THROUGH THE EYE OF A NEEDLE: THE CHALLENGE OF PROVIDING EMPLOYMENT SERVICES IN NEW YORK'S CHINATOWN POST SEPTEMBER 11TH

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INTRODUCTION

The events of September 11, 2001 had a devastating effect on the economy of New York City and the surrounding metropolitan area. With its proximity to the World Trade Center, Chinatown was one of the neighborhoods most severely affected. Roads were closed for several weeks and foot traffic, the lifeblood of the neighborhood, came to a standstill. Tunnels and bridges into the city were also closed or restricted for several weeks, making it impossible for trucks to get in and out, which led to the immediate closing of more than 40 garment factories. As a result, thousands of workers in Chinatown lost their jobs. The Century Foundation reported that one-fourth of Chinatown's workforce was laid off as a result of the September 11th terrorist attacks.¹

In response to the massive job loss in Chinatown, a \$1,101,917 contract was awarded to the Chinatown Manpower Project (CMP) as part of the National Emergency Grant (NEG) given to New York State. CMP subcontracted with three other service providers, the New York Urban League (NYUL), the Chinese-American Planning Council (CPC) and the Chinese Christian Herald Crusade (CCHC).

The U.S. Department of Labor (USDOL) commissioned Public/Private Ventures (P/PV) to provide a descriptive evaluation of the issues, services provided and the effectiveness of the NEG awarded to CMP in meeting the employment needs of the Chinatown community. Further, the USDOL asked that P/PV provide recommendations on how National Emergency Grants can be structured to help communities facing similar challenges in the future. In March and early April of 2003, P/PV collected information through interviews with program staff and key informants knowledgeable about the grantee organizations, Chinatown or the NEG. (See Appendix A for a list of key informants.) Budgetary information and data on outcomes were obtained directly from the contractors.

First, the report briefly examines the impact of September 11th on Chinatown, provides an overview of the NEG and the structure of the CMP contract, and explores the history and context of Chinatown. Next, we examine the services provided by CMP and two of its subcontractors and the characteristics of the populations they served. Then the report examines the outcomes achieved by the individual grantees and assesses whether the NEG generated an overall expansion or change in services. We conclude with an overall assessment of the Chinatown NEG and recommendations about how the NEG could be adjusted to respond to similar situations in the future.

THE IMPACT OF SEPTEMBER 11th ON CHINATOWN

The impact of September 11th on Chinatown has been well documented. The Fiscal Policy Institute, the Community Service Society, the New York City Partnership, the Center for an Urban Future and the Century Foundation each issued reports in the first few months after the attack, focusing on its economic impact on the city. Each report discusses the effect the attacks had on Chinatown's primary industries—tourism and garment work—and the workers who lost their jobs in these industries.² A November 2002 report by the Asian American Federation of New York dealt entirely with the effects of September 11th on Chinatown and provided an assessment of the government's response.³

Prior to September 11th, the sidewalks of Chinatown were a constant bustle of tourists and consumers patronizing the neighborhood's retail establishments. Large tour busses could be seen regularly carting tourists in and out of Chinatown. For several weeks after September 11th, Chinatown was effectively shut down. Movement in lower Manhattan was limited to residents and workers. Telephone lines were nonfunctional, making it difficult for businesses to operate. Even when streets were reopened and telephone lines were repaired, travel fears kept many tourists away from New York.⁴

The impact on the garment industry was particularly devastating. In the days following the terrorist attacks, many bridges and tunnels into Manhattan were closed and the Holland and Brooklyn-Battery tunnels remained so for several weeks to allow passage for trucks involved in the recovery and clean-up effort. Streets south of Canal Street, the main transportation artery of Chinatown, did not reopen to regular traffic until a month after the terrorist attacks. As a result, garment trucks could not get in and out of the city or into Chinatown and, within a short period of time, many garment factories closed.⁵ As consumer demand fell, buyers reduced and sometimes cancelled orders for garment production, further damaging the industry. ⁶ The Fiscal Policy Institute estimates that the garment industry suffered more than any other industry in New York in terms of reduced work volume. Before September 11th, the number of garment factories in Chinatown was estimated around 250, approximately 65 of which have closed since the terrorist attacks. ⁸ Reduced work volume and factory closings led to the displacement of thousands of Chinese workers. This decline coincided with the traditional seasonal downturn, compounding the problems – the difference being that more factories actually closed rather than just reducing their hours, as would be typical during a seasonal downturn.

NATIONAL EMERGENCY GRANT AWARDED IN CHINATOWN

The goal of the September 11th NEG was to increase the capacity of the workforce system to provide employment services to workers dislocated as a result of September 11th. Of the \$50 million NEG dollars awarded nationwide in response to the attacks, \$25 million went to New York State, which distributed the majority of its funding to New York City organizations. In December 2001, to respond to mass layoffs in Chinatown,

NEG funds were awarded to CMP and three subcontractors as part of the State's World Trade Center NEG grant.

The National Emergency Grant Program

The NEG is a federal program used to respond to events that lead to the major dislocation of workers such as plant closures, mass layoffs, closures and realignments of military installations and natural disasters. As a discretionary program of the Workforce Investment Act (WIA), the NEG attempts to meet the needs of dislocated workers that cannot be met through WIA formula funds. The NEG provides eligible workers adjustment assistance, which includes the core, intensive and training services authorized under WIA. The NEG differs from the structure of WIA in that it allows for the creation of temporary jobs related to disaster relief efforts. For example, an NEG was awarded to New York State in 1998 after a series of ice storms rendered roads impassable. Temporary jobs were created to clean up the roads and to provide work for dislocated workers.

After a disaster or emergency has been declared within a particular state, the state government or local boards can apply for an NEG, and can then enter into contracts with other organizations to provide services. Typically, a governor will apply for an NEG, but the grant will be allocated and administered at the local level.

New York State's September 11th NEG

To make funding available quickly, the New York State Department of Labor (NYSDOL) contracted directly with local contractors. In accordance with state procurement law, the contractors initially identified were on a list of New York City approved employment service providers, previously competitively awarded these contracts by the New York City Department of Employment. On October 14, 2001, NYSDOL met with 21 approved providers to explain the NEG and its requirements. The NEG was structured as a line-item contract rather than a performance-based contract in order to make the money available to provide services immediately. Performance goals were negotiated individually around a general goal of 70 percent placement. However, there were no financial consequences for failure to meet this goal. The average allowable cost per participant was \$4,000. The cost per participant was stipulated in the federal award letter to New York State; the placement performance measure was also a required element in the federal award.

NEG funds were awarded to a total of 14 workforce development providers in New York City, including CMP, which entered into subcontracts with CPC, CCHC and the NYUL, working with the U.S. Department of Labor and NY State Department of Labor to expedite the grant and contracting process. (With the agreement of representatives of USDOL, the NYUL was not examined for this report, which focuses on Chinatown; the NYUL provided services only in Brooklyn to a predominantly African American and Latino population.) While CMP was the prime contractor, its principal administrative role was to collect performance and demographic data from subcontractors and submit

that information to the state. The contract did not specify the need for coordinated services among the three agencies, which would have taken time to develop. Rather, the emphasis was on how to make funds available most quickly for service provision.

THE CONTEXT OF CHINATOWN

While September 11th had a devastating impact on Chinatown, the neighborhood and its workers had already been facing multiple challenges related to a changing economy. The garment industry had been in decline for years. High commercial and residential rents had begun pushing residents and businesses out of Chinatown. An examination of the history, economy and services of Chinatown provide a context for understanding the factors that influenced the selection and performance of NEG contractors.

History of Chinatown

The first Chinese to come to the United States in large numbers arrived on the west coast during the gold rush of the 1840s and 1850s. Some came to mine gold and others were brought by labor brokers to build the Central Pacific Railroad. As the gold mines dried up and the railroad neared completion, Chinese workers started to take low-paid jobs in textile and other manufacturing operations. Tensions erupted when white laborers felt that their jobs were being taken and their wages undercut by Chinese workers. Severe discrimination and incidences of mob violence drove masses of Chinese eastward. These immigrants became the first inhabitants of what was to become New York's Chinatown. ¹¹

The New York community reacted similarly to the influx of Chinese immigrants and felt threatened by the availability of inexpensive Chinese labor. In 1882, the Chinese Exclusion Act was passed, prohibiting the naturalization of any Chinese persons already in the United States, and restricting immigration to individuals with work permits. The law also prohibited immigration by the wives and children of Chinese workers who had secured work permits, making Chinatown a predominantly male community around the turn of the century. ¹²

In 1943, the Chinese Exclusion Act was lifted, China was given a small immigration quota and New York's Chinatown expanded slowly until the late 1960s. These immigrants often found employment in garment businesses, restaurants and handlaundries where they typically worked off the books for less than the minimum wage. In 1968, the quota for China was raised, leading to a large increase in the population of Chinatown. ¹³

Chinatown Today

New York's Chinatown is located on the lower east side of Manhattan, just a few blocks from the World Trade Center site. While Canal Street is clearly the neighborhood's main thoroughfare, the boundaries of Chinatown are less clear. The Asian American Federation in *Chinatown One Year After September 11th: An Economic Impact Study*

defined the boundaries to include 13 census tracts, based on the percentage of residents in each tract who were Asian. According to this analysis, in 2000 Chinatown was home to 55,864 Asian residents and 33,658 Asian workers, many of whom are low-income, lack English language skills and are poorly educated. ¹⁴

As New York's immigrant population has expanded and Manhattan rents have skyrocketed in recent years, a number of other Asian communities have sprung up in the outer boroughs. The largest Asian community is now in Queens, with a population of 433,553 recorded in the 2000 Census. Brooklyn has the second largest Asian population in New York, with 206,272 Asian residents, the largest concentration of which is in Sunset Park.

The development of vibrant Asian communities in Queens and Brooklyn not withstanding, Manhattan's Chinatown remains a major cultural, social and economic center for the Chinese American population in New York City. People who reside in Chinatown walk to work in the businesses located there, and others commute to Chinatown from the outer boroughs. The major industries in Chinatown are tourism, retail and the garment industry, which together represent the majority of jobs in Chinatown. Chinatown also offers specialized services such as Chinese doctors, herbalists, acupuncturists and lawyers. ¹⁵

The Garment Industry

The garment industry has always been one of the most important to Chinatown's economy and employs more workers than any other industry. Prior to September 11th, there were an estimated 246 factories in Chinatown, employing approximately 14,000 workers. ¹⁶

Traditionally, the Chinatown garment business played one part in a system of production that has been described as horizontal, with different entities being responsible for different components of the production process:

- Manufacturers that cut fabric;
- Contractors that receive cut fabric and assemble it;
- Jobbers serving as middlemen between contractors and buyers—they finance production and take orders from retailers; and
- Buyers, mostly women's apparel companies, including 7th Avenue Garment District buyers, low-end retailers (e.g. Walmart, Limited, etc.) and middle-market retailers (e.g. Liz Claiborne). High-end retailers have generally not relied upon Chinatown manufacturers for their production needs.

In the last several years, there has been a significant shift in the apparel industry. Buyers now look for garment factories that can provide "full package" or "vertical" production,

which means being able to offer a combination of services formerly provided by separate manufacturers, contractors and jobbers. While Chinatown companies and other local manufacturers are generally not set up for full package production, companies in Hong Kong and other countries have this capacity. Like many manufacturing industries in the United States, the garment industry began moving overseas.¹⁷

The reason Chinatown manufacturers are not set up for full package production is primarily because it requires capital, something that most Chinatown garment businesses do not have access to or do not know how to secure. In addition, several of the key informants with whom we spoke suggested that many garment manufacturers in Chinatown do not have the management skills needed to make the transition to full package firms.

The Niche for New York Garment Industry Manufacturers

As the garment market has shifted, New York City manufacturers still occupy important niches in the garment industry:

- Test orders and inventory replenishment for large retail companies. Retailers such and Liz Claiborne and Nicole Miller need manufacturers who can turn around orders for sample items and inventory replenishment quickly. These small orders need to be completed within two weeks of a request, and Chinatown manufacturers are set up well to do this.
- Manufacturing and assembly for young designers. Young designers, who often operate out of small boutiques, do not have the capital or the bulk production needs that would warrant overseas production. New York-based production makes the most sense and some of these designers use Chinatown manufacturers.
- Uniform production. Production of uniforms is appealing because it is typically
 large scale and long-term. Also, uniform wearers (military, police) often have an
 interest in U.S.-based production either because of ideology or union affiliation.
 There are several manufacturers in Chinatown that have uniform contracts with
 the City.
- High-end manufacturing and assembly. High-end manufacturing and assembly is still done in New York City, but typically in the garment district, not in Chinatown. 18

While these niche markets mean that there are still opportunities for Chinatown garment businesses, it is unlikely that the industry as a whole will return to the production level of a decade or more ago. Some believe that, while September 11th was devastating to the industry, it meant that the stronger garment businesses survived and many of the less stable factories went out of business. In recent months, garment businesses have started increasing production again and are looking for workers.

Real Estate

Over the past several years, rents have been increasing dramatically in Manhattan, and Chinatown has been affected in two primary ways. First, the high rents have pushed many low-income residents out of Chinatown to neighborhoods in outlying boroughs such as Sunset Park, Brooklyn.

Second, rising rents have had a serious impact on garment industry businesses. Many landlords have converted factory space to office space because they can ask for higher rents. ¹⁹ According to Linda Dworak, Executive Director of the Garment Industry Development Corporation, landlords have been shifting to month-to-month leases because they want the flexibility to take on higher-paying tenants, creating great insecurity for garment businesses.

Rents for garment manufacturers in Chinatown are around \$15 per square foot, which is high for manufacturing. In Brooklyn, they could be paying approximately \$7 per square foot, but despite the lower rents, many garment manufacturers do not want to move. GIDC focus groups with garment business owners found that many did not want to move because they anticipated loosing 50 percent of their workforce if they did. Focus group participants estimated that it would take six to eight months to train new workers.

However, a few Chinatown-based companies are moving to Brooklyn. For example, TechSew, one of the companies that shifted to full package, vertical production, is moving to Sunset Park. TechSew has a number of military contracts and employs 300 workers. Whether this is the start of a trend remains to be seen.

GIDC recently organized a tour of potential manufacturing space in Sunset Park for Chinatown garment companies. Ms. Dworak said that there were some great spaces, but most were too big for the small Chinatown manufacturers. To fill these spaces, the garment businesses would have to join together. This may be one way to shift from horizontal to full package vertical production.

While September 11th had a serious impact on the garment industry, it had already been in decline for many years. Despite efforts to stem the loss of garment industry jobs, it is unlikely that employment in the industry will return to peak levels, even when the city's economy begins to recover. New immigrants and current garment workers will not be able to rely on the garment industry to the same extent, and will need to look to other industries for employment.

STRUCTURE AND DELIVERY OF NEG SERVICES IN CHINATOWN

The announcement that CMP, CPC and CCHC would receive NEG funding was made in December 2001 and the grantee organizations began enrolling participants in January 2002. Decisions had to be made quickly about what training to provide and how services should be structured. The organizations were expected to meet contract goals within nine-months. (The grant was ultimately extended and the programs served participants

through December 2002.) The following is a description of how each of the agencies used the NEG to deliver services.

Chinatown Manpower Project

Founded in 1971, CMP is one of the oldest providers of workforce development services in Chinatown. The organization has, from its inception, provided English as a Second Language (ESL) and skills training. The first classes offered were ESL and keypunching classes funded by a grant from IBM. Today, CMP provides ESL classes, a range of skills training programs, services to in-school and out-of-school youth, and services to small businesses in Chinatown.

While CMP's offices are located in Manhattan's Chinatown, the organization draws participants from the entire metropolitan area, particularly Brooklyn and Queens. CMP has plans to open offices in Brooklyn to respond to the needs of the large low-income Asian population that now resides in Sunset Park. Prior to September 11th, CMP was serving approximately 1,000 people per year on a budget of about \$3.3 million.

After an initial investigation as to what training would best meet the needs of dislocated Chinatown workers, CMP decided to start two new training programs, for home health aides and for nail specialists. In addition, it placed participants with good English language skills into its computer/office skills training program. After conducting an intake assessment, staff referred participants either to skills training classes, if they possessed adequate English skills, or to ESL if they did not. Participants who reached an adequate level of English language skill through CMP's ESL classes could graduate to skills training. After completing training or ESL classes, participants met with job developers who were responsible for placement. A limited number of participants were funneled into direct placement services without receiving ESL or skills training.

Chinese American Planning Council

In response to the growing Chinese immigrant population in Chinatown, the CPC was started in 1965 with \$80 from the sale of a used car. Offices were opened on Canal Street to provide English classes to the Chinatown community. Since its founding, the organization has grown in size and scope. It is now a \$50 million multiservice agency with 50 programs and 27 sites serving 4,000 to 5,000 clients daily. Half the budget is accounted for by CPC's home health attendant business.

The mission of the organization is to provide services to immigrants so they can become self-sufficient. CPC seeks to provide training in multiple occupations:

- Garment workers are retrained for fashion industry jobs.
- Restaurant workers are retrained for customer service and hospitality jobs.

• Other workers are trained or retrained for clerical, home health attendant and multimedia/graphic design positions.

CPC has a sequential strategy of work-oriented ESL training followed by vocational training. Participants must show a certain level of English proficiency to participate in skills training. If they do not meet this minimum level, CPC provides them with ESL training.

Under the NEG, CPC offered a combination of skills training, ESL, job readiness and direct placement. Participants in direct placement who did not go into training still received job readiness classes and job search assistance. Some were also referred to evening ESL classes, which were not funded by the NEG.

Most participants who received skills training were funneled into CPC's home health attendant training program, which lasts for 9 to 13 weeks and runs from 9 a.m. to 5 p.m., Monday through Friday. Classes consisted of a combination of ESL and skills training that ultimately prepared students for the state licensing exam and certification. The curriculum had to be refined to meet the needs of this population, which tended to have lower English language skills than do CPC's typical clients. Some participants were placed in CPC's office skills training program, but few qualified because this program required a higher level of English language ability in addition to basic computer skills.

Chinese Christian Herald Crusade

CCHC is a 20-year-old international Christian organization that was started in New York City. The New York City site has a membership of over 200 Chinese Christian churches and a budget totaling \$800,000, 90 percent of which comes from private individual donations. The NEG represented CCHC's entrée into workforce development and, indeed, into public funding in general. The organization focuses primarily on providing social services, including programs for youth, classes for seniors, legal counseling and couples counseling. It also provides "practical English" classes, such as English for restaurant workers, English for naturalization and a general vocational English class.

CCHC did an initial assessment of options for using the NEG money and decided to provide practical English classes to participants and refer some to outside home health aide training programs offered by Prestige and Best Care, two for-profit companies. Students were required to pay for the training up front and were then reimbursed by CCHC for the cost—\$200 for two weeks of full-time classes. CCHC did intakes on many individuals who did not have adequate English language skills to qualify for the training. Some took basic English classes at CCHC, while others were referred to other agencies for more intensive ESL.

Coordination Among the Three Grantees

Historically, CMP and CPC have been the primary providers of publicly supported workforce development services in Chinatown. As long-time competitors in a tightly

knit community, these organizations are very familiar with each other. They provide similar services and serve similar populations but, before the NEG, had never worked together on a common project or program. CPC had collaborated with CCHC in the past, but on programs that were more social-service oriented.

There was little coordination among the three grantees with respect to the services provided under the NEG. While CMP was the primary contractor, its principal relationship to its subcontractors was to collect data from them. CMP took an administrative fee from the grants to its subcontractors for this work. Each program was responsible for its own intake process and for designing its own program in accordance with the requirements of the NEG.

The only meeting that occurred among the Chinatown grantees was immediately after the grant was awarded. The purpose was to discuss the requirements of the contract and to attempt to coordinate services. After this initial meeting, contact among the three organizations was limited to telephone calls regarding data collection issues. The lack of communication posed a particular challenge for CCHC, which was new to the workforce system and would have benefited from guidance on how to implement an effective program. CMP and CPC were familiar with the WIA system and accustomed to providing workforce development services.

Observations about the Development and Structure of NEG Programs

While the three organizations developed their programs independently, they had similar experiences trying to design programs that would meet the needs of NEG participants. As a result of these experiences and contract requirements that focused on the provision of WIA-defined services, CMP, CPC and CCHC developed programs that were quite similar.

Identifying Target Industries to Meet the Needs of NEG Participants

All three agencies experienced difficulty identifying industries for which to retrain the workers dislocated after September 11th. They were faced with a weak economy and with participants who had characteristics that made them difficult to serve. All three agencies selected home health care as a training target. Additionally, CMP offered computer/office skills and nail specialist training.

CCHC's decision to refer participants to home health aide training was based on a number of factors. First, it was faced with having to implement a new program within a short time period without experience in providing employment services or training. Second, CCHC needed to find a growth industry for which individuals with no or little English language proficiency could be hired. Finally, CCHC felt it could capitalize upon a pre-existing relationship with Prestige, a home health aide training and placement agency serving primarily Chinese clients.

CMP and CPC explored the possibility of on-the-job training as a service option in which the organizations would subsidize up to 50 percent of the wages of participants for a period of 8 to 12 months. Originally, CPC wanted to use this as one of its primary strategies. However, both organizations found that employers were not responsive to the program. Large employers did not want to take the time to complete the documentation necessary for reimbursement. One CMP staff member remarked, "If big employers needed to hire someone, they usually were willing to pay the full wage and did not want to deal with the paperwork." Contractors faced a different problem with small Chinatown employers. When they discovered that it was a government program, they did not want to participate because they feared that workplace violations would be discovered.

CPC also did research on the security and food service industries as possible avenues for placing NEG participants. It found that many participants were not interested in going back into the restaurant industry. Security jobs require physical work and English language skills, and thus did not match the profile of the NEG clients, 40- to 50- year old women with poor English language skills. Home health attendant jobs seemed a good option because these positions offered wages of about \$7 per hour and benefits, and did not require English language skills.

Recruitment

Each organization was responsible for its own recruitment and intake process. They recruited participants through a variety of methods, including advertisements in community newspapers, on Chinese cable stations and through existing referral networks. For example, CCHC relied upon its network of member churches to recruit participants. Most participants heard about the program through word of mouth. None of the programs had difficulty in recruiting participants; classrooms were full and people were on wait lists to receive services.

All three programs conducted an initial assessment of participants to determine their eligibility, interests, experience and goals. Participants were tested for their English language ability to determine whether they should receive training or additional ESL. At all three organizations, a certain level of English language ability was necessary to participate in skills training.

Characteristics of Participants Served

Historically, CMP, CPC and CCHC have primarily served Chinese immigrants, which was likely one of the reasons they were selected to provide NEG services in Chinatown. This did not change under the NEG; nearly 100 percent of participants were Asian and most were Chinese. The majority of NEG participants came from Manhattan or Brooklyn.

However, participants served under the NEG were different than the grantees' typical clientele in several respects. The majority of participants served under the NEG were

women between the ages of 40 and 50 who had been laid off from the garment industry. The organizations also served some individuals who had lost restaurant or retail jobs. Most had worked in these industries for many years and had very low English language skills. While the organizations were accustomed to serving mostly women, they were not used to serving so many women over 40 and with a lack of diverse work experience. CMP and CPC both indicated that the people they saw after September 11th were much more difficult to serve than their typical clients. CPC, in particular, said that historically their participants were usually motivated to seek assistance because they wanted to obtain training for advancement. NEG participants were forced to seek assistance in the midst of a crisis in which they had lost their jobs and had few or no other options.

P/PV was able to obtain detailed demographic information on participants who came to CMP seeking assistance after September 11th. While not all of these participants ended up enrolling in the NEG program, the data shown in Table 1 provide a sense of the challenge CMP faced in designing a program that would be an appropriate match for the backgrounds and experiences of these clients. CMP's data indicate the following about individuals seeking services in Chinatown after September 11th:

- They were predominantly female—78 percent of applicants were female;
- They were middle-aged—79 percent were 41 years or older;
- They were very low income—68 percent had a family income of \$9,000 or less in the six months prior to applying to the program;
- They were low wage workers—60 percent made between \$5.15 and \$7 per hour in their previous job;
- They had significant work experience—73 percent had worked four years or more, and nearly a third had worked for over ten years; and
- They came from the garment industry—66 percent had been laid off from the garment industry.

Core and Intensive Services

The NEG follows the WIA structure of offering core, intensive and training services sequentially. Core services at each organization consisted of an initial assessment, case management and basic job search assistance. Intensive services varied more widely across the three organizations, although all offered English classes and job placement. ESL classes were offered at CMP and CPC, while CCHC offered practical English and a basic English course. In addition to skills training and ESL, CMP offered computer training and CPC provided job readiness classes.

PERFORMANCE OF NEG CONTRACTORS

As shown in Table 2, CMP, CPC and CCHC enrolled a total of 519 people under the NEG. Every participant who enrolled in the program received core services and the majority (93%) received intensive services. A smaller number of enrollees (37%) participated in skills training.

Table 1

DEMOGRAPHIC AND EMPLOYMENT CHARACTERISTICS OF 481 NEG
APPLICANTS AT CMP

Sex:		Salary:	
Female	77.92%	\$5.15 to \$7/hour	60.23%
Male	22.08%	\$7.01 to \$10/hour	17.47%
		\$10.01 to \$15/hour	7.82%
Age:		\$15+/hour	14.48%
Under 21	0.00%	Ψ10 1/11001	1.1.070
21 to 30	3.14%	Length of Time Worked:	
31 to 40	18.03%	Less than 1 year	5.12%
41 to 54	59.75%	1 to 3 years	22.05%
55+	19.08%	4 to 10 years	40.76%
	19.0070	10 years +	32.07%
Length in US:		10 years	32.0170
Less than 1 year	.42%	Industry Laid Off From:	
1 to 5 years	6.57%	Garment	65.57%
5 years +	92.80%	Restaurant	9.60%
Born in US	.21%	Retail	2.58%
Boin in Co	.2170	Finance/Insurance	1.41%
Residence:		Travel/Tourism	1.17%
Manhattan	33.61%	Transportation/Delivery	1.41%
Queens	24.37%	Others	18.27%
Brooklyn	38.45%	Others	10.27 /0
Bronx	2.31%	Education:	
Staten Island	1.26%	J.H.S. Graduate (any)	44.44%
Staten Island	1.2070	H.S. Graduate (any)	45.15%
Number of Family		College (non-U.S.)	7.09%
Members:		College (U.S.)	3.31%
One	11.79%	Conege (O.S.)	3.3170
Two	25.26%	Barriers to Employment:	
Three	25.47%	English	67.36%
Four	25.47%	Cultural	3.33%
Five	10.11%	Skills	58.21%
Six or more	1.89%	Age	11.64%
SIX of more	1.0770	Transportation	1.25%
Family Income		Child Care	.21%
(past six months)		Health	0.00%
\$0 to \$5,000	29.80%	Others	4.99%
\$5,001 to 7,000	21.63%		
\$7,001 to \$\$9,000	16.11%		
\$9,001 to \$14,000	16.56%		
\$14,001 to \$18,000	6.84%		
\$18,001 to \$18,000 \$18,001 to \$22,000	1.99%		
\$22,000 +	5.96%		
Receiving UI	1.10%		

Source: Data self reported by participants at intake for the development of their Individual Assistance Plan (IEP).

Table 2
ENROLLMENT IN CORE, INTENSIVE AND TRAINING SERVICES

	Enrolled	Core	Intensive	Training
CMP	185	185	148	98
CPC	181	181	181	59
CCHC	153	153	153	33
Total	519	519	482	190

Staff from all three organizations said they would have liked to place more participants in skills training, but these programs required higher English language skills than those possessed by many of the NEG participants. Therefore, each contractor put an emphasis on providing English classes to participants, although only CMP and CCHC used the NEG to support English language classes.

Job Placement

Across the three programs, the average placement rate for those who enrolled was 35 percent, as shown in Table 3. CMP had the highest placement rate (46%), followed by CPC with 39 percent and CCHC with 17 percent. Overall, placement rates were higher for participants who went through skills training than for those who did not (58 percent compared to 35 percent). (It should be noted that placement rates include participants who found jobs on their own, without job placement assistance from the program.)

Table 3
PLACEMENT RATES

	Total Number Enrolled	Total Number Employed	Percentage Employed out of Total Enrolled	Total Number in Training	Number Employed Who Had Received Training	Percentage Employed out of Total Who Had Received Training
CMP	185	86	46%	98	46	47%
CPC	181	71	39%	59	38	64%
CCHC	153	26	17%	33	26 ^a	79%
Total	519	183	35%	190	110	58%

^a CCHC tracked placements only for those who went through the home health aide training.

More participants were placed in home health care jobs than in any other occupation. Agencies reported that these jobs worked well for limited English speakers; the hours were steady and some jobs came with benefits, though wages were low. However, for the middle-aged women who had worked in the garment industry for many years, career change was difficult. Many participants had rarely ventured outside their neighborhood or Chinatown, and home health care jobs required that they take public transportation to clients throughout the city, a challenge for many.

Grantees also reported difficulty convincing participants of the benefits of formal employment when they were used to getting paid, at least partially, in cash, off the books. CPC staff said that NEG participants needed more career counseling and emotional support than did their typical clients.

CMP faced difficulty with the newly implemented training for nail specialists. While this occupation may have been a good match for participants in terms of their skills, the characteristics of nail businesses complicated job placement. When CMP tried to place trained participants, they learned that most nail salons pay their employees cash, off the books, which meant that CMP could not get verification for these placements. A general lesson learned may be that employers should be involved in the NEG planning process when identifying new or expanding existing training programs. While employers may not guarantee that they will hire, they can verify the need for workers and provide information on the hiring patterns in particular industries.

Other Employment Outcomes

The average wages for nail specialist and home health care positions are generally low, ranging around \$6 and \$7 per hour, near what participants were earning prior to dislocation. At CMP, the highest entry wages were for participants who had enrolled in computer training or in the direct placement track, as shown in Table 4.

CPC provided an estimate of the average wage for all participants through the NEG program, including those who went into training and those who did not. It reported an average weekly wage of \$287.25, which equals approximately \$8.21 per hour for a 35-hour work week.

CCHC collected less information on outcomes than did the other contractors who, as experienced participants in the workforce development system, were used to collecting data on retention and wages. CCHC did not collect data on wage at placement or data on retention. Staff indicated that they received little direction about the kinds of information they needed to collect when the contract began. Only recently were staff told that they would have to collect data on job retention. CCHC is planning to conduct follow-up calls with participants in April to see if participants are still employed.

Table 4

AVERAGE WAGE AT PLACEMENT FOR CMP PARTICIPANTS

	Number Placed	Hourly wage
Skills Training		
Home Health Aide	22	\$6.35
Nail Specialist	9	\$7.71
Computer	15	\$15.18
Other		
ESL	21	\$9.37
Direct Placement	18	\$10.49
OJT	1	\$10.00
Fotal Placements	86	\$9.68

Despite CMP's experience, it had difficulty collecting data on retention outcomes. Of the 86 participants who found employment, CMP was only able to reach 34 people at 90 days, of all of who were employed. After 180 days, three-quarters of those who were contacted were working. CPC also faced difficulty with retention. At 90 days, 45 percent of those who had found employment were still working.

Impact of September 11th Fund Programs

In September 2002, the September 11th Fund launched a \$50 million program to assist workers displaced as a result of the attacks; the program was fully operational by January 2003. This program has affected the NEG grantees and garment industry employers.

Funding for the program was allocated to six nonprofit organizations in Manhattan and was designed to retrain and place individuals who had been laid off as a result of the terrorist attacks. To be eligible, participants must have lost their jobs between September 11, 2001 and January 11, 2002, be unemployed or underemployed, and have resided or worked below Canal Street on September 11th.

The first step to obtaining services is to be certified as eligible by Safe Horizons, at which time participants are given a card that allows them access to September 11th Fund services. As of March 20, Safe Horizons had seen over 12,000 people and certified 8,665 as eligible, over half of whom speak Chinese as their primary language. In addition to skills training and placement, participants can receive one year of health coverage, assistance with other health costs and a one-time \$500 grant to help with expenses. Most

significantly, participants enrolled in ESL classes can get a \$300 per week stipend while they participate in 13 weeks of 25-hours-per-week ESL training.

The September 11th Fund Program has had an impact on NEG placement and retention rates because some participants reportedly would rather participate in subsidized part-time ESL training than in paid work. In fact, garment factories that have started to scale up production complain that they are unable to find workers. ²¹ The pay for garment work is approximately the same as the Fund's stipend, \$300 per week, but involves working many more hours in difficult working conditions. Many are taking the opportunity to enroll in ESL classes rather than return to work, at least for the time being.

ORGANIZATIONAL IMPACT

The primary purpose of the NEG was to increase the capacity of the workforce system to meet the employment needs that arose in Chinatown after September 11th. The grant was generally effective in increasing the capacity of each of the grantees to provide services to dislocated job seekers. The Chinatown grantees received NEG funding in January 2002. To assess whether there was an increase in capacity, we examined the change in the number served in adult employment programs from the 2001 to the 2002 calendar year. Both participants who received training and those who received other employment services were included in this analysis. The results are shown in Table 5.

Table 5

NUMBER SERVED IN EMPLOYMENT PROGRAMS FROM CALENDAR
YEAR 2001 TO 2002

	Calendar Year 2001	Calendar Year 2002	Percent Change
CMP Enrolled	461	928	+101%
CPC Enrolled	508	482	-5%
CCHC Enrolled	0	153	n.a.
Total Enrolled	969	1562	+61%

Note: Each of the three organizations operates on a July through June fiscal year, but has some grants that operate on a different calendar. Because the NEG began in January 2002, we examined program services on a calendar year basis. Several adjustments to agency data were required to ensure consistent presentation.

Overall, the three organizations enrolled approximately 593 more people in 2002 than they did in 2001, representing a 61 percent increase. CCHC experienced the greatest increase in capacity to provide adult employment services because it had never before provided them. CMP nearly doubled the number of participants it enrolled in its adult employment programs from 2001 to 2002. This

large increase can be attributed, in part, to the additional funding it received in September 2002 from the September 11th Fund. CMP enrolled 297 people from September to December 2002 using September 11th Fund resources. CPC actually experienced a slight decline in the number enrolled in its employment programs from 2001 to 2002. This may have been because a contract with the New York City Department of Human Resources (HRA) to serve special populations ended in FY2003.

Budgetary Impact

As shown in Table 6, grantees were able to increase their capacity because the NEG represented a significant increase in funding for their adult employment programs. After distribution of funds to subcontractors, CMP's grant amount of \$536,444 represented 22 percent of its budget for adult employment and ESL programs in FY2002. From FY2001 to FY2002, CMP's budget for adult employment and ESL programs increased by \$1,402,449 or 129 percent. The NEG represented 38 percent of this increase and the rest came from new grants that CMP received in FY2002, several of which were aimed at responding to the September 11th attacks. CMP was able to maintain its funding level in FY 2003 because of a \$1 million grant from the September 11th Fund.

CPC's budget for adult employment and ESL programs also increased as a result of the \$302,200 it received through the NEG. From FY2001 to FY2002, funding went up by \$548,752. The NEG represented 55 percent of this change.

Table 6

BUDGET FOR EMPLOYMENT AND ESL PROGRAMS

	Fiscal Year 2001 (July 2000 – June 2001)	Fiscal Year 2002 (July 2001 – June 2002)	Fiscal Year 2003 (July 2002 – June 2003)
CMP	\$1,085,201	\$2,487,650	\$2,414,548
CPC	\$1,167,530	\$1,716,282	\$1,488,492
CCHC	\$5,000	\$160,085	\$25,000

Note: All figures are drawn from agency budgets and have been adjusted to ensure consistent presentation.

The \$160,085 in NEG funding was significant for CCHC because it allowed them to hire an instructor to teach the practical English classes. Prior to the NEG, CCHC relied upon volunteers to teach English classes and needed only a small budget of \$5,000 to cover the transportation of volunteers and some administrative costs.

New Services Offered

One way to measure the effect of the NEG is to assess the extent to which it led to the creation of new programs to meet the needs of the target population. Before the NEG, CCHC was entirely supported by private funding and had never tapped into public funds. Nor had it ever been involved in the workforce development system. While CCHC did not directly provide skills training under the NEG, it gained exposure to the public system. This experience could prove useful should the organization decide to seek government funding in the future.

CMP and CPC both made adjustments to their services to meet the needs of NEG participants, who tended to be harder to serve than typical CMP and CPC clients. CMP started new home health aide and nail specialist trainings in response to the grant. While the nail specialist training was unsuccessful, CMP was able to place many participants in home health aide positions. CPC tailored its pre-existing home health attendant training program so that it was more appropriate for NEG participants.

CONCLUSIONS

The cataclysmic events of September 11th made it imperative for the U.S. Department of Labor to provide emergency funds for employment assistance, including in Chinatown. Considering the severe consequences for New York City's economy in general and Chinatown in particular, it is unthinkable that assistance would not have been provided. USDOL and NYSDOL deserve credit for responding quickly, ensuring that resources were hitting the street soon after September 11th.

The structure and process used by the New York State Department of Labor allowed the contractors to begin quickly meeting the needs of workers. By choosing to use line item budgets instead of performance based contracts, and by relying on previously approved contractors, selected organizations, including CMP, were able to start providing employment services within a few weeks.

The National Emergency Grant funds allocated to CMP resulted in a sizable expansion in services to dislocated workers. More than 500 people enrolled in the NEG program, well beyond the target in the original contract. As a result, in aggregate, the three organizations were able to provide considerably more employment assistance than they would have otherwise.

The total number of people served by CMP, CPC and CCHC was a small portion of those in need of employment assistance. By most estimates, several thousand workers were affected by the economic consequences of September 11th – only a small percentage of whom received assistance through the NEG. To provide context, close to 9,000 people have already been certified as eligible for September 11th Fund assistance and over 3,000 have enrolled in the Fund's

Employment Assistance Program (EAP). Over half of those enrolled in EAP speak Chinese as their primary language.

Employment outcomes were mixed. In aggregate, including the NYUL, 231 of the 577 people who enrolled found employment, which is equivalent to a 40 percent placement rate. (For the three Chinatown organizations, 35 percent of the 519 participants who enrolled found employment.) This is well below the contract goal of 75 percent. Nevertheless, the total number of people employed after receiving NEG-funded services exceeded the overall contract goal of 208 because the four organizations enrolled far more people than had been projected.²²

Services were not coordinated. As noted earlier, the nature of this grant and subcontracts did not emphasize coordinated services and arrangements were made with the involvement of U.S. DOL and NYSDOL to expedite the grant process. Also, each of the three organizations had not collaborated much in the past and, in the case of CMP and CPC, have been competitors for many years, each operated independently under the NEG. Each conducted its own outreach and recruitment and there may have been some overlap in services, e.g., CMP and CPC both training for home health care occupations. Given the small size of the grant and the large number of people to be served, duplication may not have been a problem. However, more coordinated services could have also had a positive impact on job placement outcomes because organizations would not have all been trying to place participants in the same occupation.

It is important to consider these findings in context. First, the workers who enrolled in the NEG-funded program were particularly difficult to serve. Most were older women who had spent many years working in low-wage jobs in New York City's garment industry. Many had limited ability to speak English, which, according to staff at all three organizations, made them poor candidates for training. In fact, more NEG participants took ESL classes than enrolled in training. Nearly all participants were of Chinese descent, worked in Manhattan and lived in Chinese communities either in Brooklyn or Queens. Many had rarely ventured outside their enclaves and were hesitant to seek employment in other areas and industries. Staff reported that many participants were also suffering emotional trauma related to the events of September 11th.

At the same time, the three contractors were attempting to help people find jobs during a period of near economic paralysis. Several factors—including the numbing shock of September 11th itself, the rapid decline in tourism, the immediate and months-long consequences of the clean up and security precautions in downtown Manhattan, Wall Street's scandals and market decline, as well as the national recession—combined to make the months following September 11th a particularly difficult time for job seekers. Of course, job losses also meant that graduates of the three Chinatown programs faced stiff competition from other job seekers, including participants from other NEG contractors. So, in essence, CMP, CPC and CCHC found themselves trying to thread the eye of a very small needle, with few easy answers.

Recommendations

USDOL representatives have said they are particularly interested in recommendations about how to structure National Emergency Grants in similar circumstances. While we are willing to make suggestions, it should be recognized that they are based on rapid assessment of one contract executed after a very unusual event, and should be interpreted in that light.

- State and local contracting requirements can have considerable impact on the timing and allocation of NEG funds. In this case, New York State was able to address procurement requirements quickly, allowing the rapid use of resources. This may not always be possible, which could cause serious delays in the use of funds (a serious issue for an *emergency* grant program). USDOL may want to consider developing mechanisms that will ensure that funds can be deployed quickly, particularly in situations where non-governmental contractors will deliver services.
- Unusual labor market conditions demand unusual approaches. By definition, National Emergency Grants will be used in unusual circumstances and the Department may want to consider how to increase the flexibility of its resources. While standard WIA services may be appropriate for many job seekers, a large number of participants served under the CMP contract needed long-term, intensive English classes before they would be able to train for new occupations. While ESL classes were allowed under the NEG, contract goals and funding precluded the long-term investment many participants needed. The need for ESL classes in the case of the Chinatown NEG may also provide lessons for ETA workforce development strategies more generally in how to serve Asian Americans, Pacific Islanders, Hispanics and other nationalities with limited English proficiency.

In situations that require the NEG, the Department may also want to encourage the use of resources to stimulate the demand side of the labor market in sectors that offer opportunity to those affected. It might also consider investing its own political capital in bringing employers to the table.

- USDOL may want to consider developing training in the effective use of National Emergency Grant funds. Naturally, state and local government staff have limited experience using NEG resources. USDOL may want to convene a group of state and local officials who have received NEG funds to discuss what worked well and what did not and, if appropriate, offer a rapid response team that can assist localities in using NEG resources as effectively as possible.
- To the extent possible, ETA should promote or foster collaboration among various partners in response to emergency needs. Grantees may take good advantage of partnerships established through the one-stop operating system not

only to provide services but also to leverage funds from other sources.

• Consideration should be given to requiring collection of some common data elements on services, participants and outcomes. Consistency with the Workforce Investment Act Standardized Record Data elements and, if applicable, the common core measures might be useful requirements under Emergency grants. This is important both for program operation and for national purposes in reporting on NEG efforts.

Appendix A INTERVIEWS WITH KEY INFORMANTS

Chiang, Hsiuhua, Program Director, Chinese American Planning Council, Inc., March 5, 2003.

Choy, Crispin, Project Director, Chinatown Manpower Project, Inc., February 24, 2003.

Cooper, Patricia, Consultant, September 11th Fund, March 25, 2003.

Dworak, Linda, Executive Director, Garment Industry Development Corporation, February 28, 2003.

Eng, Helen, Project Director, Chinatown Manpower Project, Inc., February 24, 2003.

Huang, Louise Yingsi, Program Director, National Emergency Grant Program, Chinatown Manpower Project, December 19, 2002.

Huie, Susan, Project Director, Chinatown Manpower Project, Inc., February 24, 2003.

Immerman, Susan, Deputy Director, September 11th Fund, March 25, 2003

Kellerman, Carol, Executive Director and CEO, September 11th Fund, March 25, 2003.

Lai, Teddy, General Manager, Greater Blouse, Skirt and Undergarment Association, February 28, 2003.

Lam, Kenneth, Director, Community Services, Chinese Christian Herald Crusades, Inc., February 26, 2003.

Loek, Chi, Assistant Executive Director, Employment and Training Division, Chinese American Planning Council, Inc., March 6, 2003.

Melendez, James, Executive Director, Chinatown Manpower Project, Inc., December 19, 2002 and February 24, 2003.

Moree, Maggie, Director, Workforce Development and Training Division, New York State Department of Labor, February 5, 2003.

Wang, Nora, President, Professional Group, Inc, former Executive Director of the Chinatown Manpower Project, Inc., March 6, 2003.

Wong, Vickie, Program Director, Chinese American Planning Council, Inc., March 6, 2003.

Yang, Dong, Project Director, Chinatown Manpower Project, February 24, 2003.

Yang, Yvonne, Project Director, Chinatown Manpower Project, Inc., February 24, 2003.

Yee, Yue, Deputy Director, Workforce Development & Training Division, New York State Department of Labor, February 5, 2003.

Endnotes

¹ The Century Foundation, *Economic Impact of Terrorist Attack: New York City Fact Sheet*, New York, March 2002.

² Adler, Moshe, Oliver Cooke, David Dyssegaard Kallick, Zofia Nowakowski and James Parrott, *The State of Working New York 2001: Working Harder, Growing Apart*, New York: The Fiscal Policy Institute, 2002; Jones, David R. and Bruce A. Hubbard, *Back to Work: Addressing the Needs of New York's Working Poor Since September 11th*, New York: Community Service Society of New York, 2001; New York City Partnership and Chamber of Commerce, *Working Together to Accelerate New York's Recovery: Economic Impact Analysis of the September 11th Attack on New York City*, November, 2001; and Bowles, Jonathan *Sudden Impact*, New York: Center for an Urban Future, October, 2001; The Century Foundation, *Economic Impact of Terrorist Attack: New York City Fact Sheet*, New York, 2002.

³ Asian American Federation of New York, *Chinatown One Year After September 11th: An Economic Impact Study*, New York, November 2002.

⁴ Murphy, Dean "Chinatown, Its Streets Empty, Quietly begins to Take Action," New York: *The New York Times*, October 11, 2001.

⁵ Kennedy, Randy, "City Is Reopening Brooklyn-Battery Tunnel Outbound, and Some Streets in Lower Manhattan," New York: *The New York Times*, October 11, 2001.

⁶ New York City Partnership and Chamber of Commerce, Working Together to Accelerate New York's Recovery: Economic Impact Analysis of the September 11th Attack on New York City, November, 2001.

⁷ Adler, Moshe, Oliver Cooke, David Dyssegaard Kallick, Zofia Nowakowski and James Parrott, *The State of Working New York 2001: Working Harder, Growing Apart*, New York, NY: The Fiscal Policy Institute, 2002; Asian American Federation of New York, *Chinatown One Year After September 11th: An Economic Impact Study*, New York, November 2002.

⁸ Asian American Federation of New York, *Chinatown One Year After September 11th: An Economic Impact Study*, New York, November 2002.

^{9 20} CFR 671.100

¹⁰ Information about the general requirements of the NEG came from an interview with Maggie Moree, Director of the Workforce Development and Training Division, New York State Department of Labor, on February 5, 2003. While she indicated that performance goals were negotiated around the general goal of 70 percent placement, the goal for CMP and its subcontractor was 75 percent placement.

¹¹ Waxman, Sarah, *The History of New York's Chinatown*, http://ny.com/articles/chinatown.html, 2001; Chan, Sucheng, Asian Americans: An Interpretive History, Boston: Twayne Publishers, 1991; Hui, Stephen. *Constructing New York's Chinatown: The Urban Development of a Neighborhood*, Vancouver, Canada: http://www.aquapulse.net/knowledge/chinatown.

¹² Ibid

¹³ Ibid

¹⁴ Asian American Federation of New York, *Chinatown One Year After September 11th: An Economic Impact Study*, New York, November 2002.

¹⁵ Chinese Community in New York City, http://www.fcpc.org/chinese.htm

¹⁶ Asian American Federation of New York, *Chinatown One Year After September 11th: An Economic Impact Study*, New York, NY, November 2002.

¹⁷ Bowles, Jonathan, *The Empire Has No Clothes*, New York: Center for an Urban Future, February 29, 2000.

¹⁸ Curan, Catherine, "A New Pattern for Old Skills: Short Runs, Uniform Production Offer Way for NYC to Compete," *Craine's New York Business*, February 3, 2003.

¹⁹ Bowles, Jonathan, *The Empire Has No Clothes*, New York: Center for an Urban Future, February 29, 2000.

²⁰ We use both the terms "home health aide" and "home health attendant" throughout this report based on what the organizations called their programs. We use "home health care" when not referring to a specific agency's program.

²¹ Hernandez, Daisy, "Job Training Depletes Labor Pool for Garment Factories," New York: *The New York Times*, March 13, 2003.

 $^{^{22}}$ In order to compare actual employment and enrollment with contract goals, we had to include data from all four organizations.