action.

Another aspect of the Unified Plan that had an impact in Philadelphia was the wide discretion it gave to WIBs to certify and approve CareerLink centers. Any CareerLink site would not be officially recognized by the state unless the local WIB and the state Department of Labor and Industry agreed that it deserved certification. A lack of certification meant that a CareerLink would not be eligible for various state grants. Glickman and the WIB fully utilized this power and refused to certify the one existing CareerLink or any additional centers for two and half years. As discussed in the previous section, this forced the CareerLinks to adopt a greater employer focus and it quickly empowered the WIB, making it a strong policy and oversight body in the Philadelphia workforce system.

Through the state Department of Labor, the state had an additional impact on the CareerLink system. This occurred around the power struggle for control of leadership of the consortium that governed the operations of the CareerLink centers. Philadelphia was unique in the state because of its decision to form an advisory body that would hire and staff coordination and technical assistance for the centers. This body was called the CareerLink Consortium and was initially governed by a representative from PWDC and the state Department of Labor. Patrick Clancy from PWDC was the chair of the Consortium and ostensibly had all of the power, according to interviewees. At a certain point Clancy relinquished his role as chair to break the impasse of WIB certification and

allowed Linda Trimpey, President of the CareerLink program at the state Department of Labor, to take the position. Trimpey was one of the top officials at the state department and had far more authority than the state Department of Labor representative based in Philadelphia. This was the only city in the state in which Trimpey played this role. Because Ridge invested so much authority in both the WIB and the state to oversee the CareerLink centers, Trimpey was able to exercise tremendous authority in her role as Consortium chair and shift power away from PWDC and towards a more collaborative re-organization that tilted more power to the PWIB and the state. In sum, the strong role of the state ended the PWDC's dominance over the workforce system and allowed other stakeholders to run it.

To a lesser extent the state's focus on economic development also affected local Philadelphia workforce practitioners. Many in the city claimed that they would have gravitated towards a more employer-friendly orientation regardless of the governor's emphasis, but it did provide the context for the commitment to business responsiveness that took root in Philadelphia.

Overall, the impact of the Ridge reforms and the authority he invested in the state Department of Labor and local WIBs had some impact on the implementation of workforce locally in Philadelphia. At the conclusion of the study period, Philadelphia had one of the strongest firewalls between workforce policy and operations not only in the state, but possibly in the country. Additionally, the advocacy of a closer connection to economic development articulated in the Unified Plan was firmly implemented in Philadelphia.

Governor Rendell Makes Strong Appointments but Does Not Focus on Workforce Development

As Mayor, Ed Rendell did not express much interest in workforce development. He was intently focused on the welfare-to-work program that he housed at PWDC, but training and employment issues never became a priority for his administration.

As Governor there were initial signs that Rendell would become more focused on promoting workforce issues based on a number of early staff decisions. The first was the appointment of Fred Dedrick as the executive director of the Pennsylvania Workforce Investment Board. The state WIB had been relatively weak compared to the role that Team Pennsylvania had played under the Ridge administration. But Team Pennsylvania had faded after Ridge left office, leaving the state WIB as the primary business board to guide workforce efforts from Harrisburg. Dedrick's background as a committed workforce leader and visionary signaled an attempt to energize the board. In his role as at the nonprofit Reinvestment Fund in Philadelphia, Dedrick was seen as one of the most forceful advocates for both improving workforce development statewide and making stronger links to economic development.

In addition to Dedrick, Rendell appointed Sandi Vito, a trusted campaign aide, to oversee both the Department of Labor and the Department of Economic and Community Development. This meant that both the workforce and economic development agency reported to one gubernatorial aide. This was an organizational arrangement that even Ridge did not employ. Rendell also retained his long time policy aide, Donna Cooper, as his chief of policy. Cooper was the architect of Rendell's welfare-to-work program and had strong ties to PWDC and workforce issues.

Despite these workforce friendly appointments, Rendell did not advance any new workforce plans, nor did he ever strongly advocate for the policy area in any way. This was a disappointment to many interviewees in the workforce field in Philadelphia. A typical comment was voiced by one training professional who said, “We keep waiting for the governor to say or do something about workforce, but it seems as though they are still putting it together.”

A number of interviewees and political commentators noted that Rendell had little room to maneuver with a Republican legislature and a number of other policy priorities that dominated much of the governor’s time and strategy.

SUMMARY

Introduction

Of the three cities, Philadelphia's employment programs are most closely aligned with business and economic development interests in the city. This alignment happened at the beginning of Workforce Investment Act implementation. Regardless of this substantive shift in workforce programming, employment policy received virtually no attention from the mayor and few of the key stakeholders and institutions worked together in Philadelphia.

In isolation most of Philadelphia's policy actors adopted a pro-economic development approach to workforce. The governor called for a complete overhaul of job training programs to refocus them on the private sector; the workforce agency devoted almost all of its federal allocation to customized business training; the workforce board pursued a economic sectoral strategy; the one-stop career centers dedicated office space to multinational corporations for local recruitment; and local nonprofits enthusiastically changed their program focus to a more business oriented model. All of these actors moved closer to economic development goals than the other study cities, yet they all acted in near complete isolation from one another. And they acted without support or even understanding from City Hall.

Understanding why Philadelphia's primary policy actors were so isolated can be explained by assessing their bureaucratic traits. The workforce agency was led by a climber—someone driven almost purely by a desire to attain prestige and power. And the workforce board was led by someone dedicated to good practice and policy—someone fixed on a few set ideas about the best way of implementing workforce policy. They both

happened to be oriented towards an economic development approach, but their leadership types made the relationship combustible. This had the result of isolating the workforce system from other public officials, the mayor and the media far more than was the case in the other two cities studied.

The various components of the workforce system in Philadelphia taken together presents a crucial model for this study because its workforce policies are the most clearly associated with business interests and training, yet the lack of coordination and poor mayoral support make it the most confounding in terms of the original hypotheses.

Lack of Mayoral Attention Does Not Preclude an Economic Development Focus

Philadelphia's workforce orientation in reference to the first hypothesis is puzzling. The prediction states that a mayor that focuses on workforce issues will lead to a set of workforce policies oriented toward economic development. Of the three study cities, Philadelphia was the most focused on business development: it had a business board that focused intently on business growth strategies; virtually all of WIA training dollars were spent on customized business training; its career centers were noted for their role as a regional recruitment center for some of the city's largest employers; and the city's economic development agencies partnered with the workforce agency sooner than in Boston and in New York. Yet, Philadelphia's mayors paid virtually no attention to this policy area.

The Reasons Mayors Did Not Focus on Workforce

One of the primary reasons that mayors did not focus on Philadelphia's workforce system was their institutional isolation from the workforce agency. Beginning in 1984 the city's workforce agency was eliminated and all programs were transferred to the Private Industry Council, a 501(c)3 nonprofit with its own board and considerable independence from City Hall. More than New York and Boston, Philadelphia is a still a city that thrives on patronage-oriented politics through City Council and City Hall and so the lack of authority over workforce programming was a contributing factor to mayoral disinterest. The mayor could still influence the selection of board members on the PIC, but it was much harder to influence contracting decisions. Interviewees stated that the independence of workforce programming beginning in the mid-1980s is the primary reason that Wilson Goode and John Street lacked any agenda around workforce policy.

Mayor Ed Rendell had his own personal bias against federal training programs. When he was a District Attorney he formed a poor impression of workforce programs and believed that they were unable to meet the mandate of finding employment for low-income job seekers. Rendell was also focused squarely on the federal welfare-to-work program and not traditional job training. This was a program for which Rendell personally lobbied the federal government and he did everything in his power to ensure it was effectively implemented.

A Economic Development Focus Without Mayoral Attention

Despite the lack of mayoral interest and no mandate around workforce from City Hall, Philadelphia was able to develop an innovative and economic development-oriented set of programs. The hypothesis implies that in the absence of mayoral focus on

workforce the policy area will retain a social services focus. Without mayoral focus, the hypothesis states that more social service-oriented provider interest groups and agency bureaucrats will push the system to adopt a social service orientation. The outcome in Philadelphia suggests that city agencies accustomed to social service programming may not be as rigid in their orientation as initially thought. It also suggests that best practices in the area of benefits for low-income individuals can in fact be those that blend social services with economic development objectives.

A Pennsylvania Governor Emphasizes Reform and an Economic Development Orientation, Yet Still Has Only a Moderate Impact

Philadelphia's mayors were uninterested in workforce policy, but the governor at the time of WIA implementation, Tom Ridge, made this area one of his top priorities. Ridge spent considerable time studying the issue and presenting a statewide reform plan that called for a greater linkage between workforce and economic development. In the absence of mayoral input and given Philadelphia's almost immediate adoption of business development oriented policies, it would be logical to deduce that the Governor had substantive influence on the policy. In reality, the Governor's impact on an economic development orientation was marginal. The Governor did significantly impact local implementation, but more around issues of bureaucratic restructuring. His call for separation between the business policy board and workforce agency was adopted in Philadelphia, in large part because of his mandates. But local stakeholders and decision makers claimed that the Governor could only set the context around integrating workforce and economic development goals. None of the respondents of this study

believed that the Governor's advocacy of economic development focused employment policy had any meaningful impact locally. This is borne out by the fact that outside of Philadelphia, many counties could and did resist the Governor's mandates to collaborate and link to economic development.

An Independent Workforce Agency Emphasizes Economic Development

The second hypothesis is equally confounding in Philadelphia. The theory of this study was that a dominant workforce agency would push WIA implementation towards a social services orientation. In Philadelphia the workforce agency had an equal if not greater amount of autonomy than the other study cities. Yet it aggressively pursued an economic development-oriented approach to workforce development. This is explained in a number of ways.

First, although many of the workforce policies in Philadelphia were oriented towards employers they were equally targeted to low-income job seekers. On the surface, Philadelphia's workforce programs were more business-oriented than the other study cities, but they are not that different in their objectives from the blended approach found in Boston.

The administrators at the Philadelphia Workforce Development Corporation (PWDC) saw their fundamental goal as assisting low-income job seekers to find employment, and like Boston's workforce agency, they believed that working directly with businesses was the most effective way of meeting that goal. Unlike Boston, virtually all of the major workforce programs in Philadelphia had a direct economic development connection and agency administrators worked doggedly to erect a system of customized

business training as the focal point for their WIA training expenditures. In this sense, the local agency in Philadelphia did not switch its policy goals, as much as clearly break with a social services approach in favor of an economic development approach in order to better meet those goals. An economic development approach was the preferred means for meeting social service ends.

Provider Interest Groups Follow the Economic Development Orientation

The third hypothesis states that provider interest groups that have an opportunity to dominate WIA implementation will push the system towards a social services orientation. In Philadelphia, the provider community was more diverse than in New York or Boston. Providers were equally divided amongst nonprofits, for-profit training organizations and proprietary schools. This grouping of providers was fairly receptive to the changing workforce focus towards business-oriented training. This was in contrast to the other study cities in which the provider community resisted a more demand-driven approach to workforce service delivery.

Concluding Points

A broad summary of influences on workforce policy is presented in the following table. This is based primarily on the 30 interviews conducted in Philadelphia with key workforce stakeholders.

Key Workforce Policy Actors in Philadelphia and Their Level of Influence on WIA Implementation

Mayor	Moderate
Workforce Agency	Strong
Workforce Board	Moderate
Governor	Moderate

Providers	None
City Council	None

As the above table demonstrates, the key actor in Philadelphia's workforce system was the workforce agency. With the lack of focus by the mayor, the workforce agency was the clear and dominant workforce actor in the city. The workforce agency was historically the primary policy actor and moved quickly to establish a set of employer-oriented programs and assert control over the city's one-stop career system.

As the workforce agency focused on business training, the city's business workforce board, the provider community and the governor did as well. This certainly buttressed the efforts of the workforce agency, but all of these actors operated in isolation from one another. Almost in direct contrast to Boston, the key policymakers and institutions did not work in concert, and despite sharing policy goals, were often in conflict with one another.

The successful implementation of a blended and economic development set of workforce policies in Philadelphia speaks to the increasing popularity of such policies, not only for mayoral administrations, but bureaucrats as well. Despite the lack of mayoral interest, Philadelphia's employment agency was able to implement a business and worker-friendly set of policy—a clear indication that this policy orientation was of interest to bureaucrats and possible to implement without the support of political leadership.

Chapter VI: Workforce Development in New York City

INTRODUCTION

Workforce development has never been a priority in New York City or State. Partly as a result of the lack of attention, employment services in the city are noted for sharp shifts in leadership and orientation. The city's policy environment was characterized by a high degree of instability, particularly in recent years. During the core six-year WIA study period, the agency charged with administering workforce funds changed hands three times; there were three different commissioners and three different workforce board directors. In contrast, Philadelphia and Boston retained the same workforce agency, commissioner and board director throughout WIA's implementation.

The chaotic workforce policy in New York had many effects. One was the city's inability to meet even the most basic mandates of the WIA legislation. Another was wild swings in policy focus from economic development to social services and back again. At the beginning of the study period, WIA implementation in New York focused exclusively on serving welfare recipients and by the last two years switched to an economic development focus. In the absence of any workforce planning, the city's workforce agency was always the dominant force. And unlike the other study cities, the nonprofit training providers did have an impact in New York.

Summary of the Role of Each Policy Actor in New York City[35]

Dominant	Somewhat Dominant	Had No Affect
Workforce agency, Mayor	Training organizations	Governor, workforce board

[35] The sources for this table is the over 30 interviews conducted within the case city.

The above table shows the mayor as a dominant actor, yet in New York no mayor in the past thirty years has exhibited much interest in this policy area. Mayoral workforce policy was a byproduct of larger restructuring efforts around human services, economic development or budget modifications. Employment policy alone never garnered the direct attention of any administration. Governors in New York State were even further removed, not even influencing the system indirectly. New York's unsettled workforce policy environment created a vacuum that allowed the interests of nonprofit training providers to influence policy far more than in the other two study cities. This influence was brief, providers did not have sufficient political capital to fully control the system's orientation as the city continued to shift its policy direction based on the leanings of high-level City Hall officials.

THE ROLE OF THE WORKFORCE DEVELOPMENT AGENCY

Introduction and Initial History

This section on the local workforce agency in New York is structured differently than the other two study cities. Because of the multiple incarnations of the local agency it is necessary to break the entire section into its history, rather than moving from history to the more specific programmatic directions undertaken during WIA implementation. In this section, program directions are folded into a lengthy historical review of the many agencies charged with administering federal workforce programs in New York.

A total of three different agencies were charged with administering adult workforce funds throughout the core study period of 1998 to 2004; more than any city in the nation[36]. In 1999, the majority of adult funds was transferred from the Department of Employment (DOE), the agency that had overseen adult and youth workforce allocations since the inception of federal programming in 1966, to the Human Resources Administration (HRA). In 2002, the adult funds were moved back to DOE. And finally in 2003, DOE was abolished and $47 million in adult funds were transferred to the Department of Small Business Services and the remaining youth funds were transferred to the Department of Youth and Community Development. In 2004, the entire workforce budget at the Department of Small Business Services was $67 million.

Mayor Koch Demands More Accountability at the Workforce Agency

The destabilization of the WIA implementation period is emblematic of a policy area that experienced wild swings in orientation and control throughout its history in New

[36] The vast majority of cities including Philadelphia and Boston had only one agency charged with administering adult workforce programs throughout the WIA implementation period. Most changes in agencies were made prior to implementation in 1998 or 1999, as was done in Philadelphia.

York. The first of many major restructuring at the agency occurred in 1978 with the election of Edward Koch as mayor. Throughout the 1960s and 1970s, DOE was a relatively small agency within HRA[37] that directly received federal funds for employment training. The agency was seen as being beholden to the interests of large nonprofit social service agencies including Wildcat Service Corporation, Federation Employment Guidance Services and Goodwill. These agencies had multi-million dollar budgets and oversaw a range of programs that assisted individuals in poverty. Koch was elected on a platform of fiscal austerity and his first term in office was partly dedicated to moving the balance of power back to City Hall.

Koch aimed to make a number of agencies overseeing social services, including DOE, more responsive to City Hall and less beholden to nonprofit training interests. This did not mean an elimination of contracts to nonprofits, but more accountability and fiscal management. To accomplish this task, Koch appointed Stanley Brezenoff as the commissioner of DOE in 1978. Brezenoff had been a program officer at the Ford Foundation and was a trusted aide to Koch. His appointment signaled the arrival of an independent manager with knowledge of workforce systems outside of New York.

As part of Koch's reorganization of DOE and other agencies, he moved CETA employment funds from the Economic Development Administration (EDA) to DOE. This doubled the workforce budget of the agency that Brezenoff took over. Koch did not move the funds because he was looking to increase DOE's budget, but because he wanted to breakup the EDA. The EDA was one of the 'super-agencies' created during the Lindsay administration that Koch moved to dismantle. The agency administered a wage subsidy program for employers called On the Job Training that equaled about half of the entire

[37] In the 1960s, DOE was known as the Manpower and Career Development Agency.

CETA allocation to the city. The funds were initially placed at EDA because they were oriented towards businesses and thought to be an economic development program.

Brezenoff integrated the employer training program, but most of his focus was on creating rigorous accounting systems to monitor contractors. For the first time, DOE's commissioner was empowered to set direction and hold all of the nonprofits responsible for performance. A DOE official who worked at the agency in the 1970s said, "Brezenoff came in to clean the place up and he did. Before we took our marching orders from the (nonprofit) providers and by the time he was done, it was clear that we were a City Hall agency. The focus was always on performance and improving services."

DOE's Longest Serving Commissioner Focuses on Contract Accountability

Brezenoff only served as commissioner for a year and half and then was promoted to commissioner of HRA, which was the umbrella agency that DOE was a part of. Replacing Brezenoff was Ronald Gault, another former Ford Foundation program officer and close aide to Koch at City Hall. Gault held the position from 1979 to 1984, which made him the longest serving commissioner in DOE's history. Gault took over at a time when the agency's budget ballooned to its highest level, receiving hundreds of millions in CETA funds for public service employment. New York had the largest public employment program in the country, and as in other cities it functioned as aid to cities in fiscal crisis during the late 1970s recession.

Gault's primary focus was maintaining and building on the accountability and performance reforms that Brezenoff began. He did this by instituting a series of performance reviews and evaluations that were built into the contracting process at DOE.

Gault also moved the agency to a very social service direction by taking advantage of his position as an agency that was part of HRA. He established a number of programs that worked directly with public assistance recipients in favor of dislocated workers. He arranged for many welfare clients to move from receiving aid directly to DOE training programs and in 1980 accepted over 5,000 general assistance recipients into his programs. By 1981, fully 60% of all CETA public service employment positions were given to former welfare clients (Brezenoff, 1981). This CETA connection to welfare was not typical in many cities, as often the funds were used for patronage hires, as was done in Philadelphia.

Overall, many interviewees cited Gault as the strongest commissioner in DOE's history and one of the only leaders that possessed the skills to implement an effective workforce system. One DOE administrator who served under five commissioners said, "Ron was the only commissioner we had that made you feel someone was in charge and in control of the agency and the programs. He was a smart and clear-headed administrator, and he stayed. The fact that he had the job for five years was so important to our agency."

Gault lent stability to the agency and ensured that contracts met a high level of performance, but he was not seen as particularly inventive. He oversaw the country's largest public service program, but he did not initiate many new programs and beyond HRA was not interested in partnering with other agencies. In fact, he resisted working with the city's Private Industry Council (PIC), which at the time was viewed as pioneering a number of innovative employer-based programs. Gault also shunned any public recognition of DOE's work. The PIC aggressively marketed its programs to the

media, but Gault tried to keep the agency out of news, believing that any media coverage about the agency would have negative consequences. It was this focus on contractor accountability over innovation that set the tone for the DOE staff; one of playing by the rules and maintaining a low profile.

HRA is Restructured and DOE becomes and Independent Agency

Gault left DOE in 1984 to pursue a career in the private sector. Soon after he left the agency was given independence from HRA. DOE was split off from HRA during a major overhaul of the agency conducted by the Koch administration.

A series of scandals involving the death of children in HRA's care led to a long period of re-evaluation of all operations at the agency. Although there were good reasons for DOE to be an independent agency it was separated from HRA because an independent panel wanted to strip away any extraneous responsibilities from the agency. The panel was called the Commission on Human Services Reorganization was formed in response to a number of well-publicized deaths in the city's child welfare system that was also under HRA's purview. The panel was known as the Beattie commission because of its chair, Richard Beattie, a partner at Simpson and Thatcher law firm.

In January 1985, the Beattie Commission issued a very critical review of HRA that called for major restructuring of its programs and management systems. The Commission also presented a lengthy chapter on the oft-ignored Department of Employment. The review of DOE was favorable and claimed that compared with the other divisions of HRA the leadership and program oversight was fairly competent. Partly because of the competence at DOE, the Commission recommended breaking it off

from HRA, so that HRA could better attend to its immediate problems without distractions such as managing DOE's affairs.

An Era of Weak Commissioners at DOE

With the stability that Brezenoff and then Gault brought and the new independence, it appeared as though DOE could further mature as a city agency. But a series of weak appointments led to uneven performance and increased neglect of the agency. City Hall, beginning in 1985, no longer felt it necessary to appoint a trusted aide or well-vetted individual to the post. At this point the agency's budget had dropped significantly. In 1981, the city lost $178 million in federal workforce funds, and continued to lose funds throughout the 1980s as cities like New York suffered deep workforce reductions during the Reagan presidency (Haberman, 1981). The budget was so low by the mid-1980s that DOE was known as a "class C agency," meaning the commissioner received the lowest pay scale compared to other agencies. These factors led to DOE commissioner appointments receiving a low priority. Increasingly, mayors made appointments to the agency solely based on political reasons such as recognition of a campaign contribution or to add ethnic diversity to a mayoral administration.

The weak commissioner appointments and lack of mayoral interest deeply affected the agency's standing in the city. From 1985 through 2003 the agency was often ignored by City Hall, the budget office and most City Councilmembers. Overall, the agency was seen as scandal-free, but not very innovative. Throughout this period the agency had only one commissioner out of five that had any expertise in the area of employment services. The turnover of commissioners was also quite high and each

commissioner averaged just 2.7 years between 1985 and 2003 (see tables below). These factors all created an atmosphere of destabilization in which experienced administrators would leave for other agencies and new and experimental programs would be eliminated within a few years of creation.

Table VI-A: Tenure of Workforce Commissioners Serving through JTPA and WIA

Commissioner	Tenure
Ronald Gault	1979-1984
George Gross	1984-1985
Manuel Bustelo	1985-1988
Lilliam Barrios-Paoli	1988-1990
Josephine Nieves	1990-1994
Nora Chang Wang	1994-1998
Antonio Pagan	1998-2002
Betty Wu	2002-2003
Robert Walsh	2003-Present

Table VI-B: Number of Commissioners Serving Through JTPA and WIA

City	Number of Commissioners	Number with little background in Workforce
New York	9	7
Boston	3	1
Philadelphia	3	0

Mayor Koch's first appointment after Gault resigned was George Gross who was also the commissioner of HRA during the transition year when DOE was separated. With independent status, DOE received a new commissioner in March 1985, Manuel Bustelo. Koch's selection of Bustelo, like virtually all DOE commissioners after Gault, was made to fulfill both a minority and a political appointment. Commissioners such as Bustelo did not have a particularly strong connection to the Mayor as much as the right political background. Bustelo had been the publisher of the Spanish languish daily newspaper, *El Diario* and President of the National Puerto Rican Forum, but had little prior experience in workforce development. In addition to his lack of workforce expertise, Bustelo was known for not working hard at the position. One Department of Employment

administrator said, "Manny worked 35 hours every week without fail. If he happened to hit his 35th hour on Thursday morning then he was gone until Monday." Another DOE staff person referred to Bustelo as a "caretaker."

Bustelo's tenure was followed by Lilliam Barrios-Paoli who served briefly from 1988 to 1990. Interviewees had mixed reactions to her tenure, but there was near consensus on the fact that she was in the position for too little time to have any lasting impact on the agency.

The Dinkins Administration Signals a New Direction at DOE that Allows for Programming Connected to Economic Development

The Dinkins administration brought a shift in thinking, looking at DOE as a potential resource for economic development. There were points in the past when a connection to employers had been made with federal employment dollars. The city's Economic Development Administration dispensed CETA funds to the private sector for job training; the city's Private Industry Council implemented a series of customized training programs and the Beattie commission called for a closer alignment between DOE and economic development. But none of these efforts or movements was sustained and DOE had never been taken seriously as a resource to the city's employers or as a tool for economic growth.

One of the primary reasons that DOE was not integrated into economic planning was the fact that it never reported directly to the deputy mayor for economic development. From 1966 to 1985, as part of HRA, the agency reported to the deputy mayor for human services. From 1985 to 1990 the agency reported to both the deputy mayor for human services and the deputy mayor for economic development. When

Dinkins came into office his advisors decided that DOE should only report to one deputy mayor, the deputy mayor for economic development. This was the first time that the city ever placed the responsibility of workforce services in the city's business growth portfolio.

The recognition of DOE as an economic development agency created an opportunity for a new set of programming at the agency. This was the first time that the agency was holistically thought of as part of a business development strategy—a major shift after years of working directly with HRA as a social services agency. As much as a shift as this was, the decision was not one that Dinkins ever gave much thought to and he did nothing to recruit an able leader to carry out this new policy mission. Dinkins did not even interview his new commissioner and left the appointment to James Dumpson, the head of his human services transition team.

Dumpson was instructed to find a minority candidate and chose Josephine Nieves as the new commissioner of DOE, the third consecutive commissioner of Hispanic descent. Nieves had a background in community organizing and was the director of the Department of Community Supports at the Community Service Society, a large nonprofit organization based in Manhattan. In her position at the Service Society, Nieves sponsored a number of grassroots programs in areas of voter registration, community organizing and workforce training.

Four Separate DOE Programs Focused on Economic Development Have Poor Outcomes

Nieves took the new focus on economic development seriously and formed a division in the agency called Public/Private Initiatives (PPI). Prior to the creation of PPI,

the city's workforce agency had not consistently pursued employer-oriented programming and never had a business-based division. A wide range of activities was initiated by PPI, but most were quite small in scale and all of them were eliminated within a few years of their creation. What follows is a review of four of the PPI programs developed during Nieves' tenure.

The first workforce and economic development initiative was called Job Power and it was announced in March 1990. It was a joint program with a consortium of the city's 12 largest banks, the state Department of Economic Development and DOE. With Bankers Trust as the lead corporation, each bank offered jobs for low-income individuals that completed a specific training program in computational skills. Over 200 people successfully completed the program (*PR Newswire*, 1990), but soon after the initial graduates were placed in jobs, the program closed down because the city entered a recession and entry-level bank jobs were not as difficult to fill.

The next economic development project was far more ambitious and aimed to provide workforce assistance to all of the major employers in Downtown Brooklyn. The initiative was administered by a new nonprofit established by DOE called the Downtown Brooklyn Training and Employment Council. The Council was created when the MetroTech corporate park in Brooklyn was taking shape in early 1991. The idea was to bridge the gap between the training needs of the businesses moving into the site and the many scattered employment centers throughout the borough.

The Council was formed at the urging of Brooklyn Borough President Howard Golden who wanted Brooklyn residents to benefit from the new jobs coming to the borough. He lobbied the Dinkins administration to enact some form of local hiring. This

led to the creation of the Council, which was chaired by the largest financial firms moving to MetroTech. The Council was established to pre-screen job applicants for MetroTech companies and refer incumbent workers to training organizations. The Council received funds from the state Urban Development Corporation and $2.5 million in payments made by MetroTech developers in lieu of paying sales tax on construction materials.

The Downtown Brooklyn Training and Employment Council became a model the city discussed erecting in each borough. By 1993, LaGuardia Community College worked with the city to establish a similar Council in Long Island City, Queens. Queens Borough President Claire Shulman endorsed the creation of the Council in her state of the borough speech that year (Murray, 1993). The South Bronx Overall Economic Development Corporation also put together a proposal to start a similar training council in that borough.

Despite the enthusiasm for training councils, the original Brooklyn organization was not that effective. It placed only 53 people in entry-level positions with MetroTech firms and was unable to establish an ongoing relationship with the businesses in Downtown Brooklyn (Rohde, 1994). The tens of thousands of jobs created by the MetroTech firms were staffed virtually entirely with the same employees that held the same positions when they were in Manhattan. New jobs were not created, just moved across the East River. Additionally, the corporations were never confident in local training programs and continued to rely on traditional hiring networks and search firms to fill their open positions. The councils in Queens and the Bronx never became operational and the entire idea was abandoned when Rudolph Giuliani became mayor in 1994. In the

end, all of the grand plans to build intermediary workforce agencies to serve major companies in Downtown Brooklyn, Long Island City and the South Bronx all stalled. Only the Brooklyn initiative got off the drawing board and it was widely seen as ineffective (Schuerman, 2004).

The third PPI project was a partnership with the Department of Aging. The plan was to recruit job-ready senior citizens to receive training with DOE for airport-related jobs in Southeastern Queens. The program focused on an area of high turnover, but the value of the program goals was not adequately relayed to employers who did not endorse it publicly. In fact, when the program was announced, *Newsday* quoted a representative of British Airways as saying they were interested, but not committed to the idea (Marinaccio, 1990), creating an embarrassment for the Dinkins mayoral administration. Eventually the entire project was eliminated.

The final initiative developed by the PPI division was the creation of a new set of contracts that would be given to training providers who drafted a plan to work with a specific business sector. The training providers had to create a business advisory board and focus all of their training on the identified sector. This was a substantive change for DOE, which shifted funds from the more traditional open-ended training contracts to these industry-specific grants. Contracts were awarded in the Bronx to work on cabling and in Manhattan to work with garment manufacturers. The new contracts were more tied to business training needs, but they were short-lived. The costs associated with business-driven training in New York City exceeded the allocation allowed under JTPA. Other cities that had successfully established sector-oriented training also ran into initial cost

issues, but had the patience to see the benefit in the long term. Due to the many shifts in leadership and policy focus, New York eliminated its program within two years.

Taken together, PPI's success at implementing new economic development oriented programming was limited, and at times embarrassing for the Dinkins administration. None of the programs reached any scale and all were eliminated or abandoned within two to three years. Additionally, the other economic development agencies would occasionally meet with DOE but never crafted a role for it in their work. One DOE official said, "In regards to economic development it was like we were there and not there at the same time. The other agencies never knew what to make or what to do with us."

DOE Issues a Major Policy Plan to Link to Economic Development

Some of the blame for the ineffectiveness in building a sustainable employer-oriented set of programs was placed on Commissioner Nieves. She had no relationship with the Mayor and was seen as indecisive and uncomfortable with publicly stating DOE's mission and purpose. Additionally, the culture of DOE itself resisted an economic development approach. Most the agency staff were used to and more comfortable working with individuals.

Overall, Nieves felt that it would be possible to address the poor internal and external understanding of workforce as an economic development program through a blue-ribbon panel report. Rather than continuing to build economic development programs in a piecemeal fashion, she believed that a strategic plan should be developed.

Commissioner Nieves was able to convince the new deputy mayor for economic development, Barry Sullivan, to lead such an effort. Sullivan in turn convinced Mayor

Dinkins to create a blue-ribbon business-led panel on workforce issues called the Workforce Development Commission. The Commission was a serious effort that was jointly staffed the Deputy Mayor's office and DOE with much of the data and analysis generated through pro-bono work by McKinsey & Company. The report focused exclusively on better linking workforce and economic development which was reflected in recommendations that called for more employer and government partnerships and the development of a one-stop career system (New York City Workforce Development Commission, 1994)

As forceful as the recommendations were they were not made public until Dinkins lost the election. The final report was issued in March 1994, fully three months after Giuliani had taken office. The timing meant that the proposals were identified with the past administration and they lost much of their momentum.

After Dinkins left office, Barry Sullivan became President of the New York City Partnership, the city's largest business organization. He made a concerted effort to elevate workforce issues at the Partnership and champion the reform plans of the Workforce Development Commission, which focused on a stronger link to business and the establishment of one-stop career centers. Initially, newly elected mayor Rudolph Giuliani endorsed the Commission's proposals, but in the end he did not act on any of them. Mayor Giuliani never engaged in workforce issues and like his predecessors appointed weak commissioners to the agency.

There was a chance that the proposals would have life at the New York City Partnership, but Sullivan left the Partnership after just a couple of years in the position. The new Partnership President, Robert Kiley, had no interest in job training and soon

forced out or fired the staff that Sullivan had brought in to work on employment programs.

Criticism of DOE Dominates the First Term of the Giuliani Administration

Mayor Giuliani did not show any interest in workforce issues on the campaign trail or once in office. At DOE, his first term was marked by a high level of fraud, mismanagement and criticism from the press and community groups (Dwyer, 1994).

He appointed Nora Chang Wang as the DOE Commissioner. Wang's appointment originated from a connection to her husband, a wealthy businessman who had contributed to the Giuliani campaign. Wang was also the first Asian-American ever appointed to the commissioner level of a city agency in New York. She had worked for a nonprofit workforce organization in Chinatown and was a DOE deputy commissioner prior to being appointed commissioner. Interviewees said that Wang was one of the only DOE commissioners that had a background in workforce, but that she did a poor job advocating for her agency in the competitive atmosphere of the Giuliani administration. Consequently, the role of employment policy was invariably put behind other priorities during the first four years of Giuliani's mayoralty.

Although not directly her fault, Wang's tenure was marked by scandals, bad press and unfavorable government audits. A number of the administrative problems at DOE were issues that the Giuliani administration inherited, but the Mayor did little to correct them. The first problem for the agency arose right after the mayoral election. Christina Choi, an assistant commissioner at DOE, pled guilty to embezzling over $400,000 in state, city and federal workforce funds. The allotment was dedicated to assist low-income

Korean Americans to find jobs. Choi arranged for a friend to pose as an agency instructor at a program that did not exist (Hurtado, 1993). The funds stolen were relatively small, but Wang did little to show the outside policy community that this was not indicative of DOE's overall operations. Actually, DOE was focused intently on a clean contracting process, but the bad press from the Choi fraud stuck to the agency and led to subsequent audits and investigations.

Even more damaging than the fraud charges was a series of critical audits conducted by the State Comptroller. In a 1994 audit, the Comptroller's office assessed programs statewide, but the city was singled out for criticism as the audit report said, "We intended to audit New York City programs, but we were unable to perform our audit because no data was available on the persons served, the training received, or the results of the training." When questioned about reported program successes, the Comptroller found that DOE staff "could not match names with the totals and that the rosters contained duplicate names" (New York State Comptroller, 1994).

A State Comptroller audit issued in 1996 that found that 83% of the required paperwork required to evaluate contractors was missing. Of the records that were kept, DOE reported that none of the training contractors met their program goals. The audit found that 45% of those enrolled in training programs were placed against a goal of 55%, but when the measure was applied to those employed 90 days or more the percentage declined to 40%. The audit also found that contractors received renewed contracts despite two negative evaluations by DOE (New York State Comptroller, 1996).

Around this time, a few media outlets printed critical appraisals of DOE. *Crain's Business* magazine reviewed city contracts and reported that for every individual that

received a job, DOE spent on average $26,000—a sum that was said to be inordinately high. Echoing the Comptroller report, *Crain's* also criticized DOE for awarding new contracts to agencies that had performed poorly (Lipowicz, 1994). *New York Newsday,* in a separate review of programs found that less than 10% of the people in city employment programs were placed in jobs. The newspaper said, "The great success (at DOE) is keeping people spinning from welfare office to job training program and then, when the training grant runs out, back to welfare. This entire enterprise (is a) scam and fakery (Dwyer, 1994)."

Although Wang received a series of bad evaluations the agency was not victim to any significant scandals. Performance may have been quite low, but unlike other social service agencies there was never a major contracting scandal. Paperwork may have been more lax than acceptable to the state Comptroller, but DOE remained one of the only city agencies not to have any significant corruption charges at the commissioner level. Enforcing a clean and fair contracting system was the primary focus of agency commissioners from 1978 to 1984 and that orientation was maintained during Wang's tenure. In fact, once it became clear that Wang could not gain the mayor's attention she focused even more intently on improving overall contract quality as the one thing she could improve upon.

Workforce Funds Transferred to the Welfare Agency which Fails to Implement WIA in Giuliani's Second Term

Prior to the passage of WIA in the late 1990s, New York City's workforce system was seen as relatively efficient at administering contracts free of scandal, but little else. It

was described as a plodding and uncreative agency that received little attention and a large number of political appointments. At the time of WIA's passage, the city's reputation moved from one of mediocre performance to bold defiance of the intent of federal workforce policy. The city took the radical position of resisting any formal implementation of the new federal law. In fact, New York became the only city in the United States to incur rebuke from the federal government for its lack of focus on basic WIA implementation requirements. The city was the last local service delivery area[38] to form a Workforce Investment Board; the last to draft a citywide workforce planning document; and with only one one-stop career center, had the lowest number of one-stops per capita in the nation[39]. Of particular interest to this study was the fact that unlike many cities, New York merged the majority of its workforce dollars with its human service agency, not its economic development agency. This section will examine the circumstances that led to the transfer of workforce dollars to the social service agency and the ensuing resistance to implement WIA.

The passage and implementation of WIA coincided with the beginning of Rudolph Giuliani's second term as mayor. Giuliani expended a considerable amount of time and political capital on crime reduction in his first term. His second term opened with an emphasis on welfare reform as the mayor began to focus on broadening his policy accomplishments for a U.S. Senate run in 2000. To assist in burnishing the Mayor's welfare reform credentials nationally he selected Jason Turner, the former commissioner of human services in Wisconsin, to become his new Human Resources Administration (HRA) Commissioner. Turner was widely seen in press reports as the

[38] Service Delivery Area is the technical term for a designated workforce region. All five boroughs represented the New York City SDA.
[39] Los Angeles, for example, established 18 one-stop career centers; Boston three and Philadelphia three.

most conservative and aggressive of the welfare reformers during the years before and immediately after passage of the 1996 Personal Responsibility Act (DeParle, 2004).

Turner's appointment was a clear indication that Giuliani wanted a large-scale and high-profile reform initiative connected to the welfare population. Unlike many other policy areas, Giuliani tended to defer to his human services commissioner on matters of personnel and policy direction. These factors gave Turner wide discretion to dramatically reform welfare policies in the city, which he set out to do as soon as he assumed control of HRA in January of 1998.

Turner's reform plan was to merge as many employment and TANF funding areas as he could into one large contracting system that was referred to as "primes" and "subs." The large pool of funds that HRA merged would be granted to 17 large prime contractors that would in turn contract to smaller sub-contractors. The programs would be strictly performance-based; the majority of payments would not be made until HRA clients were employed and no longer receiving federal benefits. HRA had long been criticized for its cumbersome contracting process (Beattie commission) and the prime contracting system was created to address this concern while creating a much higher-degree of accountability through performance measures.

The prime contract model was predicated on pooling a large number of workforce contracts. As part of this pooling of funds, Turner wanted to include all of the adult JTPA funds. This would entail moving fiscal responsibility for federal employment dollars from DOE to HRA. Nora Chang Wang was the commissioner of DOE at the time and she would not support the transfer of funds. This led to her removal by the Giuliani administration at Turner's request. Antonio Pagan, a Manhattan City Councilman and

ally of Giuliani, was chosen as Chang's replacement. Pagan had no experience or background in workforce issues and was seen solely as a political appointment. Consequently, Pagan from the beginning of his tenure deferred to Turner and agreed to transfer all of the adult JTPA dollars to HRA.

DOE, already a small agency, lost over 50% of its federal funding allocation and was left only with federal youth employment dollars. HRA placed the adult JTPA dollars into the large pool of prime contracting funds. It is important to note the ramifications and implications of the transfer of adult employment dollars to DOE. The transfer of funds further weakened an agency that already had low morale. A number of the more senior and experienced staff members left DOE at this time. But more important from a federal perspective is the use of the dollars. Once HRA absorbed the JTPA funds they were no longer being used to serve its intended population: dislocated workers. The dollars were now being earmarked exclusively for welfare recipients, which was not the federal law's intent. This misappropriation would apply to WIA as well. In fact, WIA even more than JTPA demanded that federal dollars be accessible to a 'universal' population and to employers, not exclusively welfare recipients.

Channeling funds exclusively to a welfare population was a clear defiance of the federal intent of JTPA programming. Moreover, the city simply refused to take any steps to prepare for the passage of the new federal act (what would be WIA). The passage of WIA dragged on for four years, but virtually every state and city (including Philadelphia and Boston) in the nation was aware of the broad changes that would be included and took advantage of federal demonstration grants to begin implementing the law. These new changes centered around a one-stop service delivery model, which Massachusetts

and Pennsylvania had begun implementing in the mid-1990s. New York City had begun realigning its workforce system to meet the coming federal mandates but this progress was completely halted under Turner's direction. In 1996 Commissioner Wang successfully applied for a one-stop demonstration grant and engaged in an intensive planning process that encompassed joint agreements of one-stop operations with other city agencies. Jason Turner stopped all planning around one-stops which he believed would compete with his prime contracting system. In sum, what planning New York had dedicated to anticipating the passage of WIA was abandoned once commissioner Turner took control of the JTPA adult program funds.

Once WIA was passed in the summer of 1998, HRA still did not expend much energy to implement the federal law. One DOE administrator said, "HRA really believed that the federal government would never pass WIA. That is one reason why all WIA-planning was suspended. When it finally passed, Turner was shocked and his response was to do nothing at all." HRA enacted the bare minimum of program changes needed to comply with the law, on a number of occasions missed federal deadlines and chose to ignore certain aspects of the law.

The most immediate sign that the city was not intending to implement WIA was its missed deadline for establishing a Workforce Investment Board by July 1st 1998. It had organized a board meeting on June 29th but it was not eligible for certification because it did not have a strategic plan that had been drafted by the board members. The city also did not establish the federally required Memoranda of Understanding (MOUs) between the federally designated workforce partners. The overall resistance to implementing WIA in New York is summarized in the following table.

Table VI-C: New York's Record of Meeting Federal WIA requirements

Connect workforce and economic development	No[40]
Erect network of one-stops	No[41]
Establish a private sector led workforce board	No
Coordinate service delivery	No
Services broadly accessible to individuals of all incomes	No

In many other ways, the city met the letter of the law, but not its intent. This was exhibited by the city's reliance on a single agency, the Consortium for Worker Education (CWE), to establish fundamental components of WIA including a one-stop and voucher system. CWE happened to have experimented with these two types of reforms and the city chose to simply turn these modest experiments into a rationale for implementing such reforms system wide. CWE's programs may have been similar to WIA program requirements, but they were not designed to meet new federal requirements.

HRA, searching for a way to quickly meet the requirements, asked CWE to administer 100% of all training vouchers. And HRA used the already operating CWE Queens worker career center as a one-stop. CWE did little to change what it had been doing and its one career center became the entire one-stop system.

Another example of meeting the law, but not truly implementing it was a series of dislocated worker contracts that the city negotiated with nonprofit training providers. These contracts were in essence no different than past social service contracts, but simply written in a way that mirrored WIA's goals. The new legislation said that training should be accessed through training vouchers at one-stop centers. The city (through DOE and HRA) did not erect a system of one-stops and instead granted contracts to nonprofits that

[40] At the end of the WIA study period, New York did begin to connect workforce and economic development when the adult employment program was moved to the Department of Small Business Services.

[41] By 2004, DSBS had set up a one-stop in four of the city's five boroughs.

allowed them to issue themselves ITAs. This last part was not in the contract itself, but was a verbal agreement with the nonprofits. This arrangement was advocated by the nonprofits who resisted the potential loss of business through one-stops. HRA also agreed to this arrangement because it delayed having to implement a true WIA one-stop system.

The many direct and indirect transgressions of the federal law led to a round of internal and public criticism by the U.S. regional office of the Department of Labor. In a public City Council testimony the New York-New Jersey U.S. DOL regional administrator Marilyn Shea said, "The (city) had almost two years to develop this program. (It) is very, very late in starting" (quoted in Polner, 2000). Shea also began meeting with high-level Giuliani officials to complain about the lack of WIA implementation progress. Shea relayed a conversation she had with Joseph Lhota, the deputy mayor with responsibility for DOE and HRA. "I walked into his office and we sat down to talk about the city falling out of compliance and he had never heard of the Workforce Investment Act. He was briefed by a staff person for the first time on the legislation right before we sat down with him." Shea's complaints did not lead to further progress by the city. Shea demanded a "corrective plan" to ensure implementation, but the city did not pursue any of the key points in this plan. By 2001, the city's Workforce Investment Board was still not an active body and no additional one-stops had been created.

Despite the weak implementation of the law, criticism of HRA began to shift from a lack of compliance to a simple inability to spend funds. After the September 11th terrorist attacks there was an increased focus on unemployment programming because of the sudden loss of jobs in the city. This in turn led a close examination by government

leaders of the lack of spending at HRA. Federal employment dollars through WIA were made in two year allotments and by August 2001 the city had only spent $87 million of the $184 million earmarked for 1999-2000 spending (Fischer, 2001).

Under HRA's prime contracting arrangement it was exceedingly difficult to spend all of the money. HRA gave large lump sums of funds to its contractors and would determine *after* the dollars were spent which funding stream the expenditures would be applied to. The agency never assigned WIA to any of the spending because the performance measurements and federal requirements were more stringent that the TANF funds. Consequently, funds were never allocated or spent for WIA as part of the HRA prime contracts.[42]

Once HRA's lack of WIA spending came to light city officials, including the City Comptroller and city councilmembers, pressured HRA to spend the funds down and avoid having to relinquish the dollars back to the federal government. The pressure to draw down federal employment funds dominated workforce policy for the next two years.

The Workforce Agency Continues to be Restructured During the Bloomberg Administration

The election of Michael Bloomberg in 2001 brought another series of significant changes in policy and program direction to the workforce development field. In its first 18 months, the Bloomberg administration moved the adult WIA funds back to the Department of Employment; rapidly spent down the federal allocation of funds; and then

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[42] Note: funds were spent through dislocated worker contracts and the operation of the one-stop center in Queens.

abolished DOE entirely. DOE as an agency was eliminated and the adult funds were moved to the Department of Small Business Services (DSBS) and the youth funds to the Department of Youth and Community Development (DYCD). None of these major changes represented a conscious plan or focus on workforce, but were the result of internal machinations amongst high-level City Hall officials.

Bloomberg Moves Workforce Funds Back to DOE

In February of 2002, Mayor Bloomberg announced that Betty Wu would be the new DOE commissioner. Wu was a mid-level human resources executive at the Mayor's media-information firm, Bloomberg LLP. Wu had little direct personal or professional connection to the Mayor, but she was a lifelong Republican and actively campaigned for Bloomberg who had just switched his party affiliation to the Republican Party. Wu lobbied the newly elected mayor for a position in his administration, but she had no previous experience with public sector employment policy or municipal government. After serious consideration had been given to commissionerships at most city agencies, the Mayor decided to appoint Wu into one of the few remaining openings which was at the Department of Employment. One Bloomberg official involved in the transition noted, "DOE has long been seen as the agency for minority and political appointments. Wu was one of the Mayor's only political and minority picks so employment made sense. It was one of the last agencies we focused on and most of the qualified commissioners had already been chosen."

Once Wu assumed the position as commissioner she was advised by senior staff to lobby the Mayor for the return of the WIA adult funds. Wu made this her single focus

and devoted all of her energy to re-acquiring the funds. At the same time HRA was far less committed to maintaining control of the WIA allocation. The funds became a political liability for the agency and the new HRA commissioner was consumed with a number of other programs and agency priorities and chose not to compete for the funds. HRA did not willingly relinquish the workforce funds, but their lack of focus on them coupled with Wu's persistent lobbying led to a decision in March 2001 to return all of the WIA dollars back to DOE.

Once DOE reclaimed the WIA adult allocation its primary focus was to spend the funds and avoid the embarrassment of the dollars being reclaimed by the state and federal government. The majority of employment dollars in 2002 were spent through the issuance of training vouchers. One DOE staff person said, "We were spending and issuing vouchers as fast as we could; just about anyone who walked in looking for a voucher could receive one." Throughout this period there was little criteria attached to vouchers and almost all of the discretion in granting them was left to individual training providers.

Once DOE managed to stimulate rapid spending of workforce dollars it focused programmatically on erecting more one-stop centers. Establishing one-stops became the driving goal of all DOE functions throughout early 2003. A combination of factors led Wu to focus so intently on one-stops. First, she felt pressure from federal regulators to expand the system beyond the sole one-stop in Queens. Second, she wanted to distinguish her services from HRA and the branding aspect of a network of one-stops would help to do that. Third, she believed that having a clearly identifiable set of programs would lend more legitimacy to DOE's tenuous existence—the agency had been funded and de-

funded so many times that just serving as a fiscal conduit did not appear to be reason enough to maintain its existence. By the spring of 2003, DOE had successfully opened two more one-stops: one in Harlem and one in the South Bronx.

Wu, in a number of small ways, did begin to reorient the agency towards a more economic development approach. She often touted her business background and connection to the private sector in public meetings and stated a desire to move the agency into closer alignment with the city's economic development goals despite the fact that her agency reported to the deputy mayor for human services. Wu also hired a staff person to cultivate public/private partnerships. This position was not as large as the PPI division established during the Dinkins administration, but a number of concrete connections to employers were made; most notably a successful hiring program for jobs at the newly opened Mandarin Hotel at the Time Warner building in Midtown Manhattan. Wu also moved DOE closer to an employer focus by consciously distancing the agency from HRA and recruiting senior staff from the private sector. Taken together, DOE was still only marginally connected to the private sector, but the leanings of the agency did begin to noticeably shift, which made the eventual transfer to the Department of Small Business Services more logical.

Bloomberg Eliminates the Workforce Agency in a Budget Saving Move

After one year as commissioner Wu was able to reclaim DOE's WIA allocation from HRA, but she was still viewed as a weak manager and advocate for her agency. Initially, providers and policy advocates were impressed with her ability to win back the federal dollars. But soon Wu's complete lack of experience in the field led many large

nonprofits to complain about her incompetence in the position. Wu's lack of government experience also meant that she had difficulty arguing her position in a competitive City Hall environment. Many in the workforce field believed that Wu had strong ties to the Mayor, but in fact she had little to no personal rapport with Bloomberg. By early 2003, Wu and DOE had few allies inside or outside of government when the city's budget office recommended that the agency be eliminated.

In the early spring of 2003 the city was still experiencing enormous budget deficits from the most recent economic recession and the economic impacts of the September 11th terrorist attacks. In past budget shortfalls the recommendation to eliminate DOE had surfaced from the mayor's Office of Management and Budget (OMB). This proposal gained momentum during the Giuliani administration when DOE was reduced to providing only youth funding from 1998 to 2002. OMB's proposals carried more weight in the Bloomberg administration because the Mayor was inclined to defer to the advice of his staff Chief of Staff, Marc Shaw, who was a former OMB official. One OMB official in particular, P.V. Ananthram, had spent years developing the fiscal arguments to eliminate DOE. His recommendation in 2003 to dismantle the agency was agreed to at City Hall and made part of the executive budget presentation in April.

The announcement of DOE's abolishment came as a surprise to almost everyone connected with workforce service delivery, including DOE staff. In fact, Commissioner Wu was only informed less than a week prior to the announcement. DOE's lack of information about its own planned elimination underscored the degree to which it had been isolated from City Hall and high-level decision makers surrounding the mayor. Wu

chose not to fight the dismantling of her agency, but rather to stay loyal to the Mayor and his decision.

Because the decision to eliminate DOE was made purely for budgetary and not policy reasons, there was no thought about where the federal training dollars should be transferred. Based on past history, OMB assumed that transfer to HRA was the logical choice. Transferring the youth funds to the Department of Youth and Community Development (DYCD) also seemed logical, given that agency's youth focus. The Mayor publicly announced the decision to transfer the DOE funds to HRA and DYCD, but the administration did not have a strong commitment about the transfer. A few outside business-oriented organizations including the Brooklyn Chamber of Commerce, the Partnership for New York City[43] and the Center for an Urban Future argued that the funds be transferred to the Department of Small Business Services (DSBS) instead of HRA. Ester Fuchs, the Mayor's aide charged with workforce policy, was increasingly convinced that a transfer to DSBS would make a necessary link to employers and ensure that the program dollars would not get lost in a large agency such as HRA. Fuchs was not lobbied by many outside advocates, as even the nonprofit training provider community had no opinion as to which agency received the funds. In the end, Fuchs made the decision to transfer the funds to DSBS on the basis of what she believed would be good policy.

By May of 2003, the Bloomberg administration decided to move all of the adult funds to DSBS, reversing its initial announcement. There was no official announcement and there was little done to promote the transfer. One reason that there was little fanfare

[43] Note: the Partnership for New York City was the new organizational name for the New York City Partnership.

around the transfer of funds was the initial reluctance of DSBS to accept the funds. The DSBS Commissioner, Robert Walsh, had already invested considerable energy and political capital in restructuring his agency and had no prior experience with workforce development. The agency had changed its name and hired an outside consultant to restructure its program focus. All of these 'brand' oriented activities made Walsh apprehensive about adding an entirely new service area with which he and his staff were unfamiliar. He was eventually convinced by City Hall officials, namely Fuchs, to accept the workforce dollars and at the point of transfer in the summer of 2003 became increasingly enthusiastic about the additional program responsibilities.

The Small Business Agency Brings an Entirely New Focus to Workforce Programs

The transfer of WIA funds to the DSBS led to an almost immediate and radical shift in workforce programming in New York City. Programs went from a social service orientation to one focused far more on employer workforce needs. Additionally, workforce programs now were placed into the portfolio of the Deputy Mayor for Economic Development and began to be incorporated into a series of economic development projects.

Walsh began the transition by hiring the Parthenon Group, the same corporate consultant that had worked on the first restructuring plan for DSBS. A strategic assessment and plan was formulated that emphasized linking workforce services to business needs in all five boroughs. The report outlined 12 goals for DSBS workforce programs and most focused on improved accountability and rationalization of services (Parthenon Group, 2003). Walsh took the goals very seriously: he held senior-level staff

accountable for meeting them and would issue quarterly reviews updating progress on meeting the goals. This business planning and business approach gave the city's workforce agency more strategic direction than it had ever had.

Most important to the workforce agency's direction and increased focus on the private sector was its placement in the Deputy Mayor for Economic Development's portfolio. DOE had been placed under the Deputy Mayor for Economic Development during the Dinkins administration, but business development issues in that administration received a relatively low priority. In the Bloomberg administration, economic development was a high priority and the deputy mayor was widely seen as one of the most powerful leaders in City Hall (Golson, 2004; Cassidy, 2005).

Economic development was a very forceful and dynamic policy stream within the Bloomberg administration and once workforce was in that stream major policy and program shifts occurred. Also, the deputy mayor in the Bloomberg administration, as in other New York mayoralties, often serves as an extension of City Hall. The Bloomberg deputy mayor, Daniel Doctoroff, was an investment banker who earned millions in the private sector and he demanded high performance from his agency commissioners. Workforce programming quickly went from an environment of neglect in which its funds were not even spent, to one in which a premium was placed in rapid response and high-quality performance. This new policy environment is captured in the following excerpt from an interview with a business leader who worked with the city on workforce policy.

> I have always said that workforce had been reporting to the wrong deputy mayor. It needed to report to Doctoroff. Dan may not have understood workforce, but to get into that orbit was crucial for workforce programming. This mayor simply prioritizes economic development in a way that no recent administration has. That's not to say Giuliani wasn't good for business—the crime focus was very helpful—but he did not focus on economic development. Look at Dan and Andrew Alper (the

> president of the city's Economic Development Corporation). These are two guys who at a young age attained phenomenal success in the private sector. They are use to 'getting things done.' They have a lot of confidence and they do not let obstacles get in their way. They are use to very high-stakes and tremendous sums of money and they work in a way that is high-risk. I mean really, this is not a private sector approach to government like running some bodega or a 7-11, this is not about making thousands but tens of millions or billions. This is a whole different culture they brought. This is a culture that values results as opposed to government that values process. And the results were immediately felt with workforce in New York.

This description of the economic development portfolio aptly describes the new culture that intersected with the old DOE. No longer was clean contracting the primary drive. Now there was immense pressure to innovate, attract business customers and prove success.

Workforce Funds at the Small Business Agency Lead to a Series of Economic Development Focused Programs

The combination of the Parthenon business plan and the culture of the economic development portfolio led to a series of major private sector initiatives at the new workforce agency. To organize its business-based workforce efforts, DSBS established a new division called Business/Workforce Partnerships (BWP). It was similar to the Public/Private Initiatives division in the Dinkins administration in the sense that it was the designated division in which all major private sector programs would be developed. BWP moved quickly to address business hiring needs in key areas of development throughout the city. In 2004, BWP provided pre-screening and some training for the retail businesses that moved into the Atlantic Terminal Mall in Downtown Brooklyn, Steiner movie studios at Brooklyn Navy Yard and wholesale fish distributors at the Hunts Point Fish Market. BWP also negotiated similar programs for future job openings associated

with an Ikea store in Brooklyn and the Columbia University expansion in West Harlem. These were all major development projects that attained a large amount of media attention and visibly recognized DSBS as the city's workforce training provider. During the Dinkins administration there was an effort to connect workforce to new jobs at the MetroTech development, but there was nothing akin to the breadth and sustained effort with major developments that occurred during the first two years of DSBS' control of workforce programming.

The success DSBS had working with employers in these projects led to a working partnership with the city's Economic Development Corporation (EDC). This agency was the primary vehicle for negotiating large-scale retention and attraction arrangements with corporations. EDC's President, Andrew Alper, acknowledged the benefit of workforce training to his corporate constituents and EDC invited DSBS staff to meetings about benefit packages for corporations planning to relocate to the city.

Beyond the disparate programs established with employers and EDC, a set of permanent economic development-oriented programs was established by DSBS. Notably, the agency established a sectoral workforce program that targeted jobs in the health care/biotechnology and aviation fields. During the Dinkins administration a series of industry-specific RFPs had been issued that allowed contractors to determine which industries to focus on. Now the city determined the sectors and found contractors who were qualified to work with those industries. The initiative's revenue base was also a mix of public and private funds with an assembly of 35 private foundations donating substantial funds to the RFP.

DSBS also moved quickly to set up a customized training program that would be administered through its BWP division. For the first time, the city would set aside WIA dollars for business-designed training courses. This set of programs was being developed in 2004 for the 2006 fiscal year.

In addition to the economic development programs, DSBS moved quickly to open a full network of one-stop career centers. Before DOE was eliminated two additional one-stops were opened in Harlem and the South Bronx. A third RFP for the next round of one-stops had been issued in the winter of 2003 and was to be awarded in the spring of 2003 but was suspended due to the merger of DOE into DSBS. At this point there had been a total of four separate RFPs for one-stops that had been issued and either delayed or thrown out. By contrast, Boston only had one RFP for its one-stop network and never suspended or threw out an RFP[44]. By the winter of 2004, DSBS awarded the remaining contracts to administer the one-stop centers in Staten Island and Brooklyn.

That DSBS was finally able to erect a full network of one-stop career centers in each borough was a major accomplishment. New York had one of the lowest, if not *the* lowest, number of one-stops per capita in the nation for the first three years of WIA implementation. But more than simply open new one-stops, DSBS saw each one as a way to connect to its economic and business development goals. The Brooklyn one-stop was used to recruit over a thousand workers for the nearby Atlantic Terminal Mall; the South Bronx one-stop was used to train new workers at the renovated fish market, the largest development project in that part of the Bronx. Moreover, each one-stop had a separate contractor focused exclusively on business services. For example, the overall operations

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[44] Philadelphia did not have an RFP because all of the one-stops were administered by the same network of government agencies, called the CareerLink Consortium.

of the Brooklyn one-stop were administered by Goodwill Industries, but the business services contract was administered by the Brooklyn Chamber of Commerce. Additionally, the agency established a new performance measurement system that focused on job placement and follow-up with clients served.

The rapidity with which DSBS was able to both implement WIA and integrate workforce and economic development is noteworthy. Every aspect of workforce development was evaluated to determine how it could better connect to the private sector: a series of custom-designed programs for individual employers was developed, a new industry-specific program was designed and an integration of workforce and business centers was initiated. The speed and depth of the economic development programming is similar to Philadelphia, a city that in two short years also embraced an economic development approach to workforce development fairly quickly with no prodding or guidance from the mayor or business community. Boston partly focused on economic development, but it occurred more organically and over a long period of time. The New York and Philadelphia examples of economic development focus both occurred right after a major governance restructuring that brought new leadership and a new business-oriented mandate. The two cities speak to the importance of a 'fresh start,' the need to move beyond the past social service orientation and identify the right agency leadership.

Culture of DOE, HRA and DSBS

Unlike the other two study cities, the culture of New York's workforce agency must take three different organizations into account. Rather than one, New York assigned

three different agencies in a five-year period to implement the Workforce Investment Act.

The overall environment of the workforce agencies taken together was one of destabilization. Workforce was a policy area that garnered very little mayoral attention and consequently there was a lot of uncertainty surrounding the agency in terms of policy direction and support. This created an atmosphere in which many staff were demoralized and expended the vast majority of their time setting programs up or getting them prepared to transfer to another agency. One long time assistant commissioner at DOE noted, "It has gotten to the point of being very depressing around here. I am either taking money back or sending it off to another agency. There is no time for planning or to develop program accountability."

In terms of specific cultures it is worth noting a few of the salient characteristics at each of the three agencies that had program responsibility for WIA. The Department of Employment was known as being the most rule-bound and bureaucratic of the three. Agency staff were focused on the status quo and protecting the agency and their status within city government. This was an orientation that was established during the beginning of the Koch administration in an effort to improve contracting accountability. It had the positive effect of producing a clean contracting system and ensured that the agency would no longer be beholden to the nonprofit training providers.

The focus on performance and accountability lead to a culture of rigidity and a lack of interest in innovation. Over time the few staff members that were most creative and entrepreneurial left the agency because of the high turnover at the commissioner level and the lack of support from colleagues at the agency. The staff that remained

tended to be lifelong city administrators that were focused on closely following the rules of municipal government and federal regulations. Commissioner Betty Wu did recruit a few entrepreneurial staff from the nonprofit and private sector, but the core administrators were more focused on following directives than on creatively interpreting federal policy. And even Wu was viewed as exhibiting conserver attributes. She was from the private sector, but was so cautious because of her lack of familiarity in the DOE environment that she would often quell any movement toward reform or program innovation.

The city's Human Resources Administration was known for its competence at administering large government contracts. It was an agency long criticized for being an overwhelming bureaucracy overseeing many different programs. But by the early 1990s it had built considerable expertise at executing and monitoring large government contracts and attracted serious-minded and competent administrators. This trait was only enhanced during the tenure of Commissioner Jason Turner. A contracting scandal involving the company Maximus besmirched HRA's reputation as an oversight body, but the overall performance of its contracting was seen as far more competent than in past HRA incarnations in the 1970s and 1980s.

Far more relevant to HRA's administration of workforce programming was the zealotry of its commissioner, Jason Turner. Driven by an ideology of work above all else, Commissioner Turner did not see the value of job training or other social supports (DeParle, 2004). One workforce agency official said of Turner, "He really had two different personalities. One was a competent, almost brilliant, agency manager. The other was a pure ideologue—someone who believed in ideas of welfare recipients, not the

reality of their situation." Turner's zealotry manifested in a resistance to implement WIA, or any employment programming. Hence, the city neglected to meet even the basic tenets of the new federal law while HRA controlled the WIA adult funds.

The city's Department of Small Business Services was characterized by a high-degree of private sector professionalism. The agency prided itself on emulating the business sector in terms of its emphasis on marketing, performance reviews and constant re-structuring of program models to improve quality and service delivery.

DSBS was not always so results-oriented. Prior to the Bloomberg administration the agency was seen as the weak link in the city's economic development chain. Commissioners were not viewed as strong and the agency in general was often ignored by City Hall officials (Bowles, 2005). In fact, similar to DOE, a number of proposals had been suggested to eliminate the agency and merge its functions with the city's Economic Development Corporation. But in the Bloomberg administration DSBS was newly empowered as a strong and independent agency. Its culture was very much in line with the rest of the agencies in the economic development portfolio of Deputy Mayor Daniel Doctoroff and that was one based on performance, innovation and responsiveness to the city's business community.

The wide range of agency traits highlights the immense amount of change experienced in the workforce field in New York. Boston maintained a consistent approach to governance for over twenty years and Philadelphia's senior staff was equally stable.

Workforce Agency Relation to the Mayor

Overall, New York City mayors never exhibited interest in workforce issues. Mayors Koch, Giuliani and Bloomberg were only focused on the agency for brief moments in time when it impacted other areas of concern. Mayor Koch doubled DOE's budget in 1978 but only because he dismantled another agency and he granted DOE independent status primarily to relieve HRA of the program burden; Mayor Giuliani acted only to diminish DOE by taking away its training funds and placing them into a pool of welfare dollars; and Mayor Bloomberg eliminated DOE as a budget saving move.

Table VI-D: Indirect Mayoral Actions that Significantly Impacted DOE

Mayor	Mayoral Intent	Indirect Affect on DOE
Koch	Dismantle Economic Development Agency	On-the-job training funds were given to DOE which doubled its budget
Koch	Lighten burden on HRA which was deemed to be overwhelmed with too many service functions	DOE was broken off from HRA and given independent status
Giuliani	Place all workforce funds available into a jumbo welfare-to-work training contract	Removed all adult workforce dollars from DOE
Bloomberg	Accrue budget savings	Eliminated DOE

Mayor Dinkins was the only mayor who issued a workforce plan, but he personally had nothing to do with it. In fact, Dinkins never even interviewed his own DOE commissioner candidates and never had a formal meeting with his commissioner. And when the major reform and restructuring plan was released it was in January 1994, after Dinkins had already lost his bid for a second term. Philadelphia's mayors did not focus on workforce issues either, but Mayor Rendell did actively restructure the city's primary workforce agency.

The lack of mayoral attention to workforce issues is not that surprising in New York. The enormous size the city's population and municipal budget crowds out the majority of policy and service areas. Most mayoral agendas are quickly taken over by a few key priorities and periodic crises. Basing his experience on New York City, Douglas

Yates wrote that the city is ungovernable and most of a mayor's energy is spent quelling unrest and problems beyond the mayor's control (Yates, 1977). Recent New York City mayors such as Giuliani and Bloomberg have been fairly adept at articulating an agenda and sticking to it, but even they have a limited purview of issues that they can substantively address because of the breadth of demands for their attention.

For these reasons, workforce always had difficulty gaining mayoral attention in New York. It is a policy area with a budget that is relatively small and has been shrinking steadily over time in New York and across the country due to federal budget reductions. And with a number of federal reporting requirements it is difficult for a mayor to make the policy area reflect his/her priorities. Cities such as Boston, San Diego and Houston have been very creative with their interpretations of WIA, but many mayors have viewed the federal regulations as onerous and not worth the effort. One city budget official in the Koch administration noted, "We never paid attention to the workforce budget at DOE. It could have gone up 20% or down 20%, and I wouldn't have noticed. It was just a blip compared to all the other agencies and because it was federally funded it received even less attention."

No aspect of mayoral neglect was more telling than commissioner appointments. After Commissioner Ronald Gault left the agency in 1985, no mayor ever again recruited a strong candidate for the position. The commissioner of DOE in any mayoral transition was one of the lowest priorities and seen as the patronage or minority commissioner slot. Mayor Dinkins did not even meet his DOE commissioner until after she was offered the job. Most interviewees cited the poor leadership at DOE as the single biggest reason the workforce field exhibited little innovation or advancement for twenty years. In Boston,

the commissioner of the workforce agency was a prized position and one the mayor took very seriously. The competency and stability of workforce leaders in Boston was mentioned consistently as one of the reasons the policy area in that city ran smoothly. The importance of commissioner selection speaks to the importance of the local administering agency in any federal policy and the direct and indirect affect mayors can have.

THE ROLE OF THE WORKFORCE INVESTMENT BOARD

Introduction

New York's Workforce Investment Board is a relatively small body with a staff of three and a budget of $500,000 in 2003[45]. Unlike Philadelphia and Boston, the New York WIB never had a clear purpose within the local workforce system and experienced high turnover of staff and private sector board members throughout WIA implementation.

In Philadelphia, the WIB has fairly strong oversight capacity in relation to the one-stop system and guides much of the high-level business engagement. In Boston the WIB is a co-equal with the city's workforce agency wit regard to administering programs and developing policy. Additionally, the Boston WIB is responsible for virtually all of the business engagement with workforce programming. In New York the WIB does not fulfill any of these functions. It is clearly subservient to the workforce agency, has had no impact on policy and little impact or input on oversight matters. Additionally, the New York City WIB has done little to engage or inform the business community about workforce programming outside of a handful of individual business leaders on the board.

New York's PIC: A National Model Fades Over Time

The weak position of the WIB under WIA is surprising from a historical perspective. From 1978 to 1984, the first years of business boards in the workforce system, New York had a dominant Private Industry Council that pioneered customized business training with the strong backing of many corporations in the city. Like Boston

[45] The WIB in New York did not have its own budget, it was part of the overall workforce agency budget. This is in contrast to Boston and Philadelphia where the WIB functions as a standalone agency with its own budget allocation.

and Philadelphia, it is this early history that runs from the late 1970s to the mid-1980s that is crucial to understanding the current incarnation of a city's workforce board.

A National Leader in the Field of Public/Private Ventures is Chosen to Develop New York's PIC

New York City established one of the better-funded and active PICs in 1978. As in Philadelphia and Boston this initial strength originated from the business community. The business commitment to workforce in New York City came from the local chapter of the National Alliance of Business (NAB). Prior to the formation of the New York City Partnership, NAB served as the primary gathering point for the top CEOs were based in Midtown and Lower Manhattan.

The local NAB chapter wanted to recruit a competent leader with experience working with the public and private sector. The NAB executives settled on Ted Small who founded the Metropolitan Cleveland Jobs Council in 1968. The Cleveland Council was a business and government partnership aimed at finding employment for disadvantaged individuals and was credited as being one of the models for the PIC component of CETA reauthorization. The national office of NAB promoted the success of the Metropolitan Cleveland Jobs Council and lobbied Congress to incorporate similar models into CETA, so it was an obvious choice for the New York Chapter of the National Alliance of Business to recruit one of the original leaders of public/private workforce programming.

Ted Small was seen as a visionary in the field and he entered his position in New York with the full support of the major CEOs in New York City (Singer, 1979). Small

also had $3 million in his first year of operation in 1978 to begin programming, far more than most PICs at the time. The funds were a mix of CETA dollars and private contributions from the Rockefeller Brothers Fund, Morgan Guaranty Trust Co. and NAB board members.

Small's program focus was on customized training that ranged from auto repair to operators of kidney dialysis machines. Much of the training was based around a tailored set of courses that were developed with the employer. In fact, many interviewees said Small's work pioneered the model of customized training in the early 1980s and that it has since been widely used by workforce systems across the country. The overall number of people trained and retention rate of the PIC programs far exceeded any of the traditional DOE programs. Between 1978 and 1984, Small's tenure at the PIC, 18,500 people were placed with 3,200 private sector companies (Lambert, 1992). Because the trainings were designed with business the placement rates were 80%, which was considered quite high at the time (Sobol, 1982). No other New York workforce intermediary would ever come close to matching such high numbers.

In addition to the customized training programs with individual employers, the PIC established a number of industry institutes—programs that were dedicated to addressing the employment needs of specific business sectors. One was a financial securities institute for the top brokerage houses in New York that trained individuals for jobs as commodities clerks. Another was a banking institute that prepared low-income job seekers for entry-level teller positions.

Small ensured that New York's success was recognized nationally through his work as the founding chairman of the National Association of Private Industry Councils,

the primary trade association for PIC chairs that still exists today under the heading of National Association of Workforce Investment Boards.

The PIC Loses a Battle for Workforce Funds that Leaves it Politically Weak and a Junior Partner to DOE

As impressive as the PIC's programs may have been there was always a lack of clarity in terms of its true role and function within the city's workforce system. This lack of clarity translated into a competitive relationship between the PIC and DOE. The passage of the Job Training and Partnership Act in 1982 brought the tensions to the surface. Prior to JTPA's passage, the PIC was allowed to access federal training funds under Title 7 of CETA. Beyond Title 7, which was a fraction of the overall training allocation, the PIC did not have that much responsibility. With passage of JTPA, Title 7 became the *entire* training budget and the PIC was to have oversight over all of the federal funds. Put another way, CETA granted PICs a small training budget to administer and JTPA mandated that PICs oversee the entire training budget and the option of administering all of the funds as well.

The new JTPA legislation presented a clear choice to most cities: Dissolve the municipal workforce agency and have the PIC administer all federal employment programs (as was done in Philadelphia) or establish the PIC as a pure oversight and policy body (as was done in Boston with the adult funds). New York chose a middle path that did not clarify the PIC role and left it in a politically weak and unstable position that lasted throughout JTPA and WIA implementation.

The decision of how to handle the PIC in regards to the JTPA legislation was determined by Ronald Gault, the DOE commissioner. Gault had a good relationship with Mayor Koch and convinced him that a transfer of all the training funds to the PIC would mean that the mayor would not have any control over the dollars. Ted Small argued for all of the funds, but he never cultivated a relationship with Mayor Koch or other City Hall officials. Small's core constituency was the business board members of NAB, but this group was in the midst of a transition as the members began to move to the newly formed New York City Partnership. In the end, Commissioner Gault's strong relationship with City Hall meant he controlled the PIC's destiny under JTPA.

Gault crafted an arrangement between the PIC and DOE that codified DOE's dominance over the system. The PIC would receive a set 13.5% of Title 7 training dollars, no more and no less, and the PIC board would report to the DOE commissioner, not the PIC executive director. The 13.5% of training funds was still significant, but far less than the 100% that the PIC could have claimed and did claim in places such as Philadelphia, San Jose and Oakland. And by having the board members report to the DOE commissioner rather than the PIC executive director, the PIC staff no longer had any influence with its own board. The DOE-driven arrangement for JTPA implementation created a hierarchy where one had not previously existed, and this hierarchy clearly placed the PIC beneath DOE.

More than losing a battle over funds, the PIC lost any chance to clarify its role in the workforce system. After the arrangement was made the PIC was caught permanently in a middle ground position of being a sub-contractor to DOE and being charged with overseeing the entire training allocation in New York. The PIC was like any other

contractor in terms of needing to meet federal reporting requirements and responding to city and state audit requests, but it was also charged with running a board that was responsible for holding DOE responsible for policy direction and program performance. It was this confusion of mission that precluded the PIC from forming a clear set of organizational goals and led to the departure of many staff and board members within a few years of this new arrangement.

The arrangement firmly put the DOE Commissioner Gault in charge of the entire workforce system and Small soon resigned. Gault quickly solidified his position by populating the PIC and its board with people loyal to him. First, Gault personally recruited Frank Savage, a Senior Vice President at Equitable Life Assurance Society, to be the new board chair. Savage was Gault's close friend and was willing to let Gault set the PIC organizational direction. Together, Savage and Gault hired Dennis Derryck as the new executive director.

Dennis Derryck was a policy analyst who had written numerous articles on black male unemployment, but had never before run an organization or agency. Derryck, with the support of Gault, decided to reverse course on virtually all of the programs that Ted Small had established. He dispensed with all of the customized training programs and established a more traditional model of classroom training in their place. Rather than working directly with employers, Derryck contracted out to other nonprofits and colleges in the city and asked them to train individuals first and place them in jobs afterwards. This model did little to distinguish the PIC from typical DOE nonprofit contractors. The model was also the opposite of the one that Ted Small had developed: it was a social

service model that focused on the deficiencies of the job seeker rather than the needs of the employer.

The emphasis on classroom training meant that most of the businesses that had benefited from training when the PIC began operation lost interest in the organization. Additionally, the participation of corporate members of the board began to deteriorate. With the DOE commissioner fully in charge the PIC, the board had little substantive impact on any decisions. All interviewees described the PIC as a rubber stamp for any needed approvals that DOE requested. Business executives felt that the meetings were a waste of time and began to send community affairs representatives to the meetings. In place of the business presence, nonprofits and unions increasingly dominated PIC meetings.

Fraud Convictions Further Diminish the PIC's Programs and Credibility

The majority of the PIC spending was dedicated to typical classroom training, but it did also support a sizeable On the Job Training program, referred to as OJT. This was a popular use of employment dollars that began under CETA. It was different from customized training, which entailed designing training courses for employers. OJT functioned more like a wage subsidy. Companies were given a set amount of funds, typically half of an employee's wages, for six months. The idea was that during this six months, the employer was training a person and then would hire them after the six months, when the OJT funds ran out. Often the program worked well and encouraged businesses to hire qualified low-income and minority job seekers. But it was also mis-used by many businesses that took the funds simply to offset employment costs for

employees they would have hired regardless of the subsidy. Other employers would abuse the program by hiring someone for six months with the OJT subsidy and then fire them once the subsidy ran out, and then re-hire them again for another six months, allowing them to collect the subsidy again.

By 1993, the New York City OJT program was the largest wage subsidy initiative in the country. But the opportunities for abuse by businesses and local PIC organizations led to an investigation by the District Attorney of the Southern District of New York State. In 1994, a total of five mid-level PIC employees were indicted for falsifying 289 placements and capturing $1.2 million in OJT funds (Lipowicz, 1994).

In the end, the fraud convictions did not ensnare the senior management of the PIC. The District Attorney spent a year trying to find evidence to convict supervisors and the executive director, but no evidence could be found. One PIC staff member said, “It was really a case of a few bad apples.”

Regardless of the low number of staff convicted in the OJT investigation, the ramifications for the PIC were significant. All of the bad publicity surrounding the fraud scandal forced the City to address the situation promptly. DOE, with City Hall approval, took an extreme stance and decided to eliminate every employment contract that the PIC received including the OJT program. In place of programs, the PIC was instructed to focus solely on staffing the board meetings and marketing workforce programming to the public at large. The curtailed responsibilities and funds led to an immediate drop in staff from 100 to 15 in one year. Although the PIC lost all of its program funds from DOE, it was able to garner a few small government contracts from other agencies.

The PIC is Dissolved and a New Workforce Board is Created

By the time of WIA's passage in 1998, the PIC was a very different organization than it had been at the beginning of JTPA. It changed from a pioneering workforce organization focused on customized business training to a politically weak agency that had just a few marginal government contracts and virtually no affiliation with DOE. When it was time to create a new workforce board to meet the federal requirement of the Workforce Investment Act, Commissioner Jason Turner, who was in charge of the majority of WIA funds, decided to establish an entirely new board.

The new Workforce Investment Board was chaired by Stuart Saft who had been on the PIC for two years. Saft worked as a senior attorney at Wolf Haldenstein Adler Freeman & Herz, a mid-size law firm representing real estate developers and landlords. He had little previous experience with employment issues. But Saft did take his position seriously and learned the intricacies of federal employment legislation and worked with the city to meet the federal guidelines. Saft for example, wrote the city's workforce strategic plan in 2000 because the one written by HRA did not meet the federal guidelines.

Beyond Saft's enthusiasm and interest in understanding employment policy, there was little else about the WIB that constituted real substance. Saft was the only advocate for an active board and it was difficult to get anything accomplished. The business members attended as an obligation to the city; the human service providers on the WIB board resisted implementing any aspect of WIA in order to retain their current contracting advantages; and Commissioner Turner resisted any board oversight or policy direction.

The biggest obstacle to WIB autonomy was the tight control of the agency held by Turner. Commissioner Turner controlled the WIB budget, picked the board members and set the agenda for every meeting. In this limited context, Saft chose to focus his advocacy on acquiring staff. The WIB was not given any staff or office space initially. But by 2001, Saft was eventually granted a budget for an executive director. When the WIA adult funds were transferred back to DOE, Saft maintained his advocacy for staff. His position was marginally better under Commissioner Wu, who assigned three staff to the WIB. But Wu personally chose the executive director, a young person widely seen as a weak appointment. Additionally, Wu demanded that the new director report directly to her and not to Saft.

When the WIA funds were transferred to DSBS, Commissioner Walsh made it clear that he would retain as much control over the WIB as the previous commissioners had. Like Commissioner Wu, Walsh choose the executive director. But rather than a young and relatively inexperienced staff person, he recruited Marilyn Shea the former U.S. Department of Labor regional administrator for New York and New Jersey. Shea brought experience and a high level of credibility amongst public and private workforce stakeholders who had long believed the WIB would remain powerless.

Even with Shea as executive director of the WIB there was still a lack of clarity in terms of how much independence the entity had and exactly what planning role it was to play. In many ways Shea and the WIB were still a creature of the city workforce agency. The meeting agendas still had to be approved by DSBS, the WIB offices were in DSBS' office, and the WIB's budget was determined by the commissioner of DSBS. None of these fundamental tests of autonomy existed in Boston and Philadelphia, cities in which

the WIB determined its own budget, had separate offices and set its own meeting agendas.

WIB Program Focus

The New York City WIB had no official employment programs, like the Boston PIC. Throughout the 1980s and 1990s the PIC ran a series of employment programs for businesses and low-income workers, but the WIB ran no such programs and was not established to do so.

The federal legislation explicitly called for a separation between program and policy and said that WIBs should not administer WIA dollars directly. But WIBs were given considerable oversight authority. Despite the specificity around oversight, the New York City WIB never exerted much authority over program development or policy. WIB members interviewed for this study said things such as, “I never knew what I was voting for,” “I was told by Stuart the day before that I should vote for this,” and “It is not clear to me what our responsibilities are.”

The lack of organizational clarity stems partly from the shifting agency and program orientation from DOE to HRA back to DOE and then to DSBS and DYCD. The city was moving the funds around and the goals of the funds too many times for any board to reasonably assert its authority. The WIB was also an entirely new body that did not have a history or strong advocate, with three different commissioners and three different executive directors. The board chair, Stuart Saft, was the only consistent member, and he was relatively new to the workforce field and did not have business ties independent of the WIB.

Table VI-E: Number of WIB executive directors and staff

City	Number of WIB executive directors between 2000-2004	Overall number of staff in 2002
Philadelphia	1	7
Boston	1	57
New York	3	3

The lack of oversight and program contributions by the New York City WIB was evident in the lack of material generated by the board. Unlike Boston and Philadelphia, there was little substance on the web site, no release of performance reviews, no strategic planning document and only one annual report that highlighted DSBS, not WIB, successes. In sum, New York City created a WIB that was virtually powerless to affect the content or direction of the system in any way.

THE ROLE OF EMPLOYMENT AND TRAINING PROVIDERS

Introduction

The federal employment providers in New York City were diverse and much larger than in Boston and in Philadelphia. In 2002, there were over 60 organizations involved in training and employment programming. The bulk were nonprofits, but there were also a few proprietary organizations and a few community colleges.

There was a mix of small, medium size and large nonprofits providing employment services. Many of the larger nonprofits offer a range of other programs, primarily social services such as childcare and youth development.

The larger nonprofits in New York City such as Federation Employment Guidance Service, Goodwill and WildCat Service Corporation have been operating for over 40 years and have strong political connections. From 1966 to 1977 these organizations had tremendous influence over workforce policy in the city. They would directly lobby City Hall and the DOE commissioner for contracts and consistently receive the largest share of CETA contracting funds.

Provider Influence Wanes During Koch administration

The beginning years of CETA were dominated by nonprofit providers that influenced contract orientation and awards. That influence on the system faded quickly with the election of Mayor Edward Koch in 1977. Koch focused on a number of agencies including DOE that he believed had little oversight and accountability to City Hall. He appointed top aides Stanley Brezenoff and Ronald Gault to run the agency between 1978

and 1984. These two commissioners focused intently on contractor performance reviews and implementing a fair RFP process.

This focus on contracting was the one lasting mandate and overarching feature of DOE's orientation throughout its history. The agency was never known as particularly effective or innovative, but it never experienced a major contracting scandal and its staff were rule-bound to the city's process.

This emphasis on a fair contracting process took influence away from the provider community. After 1977, no single provider or coalition of providers was able to affect any major workforce planning in the city. At various points, individual providers were able to curry favor with city officials that led to favorable treatment, but nothing that amounted to a decisive advantage over their competitors.

The lack of provider influence is striking given the weak position of DOE and the complete lack of attention from City Hall. New York's nonprofits are known nationally for their power and influence compared to other cities and this was one policy area that they dominated and had little political interest from other city stakeholders. But of all the policy shifts from social services to economic development and prime contracting to one-stop centers, the providers had no noticeable impact that any interviewees could identify.

Providers Are Poorly Organized

Workforce observers in New York claimed that the lack of organization amongst the employment providers was the primary reason they were never able to seriously influence policy directions in the city. The range of so many disparate providers made it difficult to form consensus on any one message. Additionally, common ground was hard

to find because of the competitive environment that engulfed training providers as funds were always shrinking. One provider said, “Organizing the providers is like herding stray cats. They simply can not find common cause and will always claw one another out for a contract.”

Unlike other service areas, the employment providers in New York were slow to organize any sort of collective trade group. Areas such as childcare, child welfare, mental health and health care are all dominated by strong nonprofit advocacy and trade organizations. But throughout the 1990s the employment providers were only able to support a voluntary organization called the New York City Employment and Training Coalition. And it was not until 2000 that this coalition was able to raise enough member dues and funds to hire paid staff. The Coalition did have a series of advocacy positions throughout the WIA study period, but none were taken seriously by the city. In fact, the coalition was rarely consulted on any major policy decision that DOE, HRA or DSBS made.

A Policy Window Opens and Providers are able to Influence Implementation of WIA

During the period of WIA implementation the providers’ main position was a defensive one. Their preference was not to implement any of the main features of WIA. Although city government was impervious to their influence during JTPA, the city still relied heavily on nonprofit employment providers to deliver services. WIA threw this relationship into question by requiring that substantial sums of money be invested in one-stop centers and that training be provided through vouchers that could be spent at a number of locations. Providers were justified in believing that a strict implementation of

vouchers and one-stop centers would spell the end of virtually all of the nonprofit contracts. Rather than funding a number of organizations to provide services, WIA called for large one-stops and individual vouchers that job seekers could spend wherever they chose.

Special Population and Dislocated Worker Contracts Extend JTPA and Ignore Most Tenets of WIA

The provider's resistance to change did influence WIA's implementation in the city in the sense that HRA also resisted the federal intent of the law. This confluence of provider and city interest in *not* implementing the law led to a number of provider influenced outcomes. The first was a set of 'special population' contracts that were direct contracts to 22 providers to serve hard-to-employ individuals such as the disabled. HRA negotiated the contracts because they assisted its own welfare population and the providers lobbied for the contracts because it was a population they were accustomed to serving and avoided movement to a one-stop or voucher model. HRA also negotiated a set of dislocated worker contracts that was no different than JTPA contracts, just worded to sound like the WIA legislation. Under this contract, HRA told the providers that they could issue themselves training vouchers. Allowing nonprofits to issue themselves vouchers clearly went against the intent of WIA and stripped customer choice out of the equation.

One Provider Becomes the De Facto WIA System

The City resisted implementing any of the tenets of WIA. To avoid further criticism from the federal Department of Labor and the media, HRA decided to just use one single provider to institute all of the WIA reforms in the city. This one provider was the Consortium for Worker Education (CWE). From 2000 to 2002, CWE operated the city's only one-stop center and administered all of its training vouchers. This allowed the city to remain in compliance with the federal law.

At first glance, it would appear that CWE, an influential nonprofit that is comprised of many of the city's major unions, had unduly influenced the construction of the WIA system. A closer examination reveals that CWE was in a fortuitous position of erecting systems similar to WIA at the same time that the city did not want to implement the federal program. This allowed the city to technically meet compliance without investing any time or money into creating a true WIA infrastructure. CWE had been operating workforce career centers for a number of years, which like one-stop centers were open to a universal population and pooled training dollars for a variety of employment programs. And CWE had always favored a voucher process for serving its clients. In conclusion, CWE did have tremendous political clout but its boon in contracts during WIA had more to do with helping the city meet federal guidelines than improperly influencing City Hall or the workforce agency.

<u>Providers Halt Progress on WIB</u>

Beyond program influence during WIA implementation, New York's nonprofit providers had considerable influence on policy as members of the WIB board. It was in this capacity that providers also resisted implementing WIA. Their presence on the board

had the affect of weakening the WIB, a board that under most circumstances would not have resisted implementation in the same way providers did.

The nonprofit presence on the WIB board was embodied in two individuals: Amy Betanzos, the President of Wildcat Service Corporation, and Joseph McDermott, the President of the Consortium for Worker Education. They were members of both the city and the state Workforce Investment Boards. And in the absence of active independent business members, McDermott and Betanzos were able to stall progress on the city and state boards and advocate for the status quo. One business member of the board said, "Yes, the city commissioners slow down the progress of the WIB, but the influence of training providers is just as harmful. They will sit on anything that smacks of forward movement."

The nonprofit dominance of the WIB was unique to New York. In Boston there was no significant nonprofit presence on the WIB, as most decisions were made by an executive committee comprised of corporate CEOs. In Philadelphia there was a nonprofit presence, but the private sector businesses played more of a leadership role.

Summary

Nonprofit providers had far more influence in New York than the other study cities. This influence was short-lived, lasting only a couple of years at the beginning of WIA implementation. But this was a critical period and allowed the city's producer interests to dictate the contours of WIA implementation for almost the entirety of the study period. Nonprofits were able to avoid implementation of one-stop career centers, training vouchers and connections to the private sector for nearly four years.

It should be stressed that this influence evaporated as soon as the program funds were transferred to the city's business service agency and the city finally attained its focus on workforce issues. And for twenty years prior to WIA implementation, providers were rarely consulted on any program design issues. In New York, producer interests were lucky to have a moment of influence at the exact time that the federal law went into effect.

THE ROLE OF STATE GOVERNMENT

Introduction

State government, and the governor in particular, have never focused on workforce throughout the history of JTPA and WIA. New York was known amongst national policymakers as the slowest state in the country to erect the bare minimum of WIA requirements as the state failed to submit a workforce plan on time or establish an active workforce board. New York's inaction on employment policy is in direct contrast to Pennsylvania and Massachusetts, states in which successive governors made workforce a priority and influenced local implementation.

The low priority afforded workforce stemmed from the governor's lack of interest in the Department of Labor. The agency was relatively small and was always seen as the agency whose commissioner appointment belonged to organized labor. The agency was responsible for many areas essential to union interests including unemployment insurance and the distribution of vocational education grants. Unions historically lobbied each governor to choose a DOL commissioner with their approval and every Democratic governor acquiesced to this demand. The union focus did not lend itself naturally to a focus on workforce issues as commissioners tended to focus more on the employment service function of DOL than on workforce development.

Governor Pataki broke with tradition when he was first elected in 1994 and named George Sweeney, the executive director of the state Republican Committee and a non-labor choice to head DOL. Sweeney immediately began offending labor by calling various DOL subcommittees into question, accusing them of being "slush funds" for unions (Slackman, 1996). A bitter feud between Sweeney and Edward Cleary, the

President of the AFL-CIO ensued. At one point Clearly told *Newsday,* “John Sweeney is a pathological liar, there is something wrong with this guy’s head” (quoted in Slackman, 1996). By the end of 1996, after two years in the position, Sweeney was removed from the post as Pataki could no longer withstand the criticism. After Sweeney DOL had two commissioners that were both vetted and approved by the labor community. In addition to maintaining union control of DOL, Pataki also mirrored Cuomo’s lack of interest in the entire area of labor and workforce issues.

Signs of Little Interest in Workforce

Even more than at the local level, state governments across the country have increasingly focused on improving their workforce systems and better aligning them to economic development goals (Troppe and Reesman, 2004). New York has long been a laggard in this sense. Neither the governor nor the state legislature have invested time in workforce planning or improvement. What follows is a review of major workforce areas that other states—including Pennsylvania and Massachusetts—made a high priority in the 1990s.

Incumbent Worker Training Programs

The greatest example of low interest in workforce issues in New York State can be seen in the lack of commitment to incumbent worker training programs. These are programs that are alternatively called customized business or worker training. Unlike subsidy-based economic development packages, incumbent worker training programs allow state governments to make aid conditional upon companies hiring and training

specific populations such as entry-level workers or low-skilled jobseekers. Such programs are seen as advantageous for workers and business. Companies gain a needed skill set in their employees to attain increased competitiveness and workers gain the skills needed to move up a career ladder.

The popularity of these programs has grown in recent years, with 47 out of 50 states now allocating money toward incumbent worker training programs. Total funding has more than doubled nationwide in the past ten years, to nearly half a billion dollars (Regional Technology Strategies, 1999). But in New York, the state has funded and de-funded three different programs over a 20-year period.

Initially, New York was a leading state in this arena. In the 1970s, a major program called the Employer Specific Skills Training Grant program (ESSTG) was established to assess the labor needs of New York-based businesses and create customized programs for workers to move up a career and wage ladder. Community colleges provided most of the training, and in 1989 ESSTG distributed $12 million in grants that trained more than 42,000 workers (New York State Education Department, 1990).

When ESSTG's Republican champion, State Senator James Donovan, died in 1990, Governor Mario Cuomo ended the program and moved to create his own training enterprise. After George Pataki defeated Cuomo in 1994, he quickly phased out this program, briefly leaving New York with no dedicated incumbent worker program at all. For the next six years, the state offered training as one of many economic development incentives within its subsidy packages. Governor Pataki resurrected incumbent worker training in 2000 with the Strategic Training Alliance Program (STRAP), which

functioned much like past incarnations and mostly benefited entry-level and mid-career workers.

STRAP was authorized by the state legislature in 1999 to spend up to $35 million over three years. From its inception in 2000, STRAP provided training for 21,000 workers. Like past state training programs, STRAP received favorable reviews from businesses. An audit of the program by a SUNY professor found that 98% of businesses were satisfied with their participation, nearly two-thirds reported that STRAP training enabled them to fill vacant positions, and half claimed it allowed them to expand their business and hire more people (Zubrenko, 2004). Despite the business interest in STRAP, the state budget in 2003 did not authorize additional funds for the program and it faded as an active economic development tool.

No Strategic Planning at the State Level

Any attempt to improve the workforce system at the state level demands a relatively thorough planning process. The number and range of employment programs is so great that a broad assessment and planning document is necessary to both understand the landscape and articulate reform proposals. Most states, including Pennsylvania and Massachusetts, went through such strategic planning processes during both JTPA and WIA implementation.

New York also had a similar set of planning activities and commissions established to re-think workforce programs and present a framework for constructing a coherent system. The difference was that the New York governor was never personally involved or even interested in the commissions' work. During the years of JTPA two

were written by the state board, the New York State Job Training Partnership Council, in 1990 and 1994. The planning documents focused on the need to better link workforce policies to economic development and better work with the state's economic development organizations. Both planning reports were ignored by the governor's office and failed to achieve any meaningful change in the field.

In 1995 a similar planning process was initiated. This effort, a collaboration of DOL and the New York State Education Department, appeared to have a greater likelihood of success. It was driven by the Governor's new labor commissioner, rather than the relatively powerless Job Training Partnership Council. The final report, which was issued in spring of 1997, presented a sharp critique of the current workforce system and called for more coordination and greater connection to economic development. The report, entitled Quality Works in New York, said, "New York needs a seamless training system. The current system is struggling to provide workers with the skills required for today's workplace, which presents a serious problem for employers. Programs are separately funded and operated. Linkages with economic development have been sporadic or non-existent" (Quality Works in New York, 1996).

As forceful as the 1997 planning document was, it did not lead to a single change in state planning, policy or budgeting. Soon after it was released, Commissioner Sweeney was moved out of his position and placed in the Governor's office because of complaints from the labor community (Slackman, 1996). The DOL replacement was an interim commissioner and he was hesitant to act on the report's findings; there was no other advocate for the report close enough to the governor to push the recommendations. One of the key members of the task force that staffed the report said, "With Sweeney gone, we

lost our champion. The new commissioner just didn't understand what we were calling for. Advocating for reform is always like pushing a boulder uphill and this was another case where the rock came back down and fell on everyone working for a system."

Pataki Administration is Slow to Implement WIA

Based on the above examples it is not surprising that the state was slow to implement the new WIA legislation in 2000. There was not an articulated opposition to WIA, but the state never showed any interest in workforce and did little to begin taking the steps necessary to implement the new law. The most visible example of this was the late assembly of a State Workforce Investment Board (SWIB). The state did not hold its first SWIB meeting until March 27th, just five days before the April 1st federal deadline for submitting state WIA plans. One DOL official relayed that the meeting contained little substance and that board members were presented "cheat sheets in advance about what WIA was about." The governor sent a representative to the SWIB meeting but after that no gubernatorial representative ever attended a meeting again. In contrast, the Massachusetts Lieutenant Governor represented the governor and co-chaired the SWIB equivalent. In Pennsylvania, Governor Ridge was personally active and engaged with the SWIB.

In addition to the slowness of erecting a state board, the governor never presented a plan for WIA. He left the task of implementation to the state DOL, and most of the high-level officials at the agency were not focused on implementation either. Compared to other states little was done to prepare municipalities or counties for the coming changes. An administrator at the US DOL that monitored New York said, "New York

was incredible. It did nothing to let people know what was coming. Forget helping people gain an advantage, they did not even inform local administrators about the most basic changes that would occur with the passage of WIA." A National Governors Association official said that he did not know of another state that was as slow to implement WIA.

DOL Uses Discretionary Money to Link to Employer-based Programming

Although the governor, legislature and senior administrators at DOL did not have much interest in implementing WIA, there was one official at the labor agency that was able to implement a number of innovative programs. Margaret Moree, the Director of Workforce Development and Training Division, was widely seen as the only focused official within DOL that cared about WIA and tried to make creative use of state dollars.

Moree took accountability issues very seriously and instituted WIA report cards that tracked the number of people served throughout the state. She also required clear reporting and a rationale for programming from each county prior to the release of funds.

Moree's primary contribution was her entrepreneurial use of the governor's discretionary WIA funds. The federal law stipulated that up to 15% of the WIA allocation could be set aside by the governor. There were no restrictions on how these funds could be spent and many governors used the funds to link workforce and economic development or to address a needy population not otherwise addressed through workforce or welfare programming. Moree was given near complete autonomy to spend the funds as she chose. She spread the governor's discretionary revenue around a number of areas including $8 million for small manufacturing firms to train incumbent workers; $3 million for local strategic plans to align business and worker needs; and $3 million to

map a career ladder in specific high-growth industries. The most notable use of the discretionary funds was for an incumbent worker training called BUSINYS (Building Skills in New York State). Incumbent worker training grants were popular with employers. They had been funded and de-funded many times. Moree dedicated more than $32 million between 2002 and 2004, serving 550 companies and assisting more than 32,000 workers.

Not surprisingly, New York City did not take advantage of these economic development oriented programs from the state DOL. In fact, the city did not apply for or receive any of the BUSINYS grants. This was not seen as an upstate bias, but was reflective of the city's lack of focus on business-oriented workforce programming.

The State Has No Impact on New York City

With no interest in or planning around workforce development at the state level it is not surprising to find that it had little impact on the municipal level. State officials described their workforce approach as devolutionary; allowing localities to determine how best to spend dollars and orient their programs. In this respect, there was no state impact.

By default, the state allowed New York City to continue resisting implementing WIA. At the time of WIA implementation, the city's Human Resources Administration had control of the WIA dollars. HRA did not want to follow the law and instead merged the funds into its newly created prime contracting program. Because the state did not enforce any policy and was slow to implement the law itself, the city felt more emboldened to neglect the law's intent.

SUMMARY

New York is a unique and outlier case study for many reasons. It was in a constant state of flux throughout the study period; changing administering agencies three times. It was also the only city in the United States to openly resist enacting the Workforce Investment Act by refusing to convene a workforce board or establish one-stop career centers.

What's remarkable about the New York case study is the fact that despite all of the flux in policy development the impact and direction of various policy actors was virtually identical to the other two study cities. These similarities included mayors that had tremendous impact on policy even if they were not specifically interested in workforce; workforce agencies that dominated policy implementation; and policy that increasingly focused on economic development approaches to implementation.

Little Mayoral Interest In Workforce Is a Contributing Factor in New York's Social Service Orientation

New York presents a perfect opportunity to explore the first hypothesis. Throughout the broad study period of 1979-2004 there was no instance of a mayor or governor articulating a workforce policy or mandate. New York directly contrasts with Boston, a city in which both mayors and governors made workforce a top priority.

According to the hypothesis New York City should have a more social service orientation to workforce development than the other cities. The theory states that without mayoral attention, the local workforce agency and provider interests will encourage a more social services orientation to policy and programmatic development.

Indeed, New York had a much greater emphasis on serving low-income residents and linking program development to welfare recipients than the other two study cities. And this orientation can be directly, although not entirely, attributed to the lack of mayoral interest in the field of workforce policy. This connection between little mayoral attention and social service oriented policy can be broken out in three different ways.

First, low mayoral input allowed the field of workforce policy to be dominated by its original focus on low-income individuals. The first series of federal programs: MDTA, CETA and even JTPA, emphasized a supply-side approach to employment policy that entailed services delivery oriented towards the most marginal workers in a region. This federal mandate took root in New York and other cities and was hard to overcome at the point of WIA implementation without executive leadership or a mandate from the mayor. This was certainly a factor in New York. Many interviewees at the city's workforce agency noted that they were historically responsive to the federal mandate of serving only low-income residents, rather than businesses. And the workforce agency never received any countervailing mandate from City Hall.

Second, the absence of mayoral leadership led to dominance of implementation by the city's workforce agency. These were often lifelong city workers who had no allegiance to the business community or demand-side aspects of policy development. As previous Political Scientists have noted (Henig *et al*., 1999; Wong, 1990), city administrators have no need to curry favor with the private sector and feel more compelled to respond to legislative mandates and service delivery to individuals. Both were the case in New York. Interviewees at the city's workforce agency stated their belief and even allegiance to the aspects of federal legislation that directly benefited low-

income individuals. There was only a vague sense of the demand-side or business aspects of JTPA and WIA. When the agency attempted to implement those aspects of the two laws, agency workers expressed a lack of experience and a low comfort level with the business community. All of these factors led to a workforce agency that historically implemented and felt more comfortable with social services policy. This changed when the city moved funds at the end of the WIA period to the Department of Small Business Services, but the above assessment applies to the agencies that had control of the funds from the period of 1979-2003.

Third, as the theory originally stated, the low level of mayoral interest allowed the provider community to have relatively greater influence on policy and programmatic decisions. The service providing agencies in New York, as in Boston and Philadelphia, were and are oriented towards low-income and impoverished individuals. These are organizations that have virtually no experience working with the private sector and have a vested interest in retaining municipal contracts to execute employment programs that benefit low-income individuals. During the WIA study period the provider community resisted the transition to WIA and advocated for maintenance of the previous contracting approach. With no mayoral interest in a different approach, the city used the provider model of service delivery. The strength of providers in New York highlights what Stone calls *employment regimes,* in which resistance by employment organizations leads to institutional survival instead of progressive reform (Stone, 1998). The other study cities were notable for not having anything akin to this level of provider influence.

By no means is the tendency toward a social services approach to workforce policy implementation in New York solely attributable to a low level of mayoral interest

in the area, but it was certainly one of the largest contributing factors. The import of mayoral inattention in the New York case study highlights just how important the municipal executive really is. Virtually every interviewee in New York noted the immense power of the mayor and the ease with which workforce could be altered with mayoral attention. This was underscored by the immense impact of the few indirect actions that mayors had on the field.

There were a few instances in which mayors affected the workforce field by focusing on other policy areas that had an indirect, yet enormous, impact on employment policy. One was Mayor Giuliani's decision to create a large-scale welfare reform initiative, which led to his empowered human services commissioner lobbying for and acquiring all of the adult workforce dollars in the city (this created a period of workforce inaction in which the federal funds were absorbed and unspent at HRA). Another was Mayor Bloomberg's decision to save funds by eliminating city agencies, which led to the movement of workforce programs to the city's small business agency (this created a sharp shift in program orientation to economic development). In each of these cases the mayor made a decision that was not motivated by any desire to improve workforce policy, but that led to major changes in the field. In each case, the primary workforce stakeholders understand the import of the decision for the field but were powerless to stop City Hall or propose an alternative outcome.

New York's Governors Play No Role in Workforce Policy

Governors in New York were as uninterested in workforce policy as mayors, but unlike mayors, gubernatorial influence was never felt. Whereas mayors influenced the

workforce system in the city indirectly or even through inaction, the governor had no affect at all. According to the hypothesis, this lack of gubernatorial interest should allow for more of a social services orientation, which is indeed the course taken in New York prior to 2003.

In conclusion, the first hypothesis was fairly accurate. The mayor of New York had an outsized affect on the workforce system—whether through decisions taken that changed implementation or through inaction and inattention that led to other stakeholders influencing policy directions.

The Primary Workforce Agency Favors a Social Service Orientation

The second hypothesis accurately predicted the outcome in New York. For many years the local workforce agency was allowed to dominate employment policy in New York and that indeed led to a social services approach to program implementation. The Department of Employment was the agency charged with overseeing adult workforce policy throughout most of its funding history in New York. This was an agency that focused almost exclusively on properly following the letter of the federal law. It was a rigid approach to policy implementation that did not allow for creative interpretation of employment policy. This rule-bound culture originated during the Koch administration. As part of a wider attempt to move power away from social service providers and back into the hands of City Hall officials, Mayor Koch installed a trusted aide to change the culture at DOE. The responsiveness to federal and City Hall mandates translated into a clear social services approach to program development because the federal government's initial focus on low-income beneficiaries and the placement of DOE within the larger

agency of HRA. These two factors led to agency bureaucrats emphasizing a focus on current and recent public aid recipients in their service delivery.

There were clear components of the JTPA and WIA legislation that called for a focus on private sector businesses and a demand-side approach to workforce policy. Virtually all of these encountered resistance at DOE. The commissioners and senior-level administrators at DOE felt uncomfortable around businesspeople and viewed the business workforce board as competition for control of federal funds. In the 1980s, DOE and its commissioner Ron Gault refused to work cooperatively with the Private Industry Council and actually lobbied Mayor Koch to markedly diminish its power. And virtually all attempts to conduct customized and on-the-job training generated internal resistance by most agency staff; those staff charged with implementation believed that they did not have the skill set and experience to appropriately implement business-oriented programs.

When the funds were transferred to the city's Human Resource Administration in 1999, the staff at this agency was, not surprisingly, more accustomed to a social services approach to policy. When the funds were transferred to the Department of Small Business Services the staff had a completely different orientation. The culture of the agency was focused on responsiveness to the private sector. And this culture immediately influenced all decisions around implementation as the agency erected an array of demand-driven programs and program models. What is interesting about the HRA and DSBS experience with WIA funds is that both had the funds for a short period and had competing policy interests, yet both had enormous, if not total, control of policy implementation. In fact, HRA and DSBS had little interest at all in workforce policy initially, yet still radically altered the delivery of services in the field.

There is a similarity between the workforce agencies in New York and Philadelphia that is worth noting here. Both cities had points in time when a new agency absorbed the adult workforce program, youth funding was re-directed to another agency, and they received a relatively new mandate to connect workforce and economic development goals. In Philadelphia this happened at the outset of WIA with the creation of the Philadelphia Workforce Development Commission in 1999 and in New York at the end of WIA implementation in 2003 with the transfer of WIA funds to the Department of Small Business Services. Unlike Boston which had a long and steady commitment to a blended approach to workforce development, this was a sharp break in agency orientation and approach to workforce programming. And in both New York and Philadelphia this 'fresh start' allowed the agencies to quickly break with past practice and implement a new and bold blended approach to workforce development. The ease and immediacy of the change in both cities speaks to the importance of the local workforce agency, the power of a mayoral decision to shift program responsibility and the benefit of a completely new start to program delivery.

In sum, the New York case study highlights the importance of agency culture in the face of mayoral inaction and inattention. Regardless of which local administering agency had control of federal funds, how long they had the funds or how committed they were to workforce they each had the greatest impact on program implementation. The hypothesis holds up reasonably well because in New York the local administering agency had the most control over services and prior to the movement of funds to DSBS the program orientation with rooted in a social services model.

Large Nonprofits Successfully Advocate for a Social Service Orientation

The third hypothesis states that provider interest group dominance of workforce programs will lead to a social services orientation. This dynamic did occur in New York. Far more than in the other cities, the local nonprofit providers were able to influence policy decisions. This influence translated into a resistance to the business-oriented aspects of WIA with the providers successfully advocating for policies that focused solely on assisting low-income individuals.

At the point of WIA implementation in New York, funds were transferred from DOE to HRA. This created a policy window (Kingdon, 1995) for the provider interest groups. It was a window in which the city did not have a clear policy and was not proactively attempting to implement the new law in any particular direction. In a sense the window was more of a vacuum that the providers filled with their agenda.

The new commissioner at HRA was motivated to acquire the federal funds, and far less interested in implementing WIA. HRA did not want to dedicate the time and policy energy needed to erect a whole new system of one-stop career centers and vouchers for adults. So instead they followed the advice of providers and simply extended the traditional large-scale contracts to large nonprofits to administer training programs. Rather than disburse vouchers to job seekers through one-stops, the new contracts allowed providers to issue *themselves* vouchers and ignored the one-stop career center and business training aspects of the law. This sleight-of-hand did not fool the federal oversight administrators at the U.S. Department of Labor, but the provider community was able to stall the aspects of WIA it did not approve of for at least three years.

The city did eventually establish one one-stop and began to slowly issue vouchers, but rather than directly administering the program or contracting it out as was done in Boston, Philadelphia and many other cities, the city employed the services of one single nonprofit to run the one-stop and issue a 100% of all training vouchers. As one federal official said, this one nonprofit became the 'de facto WIA system.'

Despite the immense influence of the provider interest groups in New York at the point of WIA implementation, they did not historically and do not presently have much influence over the field of workforce policy in New York. The Koch administration proactively moved DOE away from provider influence and the workforce agency culture from that point on tenaciously protected its contracting and policy decisions from external (provider) influence. But at the point of WIA implementation, the federal funds were transferred away from DOE, and the providers took advantage of this brief window to significantly impact policy and programmatic decisions that lasted throughout the study period of WIA. A DSBS official noted that, "we inherited a mess of programs that were dictated by HRA and providers who had no interest in implementing WIA."

In sum, the third hypothesis holds up well in the New York case study. It is possible to pinpoint the exact period (1999-2001) in which the provider community was able to dominate policy implementation and that dominance led directly to a social service orientation.

Concluding Points

A broad summary of influences on workforce policy is presented in the following table. This is based primarily on the 30 interviews conducted in New York with key workforce stakeholders.

Key Workforce Policy Actors in New York and Their Level of Influence on WIA Implementation

Mayor	Strong
Workforce Agency	Strong
Workforce Board	None
Governor	Weak
Providers	Moderate
City Council	None

Overall, the New York policy environment was marked by a high degree of flux. The administering agency changed three times in the six-year study period and the city had the distinction of being the only city in the nation to openly resist implementing the federal Workforce Investment Act.

But for all of the instability, New York at the end of the study period in 2004 was not so different from the other case studies in terms of the policy actors that exerted the most influence on policy orientation. As the above table demonstrates there were really only three stakeholders that had much influence on the New York workforce system: the mayor, the workforce agency and service providers. Of these three actors, it was only the workforce agency that had a consistent role in policy development. The mayor was never particularly interested in workforce and affected the field only when it crossed into a policy stream that was a top municipal priority. And the provider community was only able to forcefully exert influence during the brief period when funds were being transferred between agencies. So like the other case studies, local administering agencies

dominated policy with intermittent and wide-reaching influence of mayors. Additionally, New York completely reversed course and by the end of the study period adopted a more blended approach to workforce policy similar in many ways to both Philadelphia and Boston.

Chapter VII: CONCLUSION

This dissertation was a far-reaching assessment of the disparate policy actors that affected workforce policy implementation in three cities. A year was spent interviewing over 100 public officials, nonprofit providers and national experts; conducting a thorough Nexis survey of 200 news articles written about workforce policy in Boston, Philadelphia and New York over the past twenty five years; and conducting a review of all relevant Political Science and policy literature.

Revisiting the original hypotheses and Political Science literature, there are a number of intriguing and surprising conclusions, namely that a blended approach to workforce development that incorporates both economic development and social service goals was widely embraced in all three cities. Additionally, the role of mayoral and bureaucratic leadership had a higher degree of influence than is typically predicted. To best summarize these conclusions a detailed review of each institutional policy actor is presented in the next section, followed by a concise review of the overall dissertation conclusions.

SUMMARY OF THE IMPACT AND ORIENTATION OF POLICY ACTORS

This dissertation was an evaluation of the causal affect of various policy actors on local implementation of the federal Workforce Investment Act in three cities. The actors assessed were: mayors, governors, local bureaucracies and producer interest groups. Fundamentally the study was an inquiry into both the impact of each of these actors, and the orientation (either social service or economic development) that each had toward an ambiguous federal law.

This section will carefully evaluate the orientation and impact of each actor. The following section will then extrapolate the most important findings from this study that warrant further research. Before assessing each individual actor tables are provided that summarize the local impact of each actor and the final policy orientation of WIA in each city. These tables were based on a survey of 30 interviews conducted in each city with high-level public and private officials.

Table VII-A: Influence of Policy Actors in the Three Cities

	Dominant Actors	**Somewhat Dominant Actors**	**Actors that Had No Affect**
Boston	Workforce agency, workforce board, mayor	Governor	Training organizations
Philadelphia	Workforce agency	Mayor, governor, workforce board	Training organizations
NYC	Workforce agency, mayor	Training organizations	Governor, workforce board

The above table is a reflection of interviewees' responses in each city to the question of who dominated workforce policy. In each city, the workforce agency was the dominant actor and in one of the three it was the only dominant actor. Besides the workforce agency, mayors were the only actors that were either dominant or somewhat

dominant in each city. Surprisingly, training organizations were seen as having no affect at all in two of the cities and only some affect in one. In sum, the actors in order of dominance are numbered below:

Influence of Workforce Actors in Ascending Order

1) Workforce agency
2) Mayor
3) Workforce board[46]
4) Governor
5) Training organizations

Equally important to impact is the final orientation of WIA in each city. This is summarized in two tables below, which reflects a series of interviews and facts about policy outputs in each city. Because some of the positions taken in each city changed over time, the tables are broken into the first two years (2000-2002) and latter two years (2002-2004) of WIA implementation.

[46] Note: On the table workforce boards and governors appear equivalent, but a tabulation of the interview responses places workforce boards slightly higher in order of impact.

Table VII-B: Measures of Economic Development Orientation at the Outset and the End of WIA Implementation

	Boston	**Philly**	**NYC**
Independent business board helps set local policy?	Yes/Yes	Yes/Yes	No/No
Over 25% WIA funds for business training?	No/No	Yes/Yes	No/No
WIA funds coordinated with local econ dev agency?	No/Yes	Yes/Yes	No/Yes
Public recognition by mayor/governor that workforce is tied to economic development?	Yes/Yes	Yes/Yes	No/Yes
Positive impressions of WIA programs from traditional business advocacy groups?	No/No	No/No	No/No

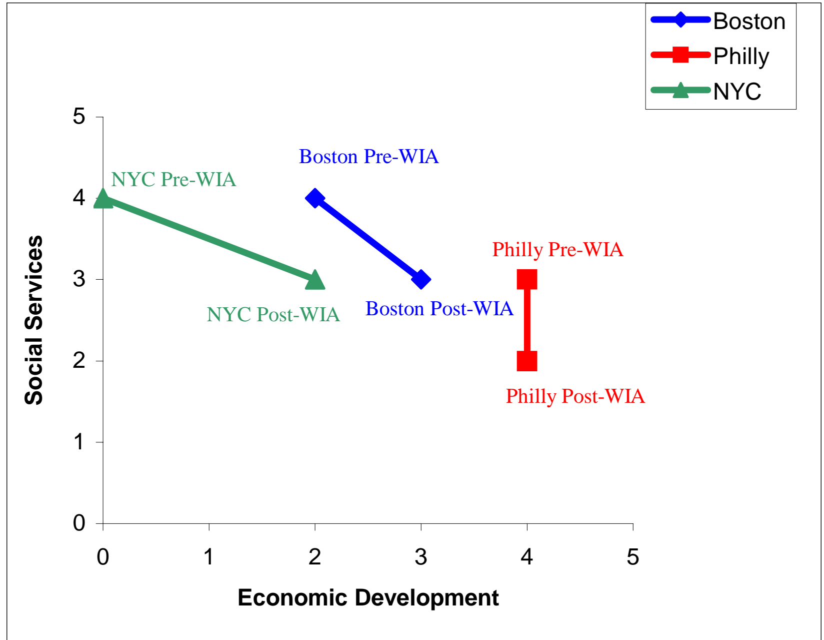
Note: The first response of "yes" or "no" represents the position at the outset of WIA implementation and the second response represents the position at the close of the WIA implementation period. A city that registers an affirmative in three of the five categories is considered to have an economic development approach to WIA implementation.

Table VII-C: Measures of Social Services Orientation at the Outset and the End of WIA Implementation

	Boston	**Philly**	**NYC**
Administrators focused programs on low-income residents?	Yes/Yes	Yes/Yes	Yes/Yes
Mayor, Governor or staff recognize benefit of program to low-income individuals?	Yes/Yes	Yes/No	Yes/Yes
Business workforce board affirms program benefits as important for low-income job seekers?	Yes/Yes	Yes/Yes	Yes/Yes
Attempts to link workforce funds with traditional welfare and means-tested funds?	Yes/No	No/No	No/No
City plan developed for social services that includes WIA dollars?	No/No	No/No	Yes/No

Note: The first response of "yes" or "no" represents the position at the outset of WIA implementation and the second response represents the position at the close of the WIA implementation period. A city that registers an affirmative in three of the five categories is considered to have a social services approach to WIA implementation.

Chart VII-A: Change in WIA Orientation in Boston, Philadelphia and New York City



The above chart highlights the variation of WIA implementation in the three cities. It is based on the affirmative and negative values assigned in Table VII-B Table VII-C. Each "yes" in the previous table is registered as one point in the above chart.

Table VII-D: Summary of WIA Approaches at the Outset and End of the WIA Study Period

	Policy Orientation at the Outset of the WIA Study Period	**Policy Orientation at the End of the WIA Study Period**
Boston	Social Services	Blended
Philadelphia	Blended	Economic Development
NYC	Social Services	Social Services

The above tables highlight three different paths in each city. What is most interesting about the tables is the evolution of workforce policy. Each started with a particular orientation and all three ended with an increasing focus on economic development and a decreased focus on social services. Yet, all three maintained core commitments to low-income residents[47] and as the qualitative analysis in the dissertation revealed, all three did aim to varying degrees for a blended approach. In Boston, a

[47] Indeed, each city reported that the vast majority of beneficiaries were from households that were low-income.

fundamental focus on the city's most economically disenfranchised was later coupled with a connection to broad city economic development plans. In Philadelphia, a consistent focus on low-income individuals did not wane, but became more centered around customized business training. In New York City, workforce programs were transferred to the business service agency, which incorporated more employer-responsive program goals, yet the primary recipients were still low-income individuals.

The other interesting aspect of the tables and the chart is the fact that both a social service and economic development approach can be sustained simultaneously. In fact, each of the cities was able to maintain core commitments to low-income residents (as evidenced by the continued affirmation in social service categories) and increase their focus on local businesses and linkages with economic development planners (evidenced by the increased affirmation of economic development categories). This is a remarkable conclusion: Cities, as predicted, did gravitate towards an economic development approach, but without fundamentally shedding an orientation toward low-income beneficiaries. This orientation towards a blended approach to policy implementation was driven and sustained by individual and institutional policy actors, which is the subject of the remainder of this section.

Mayoral Impact

Workforce agencies were cited as the most dominant actor in each city, but no actor could affect policy as completely and as quickly as mayors. If a mayor was interested in workforce and made it a priority, no one else could influence the area to the same degree.

The enormous impact of mayors is underscored by the fact that even uninterested mayors had as much impact on workforce as mayors that expressed an interest in the area. In both New York and Philadelphia mayoral action led to a complete restructuring of the workforce agency (in New York's case three separate times). And in both cities that action was not motivated by an interest in workforce, but by a connected policy area. In Philadelphia, Mayor Rendell was motivated by a new welfare-to-work program which led to him restructuring the local workforce agency and installing a new director. In New York, Mayor Bloomberg, in search of budget savings, eliminated the local workforce agency and moved federal funds to two existing agencies. Neither mayor ever uttered any interest or stated policy in regards to WIA, but their sudden interest in the administering agency led to significant and immediate reform of both the agency and the policy area.

Mayors were the only actor that could immediately reorient the policy direction of employment policy. Workforce agencies were indeed a dominant actor, but, as many interviewees noted, that was only because mayors allowed them to be. And, in each city the tone and general direction of each workforce agency was set by the mayor. For example in Boston, mayors Flynn and Menino had little impact on day-to-day operations, or even annual planning in the workforce field, but their orientation towards progressive economic development was the guiding approach to workforce absorbed by all commissioners and staff. In New York, Mayor Koch in the late 1970s pressed the local workforce agency to focus more on contract accountability and that became the agency's guiding philosophy for over twenty years. In sum, mayors always have at least an underlying impact on the direction of workforce policy and can at any given moment reorient the entire field.

Gubernatorial Impact

In direct contrast to mayors, the governors in each state had little to no impact on workforce development. This was a surprising conclusion for a number of reasons. First, the WIA legislation provides governors with considerable authority compared to past federal employment programs. WIA dictates that governors articulate a state plan, set the parameters and goals for one-stop career centers and oversee all municipal funding allocations. Second, governors in the three study states all have comparatively more gubernatorial powers than most other states (Mueller, 1985). Third, in two of the three study states, the governors in office during WIA implementation made workforce reform generally, and WIA specifically, a top priority.

Despite these natural advantages and interest in workforce, governors did not have much impact on local implementation. Boston and Philadelphia adopted policies that reflected gubernatorial reform plans, but only because they matched local interests. In other parts of the state in Massachusetts and Pennsylvania, counties resisted or outright refused to enact the state's workforce plans. And even though Philadelphia and Boston had reforms that reflected their governor's reform ideas, local policy actors did not believe local reforms were substantially affected by the governor's advocacy of those ideas.

The governors in Massachusetts and Pennsylvania drafted comprehensive reform plans. But the most that could be said in terms of gubernatorial impact is that their plans set the basic parameters for reform. In Massachusetts, Governor Weld fought the legislature for four years to enact a competitive one-stop career system. This would be a

system that was open to bidding and would not be automatically administered by the state labor department. This competitive system was bitterly resisted throughout the state, but eventually became accepted practice. In Boston, the local workforce agency and workforce board believed in this competitive model and eagerly adopted it. In a sense, the Governor's plans made Boston's reform goals of competition easier, but it would likely have occurred regardless because the local agency and workforce board had enough clout to dictate the development of the local career system. In Pennsylvania, the governor had even less impact. Governor Ridge called for a firewall between the workforce board and workforce agency and a closer link to economic development. These reform goals were ignored in most counties in the state. But again, in the study city of Philadelphia they were embraced. In Philadelphia, the Governor's reform ideas happened to coincide with the restructuring of the local workforce agency and because of this timing had an impact.

The lack of gubernatorial influence on workforce implementation speaks to the importance of local policy actors. An area such as workforce also has a number of historical legacies that make it more prone to local control. One is the original orientation of workforce in the 1960s and 1970s as a municipally-controlled policy area. Second, the complexity of the law due to the many fluctuations in rules and reporting requirements enable local administrators to resist or simply ignore gubernatorial reform plans that do not match local interests.

In sum, tradition and the expertise at the local level severely curbed gubernatorial influence. Some governors were active on employment issues, but had little affect on local implementation. Because of their minimal impact the remainder of this sub-section

will be devoted to the role of mayors, a policy actor with far more influence on local implementation.

Reasons for Mayoral Interest

Because workforce is not automatically high on the list of typical mayoral priorities it is necessary to describe why a mayor would be interested in this area on any level.

Originally, this dissertation had assumed that because job training was increasingly linked to economic growth and business development, mayors would naturally gravitate to workforce policy. This fact coupled with the ambiguous and more economic development-oriented aspects of the federal Workforce Investment Act appeared to be a likely enticement for mayoral interest. But of course there are many other issues such as the budget, crime and education that can and often do crowd out all other issues. Additionally, federal training dollars are a relatively small allocation of funds and encompass an array of reporting requirements that could dissuade high-level municipal interest.

The case studies have shown that indeed workforce can be and increasingly is used by local administrators for economic development purposes, but the majority of mayors in this study did not automatically gravitate to the area. Mayors in Philadelphia and New York only addressed workforce when the area linked to another policy stream that they were focused on. What follows is a summary table of the original issues that led to mayoral interest in workforce and their impact on the policy area.

Table VII-E: Mayoral Interest in Workforce Originates Outside of the Policy Field

Mayor	Why interested in workforce	Impact
Flynn	Integral to his progressive agenda of placing low-income residents in local jobs	Real estate linkage fees that created permanent funding municipal funding stream for workforce and on-going mayoral interest
Goode	Campaign contributor lobbied him to abolish the local workforce agency	Philadelphia's workforce agency permanently attained independence from City Hall
Rendell	Needed an agency home for his welfare-to-work program	Completely restructured local agency and vastly increased its budget
Bloomberg	Searching for budget savings	Abolished local workforce agency and moved adult funds to the business services agency

As the above table demonstrates, the major impacts on the workforce field were made by mayors who did not have an initial interest in the field. Only Mayor Menino had an outright interest in workforce policy, which was carried over from the tremendous focus on the field that occurred during the prior Flynn administration. There were examples of mayors becoming more interested in workforce, and its economic development potential, after a connected policy directed their attention to the field. For example, New York's Mayor Bloomberg became more interested in workforce as an economic development strategy, but only after he eliminated the prior administering agency for budgetary reasons. In Philadelphia, Mayor Rendell was made aware of workforce though his advocacy of a strong welfare reform plan, but once focused on the issue he understood and supported the economic development aspects of the federal program.

The Role of Mayoral Leadership Traits

The enormous impact that mayors had on workforce policy, even indirectly, speaks to the importance of mayoral leadership on local policy implementation. Municipal leadership is an area that has received little attention in the literature. Far more attention is paid to institutional factors than on mayoral power. And when mayoral leadership is addressed it is often as a limited decision maker (i.e. regime theory, economic constraint theory). This study demonstrates that mayors do exert considerable impact on policy, and in this case that impact can even be felt indirectly. One way to highlight the impact of mayors is to revisit Melvin Holli's typology of mayoral leadership that places mayors in either a relationship- or task-oriented category. As the following table reveals, mayors that were task-oriented and driven to aggressively tackle policy problems had a major impact on workforce, whether they were drawn to the policy area or not.

Table VII-F: Mayoral Traits and Influence on Workforce Policy

Mayor	Trait	Significant Impact on Workforce
Boston		
Flynn	Task-Oriented	Yes, created permanent real estate linkage fee for employment programs
Menino	Relationship-Oriented	No, maintained general approach from Flynn administration
Philadelphia		
Rendell	Task-Oriented	Yes, restructured entire agency and doubled its budget
Street	Relationship-Oriented	No, was slow to even meet federal mandates
New York		
Giuliani	Task-Oriented	Yes, transferred all adult funds to welfare agency and incurred federal rebuke for misallocation of funds
Bloomberg	Task-Oriented	Yes, abolished local agency and merged adult funds with business services agency

In sum, mayors had the ability to immediately and systemically impact policy in cities more than any other actor. They may not have been cited locally as the most dominant actor due to their lack of interest in the policy, but their ability to affect the field above all other individual and institutional actors is unquestioned. And as the above table highlights, mayors that have a task-oriented, aggressive leadership style will almost certainly affect the direction of policy implementation, whether they are directly focused on the area or not.

Mayoral Orientation Towards Social Service or Economic Development Implementation

The original hypothesis of the dissertation stated that if mayors did become interested in workforce policy that they would want to use the policy as a tool of economic development. Yet that rarely occurred in the study cities. Indeed, workforce was used as a business retention strategy in each of the three cities, but none of the three cities had a mayor who overtly directed use of federal workforce funds exclusively for such a purpose. As stated in the previous section, when workforce was employed as a business development strategy it was often the byproduct of other mayoral actions.

If there was any policy orientation that predominated in these cities it was a blended approach—workforce development used in the service of goals that benefited both employers and low-income residents. Boston exemplified this approach. Mayor Menino believed that workforce policy was first and foremost about getting unemployed Bostonians a job. A byproduct of that goal was assistance for businesses with their labor force needs. Menino truly believed that workforce was a winning proposition for both struggling job seekers and local businesses and it was his role as mayor to make employers see the value of this proposition.

Mayor Menino was the only mayor that made workforce a priority and he was a national spokesperson for the policy area. Unconnected to Menino's advocacy, a blended approach was also adopted in New York. By the end of the study period, Mayor Bloomberg began to see that businesses valued job training and that it was also a good strategy for moving the unemployed or under-employed residents into good jobs. Publicly and in interviews Bloomberg's top staff espoused the same blended approach.

In Philadelphia, the one mayor to take an active interest in workforce policy was Rendell, and his interest was based on a social service model. Rendell was motivated to

focus on workforce because of the incredible and disproportionate burden federal welfare reform placed on Philadelphia. The Mayor publicly voiced a lack of faith in traditional federal job training and set out to design his own welfare training program. It was only because his program needed to be housed at the same agency that administered federal job training that he paid any attention at all to the federal program. In the end, Rendell took a blended approach to both welfare and federal training, calling for a close connection to local business labor force needs.

Overall, the assessment of mayoral orientation towards workforce development highlights the possibility, indeed the likelihood, of mayors adopting a blended approach to policy implementation if it is feasible. The traditional urban and federalist literature leaves the impression that mayors will gravitate to economic development over social services if given the option, and will even interpret social service policy for business development purposes (Peterson *et al*., 1986; Wong, 1990). That is not what happened in the three study cities. Whether because of the urgency of welfare reform or the recognition that both policy goals could be simultaneously addressed, mayors did not opt for a purely business-friendly approach. This leads to the conclusion that policies may not need to be interpreted in absolute terms, that mayors may be more prone to assist low-income individuals rather than orient or reorient policy purely for business attraction purposes.

Impact of the Workforce Agency

The local workforce agency was cited as one if not the sole dominant actor in all three cities. The local agencies clearly were in charge of program design, oversight and

the general approach to workforce policy taken in each city. As stated in the previous section, mayors could and did set the overall tone or direction for the field, but beyond these broad parameters the workforce agency had tremendous authority and independence in each city.

In all three cities the local workforce agency[48] made every significant policy decision including which providers would administer services to the types of programs that would be developed. Major decisions about whether to use training vouchers and small decisions of whether to publicize training programs on local television were always the sole province of bureaucrats within the employment agency. City Hall rarely dictated policy or operational directions. And only in New York were outside producer interests able to influence implementation decisions, and that was only because their interests coincided with city interests.

Beyond dictating all major implementation decisions, it was the local agencies that often initiated new or innovative policy directions. In Philadelphia, the city's workforce programming moved from a traditional social service model to one based on customized business training primarily because of the decisions of a few senior-level bureaucrats. Boston pioneered a number of innovative workforce programs including language immersion for recent immigrants and customized training for welfare recipients; each was the product of internal planning and funding allocation decisions made by the workforce agency or the workforce board.

The Role of Bureaucratic Leadership Traits

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[48] In Boston, the local workforce board, the Private Industry Council, was a co-equal on many local workforce decisions and so was considered for the purposes of this study a local workforce agency.

It is rare for Political Science policy studies to focus on bureaucratic leadership traits, but as this study shows the agency culture in each city had a tremendous impact on the entire workforce field.

In each city the type of leadership was visible in terms of the policy directions and choices made. Boston had the most consistent and smooth transition from JTPA to WIA and so it is not surprising to find the traits of its workforce executives and senior staff were in alignment, both functioning like public entrepreneurs. This similarity in traits also made it possible for the workforce board and workforce agency to be full partners in overseeing and administering the employment system.

In Philadelphia, there was a clash in cultures between the two executive posts, which explains why the policy environment in that city was so combustible. In direct contrast to Boston, the workforce board and agency often battled one another. This persistent acrimony also helps explain why the city did not capitalize on its economic development approach. It was the only city that had an economic development interpretation of WIA, as both the agency and the WIB took this view. But because they refused to work together, the benefits of the economic approach remained isolated and never captured the attention of City Hall as they did in New York and Boston.

In New York it is necessary to break down leadership traits into two periods—the beginning and latter years of WIA implementation. In the second half of the implementation period Mayor Bloomberg eliminated the Department of Employment and placed the adult training funds at the Department of Small Business Services, which became the new local workforce agency. The sharp difference in leadership style between the two agencies helps to explain the near complete turnaround of the agency that took

place. For nearly twenty-five years, DOE and its commissioners could fairly be described as status quo oriented, seeking security and the status quo above all else. The agency was populated with lifelong bureaucrats who placed a premium on contract performance above innovative program design. In fact, of the three cities it is New York that had virtually no tradition of program experimentation throughout its workforce history. This approach was deeply shaken by the more public entrepreneur and economic development focus of the business service agency. This new workforce bureaucracy was staffed with many young professionals that possessed business degrees and/or had experience with the private sector. They were motivated by a civic virtue of improving public sector programs, but more than in the other two study cities they were also motivated by a desire to advance their individual careers. They focused just as intently on making a positive impression within the Bloomberg administration as they did on improving program quality. This had many positive impacts in New York; it led to previously stalled initiatives such as the one-stop career centers being implemented quickly and to new business-focused programs being developed within the first year of the merger.

Policy Orientation of Local Workforce Agencies

The original hypothesis stated that the local workforce agencies would favor a social services approach to workforce implementation. There are a number of reasons for this based on the policy literature and history of workforce policy in the United States. First, public administrators are removed and isolated from typical business interests that will influence City Hall (Henig *et al*., 1986; Wong, 1990). Second, public administration schools tend to focus on serving individuals, not businesses (Clavel, 1986). Third, in a

few studies of 'street-level bureaucracy' administrators have been found to favor more equitable distribution of goods and services (Bryan Jones *et al*., 1978; Kenneth Mlandenka, 1980). Lastly, the tradition of workforce policy has been to assist low-income and unemployed job seekers, not businesses. Taken together, this study assumed that if the local workforce agency were given the opportunity to influence policy it would direct WIA towards a traditional social services orientation.

Surprisingly, each city and the workforce agency took a blended or economic development approach to WIA implementation. It was true that in every case the agencies believed that assisting low-income residents was a part of, if not their primary, goal. But the agencies also believed that tailoring programs to directly meet business needs was an effective way to reach this goal. In both Boston and Philadelphia, the agency staff was intent on assisting people and not businesses as their first priority. But they did not rely on traditional program models to do this. They employed a public entrepreneur approach that led them increasingly to focus on business needs in program design. This approach has been shown in the policy literature (see Barnow *et al*., 2000; Giloth, 2004) to be the best way to serve low-income clients. Local administrators in Boston and Philadelphia did not consult the policy literature or each other, but naturally began using the flexibility of WIA to make greater connections to economic development. In New York, the business services agency was already focused on the private sector because of its mission and consequently they naturally gravitated to an economic development approach, but they also maintained some focus on serving the individual low-income client.

It is worth noting that an orientation towards a blended and economic development approach to workforce did not arise from the traditional notions of

‘innovation diffusion.’ This approach is clearly innovative in the sense that virtually no cities possessed a blended or economic development focus in the early 1990s and the three in this study all shifted or increasingly shifted in this direction. This would lead to the assumption that there was some explainable diffusion that occurred at the state and county level during the WIA implementation.

There are many articles on the diffusion of innovation, first popularized within Political Science by Jack Walker in a 1969 article. Walker found that policy breakthroughs happen in a few key innovative states (including the ones in this dissertation) and are fueled by competition, emulation and professional networks. Walker’s study was comparative, assessing a range of policies over time. The innovation literature since his article was published has not advanced many new causes of innovation and has tended to focus on single issue policy areas (see Carter and LaPlant, 1997). Most of the later articles have specific descriptions of innovation, but typically find many of the same causes of innovation that were identified in Walker’s original article. Interestingly, in the three study cities none of the traditional explanations of innovation diffusion apply. In each case, the local workforce agency engaged in a range of small and large scale experimentations that led to its own particular blended or economic development approach to WIA implementation. Local agencies from each city did of course attend professional gatherings and would occasionally consult other regions for ideas, but their policy design truly emanated from internal deliberations and calculations of what was best for their local program environment.

Impact of Provider Interest Groups

The original hypothesis of this dissertation stated that in the absence of mayoral or gubernatorial leadership on workforce issues, local bureaucracies and producer interests would hold sway over implementation of WIA.

There were a number of reasons to assume that the nonprofit training providers would have some, if not significant, influence on implementation. First, recent policy literature has documented the vast increase in government reliance on a nonprofit service delivery model that affords these organizations more say over policy and programmatic design (Lipsky and Smith, 1993). Second, nonprofit training providers thoroughly dominated the workforce environment in two of the cities studied. Many cities and counties rely equally on government agencies or community colleges to deliver job training services. But service contracts in Boston and New York were almost completely administered by nonprofits and community-based organizations. In Philadelphia, there was more competition from private sector employment companies, but nonprofits still held a substantive share of the contracts. Finally, there were few other interest groups that would crowd out the nonprofit lobbying message. There were no neighborhood, welfare rights or minority-based advocacy organizations with a sustained interest in federal employment programs.

Yet for all of the advantages that nonprofit providers had their impact was minimal to nonexistent in the three cities. In Philadelphia and Boston they had no influence of any kind on implementation decisions. In Boston, nonprofits were so frustrated that they would often complain to the local media and private foundations about their lack of input on system wide decisions. In Philadelphia, the role of nonprofit

providers had even less significance as virtually all providers lost contracts as the city switched to customized business training and private providers for most programs.

Boston and Philadelphia highlight the ease with which the local government agency was able to ignore local nonprofit providers. In Boston there was recognition by the workforce agency that the nonprofits were the core infrastructure of service delivery, but simply no motivation to listen to their perspective about implementation. Providers felt particularly powerless in Boston because of the close working relationship of workforce board (the PIC) and the local workforce agency. There were many active coalitions in the city, but they were unable to have any impact in relation to the strength of the two workforce entities. One provider said, "Rather than one 800 lb gorilla we have two." In Philadelphia, the nonprofit community was diluted by the presence of well-regarded private training organizations and proprietary schools that were considered an acceptable and important part of the mix of providers in the city. There was far less resistance to private training organizations in Philadelphia than the other two cities, and that made it much easier for the local workforce agency to discontinue contracts with nonprofits.

New York was the one city in which nonprofits did have a significant impact on local implementation. The providers influenced the type of training developed, the design of one-stop career centers and policy positions of the workforce board. But this impact was for a brief moment in time and only occurred because the city was in a complete state of flux at the exact time that the WIA legislation went into effect. The city changed administering agencies three times in a period of five years during the implementation of WIA and had little continuity of staff to articulate a clear plan. In this vacuum of

municipal focus on the issue, city government needed nonprofit input on WIA implementation. Outside of this destabilized period, which lasted from 1999 to 2003, nonprofits in New York had no influence over workforce policy. In fact, once the policy area stabilized in the later years of WIA implementation their requests for program adjustment were summarily dismissed by the city small business services agency.

Policy Orientation of Local Training Providers

The original hypothesis stated that nonprofit training providers would have a workforce orientation that leans towards social services policy. There are two reasons that nonprofits are predisposed to favor a social service over an economic development model of workforce. First, they have a long history of providing federally-funded employment services, which up until the passage of WIA were explicitly designated for low-income job seekers. Hence, their expertise was built around working with a low-income population. Second, nonprofits and community-based organizations have experience working in poor communities and with low-income residents, not with businesses. In sum, nonprofits have much greater experience and expertise serving a low-income individuals, not employed workers or businesses.

Indeed, of the policy actors and institutions assessed for this study, nonprofit training providers were the most partial to a social services oriented form of WIA implementation. As predicted, nonprofits lobbied fiercely in both New York and Boston to retain an approach that favored serving low-income residents exclusively. This led to advocating for a resistance of the core elements of WIA including the use of training vouchers, transition to a one-stop system and a broader focus on all residents and

businesses. In New York, this stance was successful for the first four years of WIA implementation because the city was uninterested in WIA and for a time resisted implementing these core tenets itself.

Philadelphia was an exception—nonprofits in that city were amenable to a blended approach to WIA implementation. One of the larger nonprofits, Jewish Employment and Vocational Services, openly embraced a greater focus on customized business training. Philadelphia was an exception because the mix of providers was far more diverse and encompassed a number of private organizations and proprietary schools. These private organizations were adept at working with both a low-income population and businesses. As part of a more diverse workforce environment, the traditional nonprofits and community-based organizations in Philadelphia adapted and became oriented to incorporating business interests into their programming.

Overall, the nonprofit training provider interests were most aligned with the original prediction. They were the actor most oriented towards social services oriented interpretation of WIA. They were also the only interest group that had any sustained and vested interest in this policy area. Yet, they had virtually no impact in the cities. Stable workforce agencies in each city were able to ignore and even counter the advocacy of nonprofit providers throughout the WIA implementation period.

PRIMARY CONCLUSIONS

This dissertation asked a simple question: What affect did various institutions and policy actors have on orientation (social services or economic development) of the federal Workforce Investment Act? The above sections reviewed the role of each institution and actor, their biases and ability to affect the final policy direction. This summary revealed a number of surprising conclusions that shed light on a few long-held beliefs and theories in the Political Science literature that are worth exploring in a bit more depth in these final sections.

A Blended Approach, Incorporating Economic Development and Social Services Attributes into Policy Implementation, Had a High-Degree of Appeal and Success

Policy that improves both the business climate and the livelihood of the most vulnerable citizens has been the ideal goal in a few well-known public policy texts (see Wilson, 1987; Rivlin, 1992). But it has been an ideal that is often relegated to the final "recommendations" sections of texts, written after authors spend the bulk of the text bemoaning the inability of government to get the right balance of economic and social policy. This study was devoted entirely to a policy implementation in which government does appear to have gotten the balance right, or at the very least was aiming to incorporate both economic and social growth goals.

Previous studies have discussed cities that have challenged business interests and instituted policies such as real estate linkage fees or affirmative hiring requirements to create public benefits (Browning *et al*., 1984; Eisinger, 1984; Keating, 1986). But these are policies that compelled or forced business to do something that they did not consider a benefit. There are also studies of programs that geographically attempt to meet both

social and business ends such as empowerment zones. But these programs are often fraught with private sector abuse, little connection to the targeted community and isolation from other parts of the city (see Rusk, 1999 and Gittell *et al*., 2001).

This was a study of a policy in which businesses were not compelled to participate, had a citywide reach and had the goal of benefiting both individuals and businesses. Few studies have attempted to catalogue such a blended approach. Clarke (1987) and Wong (1990) are two such studies and they both found, even in the best of circumstances, mixed support locally for a blended approach to federal or state policy implementation. Yet local implementation of WIA was a policy that was widely embraced from a blended perspective in all three cities.

In all three cities, mayors did <u>not</u> choose economic development over social services policy. Some mayors had greater interest in the area than others, but each at some point engaged with WIA implementation and none chose to use the program solely as a tool for economic development.

To the degree that mayors were interested in the policy area, they saw a blended approach as beneficial to their agenda and to the city generally. Mayors Menino and Flynn in Boston were the most familiar with workforce policy and they often touted the benefits to both low-income adults and youth as well as the ability of workforce programs to improve the local business climate. Mayor Rendell was primarily focused on his welfare-to-work program when he became interested in federal job training, but his advocacy in the field was for a blended approach. Rendell appointed a top corporate CEO to head the local workforce agency and encouraged a closer alignment with local employers. And finally, in New York, Mayor Bloomberg's Deputy Mayor for Economic

Development understood the labor force and public relations benefits of training programs geared towards hiring in communities in which new development projects were situated. Mayor Bloomberg himself increasingly incorporated discussion of workforce programs into his public speeches—highlighting the benefits to residents and businesses.

These mayors were not compelled by government to adopt a blended approach and there were no particular regime members in the business community advocating this interpretation. It was simply an orientation that they found to be sound public policy. This mayoral receptiveness to blended policy suggests that municipal leadership is more willing to address social and economic goals simultaneously than has been previously thought. A few studies have documented cities that challenge capital (Swanstrom, 1988; DeLeon, 1992), but few have found mayors working to address both capital and social goals at the same time. Moreover, this type of mayoral leadership is one that is quite independent and not limited by institutional restraints, and is not oriented toward currying favor with a particular interest group.

Similar to mayors, local government agencies did <u>not</u> choose to focus exclusively on social services policy, and voluntarily cultivated an economic development orientation. In Boston and Philadelphia, the local agencies were more familiar with and more comfortable with a social services model. Yet, they embraced and experimented with an economic development approach. This was a harder path to take, as a senior administrator in Philadelphia stated, "working with businesses and establishing these programs is something new. It is not easy; it takes a couple of years of start-up time. But is worth it; those that don't do it are simply lazy, because it is the right (programmatic) approach to take." This sentiment highlights the proactive nature of local agencies to

broach policy areas that they are not familiar with in the interest of improving service delivery. And it contradicts the traditional view of bureaucrats as avoiding reform and business interests.

Current Urban Policy Environments Favor Blended Approaches to Policy Implementation

The implication of the wide acceptance, and often embrace, of a blended approach to public policy is that cities may be more flexible than previously thought. The Political Science literature in the 20th century rigidly placed policies in economic development or social service categories. This appears to be increasingly outdated as each city in this study had mayors and local administering agencies that developed and touted a blended approach to policy implementation.

Determining why cities may be more open to a blended policy approach in the 21st century was not a focus of this study, but the in depth evaluation of the three cities and their workforce policy yields some initial conclusions. One, as human and social capital become increasingly important to municipal growth, cities are more likely to focus on social policies to meet economic ends. Mobile capital assesses cities based on local labor markets and the quality of life for all residents, as much as it assesses them based on tax and other monetary incentives (Davis and Wessel, 2001). Recently, a number of studies have said that cities that blindly chase capital without ensuring that local residents are prepared for the jobs will have difficulty advancing in the current 'knowledge-based' economy (Ganzglass *et al*., 2001; Reesman and Troppe, 2004).

Put simply, economic development is no longer strictly about downtown office development as it was in the urban renewal and pro-growth eras. Increasingly, it

encompasses a multi-pronged, less tangible set of business strategies that have been employed in the three cities including lower crime rates, improved quality of life for all residents (New York), improved race relations (Boston), and confidence in battling special interests and taming municipal budgets (Philadelphia). In this context there is a new municipal environment and a type of mayor that is more receptive to a blended approach to policy design and implementation (see Clavel, 1986; Norquist, 1988; Swanstrom, 1988; Groggin, 2001 for examples of this new environment that has fostered blended approaches to policy design and implementation).

Beyond economic development, the landscape of social service policy has changed dramatically in the 21st century. Major social service programs, ranging from welfare to Medicaid, are far less stigmatized as states have implemented the federal Personal Responsibility Act in the late 1990s and mandated time limits and strict work requirements for public benefit recipients. This new environment clearly influenced Mayor Rendell's focus on improving workforce programming generally and linking training with business specifically.

In sum, a blended approach to policy is a relatively unexplored policy area that warrants further study. It was widely embraced by most of the high-level policy actors and institutions in the three study cities. And it seems well suited to the current municipal policy environment.

Leadership Style Had a Significant Impact on Policy Design and Implementation

Leadership and leadership style are rarely assessed in Political Science case studies. This study demonstrates how much can be gained from such an evaluation.

Mayoral and bureaucratic leadership styles closely correlated with the type of policy direction taken. Leadership analysis also helped to explain some of the nuances of policy choices made in each city.

Although limited, the simple categorization of mayoral leadership into task- and relationship-oriented approaches that Melvin Holli (1999) has articulated was helpful in predicting which mayors would have the greatest impact on workforce development. It was those mayors that were task-oriented, aggressive problem solvers who had the highest degree of influence on workforce policy, even if they were not interested in or focused on the policy area. In New York, Mayors Koch, Giuliani and Bloomberg all had a substantial impact on workforce even without an overt interest in the area. They were aggressive, task-oriented mayors and when the workforce policy area was swept up in another reform plan or policy stream it was radically re-shaped. Conversely, Mayor Menino in Boston was the only city official to make workforce a top priority, but his relationship-oriented style meant that he had little impact on the policy area and so served as simply a municipal advocate for the field.

Assessing leadership traits and culture at administering agencies is equally telling in regards to the final policy directions taken in each city. These agencies had more influence on implementation than any other institutional actor and their style of governance strongly indicated which policy directions would be pursued. In Philadelphia and Boston, administrators exhibited "public entrepreneur" traits—a willingness to challenge traditional program norms in search of policy that will improve programs. These bureaucrats believed that working with business was not easy, but was the best way of improving services delivery. And in New York the bureaucratic trait of "climber"

helped explained the rapid shift to economic development-oriented policies. New York's business services Commissioner and a few of his senior staff were career-oriented and wanted to have an immediate impact in the area of workforce development and they determined that a close affiliation with the business community was one way to do that.

IMPLICATIONS FOR FUTURE RESEARCH

This dissertation encompassed a close study of workforce policy actors and institutions in three cities. Each was evaluated over the course of a twenty-five year period, with a particular focus on the six-year period of implementation of the federal Workforce Investment Act. There are a number of intriguing and surprising findings to arise from this study that demand further study of municipal policy and local political environments.

First, there is a need for a deeper evaluation of blended approaches to public policy; policy that will benefit both individuals and private sector businesses. Past studies have focused on policies that attempt to curb capital development, rather than assess policies that would simultaneously benefit capital and human development. What would be most beneficial is a comparative study of a few different policies. Rather than just one policy that could be interpreted from a blended perspective, such as workforce, a future study should assess three different ones; possibly workforce, vocational education and mixed-income zoning policies. Another important variation would be to compare cities that are not on the East Coast. As stated in chapter three, workforce environments are regionally oriented and many of the variables that held constant in the three case cities would be quite different in the South and West.

Second, more attention within Political Science should be paid to different municipal 'eras.' Often, texts and case studies draw conclusions that generalize about municipal governance, but those conclusions could easily change depending on the time period of analysis. A few authors have hinted at this variable, but it has not received much in depth study. This dissertation came to the conclusion that a blended approach to

public policy was embraced in each of the study cities because it as relevant to the policy environment of the early 21st century. To test this conclusion a study comparing different time periods and types of policy favored would help to determine if in fact different time periods in cities lead to a specific set of policy choices.

Finally, study of mayoral and bureaucratic leadership traits should be incorporated into future policy case studies. The few in depth leadership studies that have been conducted within Political Science tend to be of the ‘great man’ variety that analyzes one particular leader and his/her impact on policy and program development. This dissertation highlighted the possibilities and benefits of assessing both institutional and individual leadership and discerning its affect on policy outputs and outcomes.

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