

InspiriTec Employer-directed H1B Vocational Training – White Paper

I. Overview of the H-1B Skill Training Program

In response to demands from American industries that were experiencing skill shortages in such areas as information technology, Congress enacted the Immigration Act of 1990. The Act created the H-1B visa category, established for non-immigrants who wanted to work in high skill or specialty occupations. It also established annual limits of 65,000 on the number of foreign workers who could enter the US on H-1B visas. In 1998 Congress continued its effort to help employers access skilled foreign workers and compete internationally by enacting the American Competitiveness and Workforce Investment Act of 1998 (ACWIA) and later the American Competitiveness in the Twenty-first Century Act of 2000 (ACWIA 2000).

The “high skill and specialty occupations” that this legislation described were jobs that required “theoretical and practical application of a body of highly specialized knowledge.” The information technology and health industries generated the most H-1B applications. The need for workers in these specialty areas continued to grow and the annual limit on the number of foreign workers coming into the country was raised to 115,000 in fiscal years 1999 and 2000 and to 107,500 in 2001. In addition, a \$500 “user fee” was imposed on employers for each H-1B employee’s application.

In an effort to address the growing need for a more skilled workforce, the Act designated that 56% of these “user fees” be applied to finance a new training program known as the H-1B Technical Skill Training Grant Program. This grant program, funded under the Act, has two major goals:

- To reduce the need for US companies to “import” workers in specific jobs that cannot be filled by American workers; and,
- To raise the skill levels of the indigenous American workforce.

Eligible grant applicants were local Workforce Investment Boards (WIBs) or a consortia of local Boards established under section 117 of the Workforce Investment Act (WIA). WIA provides a framework for a national workforce investment system designed to meet both the needs of the nations’ businesses and the needs of job seekers and workers who want to further their careers.

ACWIA 2000 increased the temporary cap to 195,000 H-1B visas annually until the end of fiscal year 2003. The employer H-1B application fee was raised to \$1,000 and 55% of the funds generated by those fees were obligated to finance training under the H-1B Technical Skill Training Grant Program. ACWIA 2000 also redefined the outcomes by specifying that technical skills training would not be limited to skill levels commensurate with 4-year undergraduate degrees but could include the preparation of workers for a broad range of positions along a career ladder. ACWIA 2000 strengthened accountability provisions and required applicants to propose specific measurable outcomes for the grants. Grant awardees had to demonstrate that training would lead to the hiring of unemployed trainees, increased salaries for employed trainees and skill certifications or training to meet industry-accepted occupational skill standards, certificates or licensing requirements.

On November 15, 2000, a third round of H-1B demonstration grants was awarded to 22 grantees totaling \$54 million. One of those grantees was InspiriTec with the Philadelphia Workforce Investment Board serving as the fiscal agent.

II. Goals of the InspiriTec H1B Program

InspiriTec was awarded a \$2.7 million H1B grant to provide Information Technology training to 300 individuals in Southeastern Pennsylvania and the State of Delaware. The InspiriTec grant was unique throughout the country because it focused on the training needs of people with disabilities.

The goal of the project was to create a multi-county, multi-state, regional partnership that would train both employed and unemployed people with disabilities and other under-served individuals to take jobs in the Information Technology field. Its goal was to measurably reduce the need for H-1B visas in the Philadelphia PMSA and the Delaware Workforce Development Area. It sought to serve both incumbent workers seeking more skilled, highly paid positions within their companies and to help the region's corporations and IT companies fill mid-level positions with highly skilled workers.

The project introduced a new way of looking at the target population. It sought to demonstrate how employers and trainers struggling to meet the high demand for IT workers could utilize the skills of people with disabilities using a very employer-directed process. As a model, it would also help the entire country to see the hidden treasure it has overlooked among the population of people with disabilities – a group, if properly trained, that could help solve its growing labor shortage problem.

The specific goals of the project were the following:

- To train 75 incumbent workers with disabilities, upgrading their skills to the next level;
- To train an additional 125 incumbents in an employer directed model;
- To identify and place onto IT career tracks, 100 unemployed people with disabilities into full time jobs.
- To this end, the project worked with a consortium of WIBs, training agencies, disability organizations, and employers to reach its goals.

III. Employer Directed Model

During the past twenty years, numerous evaluations have been conducted to document the types of employment and training strategies that are the most successful in helping Americans, especially those with disadvantages, to find jobs and increase earnings. While terms such as “train and place”, “rapid attachment”, “sectoral employment” and “employer-directed” are sometimes used, there is often a lack of clarity around their processes and outcomes.

The “**train and place**” model is the more traditional approach to job training. It provides the job seeker with a variety of training options. The seeker enrolls in classes, completes the curriculum which may include some exposure to actual work sites, and then “graduates” or receives a certificate upon completion of the program. At that point, the seeker either forges out on his/her

own to find a job or is assisted by case managers, outplacement personnel, job placement staff, etc. to land the job. The relationship to the employer begins, for the most part, after the training has been completed. Unfortunately, many a job seeker finds after the completion of an extensive job preparation program that the skills they acquired are no longer in demand by employers or are not relevant to the current demands of their chosen industry.

In 1996 the federal government initiated a complete overhaul of the country's welfare system with the goal of transitioning a significant number of those receiving public assistance into jobs. This effort gave more control to individual states and encouraged them to develop creative solutions and new models in the areas of vocational skill training and workforce development. Concurrently, limits were set on the amount of time an individual could remain on the roles before they were required to work. Since this historic public policy shift was made, dramatic changes have occurred. The welfare roles have decreased significantly and more Americans are working and/or seeking employment than ever before. Some found jobs completely on their own. Others benefited from a "**rapid attachment**" approach that helped them with job seeking skills and then moved them into employment quickly. The individual then used their new job as an employment development tool and this became known as the "**work first**" model. Whatever their route has been, many former welfare recipients are now employed and, in many circles, the process has been deemed a success.

Yet, when researchers and program evaluators look just below the surface, they see a somewhat different picture. When they evaluate the job stability and retention of those workers who have secured employment, they often see individuals cycling in and out of the low-wage, entry level jobs with few "perks" and little if any career potential. This leads them to question some of the original premises of the reforms. Does employment in any job guarantee that a person will gain self-sufficiency? How can we avert the constant cycling in and out of dead end jobs?

While some of our society's most vulnerable citizens look for a way towards economic independence, we find employers within certain industrial sectors, like healthcare and information technology, struggling to find qualified staff. Alexis Herman, the former Secretary of Labor during the Clinton administration, was often fond of saying, "In America, we do not have a shortage of workers; we have a shortage of skills." In certain industrial sectors, employers simply cannot find employees to maintain their operations. To use the parlance of economics, we have a *supply* of workers and we have a *demand* for workers. What is needed are models of service that meet both of their needs – a win/win solution that helps job seekers gain life-sustaining employment and that helps employers to find personnel who can meet their skill requirements and get the work done effectively.

One such model is known as **sectoral employment**. Sectoral employment programs are industry-specific, workforce development approaches that promote the economic well being of a targeted industry **and** improve the wages, benefits and opportunities for low-income workers.¹ They have four defining characteristics:

¹ Testimony of John A. Foster-Bey, Director of Regional Economic Opportunity Program, the Urban Institute for the National Network of Sector Partners, Washington, DC, April 17, 2002 and found on the web at www.nedlc.org/nnsdp/policy/johnfosterbey.html

- They target and focus on the needs in a single industry, building partnerships between multiple employers to build an effective bridge to the jobs in that industry;
- They target low income or low wage workers to improve their relationships to the industry and create pathways to skilled employment;
- They are led by strategic intermediaries, whose role is to build and sustain the partnerships needed and to achieve a “win/win” for the industry, workers, and community; and
- They influence changes in the industry such as improved human resources policies, improved competitiveness, or expanded career ladders and they result in skill gains for workers.²

Sectoral employment programs, therefore, look at the entire sector to define their needs and then to create training programs that will meet the stated need for skills in a particular sector. While the employer is at the table in defining the skill sets they desire, the training program itself manages the entire process of the transfer of skills. Once the “product” is completed, the trained worker, they are then presented to the employer for hire.

The fourth model, the last major approach we will describe here, is the **employer directed model** utilized by InspiriTec. Here again, the goal of the program is to match the “supply” of job seekers with the “demand” by employers. It advocates for a “demand driven” workforce investment system that we believe will meet the workforce needs of the 21st Century. The most outstanding characteristic of this model is the prominence of the employer who is involved at every stage of the process. This model was found to be particularly appropriate to the H1B project. It is especially effective in the provision of higher level skills acquisition, those that will be critical for the knowledge-based workforce of the 21st Century.

In the InspiriTec project the employer does the following:

- Identifies and assesses the incumbents to be trained;
- Commits to hiring new staff contingent upon their receiving appropriate IT training that will allow them to function in their company’s IT environment;
- Selects the training needed for the incumbent or new hire;
- Selects the training provider to be used; and
- Matches the cost of the training on a dollar for dollar basis for all non-disabled incumbents trained.

InspiriTec, functioning as the intermediary, does the following:

- Identifies employers in need of training for their current employees AND those hiring workers with IT skills;
- Recruits and screens disabled applicants;
- Forms partnerships with a variety of employers throughout the target area;
- Develops and monitors a seamless system of recruitment, training and placement.

² “Measure for Measure: Assessing traditional and sectoral strategies for workforce development,” in Sector Policy Project Executive Summary No. 1. A Sector Policy Series by the Aspen Institute and supported through a grant from the Charles Stewart Mott Foundation and found on the web at www.aspeninstitute.org/eop/pdfs/policypaper.pdf

This model has been very effective in forging strong and productive relationships with employers. However, there are some challenges that should be noted. First, there is a slower start-up for a new project. Partnerships with employers require extensive up-front planning and relationship building on the part of the intermediary. Second a broad range of entities such as training providers, referral agencies and the employers must all be “at the table” prior to the start of the program. Third, the training is highly specialized and requires strong collaboration among the employer, project staff and training providers.

V. Project Results

Goal Achievement: The project has far exceeded its original goals:

Goal Description	Goal Count	Actual	Percent Exceeded
Train incumbent workers with disabilities	75	459	512%
Train incumbent workers able body	125	615	392
Employ people with disabilities into full time jobs	100	161	61%

- Trained 1,258 persons of whom 643 were persons with disabilities, exceed goal by 267%.

Training Provided: In addition, the type of training provided has been high level, ranging from

- Applications development, i.e. project management, client-side programming, service-side programming, software engineering, database design, to
- Technical development, i.e. programmers and database administrators, to
- Systems support which includes network engineers, network administrators, network technicians, and end users.

Chart 2.1

Leading IT Work Categories	# Trained	%	Comparative Industry % (ITAA)
1. Programming / Software Engineering	119	7.9%	20.8%
2. Technical Support / Administration	360	23.8%	18.5%
3. Other	297	19.7%	12.5%
4. Enterprise Systems	445	29.5%	10.8%
5. Database Development / Admin	47	3.1%	9.8%
6. Web Development / Administration	136	9.0%	8.6%
7. Network Design / Administration	107	7.1%	7.1%

Total Trainings =	1511		
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Employer Involvement: Over 100 employers participated in the program and have written agreements with InspiriTec. They represent companies across Pennsylvania and Delaware. 48% were small businesses (less than 100 employees).

VI. Lessons Learned

Successes:

As social entrepreneurship company, InspiriTec strives to operate with the same efficiencies common to many the employers partners involved in this project. From an operations perspective, the program was designed to be user-friendly and highly responsive to the employers' needs. Program forms and documentation were minimized to one simple Excel spreadsheet on which all of the required information about trainees that needed to be submitted for approval could be listed. The training approval process was quick and efficient. We guaranteed participants quick turn around time on approvals. Employers found the ITTC's single point of contact model to be efficient and mirrored the process used by businesses. It led to the establishment of relationships with employers and training providers. Perhaps most importantly employers saw InspiriTec as a credible IT partner that was able to use a common language and shared and understanding of industry IT practices and procedures.

Project goals were met by ensuring a very broad reach with over 100 employers involved. This was achieved in part due to the appeal of an employer-directed model -- they directed the training for their employees and recommended the training providers they felt could meet their objectives, in part because of the different kind and level of training. This project consistently funded training on the higher end or "cutting edge" of the IT industry, as required by the H1B program. Unlike the existing workforce investment system that often must focus its resources on those workers who are "transitional" or in more entry-level jobs, this project served those individuals with long work histories who functioned at a high level. Nevertheless, they needed to continue to develop their knowledgebase in order to meet the demand for high level IT skills and, thus, decrease the need of their companies to import foreign temporary workers.

We achieved a very high rate of training completion. Using the employer directed model, the employer was providing the assessment of the prospective trainee prior to placement into training. Since they were co-funding the training and promising specific outcomes to the project, their assessments of the trainees' potential to succeed in training were highly accurate. The training itself was often shorter term, often to meet the need for specific skills in a particular area, and reflected the fact that these workers did have an existing IT skill set. This contrasts, again, with those described above who were more likely to use the One-Stops and required many prerequisite skills prior to learning specific IT skills.

Challenges: It is important to review several challenges the project faced during implementation. These include the following:

The weakened economy, especially the decline in the Information Technology industry shortly after the project was funded, had an important impact on the project. It particularly affected one

major goal of the project – the number of applicants being hired. Many companies were eager to provide training to their incumbent IT workers but were simply not hiring at all. In addition, competition among applicants for the current openings was intense because of the downturn in the IT market and the increased supply of trained workers. In the face of this, the project had to take some proactive steps: 1) Using its social entrepreneurship model, InspiriTec created its own employment opportunities through such enterprises as the Pennsylvania Public Utilities Commission Call Center in Philadelphia. 2) Staff encouraged companies using training funds for their incumbents to review project applicants. 3) Staff began more intense work with the local One Stops in order to attract candidates who had the skills and experience necessary to fill some of the higher level jobs that became available.

Staff found that many of those people with disabilities in the applicant pool had entry level skills in IT and little, if any, work experience. At the same time, the available job openings they uncovered required individuals with mid to high level skills such as JAVA programmers. While training and certifications are important to these applicants, the true bridge to full employment in well paying positions is experience. In response, the staff negotiated with employers and piloted an internship program to provide opportunities for individuals with newly learned skills to try them out. They also provide a setting in which the employer can measure an individual's ability to adapt and learn on the job. This was only moderately successful.

While much of the project focused on training, one of the major goals was the placement of people with disabilities into jobs. Since many of those coming to the project for work had limited experience with job seeking skills, staff needed to devote resources to helping them learn how to prepare themselves for job placement. Other agencies were asked to assist in this process and often did but ultimately the task often fell to staff of the program, individuals who were often managing large numbers of training clients.

The project had difficulty identifying incumbents with disabilities. Because of federal legislation including the Americans with Disabilities Act (ADA), employers who knew that an employee had a disability were not permitted to disclose that information. Therefore, unless the person had a disability that was easily recognized, i.e. wheelchair user, guide dog user etc., the assumption was made that the person was not disabled. Only those who either acknowledged their disabilities or had previously participated in a federal vocational rehabilitation program were counted in the disabled category. Staff felt that there was an undercounting the number of people in the disability category. One of the approaches instituted to remedy this problem was to do outreach to employers who were known to have a workforce with a significant number of disabled employees such as the Centers for Independent Living. This project has been a lifeline to these organizations whose resources are limited and whose missions are to provide valuable social and referral services to large numbers of people living with a disability in the community. Staff also approached companies participating in the local Business Leadership Networks and many of those signed on to the project.