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**Report to the
Legislature**

**As required by
Minnesota
Statute 290.0673**

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1999

— 1997 Minn. Laws Chap. 231
Art. 5 Sec. 8 Subd. 4

— Minn. Stat. 290.0673

**COMMISSIONER:
CHRISTINE JAX, Ph.D.**

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**Job
Training
Program
Credit**

**Report to the
Legislature**

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Roseville, MN 55113-4266
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**As required by
Minnesota
Statute 290.0673**

Upon request, this report can be made available in alternative formats.

INFORMATION SUMMARY AND REPORT COST

The Job Training Program Credit law (M.S. 290.0673) was passed by the 1997 Legislature. Under this law tax credits are awarded to businesses that employ workers who graduate from job training programs that are certified by the Commissioner of Children, Families & Learning. To date, only one training program (Twin Cities Rise!) has sought and attained this certification.

It should be noted that the Department of Children, Families & Learning sole program responsibility under this law is to review and certify training programs that request to deliver training services under this legislation. The Minnesota Department of Revenue is responsible for the tax credit issuance and accounting and all technical assistance related to tax credit issues.

As the sole provider under this legislation, the mission of Twin Cities RISE! is to enable economically disadvantaged adults to escape poverty by qualifying for a living wage job that meets employers' economic needs. Results from the program indicate considerable success on an array of indicators such as wages, placement in jobs, decreases in public subsidies, and other important benefits.

The text of this report is a copy of the Twin Cities RISE! report to the Commissioner of Children, Families & Learning, as required in statute. All reporting requirements of the legislation are contained in the report.

A report to the legislature must contain the cost of preparing the report, including any costs incurred by another agency or another level of government. This report provides information which the Department of Children, Families & Learning already collects as part of its statutorily required assignments. Therefore, the cost of gathering the data is limited to the estimated cost of actually preparing this document:

CFL Personnel Report Preparation	\$ 102
Printing - 145 copies	<u>\$ 435</u>
TOTAL	\$ 537

Twin Cities RISE!

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**Report to the Minnesota Department of
Children, Families and Learning**

**On the use of the Tax Credit
required by Minnesota Statute 290.0673 Subd.4.c**

Submitted by: Twin Cities RISE!
112 North Third Street, #500
Minneapolis, MN 55401
(612) 338-0295

Contact Person: Steve Rothschild, President and CEO

Date Submitted: February 9, 1999

1. INTRODUCTION

Twin Cities RISE!'s mission is to enable economically disadvantaged adults to escape poverty by qualifying for a living wage job that meets employers' economic needs. During 1997 and 1998, Twin Cities RISE! has experienced a 77% positive termination rate, which compares favorably with other nationally regarded programs that "ladder up" adults into living wage jobs. This includes 27 participants who completed program requirements and were placed in jobs over \$9 per hour or more with benefits, and 13 of whom qualified for the State Tax Credit. See **Section 3** for more detailed information about placements.

Twin Cities RISE! believes the innovative Tax Credit has been very successful in its first two years. This is the first time that employers have hired previously unemployed/underemployed adults and paid a portion of the development cost via a fee that recognizes the economic value they receive. In 1997, earning income via fees represented just 2% of our expenses. In 1998, it jumped to 13% of expenses. In 1999, we expect approximately 30% of expenses to be covered by employer fee income, thereby shifting a burden that has historically been paid by the government to be shared by private enterprise. The model has attracted both local and national attention, suggesting that a new source of important income could be tapped for workforce development.

The State of Minnesota's two year investment of \$104,000 (13 qualified graduates x \$8,000) already has reaped significant returns. The 13 graduated participants who qualified for the State Tax Credit have seen on average an increase in income generation of 132% from the time they started the program to placement. These statistics are based on employment at start and employment at placement, not on annual income. The program is collecting this information in order to get a more accurate picture of how annual incomes have changed as a result of program participation.

The program is in the process of collecting information on whether participants have seen decreases in public subsidies, increases in child support paid, and other measures that would indicate the economic gains are impacting broader systems as well in a positive manner. Research on earlier years indicated that on average participants have experienced a substantial drop in public subsidies and an increase in the amount of current and back child support they pay. With sustained employment (90% of our graduates are retained with their original employer), the State will continue to enjoy direct economic benefits estimated previously by its Planning Agency of approximately \$3,800 per graduate per year.

Due to our recent increase in participants now in training, we expect sufficient graduates through the year 2001 to qualify for the full tax credit allotment contained in the current bill.

2. PROGRAM DESCRIPTION

Target Population

TCR!'s target population is men of color who are low-income, have a history of unemployment or under-employment, and have limited marketable skills. TCR! participants are recruited from the urban communities with the highest concentrations of poverty in Minneapolis, Saint Paul, and first-ring suburbs. Participants are predominantly African-American, Chicano-Latino, South East Asian (Vietnamese, Hmong and Laotian), African, and American Indian. Women and non-minorities represent about 30% of the participant population.

TCR! works with people who do not have high school diplomas or GEDs, people with criminal backgrounds (about 30%), and those who have been struggling with chemical dependency (about 30%). Even those participants who have completed high school need to work on their basic skills, because the average skill level of all participants when they enter the program is about the 8th grade. Almost all participants have moderately to significantly complex family, personal, or legal circumstances, often derived from their limited financial means or newness to this country, which can inhibit their skill development progress and job success.

Community and Corporate Collaborations

TCR!'s governance structures and participatory program development process connect a wide variety of community groups from around the Twin Cities to collaborate on this important social issue. A diverse group of community leaders and representatives from the corporate sector guide program development through membership on the Board of Directors and other organizational committees. Please refer to **Appendix 1** for a copy of the Board and Committee membership lists.

TCR! also works with a number of community groups, churches, social service agencies and other non-profit organizations that refer clients to the program, and/or provide low or no-cost services that TCR! participants can access as well. TCR! receives referrals from a variety of sources, such as local churches and mosques, chemical treatment programs, transitional residential programs for adults leaving the prison system, ESL and basic skills programs, and neighborhood community groups.

The engagement of the corporate community in program design has ensured that our work is directly informed by the needs and expectations of the market. Company representatives sit on the Customer Company Advisory Committee, which has worked closely with the program as it has developed over time. Employers are involved in the development of work preparation curricula, have influenced the evolution of the skill development model, and provide internship opportunities for participants. Refer to **Appendix 2** for a copy of the TCR! customer company list.

Skill Development Model

The TCR! skill development curriculum focuses on a skills-based method based on the findings of The Secretary's Commission on Achieving Necessary Skills (SCANS), a study conducted by the U.S. Department of Labor in 1992. The commission documented skills that employers have identified as important to success on the job in the global economy. They include a range of interpersonal, personal, academic, analytical and technical skills. The Twin Cities RISE! skill development model focuses on three main areas that incorporate these skills: (1) basic education, (2) personal development, and (3) occupational development.

Basic education incorporates training in basic skills such as reading, writing, math and basic computer proficiency, all of which provide a necessary foundation for advanced skills training, both in the program and on the job. Personal development refers to the development of lifeskills, such as money and time management, responsibility, and self-management; and to the development of other "soft" skills, such as communication, interpersonal and teamwork skills. Employers repeatedly note that it is often these "soft" skills that get employees into trouble on the job, not a deficit in technical skills. Finally, occupational training and development includes career exploration, job search skills such as resume writing and interviewing, formal training for a specific career area, as well as work experience and job-focused development in general.

The TCR! model combines skill development in these three areas, coaching support, on-the-job work experience, and comprehensive supportive services to provide a multi-faceted approach to equipping participants with the skills they need to get and keep a good job with opportunities for future job growth. Participants move through the program in stages, so that they can constantly build on the skills they do have and develop new ones as they take more classes and get more work experience. This model, which is explained in more detail below, provides multiple strategies for "laddering up" from lower paying jobs to skilled jobs that pay a livable wage.

The Workskills Coach is the participant's primary, on-going contact in the program. Coaches work one-on-one with participants to help develop and monitor the participant's skill development plan, provide support throughout a participant's tenure in the program, and provide access to supportive services and other resources as needed. Post-placement coaching support for participants is also provided for approximately one year after a participant has found a final placement job, which is critical to continuing success on the job and long-term job retention.

In addition to coaching, TCR! offers a comprehensive social services support program that participants can access to address non-training issues that are barriers to progress, such as housing, transportation, and other needs. This program is critical to our success because it helps mitigate the complex personal and financial issues that are barriers to participants' skill development, job success and job retention. Supportive

services vary depending on the individual, but they can include housing or transportation assistance, family counseling, emergency loans, living stipends, child care, etc.

The skill development program is comprised of two basic components: a “Foundations Skill Development Program” and an “Advanced Skill Development Program.” The Foundations Program is broken down into two, eight-week sessions with a two week break in between. Each participant spends 15 hours per week at TCR! in skill development activities during both sessions. The required courses include empowerment skills training, which helps participants further develop their interpersonal and personal skills; computer training; career exploration; job search readiness; workplace communication; writing; and basic skills or ESL if necessary.

Participants start the Advanced Program at the conclusion of the eighteen weeks. They continue to spend at least 15 hours per week on skill development, but there are no longer as many core requirements. This gives participants the opportunity to focus more on off-site training activities that are career-focused if necessary. Twin Cities RISE! refers participants to a number of training organizations and technical /community colleges in the Metro Area, as well as proprietary schools such as KRS Business Computing School. Participants are also required to work at least part-time while they are in the program in order to apply and practice the new skills they are learning. Once a participant has developed his or her skills, he/she is placed in a career-related internship at a customer company, in preparation for final placement in a livable wage job. Refer to **Appendix 3** for a more detailed description of program stages and class descriptions.

Evaluation and assessment is important to assure that participants are making adequate progress and meeting their skill development goals. When participants are first admitted, they are assessed on basic skills and other areas to determine which areas they need to work on. Skill assessment continues throughout a participant’s tenure in the program in order to assure that participants are developing the skills they will need for job placement and retention.

3. 1997 – 1998 PLACEMENTS

- ◆ Twin Cities RISE! worked with 60 participants who left the program due to entering unsubsidized employment during 1997 and 1998. This represents a 77% positive termination rate, which is a standard utilized by JPTA that many other programs use as well.
- ◆ Twenty-nine of these participants completed all program activities before placement and were placed in full-time jobs. Twenty-seven of the 29 completed all program activities and were placed in full-time jobs at the target wage of \$9

per hour or more with benefits.

- ◆ Sixteen of the 29 are considered paid placements because they generated a fee from a customer company.
- ◆ Thirteen paid placements have qualified for the State Tax Credit. The data below is provided for all 29 graduates, as well as the subset of the 13 graduates who qualified for the State Tax Credit.

4. DEMOGRAPHICS OF GRADUATES:

Demographics Category	29 graduated participants	13 Tax Credit qualified participants
Average age	32.5 years	32.9 years
Gender	83% male / 17% female	77% male / 23% female
Ethnicity:		
African American	38%	38%
Asian	41%	38%
Caucasian	7%	8%
Hispanic	7%	8%
Other	7%	8%

5. TYPES OF POSITIONS and COMPENSATION:

- ◆ The 13 Tax Credit qualified graduates were placed in the following positions: Machinist, Accounting Clerk, Computer Operator/Networker, Customer Service Representative, Assistant Lead Banker, and Operations Personnel. Other graduates were placed in these types of positions as well as Electrical Technician, Warehouse/Assembly Jobs, Press Helper and Administrative Support.
- ◆ The average starting wage for the 13 Tax Credit qualified graduates was \$11.07 per hour or \$22,834 year. The average starting wage for all 29 graduates was \$10.84, or \$22,451 per year.
- ◆ The starting wage range for the 13 Tax Credit qualified graduates was \$9.50 to \$16.90 per hour. The starting wage range for all 29 graduates was \$5.85 to \$16.90 per hour, with only two graduates below the \$9 per hour level.

6. TENURE OF GRADUATES:

- ◆ All 13 Tax Credit qualified graduates placed in 1997 and 1998 have remained in their jobs since placement. Job tenure based on months through the end of 1998 is broken down more specifically below:

0-3 months = 3 (23%)
3-6 months = 5 (39%)
6 months - one year = 3 (23%)
more than one year = 2 (15%)

- ◆ 26 of all 29 graduates (90%) placed in 1997 and 1998 have remained in their jobs since placement. Job tenure based on months in the job through the end of 1998 is broken down more specifically below:

0-3 months = 8 (27%)
3-6 months = 10 (35%)
6 months - one year = 4 (14%)
more than one year = 7 (24%)

7. EMPLOYER FEES:

Twin Cities RISE! has accrued \$153,698 in employer fees for program graduates (\$40,057 in 1997; \$113,641 in 1998). Of this total, \$147,703 was for the 13 graduates who qualified for the State Tax Credit. An additional three participants generated a fee from a customer company, but did not qualify for the State Tax Credit.

8. DESCRIPTION OF EMPLOYERS HIRING GRADUATES:

- ◆ 19 of 29 graduates (66%) chose large employers; 10 of 29 graduates chose medium/small employers (34%).
- ◆ Employers include financial institutions, manufacturers, distributors and service companies across a broad array of industries.
- ◆ The companies that the 13 graduates who qualified for the State Tax Credit were placed in are as follows: American Express, General Mills, GreenTree Financial, Honeywell, Musicland, National Car Rental, Norwest, U.S. Bank, Versatil Associates, and Western Bank.

9. SOURCES OF FUNDING, 1997-1998:

Total Program Funding: The table below breaks down total program funding for all participants in the program during 1997 and 1998. The program supports approximately 65 people at one time; with turnover and placements, this comes to approximately 232 participants served. 137 of these participants completed their 8-week provisional admission period and were active program participants during that period.

Category	Amount	Percentage
Total Funding	\$ 2,205,416	100%
Foundation Grants	\$ 1,819,545	82%
Federal Grant	\$ 162,795	7%
Employer Fees	\$ 153,698	7%
Other	\$ 69,378	4%

State Tax Credit qualified graduates: The table below breaks down total program cost for the 13 participants who qualified for the State Tax Credit during 1997 and 1998.

Category	Amount	Percentage
Total Cost	\$350,952	100%
Employer Fees	\$147,703	42%
Other Sources	\$203,249	58%

Appendix 1: 1999 Board and Committee List

TWIN CITIES RISE! 1999 BOARD AND COMMITTEE LIST

Board of Directors:

Ron Tortelli, Chair, SuperValu
Peter Bell
Reggie David, Prudential Insurance
Donald Fraser, Former Mayor of Minneapolis
Scotty Gillette
John Harris, Faegre & Benson
Tony Leung, Hennepin County District Judge
Mathew Ramadan, Northside Residents Red. Center.
Jane Samargia, HIREd
Robert Sayre, U.S. Bank Corporation
Joan Thompson, Minnesota Wire & Cable
Prince Wallace, Independent Packing Services
Steven M. Rothschild, Twin Cities RISE!

Customer Company Advisory List

David Anderson, baviera International
Jackie Brueggemann, Norwest Bank
Barb Didrickson, Greentree Financial Corporation
Jean Dunn, MN Teamsters Service Bureau
Gwen Gierke, US Bank
Cree Hanna, U.S. Bank
Shelly Kujawa, Room & Board
Holly Kurtz, Norwest Bank
Michelle Light, Medtronic
Dave Lilac, General Mills
Diana Lewis, Ecolab, Inc.
Julie Lundberg, The John Ryan Company
Tom Mason, Federal Reserve Bank
Joe Mucha, General Mills, Inc.
Heidi Paulzine, National Car Rental System, Inc.
Jennifer Perkins, General Mills
Babby Pohtilla, SuperValu
Sue Rausch, Rosemount Inc.
Becky Reinemann, ProEx Photo Systems
Rob Sayre, U.S. Bancorp
Peggy Schmid, HB Fuller Company
Sue Titcomb, Musicland Group Inc.

Advisory Committee

Alfred Babington Johnson, Stair Step Initiative

Douglas Baker , Chief Executive Academy

Rich Gehrman

Pat Hoven, Honeywell, Inc.

Cree Hanna, U.S. Bank

Penny Hunt, Medtronic, Inc.

Yusef Mgeni, The Urban Coalition

Dick Roessler

Joseph Selvaggio, PPL

James Shannon

Carol Vantine, General Mills

Lyle Wray, Citizens League

Evaluation Committee

Dr. Michael Patton, Chair

Carol Berde, The McKnight Foundation

Glen Cain, University of Wisconsin, Madison

John Hustad, Minnesota Dept. of Children, Families and Learning

Diana Lewis, Ecolab, Inc.

Professor Sam Myers, University of Minnesota

Dr. Demetra Nightingale, Urban Institute

Jane Samargia, HIRED

Gary Stern, Federal Reserve Bank of Minneapolis

Tripp Somerville The Northwest Area Foundation

Unmi Song, The Joyce Foundation

Dr. Frank Wilderson, Educational Psychologist

Appendix 2: Customer Company List

Twin Cities RISE! Customer Company List

February, 1999

American Express Financial Services

Ecolab

Federal Reserve Bank

General Mills

GreenTree Financial

HB Fuller

Honeywell

John Roberts Company

Medtronic

Minnesota Wire and Cable

Musicland

National Car Rental

Norwest

NSP

Room & Board

Rosemount

St. Paul Companies

SuperValu

US Bank

Versatil Associates

Western Bank

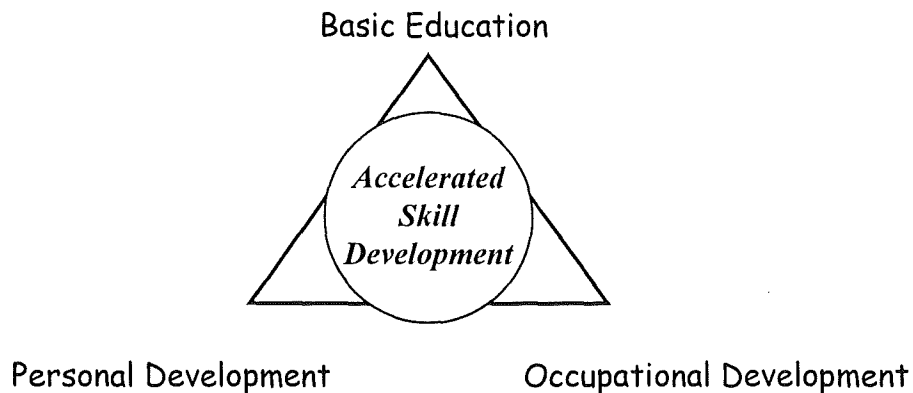
Appendix 3: Twin Cities RISE! Program Description

Accelerated Skill Development at Twin Cities RISE!



Brief Summary:

Twin Cities RISE! believes that there are *three key areas* that participants must develop to be successful: Basic Education, Personal Development and Occupational Development. These skill areas will be developed over *two phases*, the Foundations Program, which is a four month, intensive program, and the Advanced Program, which will include more advanced work and occupationally-focused skill development. Each participant is also assigned a Workskills Coach when they enter the program, who will work with the participant one-on-one while he/she is in the program.



Three Skill Development Areas:

1. **Basic Education** includes training in basic skills such as reading, writing, arithmetic and math skills, English-as-a-Second Language (ESL), basic computer skills, and other foundation skills. These skills will provide a foundation for advanced professional education at technical and community college courses or specialized advanced training.
2. **Personal Development** refers to the development of lifeskills, such as money and time management, responsibility, and self-management; and to the development of other transferable, critical skills such as interpersonal skills, communication skills, and the ability to work in a team.
3. **Occupational Training and Development** includes formal training for a specific job or occupational area, as well as work experience and job-focused development in general.

Two Phases of Training

Development is divided into two phases: **Foundations Skill Development** and **Advanced Skill Development**. They are described below:

PHASE ONE: THE FOUNDATIONS PROGRAM: 16 WEEKS

The Foundations Skill Development Program requires concentrated, daily effort by the participant during the first two months in the program. The goal during this period is to develop a strong foundation of basic and personal skills and determine a plan for future career development. After a trial period of four weeks participants are invited to sign a contract which entitles them to continuing development and support services through the acquisition of a skilled job. Participants, in turn, agree to meet program requirements including being placed at a customer company for an employer paid fee.

The participant spends *a total of 15 hours per week* on-site at Twin Cities RISE! in various activities and classes, plus additional time for individual coach meetings. Course content is described below:

1. **Empowerment Skill Training I and II** = 3 hours per week

This course emphasizes the soft skills that individuals need to be successful on the job and in life, especially personal qualities and interpersonal skills. This class will meet one time per week for three hours a session during both Foundations I and II. After the Foundations Program, participants may continue to attend on a voluntary basis.

2. **Workskills Communication** = 3 hours per week

Participants will be required to take this class one session per week for 3 hours. The course teaches the appreciation of diversity, workplace communication skills, and other soft skills related to communication on the job.

3. **Work Search Readiness Class** = 3 hours per week

Foundations I participants take part in the three-hour work search readiness class once a week. Designed to assist the new participant with adapting to the Twin Cities RISE! program and preparing for the job market, this course is devoted to the development of a personal resume, completion of homework, the development of individualized time management strategies, the development of interview skills and other related activities.

4. **Introduction to Computers** = 3 hours per week

For participants with little computer experience, the Introduction to Computers Class will be required during Foundations I. This class includes one hour of lecture, one hour of lab, and one hour of keyboarding practice. After Introduction to Computers, participants take a class

in Windows 95. For participants who test out of the Introduction classes, advanced classes in Microsoft Office Lab (Word, Excel, PowerPoint, Access) are available and may be required depending on their career area.

5. **Occupational Skill Development Workshop Series** = 3 hours per week

This course is a series of three-hour workshops during Foundations I introducing participants to occupational development, career areas and career assessment that will aid them in making a career choice.

6. **One-on-One Coaching** = at least once per week, in addition to regular 15 hours

Participants schedule weekly meetings with their coach. Coaches will work with participants on creating their skill development plan and facilitating the receipt of supportive and training services. Coaches will also help participants develop “soft” skills, such as communication skills, long-term planning, problem solving, creative thinking, etc. One-on-one coaching for each participant will happen throughout the entire program.

7. **Corporate Communication**

Corporate Communication focuses on verbal and non-verbal communication in a corporate setting. Currently, Twin Cities RISE! is using the Speechcraft Curriculum developed by Toastmasters International that provides instruction and practice in impromptu speaking, formal public speaking, speaking during a business meeting, and developing standard business English speaking skills. This course is required during Foundations II.

8. **Introduction to Writing and Business Correspondence** = 3 hours per week.

These courses are required for participants who need to develop their writing skills. Introduction to Writing introduces them to writing and teaches the basic elements of a paragraph and larger compositions. The emphasis is on personal writing that corresponds with individual participants’ interests. Business Correspondence focuses on writing for the workplace, such as memo writing, business letters, e-mails and other kinds of work-related correspondence. Participants take these courses usually during Foundations II or the Advanced Program, but exact timing depends on skill level.

9. **Basic Skills**

All participants will be required to take basic skills classes in language, arithmetic and math, unless they test at a post-eighth grade school level. Most participants will start basic skills during Foundations II, and the amount of time they meet each week depends on their skill development needs and their career goals. Basic skills tutoring is provided by instructors from the Sylvan Learning Center.

10. **ESL Skills** = as needed

For participants who need to improve their understanding of English and /or improve their pronunciation, classes and tutoring are available on-site and off-site.

Phase Two: *ADVANCED SKILL PROGRAM: 6 months - two years*

The participant continues developing basic and personal skills as needed, while also beginning more advanced occupational skills in order to obtain a skilled, high paying job.

During this period of study and work, participants will “ladder up” into better jobs toward their ultimate career area as their skills develop. A key component is the “work experience” internship in which the participant works in his occupational area. This is an opportunity for both participant and company to learn if there is a good fit for a final placement.

Participants will continue to spend at least 15 hours on their development. However, training and development options now expand to include non-Twin Cities RISE! educational choices. TCR! pays tuition at qualifying proprietary schools and technical colleges for certificate or degree programs.

Participants continue to participate in empowerment class and occupational workshops while also taking a variety of communication courses or tutoring, as needed. Coaching continues throughout a participant’s tenure in the program.

The Advanced Program lasts until the participant is placed in a final placement job at approximately \$20,000 per year plus benefits and demonstrates competency in important work-related skills. Competency is tested via the TABE for basic skills and certification exams administered by professional organizations (i.e. Microsoft certification) for occupational skills. We are experimenting with a Personal Development certification, as well . Coaching continues for one year beyond graduation to support a successful transition.