

Workforce Development Policy *and the* AECF Jobs Initiative

THE ANNIE E. CASEY FOUNDATION'S JOBS INITIATIVE shares the essential ambitions of the Workforce Investment Act (WIA). The Jobs Initiative seeks to make regional workforce development systems more effective, particularly for disadvantaged workers, through the development of on-the-ground programs in six cities. The legislation aims to streamline the country's workforce development system, making it more effective, accessible and accountable to both workers and employers. The Jobs Initiative has shown that it is possible to improve employment outcomes for thousands of under- and unemployed workers by collaborating with government agencies, employers, labor, community colleges and community organizations and by offering a mix of employment services, including job training. The challenges posed to the Jobs Initiatives sites by WIA are primarily in the details of implementation rather than in the intentions of the legislation. Increased funding, clarification of some provisions to increase access to training and remedial education, emphasis on retention and advancement outcomes and increased flexibility in contracting to the state and local implementers could give implementers what they need to realize WIA's goals.

■ BY WENDY FLEISCHER ■

The Jobs Initiative Experience

IN 1998, THREE YEARS AFTER the Annie E. Casey Foundation launched the Jobs



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Since 1995, the Annie E. Casey Foundation has supported the Jobs Initiative, a six-city workforce development initiative. The Foundation has commissioned workforce specialist Wendy Fleischer to prepare a series of issue briefs on the Initiative and its implications for policymakers.

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SECOND
IN A SERIES

Initiative, Congress enacted the Workforce Investment Act (WIA). The Jobs Initiative, premised on the value that disadvantaged people should be able to work their way out of poverty, not only aims to improve the lives of the disadvantaged workers served by the programs, but to improve the local workforce systems. Foundation staff and trustees designed an initiative that integrated proven strategies and tested them in six metropolitan areas. The Jobs Initiative hypothesized that:

- The quality of the job matters;
- Meaningful employer involvement dramatically improves employment outcomes;
- Retention and advancement in the labor market are even more important than job placements; and,
- Good employment programs are good for all disadvantaged families and, therefore, should be open and accessible to everyone.

The Annie E. Casey Foundation selected intermediary organizations – in one case a city agency, in other cases, regional, nonprofit workforce organizations – to test these hypotheses. The following organizations undertook to develop close allegiances with employers in growing, high-paying sectors:

East-West Gateway Coordinating Council of St. Louis; Milwaukee Jobs Initiative; New Orleans Jobs Initiative; Piton Foundation in Denver; ¹ Seattle Economic Development Department; and, The Reinvestment Fund in Philadelphia.

The Annie E. Casey Foundation funded these intermediaries to develop strategies – job training, job placement, case management, soft skills development, worksite enhancements and retention and advancement supports– to link disadvantaged workers in their cities to jobs that could lead their families out of poverty.

By March 2001, more than three years into implementation, the Jobs Ini-

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¹ The Denver Workforce Initiative has decided not to proceed into the systems reform phase of the Jobs Initiative.

tiative served over 12,500 people. The participants were even more disadvantaged than had been expected: most were single parents with children living at home (53%); 35% had less than a high school diploma; close to 20% did not speak English as their primary language; and, 56% had reported annual family incomes of \$9,000 or less at the outset of the initiative. Nearly 45% received public assistance at the time of enrollment.

Results

ACCORDING TO AN INDEPENDENT evaluation conducted by Abt Associates, Inc. and the New School University, from implementation in 1997 to 2000:

- The Jobs Initiative average placement wage was \$9.15 per hour.
- 65% of Jobs Initiative participants interviewed in a follow-up study were working 18 months after enrollment compared to 25% at the time of enrollment.
- Most Jobs Initiative participants placed in jobs remained employed for 12 months after placement.
- Participants placed in jobs were much more likely to receive medical insurance; the rate of people who were offered health insurance through their employers more than doubled, going from 33% to over 80%.
- Participants placed at higher wages increased both the number of hours worked per week and the number of weeks employed per year.

Lessons of the Jobs Initiative

The Jobs Initiative won these accomplishments by experimenting with a mix of programs and strategies. Sites that emphasized an individually tailored approach including a mix of job readiness, soft skills training, skill training, job placement and job retention/support services had better retention rates than the one site that emphasized job search alone.

Job training in the Jobs Initiative proved to be an effective strategy for increasing placement wages and improving advancement potential. For example, training programs across the sites in medical office ad-

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ministration, construction, manufacturing and business services had one-year retention rates of over 65% and average starting wages between \$8.73 and \$12.28.

All the Jobs Initiative sites targeted well-paying jobs and involved employers extensively. Even when enrollees did not participate in skills training, jobs selected based on relatively high pay scales and advancement opportunities led to higher wages for participants than they had earned at the time of enrollment. An ethnography conducted by Roberta Iversen of the University of Pennsylvania found, for the small number of participants studied, that participation in the Jobs Initiative programs provided a credential that gave disadvantaged job seekers a chance to qualify for jobs they would not have gotten otherwise.

The Jobs Initiative sites found that it was necessary to assemble an array of resources to address obstacles to employment retention but that post-employment services are neither adequately covered nor adequately coordinated by public funding streams. The Annie E. Casey Foundation and the Jobs Initiative sites, like many welfare agencies across the country, found that participants were confronting a range of obstacles to steady work including family problems, health issues, addictions, criminal records and, most often, systemic problems related to transportation and child care needs. Ethnographic research on the Jobs Initiative found that the job has to work for the family, not just the individual. Case management services before and after job placement helped families make the adjustments needed to juggle work and household responsibilities.

An independent evaluation of the Jobs Initiative shows that the working participants are better off. The ethnographic research on a small number of working families found that children experienced benefits, from more material goods to new, safer neighborhoods. In some cases, children were retrieved from foster care and enrolled in therapeutic services that corrected developmental delays. Parents' new career pathways increased both skills and wages which, in turn, instilled pride, increased self-esteem, brought additional

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supports into their lives and increased their ability to negotiate systems and institutions.

Policy Implications for WIA

THE INTENTIONS OF THE CURRENT WIA LEGISLATION are to restructure the country's workforce development system to make it more efficient and mutually beneficial for employers and workers. The Jobs Initiative shares the goals of the recent reforms; indeed, the Jobs Initiative sites have demonstrated the feasibility and efficacy of offering quality training for available jobs, which pay decent wages and provide real opportunities for advancement. WIA would better accomplish its goals if the legislation:

- were backed by sufficient resources for skills training;
- clarified that remedial education and basic skills training should be made available, as needed and appropriate to attain employment outcomes;
- focused more on employment and retention outcomes tailored to each segment of the population targeted; and, if it
- allowed the states flexibility to innovate methods to attain the required outcomes.

WIA could be made more effective with the following modifications and clarification:

Increase investment in labor education and training. At this turbulent economic juncture, worker education and training can make a critical difference for workers at risk of being under- or un-employed and businesses who need qualified, well-prepared employees. Congress should:

Increase funding for worker education and training. The Jobs Initiative has been successful in training for jobs in growing sectors that pay decent wages and offer career advancement potential.

Increase funding for retention services and for demonstration programs to develop and document innovations in retention services. The costs of retention services are not sufficiently covered by most public funding for employment services. In addition, the field is still learning how to assist workers beyond job placement and to support their career advancement. Research

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and development of new retention and advancement initiatives is needed to stimulate innovations.

Clarify the intention to increase access to training and other workforce development services. While it was the goal of the original WIA legislation to make services more readily accessible, the GAO reports that the transition to WIA has decreased the number of people receiving occupational training and limited access to workforce development services by the most disadvantaged workers. Relatively minor clarification of language in the legislation could increase needed access to workforce development services.

Clarify that training should be made available to individuals whenever it will lead to stable employment with advancement potential, as defined at state and local levels. The sequence of services prescribed under WIA prompted some localities to adopt a drawn-out process that delayed or ultimately prevented many job seekers from receiving job training. Rather than prescribing a mandated sequence of services, WIA should allow local areas to offer the package of services that most effectively responds to job seekers' needs and local economic conditions. At a minimum, the federal legislation should clarify that the local WIA implementers have full authority to determine when enrollment in training is appropriate and that a rigid and time-consuming process is contrary to the intent of the legislation.

Ease coordination between "basic skills" and "occupational skills" funding. Encourage coordination between WIA Title I services (e.g., job training) and other publicly funded literacy programs—including Adult Basic Education (ABE) and English as a Second Language (ESL)—so job-seekers can simultaneously develop both the basic skills and job skills necessary to enter skilled occupations.

Re-emphasize the intentions to create "no-wrong-door systems" rather than simply centralized one-stops. In some cases, localities have limited access to workforce services by creating one-stops that are neither accessible nor user-friendly for all workers, especially disadvantaged workers. The legislation

POLICY RECOMMENDATIONS

- Increase investment in labor education and training.
- Clarify the intention to increase access to training and other workforce development services.
- Hold the states accountable to long-term retention and self-sufficiency outcomes.
- Give the states more flexibility in local contracting.

should clarify that local Workforce Investment Boards have the authority to create neighborhood-based workforce centers (e.g., satellite one-stops) and to empower local training organizations to assess and refer residents who come through their doors.

Hold the states accountable to long-term retention and self-sufficiency outcomes. The Annie E. Casey Foundation relied on an investment approach in managing the Jobs Initiative. It set out specific outcomes and created effective systems to track them. Similarly, federal policies should identify employment-based economic self-sufficiency as their primary goal for low-wage earners, and then hold states accountable to these outcomes.

Establish a system to develop standard performance measurements. The legislation should make a provision for the creation of a tracking system for use by all WIA partners that documents key client outcomes. Outcomes, based on the benchmarks of WIA implementation and adjusted periodically based on experience and economic conditions, should include employment patterns and earnings up to and beyond 12 months. The system should allow tracking of participants across a number of federal programs to facilitate local integration of goals and resources. This would facilitate services integration and reduce the costs of implementing new tracking systems by localities and training providers.

For low-wage earners, measure both total earnings and wage gains from pre-placement levels. The Jobs Initiative sites were successful in targeting high-paying jobs and employment sectors. Their experience is consistent with the research that shows that programs that emphasize getting the best possible jobs yield better outcomes than those that focus on getting any job. The federal government should require local Workforce Investment Boards to set targets for placement wages that are adjusted for population (see below).

Create benchmarks that provide incentives to serve adults with significant barriers to employment. Since WIA covers such a wide range of employees, from people with few skills and little work experience to dislocated workers with a lot of work experience, it is important to create a set of standards appropriate for different segments of the target population. It is especially important to make provisions for serving the most disadvantaged workers so that high standards do not inadvertently discourage states and local providers from serving them.

Measure retention and wage growth at 12 months after job placement. The Jobs Initiative was one of the earliest employment programs to focus on re-

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tion rather than simply job placement. WIA improved on Job Training Partnership Act (JTPA) benchmarks by doubling 90-day retention outcomes. We now know that it is important to track participants for a year or more to know if a workforce intervention is making a meaningful impact on family self-sufficiency, therefore, the tracking period should be extended to 12 months.

Give the states more flexibility in local contracting. Different localities rely on different types of workforce development service providers, for example, community-based job training providers, community colleges and private training organizations. The Jobs Initiative relies on regional intermediaries – organizations that work to benefit both employers and labor – to create innovative programs that meet the needs of both. Considering the differences in cash flow needs of the various workforce service providers, the voucher system is not always the most suitable payment mechanism.

Allow more local flexibility on funding mechanisms. Rather than requiring the Individual Training Accounts to be the only payment mechanism, hold the states accountable to outcomes while giving them flexibility to arrange contracts that work with local players and in local conditions. As needed, allow states to advance contract costs to support up-front expenses

AS THE WORKFORCE INVESTMENT ACT was being written, the Annie E. Casey Foundation Jobs Initiative was already several years into implementing systems that shared many of the legislation’s goals. It is working closely with employers and workers to create workforce development systems that work for the most disadvantaged workers. By increasing funding for training and state flexibility, holding states accountable to employment retention and earnings outcomes and clarifying language to support WIA’s original intentions, the legislation could be more effective in accomplishing its goals to create a workforce development system that works.

**For more information about
this policy brief contact:**

Ed Hatcher
THE HATCHER GROUP
301-656-0348
ed@thehatchergroup.com

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The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of United Parcel Service, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information about the Annie E. Casey Foundation and the Jobs Initiative visit the Foundation's website: www.aecf.org, or see the "Catalogue of Innovations in Workforce Reform: Products from the Annie E. Casey Foundation's Jobs Initiative" available from: Annie E. Casey Foundation, 701 St. Paul Street, Baltimore, MD 21202; ph: 410-547-6600; fax: 410-547-6624.

WENDY FLEISCHER is an independent consultant who specializes in workforce development. The author gratefully acknowledges the support of the AECF. The conclusions and opinions contained in this brief are those of the author, and do not necessarily reflect those of the AECF or its Board of Directors.



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