

Findings at a Glance: A Look at Customized Training

Center for Economic Opportunity • Department of Small Business Services
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Opportunities for Low Wage Workers

Early research findings from the evaluation firm Westat indicate that the NYC Business Solutions Customized Training (CT) model increases participant wages.

According to the U.S. Department of Labor, more than nine million working Americans—25 percent of whom work full time, year round—earn less than the official poverty level. In New York City alone, approximately 350,000 individuals are working and still living in poverty. While advancement for these workers are limited, employers need workers with problem-solving, interpersonal, and sector-specific technical skills to successfully compete in the global economy.

To help NYC businesses and incumbent workers grow, in 2007 the NYC Center for Economic Opportunity (CEO) in partnership with the NYC Department of Small Business Services (SBS) created The Business Solutions Training Funds Program (now Customized Training (CT)) with funding from the Workforce Investment Act (WIA) and CEO.

Getting Low-Wage Workers to Higher Pay

CT is designed to provide industry-specific training to incumbent workers looking to advance in their careers, while supplying wanting businesses with an appropriately trained workforce. By using the sector-focused approach, CT provides targeted training to incumbent workers in industries including construction, information/professional services, wholesale and retail trade, manufacturing, education, and healthcare.

Customized Training participant earnings:

- Low-wage Customized Training workers earn **11% more per hour post-training**
- Customized Training participants earn **9% more per hour than Career Center participants six months after training**

Customized Training Participants Stay on Track With Higher Earnings

Customized Training participants earn significantly more per hour six months after program exit.



CT Participants Pre-Program

CT Participants Post-Program

Data shows hourly wage results six months after participants exit the CT program according to state payroll data and internal SBS systems data.

What is Customized Training?

The NYC Business Solutions Customized Training Program serves incumbent workers looking to advance in their skills, wages, and careers, and businesses looking to train their workforce by eliminating the financial constraints that keep businesses from investing in staff development.

Together, SBS and CEO pay the upfront cost of training, requiring that employers give participating workers a raise. In turn, businesses propose both the training type and expected business benefit; select the trainees and trainers; and co-invest 30-40 percent of their own funds for the salary increases. CEO funds assist only those businesses that focus on training their lowest-wage workers (workers earning \$15/hour or less).

Focus on Low-Wage Workers

Funding Specifications

While WIA funding can support incumbent workers at any wage, CEO funding specifically targets low-wage workers who earn up to \$15 per hour. Together, CT funds cover up to 70 percent of eligible training costs for participating businesses. Eligible trainings include training current staff to take on new responsibilities and/or get promoted; training to update obsolete skills, training on recently purchased equipment or software, and/or on new services or products to reach new markets.

How Do Customized Training Participants Measure?

Despite starting with wages that were lower than those of the general NYC population, the hourly wages for CT participants increased, while the overall wages of workers in similar industries tended to either decrease or only increase slightly. Descriptive analyses showed that CT program participants had an average nine percentage increase compared to New York City workers in general, who had an average wage increase of only three percent.

Moving Forward

The research and evaluation firm Westat will release a full report later this year, which suggests that the Customized Training program is effective in increasing wages for low-wage incumbent workers and should be expanded. The evaluation compares CT participants wage outcomes to a matched group of similar individuals and then places these findings in the context of the larger metropolitan population using SBS and NY State Department of Labor numbers.

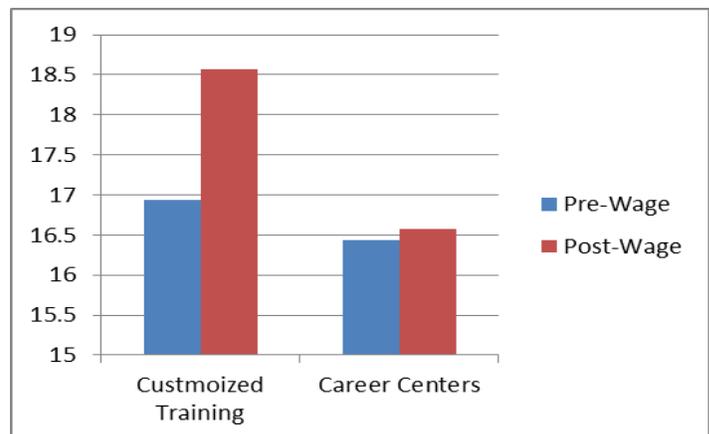
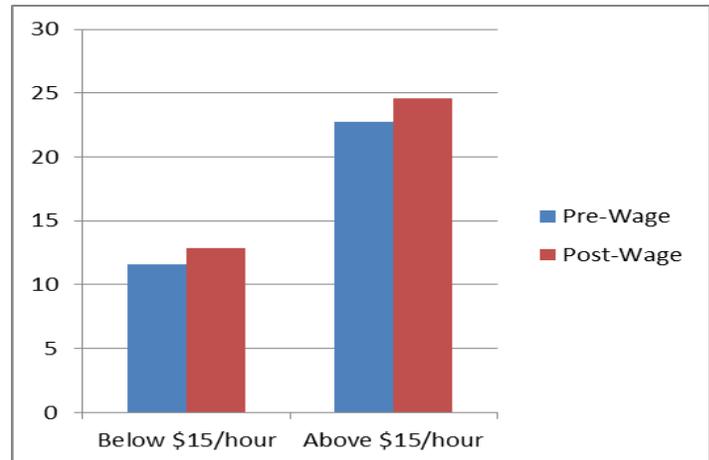
Customized Training Research

Further reading on Sector-Focused Employment:

- [Strength in Partnership: Building a New Approach to Workforce Development in New York City](#), Workforce Strategy Center
- [Working with Value: Industry-Specific Approaches to Workforce Development: A Synthesis of Findings](#), The Aspen Institute
- [On the Job Training](#), Upjohn Institute for Employment Research

Customized Training Boost 11 and 8 percent Wage Increases

Top Graph: Customized Training Participants earning less than \$15 an hour enjoy an 11% wage gain post-training. Bottom Graph: Customized Training participants make 9% greater wage gains than standard career center participants six months after program exit.



Policy Implications

CT Participation and Labor Market Outcomes:

- Services such as job search support, counseling and training are associated with positive outcomes.
- Businesses can invest in and expand sector-focused employment strategies with federal Workforce Investment Act funds.
- Hard skills training tied to employer demand leads to