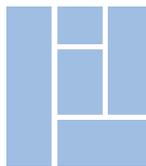

Building Skills and Promoting Job Advancement

*The Promise of Employer-
Focused Strategies*

KARIN MARTINSON



THE URBAN INSTITUTE

Copyright © 2007. The Urban Institute. All rights reserved. Except for short quotes, no part of this report may be reproduced or used in any form or by any means, electronic or mechanical, including photocopying, recording, or by information storage or retrieval system, without written permission from the Urban Institute.

This paper was prepared for the May 23, 2007, Urban Institute Roundtable “Public and Private Roles in the Workplace: What Are the Next Steps in Supporting Working Families?” The author would like to thank Harry Holzer and Nancy Pindus for their comments and suggestions.

The Urban Institute is a nonprofit, nonpartisan policy research and educational organization established in Washington, D.C., in 1968. Its staff investigates the social, economic, and governance problems confronting the nation and evaluates the public and private means to alleviate them. Views expressed in this report are those of the authors and do not necessarily reflect the views of the Institute, its trustees, or its funders.

Contents

<i>Introduction</i>	2
<i>Important Facts about Job Training for Low-Income Workers</i>	3
<i>Promising Employer-Focused Job Training Approaches</i>	5
<i>Conclusion</i>	12
<i>Notes</i>	14
<i>References</i>	15

Building Skills and Promoting Job Advancement

The Promise of Employer-Focused Strategies

Higher basic skills and postsecondary credentials are linked to higher wages, an improved likelihood of finding a better job, and wage growth over time. While many skill-upgrade efforts are based in the public or private education system, efforts where businesses sponsor or play a lead role in developing training—known as “employer-focused” training in this paper—are also an important venue for skill building. Employer-focused training can take different forms, but in these efforts businesses typically play an important role in initiating and providing demand-driven skill upgrades to their workers, either at the worksite or by working with educational institutions to design appropriate training. Employer-focused training often involves partnerships between businesses, public service delivery systems, and non-profit organizations and involves a mix of private and public funds.

Employer-focused training can have benefits for both workers and businesses. Research shows that job training is most effective for individuals when it provides credentials that employers value, and when the training provides skills that reflect private-sector demands in the local labor market. Businesses can also enhance their productivity, improve job retention, and meet skill shortages by investing in the human capital of their workforce. However, in spite of their potential payoff, employer-focused training efforts are generally recognized as falling short of socially optimal levels. Several factors appear to limit the provision of employer-focused training, including the opportunity cost of workers’ time, capital constraints, lack of payoff if the trained workers are bid away, tight labor markets and general philosophy. Low-income workers generally benefit the least from employer-focused training, while those with the highest wages and the most formal education receive the most training at the workplace.

This paper describes three employer-focused training models with particular promise in improving skills and promoting job advancement: (1) *Incumbent worker training programs* provide grants to individual businesses to partner with training providers to offer job-specific training at the workplace for incumbent workers and new hires; (2) *Sectoral training programs* focus on providing training to a cluster of

employers in one segment of the labor market in ways that promote economic growth and the advancement of low-wage, low-skilled workers; and (3) *Career ladder programs* explicitly map educational programs to a progression of more responsible and better-paid jobs.

Key issues that need to be addressed in moving forward with these initiatives include: How can we promote the collaborations necessary to develop these types of initiatives? What types of incentives are needed to bring key partners to the table, particularly businesses? What can be done to promote their sustainability? What is the best balance between public funding/incentives and employer support in order to ensure employer engagement while preventing over-subsidy? How can we best target low-income workers?

Introduction

Strategies to help workers advance to jobs that pay enough to support a family and also provide needed benefits are a key component of any effort to improve the economic well-being of low-income families. And, improving the skill levels of low-income individuals so they can fill these higher-paying positions is a critical aspect of job advancement. While many skill-upgrade efforts are based in the public or private education system, efforts where businesses sponsor or play a lead role in developing training—known as “employer-focused” training in this paper—are also an important venue for skill building. These efforts can also have important benefits for businesses in terms of lower employee turnover and increased productivity.

Employer-focused training can take different forms, but in these efforts businesses typically play an important role in initiating and providing demand-driven skill upgrades to their workers, either at the worksite or through working with educational institutions to design appropriate training. Different types of training can be provided through these employer-focused efforts, including qualifying training (initially preparing people for work), skill improvement training to incumbent workers, retraining for a new line of work, and training combining basic and vocational skills. This approach is distinct from more traditional individual-based or supply-driven education and training that occurs through public and private institutions. Individual-based training is typically more general and tries to give students a range of skills that can be used in different jobs, while employer-focused training gives up this generality to improve the fit of skills to specific employer needs.

In this paper, we briefly discuss what we know about job advancement for low-income workers, particularly employer-focused training, and then describe three employer-focused training models with particular promise in improving skills and promoting job advancement. We conclude with some key questions to address to assist in moving forward with this type of skill development strategy.

Important Facts about Job Training for Low-Income Workers

Job training for low-income workers is critical for job advancement. Building skills and human capital are a critical element for raising the earnings of low-wage workers. A wide range of research indicates that higher basic skills and postsecondary credentials are linked to higher wages and that they can improve the likelihood of finding a better job and experiencing wage growth over time (see Martinson and Strawn 2003 for a summary). While earnings for college graduates have recently plateaued, those with postsecondary credentials still earn substantially more than those with high school educations or less. Skill building is particularly important given changes in the U.S. job market. The economy is undergoing a major shift where new jobs that pay premium wages require postsecondary education or specialized training but where those with low skills see little or no real wage increases. There is evidence that the skill requirements of jobs are increasing, making it even harder for the less skilled to get by (Osterman 2007).

Characteristics of jobs and employers also matter for job advancement. While poor education and skills among individuals contribute to their advancement difficulties, the characteristics of their jobs and employers can be important as well. A recent study found that while most low earners enjoy substantial earnings growth, only about a quarter or fewer seem to permanently escape their low-earnings status, in part because growth occurs from a very low initial wage level (Andersson, Holzer, and Lane 2005). Employment in higher-wage sectors of the economy—such as construction, manufacturing, transportation, or health services—leads to higher rates of advancement for lower earners than employment elsewhere. Working in large firms and those with low turnover rates also help raise advancement prospects, as these firms generally offer more on-the-job training and opportunities for promotion (Holzer and Reaser 1999).

There are limitations to job advancement given the fixed number of “good” jobs in the economy. The U.S. Bureau of Labor Statistics projects that over two-thirds of all jobs will require little education over the next decade (Nightingale 2002), and it is likely that many of these jobs will be low-wage jobs with limited prospects for increased earnings or advancement. Good jobs are limited not only by their educational requirements, but by employer policies as well. Even within detailed sectors of the economy and in particular geographic areas, firms often pay different levels of wages to workers with similar skills. Some seek to be competitive through a low-wage low-cost strategy, while others prefer a strategy relying more on improving productivity through higher skills, higher worker retention, and higher training. Whatever the merits of either approach from the employer’s point of view, employment in the higher-wage firms contributes to advancement prospects from the worker’s perspective. Some initiatives try to make changes within an industry in terms of hiring, training, promotion, and compensation practices, although this is not widespread.

Job training appears most effective when it provides credentials that employers value and when the training provides skills that reflect private-sector demands in the local labor market. Varied employment strategies have attempted to influence the employment and earnings patterns of low-income parents, and many have been rigorously evaluated. While the evaluation literature indicates that there are no “magic bullets,” studies have shown that strategies that directly link training and credentials to employer needs have produced strong results. While some strategies with strong employer involvement have not been formally evaluated, training options that are developed in partnership with employers and work-based training hold promise in improving economic outcomes for low earners (Holzer and Martinson 2005).

Businesses can enhance their productivity and competitiveness by investing in the human capital of their workforce. Research has shown that firms that make significant investments in education and training enjoy lower employee turnover, higher customer retention, higher rates of innovation, and improved financial performance (Ahlstrand, Bassi, and McMurrer 2003). To potentially both maintain and expand their position within the marketplace, firms can focus on not only the types of investments needed for capital equipment and facilities, but also the types of job-specific and basic skills training needed to enhance worker productivity. As production processes become more complex and require higher levels of basic and job-related competencies, productivity may be increased if employers are more actively involved in structuring the types of training their workforce receives.

Because of their potential payoff for both businesses and workers, employer-focused training efforts are generally recognized as falling short of the socially optimal levels. Despite high returns and the rising demand for skill, employer-focused training is generally perceived as an underdeveloped training option. Several factors affect why employer-focused training is not provided more consistently. The opportunity cost of workers’ time makes it difficult for some employers to release workers from their jobs so they can attend classes. Some firms (especially small ones) may also face capital constraints that limit their ability to invest in training. Another key problem is that spending to train workers may yield little reward if the trained workers are bid away by other employers or if their wages are bid up to reflect their productivity. Workers may also not have an interest if they see a risk that the training will be poorly tailored to their careers or will not result in increased wages (Lerman, McKernan, and Riegg 2004). Finally, tight labor markets and their general philosophy can also affect businesses’ decision to provide this benefit.

Low-income workers generally benefit the least from employer-focused training. While there have been increasing efforts to provide demand-driven training to low earners, many initiatives (particularly training provided at the workplace) are not well-targeted at this population (Ahlstrand, Bassi, and McMurrer 2003). Historically, workers with the highest wages and the most formal education receive the most training at the workplace, while lower-wage workers and those with the lowest levels of education receive the least. Employer-focused training is also more prevalent at larger firms and

those that provide more benefits. There are several possible reasons for this. Businesses are more likely to invest in workers expected to contribute to the long-term profitability of the company—that is, those with longer tenure. Low-skilled workers and those at the low end of the salary structure have higher turnover. Businesses are unlikely to invest in training workers who may leave, thereby transferring the returns on their original investment to a new business. Another reason is that, in order to qualify for skills upgrade training, some workers might first require basic skills remediation or English-language training, which are often necessary prerequisites for more advanced, job-specific training. Often these types of services are not allowed under certain training programs, which typically provide funding only for technical training. Finally, more so than other types of workers, the opportunity cost of low-income workers' time is high (because the work involved in many low-wage jobs makes it difficult to defer it to another time).

Employer-focused training, while featuring strong private-sector involvement, typically includes strong partnerships with public service delivery systems and other organizations. A wide range of public delivery systems can be used to implement employer-focused training efforts including workforce development, public and private education institutions, and welfare. The community college system is an important partner in many states and localities, and, in some cases, community colleges have spearheaded employer-focused training efforts. Nonprofit and for-profit providers can also play an important role in providing training at businesses or in designing programs to meet employer needs. In some cases, unions have partnered with employers to develop innovative demand-driven training programs. Many initiatives also include an intermediary—an organization that builds in-depth knowledge of the industry, establishes relationships with multiple employers, and coordinates training options. Many different kinds of organizations can perform the function of an intermediary, including workforce investment boards, community-based organizations, business associations, educational institutions such as community colleges, and union organizations.

Employer-focused training often involves a mix of public and private funds. Reflecting the number of organizational partners often involved in employer-focused training, these efforts can involve multiple funding sources including workforce development, economic development, education, welfare, and unemployment insurance (UI) tax systems. The multiple sources of funding occur in part because many of these programs involve collaboration across different service delivery systems. In many cases employers make an important contribution, particularly in the form of paid release time. Foundations and private contributions have also played a pivotal funding role, in terms of both seed money and ongoing support.

Promising Employer-Focused Job Training Approaches

This section outlines three types of promising employer-focused job training approaches: incumbent worker training, sectoral training programs, and career ladders.¹ For each model, we provide some background information on how the model works,

what the research shows in terms of effects on participants, and key design features, particularly in terms of making the model workable for low-income workers.

Incumbent worker training

Job training provided directly at the workplace through employers is a large-scale effort to involve employers in skill building. Sometimes known as customized training programs, these are typically state-administered programs that provide grants to businesses to partner with training providers who offer *job-specific* training for incumbent workers and new hires at a given business (rather than focusing on an industry sector or general job classification). While they vary widely in size and scope, many of these programs are funded through employer taxes (Simon 1997). According to research by the Government Accountability Office, 23 states reported using employer tax revenues in 2002—including UI tax offsets, UI penalty and interest funds, and separate employer taxes—to fund training programs (GAO 2004).

The best evidence on the impact of workplace-based education and training indicates that workers who receive it earn significantly higher wages than those who do not (Ahlstrand, Bassi, and McMurrer 2003). For example, the wage rate benefit of 40 hours of workplace education is estimated to be 8 percent, which is as large as the return from an entire year of schooling (Frazis and Loewenstein 1999). But it is also clear that low-wage workers are less likely than higher-wage workers to reap the potential benefits of workplace-based incumbent worker training. In 1995, only 22 percent of workers at the bottom of the earnings distribution received education at work, compared with 40 percent of those in the top level (Mikelson and Nightingale 2004).

These challenges notwithstanding, the research findings to date give us strong reason to hypothesize that education and training provided within the workplace context and targeted on entry-level (lower-skilled) workers may improve their earnings potential (Holzer and Martinson 2005). Because the training needs of low-income workers are somewhat different than those of other types of workers, certain program features appear important to include in order to maximize the potential for workplace training to serve as an effective skills-development strategy for this population:

- *Paid release time.* Many low-wage workers hold multiple jobs and have children, making it difficult to pursue training that occurs outside work hours. Providing full or partial release time so workers can easily attend training appears critical to attendance and completion.
- *Portable training skills.* Allowing and encouraging the use of funds to support training projects that can benefit more than one employer can help ensure workers are gaining portable skills. It can also reduce the competitive risks to companies of investing in training if they and their competitors make similar investments.
- *Providing basic skills and ESL as part of training.* Because many low-wage workers require these types of skills before they can benefit from more technical training,

incumbent worker training programs can better meet workers' needs if they provide these services.

- *Focus on job quality.* Certain types of jobs are associated with higher-than-average wages and provide more opportunities for wage progression.
- *Targeting low-wage workers.* In order to effectively serve this population, it may be necessary to set aside funds or give preferences to training focused on low-income workers.

While most states operate customized or incumbent worker training programs, some include innovative features designed to explicitly address the needs of low-wage workers, including state programs in New Jersey and Pennsylvania (box 1). These par-

Box 1. Incumbent Worker Training Programs: New Jersey Workforce Development Partnership Program and the Pennsylvania Incumbent Worker Training Fund

New Jersey Workforce Development Program. The New Jersey Workforce Development Program provides grants to partnerships of employers and training providers for technical training to incumbent workers at businesses across the state. It is complemented by the Supplemental Workforce Fund for Basic Skills, which provides similar grants for “literacy” training (basic reading and math and ESL). While the state covers the cost of the training (through employer unemployment insurance taxes), employers are required to contribute an equal match with their funds going toward employees' wages while they attend training (usually at the worksite). Because of its basic skills component, the program reaches a range of low-skilled workers, including immigrants and TANF recipients. Employers apply to receive customized training grants, literacy grants, or a combination of the two to provide services to their employees. The program also provides grants directly to community-based organizations and community colleges to deliver basic skills training to unemployed and underemployed individuals in the community. This feature is designed to meet the needs of small businesses that may not be able to meet the employer match because of the small number of workers they employ. Workers in these firms can attend basic skill courses offered in the community.

Pennsylvania's Incumbent Worker Training Fund. The Incumbent Worker Training Fund is a large-scale statewide initiative to enhance the skills and earnings of incumbent workers in key targeted industries. The Fund, part of a broader governor's initiative called Job Ready Pennsylvania, provides grants to regional partnerships throughout the state made up of multiple employers, workforce development systems, and educational institutions. The grant program requires the partnerships to focus on one of Pennsylvania's seven critical manufacturing clusters: biomedical, pharmaceutical, and medical equipment; chemical, rubber, and plastics; electronics; metal and metal fabrication; printing; food processing; and lumber, wood, and paper. The partnerships market the initiative and recruit participants from participating employers or public agency programs. Training is provided by a range of local institutions as determined by the partnerships. The local partnerships emphasize aligning training with career steps and creating career ladders that offer workers opportunities for advancement. Up to 25 percent of the requested funds may be used to fund the training of new hires rather than existing workers. Begun in 2005, the program is complemented by the Workforce and Economic Development Network of Pennsylvania (WEDnetPA), which provides grants to 28 community colleges to deliver basic skills to workers at their employer.

ticular state-operated programs are notable for their scale—they train several thousand individuals a year (although a smaller number are low income)—and have been in operation for several years. They also include at least some features noted above that address the needs of low-income workers. For example, these programs require an employer match to receive training funds, primarily paid through providing paid release time to attend training. To address the issue of portability, Pennsylvania’s relatively new incumbent worker training program gives priority to funding training for multiemployer partnerships. It also emphasizes aligning training with steps on a career ladder that offer workers opportunities for advancement. New Jersey established a separate incumbent worker training program that specifically provides resources to employers who provide basic skills and ESL training to their workers, and gives priority to funding initiatives that serve low-wage workers.

Sectoral training programs

Sectoral training programs focus on providing training to a cluster of employers in one segment of the labor market. These initiatives seek to strengthen connections between supply-side and demand-side systems in ways that promote economic growth and the advancement of low-wage, low-skilled workers. Unlike incumbent worker training programs, these initiatives operate on a smaller scale, typically at the local level. However, many sectoral initiatives are targeted more narrowly on low earners. These efforts strive to strengthen the connection between low-income or other targeted job seekers and employment opportunities in local or regional economies, primarily through the provision of skill training directly linked to employer needs. These industry-based training strategies allow common workforce needs to be addressed across a number of employers, rather than through developing more narrow customized training programs for just one employer. Because their competitors share the investment, the economies of scale for employers in sharing training costs make training more affordable; employers may also view joint training endeavors as less risky than individual efforts.

Sectoral training programs can vary significantly in terms of overall scale and scope, including the number of industries and employers involved. A key element of this approach is to have industry knowledge and to understand employer needs when developing and designing training programs. This is generally accomplished through the use of an intermediary (see discussion above). Sectoral initiatives also generally involve a range of private- and public-sector partners. In the sectoral programs identified as innovative for this project, employers, workforce investment boards, community colleges, and union organizations were particularly important partners.

Sectoral training strategies are an area of growing interest across the country, with a number of new initiatives developing in recent years. There are a large number of sectoral initiatives in operation (see, for example, Pindus et al. 2004) as well as an organization dedicated to the development of these initiatives, the National Network of Sector Partners. While sectoral initiatives have not yet been rigorously evaluated, nonexperi-

mental longitudinal studies of participants in several initiatives found they experienced improvements in employment rates and wages (Conway and Rademacher 2004; Elliot et al. 2001). Sectoral strategies have generally been considered a local strategy, but some states are now moving toward more systematic development of this approach. In addition, the U.S. Department of Labor (DOL) has awarded grants to states to develop and expand regional employment and economic development strategies, and these grants are likely to support skills training in high-demand sectors.² There are several important components of sectoral training programs:

- *Provision of training linked to specific jobs in a particular field.* Sectoral initiatives generally incorporate many innovations in skill development for low-income individuals discussed above—fast-track remediation programs that allow individuals at lower skill levels (including those with limited English skills) to enter training programs, modularization of courses to allow entry and exit at different points, flexible schedules amenable to working families, and contextualized instruction where learning is facilitated by simulating actual work conditions. They differ from some of the innovative individual-based programs discussed above because of the significantly higher level of employer involvement in designing training programs, the practice of working across the industry to develop skill standards for particular jobs, and, in some cases, a commitment by employers to hiring graduates.
- *Linking low-income individuals with quality jobs by making changes within an industry in terms of hiring, training, promotion, and compensation practices.* This occurs in several ways. Many initiatives only provide training in jobs that pay a certain level and provide employee benefits. In addition, most initiatives have improved access for low-income individuals to the training through better recruitment and partnerships with local community-based organizations and public programs such as TANF and one-stop career centers. Finally, some initiatives have also taken steps, including the provision of technical assistance, to help industries make structural changes to improve wages and benefits associated with particular jobs in ways that benefit both businesses and workers.
- *Provision of support services and career counseling.* These programs also generally cover the cost of tuition, books, and necessary supplies, provide assistance with child care, and include career and academic counseling to ensure high completion rates.

Sectoral training programs are diverse, particularly in terms of the number of industries they target, whether they focus on entry-level or incumbent workers (or both), and whether they are designed to accommodate working individuals or demand a full-time commitment. Box 2 profiles the District 1199C Training Fund, which focuses on the health care industry, and a multisector effort, Capital Idea. Capital Idea includes a strong focus on job quality and targets unemployed individuals, while the 1199C Training Fund is designed for both unemployed and incumbent workers.

Box 2. Sectoral Training Programs: Capital Idea and the 1199C Training Fund

Capital Idea. Initiated in 1999, Capital Idea, a nonprofit community-based organization in Austin, Texas, operates several training programs to provide low-income individuals, who traditionally have not had access to college-level careers, with precollege- and college-level training in growth occupations. The program focuses on providing training in jobs that pay at least \$13 an hour and provide benefits and opportunities for advancement in the health, technology, and accounting fields. Capital Idea works with area businesses to develop the programs and training components according to employer specifications, and then contracts with or refers individuals to community colleges and private vendors for training. The program targets unemployed and underemployed adults with incomes up to 200 percent of the federal poverty level. Programs generally require a full-time commitment, with at least 20 hours a week of class time. Most training programs are long term, and most students complete the requirements in three to four years. The program pays for all training costs, including tuition and fees, and provides child care, transportation, and emergency assistance. The program offers several on-site programs, including a College Prep Academy that provides intensive (25 hours a week for 12 weeks) preparation in reading, writing, and math to pass the Texas Higher Education Assessment (required to take college-level courses); a GED prep program (20 hours a week); and an evening English as a second language (ESL) program. Another key element is the services provided by career counselors, including career advice and counseling and peer group meetings. Placement coordinators help connect students to jobs during the classroom phase and after they finish the program.

The 1199C Training Fund. District 1199C, Philadelphia's largest health care workers' union, founded its Training and Upgrading Fund in 1974 with the goal of promoting entry into the health care field and providing health care employees the training necessary to advance on a career ladder. The Fund operates the Thomas Breslin Learning Center, which provides courses ranging from basic skills for entry-level jobs to college degree programs in the health field. After enrollment, students are placed based on an academic assessment and a career counseling session that outlines an educational plan. Four levels of remedial programs (including ESL) and a high school diploma program are available, with instruction contextualized for the health care field. Training programs include prenursing bridge programs; nursing assistant programs; an 18-month part-time practical nursing program; and a program to help practical nurses receive credits toward and link with a RN degree program. The center also offers career counseling and placement services. Each student is placed with a case manager to provide ongoing career and personal counseling. Basic skills offerings at the center are available free to all students, and some employers cover tuition costs for upper-level classes; 1199C members are eligible for up to \$5,000 a year in tuition reimbursement. The Learning Center has 40 full-time staff plus 70 part-time faculty members and is open 14 hours a day, 7 days a week.

Career ladders

A subset of sectoral initiatives focuses on developing career pathways that lead to higher-paying jobs. Although job responsibilities and earnings tend to correlate roughly with skill sets and levels, this strategy responds to the reality that enabling people to move up from entry-level jobs can take more than education and training. Often there is no pathway for low-wage workers to advance through a progression of more responsible and better-paying jobs as they gain skills and experience (Fitzgerald 2006). Career

ladder programs explicitly attempt to address this issue by providing connected courses and programs, with extensive supports for students and information to track their progress. These programs enable students to advance to better jobs within a firm or industry by obtaining higher levels of education and training. Like sectoral strategies, these efforts tend to operate on a relatively small scale, but many target low-income workers.

The components of a strong career pathway program include the following:

- *A “road map” describing jobs in industries of importance to the regional economy and illustrating the connection between education and training programs at a range of levels.* This road map details the requirements to enter programs at each level, including basic skills training, entry-level training, and upgraded training and education (Alssid et al. 2002).
- *Easy-to-navigate transitions from noncredit to credit programs and from multiple entry, exit, and reentry points.* This includes transitions from certificate programs to degree programs and multiple connection points between industry and professional certifications and four-year degrees.
- *A modular curriculum that breaks certificate and degree programs into smaller sets of courses.* This allows students to work while pursuing their education and to enter and exit education as their circumstances permit.
- *Support services.* This includes access to services such as career counseling, tutoring, child care, financial aid, and job placement.

Several states are developing innovative statewide initiatives that provide grants to partnerships of training providers (typically community colleges), employers, and public-sector partners to develop career pathway programs that meet local industry needs. State funds are often used for these initiatives, but some also include federal or foundation grants. Examples of states with sectoral strategies that include this collaborative partnership dimension include Kentucky (see box 3), Arkansas, and Ohio. These states operate statewide career ladder initiatives with the state community college agency as the lead agency, but working in close collaboration with employers.

Some local sectoral initiatives have an explicit focus on developing career ladders discussed above, with the training primarily designed for incumbent workers in the industry (most of these programs also include a preemployment training component). For example, the Boston SkillWorks program focuses on developing both entry-level training and career ladders in four industries: health care, automotive, hospitality, and building management (see box 3) and District 1199C provides skills training for several levels of health care workers with schedules and courses developed specifically for working parents.

Box 3. Career Ladders: Kentucky’s Career Pathways Initiative and Boston SkillWorks

Kentucky Career Pathways Initiative. The Career Pathways initiative, overseen by the Kentucky Community and Technical College System, gives grants to local partnerships of community colleges and businesses to develop and implement career ladders that focus on job and educational advancement for low-income individuals and meet business needs. Based on employer input, these career pathways lay out a sequence of connected skill upgrading and job opportunities, with each education step on the ladder leading to a job or further training. Each college received a grant to design a career pathway in partnership with employers and other stakeholders (all 16 are developing health career pathways; 3 are also including manufacturing pathways; 1, construction; and 1, transportation). Colleges are encouraged to develop bridge programs that teach basic skills in the context of training for jobs. The career pathways are primarily credit-based training that may be augmented with noncredit customized training as necessary. Pathways at the two-year institutions articulate with certificates, diplomas, and associate’s and bachelor’s degrees for those students who wish to pursue additional education. Community colleges are encouraged to offer curricula in modularized formats, at alternative times (such as evening and weekends), and at alternative sites, such as at the workplace. The colleges are providing case management that may include access to child care and transportation, financial aid, tutoring, academic advising, career coaching, and job placement.

Boston SkillWorks. Initiated in 2003, SkillWorks is a five-year initiative that provides funding to partnerships in Boston that bring together employers and community-based organizations with the goal of providing career advancement opportunities for low-income workers. The focus is on systemic change and institutionalizing and bringing to scale various approaches that expand education, training, and career coaching for low-income workers. The partnerships themselves develop service provider networks that implement preemployment and incumbent worker training, career coaching, and career ladder programs designed to build the skills of this population. There are currently six funded partnerships: two in health, one in automotive, one in hospitality, one in custodial services industries, and one in community health work. Services vary across the partnerships but include assessment, basic education combined with vocational skills targeted toward the selected jobs or industries, career ladders for incumbent workers, career coaching, and financial literacy. An essential element of SkillWorks partnerships is working with employers to map career ladders and implement policies and practices that facilitate career advancement for low income individuals.

Conclusion

Overall, employer-focused training programs have potential for improving the job advancement prospects of low-income workers. But while there are powerful advantages to the approaches outlined here, there are barriers to carrying them out successfully. There are several key questions to be addressed in order to move forward with programmatic development in this area:

How can we promote the collaborations necessary to develop these types of initiatives? What types of incentives are needed to bring key partners to the table, particularly businesses? What can be done to promote sustainability of these initiatives? Many sectoral and career ladder ini-

tiatives require the involvement of multiple systems, including workforce development, community colleges, the business community, unions, and community groups. It can be difficult to gain the cooperation of all parties needed to enact the type of major changes required by many initiatives. Such collaborations also require a number of employers who are willing to contribute staff time and financial resources. Indeed, competition among firms can prevent them from working together cooperatively.

What is the best balance between public funding/incentives and employer support in order to ensure employer engagement and prevent oversubsidy? Many employer-focused training programs require substantial resources to plan and implement effective initiatives. While some have developed innovative programs using primarily public and employer resources, some of the more advanced efforts receive resources from private foundations to launch and maintain the initiatives. Currently, many employer-focused training systems are funded by diverse and fragmented funding streams since no single system is responsible for developing or maintaining these efforts. To promote the more systemic development of these types of initiatives, particularly on a larger scale, this could be an area for increased or more coordinated public funding.

How can we best promote the development of employer-focused efforts that target low-income workers? While strides forward have been made, it is a continuing challenge to develop training options that effectively reach low-income workers. This requires developing curricula that mix vocational training and basic skills (and sometimes English skills), stronger connections between training programs and job advancement options, and training programs that accommodate working parents, such as those that occur during work hours with paid release time.

What type of research is needed to promote further program development in this area? While existing research in this area is positive, more rigorous evaluations are likely needed to provide definitive information on the effectiveness of these approaches. While some studies are in progress, this is potentially another important area of public investment. What are the key questions researchers can address?

Notes

1. This discussion is drawn from Martinson and Holcomb (2007).
2. The new WIRED grants program will complement the ongoing DOL grants program for High Growth Job Training Initiatives and Community-Based Job Training, both of which support hundreds of programs that involve partnerships among businesses, workforce agencies, and community colleges, and that support economic development to expand industry and sectoral training.

References

- Ahlstrand, Amanda, Laurie Bassi, and Daniel McMurrer. 2003. *Workplace Education for Low-Wage Workers*. Kalamazoo MI: W.E. Upjohn Institute for Employment Research.
- Alssid, Julian L., David Gruber, Davis Jenkins, Christopher Mazzeo, Brandon Roberts, and Regina Stanback-Stroud. 2002. "Building a Career Pathways System: Promising Practices in Community College-Centered Workforce Development." New York: The Workforce Strategy Center.
- Andersson, Fredrik, Harry Holzer, and Julia Lane. 2005. *Moving Up or Moving On: Who Advances in the Low-Wage Labor Market?* New York: Russell Sage Foundation.
- Conway, Maureen, and Ida Rademacher. 2004. "Sector Strategies: A Synthesis of Findings from the Aspen Institute's Sectoral Employment Development Learning Project." Washington, DC: The Aspen Institute.
- Fitzgerald, Joan. 2006. *Moving Up in the New Economy: Career Ladders for U.S. Workers*. Ithaca, NY: Cornell University Press.
- Frazis, H., and M.A. Lowenstein. 1999. "Reexamining the Returns to Training: Functional Form, Magnitude, and Interpretation." Working Paper 325. Washington, DC: U.S. Department of Labor, Bureau of Labor Statistics.
- Holzer, Harry, and Karin Martinson. 2005. "Can We Improve Job Retention and Advancement among Low-Income Working Parents?" Low-Income Working Families Paper 3. Washington DC: The Urban Institute.
- Holzer, Harry, and Jess Reaser. 1999. "Firm-Level Training for Newly Hired Workers: Its Determinants and Effects." In *Research in Labor Economics*, vol. 18, edited by S. W. Polachek and J. Robst. New York: Elsevier.
- Martinson, Karin, and Pamela Holcomb. 2007. *Innovative Employment Approaches and Programs for Low-Income Workers and Families*. Washington DC: The Urban Institute.
- Martinson, Karin, and Julie Strawn. 2003. "Built to Last: Why Skills Matter for Long-Term Success in Welfare Reform." Washington, DC: Center for Law and Social Policy.
- Mikelson, Kelly, and Demetra Smith Nightingale. 2004. "Estimates of Public and Private Expenditures on Job Training." Washington, DC: The Urban Institute.
- Nightingale, Demetra Smith. 2002. "Work Opportunities for People Leaving Welfare." In *Welfare Reform: The Next Act*, edited by Alan Weil and Kenneth Finegold (103–20). Washington, DC: Urban Institute Press.
- Osterman, Paul. 2007. "Employment and Training Policies: New Directions for Less-Skilled Adults." In *Reshaping the American Workforce in a Changing Economy* edited by Harry Holzer and Demetra Nightingale (119–54). Washington, DC: Urban Institute Press.
- Pindus, Nancy, Carolyn O'Brien, Maureen Conway, Conaway Haskins, and Ida Rademacher. 2004. "Evaluation of the Sectoral Employment Demonstration: Final Report." Washington, DC: The Urban Institute.

-
- Simon, Martin. 1997. *Investing Public Resources to Support Incumbent Worker Training*. Washington, DC: National Governors Association.
- U.S. General Accounting Office. 2004. *Workforce Training: Almost Half of States Fund Employment Placement and Training through Employer Taxes and Most Coordinate with Federally Funded Programs*. GAO-04-282. Washington, DC: U.S. General Accounting Office.