



The Next Challenge: Advancement of Low-Skilled, Low-Wage Workers

By Jerry Rubin

**INTRODUCTION TO A SERIES OF REPORTS ON
ADVANCEMENT FOR LOW-WAGE WORKERS**

JANUARY 2004



JOBS FOR THE FUTURE

CREATING STRATEGIES
for Educational and Economic Opportunity

Advancement for Low-Wage Workers:

A Series of Reports from Jobs for the Future

Jobs for the Future develops models, strategies, and policies that enable adults to advance toward economic self-sufficiency for themselves and their families. Drawing on innovative workforce development efforts around the country, our publications, tool kits, and other resources respond to the challenges to advancement for low-wage workers. With the series *Advancement for Low-Wage Workers*, JFF seeks to elevate discussion of this critical issue within and outside the workforce field. Elaborating upon the themes in the series introduction, *The Next Challenge*, these occasional papers address public policy and on-the-ground practice.

The Next Challenge: Advancing Low-Skilled, Low-Wage Workers (2004): The series introduction argues for placing not just employment but also advancement at the center of employment and training policy. It defines career advancement as a goal, explores key challenges and opportunities, and highlights strategies to help significantly more low-skill workers move up to better jobs and family-supporting earnings.

Career Ladders: A Guidebook for Workforce Intermediaries (2003): The CD-ROM-based guidebook provides information and extensive resources on planning, developing, operating, and expanding the role of intermediaries in an approach central to many advancement strategies. The guide summarizes lessons learned from innovative work across the country.

Earning While Learning: Maintaining Income While Upgrading Skills (2004): A number of programs and practices encourage skill development by providing income and supports to those pursuing further education and training. This report reviews “what works” in providing workers and job seekers with income even as they improve their ability to advance in the labor market and meet employer needs for a modern workforce.

Employer-Led Organizations and Career Ladders (2003): This issue brief reviews key elements and processes involved in creating career ladders that meet employers’ needs for a workforce with the right skills and low-wage, low-skilled workers’ needs for advancement opportunities.

Low-Wage Workers in the New Economy (Urban Institute Press, 2001): In this collection of original essays, an impressive line-up of experts describes the extent and contours of the challenge facing our nation’s working poor. The authors look at how federal and state governments can help the men and women for whom the American Dream remains out of reach.

Opportunity in Tough Times: Promoting Advancement for Low-Wage Workers (2003): Drawing on extensive interviews with innovative state officials and practitioners, this report describes ways to maintain efforts to advance low-wage workers in the face of exceedingly difficult conditions.

Workforce Intermediaries and Their Roles in Promoting Advancement (2004): This report explores the origins and core elements of workforce intermediaries, their strategies for advancing workers to family-sustaining careers, and the challenge of securing financing not just to sustain intermediary services but to expand such efforts to a scale that makes a real difference to communities.

Getting Ahead: A Survey of Low-Wage Workers on Opportunities for Advancement (2003), *Public Views on Low Wage Workers in the Current Economy* (2001), and *A National Survey of American Attitudes About Low-Wage Workers and Welfare Reform* (2000): JFF periodically commissions surveys of and about low-wage work in America.

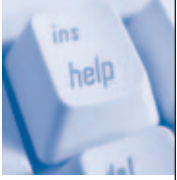
Forthcoming reports will look at practices and policies for promoting advancement for low-wage workers and innovative approaches to advancement in the City of Boston. In addition, through Workforce Innovation Networks—WINs—Jobs for the Future addresses the specific challenge of engaging employers in efforts to advance low-wage workers. All JFF advancement resources are available on our Web site: www.jff.org.

The Next Challenge: Advancing Low-Skilled, Low-Wage Workers

Table of Contents

Introduction	4
Why Focus on Advancement	5
Issues in Advancement	6
Strategies to Promote Advancement	7
New Labor Market Institutions	7
Workforce Development Systems Focused on Advancement	9
Refocusing Policy to Promote and Sustain Advancement	10
Conclusion	11
References	11

The Next Challenge: Advancing Low-Skilled, Low-Wage Workers



When Tina Forsyth, a 34-year-old single mother of three in Agawam, Massachusetts, completed an 18-month licensed practical nurse training program, she moved from a \$10-an-hour job as a Certified Nursing Assistant at a long-term care facility into a position as a Licensed Practical Nurse that paid twice as much. In the process, she pulled herself and her family out of poverty.

Forsyth's advancement into a better-paying job was the product not just of her own determination and hard work. It was also the result of an innovative partnership designed to create career ladders that nurses' aides could climb to escape low-wage work. WorkSource Partners, Inc., a Boston workforce development company, allied with Holyoke Community College and Genesis Elder Care, the nursing home operator, to create and implement the program. The curriculum was co-designed by the employer, the college, and WorkSource Partners. The cost of classes delivered by the community college is paid for through Genesis Elder Care's tuition reimbursement program. In return, Genesis receives a substantial financial payback.

This creative collaboration was built upon three premises that are also at the heart of Jobs for the Future's approach to workforce development. First, work is the key to escaping dependency and improving one's life. Second, full-time work should generate enough income to keep a family out of poverty. And third, with the proper design and incentives, employers, government, and advocates for the poor can have a common interest in skill development strategies that place not just employment but also advancement at the center of employment and training policy.

Policies that promote work as the route out of dependency, which first took shape in the states, were codified in 1996 federal welfare reform passed by Congress and signed into law by President Clinton. The 1998 Workforce Investment Act also was guided by an emphasis on "work first." As work-based social policy became the law of the land, Americans' deep sense of fairness led large majorities to conclude that everyone who works hard should be earning enough to move their families up from poverty. Congressional rhetoric on both sides of the aisle echoed this view, as did national public

opinion. Ninety-four percent of 1,000 respondents to a Jobs for the Future survey agreed that people who work full time should earn enough to keep their families out of poverty. Similar large majorities were found in successive surveys by JFF and others (Jobs for the Future 2000, 2001, 2003).

Yet today, after an extended economic downturn in which the job market has weakened, welfare rolls have begun to rise, and national security has come to dominate the public debate, the idea that every working American deserves the opportunity to advance out of poverty has receded somewhat from public consciousness. To many policymakers and members of the public, advancement may seem like a luxury at a time of relatively high unemployment and widespread layoffs.

This is a shortsighted—and unacceptable—conclusion. For America's working poor, the issue remains as significant as ever. More than nine million working Americans—25 percent of whom work full time, year round—earn less than the official poverty level, and more than 40 million Americans earn below 200 percent of the poverty level, a widely accepted proxy for a minimum family sustainable income. For them, advancement through work remains the critical next challenge. Moreover, when the economy comes back, the labor shortages of the late 1990s will return, fueled by rising skill requirements in all segments of the labor market, the retirement of the baby boomers, a relatively small number of people entering the labor force for the first time, and a rising proportion of less-educated and less-skilled low-wage workers in the workforce.

Jobs for the Future is committed to promoting practices and policies that put advancement at the center of our nation's education, employment, and training systems. As part of this effort, JFF has launched a series of working papers on promising strategies—and persistent challenges—in promoting career advancement for low-skill and low-wage workers. The following pages introduce the series and highlight JFF's assessment of the opportunities and obstacles facing this agenda. *The Next Challenge* sets out an argument for why a focus on advancement is critical at this time. It defines career advancement as a goal and identifies and explores key challenges and opportunities. And it highlights specific

strategies that JFF believes are needed to help significantly more low-skill workers move up to better jobs and family-supporting earnings. These include:

- Promoting new labor market institutions that can manage and implement multi-stakeholder career advancement initiatives;
- Redesigning community-level workforce development systems to focus more intently on advancement; and
- Revising federal and state policies to be more supportive of advancement for low-skill workers.

Jobs for the Future's focus is skill development—and how policy and practice can encourage education and training strategies that work for low-skill individuals who juggle jobs, family, and learning. We recognize the need for complementary public policies, in addition to workforce and skill development, that improve low-wage workers' earnings and economic prospects, such as tax-based wage enhancements, an increased minimum wage, and incentives for asset development. As the following pages make clear, though, JFF's priorities are around the power and importance of skill-development strategies as vehicles for long-term, sustainable career advancement for low-income workers. Our mission is to understand and promote the best of these strategies and program models—and to accelerate a rethinking of policy and practice so that these approaches can become the rule rather than the exception.

Why Focus on Advancement

Advancement out of poverty through improved employment prospects has the potential to motivate both low-wage workers in need of better jobs—with higher pay and promotional opportunities—and employers who need higher skills from their employees. Moreover, policies and practices that promote career advancement benefit not just workers and their employers but also the long-term health and competitiveness of the economy. These benefits are significant enough that policymakers should be addressing advancement more directly in workforce, economic development, and education initiatives.

For low-skilled, low-paid U.S. workers, the importance of focusing resources, activities, and public policy on generating opportunities to advance skills, incomes, and careers is clear. Too many Americans who work hard are unable to escape poverty through their wages alone. This might not be a problem if it were easy to advance over time, either in the same firm or outside it, through seniority or on-the-job training. Unfortunately, though, advancement does not come easily. Increasingly, low-

skilled workers are trapped in jobs that provide few if any opportunities to improve wages, skills, and career opportunities. Upward mobility out of this predicament is limited. Approximately 12 percent of prime-age American adults who work regularly earn less than \$12,000 a year for at least three years in a row. The longer one stays in a low-wage, low-skill job, the farther one falls behind other workers in whose skills and futures employers are more eager to invest (Andersson, Holzer, and Lane 2003).

Moreover, while the ranks of low-wage workers span all ethnic groups, blacks, Hispanics, and other people of color are over-represented, as are women. A recent study, for example, found that 38 percent of blacks and 45 percent of Hispanics earned less than \$15,000 a year, compared to 30 percent of whites (Carnevale and Rose 2001). "Particularly striking is the difference in earnings between males and females," according to the researchers. Women comprised 82 percent of all prime-age workers who had jobs for five consecutive years yet consistently earned less than \$15,000 per year.

Indeed, as postsecondary credentials become the key to opportunity and advancement in this economy, the limited mobility and prospects of lower-wage workers are contributing to growing wage inequality. Beginning in the 1970s, and accelerating in the past two decades, the wage gap between those at the top and bottom of the wage scale has grown significantly. Following a brief hiatus during the red-hot late 1990s, the trend towards increasing inequality appears to have resumed.

For employers, the potential value of strategies that ease career advancement for workers may be less obvious, but they are no less critical. The success of American industries in a global economy depends more than ever upon the education, skills, and productivity of our workforce—including those workers in entry-level and semi-skilled positions. Many labor economists predict a renewed and long-term skills shortage. According to the U.S. Bureau of Labor Statistics, the number of jobs requiring some postsecondary education will rise 22 percent by 2008, while the number of new college graduates will not be sufficient to replace college-educated baby boomers who retire. In addition to a skills shortage, the BLS predicts an overall labor shortage as the boomers reach retirement age: by 2010, the American labor force is projected to fall 4.8 million workers short of the projected 58 million job openings (Center for Workforce Preparation 2002).

Advancement may be a lower priority in industries or firms that easily meet their skill needs at the entry level and above. However, for many employers, particularly in





industries such as health care with high turnover, limited skilled labor pools, and high growth potential, the advantages of keeping existing employees longer and helping them move up within the firm or industry can be significant. When it conducted a return-on-investment analysis for the career development and internal promotion program that helped Tina Forsyth support her family, WorkSource Partners estimated that Genesis Elder Care would save nearly \$600,000 a year from lower agency fees and reduced turnover at its five nursing homes. Employers in industries as diverse as manufacturing, hospitality, financial services, and construction have documented persuasive returns on investments in advancement efforts. For example, SFWorks documented that the law firm Heller Ehrman White and McAuliffe LLP gained clear cost savings by participating in the Legal Employment Action Program (LEAP) through productivity gains, reduced recruitment costs, and higher retention rates (SFWorks 2002).

Issues in Career Advancement

The term “career advancement” has a kind of abstract, academic tone. Yet embodied in that term are the hopes, the strivings, and the extraordinary efforts of ordinary people trying to better their lot and to provide for their families’ future. The story of Tina Forsyth is unique, of course, but it is also common: a person makes time, finds opportunity, and does what she can to move up in employment and earnings so she and her loved ones can have more choices and more freedom in their lives. Jobs for the Future believes that while the ultimate responsibility for our career and economic advancement lies with each one of us, in critically important ways practice in the field and public policy can make it easier for the least fortunate in our society to secure not just employment but real opportunity.

There is no “one size fits all” way to promote advancement. The world we live in is too complex and varied. There are wide variations in: how much income is needed to achieve “family supporting” wages; each individual’s “starting point” in terms of skills, education, wages, and employment history; and the dynamics and trajectory of the occupation or industry within which an

individual is employed. As a result, policy needs to be targeted, strategic, and nuanced if it is to be successful.

Defining family-supporting income. “Successful” advancement is relative. Individuals seek the best job they can find, typically defined by salary and benefits. But how much is adequate? Several measures or proxies for measuring minimum family-sustaining incomes are commonly used. The minimum wage, which yields under \$12,000 a year for a full-time worker, is clearly insufficient. Many advocates for better workforce and employment policies argue that an income of 200 percent of the federal poverty line is a rough proxy for what a family needs to earn to live modestly but securely in most communities. Others point to the prevailing wage required in construction projects. In a growing number of communities, organizers have used measures of a “living wage” to argue for increases in local and state minimum wages.

A sophisticated proxy, the Family Economic Self-Sufficiency Standard (FESS), is particularly compelling because it accounts for geographic variations in family expenses and thus more closely approximates what it takes for a wage earner to support a family of varying size. In Boston, for example, an individual wage earner supporting two children would need to earn \$51,284 to cover expenses and support the family at a reasonable minimum level (without such wage enhancements as the Earned Income Tax Credit, Child Care Tax Credits, and other subsidies). Policies to promote advancement will have to make a balanced political and economic assessment of the right goal and measures to use.

Starting points and advancement paths. Not surprisingly, the paths that individuals take as they pursue better jobs and higher incomes vary tremendously, depending upon where they start: their level of skills; the physical, social, and medical challenges they face; how many children they have and at what ages; and other factors. A person with no work experience, limited facility in reading or writing in English, and a history of substance abuse requires a very different set of services—and will advance at a very different pace—than someone who already has a job, a high school diploma, decent English skills, and a stable home environment.

The gap between the skills, competencies, and personal circumstances of many individuals and what is required to advance into well-paying jobs can be enormous, making advancement extremely challenging. The barriers are many, and not only for those with the fewest skills and most serious personal challenges. Limited time

Employers in industries as diverse as manufacturing, hospitality, financial services, and construction have documented persuasive returns on investments in advancement efforts.

and money for training, little support from supervisors, and difficulty in getting to training sessions, not to mention common life crises like unreliable cars, inadequate child care, and family problems, can stand in the way of a successful career. Given this reality, policies and programs to promote advancement for low-skill and low-wage workers must be flexible enough to provide services and measure progress in ways that fit individual circumstance and need.

The varying health and growth prospects of different industries. Industries and occupations offer very different pathways and prospects for skill development, wage gains, and career advancement. Andersson, Holzer, and Lane (2003) have demonstrated a strong correlation between the industry in which a worker is employed and the likelihood of upward mobility and earnings growth. Other studies emphasize the power of the quality of an individual's first job to predict long-term wage progressions. The labor markets and job structures in certain industries are particularly amenable to natural advancement from lower-skill jobs—and to advancement initiatives created by local partnerships or collaborations.

The biotechnology industry, for example, is the focus of a number of career advancement initiatives, yet it presents formidable challenges due to high skill requirements for entry-level positions and the enormous jump in the skills needed for higher-level positions. On the other hand, retail establishments provide relatively easy access to low-skill employment but few advancement opportunities because of the narrow band of job categories above entry level. In contrast, the acute and long-term health care industries, also the focus of many career advancement projects, provide entry-level positions suitable for individuals with limited skills, as well as reasonably spaced rungs on a “career ladder,” such as the one Tina Forsyth began climbing when her training program enabled her to advance from a nurse's aide to an LPN.

Strategies to Promote Advancement

Advancement into a job with wages and benefits sufficient for escaping dependency requires more than just a job. A flexible, high-quality education system—for youth and working adults—is critical. Adequate and affordable child care, health care, transportation, and housing are necessary if income is to stretch to cover basic costs. Income enhancements, such as the Earned Income Tax Credit and the Child Care Tax Credit, can supplement wages, and higher minimum wages are an important

foundation. With access to non-predatory financial services, such as standard checking accounts, low-wage workers can avoid losing hard-earned dollars to usurious interest rates. However, none of these elements replace the good jobs with advancement opportunities that low-skilled, low-wage Americans need to reach family self-sufficiency. For that reason, economic development strategies that create and expand employment opportunities and skill development initiatives that help lower-skill workers take advantage of those opportunities are necessary.

Certainly, some low-skilled individuals, fortunate in their job choices and blessed with the right opportunities, will advance to family self-sufficiency incomes without any intervention by parties besides themselves and their employers. But too often this is the exception rather than the rule. Because of this, JFF advocates a three-pronged approach to promoting advancement of low-wage workers to better jobs and earnings:

- Proliferation of labor market institutions that can design, promote, and support effective advancement models that operate at significant scale;
- Reform of local workforce development systems to encourage advancement models and help them thrive; and
- Federal and state policies to finance and support such efforts.

New Labor Market Institutions

The public workforce development system, funded by federal and state governments, traditionally paid too little attention to the advancement of incumbent workers. Until recently, these systems have focused on helping less-skilled individuals prepare to enter the labor market or to reenter it after losing a job. For several reasons, incumbent workers—and improving their prospects for moving up to better jobs—were not as central to the design of programs or to the system's goals. Advancement was seen as the responsibility of employers or of employers in negotiations with their workers—essentially a private employment issue. Moreover, when internal job ladders were still strong in many industries and unionization was greater in manufacturing, transportation, communications, and other sectors, advancement was seen as an almost natural outcome of getting a decent entry-level job with a good company in a strong industry. Through much of the postwar period when the workforce system took shape and matured, advancement came with seniority as much as skill development, and skill development required little training or further education off the shop floor.





All this has changed. Global competition, new technologies, and pressures from capital markets have helped change labor markets so that internal career ladders are disappearing, job tenure is shortening, and advancement pathways are increasingly external to specific firms. Simultaneously, employers' skill expectations are increasing, and labor unions, which in earlier times provided a significant advancement infrastructure, now represent few low-skilled workers. In this environment, advancement is far less "automatic," far more complex, and far more dependent upon educational attainment and skills—and upon individual luck in one's job choices—than ever before.

Globalization has hastened the pace at which skill premiums for better paying jobs have grown. Each year, new "high-skill" occupations are outsourced to other countries, creating the now well-known story of software engineers developing code in India, while American workers sleep. This dynamic creates two challenges for advancement. The first is that skill development is a constant, ever-changing requirement in all industries. Second, some industries that are more "captive" in that they directly service people in the United States locally, such as health care, offer perhaps the best opportunities for skills-related advancement.

In today's economy, low-wage workers need more help to climb to better-paying jobs and more advice and support navigating a complicated labor market. The public systems have begun to recognize these changes and to pay greater attention to the needs of incumbent workers. This can be seen in some language and some provisions of the Workforce Investment Act, as well as in some state-level economic development and workforce programs. But public policy is slow to shift.

In the meantime, particularly during the 1990s, local partnerships and alliances of employers, education and training providers, and advocates for low-income workers began to devise local strategies to meet employer needs for qualified workers and help lower-wage workers pursue better opportunities. Across the country, these partnerships experimented with and refined a range of approaches to advancement that, taken together, point the way for policymakers and practitioners trying to respond to new labor market realities.

Take the example of San Francisco Works, established in 1997 through a collaboration of the San Francisco Chamber of Commerce and the San Francisco Committee on Jobs, an association comprising the city's largest employers and the United Way of the Bay Area. SFWorks was created to respond to employer workforce

needs—but also to help welfare recipients connect to jobs that could move them out of dependency. It uses its close relationships with Bay Area employers to identify their labor shortages and define their skill needs. SFWorks also negotiates with education and training providers, locates potential candidates for training and employment, and keeps the many partners and stakeholders informed, active, and satisfied.

One SFWorks initiative is an employer-led, two-step, career ladder model in legal services, developed with and for a consortium of lawyers and the legal departments of two large employers. The first phase, the Legal Education and Assistance Program, connects unemployed people to entry-level positions in law firms. LEAP provides potential candidates for entry-level jobs with customized pre-employment training, including soft skills, office worker training, and workplace internships that result in placement as records/file clerk and office services clerk within the legal industry.

Successful LEAP participants are then eligible for Skills Training and Advancement Resources—STAR—an initiative that moves individuals up a career ladder in legal services. Those who are successful secure jobs as legal secretary trainees, entry-level legal secretaries, and legal secretaries.

SFWorks was the crucial catalyst and "glue" for this advancement effort, organizing employers, driving program design, raising seed capital, convening training and support services providers, and launching a pilot program. The organization is one of several hundred new labor market institutions around the country—many quite small, all quite entrepreneurial—that have emerged to address career advancement for low-skilled, low-wage workers. Labeled "workforce intermediaries," organizations that play roles similar to that of SFWorks can be found among non-profit organizations, community colleges, labor unions, faith-based organizations, and publicly funded workforce boards (Giloith 2003). Despite their variations and differences, they share a conscious decision to take on the challenge of improving labor market outcomes for low-skilled, low-wage workers and their employers—and for doing so in ways that take account and advantage of the realities and dynamics of regional labor markets and economic trends. Each in its own way, organizations like San Francisco Works, District 1199C (a labor-management partnership in Philadelphia), the Greater Cleveland Growth Association (an affiliate of the U.S. Chamber of Commerce), and the Wisconsin Regional Training Partnership (an employer-union, membership-based non-profit in Milwaukee)

organize the critical resources, stakeholders, and service providers necessary to operate effective advancement models at a significant scale. (For more information, see *Workforce Intermediaries and Their Roles in Promoting Advancement* in JFF's Advancement series.)

Workforce intermediaries play important roles in their labor markets. They organize and plan initiatives designed to help incumbent workers move up in ways that address pressing employer needs: these roles include identifying and aggregating employer demand for services; organizing key stakeholders; collecting, tracking, and using good local labor market information; securing and packaging financing; advocating for changes in public policy; and organizing and negotiating with service providers. Most important, they provide or broker a broad set of services—for workers and employers—that enable low-wage, low-skill workers to move up to better jobs, with more skill and responsibility and better pay and benefits.

As researchers have begun to identify and categorize approaches to advancement being pursued in different local labor markets, they have also looked at the characteristics of the effective advancement models operated by intermediaries. Common advancement strategies include structured career ladders in a firm, across an industry, or between industries; comprehensive career coaching services; and placement in jobs with high starting wages and clearly defined internal advancement rungs. JFF's research and work with emerging models and leading intermediary organizations suggest that the best advancement program models, whatever their specific approaches and emphases, should include several critical elements.

First and foremost, these efforts are designed explicitly to serve both the employers of low-skilled workers and the low-skilled workers themselves, as illustrated by the examples of SFWorks and WorkSource Partners. Effective advancement services are rooted at the workplace and characterized by a “dual-customer” focus and business culture. For example, services might include training for both supervisors and front-line workers, reflecting the reality in many workplaces that supervisors are the critical gatekeepers for advancement. At their best, effective advancement programs make resources available that help employers revamp their policies and practices to support advancement while simultaneously providing specific services for targeted incumbent employees.

The best advancement models recognize that, at the workplace, individual workers enter at different skill levels and capabilities and advance at different paces. Services designed to promote advancement must be tailored to the needs and skill levels of a variety of individual workers. Training is frequently necessary but not sufficient. Many workers need other supports in order to be ready to succeed in a more complex job. Comprehensive, “wraparound” services for employees can include mentoring, career coaching, financial planning to enhance and retain earnings, and access to social and family support services. Assembling the pieces of this kind of program typically requires entrepreneurship and creative financing strategies. For example, the Capital Area Training Foundation, an Austin-based workforce intermediary, provides a set of highly targeted support services to enable former convicts to get jobs and advance in the construction industry. This has required the blending of several funding and service sources, each of which was designed for individuals with narrowly defined income and social profiles.

The intermediary organizations that have emerged in many labor markets to promote advancement for low-skill and low-wage workers share a number of other traits as well. They are deeply committed to results and to meeting outcome targets: their credibility and influence are largely derived from what gets done. They tend to be highly entrepreneurial, adept at finding and quickly taking advantage of opportunities and adapting to rapidly changing conditions. The Wisconsin Regional Training Partnership, for example, has expanded from its initial focus on manufacturing, which is contracting in Milwaukee, to the growing health care and construction sectors. These organizations are also politically savvy, understanding how to work with public and private-sector leaders and how to find and use levers of power.

Unfortunately, the workforce intermediaries that are evolving across the country tend to share another trait: undercapitalization. They tend to be small, under-financed, and are often fighting for their very survival. Institutionalization of these approaches will require



Global competition, new technologies, and pressures from capital markets have helped change labor markets so that internal career ladders are disappearing, job tenure is shortening, and advancement pathways are increasingly external to specific firms.

predictable financing, a support infrastructure such as capacity building and technical assistance, and more consistent, high-quality practices and results.

Workforce Development Systems Focused on Advancement

When employers and low-skilled, low-wage workers are asked about their experiences with local workforce development “systems,” many are simply ignorant of its services. Others are confused and frustrated by the fragmented, disconnected way that the system functions and services are delivered. There are certainly exceptions: employers who have had great experiences with a local One Stop, community college, or community-based organization, and workers who testify publicly about the way a local program has changed their lives. For the most part, though, employers and low-skilled, low-wage workers do not feel they can depend on a consistent, accessible, and effective set of workforce services that facilitate job, skill, and wage advancement.

For most employers and their workers, the workforce development system rarely appears as a well-defined and easy-to-navigate system. It stands in marked contrast, for example, to the education or health care systems, whose contours, major institutions, and service strategies are far more transparent and recognizable.

An effective, highly functioning workforce system would engage the various stakeholders in the labor market—workers, their unions, employers, service providers, educational institutions, and financing sources—in a coordinated effort to achieve better labor market outcomes for job and skill seekers as well as employers. Its activities would be predictable and consistent, its funding stable, and its relationships solid and ongoing. There is a long list of reasons why such a system does not exist in most communities. Conflicting political agendas, lack of good information, categorically designed programs and financing, inadequate resources, and poor service delivery practices with few consequences are just a few. Strategies to overcome these barriers require innovations in both practice and policy. In particular, they require new approaches to aggregating resources, articulating and pursuing advancement priorities at the local level, and engaging the institutions that provide jobs, education, and training in a recognizable process for making decisions about how to address local training and support needs.

A number of communities have begun to knit together important features of an effective workforce system:

- In Milwaukee, employers, employees, labor unions,

and community colleges, led by the Wisconsin Regional Training Partnership and funded and supported by the public workforce system, have instituted effective placement and advancement models in several key industry sectors.

- In San Francisco, an impressive group of six community-based organizations, the community college, technology employers, and the workforce board has put many of the elements of a functional workforce system together through an information technology consortia project.
- In Boston, seven local foundations, two national foundations, the city and state governments, Jobs for the Future, and the local Private Industry Council have launched an ambitious, well-funded effort to reshape the local workforce system so that it stresses advancement, makes employers and low-income, low-skilled individuals equal customers, and infuses new, flexible resources into the system.

These efforts are not easy to construct, finance, or sustain. They take several years to implement and frequently require policy changes that can support and finance their new approaches to workforce development and advancement. Yet there are lessons to be learned from some of these innovative community-level efforts, lessons that will be detailed and elaborated upon in the JFF Advancement series.

Refocusing Policy to Promote and Sustain Advancement

The emerging intermediaries, designed to help both employers and less-skilled workers, need a supportive local workforce system if they are to sink deep roots. In turn, the reshaping of local workforce systems depends in large part upon developments in federal and state policy. Legislation, regulations, administrative practices, and funding streams can make or break the expansion and effectiveness of advancement initiatives and services.

Consider the example of the work requirements developed under federal welfare reform: their specification in federal law and their interpretation and implementation by states fundamentally determine how much, if any, training can be provided to individuals moving off public assistance and into the workplace. These policies have an enormous and direct effect on initial job opportunities and an individual’s prospects for moving up from that entry-level job. Similarly, with limited and shrinking federal resources for training, a state’s policy decision on funding training for already employed workers will largely determine whether and to what extent advance-



ment services can be provided at the local labor market level.

The federal and state governments can institute a number of policy changes, some minor and some more extensive, that would make it far easier to provide effective advancement services to low-skilled, low-wage workers. Here are a few examples:

At the federal level, one advancement-friendly policy would involve substantially increasing available financing for pre-and post-employment training through an increase in WIA dollars specified for training and/or the creation of flexible, non-categorical training financing vehicles such as lifelong learning accounts. Relaxing the welfare work requirements to allow for more flexible training time could open up advancement opportunities for thousands of very low-income individuals. Reforming federal student financial aid programs to make them more accessible for low-income working students could open the doors of our community colleges and four-year institutions to many workers who have difficulty securing the skills and credentials they need because of current financial-aid regulations.

States, where most federal workforce policies are implemented, could help advancement efforts tremendously with a distinct set of policy changes. In Washington State, for example, effective policy advocacy on the part of the Seattle Jobs Initiative led to a state appropriation for pre-employment training for TANF recipients. States could make it easier to combine discretionary federal workforce dollars with state workforce and economic development funds and use them to finance low-skilled, low-wage worker advancement models targeted to specific industry sectors and employers. For example, a modest Massachusetts program that blended several funding sources to encourage career ladders in nursing homes provided an important boost to the Genesis Elder Care and its employees, through the partnership with WorkSource Partners.

States could also provide operating support to effective workforce intermediaries that help organize employers, service providers, and other stakeholders to deliver advancement services in their communities. Some states have merged their economic and workforce development agencies to forge more effective links between training efforts and the vital and growing segments of the state's economy and its economic development investments. States could also use their discretion with TANF and WIA implementation to allow maximum flexibility in delivering training and support services that are held accountable to advancement outcomes.

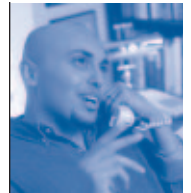
Conclusion

The advancement agenda has lost some of its momentum during the recent economic slowdown, but we have little doubt that the labor market pressures of the 1990s will return and that the challenge of helping both employers and workers become more productive and successful in a fiercely competitive environment is a long-term one. In our view, better advancement strategies, supported by a publicly funded workforce system that commits consistent resources to advancement efforts and the institutions that support them, are central to ensuring that we remain a growing, competitive, and equitable nation.

The issue cuts across party lines, bridges the interests of businesses and communities, and speaks to the fundamental American values of hard work and fairness. While not easy, there are hundreds of success stories in communities across the nation, where, with the right set of employers, services, and supports, individuals can start at the bottom and climb a ladder to remarkable success at work. These efforts deserve support and the opportunity to become the norm, rather than the exception.

References

- Andersson, Fredrick, Harry Holzer, and Julia I. Lane. 2003. *Worker Advancement in the Low-Wage Labor Market: The Importance of "Good Jobs."* Washington, DC: The Brookings Institution. October.
- Carnevale, Anthony and Stephen Rose. 2001. "Low-Earners: Who Are They? Do They Have a Way Out?" in Richard Kazis and Marc S. Miller, eds., *Low Wage Workers in the New Economy*. Washington, DC: Urban Institute Press.
- Center for Workforce Preparation. 2002. *Completing the Workforce Puzzle*. Washington, DC: U.S. Chamber of Commerce.
- Jobs for the Future. 2000. *A National Survey of American Attitudes About Low-Wage Workers and Welfare Reform*. Boston, MA: Jobs for the Future.
- Jobs for the Future. 2001. *Public Views On Low Wage Workers in the Current Economy*. Boston, MA: Jobs for the Future.
- Jobs for the Future. 2003. *Getting Ahead: A Survey of Low-Wage Workers on Opportunities for Advancement*. Boston, MA: Jobs for the Future.
- Giloth, Robert P., ed. 2003. *Workforce Intermediaries in the 21st Century*. Philadelphia: Temple University Press. Published in association with The American Assembly, Columbia University.
- SFWorks. 2002. *Fast Forward: The Business Case for Workforce Partnerships*, San Francisco: SF Works. August.



JOB FOR THE FUTURE seeks to accelerate the educational and economic advancement of youths and adults struggling in today's economy. Jobs for the Future partners with leaders in education, business, government, and communities around the nation in order to: strengthen opportunities for youth to succeed in postsecondary learning and high-skill careers; increase opportunities for low-income individuals to move into family-supporting careers; and meet the growing economic demand for knowledgeable and skilled workers.

JERRY RUBIN is Vice President, Building Economic Opportunity, at Jobs for the Future. He has more than 20 years of experience designing and implementing economic development and workforce training initiatives for low-wage workers, low-income individuals and families, municipal and state governments, and private industry. Prior to joining Jobs for the Future in 2000, Mr. Rubin founded and was President of the Greater Boston Manufacturing Partnership, which provided manufacturing improvement consulting and workforce training solutions for small and mid-sized manufacturers and their employees. Before founding the GBMP, Mr. Rubin was Chief of Staff and Director of Policy and Planning for the Economic Development and Industrial Corporation of Boston, the city agency for economic development and workforce training. Mr. Rubin was also founder and first Executive Director of the Coalition for a Better Acre, a community development corporation in Lowell, Massachusetts. Mr. Rubin is author and co-author of numerous book chapters, articles, and op-eds on workforce and economic development issues. Most recently he co-authored a chapter on financing workforce intermediaries for *Workforce Intermediaries For the Twenty-First Century* (Temple University Press, 2003).



JOB FOR THE FUTURE

CREATING STRATEGIES
for Educational and Economic Opportunity

88 Broad Street
Boston, MA 02110
t 617.728.4446
f 617.728.4857
www.jff.org