

Customized Training Funds

This initiative expands the Business Solutions Training Fund to help businesses train, retain, and promote their employees. The newly expanded and renamed program -- Customized Training Funds -- gives businesses the opportunity to apply for grants to provide a range of training to their employees, including contextualized literacy, English as a Second Language (ESL), job readiness, and occupational training.

<i>Agency</i>	<i>Start Date¹</i>	<i>Number Served per year²</i>	<i>CEO Budget (City FY 08)</i>	<i>Total Budget³ (City FY 08)</i>
The Department of Small Business Services	February 2007	750	\$3,704,404	\$4,200,000

Problem Statement

Approximately 350,000 individuals in New York are working yet not earning enough to rise above the poverty level. Due to a lack of skills, including limited English proficiency and an inability to access training, many working poor cannot secure permanent well-paid jobs with growth potential.⁴

Research and Evidence

Between 2004 and June 2007, the Department of Small Business Services made 35 grants to provide skills upgrade training for more than 2,200 workers already on the job.⁵ Employers were required to match the training grants they received from SBS and demonstrate retention, wage growth, and/or advancement among employees who received training. The average wage gain for these workers was 22%.⁶

Despite the success of the program, until its CEO funded expansion businesses were limited in the type of training they could provide their employees. Operating under Federal Workforce Investment Act (WIA) guidelines (the sole source of funding for the program), SBS could only offer Training Fund grants to businesses for strict occupational training. With CEO funding, however, SBS has been able to implement major and innovative reforms. These reforms enable businesses to offer a broader range of training to meet the needs of their employees.

To design the new Customized Training Funds program, SBS consulted experts and practitioners and engaged in a rigorous research and planning process.⁷ The topics researched included:

- The most effective methods used to market customized training;
- The best methods to determine business eligibility;
- The most innovative practices in technical assistance, funding, and training; and
- The most meaningful outcome measurement and evaluation techniques.⁸

This research has informed many of the changes that SBS has made to the program, which are described in more detail below.

Program Description

Customized Training Funds give low wage workers greater access to job training in key skilled occupations and aim to reduce poverty within this population. Employers now have the flexibility to use training awards to pay for wages while workers are in training, and the award will cover at least 60% of the cost of most types of training. CEO funding enables businesses to tailor job training around their own

needs and include education in reading and math, English as a Second Language, and job preparedness. In New York City, these types of training have not previously been funded by City, State, or Federal sources. The flexible program design also permits businesses to train incumbents or new-hires for full-time employment upon completion of training.

CEO funds have already contributed to training grant awards for five businesses, including Hendrickson Custom Cabinetry, Inc., a custom cabinetry and architectural millwork manufacturing firm located in the South Bronx and NPower NY, a provider of technology solutions for the nonprofit community.

CEO will evaluate the success of this initiative by tracking program completion, wage gains, and employer satisfaction among other measures.

Target Population

The program serves the working poor citywide. However, only individual companies or training providers representing three or more businesses are able to apply for Customized Training Funds.

Expected Outcomes

- 80% program completion
- Improved retention
- Wage gains
- Skills upgrades
- Career advancement for the working poor
- Better-trained workers for businesses

¹ CEO funding for this initiative began in February 2007. SBS decided to rename the program in October.

² This number refers to outcomes achieved. The actual number served is higher.

³ The total budget includes money from the Federal Workforce Investment Act.

⁴ CEO Report, 16-17.

⁵ Center for an Urban Future. "Work in Progress." 2007, p. 4.

⁶ This number reflects a weighted average increase. It was calculated using the average gain for all trainees who experienced a wage increase after training, and based on data submitted by Training Fund applicants (SBS internal document, August 2007).

⁷ SBS surveyed senior staff at eight programs, academics at four colleges/universities, and executives at six supporting institutions including the Annie E. Casey Foundation, Public/Private Ventures, and the Workforce Investment Board (Customized Training Research Findings DRAFT, Aug. 3, 2007, p. 6).

⁸ Customized Training Research Findings DRAFT, Aug. 3, 2007, p. 8.