



A New Approach to Low-Wage Workers and Employers

LAUNCHING THE WORK ADVANCEMENT
AND SUPPORT CENTER DEMONSTRATION

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Executive Summary

Low-income workers, a large segment of the U.S. labor market, make important contributions to the nation's economy. However, many do not keep their jobs — at a notable cost to their employers — or do not advance to better positions that would meet labor market demand for higher-skilled workers while, at the same time, increasing their own income. Moreover, even in the short term, they often do not enroll in public programs that offer financial support to low-wage workers.

Although a considerable body of research shows what works in helping people who are not employed move into work, far less evidence exists on effective strategies for helping those who are already working stay in jobs and move up the career ladder. MDRC's Work Advancement and Support Center (WASC) demonstration was created to identify effective strategies to enable low-wage workers and reemployed dislocated workers (those who, because of industry restructuring, now work in significantly lower-paying jobs than they previously did) to stabilize their employment, find better-paying jobs, and prepare for positions that require higher skills — all the while assisting employers in the process.

This report describes planning and early implementation strategies undertaken between October 2004 and January 2005 at the first two sites to join the demonstration: Dayton, Ohio, and San Diego, California. These sites offer two different perspectives on the nation's economic environment. Dayton has been particularly hard hit by cutbacks in the automotive and other industries and is losing employers. It faces the challenging of moving low-wage workers, many of whom are dislocated, into high-demand, better-paying fields. On the other end of the spectrum, San Diego represents the new, high-growth economy, fueled by the high-tech and service sectors. San Diego must help low-wage workers move into the higher-wage jobs created by this new economy. The report provides an early picture of the opportunities and challenges that lie ahead for those sites, as well as for Bridgeport, Connecticut, and Fort Worth, Texas, two subsequently selected sites. While the report should be of particular interest to workforce and welfare professionals and policymakers, it also speaks to a broad audience with a stake in both meeting labor market demand and raising the income of low-income workers.

A Thumbnail Sketch of WASC

WASC combines two strategies that have not been rigorously tested together on a large scale:

- job retention and advancement services aimed at both meeting employer needs and enabling low-wage workers to find better-paying jobs

- simplified access to financial supports for working people, including child care subsidies, the Earned Income Tax Credit (EITC), food stamps, and health insurance

WASC programs are being established in One-Stop Career Centers, which were created under the federal Workforce Investment Act (WIA) of 1998 and which, in most jurisdictions, have been used primarily to help unemployed people find jobs. Services will be provided by teams consisting of staff of WIA agencies and staff of welfare agencies that administer support programs.¹ In most jurisdictions in the United States, these two systems operate in separate bureaucratic silos and have not made assisting low-wage workers a common cause.

In pursuing their employment-related goals, the WASC programs will be flexible in their strategies, guiding some workers to education and training and coaching others to resolve job problems or seek promotions and raises. The programs will also work directly with local employers to identify second- and third-level job openings (that is, openings for positions above entry level, requiring additional training and skills), to facilitate on-the-job training, to secure advancement opportunities for WASC participants, and, where feasible, to deliver WASC assistance at the worksite, not just at the One-Stop. Strategies to promote the second goal, simplified access to financial work supports, will include implementing administrative changes that make it easier to apply for and maintain work supports and educating workers about how these supports can raise their household income. The WASC income calculator — an innovative Web-based tool that graphically illustrates the collective effects of different work supports on income at various wage levels (thus linking advancement and work supports) — will facilitate the education process.

Beginning the Demonstration

Following an extensive initial site selection process, the Dayton and San Diego sites began a two-stage pilot period in 2004. The first stage focused on initial program development and planning, while the second stage enrolled a small test group of participants. The lessons from the sites' planning and initial implementation efforts are the subject of this report.

The two sites are very different from one another. For example, the enormous, 400,000-square-foot Dayton One-Stop houses workforce and welfare programs, with services jointly administered and staffed by a single public agency. Against the backdrop of significant job losses in the manufacturing sector, the facility serves an area of declining population with rela-

¹The agencies that are responsible for administering Temporary Assistance for Needy Families (TANF) and work supports — particularly child care subsidies, food stamps, and government-sponsored health insurance — vary by locality across the United States. This report refers to these entities collectively as “welfare” or “human service” agencies.

tively few immigrants. The much smaller San Diego One-Stop, which serves a sizeable immigrant population, is operated by a for-profit business under contract to the local Workforce Investment Board. It is located in a sprawling area that has recently experienced a rise in population and jobs. Before WASC began, this facility did not house human service staff, and coordination between workforce and human service agencies was minimal. Hence, the two sites represent the two ends of the spectrum in terms of the relationship between workforce and welfare programs in the nation.

Key Findings

The early plans of the two sites have brought into sharper focus the many opportunities and challenges of WASC. The key ones include:

- **Employers have responded positively to the sites' efforts to work with them to identify advancement opportunities in high-demand occupations, new routes to participation in career advancement activities, and strategies for recruiting eligible members of their workforce for WASC.**

In an effort to build strong partnerships with employers, the sites are engaging them in discussions about roles they might play in WASC. The most promising possibilities include: identifying higher-paying, in-demand jobs into which low-wage workers could move; using employers as a recruitment source; getting employers to inform the program about advancement opportunities in their workplaces; giving participants paid release time for training; making workplaces available for on-site training and for coaching on advancement and work supports; and working with WASC staff to address job-related problems that could block participants' paths to advancement.

- **Many staff and local officials in Dayton and San Diego embrace the WASC approach as a way of taking One-Stops to the next stage of development.**

Both sites view the program's career advancement agenda as a logical and critically important extension of the One-Stop's mission to respond to local labor market needs. Although the two sites differ in the degree to which their workforce services and work supports are currently integrated, both see WASC as a chance to make a major leap forward with a new, working population and the employer community. Local leaders in San Diego noted that one major reason for deciding to join the demonstration was that WASC, which links welfare staff and workforce staff in a single unit, can be a catalyst for better connecting the county's workforce and human service agencies more broadly. In Dayton, although the workforce and welfare functions are already under the purview of one agency, WASC allows for substantially more integrated service delivery. One staff member in Dayton observed that the program would not be

“just dealing with WIA individuals or TANF individuals but with the low-wage worker.” Dayton staff, in striving to simplify access to work supports, have stressed that even minor changes would be a significant benefit to busy working people.

- **With program goals that reach far beyond the traditional objectives of workforce and welfare agencies — that is, job placement and accurate benefit determination — the sites are retooling staff roles and undergoing a significant culture change.**

The sites have used cross-training to help WASC unit members better understand the existing roles and responsibilities of team members in whichever system is unfamiliar to them, either the workforce side (mainly concerned with job search and job training) or the income support side (primarily focused on determining eligibility for benefits). Other efforts focus on career advancement activities — the top WASC priority, but one that is new to almost all team members. Thus, staff are being prepared to take on unfamiliar and challenging new roles. In some cases, they will be working with employers or coaching participants to seek promotions or raises or to find better jobs. In others, rather than only processing applications for work supports, staff may be helping participants understand how these supports can improve their overall incomes or how finding better jobs can eliminate the need for the supports. And in many cases they will be helping participants acquire — while continuing to work — new skills in high-demand occupations. What remains to be seen, of course — and what will be documented in future reports — is how much working people take advantage of the assistance WASC offers them.

- **As part of their efforts to create an ethos of advancement, the sites are devising management techniques and performance standards to keep the entire WASC team focused on career advancement and income improvement.**

WASC staff members are asked to be proactive in working with employers and in helping workers move up the economic ladder and to be bold in trying diverse strategies to further that goal. Recognizing that initial training will not suffice if staff are to meet these unfamiliar demands, the programs are starting to construct management practices to reinforce the WASC mission, including: (1) directing staff to repeatedly refer back to the advancement goals that participants themselves set at enrollment; (2) encouraging staff to view every meeting with participants as a chance to focus on career advancement; and (3) articulating performance standards that hold staff accountable for and give them credit for helping participants advance.

- **Early marketing and recruitment by the sites reflect their interest in distancing their programs from stereotypes of “welfare” programs and highlighting how WASC addresses the real-life concerns of working people.**

The sites want their programs to be viewed as a source of opportunities for people who are already wage earners, thus avoiding the stigma that leads some workers to avoid services associated with public assistance. For this reason, San Diego’s initial marketing materials stress how WASC can help working people boost their overall incomes. Dayton will try a technique that has already been used successfully at the One-Stop: relying on a coalition of community and faith-based agencies for outreach help. Because these agencies are located outside of the One-Stop, they can draw on their relationships with workers living in poor neighborhoods who are unfamiliar with One-Stops and who may have negative views about publicly provided services.

- **The sharp distinctions between Dayton and San Diego underscore the necessity of adapting WASC to settings that differ dramatically in their populations, labor markets, and institutional structures.**

The differences between the Dayton and San Diego settings mean that each site is taking on a somewhat distinctive set of challenges. For example, unlike the San Diego site, with its relatively strong labor market, Dayton anticipates that WASC participants will face heavy competition for second-rung positions from more highly skilled local workers who have lost manufacturing jobs (although some of those workers may become WASC participants themselves). San Diego must tailor its services to many more immigrants than Dayton. Public transportation to the One-Stop, which is very accessible in Dayton, is far less extensive in San Diego. Dayton’s vast One-Stop may be more intimidating to prospective participants than San Diego’s smaller-scale facility. Dayton is further along than San Diego in integrating its human service and workforce systems. Such differences across the demonstration sites will enable MDRC to gauge how well the WASC concept can be tailored to very diverse settings encompassing a broad cross-section of the low-wage population — and how it can find success in those settings.

MDRC’s implementation research will continue to track the progress of the demonstration sites. Later, the impact analysis, which will compare outcomes (for example, job retention rates, earnings, wage rates, and household incomes) for WASC participants and a control group that does not receive WASC services, will determine whether the efforts succeed, and if so, by how much. Ultimately, it is hoped that the demonstration’s lessons inform policy and practice concerning how best to meet the dual goals of promoting economic growth through increased job retention and advancement and assisting low-income workers to improve their economic prospects.