

25104

119516

---

BY THE U.S. GENERAL ACCOUNTING OFFICE

# Report To The Secretary Of Labor

---

## An Overview Of The Boston Private Industry Council's Approach To Involve Local Employers In Employment And Training Programs

The Private Sector Initiative Program, authorized under Title VII of the Comprehensive Employment and Training Act, was to test and demonstrate various approaches to increase the business community's involvement in employing and training the economically disadvantaged. CETA prime sponsors were required to establish Private Industry Councils comprised of representatives of business, labor, and education to serve as a link between the public and private sectors. This report discusses the operations of the Boston Private Industry Council and its efforts to obtain private sector participation. This information may be helpful to other Private Industry Councils in developing approaches for involving the business community in employment and training programs.



GAO/HRD-82-113  
SEPTEMBER 28, 1982

023476

**Request for copies of GAO reports should be sent to:**

**U.S. General Accounting Office  
Document Handling and Information  
Services Facility  
P.O. Box 6015  
Gaithersburg, Md. 20760**

**Telephone (202) 275-6241**

**The first five copies of individual reports are free of charge. Additional copies of bound audit reports are \$3.25 each. Additional copies of unbound report (i.e., letter reports) and most other publications are \$1.00 each. There will be a 25% discount on all orders for 100 or more copies mailed to a single address. Sales orders must be prepaid on a cash, check, or money order basis. Check should be made out to the "Superintendent of Documents".**



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

HUMAN RESOURCES  
DIVISION

B-209021

The Honorable Raymond J. Donovan  
The Secretary of Labor

Dear Secretary Donovan:

We have completed a survey of the operations of the Boston Private Industry Council (BPIC) established under title VII of the Comprehensive Employment and Training Act (CETA). Although the Congress will likely approve some form of new employment and training legislation to replace CETA, it appears that private sector participation in training and placement will receive continued Federal encouragement and financial support. In this regard, the Private Industry Council (PIC), or a similar structure, will likely remain as the conduit between the public and private sectors. For this reason, we want to bring to your attention certain aspects of BPIC operations that may help other PICs in this relatively new type of program.

In October 1978 the Congress authorized the Private Sector Initiative Program (PSIP) under title VII of CETA. The stated purpose of PSIP was to test and demonstrate various approaches that would increase the involvement of the business community in employment and training of the economically disadvantaged. PSIP was also designed to increase private sector employment opportunities. Prime sponsors, to obtain title VII funds, are required to establish a PIC comprised of representatives of business, labor, and education. A PIC is intended to serve as a link between the public and private sectors to increase employment of the economically disadvantaged. BPIC was one of the first PICs established, in the spring of 1979, as a nonprofit corporation under title VII.

Our survey covered BPIC activities since its incorporation in April 1979 through March 1982. These activities include skills training, business development, and economic development efforts. We obtained BPIC comments on our work and have incorporated them, as appropriate, in the summary which is included as appendix I to this report.

In performing this survey, we found two major areas of activity where the experiences of BPIC could be helpful to other PICs; namely, by (1) having employers participate in skills training programs and (2) undertaking outreach efforts involving the private sector.

Because its original skills training contracts resulted in relatively low placement rates, BPIC took a new approach by soliciting employers and getting them involved in developing training programs and committed to hiring graduates. We believe that this approach can substantially increase the potential for success of the programs.

BPIC outreach efforts included (1) obtaining financial contributions from the private sector, (2) participating in community and economic development activities, and (3) sponsoring workshops and seminars to develop job opportunities. We believe that these outreach efforts are an excellent way to help solidify the relationship between the public and private sectors. Solid relationships between the two allow both to better meet their mutually compatible goals of providing jobs for the disadvantaged and satisfying the employment needs of businesses.

#### Skills training

BPIC awarded six skills training contracts totaling about \$880,000 in fiscal years 1980 and 1981, and this accounted for most of the expenditures made by BPIC during these years. These programs were not as successful as intended, primarily because of early dropouts and a low level of placements. The unsatisfactory placement record caused BPIC to adopt a new strategy before awarding skills training contracts in fiscal year 1982. This strategy is to get individual companies to participate in (1) developing training programs to suit their needs, (2) sharing the cost of the programs, and (3) hiring the program graduates. BPIC, early in fiscal year 1982, sent a "Notification of Interest" letter to about 280 local employers inviting them to contact BPIC for help in meeting their employment needs. About 34 firms (12 percent) showed interest. This was viewed by BPIC as a favorable rate since many of the companies were being contacted by BPIC for the first time. BPIC informed us in June 1982 that as a result of these efforts, it had developed and approved five skills training programs involving employer participation.

#### Outreach efforts

BPIC has been actively involved with State and local agencies in economic development activities and in efforts to obtain funds for special-purpose programs. BPIC has also sponsored workshops,

seminars, and special studies to establish a closer relationship with the job market and develop job opportunities for the disadvantaged. Private contributions have been obtained through membership dues and donations for a summer jobs program. The Edna McConnell Clark Foundation has provided funds for a specific project to help the transition of disadvantaged, troubled high school students into the work force. Also, BPIC has raised funds to match a grant from the Ford Foundation to aid community groups in stimulating economic growth and neighborhood revitalization programs.

Conclusions

We believe that efforts to contact individual businesses to inform them of available training programs and to solicit their participation are helpful in obtaining private sector commitment. This approach could become more important in future training programs as local PICs work toward increasing private sector involvement.

The information on the operations of BPIC and its efforts to obtain private sector participation may be helpful to other PICs in developing approaches for involving the business community in employment and training programs. Therefore, you may wish to disseminate this information to other prime sponsors and their Private Industry Councils.

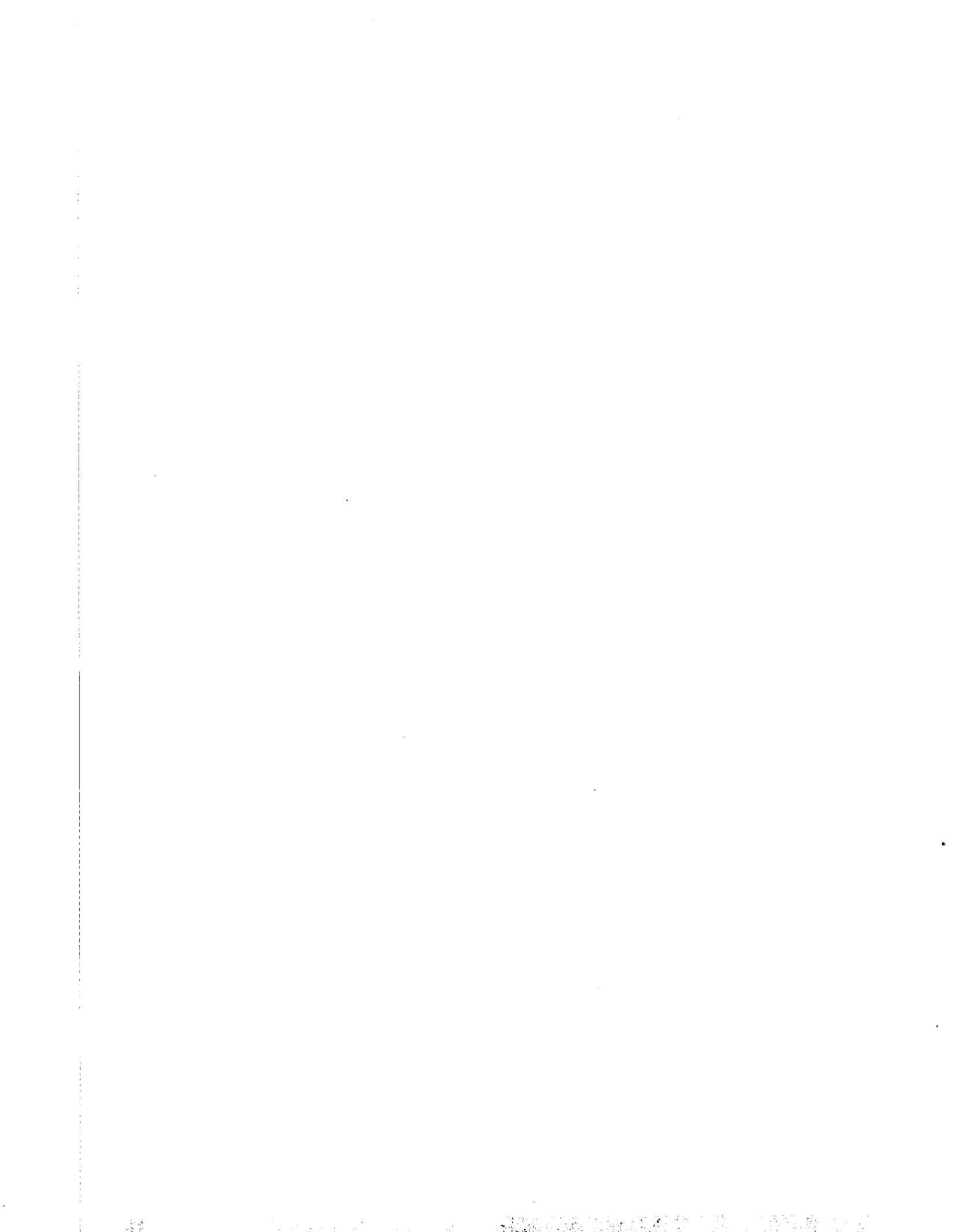
- - - -

We are sending copies of this report to the Chairmen of the House and Senate Committees on Appropriations and the cognizant legislative committees; the Director, Office of Management and Budget; and other interested parties.

The Department's courtesy and cooperation during our review is appreciated.

Sincerely yours,

*for Philip A. Beneston*  
Gregory J. Ahart  
Director



## C o n t e n t s

	<u>Page</u>
APPENDIX	
I THE BOSTON PRIVATE INDUSTRY COUNCIL'S APPROACH TO INVOLVE THE BUSINESS COMMUNITY IN EMPLOYMENT AND TRAINING OF THE ECONOMICALLY DISADVANTAGED	1
Introduction	1
Objectives, scope, and methodology	1
BPIC structure	2
Funding	3
Other studies	5
Future status of PICs	6
BPIC experience could help other PICs	6
Employer participation in skills training	6
Change in strategy in development of skills training program	9
Other outreach efforts	12
Our observations	16

### ABBREVIATIONS

BPIC	Boston Private Industry Council
CETA	Comprehensive Employment and Training Act
LISC	Local Initiative Support Corporation
NDEA	Neighborhood Development and Employment Agency
PIC	Private Industry Council
PSIP	Private Sector Initiative Program



THE BOSTON PRIVATE INDUSTRY COUNCIL'S  
APPROACH TO INVOLVE THE BUSINESS COMMUNITY  
IN EMPLOYMENT AND TRAINING  
OF THE ECONOMICALLY DISADVANTAGED

INTRODUCTION

The Congress has placed increased emphasis on including the private sector in formulating employment and training programs for the economically disadvantaged. In October 1978 the Congress authorized the Private Sector Initiative Program (PSIP) under title VII of the Comprehensive Employment and Training Act (CETA). The stated purpose of PSIP was to test and demonstrate various approaches that would increase the involvement of the business community in employment and training of the economically disadvantaged. PSIP was also designed to increase private sector employment opportunities. Prime sponsors, in order to obtain title VII funds, were required to establish a Private Industry Council (PIC) comprised of representatives of business, labor, and education. PIC was intended to serve as a link between the public and private sectors for increasing the employment of the economically disadvantaged.

OBJECTIVES, SCOPE, AND METHODOLOGY

Although employment and training legislation is in the process of being substantially revised, the PIC concept or a similar structure, which includes representatives of private industry, is likely to be continued. For this reason, and to gain insight into the nature of PICs' involvement in training and placement programs, we initiated a survey of the Boston Private Industry Council (BPIC) operations. BPIC was chosen because it was 1 of 12 PICs nationwide to be spotlighted by the Department of Labor in September 1979 as a successful PIC model. Labor spotlighted the PICs so that people interested in PSIP could visit the sites to develop a better understanding of the program. BPIC had a reputation for being a well-established organization with vigorous business leadership.

BPIC was one of the first PICs established as a nonprofit corporation under title VII to increase employment opportunities in the private sector for unemployed or underemployed individuals. BPIC, funded primarily by the Department of Labor in fiscal years 1980 through 1982, has operated in the area of (1) skills training, (2) business development efforts, and (3) economic development activities.

Our survey included BPIC activities since its incorporation in April 1979 through March 1982. We reviewed all of its major activities including solicitation of private sector participation, skills training programs, and business and economic development efforts. We reviewed BPIC's annual plans of operation, the revisions to and implementation of these plans, the results and costs of individual programs completed, and BPIC's future goals and strategies. We interviewed Labor headquarters and Region I officials responsible for administering PSIP, as well as the Federal Representative responsible for overseeing the Boston prime sponsor. In addition, we interviewed the Director of the Boston prime sponsor and the Executive and Program Directors for BPIC. We did not contact local employers because BPIC believed that such contacts would duplicate its own ongoing efforts and could have an adverse impact on its efforts to develop relationships with the private sector. Instead, BPIC provided us with information developed from its employer outreach efforts.

The primary emphasis of our survey dealt with determining how BPIC operated and its efforts to involve the business community in CETA activities. We did not address whether PSIP resulted in more people being placed in private sector unsubsidized jobs than was the case previously.

Our review was performed in accordance with the Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

#### BPIC STRUCTURE

BPIC was established under the jurisdiction of the Boston prime sponsor, which is the city's Neighborhood Development and Employment Agency (NDEA). <sup>1/</sup> The Mayor of Boston, together with the Director of the prime sponsor, selected the Chairman of the Council (he is the Chairman and President of a large bank). The Chairman, with the prime sponsor's concurrence, selected the other members of the board and submitted names for the Mayor's approval. BPIC, although structurally under the jurisdiction of the prime sponsor, is operated relatively independently of it. BPIC submits an annual plan to the prime sponsor for incorporation into the prime sponsor's plan which is submitted annually to the Department of Labor for funding approval. The prime sponsor reviews BPIC's annual plan and some adjustments or modifications may be made. Generally, however, the basic program plans designed by BPIC have remained intact. BPIC received about \$1.1 million from Labor in fiscal year 1981 and about \$0.8 million in 1982.

---

<sup>1/</sup>Formerly named the Employment and Economic Policy Administration.

The BPIC Board of Directors consists of 24 members (including the Chairman) representing business, labor, education, and community interests. The board focuses its attention on policy issues. It formulates council policy, addresses local concerns, and promotes BPIC activities.

Board members hold upper level management positions in their organizations. Eight of the board members are presidents of large businesses including four major banks, four are presidents of small firms, and one is president of a private university. Three members hold the position of chief executive officer in large firms, two of which are major insurance companies. Executive Directors from three community-based organizations and one government agency reside on the board in addition to two Executive Secretaries to AFL-CIO Labor Councils, the Administrator to the Boston prime sponsor, and the Superintendent of the Boston Public Schools.

In addition to the board of directors, BPIC has a general membership of 31 businesses and community organizations. Membership is open to any interested firm for a nominal fee which varies with the size of the business. General members, which represent small firms (fewer than 500 employees) and a few community-based organizations, act as a sounding board for new approaches and communicate their interests in employment and training programs.

The operations of BPIC are carried out by a staff selected by the Chairman. The staff consists of about 30 people headed by an Executive Director, Deputy Director, and two Associate Directors.

The directors and staff manage and administer BPIC programs, recommend new programs, carry out council policy, develop annual plans and budget information, and manage the day-to-day activities. BPIC does not operate skills training programs directly but designs programs and awards contracts to training agencies.

### Funding

In its annual funding authorization to the prime sponsor, Labor designates the amount of funds for BPIC. The following schedule shows BPIC funding and allowable carryover by fiscal year.

	Fiscal year		
	<u>1980</u>	<u>1981</u>	<u>1982</u>
New authorized title VII funds	\$1,119,683	\$ 481,888	\$659,726
Allowable carryover (note a)	218,749	270,446	178,483
National carryover (note b)	-	311,339	-
	<u>\$1,338,432</u>	<u>\$1,063,673</u>	<u>\$838,209</u>

a/PICs are allowed to carryover to the next year up to 25 percent of unspent money of the total fiscal year budget.

b/PICs are required to turn over any unspent money over 25 percent of the total fiscal year budget into a national carryover fund. This money is then distributed among PICs nationwide.

BPIC develops an operating budget and submits it along with its annual plan to the prime sponsor which reviews it and submits it to Labor. Title VII funds are then allocated to BPIC through the prime sponsor. These funds support program expenses, administrative expenses, and employment generating services. Fiscal year 1980 and 1981 funds were spent primarily on skills training programs. In fiscal year 1982, BPIC expanded its program base and expected to fund various programs dealing with business and community development efforts in addition to skills training programs. Also, future skills training programs will include increased emphasis on private sector financial participation.

Labor has not established specific performance criteria for evaluation of PICs and has not directed revisions or modifications to program plans. It should be noted that the title VII program is a demonstration-type program which encourages PICs to use innovation and diversification in developing programs. Although Labor has not directed changes to BPIC's annual plans, the level of program operations depends on title VII national funding and ultimately BPIC funding. BPIC has modified and adjusted program plans as a result of reduced Labor funding, however, this has not caused substantial revisions of plans.

Besides title VII funds, BPIC received over \$280,000 in fiscal year 1981 from the private sector in the form of contributions of \$70,500, dues and membership fees of \$60,000, and a special-purpose foundation grant of \$150,000. BPIC expects to receive more private sector support for program operations in the future.

Other studies

Labor's Office of Program Evaluation of the Employment and Training Administration funded two independent organizations, The Corporation for Public/Private Ventures (four reports 1/) and the Ohio State University Research Foundation (seven reports 2/), to study and evaluate PSIP. Each organization, based on field trips to a sample number of CETA sites, studied the emergence and implementation of the private sector program and evaluated the progress of PSIP and PICs over a 3-year period (1979-81).

The Corporation for Public/Private Ventures reported on the implementation of PSIP and the development and formation of PICs in 12 field sites, later expanded to 17. Boston was one of the sites studied. The first two reports, dated spring 1979 and fall 1979, discussed early PIC experiences and the progress and problems encountered in the implementation of PSIP. The third and fourth reports assessed the performance of both PSIP and PICs. The third report, dated May 1981, stated that BPIC activity focused on collecting information, building staff and organization, securing community support, and forming relationships with other institutions and programs. Program implementation did not begin until the end of fiscal year 1980, reflecting minimal output at the time of their review. Based on all PICs reviewed, The Corporation recommended that Labor (1) develop criteria for evaluations of PICs and (2) fund successful PICs at a higher level than others.

The Ohio State University project followed the emergence of PSIP during the first 3 years of operation (1979-81) by repeated field visits to 25 prime sponsorships throughout the country. Boston was not one of the sites studied. Initial reports (1 through 5) described and explained differing local patterns that emerged during the organizing, planning, and operational stages of PSIP development. Later reports (numbers 6 and 7), issued in June 1981 and January 1982, evaluated PSIP goals, activities, outcomes, PICs' performance, and factors that aided and limited PSIP and PIC development. Report No. 7 concluded that most businesses will need to be persuaded by public agencies to participate in public employment and training programs. The report stated that long-term involvement by private concerns is likely only if the long-term results are economically profitable to them. It also cautioned that programs relying on pledges of future hires would prove disappointing in their results, but that private sector participation should be encouraged nevertheless.

---

1/Labor-funded initial report entitled "Making the Connections" by The Corporation for Public/Private Ventures.

2/Reports entitled "A Formative Evaluation of the Private Sector Initiative Program" by the Mershon Center, Ohio State University.

Future status of PICs

The Senate recently passed the "Training for Jobs Act of 1982" (S. 2036) and the House recently passed the "Job Training Partnership Act" (H.R. 5320). Both provide for a new employment and training program to replace CETA. Although it appears that the current CETA program will undergo major changes and several major differences exist between the Senate and House bills, it is likely that the PIC concept will remain as a link between the public and the private sector. Private sector participation in training and placement programs will apparently receive continued Federal support and PIC (or a similar structure) will be the focal point for encouraging this participation.

BPIC EXPERIENCE COULD  
HELP OTHER PICs

BPIC has been active for about 2 years, and we believe that its experience during this period to involve the private sector in training and placement of economically disadvantaged persons (CETA eligibles) may be helpful to other PICs in their operational development. We have categorized the BPIC operations and experiences into two major areas, namely, employer participation in skills training programs and outreach efforts. BPIC's activities within each of these two areas and our observations are described below.

Employer participation  
in skills training

BPIC designed skills training programs and awarded contracts to training facilitators for programs operated in fiscal years 1980 and 1981. These programs were designed to meet the employment needs of various industries on the basis of labor market survey information for the local area and input from training contractors. These programs were not as successful as expected primarily because of early dropouts and a low level of placements, and BPIC adopted a new strategy before awarding training contracts in fiscal year 1982. This strategy included obtaining participation of individual companies in developing training programs to suit individual business needs, requiring them to share in the cost of these programs, and obtaining their commitment to hire program graduates. BPIC believed that reduced economic activity and increasing unemployment rates emphasized the need to directly involve individual employers in developing and implementing training programs.

BPIC awarded six training contracts for programs operated in fiscal years 1980 and 1981. The cost of these programs was about \$880,000 and accounted for most expenditures made by BPIC during these years. A list of each skills training program, the costs of the program, and placement data follows.

Skills Training Programs' Cost and Placement  
Fiscal Years 1980 and 1981 Activities

<u>Program</u>	<u>Number enrolled</u>	<u>Completed</u>		<u>Placed</u>			<u>Total cost of program</u>
		<u>No.</u>	<u>Per- cent</u>	<u>No.</u>	<u>Enrolled</u>	<u>Com- pleted</u>	
Computer electronics technician	49	31	63	21	43	68	\$369,976
Prevocational machine operator	33	30	91	12	36	40	68,017
Phototypesetting—printing	20	17	85	15	75	88	118,540
Clerical word processing (A)	40	34	85	22	55	65	180,455
Clerical word processing (B)	31	20	65	19	61	95	91,075
Medical secretary	15	7	47	6	40	86	51,441
<b>Total</b>	<b>188</b>	<b>139</b>	<b>74</b>	<b>95</b>	<b>51</b>	<b>68</b>	<b>\$879,504</b>

Computer technician

The computer electronics technician program consisted of a combination of basic education and skills training for 52 weeks. The basic education component, 20 weeks in duration, was designed to raise functional mathematics and English achievement levels from the 7th to the 10th grade equivalency. The skills component, lasting 32 weeks, was based on a curriculum developed by the Massachusetts High Technology Council and combined classroom instruction with over 500 hours of laboratory experience.

This program experienced attendance problems during the basic education phase and several trainees opted not to continue. Many trainees entering the skills training phase were identified as being academically deficient and required remedial instruction. It should be noted that two program operators administered the skills phase of the program, one of which had a much more successful placement record than the other. The favorable placement rate was attributed, in part, to the link that the program operator had with the client industry. BPIC estimated the cost per placement for the program was about \$17,618 and concluded that the program's results did not justify its high cost. BPIC also believed that any future program with such high costs should have even greater employer commitments to ensure efficient use of public and private funds.

### Machine operator

This program was designed to prepare unemployed Boston residents to enter a company's in-house machine operators' training program. BPIC stated that the program failed to reach planned placement levels because the prevocational instruction did not adequately prepare trainees for the machine operators' training entrance examination. In addition, BPIC stated that this program points out the difficulties in providing classroom training designed to meet the needs of a single employer when there is no guarantee of employment and when the employer has made no financial contribution to the training.

### Phototypesetting training

This program was designed to provide training for skilled jobs in the printing industry. Training was performed over a 24-week period and consisted of both lecture and hands-on instruction. This program had the highest placement rate of all the training programs. The program's success was partly attributed to the fact that the curriculum, instruction, and equipment were reviewed by an employer oversight committee which met regularly throughout the course of the program.

### Word processing (A)

This is one of two clerical word processing programs. A school operated this program, which combined classroom instruction with work experience in a simulated business setting. Trainees were provided 12 weeks of basic training in remedial and business English and mathematics, in addition to typing and office procedures. This was followed by a 12-week word processing training and work experience component, in which students applied their skills to actual job orders under working conditions.

BPIC felt that some problems that caused a lower than anticipated placement rate were the lack of employer participation and of appropriate screening of participants for motivation.

### Word processing (B)

In another clerical word processing program, BPIC required that enrollees not only meet CETA eligibility requirements but also have received Aid to Families with Dependent Children for at least 2 years. The training consisted of a combination of classroom instruction and closely supervised work experience at two local banks. The supported work concept--a concept also used under other CETA titles and the Work Incentive Program--combines service fees paid by the host companies with training stipends and Aid to Families with Dependent Children payments that are paid to trainees as wages. The training can extend to a maximum of 12 months. The trainees learn basic skills during the first

month and begin work in actual jobs by the second month. Over the course of the program, they spend progressively less time in the classroom and more time performing assignments for the host company. Once they have achieved a specified level of proficiency, trainees are hired by the host company. According to BPIC, this program proved to be very popular with employers.

#### Medical secretary

This program provided a combination of classroom instruction with laboratory work and clinical rotation at a local hospital. The length of the program was 31 weeks which included, in the final 3 weeks, 120 hours of work in clinical rotation at local hospitals. BPIC believed that the program achieved only limited success because of a high dropout rate during training, a factor partly attributed to inadequate screening of participants and supportive services.

#### Change in strategy in development of skills training program

BPIC believed that individual employer commitment to developing and implementing a skills training program as well as employer financial contributions or donated services, such as equipment or instructors, were needed to better insure more successful training contracts. BPIC decided that commitment, based on employer needs, would increase the placement rates of graduates of training programs compared to placement rates of earlier programs.

Prior training programs, as discussed previously, were designed to meet the employment needs of various industries based on labor market surveys for the local areas and input from training facilitators and contractors; however, the number of placements did not meet expectations. The overall state of the economy (high unemployment rate) was a factor in hindering placements and emphasized to BPIC the need to involve individual employers in development of training programs.

In early fiscal year 1982, BPIC developed a new marketing strategy, which called for direct solicitation of companies to obtain their participation in employment and training activities. The council sent a "Notification of Interest" letter to about 280 local employers inviting them to identify their current and projected staff needs and to apply for BPIC funding and assistance to meet those needs. BPIC received a response rate of about 12 percent (34 firms), which was viewed as a favorable rate considering that BPIC was contacting many of the companies on the list for the first time.

The 34 firms that showed interest in BPIC's invitation to apply for assistance in financing staff needs returned the Notification of Interest profile with information on: type of business, number of employees, number and type of positions available, job descriptions, and salary range. Both large and small firms representing professional, retail sales, manufacturing, and construction-type businesses responded. Furthermore, 12 of the respondents had prior involvement with BPIC or other federally funded programs. BPIC determined that 24 (70 percent) of the 34 firms offered employment possibilities and showed potential for BPIC funding. Business interest appeared mostly in recruitment (direct hiring) and on-the-job training. The table below summarizes the business interest in each type of training program.

Summary of Response  
Types of Programs and Positions Available

<u>Programs</u>	<u>Companies responding</u> <u>(note a)</u>	<u>Positions available</u> <u>(note b)</u>
Recruitment	10	48
On-the-job training	7	102
Supported work	2	Varies
Upgrading	4	59
Training	3	10
Preapprenticeship	<u>1</u>	<u>150</u>
	<u>27</u>	<u>369</u>

a/Three firms responded to two types of programs.

b/BPIC's information is incomplete on the positions available. Some companies responded that the number of positions varied and did not provide a specific number. Figures shown in this column represent the positions available at those companies who provided a specific number.

Job opportunities existed in clerical, machinist, and construction-type positions within each type of training program. The breakdown by type of job opportunities is as follows:

Type of Position Available

<u>Position</u>	<u>Firms responding</u>	<u>Positions available</u>
Clerical/support work	12	88
Machinist-related work	6	32
Construction	3	220
Other	<u>3</u>	<u>29</u>
Total	<u>24</u>	<u>369</u>

The average starting wage for these positions was \$4.30 an hour with average potential earnings of about \$5.65 an hour after completion of training.

In addition to working with interested firms, BPIC plans to contact those firms that did not respond to determine what incentives are most appropriate to encourage employer participation. BPIC has developed a survey strategy whereby BPIC's staff will contact each of the businesses directly. Although the survey is not complete and many companies still need to be contacted, BPIC informed us in March 1982 that a pattern had begun to emerge. BPIC's results show the following reasons for companies' failure to respond to BPIC's letter.

- Economic factors: Both the local economy and the national economy are bleak for many firms. Employers cannot strike out in new directions and must hold their current positions. They plan no new expansion, and any job openings are usually filled by people they laid off earlier in the year.
- No prior involvement: Many companies are reluctant to become involved in publicly sponsored programs because they have never done so.
- Political involvement: Employers assume because they get support from Government programs they may be required to take people they do not want.
- Red tape: Many employers have problems with their own paperflow and do not want any additional paperwork problems that may be associated with Government programs.

With respect to the firms not responding initially, BPIC emphasized to us that the private sector is not a single, unified community in agreement on all issues, but a diverse collection of companies, large and small, producing various goods and services. Further, it is difficult to ascribe any single option or motive to the private sector as a whole because of the diversity both in terms of individual business circumstances and factors that motivate employers to become involved in employment and training programs.

BPIC also stated that, although some companies are reluctant to participate in programs, a complete evaluation of job placement issues should include a review of the adequacy of incentives being offered.

#### Other outreach efforts

BPIC's efforts to involve the private sector in employment and training extend beyond skills training programs. BPIC is involved in other outreach efforts for creating jobs for the economically disadvantaged by (1) soliciting financial contributions, (2) participating in community and economic development activities, and (3) sponsoring workshops and seminars for the development of job opportunities. BPIC encouraged private sector contributions to support and expand training and business development activities.

#### Private sector contributions

In fiscal year 1982, the Edna McConnell Clark Foundation provided \$150,000 for a project called the Job Development Collaborative to help disadvantaged, troubled youths transition from high school into the work force. Additional funding beyond fiscal year 1982 is expected if the program progresses successfully. Other private contributions to BPIC totaled about \$70,500, which represented donations by several businesses to the 1981 Boston Summer Jobs program, to fund positions in private nonprofit and community-based agencies. BPIC membership dues of about \$60,000 were collected in fiscal year 1981 and were used as a source of cash flow and for miscellaneous expenses.

The Clark Foundation provided BPIC with a funding grant on a 3 for 1 matching basis for the Job Development Collaborative. The Foundation contributed \$150,000 in fiscal year 1982, while BPIC allocated \$50,000. The Job Development Collaborative program was designed to counsel, educate, and prepare 100 disadvantaged, troubled youths for the job market, which includes placing the youths in unsubsidized jobs and supporting them while on the job for 6 months. The program is designed to serve high school juniors, although during the startup phase the program was directed at seniors. About 35 students at each of three high schools were being served. The program's long-term goal is to expand the career development activities into all Boston high schools so that, as part of their normal education, city youths can gain basic employment skills and "step right into the world of work." This program is managed by a steering committee consisting of BPIC, NDEA, the

public schools, the Tri-Lateral Council for Quality Education, <sup>1/</sup> and community representatives. Specific Clark Foundation criteria must be met to insure continued participation of the Foundation.

The Boston Summer Jobs program for 1981 was sponsored by BPIC in conjunction with NDEA, the Tri-Lateral Council for Quality Education, and the Greater Boston Chamber of Commerce. The goal was to place about 600 Boston public high school students in their sophomore and junior years into unsubsidized private sector summer jobs as a work experience for the students, providing them with income while exposing them to the world of work. About 525 students were placed into jobs during the summer of 1981 as a result of BPIC contacting about 1,000 employers. Over half of the jobs developed were in companies represented on the boards of BPIC, the Tri-Lateral Council, and the Chamber of Commerce. An additional 75 jobs came from the hospital sector. Fewer than 100 jobs were developed in the fast-food industry, which are jobs youths can usually get on their own. Also, about 12 large companies contributed cash to support jobs in private nonprofit and community-based agencies; this money was used to place 70 students in nonprofit institutions. BPIC expended about \$15,000 of its own funds for the 1981 program. About 850 students were placed into jobs during the 1982 summer jobs program--325 more than during the 1981 program.

#### Participation in community and economic development

BPIC has assumed a participatory role in economic development activities, together with many State and local agencies responsible for assisting local community development corporations in financial, management, and organizational matters. As discussed below, with BPIC's assistance private foundation funds have been committed to community and economic development efforts in the form of matching grants and low-interest rate loans. BPIC expects these efforts to strengthen public-private participation in local economic and community revitalization programs that will eventually help to generate jobs and bring stability to declining neighborhoods.

In October 1979, the Ford Foundation and six corporate donors and lenders formed the national Local Initiative Support Corporation (LISC), a nonprofit organization designed to aid selected community groups to stimulate economic growth and neighborhood revitalization. The national LISC provides support by financial and technical assistance to help community development corporations attract commercial loans and public grants for a wide range

---

<sup>1/</sup>The Tri-Lateral Council consists of representatives of the Greater Boston Chamber of Commerce, the National Alliance of Business, and the Boston School Department. Its purpose is to help coordinate business and school activities.

of economic development activities. Projects may include land, banking, housing rehabilitation, and commercial and industrial development.

Boston was selected as one of a few LISC demonstration sites. The Ford Foundation agreed to match up to \$1 million in local funds for economic development efforts. In 1980, BPIC set up meetings between representatives of the Ford Foundation, the Permanent Charities Foundation of Boston, and three local banks. As a result, local funds of \$800,000 were committed, and the Boston LISC fund was established in 1980. The LISC fund makes capital resources available to eligible community development corporations for investing in community and economic development projects, as well as providing technical and management assistance. A Boston LISC Fund Allocation Committee, which includes BPIC representation, has been set up to review local applications and make funding recommendations to the Ford Foundation and national LISC based on eligibility criteria.

#### Programs for developing job opportunities

BPIC sponsored workshops, seminars, and special studies to establish a closer relationship with the job market and develop job opportunities for the economically disadvantaged. These efforts involved three programs initiated by BPIC during fiscal years 1981 and 1982, namely (1) a grant award to conduct a series of workshops concerning economic growth issues, (2) a grant award to develop ways CETA staff programs could be integrated into local economic development strategy, and (3) a business contact program to identify private sector jobs. It appears that these efforts will be valuable in establishing a sound base of knowledge of the local economy and a working relationship with the private sector, which could lead to future jobs. The information obtained as a result of the business contact program was used as a source for contacting and soliciting individual businesses for skills program participation (see p. 9).

BPIC sponsors a workshop series that focuses on developing information on the economic growth of Boston, including neighborhood growth, type of jobs (projected and actual) and training needs. The workshops, cosponsored by the Greater Boston Chamber of Commerce, are managed by the Harvard/Massachusetts Institute of Technology Joint Center for Urban Studies. BPIC, as part of the workshop series, will commission several research papers which focus discussions and serve as a beginning step in improving Boston's available data base on the issues being considered.

BPIC also sponsored a program to study the relationship and involvement of local community development corporations in training programs. This is a joint effort of BPIC, the National Alliance of Business, and Massachusetts Community Economic Development

Assistance Corporation, which has the primary responsibility for program implementation. The focus will be on how to attract new business to local neighborhoods and integrate training programs into the local economic development setting. The goal of this program is to develop a planning handbook for community development corporations to improve their ability to create jobs suitable for low-income unemployed residents.

The business contact program was initiated by BPIC in fiscal year 1981 to provide information to local businesses to meet their needs regarding tax incentives, capital resources, and employment and training programs. The program involved contacting and meeting with businesses to discuss company employment needs, informing them of financial and employment resources available and offering assistance. The program provided a base for later directly soliciting a commitment from individual employers to help develop and implement training programs and to hire program graduates.

In early 1982, BPIC and NDEA developed a direct job placement activity known as the Job Exchange. The goal of the activity is to provide recruitment, screening, and placement assistance to employers seeking entry-level help. The Job Exchange identifies employer needs and matches those needs with unemployed Boston residents seeking jobs. BPIC expects that the Job Exchange will annually place over 600 unemployed individuals in private sector jobs.

#### Recent developments

In June 1982, BPIC officials informed us that they had approved five training programs although no training contracts had been issued. All training programs approved by BPIC will have financial participation from employers. BPIC requires employers to share at least 25 percent of the total program operation costs.

Since completion of our fieldwork, BPIC informed us that additional events have taken place which show a growing support from local employers. The following developments were cited by BPIC:

- Seven companies and a 100-member trade association are sponsoring training activities with BPIC and are contributing over \$180,000 in equipment, instructors, and other services for hiring 230 trainees.
- About 60 employers attended the in-school job fair sponsored by the NDEA.
- Three major BPIC-sponsored conferences have been held this year, each of which had over 200 business attendees.
- Over 40 employers have participated in roundtable meetings sponsored by the BPIC, NDEA, and the Tri-Lateral Council.

--In the past 12 months, the business contact program and the Job Exchange have contacted over 500 employers.

### Our observations

BPIC experience provides some useful knowledge and insights for obtaining private sector involvement in employment and training programs. The two more successful BPIC training programs involved employer participation in curriculum development. One was a supported work program where the employer, the local welfare agency, and BPIC shared in the cost of the participants' wages. BPIC's plan to require employers to make a financial contribution and a commitment to hire program graduates before initiating skills training programs seems to increase the potential for success. We believe that other PICs should consider involving employers in the development, implementation, and placement goals of skills training programs. Involvement of employers could include commitments, such as financial support or donated services and numbers of graduates to be hired.

Obtaining private sector commitment to training programs requires substantial effort on the part of PICs and program operators. The Ohio State University report, dated January 1982, states that:

"Business people are not automatically attracted to public employment and training programs. In fact, most of them appear to be indifferent to, suspicious of, or even hostile to such programs and, in some cases, to the kinds of clients served by such programs."

This report also states that the health of a PIC is directly related to business participation. Another report, entitled "Private Sector Involvement in Public Employment and Training Programs," written by Randall B. Ripley and Grace A. Franklin of Ohio State University, dated December 1981, states that:

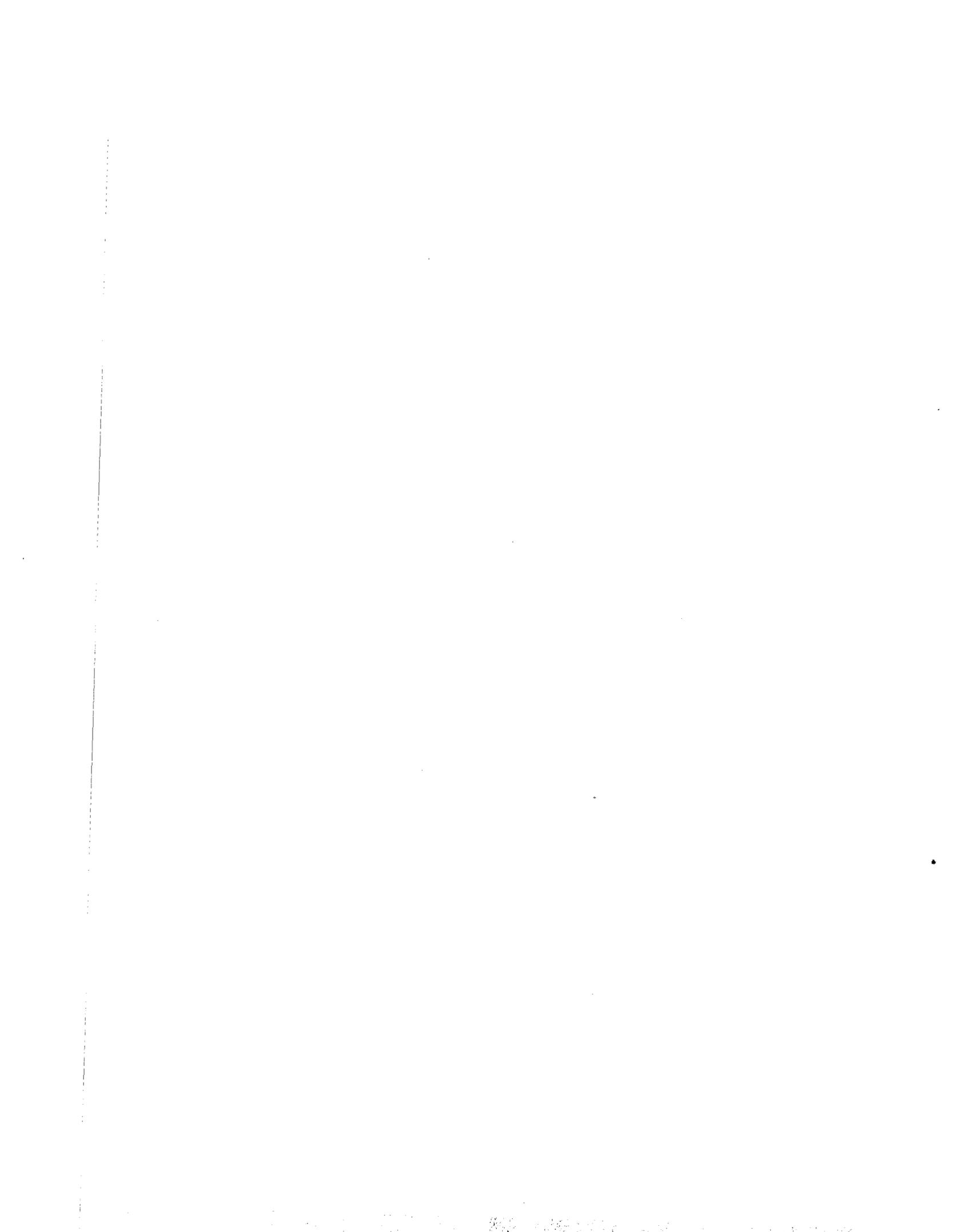
"A genuine public-private partnership is possible and desirable but is difficult to nurture.

"Word of mouth references among employers about the value of their involvement with public programs is strong, and may be the best means of expanding business participation."

We believe that efforts to contact individual businesses, inform them of the training programs available, and solicit their participation are helpful in obtaining private sector commitment. Establishing good relationships with individual employers appears to be a requisite in developing a meaningful public-private partnership.

(205028)







23127

**AN EQUAL OPPORTUNITY EMPLOYER**

**UNITED STATES  
GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548**

**OFFICIAL BUSINESS  
PENALTY FOR PRIVATE USE, \$300**

**POSTAGE AND FEES PAID  
U. S. GENERAL ACCOUNTING OFFICE**



**THIRD CLASS**