

THE
UNIVERSITY
OF RHODE ISLAND

REAL JOBS RHODE ISLAND CASE STUDY:

Rhode Island Financial Skills Initiative

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Rhode Island Financial Skills Initiative

Real Jobs Rhode Island (RJRI)

In 2015, The Rhode Island Department of Labor and Training (DLT) awarded funding to workforce development collaborations throughout the state. Funding was provided through development grants to create sector-based partnerships and create a plan to provide workforce training aimed at sector needs. Implementation funding was then provided for these partnerships to develop training materials and train workers in Rhode Island in targeted industries including healthcare, technology, marine trades, and the arts. Sector partnerships were developed through public private partnerships including that included industry, workforce intermediaries and educational institutions to address the economic needs of the state.

I. Sector Need

The Rhode Island Financial Skills Initiative (RIFSI) developed by the Rhode Island Bankers Association (RIBA) sought to address several issues within the banking industry of the financial and insurance sector. The finance and insurance industry is growing at a faster rate than the rest of the economy and is projected to see over a 10.5 percent increase in employment by 2022.¹ In Rhode Island, banks are among the largest employers in the state of Rhode Island, currently employing over 10,000 people, providing nearly \$500 million in taxable compensation paid to RI employees, and proving to be an area of growth for the future.

RIBA received an RJRI planning grant, and through partnership meetings and a survey of banking members, identified the following workforce challenges within the region that could hinder growth and success if not properly addressed:

- An aging workforce without sufficiently trained replacements.
 - Many current bank employees began their careers in formal commercial lending programs, which were common in the banking industry in the late 1990's. However, as budgets shifted, many bank consolidations and mergers occurred, and many bank headquarters moved out of state, leading to commercial lending programs being discontinued or moving to other markets (e.g., Boston).
 - Therefore, as the current workforce has aged, banks have identified they no longer have a pipeline of emerging talent in Rhode Island with the requisite skills including credit and risk analysis; loan structuring and pricing; knowledge of commercial credit products; sales and negotiation skills; presentation skills; and oral and written communication skills, to replace the workers who retire.
 - RIBA employer partners, including national and local banks both large and small, had on average 80 job openings per year.

¹ RIFSI cited the Rhode Island Department of Labor and Training in its Implementation Grant proposal.

- The industry lacks credit-trained personnel, particularly those with knowledge of commercial lending.
 - Survey data from banks showed that commercial lending was the top training need for employees.
 - Through partnership meetings, banks identified that employees were often unaware of how banks made money or how the banking industry worked. This was seen as a problem as banks attempt to fill bank management or management training positions, and hire recent college graduates for junior level positions.
 - Retention for employers was also an issue. Due to the lack of comprehensive industry-wide training programs, some banks have attempted to make up the difference by providing in-house training on an informal basis, sometimes at great expense to the bank (both in time and financial resources). However, market demand has caused a turnover within these ranks due to wage premium (meaning the degree to which high-skilled workers are paid relative to low-skilled workers) and has made retaining employees challenging.

Therefore, the mission of RIFSI was to create a sustainable program that brought together 14 banks and the industry's trade association to provide the sector with the appropriate training resources needed to remain successful. The purpose of these training modules was to expand the pool of job candidates who have an understanding of the industry, and to open up opportunities within the banking industry for incumbent workers, recent graduates, as well as under- or unemployed workers.

II. Grant History

RIBA had never received grant funding for a training program prior to the RJRI planning grant. To learn about the RJRI program, RIBA received a phone-call from a member at the Department of Labor and Training informing them about the RJRI training initiative and encouraging them to brainstorm with bank members to identify any potential training needs. After identifying the need for incumbent worker training in commercial lending to fill some of the needed higher-level positions that were available, the bank members also noted that entry-level training would be needed to fill positions that opened once incumbent workers advanced. In putting together the training plan for the RJRI implementation grant, RIBA decided to partner with the University of Rhode Island (URI) because it wanted assistance with curriculum development and other academic processes. RIBA did have some apprehension about partnering with the state, as it saw potential difficulties with a state/private partnership (e.g., how private sector moves at a much quicker pace than the public sector, the need to complete many administrative tasks when working with the government). However, the interest of the various bank members, the need for the training of the employees, and the excitement about the new venture propelled them to apply. Further, the standard for training of employees in the finance industry was to take online modules through national associations, so Rhode Island banks saw

the need for an in-person training that enabled content to be regionally-specific and for networking to occur.

III. Goals and Objectives

RIFSI was developed to address the insufficient capacity in the region to meet the current employment needs in the banking industry and to provide training in a centralized place so that individual banks would not have to do their own separate training for each employee. The partnership established two goals for the training program, both designed for incumbent workers:

1. Implement training on the Fundamentals of Banking.
 - The module was designed to ensure new employees, students, and entry-level workers (e.g., bank tellers) would have a better understanding of the banking industry to help them with entry-level positions.
2. Implement training on the Fundamentals of Commercial Lending.
 - The partnership aimed to create a pool of candidates who could successfully analyze and make sound credit decisions using financial accounting, financial statement analysis, and cash flow analysis.

The two training modules were specifically designed to address the workforce demands of RI banks by expanding the pool of job candidates who have an understanding of the industry. The first semester of the program in 2016 was intended as a pilot program for incumbent bank employees on the fundamentals of banking and commercial lending. RIBA planned to utilize feedback provided by the partners in the first semester to help refine the program for the second semester and open up enrollment in the program to also include college students, recent college graduates, and under- or unemployed individuals.

Specifically, the Rhode Island Financial Skills Initiative sought to meet the following objective:

- Recruit no less than 50 total individuals to participate in training activities.

IV. Partnerships

The partnership worked to bring together industry employers as well as post-secondary education partners because it had the expertise necessary to meet the specific needs of the target population. The chart below details the partners and their specific responsibilities.

Table 1: Partnership Members and Responsibilities

<p>Rhode Island Bankers Association</p>	<p>Lead Applicant: responsible for overseeing the partnership and the training program; convening the partners to review and evaluate the success of the program; ensuring that members were actively engaged in the program and planning process; working collaboratively with URI to provide training space, manage instructor selection and compensation, and ensure that an adequate number of students were enrolled; overseeing the course credit process for students completing the training; administering certificates to those students who successfully completed the modules.</p>
<p>University of Rhode Island (URI)</p>	<p>Responsible for ensuring that space was made available for the courses; managing instructor selection, compensation, and textbook selection; ensuring that an adequate number of students were enrolled in the program; overseeing the course credit process for students completing the training; administering certificates to those students who successfully completed the course.</p>
<p>Community College of Rhode Island (CCRI)</p>	<p>Responsible for providing space on the Warwick campus to hold trainings.</p>
<p>Bank of America, BankFive, BankNewport, Centreville Bank, Citizens Bank, Coastway Community Bank, Freedom National Bank, Home Loan Investment Bank, Savings Institute Bank and Trust, Santander Bank, Washington Trust, Webster Bank</p>	<p>Responsible for sending employees to one or both training modules and providing financial assistance to employees completing the training after the spring 2016 session; attending at least one class during the spring 2016 session for evaluation purposes; providing mentoring, support, and resources to employees attending the program; participating in the mock credit committee for the Fundamentals of Commercial Lending; considering opportunities for employee advancement or hiring of individuals who attended these modules.</p>

V. Implementation Activities and Processes

Recruitment

Recruitment for both modules occurred as planned, with bank partners fulfilling their commitments to send employees to the trainings. For the second semester of the training, RIFSI planned that URI, DLT, and other entities would also send individuals to participate in the training, but this did not occur, and therefore, RIFSI encountered difficulties in filling courses during the second semester. For the training modules, the partnership specifically sought the following characteristics for participants:

- Existing bank employees, sponsored by a bank, who were seeking higher-level job opportunities.
- Graduates (or candidates for graduation) of college or university degree programs who were seeking employment in the Rhode Island banking industry (such candidates may be past or present interns at a bank and sponsored by the bank, or were recommended by a college or university faculty member).
- Currently under- or unemployed professionals seeking a career in the banking industry and who were recommended for, or can demonstrate an aptitude and commitment to the program (pre-screening would be performed by one or more bankers associated with this program).

Training Content & Implementation

Regarding the curriculum, the sector partners convened to decide what should be included. Meetings occurred with all partners, and decisions were made about what was important to be included in the training program. For the Fundamentals of Banking and the Commercial Lending trainings, URI helped with the administrative processes related to selecting textbooks, finding meeting space, registering students, and processing tuition payments. URI was also going to pay some of the costs for the instructor using funds from student fees for the course. The trainings were held at the Community College of Rhode Island (CCRI) Warwick campus. RIFSI found that offering the class from 3-6pm was better than 6-9pm because this was during normal work hours and did not require people to come during family time. Employees received their normal pay while attending the training. RIFSI paid for the training for each student during the first semester, and the plan was for employer partners and other outside funding sources to pay for costs in the second semester. Each training module and its specific learning objectives are listed below.

Goal # 1: Implement training on the Fundamentals of Banking.

During the Spring semester of 2016, two Fundamentals of Banking trainings were held, and during the Fall of 2016, one course was held. The Fundamentals of Banking module provided students with an overall understanding of banking and the banking industry, with an emphasis on the generalized knowledge and skills necessary to move upward or into the industry. Students, who were incumbent workers, were exposed to the basics of: what a bank is

and how a bank operates; what kinds of products or services are offered by banks and bank subsidiaries; how a bank competes and generates revenue and profits; how banks are structured and regulated; and risks associated with banking and how banks manage those risks. Upon successful completion of this course, students were able to:

- Demonstrate improved communication skills, both written and verbal.
- Demonstrate a general understanding of the banking industry, its history and competitive position within the larger financial services industry.
- Demonstrate a typical bank business model, the structure of its balance sheet and how it makes money.
- Describe risks associated with banking and how risks are managed and mitigated.
- Demonstrate a basic understanding of the elements of a banking operation, including its commercial and consumer business lines and how the products and services offered by a bank are delivered into the marketplace.
- Describe generally the regulatory environment in which a bank operates, who the regulators are and how they regulate.
- Describe some of the challenges facing the banking industry in an ever-changing marketplace, both in the United States and globally.
- Demonstrate familiarity with the general concepts, terminology, and language of banking.

Goal #2: Implement training on the Fundamentals of Commercial Lending.

During Spring 2016, one Fundamentals of Commercial Lending training was held, and during Fall of 2016, one course was offered. The Fundamentals of Commercial Lending training module was created to provide students with an overall understanding of the basics of commercial lending and credit. The instructor interviewed participants prior to them enrolling in the course to ensure they would be successful. Participants were exposed to the analytical and decision-making techniques needed to make sound credit decisions using financial accounting, financial statement analysis, and cash flow analysis. Students received instruction in credit structuring, credit support, collateral evaluation, compliance and lending, and current regulatory reform in the industry.

In addition to classroom work, students were expected to not only master the curriculum, but to also apply their knowledge in case studies and ultimately in a mock credit committee presentation. Upon successful completion of this module, students were able to:

- Demonstrate proficiency in analytical skills for evaluating credit.
- Demonstrate professional writing skills.
- Demonstrate strong excel skills for worksheets and analysis.
- Demonstrate an ability to identify and evaluate sources of loan repayment.
- Demonstrate the ability to assess the competency and depth of management of a potential borrower.
- Describe basic credit service and other business ratios and explain their impact on credit decisions.

- Understand business and industry risk analysis in the context of making a lending decision.
- Show proficiency in understanding cash flow analysis within the context of making an appropriate lending decision.
- Show proficiency in interpreting corporate financial statements.
- Demonstrate proficiency to structure deals effectively.
- Understand how to source loans through effective networking and business development.
- Understand, interpret and adhere to lending policies, procedures and the ever-changing banking regulatory environment.

Students who completed each of the courses (and received a grade of "C" or better) were awarded three credits at the University of Rhode Island (pending University approval protocols) and a Certificate of Completion issued by the Rhode Island Bankers Association. Certificates awarded with distinction were given to students who receive a grade of "B" or better.

VI. Achievements

Partnerships

Collaborating with a Large Number of Partners

RIFSI noted a major success of the training program was getting over 20 banks and commercial lenders, all considered competitors, to work together to develop the curriculum for this training and send employees to the training. Another success of collaboration was when RIFSI was faced with the issue of defining what a “credential” was or looked like in the industry, and RIFSI was able to successfully create and define an industry recognized credential/certificate. This credential entailed receiving the credit for the courses completed at URI.

Recruitment

Meeting Recruitment Goals

RIFSI was successful in meeting the recruitment and training objectives for its program as initially proposed. Recruiting training participants through banking partners proved to be the best strategy for this partnership.

Trainee Barriers

Few Trainee Difficulties

RIFSI experienced very few difficulties regarding trainee barriers. Training participants had adequate transportation, and because the training was offered during work hours, daycare and other family supports were already addressed. Further, RIFSI did not encounter difficulties regarding skills deficiencies for training participants in the Fundamentals of Banking course.

Pre-Training Phone Calls

For the Fundamentals of Commercial Lending course, the instructor made phone calls to participants if there were any questions about whether they were prepared for the advanced material provided as part of the training. Because of this, only one participant in the Fundamentals of Commercial Lending during the first semester struggled with the advanced material discussed in the training.

Training

Positive Feedback and Duplication

A major achievement of this RJRI grant has been the positive feedback both from attendees and partners regarding the content of the training. Two of the URI instructors received positive feedback from the participants including the suggestion that, “all HR [Human Resources] staff should take the Fundamentals of Banking training so they have a more broad understanding of the industry.” The training content exceedingly met the needs of the industry so much so that a regional training provider seemed to utilize the same exact content to develop its own training program.

Successful Training Provider

Further, the consultant employed at URI who helped to develop the commercial lending training and had a lot of experience in the banking industry was highly praised, and RIFSI believes he contributed to the well-received curriculum for the commercial lending module. Related to this and as evidence of the interest in the curriculum content, only a couple of individuals dropped out of the training.

Transition from Training to Employment

Nearly all training participants were incumbent workers, so RIFSI did not discuss any achievements with the transition of trainees to employment.

Other

Outside Funding

RIFSI has been highly successful. This success has allowed RIFSI to attract outside sources of funding from the banking industry. With a diversified source of funding, RIFSI has already made great progress in year 1 towards a fully self-sustaining model.

Table 2. Performance Metrics

IG-16 RI Financial Skills Initiative (RI Bankers)	Start Date of First Cohort	Proposed End Date for All Cohorts	Target Enrollment	Enrolled	Target Completed	Completed
Recruitment, Training, and Employment						
Fundamentals of Banking	2/4/16	5/11/16	30	31	30	30
Fundamentals of Commercial Lending (Incumbents)	2/4/16	5/11/16	20	19	20	17
Fundamentals of Commercial Lending (Job Seekers)	9/8/16	12/15/16	1	1	1	1
Employed After Training					1	0
Other Objectives						
Total Participants that earn a certificate					40	48
College Credits Attained					40	Unknown
Total Participants promoted due to training					TBD	Ongoing
Total Participants receiving an increased wage due to training					TBD	Ongoing
Employer Satisfaction Survey					TBD	Unknown

VII. Challenges

Partnerships

Difficulties Partnering with URI

RI Financial Skills experienced a number of obstacles in partnering with URI. Partially, this challenge was due to the discrepancies in speed and efficiency in comparing private industry with higher education. Issues surrounding registration and tuition became time-costly obstacles for the partnership, which lead applicants to spend more hours performing administrative functions on the grant than originally anticipated. URI also did not possess the ability to process payment from the federal government to compensate for the tuition of a participant who was unemployed. In the end, this barrier required the grantee to borrow the money needed to pay for the student, including late fees assessed by URI, from DLT. The grantee was still assessing a means to wave these acquired late fees. Further, a Memorandum of Understanding (MoU) with URI never came to fruition due to bureaucratic challenges in getting the contracts out to instructors, so URI could not pay the instructors without contracts. RIFSI ended up asking the DLT for RJRI grant funds to cover the instructor costs. URI could not provide the DLT with an enrollment list due to privacy laws. Another administrative issue was that URI would not award credit to students who did not matriculate. Several students took the courses at URI but did not matriculate and were not awarded credit. Lastly, providing the class within the URI structure meant the partnership had to meet minimum enrollment requirements, so when the partnership encountered recruitment issues during the second semester, RIFSI had to work diligently to fill the open spots in the class, and these difficulties caused them to question the sustainability of the training program. RIBA is only a part-time organization, and the staff had to spend many hours problem-solving how to handle the various challenges it had in working with URI.

Difficulties Communicating With DLT

RIFSI encountered challenges when communicating with the DLT about enrollment metrics. RIFSI had been documenting participants who eventually dropped out as successfully enrolled. The DLT did not agree with RIFSI about this classification and therefore did not count dropouts as enrolled. RIFSI had also been under the impression that RJRI would be able to pay for the second semester of training. RJRI was not able to provide additional funds for the fall semester of 2016 and therefore suggested an incumbent worker training grant.

Recruitment

Lack of Recruitment from Partners

The partnership faced a lack of recruitment from any entity besides the banks who had committed to sending a certain number of employees. For the second semester of 2016, RIFSI had planned that URI students would take the training, that DLT would know individuals who were unemployed who could take the training, and that underemployed individuals would be interested. However, this never came to fruition.

Trainee Barriers

Training Hours

One of the partners had originally suggested evening trainings; however, RIFSI found that employees, many of whom had young families, preferred taking the training during work hours. This is why RIFSI chose to offer most of the trainings from 3-6pm. One issue discussed by RIFSI was that some employees in the trainings mentioned that their bank required the trainees make up the hours they missed while they were at the training, and one employee requested that trainings be offered on Saturdays to avoid having to up make up hours. Other banks were more flexible and did not require employees to make up hours while they were at the training.

Training

Unpopular Training Providers

One of the training providers who is no longer employed by URI was not received well by the attendees. There were some questions that he was unable to answer, and participants had to rely on more senior-level attendees (e.g. students) to try to answer some of the questions during the training.

Transition from Training to Employment

Nearly all training participants were incumbent workers, so RIFSI did not discuss any challenges with the transition of trainees to employment.

VIII. Sustainability

Following the first year of implementation, the grantee was quite concerned about sustainability. RIBA does not think that its bank members will have enough people to be able to provide the training at URI more than once per year. RIBA had proposed that state funding would help the partnership to launch the pilot of its program in the spring of 2016. The bank partners then met to discuss options for funding the program after the first session in the spring, and have discussed employer sponsorship of participants as a means of sustaining the program for the future. RIFSI expects that banks who are not members of the RIBA will pay the required fee per student should they choose to send their employees to the training program, and that through the Rhode Island Department of Labor and Training, recent college graduates and unemployed/underemployed individuals might receive funding in order to participate. To aid in long-term sustainability of the banking industry, RIFSI does suggest that active recruitment of college students and college graduates would be an important next step in changing perceptions about banking as a viable career, which would help in filling the vacant positions in the coming years.

IX. Lessons Learned

The following lessons were learned by RIFSI in executing this training program:

- Implementing new curriculum within higher education institutions requires multiple bureaucratic steps and is an often time consuming and lengthy process.
- In the future, consider providing in-house training at bank partners to avoid the additional administrative steps required at a higher education institution.
- Recruitment for trainings beyond banking partners can pose challenges.

X. Best Practices

These best practices were utilized by RIFSI:

- Develop curriculum in consultation with banking partners and consultants from higher education institutions.
- Hire instructors with a great deal of experience in the banking industry who are connected with institutions of higher education and have experience in teaching.
- Pay for training costs for participants.
- Work with bank partners to allow employees out of work for training purposes and provide training during work hours so that employees can continue to be paid through their employer while at the training.
- Provide training in the late afternoon/early evening for incumbent banking employees to ensure the training does not interfere with family time.
- Recruit training participants from banking employer partners.

XI. Recommendations

Based on the successes and challenges of the RIFSI program, the following recommendations are suggested to RJRI:

- Provide assistance to help recruit individuals to take the trainings (e.g., hold an information session/recruitment at DLT or within higher education institutions).
- More closely partner with banks, particularly larger banks with many employees, to ensure more employees take the training.
- Provide the training at banks or in close proximity to participating banks to increase recruitment numbers.
- To get college students interested in the modules, help connect the training modules to actual college courses and/or with an internship in the banking industry.
- Work directly with higher education institutions to develop plans for avoiding late fees when they are awaiting federal or state reimbursement and consider working out a Memorandum Of Understanding (MOU) with these institutions in advance so that training partners can avoid experiencing bureaucratic challenges when implementing the training program.