

July 1, 2002

TO: Interested Parties

FROM: Paul Osterman

RE: IEF Labor Market Programs

A recent conversation with Ernie Cortes led both of us to think that this might be a good time for me to briefly summarize my views regarding the IEF labor market programs. Hence this memo. I have kept this document short and if you have any questions or want elaboration please let me know.

The IEF labor market programs can be thought of in three different ways.

- The first is in terms of the programs themselves. In the areas of job training and living wages the IEF has consistently fielded high quality and effective efforts. Even more impressively, because the IAF organizations in different cities are part of a network which meets regularly and shares experiences, the IEF has effectively addressed a basic dilemma facing many efforts: how to replicated and to learn.
- Second, the IEF efforts have evolved over time and broadened out into new and distinctive initiatives. The success of the training programs led to the drive to create a Human Development Fund drawing upon monies previously earmarked for physical economic development projects. The living wage campaign in the Valley has led to efforts (in cooperation with the Service Employees International Union, SEIU) to build an employees' association.
- Third, if one steps back from specific programs and assesses the effort as a whole then it is even more distinctive. The training programs have given the organizations substantial credibility in their communities, both in the neighborhoods and among businessmen. Good programs provide a foundation for extending organizing and this in turn provides the basis

for creating yet more expansive programs. In addition, the IEF has not been willing to take labor market outcomes as given and simply try to fit people in. Rather, the organizations have worked hard to improve the structure of the labor market: the quality of jobs, the hiring channels of employers, and the performance of educational institutions. Taken as whole, the IEF has the most sophisticated and comprehensive approach to community labor market issues in the nation.

The Training Programs

The IEF's first training effort was Project QUEST in San Antonio. This effort, which began in 1992, evolved into a very successful and widely known program. What makes it distinctive is its focus on long-term training, substantial support to trainees, close cooperation with the employer community, use of the community college system, and insistence on high quality job placements. I evaluated QUEST in 1996 for the Ford Foundation and found very positive impacts.

QUEST has been replicated by IEF and the IAF network in a number of cities. There is Project VIDA in the Rio Grande Valley, Capital Idea in Austin, ARRIBA in El Paso, and Job Paths in Tucson. I have spent time with all of these programs and they seem as impressive as QUEST. Furthermore, the programs have evolved, adding to the QUEST model in original ways. For example, Capital Idea has three tiers of service depending on the needs of the trainee (QUEST was limited to high school graduates). VIDA does some short term customized training for local firms. Job Path requires that its graduates participate in community service to help payback the program.

The success of the training programs have also led to efforts to build a secure funding base. In the last Texas legislative session the Texas IAF network was able to pass legislation authorizing the use of local economic development funds for education and training. This Human Development Fund, when it is established by the various cities, will be a major accomplishment.

As an aside, I should also note that the IEF school reform efforts—the Alliance Schools—can be seen as part of their labor market strategy. I have not looked carefully at the Alliance Schools and therefore do not want to say too much. However, several other researchers (Dennis Shirley, Frank Levy, and Richard Murnane) have studied them and are quite positive.

Living Wage Campaigns

In the Rio Grande Valley, IEF and the IAF organization, Valley Interfaith, launched a living wage campaign aimed at employees of school districts. Two years ago I evaluated this campaign (you have the report) and found that it had raised the wages of over 8,000 workers. Since then additional employees have benefited. This is one of the largest campaigns in the nation.

In other cities the IEF and the local IAF organizations have been active regarding living wages. For example, in both San Antonio and in Austin the organizations have successfully insisted that firms receiving tax abatements be required to pay living wages. In addition to specific campaigns regarding abatements the IEF has also changed the nature of the dialogue around economic development. In the Valley my interviews with economic development officials and reading of local newspapers convinces me that living wage criteria are taken far more seriously than in the past. Related to these issues, the IEF has fought hard to prevent cities from spending resources on stadiums and golf courses instead of on schools and after-school programs.

Along similar lines the San Antonio organization, COPS, is currently involved in a major campaign regarding the city's efforts to build a PGA golf-course. This involves living wage concerns, issues regarding city subsidies, and environmental protection. COPS collected over 100,000 signatures in a petition drive.

Employee Representation

In several cities (e.g. Omaha and Phoenix) the IEF organization is working with local unions in organizing drives. In Omaha, for example, the Food and Commercial

Workers union and the IEF organization (Omaha Together One City, OTOC) are cooperating in a drive to sign up meatpacking employees.

In addition to these efforts, an even more distinctive effort is occurring in the Rio Grande Valley. This is, needless to say, a strongly non-union region. Valley Interfaith and the SEIU are working to establish an employees' association. This would be an employee group which, unlike unions, does not engage in collective bargaining. However, it will pressure employers on issues of wages, health care, and training. The effort is proceeding in classic IEF fashion, with potential members being identified via churches and schools. The SEIU has provided resources and the IEF is providing the organizing direction.

Summary

I have spent a substantial amount of time with all of the labor market efforts described in this memo. They are high quality and effective. But what is even more impressive is how they fit together into a comprehensive strategy. The IEF programs are far better than the typical effort but in common with traditional training and education programs the IEF seeks to improve the skills of people. However, what is distinctive is that the IEF goes beyond this in order to have a larger impact on the job market. The IEF upgrades the quality of jobs which are available in the communities in which it operates. In addition, the IEF labor market initiatives improve labor market institutions. For example, the community colleges in San Antonio function much more effectively for all of their students as a result of the pressures which emanated from Project QUEST.

Equally impressive is how IEF and the IAF network has been effective in encouraging learning among its members. The network diffuses best practice, and engages in experimentation and innovation. I do not know of any other effort in the country which is comparable to this in terms of scope and sophistication.