

**CAREER ADVANCEMENT**

From 'Work First' to 'Worker Mobility'



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**Stuart Rosenfeld** Regional Technology Strategies, Inc.



915 Broadway, 17th Floor, New York, NY 10010

Tel: 212 473-0255 • Fax: 212 473-0357

Email: [info@seedco.org](mailto:info@seedco.org) • [www.seedco.org](http://www.seedco.org)

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Seedco is a national nonprofit intermediary that works with local partners to create economic opportunities for disadvantaged job seekers, low-wage workers, and neighborhood entrepreneurs. Seedco's policy research offers a practitioner's perspective on workforce and economic development policy implementation, presenting a pragmatic assessment of the opportunities and obstacles inherent in developing programs and accomplishing systemic reform.

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# From ‘Work First’ to ‘Worker Mobility’

## A CRITICAL REVIEW OF CAREER ADVANCEMENT STRATEGIES

by Emma Oppenheim and Ben Seigel

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### EXECUTIVE SUMMARY

Career Advancement strategies in workforce development have captured the attention of program administrators, funders, and researchers alike. New models have emerged to help low-wage workers gain upward mobility through intensive and sector-focused training programs. But these programs serve a narrow range of workers, screening out those with lower skills or career aspirations outside of a handful of industries, and operate at a small scale. Seedco’s *EarnMore* pilot explores an alternative career advancement program model, offering intensive career coaching services and leveraging labor market services available in the community. Preliminary results suggest that this client-focused and lower-cost model is filling a crucial gap in services for incumbent workers, helping a broader range of workers advance in a diversity of ways.

## INTRODUCTION

For millions of low-wage workers, just getting by is a fact of life. Although they play by the rules, work hard, and bring in a paycheck, disadvantaged workers face a frustrating path to upward mobility.

A new generation of “work first” employment programs, guided and funded by the Temporary Assistance for Needy Families’ (TANF) Welfare-to-Work (WtW) system and the Workforce Investment Act’s (WIA) One-Stop system, have focused primarily on improving the working poor’s economic well-being through the power of the labor market. Contracts at the state and local levels for WtW, One-Stop, and other workforce services largely reward programs that achieve short-term employment outcomes, such as initial job placement and six-month job retention. These employment programs have primarily helped low-income people without jobs and former welfare recipients find employment and stay in the labor market. However, too many of these workers are stuck in low-wage jobs and lack access to flexible and convenient services that can help them advance beyond entry-level positions. Now, as the economy slips deeper into recession, and millions more low-wage workers face economic instability, it is even more critical to explore solutions that help workers’ prospects for advancement.

Seedco became interested in career advancement strategies in part through its own experience assisting clients of its large-scale WtW and One-Stop workforce development programs. Although Seedco offered its clients high-quality employment services and successfully helped many job seekers obtain and retain employment, its clients were often unable to move beyond initial low-wage jobs.

Of course, Seedco was not alone. In the past 10 years, career advancement has become one of the most discussed topics among practitioners, policymakers, and funders who are focused on helping the working poor succeed in the labor market. Nonprofits, community colleges, public agencies and others have developed programs that are dedicated to improving disadvantaged workers’ earnings and helping them establish careers. Evidence suggests that these programs have

helped participants attain jobs with family-sustaining wages and a potential for continued upward mobility. They have attracted significant attention for their outcomes, and their models have been examined for lessons learned and replication across the country.

Still, much work remains. It’s true that thousands of low-wage workers have been helped by career advancement strategies—often referred to as career pathways, career ladders, or “sectoral” employment initiatives. Numerous best-practice case studies have pushed practitioners across the country to continuously improve their programs. Yet, these experiments in career advancement are primarily small-scale or demonstration pilots. They reach a limited range of workers, mostly enrolling participants with relatively high skills.

Although many career advancement programs draw on public dollars including TANF and WIA funds, they also tend to invest in high-cost services that require funding beyond that offered by the large-scale workforce development and human services contracts at the state and local levels.

Seedco's *EarnMore* program explores a new approach to scalable career advancement programming. Seedco is interested not only in programmatic best practices but also in system-wide reform. As a practitioner operating publicly funded workforce programs, Seedco was driven to investigate pragmatic and incremental solutions to creating career advancement opportunities for a wide range of workers through its WtW and One-Stop contracts. Enrollment in *EarnMore* is open to workers of all educational and skill backgrounds and career interests, and costs are kept low by leveraging partnerships and a constellation of existing services. Early results suggest that career advancement strategies can produce real gains for a broader range of low-wage workers, at a lower per-capita cost, than is currently achieved by existing career advancement programs.

This report examines the landscape of career advancement programs, compares their strategies and performance to Seedco's *EarnMore* program, and offers recommendations to practitioners, policymakers, and funders about how to make good on the promise of the last decade's workforce revolution and move from "work first" to "worker mobility."

## CONTEXT

Today, the poor and disadvantaged are more likely to be working than those of a generation past, but they are also less likely to enjoy decent wages, employer-sponsored benefits, or career mobility options. Changes in the economy have dramatically increased the number of jobs that pay poorly, while changes in policy have ensured that disadvantaged workers draw most of their income from a paycheck, not a welfare check.<sup>1</sup> Some of these workers use their entry-level jobs as a stepping stone toward better positions and higher wages. But a large and growing cohort of workers will spend the majority of their working lives toiling at or near minimum wage.<sup>2</sup>

Over the past few decades, employment and training policy has reflected changing priorities. From the 1970s to the 1990s, federal policy emphasized job training and skill development, as per the Comprehensive Employment and Training Act and later the

Job Training Partnership Act. In the 1990s, policy backed away from government-funded human capital investments in favor of policies that emphasized work experience. Through the passage of welfare reform in 1996, which created TANF, and the overhaul of federal workforce legislation in 1998, under the WIA, funding and program guidelines were reorganized under a "work first" philosophy, prioritizing employment over training and education.<sup>3</sup>

The newly reconfigured policies reflected a belief in the power of employment to lift individuals out of economic straits and on the path to prosperity.

**Once employed, the thinking went, workers would gain skills on-the-job and access professional networks that no training program could offer. Their careers, naturally, would advance upward.**

Under TANF and WIA, and their respective WtW and One-Stop systems, workforce programs were measured by—and rewarded for—achieving job placements and short-term job retention. As a result, "light-touch" job placement programs flourished, since employment programs guided and funded by these policies realigned resources to focus on helping clients get a job—whatever job they were qualified to get at that moment in time. Once employed, the thinking went, workers would gain skills on the job, as well as access to professional networks that no training program could offer. Their careers, naturally, would advance upward.

These programs successfully helped millions of workers find jobs and stay in the labor market. But studies also showed that few workers experienced wage growth. Instead, most were cycling in and out of low-wage jobs.<sup>4, 5, 6</sup> Seedco's own experiences operating WtW and One-Stop contracts mirrored those of its peers. With obligations to its state and local government funders to meet ambitious job placement and retention goals, Seedco found it nearly impossible to help clients advance in their careers under these contracts. A recent analysis of a sample of Seedco's clients under its New York City WtW contract found that while about 75 percent of clients were still employed 12 months after their initial job placement (though

not necessarily in the same jobs), the average wage gain from initial placement was six cents.<sup>7</sup>

The frustrations of Seedco and its peers inspired a range of attempts—some new, some old—to improve prospects for the working poor. Most functioned by offering additional support to low-income workers. Some advocates launched campaigns to raise the minimum wage, establish local living wage ordinances, unionize vulnerable workers, and expand the Earned

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Income Tax Credit. Others sought to promote the growth of jobs in living-wage industries by offering tax incentives to selected businesses. Some efforts sought to convince businesses to improve their treatment of employees as a productivity-enhancing investment.<sup>8</sup>

Alongside these campaigns and efforts, career advancement programs have generated much activity and attracted significant attention. Entrepreneurial workforce development organizations began to explore new strategies within the limits of federal funding streams and the corresponding state and local contracts that rewarded employment programs focused on short-term outcomes strategies. With the encouragement and support of private philanthropy, and the enthusiastic interest of a small number of industries experiencing skilled worker shortages, programs crafted a service

model that was explicitly advancement-oriented, seeking to help workers achieve wage and career upgrades. Many drew on the “work first” federal funding streams, but they almost always depended heavily on private philanthropic support or pilot grants from government. These small-scale programs, explored in detail below, aimed to demonstrate that upward mobility was possible with the right kind of investment—the kind of investment that was not possible under the restrictions of the federal funding streams behind state and local contracts.<sup>9</sup>

These career advancement programs boasted stronger outcomes than many other workforce development programs. But, at a very broad level, they also highlighted a widening schism in the workforce field. Light-touch job placement programs, which rely largely on the major federal funding streams, are on one end of the spectrum. At the opposite end are the intensive career advancement programs that rely largely on private philanthropy. While some programming occupies the middle ground between the two, such as occupational training, apprenticeship, and supported work programs, no replicable advancement models have emerged.

As Seedco acutely understood serving disadvantaged workers through WtW and One-Stop contracts, a crucial concern was how to assist a broad range of clients, with a wide range of skills and needs—at a low enough cost that the model could be replicated system-wide.



# LOOKING OUTSIDE:

## A FIELD SCAN OF CAREER ADVANCEMENT PROGRAMS

Across the country, private nonprofits, community colleges, public agencies, unions, businesses, and others have launched career advancement programs. These efforts aim to put low-income workers on the path to prosperity by offering participants a highly structured package of activities intended to help them ascend within a particular industry.

The federal funding streams for employment services to disadvantaged individuals and dislocated workers are generally poorly designed for incumbent, working adults. This is true of vehicles such as TANF and WIA with their focus on immediate job placement, as well as other programs, such as the states' Adult Basic Education and community college offerings, which provide limited services beyond skills training during traditional working hours. Career advancement programs, meanwhile, help workers pursue good jobs in high-growth, high-wage industries with opportunity for advancement.

For example, Capital Idea, located in Austin, Texas, identifies industries with good wages and significant labor needs, such as health care or information technology, and offers underemployed participants intensive and customized training to prepare them for entry-level jobs in those fields. Philadelphia's District 1199C Training and Upgrading Fund operates an accredited health care training center jointly funded by the health care union and a coalition of local hospitals and health care providers, with courses ranging from practical nursing to radiation technology, even boasting students who have gone on to receive doctorates. The Wisconsin Regional Training Partnership offers a skilled trades apprenticeship program.

Some programs have been examined closely and outcomes are promising: An Aspen Institute survey of graduates of six advancement-focused programs found that working participants' earnings had risen from an average of \$8,580 before the program to \$14,040 in the year following, and \$17,732 in the

**These programs look for fields that offer family-sustaining wages at entry- and mid-level positions but are having trouble finding workers, and seek to bring participants' education and skill levels up to meet employers' needs.**

second year after completion. In addition, 66 percent of clients were working year-round in the second year, compared to 23 percent before training.<sup>10</sup> The field has even matured enough that a cadre of technical assistance and training providers now offer organizations and governments help in designing and implementing career advancement programs.

At the same time, many states' community college systems and campuses have also begun new initiatives to target specific barriers to career mobility. For example, Michigan has begun a new initiative to make community college free for large numbers of workers, while Washington has begun to offer financial aid, case management, and supportive services to cohorts of disadvantaged students pursuing high-demand fields. The federal Department of Labor's High Growth Job Training Initiative funds advancement-oriented training programs in a range of high-growth industry sectors such as health care, advanced manufacturing, and biotechnology.

## THE MODEL: A STRUCTURED PACKAGE

Career advancement programs share some essential features regardless of whether they are administered by nonprofits, community colleges, employer partnerships, unions, training institutions, or public agencies.

**INDUSTRY ENGAGEMENT** involves programs working collaboratively with businesses to design strategies that benefit both workers and employers. Program representatives often serve as intermediaries, matching information between workers and employers and providing necessary interventions to align the interests and needs of both. By focusing intently on high-growth, high-wage industries that offer opportunities for advancement, programs ensure their participants

The high per-capita cost of alternative services—in some cases, as high as \$17,000 per client—create a financial imperative for programs to screen out participants who may not have the appropriate base of knowledge or work experience.

will find jobs that lead to self-sufficiency and upward mobility. Career advancement programs develop a body of in-depth knowledge about the field for which they are preparing workers, identify industry workforce needs that are not being met, compare employers' needs to the skills and education of the local labor pool, use that knowledge to design and implement a training program, and continually stay on top of changes in the industry or the workforce. Additionally, some advancement programs use their close relationships with employers to encourage industry-wide improvements in worker conditions and business practices.

**SECTOR-FOCUSED TRAINING** is at the heart of most advancement programs. Programs identify the skills and education that workers will need to be hired for job openings, and then design appropriate training or instruction that provides real-world and business-relevant skills with the help of employer partners and advisers. Practical experience is a core component of training, and many programs also place participants in apprenticeships and internships. Mike Leach of the Southern Good Faith Fund explained that their Career Pathways program, delivered in partnership with local community colleges, strongly emphasizes employer engagement: "In many ways they're doing what community colleges are supposed to be doing anyway: Providing training that's supposed to be worth something in the market."

Worker-friendly advancement programs try to craft their curricula to better meet the specific needs of working students. One of the largest barriers faced by working students is the length of time it takes to complete a course of study while studying part-time, especially if preceded by a few semesters of remediation or complicated by changing life circumstances. Thus, many programs offer accelerated and intensive courses that can help workers quickly. Anne Keeney, executive director of Seattle Jobs Initiative (SJI) explained, "There's no magic to this, it's a trade-off. You could say people are going to have to work full-time and we're going to offer this class two nights a week and weekends. But my fear is one night a week is going to take them forever and it's really easy to get discouraged."

**SCREENING AND PREPARATION** allows advancement programs to ensure they enroll the right candidates for work in that field. Because the programs are rigorous and intensive, they cast a wide net to bring a large number of potential participants and select participants based on their knowledge, experience, interest and motivation. Although participants come in with a relatively strong base of both hard and soft skills, most programs also offer bridge programs to help participants prepare for difficult and intensive education and skills training. These bridge programs, for example, might accelerate the time frame of a conventional adult education program or incorporate aspects of vocational training to make courses more accessible. Judy Taylor, program director at Jobs for the Future (JFF), explained, "For employers who are hunting for people



with mid-level technical skills and experiencing shortages, there's real interest. But the people who work for that employer are four, five, six grade levels away from being a technician. It's a long and discouraging activity for employers to think about moving them up, and they usually lose interest. So the programs go and find people who read at 10th grade level, pull them from One-Stops, and put them in a bridge program."

**CASE MANAGEMENT** helps participants manage problems that might prevent them from completing a program and finding employment. Program staff help connect participants to ancillary services to handle such issues as arranging child care and transportation or overcoming housing problems. Urban Institute researcher Karin Martinson, who has studied career advancement programs, said: "What we found in all these programs, regardless of how the ladders worked, was the importance of supports—a career counselor, case manager—someone that's focused on helping you navigate the system as well as other barriers."

Case management also provides encouragement to persist in the face of adversity and helps with problem-solving. Taylor from JFF explained how important she has found this role to be: "We've found the life problems are extensive. A lot of the coaching becomes saying, 'Hang in there, I know this is a dark time.'" Programs also develop participant cohorts, in which a group of students progresses in program activities together, to help low-income workers overcome the disheartening aspects of training and education by fostering peer support.

**JOB PLACEMENT** helps participants find work quickly upon program completion, in part through cultivated relationships with employers. Traditionally, community colleges and other training providers have done little to help students apply their new skills and credentials to the labor market. Advancement programs, on the other hand, teach participants to plan a career that complements other newly acquired skills. These programs help participants locate their first jobs and offer ongoing support to employed clients in navigating workplace challenges. Placement services also continue after a participant is hired, and follow-up helps ensure that participants keep their jobs or find alternative employment if an initial placement is a bad fit.

## LIMITATIONS

Career advancement programs can help disadvantaged workers move toward family-sustaining wages and economic stability. But their approaches have typically exhibited a limited breadth and reach, discussed below.

### ALTERNATIVE SERVICES

Career advancement programs often build a set of services that parallels that offered by federally funded employment services programs, as well as other, additional services. The costs of establishing these alternative services can be high. Allison Gerber, a research associate at the Aspen Institute who focuses on sector-based workforce programs, explained that, "It's unfortunate when a sector program is duplicating what should already be happening from other resources, but it happens." Keeney points out that SJI is only able to offer a case manager for community college students because: "We get \$2.4 million from the city of Seattle out of a total budget of \$3.2 million. It's a well-liked program and those are general fund dollars. We have that luxury and we consider it important enough to pay for." But by building expensive services, advancement programs' financing is vulnerable in the long run.

Furthermore, the high per-capita cost of alternative services—in some cases, as high as \$17,000 per client—create a financial imperative for programs to screen out participants who may not have the appropriate base of knowledge or work experience. "If somebody is clearly not fit for an industry, a sector program isn't obligated to serve them," explained Cheryl Feldman, executive director of the District 1199C Training and Upgrading Fund. What's more, students with significant personal difficulties are often unable to participate in short, intensive courses because of full-time work schedules and family demands that keep them from focusing intensively on their studies.

## SECTOR FOCUS

A sector approach can limit a program's ability to reach workers outside of the narrow range of industries served by advancement programs. While a sector approach is theoretically applicable to all industries, in reality it is most successful in health care and, to a lesser extent, in manufacturing, with a scattering of successes in a few other fields. For example, when Kentucky announced career advancement funding for its colleges, 12 of the 16 original applications proposed programs in health care and nursing. As Martinson, from the Urban Institute, explained, "Some industries are more amenable to career ladders than others. It is easy to go from Certified Nurse's Assistant to Licensed Practical Nurse to Registered Nurse: There is a path there. But in some fields it may not make sense, and a better job could be in another sector, or may be a path that you create for yourself." Not all workers want to work in the targeted industries, and the growth in low-wage jobs in the retail and service sectors means that many disadvantaged workers will work in industries that are not a good fit for existing advancement models.

Additionally, a sector strategy's success is contingent on industries and economies performing as expected. Programs work hard to gather labor market and economic data, and connect with business owners to further enhance their understanding of the target sector's employment needs, but the future is ultimately not predictable, especially within the current, unstable economy. Guaranteed entrance to a good industry with good jobs, is, by definition, out of the program's control. Davis Jenkins, a Center for Community Colleges researcher, expressed this concern, saying, "There are certain things you need to know, and you need a degree to get into the game. But these careers are so dynamic, and your field may lead you to careers in other fields as the industry changes. "

## SCALE

By focusing on alternative services and particular sectors, career advancement programs have and will continue to have a limited impact. Gerber from the Aspen Institute acknowledges that the existing advancement programs can't serve everyone: "The goal is a higher percentage of Americans at family-sustaining wages and fewer people utilizing public services. Is it OK that it's not a wholesale answer? That depends on whether or not you believe a wholesale answer is possible."

Many advancement programs hope that piloting more effective practices will encourage changes in the structure of federal workforce policies, but there is limited evidence that this is happening. The Southern Good Faith Fund's Leach admitted, "We have not gotten to the point where these programs are leading to systemic change. It's a pocket of wonderful activity within the colleges." Shauna King-Simms of the Kentucky Community and Technical College System went so far as to question the practicality of advancement-oriented systemic change: "I describe what we've done as an intentionally-orchestrated collision of workforce and academic programs, of academic and developmental education faculty, not to mention the student support and administrative pieces. You need this collision to get to systemic change, but it's not pretty and probably not worth it unless you can identify a high-wage and high-growth employment sector with employers who understand that collaboration with community colleges can advance their bottom line."

The question that remains unanswered is how to design advancement strategies that can be incorporated into employment services on a global scale. As Jenkins from the Center for Community Colleges stated, "A lot of these programs work on the margin of community colleges, or work with community-based organizations, but real change is not going to happen on a large scale unless we take on the mainstream."

# LOOKING WITHIN:

## SEEDCO'S APPROACH TO CAREER ADVANCEMENT

Over the past decade, Seedco has served and placed thousands of people into jobs, primarily in New York City and more recently in Memphis, TN. In the current calendar year, Seedco is on pace to document 8,000 job placements. Seedco primarily works with community-based organizations (CBOs) to engage and serve clients with barriers to employment. In its work, Seedco strives for higher-quality job placements for its clients, and seeks to facilitate access to work supports and other services that help individuals manage barriers like criminal records, housing instability, and limited English proficiency. While Seedco's clients typically earn a wage above the average for people placed by WtW and One-Stop contractors in New York City, those with relatively low skill and education levels have few options for good-paying and high-quality jobs, at least in the short term.

As required by its TANF and WIA-funded contracts, Seedco helps clients find work quickly. Going above and beyond contractual obligations by leveraging additional public resources and also foundation grants, Seedco has its own approach to worker retention based on experience and research revealing that many workers do not access all of the stabilizing benefits for which they are eligible—such as food stamps, health care, and child care. The research, published in Seedco's 2003 report "Benefits and Low Wage Work," outlined a new vision for utilizing income-enhancing benefits as "work supports" to help workers keep their jobs and achieve more stable employment. The research inspired the development of *EarnBenefits*, an integral part of Seedco's workforce services. Once Seedco helps clients find a job, the *EarnBenefits* program helps them navigate the application and enrollment procedures of various benefits that can buttress their finances.

Yet, even when Seedco's clients gain access to new benefits, advancement remains difficult. Many workers face significant barriers to upward career mobility that do not disappear when they maintain employment at an entry-level job.

In 2002, Seedco launched its first explicitly advancement-oriented program, the New York Information Technology Career Ladders Consortium (NYITCLC). The effort mirrored other sector-based advancement programs by connecting participants to training and services that could help them secure well-paid jobs—

in this instance, jobs in the information technology industry. With the help of the Workforce Strategy Center, a leading technical assistance provider in the area of career pathways, Seedco designed a model wherein courses at local community colleges were matched to the needs of "Silicon Alley," New York's emergent IT industry. By 2004, 223 participants had enrolled in the program; 62 percent of the students were placed in jobs, at an average wage of \$12.38 an hour.

Despite these strong outcomes, the model was not fully adequate for disadvantaged workers. The education and skill levels of clients referred by TANF and WIA programs were generally too low for them to enroll in the NYITCLC program. As a result, Seedco had to go beyond its traditional client base, in some cases recruiting through the City University of New York's four-year colleges, to find enough participants that could pass the entry exam and meet employers' demands. Moreover, the jobs that the Career Ladders program graduates found were often not in the information technology field, in large part due to the narrowing of Silicon Alley during the program's implementation years. So, Seedco went back to the drawing board.

To explore how its hard-to-employ clients, including people leaving TANF, were faring one year after finding a job, Seedco embarked on internal research, funded by the Starr Foundation. A survey of a sample of Seedco's placed workers revealed that more than

three-quarters of those who responded were still working 12 months after the initial job placement, and more than 60 percent of them had retained their original job. Still, the respondents were having less success advancing. On average, workers had increased their weekly earnings by \$19, but only 8 percent had been promoted. Furthermore, the average hourly wage gain was only six cents, indicating that most workers had increased their earnings through additional hours worked, not through wage gain or promotion.

Seedco's placed clients were not advancing on their own, and the surveys showed clients believed they would benefit from services to help them to do so. Respondents were particularly interested in career advancement workshops and 65 percent of clients requested to meet with a Seedco staff member to discuss their advancement options. Seedco concluded that because its clients' skills and circumstances varied widely, some—though not all—would be helped by the typical career advancement program like the NYITCLC and those discussed in the field scan above.

As a result, Seedco began to look for a new advancement strategy—one that would incorporate some of the promising features of existing advancement models but would also take into account its clients' needs. Seedco's clients wanted to move up, and wanted help to advance in the workplace, but they needed services that were diverse and flexible enough to meet their widely varying needs.

Just as Seedco was beginning to consider new advancement program models, Manpower Demonstration Research Corporation (MDRC) began piloting its own large-scale attempts to study the effects of broadly-defined advancement services. The Employment Retention and Advancement Program, begun in 1999, offers advancement services to working TANF recipients. Over 16 models are being explored through that initiative and results have been promising. In 2005, MDRC launched the Worker Advancement and Support Center (WASC) at three sites nationwide. This program offers help to the full range of workers engaged in federally-funded workforce services through intensive one-on-one career coaching; assistance accessing services, benefits, and work supports to clients of the WIA-funded One-Stops; and by developing worksite-based advancement and benefits-access services with employers. While WASC is still under evaluation by MDRC, initial results show that workers are using the advancement services and work supports available

to them, and that career coaches can be effective in helping workers make career decisions.

Seedco drew on these initial lessons to put together *EarnMore*, a pilot program delivering advancement services at scale and within the context of existing services. This effort received initial support for planning and development from the Mizuho USA Foundation, the Wachovia Foundation, and the MetLife Foundation. The New York City Department of Small Business Services (DSBS), with the city's Center for Economic Opportunity (CEO), provided operational support for the pilot. The Department was interested in supporting *EarnMore* as part of its strategy to provide advancement opportunities to the working poor through its Workforce1 Career Centers, the local one-stop system. Launched in mid 2007, *EarnMore* seeks to provide a more flexible and client-centered approach to advancement within the context of the services and tools provided by the major federal employment services funding streams.

### THE MODEL: A FLEXIBLE, CLIENT-DEFINED PATHWAY

In order to maximize *EarnMore*'s impact and minimize its costs, Seedco's pilot, in part, seeks to utilize the services that already exist to serve disadvantaged workers. Seedco's approach also differs from other advancement programs by serving clients regardless of their field of work, rather than focusing on just one sector. To serve this broad spectrum of low-income workers, Seedco's model considers each participant's skills, needs, and goals in the development of career and services plans.

The core features of Seedco's pilot model of career advancement are discussed below.

**EXPANSIVE ENROLLMENT** allows Seedco to target a broad range of workers; the only requirements for enrollment in the *EarnMore* pilot are that participants must have been working for at least six months and be earning \$14 per hour or less. Seedco systematically reaches out to workers who were served through its TANF and WIA-funded workforce programs, and those account for about one-third of the participants across the four program sites. At one program site, former clients represent 50 percent of participants.

Clients enrolled in *EarnMore*'s first year varied widely. Their ages are fairly evenly distributed between participants in their 20s, 30s, and 40s. Sixty percent of the participants are women. *EarnMore* participants are typically harder to serve than those enrolled in



more heavily screened career advancement programs. For example, many have criminal records and speak English as a second language. However, they also have a higher level of education than Seedco's average TANF or WIA customer: Most have at least a high school diploma but less than a college degree. They also tend to have a stronger recent work history than Seedco's typical TANF or WIA client, with an average length of employment of 18 months before enrolling in the program. Finally, clients have an average wage of \$9.35 an hour, on par with Seedco's general TANF and WIA population.

**CLIENT-TAILORED SERVICES** allow clients to pick the advancement-oriented activities that best meet their needs. *EarnMore* acts as an information and referral network, combining resources into a package that works for each client, including community college and nonprofit-based education and training courses that are generally the same as those offered to all students.

As a result, *EarnMore* participants enroll in a wide variety of career advancement-oriented services. For example, in the program's first year, no single sector accounted for the majority of fields being pursued by the participants engaged in skills training and education. Courses of study include—but are not limited to—basic education and English language, health care, hospitality, technology, commercial driving, building maintenance, food service, and human services; a number of participants also enrolled in a range of community college associate's degree programs.

**CAREER COACHING** is the linchpin of Seedco's advancement model. Coaches, based at three community organizations in the Bronx and Manhattan—Citizens Advice Bureau, Gay Men's Health Crisis, and Henry Street Settlement—and at and the Upper Manhattan Workforce1 Career Center operated by Seedco, work with each participant to develop a personalized advancement plan, and then help participants put their plans into action. Unlike more traditional case managers, career coaches help plan and implement a career strategy and select appropriate service options. In addition, the coach offers career training on topics such as how to negotiate with employers for better wages or hours.

Early results suggest that just the help of a career coach can lead to positive results. So far, more than half of *EarnMore*'s clients who have enjoyed an upgrade have done so without additional training. This does not

## PARTICIPANT PROFILES

### Shirley Baylock

Shirley Baylock had spent years moving from one job to the next, cycling in and out of low-paying clerical and department store positions that rarely offered benefits and left her straining to pay her bills each month. Baylock had been so anxious to have and keep a steady job that she had neglected her longer-term aspirations—finding a position in the banking industry.

Baylock enrolled in *EarnMore* after Henry Street Settlement, where she had attended a two-week job readiness workshop several years before, reached out to her. She worked with her career advancement coach to learn about the job opportunities available to her in financial services, rework her résumé, and build her confidence for job interviews, including practicing how to present her previous experience as a cashier. After two months, Baylock landed a job as a bank teller at CapitalOne Bank. Her new job pays \$12 an hour—an increase of almost \$4 an hour from her previous position. The position offers health and dental coverage as well as benefits including a 401(k) retirement plan and paid vacation and sick days. Her career coach explained that “she was very determined,” but nonetheless needed a significant amount of help to move into her career of choice. Baylock herself counts the job coaching as the key to her success: “He taught me to strive for me, and that I didn't have to settle for just anything.”

### Bryant Scott

Although Bryant Scott had held a steady job as a part-time supervisor with United Parcel Service (UPS) for eight years, he felt his career was stalling. With a family of three girls to support, Scott visited the Upper Manhattan Workforce1 Career Center operated by Seedco where he enrolled in *EarnMore*.

Scott worked with his career coach for nearly a year, putting both a short-term and long-term plan into action. First, he applied for and received a WIA-funded grant to enroll in a building maintenance training program. Second, while in training, he worked on other career and workplace skills, which helped him secure a performance-based raise at his current position, giving him an additional \$50 per paycheck. Now, having completed his training program, Bryant is in the process of finding a better job using his new skills, either within UPS or another company. Scott explained that, “The *EarnMore* program has helped me learn career skills, such as asking for a raise and how to constructively deal with negative workplace situations. And everything I have learned has prepared me to go on to other career opportunities.”

discount the importance of training as a component of career mobility: Many participants are currently enrolled in training, and will see an upgrade after their courses are complete, while others have achieved an initial pay raise or increase in hours through counseling, but are also enrolled in training as part of their longer-term career plan. But it does suggest that there are significant benefits in offering disadvantaged workers access to one-on-one assistance in plotting and executing a course to advancement.

**EMPLOYER PARTNERSHIPS** allow Seedco to target industries and employers that offer better opportunities for participants. *EarnMore* works closely with employers to identify upcoming job openings and requirements for workers. Seedco also works with employers to place new entry-level workers from Seedco's TANF and WIA programs in positions left vacant by advancing workers. In addition, Seedco leverages its free business services to coach companies about the bottom-line benefits of promoting internal advancement.

For example, Seedco has forged a strong partnership with the New York City online grocery delivery company Fresh-Direct to help participants get their commercial driver's licenses (CDLs). The company, which hires many of its entry-level workers from Seedco's TANF and WIA workforce programs, has an ongoing need for drivers with CDLs. With Seedco's encouragement, FreshDirect agreed to pay its drivers who attained provisional CDLs a bonus of \$220, and those who attained their permanent CDLs an additional \$500 bonus, and \$1 per hour raise. Seedco arranged with the training provider to give permit training to interested workers, recruiting 12 participants for its first cohort. Ten of those participants passed the entry exam and were enrolled in CDL training, of whom eight completed training and achieved their CDL on the first try.

**CUSTOMIZED TRAINING COHORTS** are sometimes developed from scratch in partnership with employers and training providers to help fill crucial gaps in the landscape of readily available education and training services. In its first year, *EarnMore* has worked with its training and community partners to organize groups of participants to take part in short-term trainings in fields typically not supported by current programs, such as guest services and hospitality, commercial driving, and hazardous materials safety.

Seedco is currently experimenting with "learning communities" for working community college students who are at risk of dropping out. Select participants—working students who have completed at least twelve credits and are enrolled in at least nine credits for the upcoming semester—are offered career coaching and internships related to their field of study. Though students are enrolled in associate's degree programs and work in entry-level jobs, few work in jobs related to their targeted careers. The hope is they can use their internship experience to apply their studies to the work world and find jobs conducive to their long-term goals.

## PRELIMINARY OUTCOMES

Since its launch in July 2007, the *EarnMore* pilot has shown promising results. The program operates at about \$2,000 per participant and about \$5,000 per advancement outcome. In its first full year of operation, 528 workers participated, of whom 213 achieved upgrades by July 2008, with many still enrolled in program services. Average weekly earnings among clients rose from \$295 a week to \$411 a week.

Of those who achieved upgrades, 73 did so through career coaching and supportive services alone—either by increasing the hours they worked, obtaining employer-sponsored benefits, or receiving a pay raise—and the remaining 140 had either enrolled in or completed training. Most participants who achieved upgrades—63 percent—did so at their current employer, with 86 percent receiving a wage gain, 45 percent increasing their hours, and 47 percent receiving employer-sponsored benefits.



## LIMITATIONS

The extent to which Seedco is able to help clients who would otherwise fail is unclear. It is important to note that *EarnMore* is a voluntary program and clients are self-selected. As such, it is likely that some clients would have achieved career mobility without the program's intervention. Beyond this limitation, some of the key operational challenges that Seedco has experienced during the first year of *EarnMore* are discussed below.

## LEVERAGING EXISTING SERVICES

Seedco's *EarnMore* pilot puts the existing infrastructure of employment services to use in order to keep its per capita costs low and the number of workers it serves high. While the *EarnMore* pilot makes as much use of community resources as possible, Seedco has found that due to significant gaps in existing services, especially around individual counseling and customized, employer-based skills training, it has needed to augment available offerings with new services.

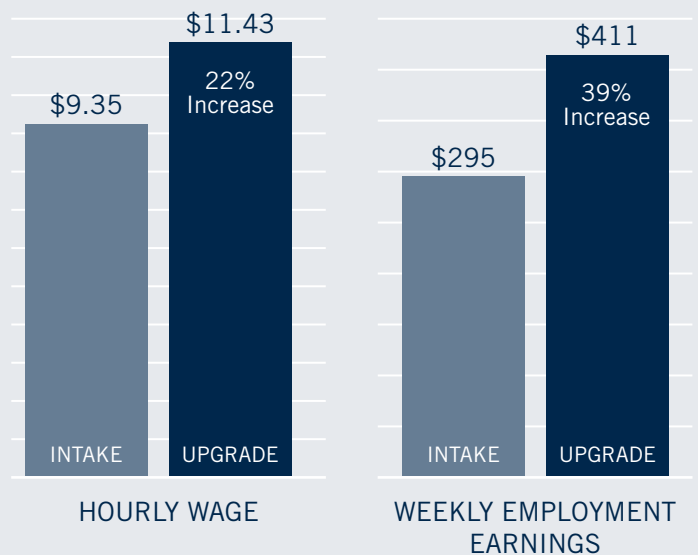
Of course, the intensive career coaching that is the hallmark of *EarnMore* is not provided for within TANF and WIA guidelines. Nonetheless, Seedco feels this service is essential if workers are to make use of existing resources. Disadvantaged workers often arrive after years of frustration, having navigated the work world largely on their own with varying degrees of success. Many need help to figure out what they want to do and how to get there. One participant, who was on parole and working as a warehouse laborer, voiced how important it was for him to have a coach offering a different perspective on what it takes to make it: "I know that in order to survive you've got to do the right thing. But every time you try to do the right thing it always seems like you get screwed and you're better off doing the wrong thing. They [*EarnMore*] tell you straight up, 'You're always gonna be at the bottom if you don't step it up.' They tell you the truth."

As the scale of the program increases, Seedco plans to experiment with using group settings and technology to offer some of the coaching services now provided on an individual basis. This, in turn, will help to further lower the costs of services. Seedco has already begun the process by creating a careers section of its *EarnBenefits* web portal (<http://newyork.earnbenefits.org/careers/>).

Seedco found that the *EarnMore* model could close gaps in the infrastructure of workforce services available to incumbent workers outside of the One-Stop system, which typically serves unemployed adults and recently dislocated workers. Many participants could find entry-level jobs, but needed basic employment help to position themselves for better jobs. Frequent areas of assistance have included how to approach a boss about a promotion or a raise, translating foreign degrees into US-recognized professional certifications, or basic computer training.

Seedco also learned that existing services are often a bad fit for working adults. Many clients faced serious difficulty finding safe and affordable child care and housing, which hindered their ability to take part in education and training. Other clients enrolled in training only to find their programs were inconvenient, especially if they were working. One participant

## EARNMORE YEAR 1 ADVANCEMENT OUTCOMES



UPGRADE TYPE	%
Same Employer	63%
New Employer	37%
Wage Gain	86%
Additional Hours	45%
Wage Gain + Additional Hours	32%
Movement to Employer Sponsored Benefits	47%

completing her child care provider certification felt unprepared for her impending state certification exam because of her training provider's unresponsiveness. Another was unable to complete his culinary arts training because the classes were offered at a time that conflicted with his work schedule: "When I started, they helped me out with a job and put me in a class. They got me motivated, they got me in a chef school. But right now I'm out of the class because the job didn't want to let me go earlier to take the classes. So I'm kinda stuck." In response, Seedco has worked with community colleges and other training providers to schedule specialized *EarnMore* classes during evening and weekend hours.

### A CLIENT-FOCUSED PATHWAY

In order to reach as many workers as possible, Seedco offers participants the opportunity to pursue advancement in a wide range of fields. The program is open to disadvantaged workers with few exceptions, and it is up to them, with the guidance of their coach, to plot a course to achieve their target careers.

Early findings show that participants do pursue a wide range of advancement strategies: Training was not the most common path, and those in training chose a wide variety of industries. At one program site, only nine of the 50 participants were enrolled in training, many of whom were changing careers rather than trying to move within the industry. Among that minority of participants in training, programs ranged from training in A+ certification to commercial driving to hospitality management to practical nursing. The goals of participants varied considerably, some having little to do with moving ahead in a traditional career pathway. Some expressed that the ultimate success was being your own boss and owning your own company. Others were looking simply for job satisfaction.

While the *EarnMore* program is open to participants pursuing any career, not all workers find it to be a good fit. Participants expressed that career advancement takes a long time, especially for those with education and skill deficiencies and demanding personal circumstances, and Seedco quickly discovered that *EarnMore* participants were highly self-motivated.

Seedco also noticed that one key difference between *EarnMore* participants and other low-wage workers is that fewer of them are caring for children; more of them are adults without custodial children or are older adults with grown children. Participants with children explained that they had to make a choice between devoting time to their families and devoting time to their career progress. One participant explained, "For me, my kids' schedule does not match with mine. I find that I spend most of the time on the phone with them because we're all in different places, and when I get home they're sleeping. There's no balance."

But although adults without dependents have more time to invest in moving up the career and income scale, they are less likely to be eligible for crucial work support benefits than workers with children. Because of this, Seedco is exploring strategies to better connect its single participants without dependents to benefits and services that can be useful to helping them hold on to their existing jobs and succeed on the path to career and financial mobility.

### SCALE

Seedco's experience with *EarnMore* indicates that scale is possible—but that scale does not mean a one-size-fits-all solution. *EarnMore* has shown that existing, publicly funded workforce services can be harnessed to assist a wide range of disadvantaged workers. Most notably, efforts to help clients move up career and income ladders in a wide range of industries can be significantly aided by the help and guidance of a coach, a far less intensive and expensive intervention than other advancement models.

Though the *EarnMore* model shows promise to reach a larger number of people in a wider range of careers, it cannot reach everyone. Career advancement services should be available to all disadvantaged workers, but workers who are the most ready to move up—those without young children, and those who are self-motivated—will most be able to benefit from these services.

Without larger policy changes, a career advancement model will never address the needs of workers for whom advancement remains many steps away. Still, the lessons of *EarnMore* suggest that offering additional support to vulnerable working populations will give a broader range of workers career mobility.

# LOOKING FORWARD:

## ACTION STEPS

A low-wage worker hoping to find better pay, long-term career prospects, or employer-sponsored benefits has few places to turn to for guidance and services. Even more troubling, the current recession threatens to push more and more low-wage workers out of their jobs and into dependence on a drastically retracted social safety net than the one that existed a generation ago. It is these workers—those who maintain steady but low-wage jobs—who will need employment-related skills to keep and strengthen their foothold in the faltering labor market.

Seedco's experience suggests that broad advancement-oriented policy changes can help stabilize disadvantaged workers—many of whom teeter on the brink of economic catastrophe—by creating a system that helps them achieve upward mobility.

The following recommendations, gleaned from the lessons of the *EarnMore* pilot, suggest a path forward.

### **ESTABLISH INTERIM INDICATORS AND MILESTONES.**

The ultimate advancement outcomes—a significant wage gain, job promotion, or access to employer-sponsored benefits can take at least six months and more typically a year or more to achieve. Yet there are few commonly accepted interim indicators to identify workers' progress along the path to upward career mobility. Policymakers, practitioners, and funders should work to identify interim milestones along the path to advancement, and then both measure and reward programs that achieve these outcomes.

### **BUILD ADVANCEMENT INCENTIVES INTO WORKFORCE POLICIES AND PROGRAMS.**

It is widely-recognized that TANF and WIA requirements have pushed states and local governments to emphasize labor market attachment and short-term job retention. But in the decade since the creation of those programs, it has become clear that these incentives have been less effective in helping workers achieve career advancement and higher earnings. All of the stakeholders in workforce development—practitioners, higher and adult education providers, and employers—should have clear goals and incentives that measure and reward advancement, not just job placement and retention.

### **ADVANCEMENT SHOULD BE PART OF ALL WORKFORCE PROGRAMMING.**

Financial and career mobility must be integrated into any effort to help disadvantaged workers. Advancement-oriented milestones and goals within funding streams should be strengthened, and interventions for working clients should be built into the infrastructure of existing programs.

### **ADULT EDUCATION AND COMMUNITY COLLEGE SYSTEMS SHOULD MAKE TRAINING AND EDUCATION FRIENDLY TO WORKERS AND RELEVANT TO EMPLOYERS.**

As part-time study and juggling work with school become more common, students need access to education at nontraditional times. They also need education that ensures their success in the labor market, which means it must be industry-relevant and provide basic educational competency. As such, education and training providers should continue to improve their efforts to develop market-responsive curricula and to successfully enroll and graduate part-time and working students.

### **WORKERS SHOULD SEE STRONGER INCENTIVES TO ADVANCE IN THE LABOR MARKET.**

Higher earnings make low-wage workers ineligible for a number of means-tested benefits, which reduces incentives to pursue advancement. Policy tools such as the Earned Income Tax Credit and subsidized health insurance should be strengthened, especially for workers without children, and restrictions such as benefits asset tests loosened, in order to support workers as they work to move into higher-wage jobs.

**FORGE EMPLOYER PARTNERSHIPS.** Employers should be encouraged to partner with workforce programs. Strong employer partnerships are essential in developing successful advancement programming. Businesses should be encouraged to partner with workforce programs beyond the basic quid pro quo exchange of job postings for qualified applicants through, and seats on, Workforce Investment Boards. Tools and policies, such as employer tax credits linked to wage increases, could provide the necessary encouragement.

**LEVERAGE AND EXPAND AVAILABLE RESOURCES.** Workforce development is increasingly stretched thin, with less funding available to assist harder-to-serve populations. After a decade of experimentation with small-scale pilots, advancement strategies should help a broader range of disadvantaged workers, including working adults without custodial children, in ways that can be replicated broadly and cost effectively.

Seedco has learned that designing career advancement models that broadly and flexibly serve disadvantaged workers will require not just new programs, but new ways of thinking. The existing public funding streams for employment services are powerful tools to help disadvantaged workers enter and stay in the labor market—but it is now our collective responsibility to harness and strengthen those tools to help workers achieve upward mobility.

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