



# A New Approach to Low-Wage Workers and Employers

LAUNCHING THE WORK ADVANCEMENT  
AND SUPPORT CENTER DEMONSTRATION

by Jacquelyn Anderson, Linda Yuriko Kato, and James A. Riccio

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# Overview

What does it take to help people who hold low-wage jobs climb the economic ladder while simultaneously meeting labor market demand and employer needs for more skilled workers? MDRC's Work Advancement and Support Center (WASC) demonstration will test an innovative approach designed to achieve both these goals by fostering employment retention and career advancement for a broad range of low-earners, including reemployed dislocated workers (those who, because of industry restructuring, now work in significantly lower-paying jobs than they previously did).

WASC combines two main strategies: (1) services to help workers keep their jobs or find better ones and (2) simplified access to programs intended to provide financial support to low-income workers (such as child care subsidies, food stamps, Medicaid, and the Earned Income Tax Credit). In the demonstration's study sites, these combined strategies are being housed in "One-Stop Centers," created by the federal Workforce Investment Act (WIA) of 1998 and used primarily to help unemployed people find jobs. The services are being provided by newly integrated teams of retention-advancement staff drawn from the local workforce programs and work support specialists from welfare agencies. This first report from MDRC's study of WASC examines start-up experiences in Dayton, Ohio, and San Diego, California, which began planning in 2004 and pilot operations in 2005.

## Key Findings

- Dayton and San Diego are developing distinct approaches to WASC to respond to their substantially different demographic, institutional, and labor market conditions. For example, Dayton is operating in an economy hard hit by a decline in manufacturing, especially in the automotive industry. In contrast, San Diego enjoys a more vibrant economy that includes growing high-tech and service sectors.
- WASC is being viewed locally as a welcome opportunity to expand the mission of One-Stops to include services for incumbent (that is, currently employed) low-wage and dislocated workers and their employers, rather than focusing almost exclusively on an unemployed population seeking work.
- Employers have responded positively to the sites' efforts to work with them to identify advancement opportunities in high-demand occupations, new routes to participation in career advancement activities, and strategies for recruiting eligible members of their workforce for WASC.
- In learning how to develop and adapt services aimed at assisting working people, both workforce and welfare agency staff are bridging the substantial gaps between the workforce and welfare systems. This entails a major culture change to transcend the systems' traditional isolation and lack of experience combining employment services with access to work supports for low-earners.
- As part of their efforts to create an ethos of advancement, the sites are devising new management techniques and performance standards to keep the entire WASC team focused on career advancement and income improvement.
- Sites have begun outreach campaigns that market economic advancement and are initiating partnerships with employers and community-based organizations to reach low-wage workers.

Future publications will report on the operations and effectiveness of WASC in Dayton and San Diego, as well as in Bridgeport, Connecticut, and Fort Worth, Texas, which joined the demonstration later.



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## Preface

For many families in the United States, employment does not guarantee economic well-being. Indeed, work often leaves them with household incomes hovering around the poverty line. In some regions of the country, industry restructuring has added to this problem by dislocating large numbers of workers, many of whom have had to shift to jobs that pay significantly less than the ones they previously held. Understandably, policymakers are increasingly looking for effective ways to enable low earners to advance their careers and improve their incomes — while also addressing employers’ continuing need for more skilled workers in a global economy. Unfortunately, credible evidence of “what works” to achieve these goals is in very short supply. MDRC’s Work Advancement and Support Center (WASC) demonstration hopes to provide some answers.

Since 1998, federally funded One-Stop Service Centers around the country have focused primarily on assisting the unemployed into work. WASC tests a strategy that expands that mission by targeting people who are already working, but at low wages. Through career coaching, skills training, and better connections with employers — and led by a newly integrated team of workforce and welfare professionals housed at the One-Stop — the program strives to help these workers stay employed, build their skills, and advance. At the same time, WASC makes it easier for busy working people to take up existing public financial work supports — a “make work pay” strategy that other research suggests will also help stabilize their employment. But WASC’s longer-term goal is more ambitious: to enable these workers to climb career ladders so they will have less need for income supplements to support their families in the future. The program also intends to help employers reduce costly turnover and fill second- and third-rung positions that require more skills than do entry-level slots. This report examines the beginning efforts of two WASC sites to institute these reforms by bridging the divide between the workforce and welfare systems, which typically function in separate silos. Future reports will explain whether they — and other WASC sites — prove successful in implementing the full program vision and improving workers’ skills, jobs, and income.

WASC is one segment of a three-part portfolio of MDRC research projects on “post-employment” strategies. The other two are: the Employment Retention and Advancement (ERA) evaluation, which focuses on current and former welfare recipients in 16 sites across the country, and the United Kingdom Employment Retention and Advancement (UK ERA) demonstration, which focuses on low-income workers and unemployed participants in welfare-to-work programs in the six regions of Britain. Like WASC, each of these interventions includes intensive assistance to people while they are employed. Together, the three studies should contribute substantially to a growing body of knowledge about what more might be done to ensure that the promise of opportunity extends to low-wage workers.

Gordon L. Berlin  
President



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Many people have helped shape this report. We are particularly grateful to the program administrators and staff in the Dayton and San Diego sites, which were the first to enter the Work Advancement and Support Centers (WASC) demonstration and are the focus of this report. Managers and staff members at both sites generously gave their time and insights to help us understand the early, on-the-ground challenges of making the WASC concept a reality. Special thanks go to Dannetta Graves, Linda Shepard, Diana Francis, and Mary Sabillo, whose visions helped refine the design of the WASC intervention, and to Linda Weber, Cindy Perry, and Brenda Newell, who reviewed early drafts of the report. Additional support and guidance were provided by Larry Fitch, Joan Zinser, Jo Ann Lovelace, and John O’Pry. At the state level, Barbara Riley, Paul Fraunholtz, Joel Rabb, and Michael Caygill at the Ohio Department of Job and Family Services and Dennis Boyle and Charr Lee Metzker at the California Department of Social Services provided critical support.

MDRC’s capacity to launch a new demonstration with an ambitious learning agenda depends heavily on the commitment and foresight of key funding partners. For WASC, early and sustained support from all of the following people was vital and is greatly appreciated: Emily DeRocco, Mason Bishop, Maria Flynn, Wayne Gordon, and Roxie Nicholson of the U.S. Department of Labor; Steve Carlson, Art Foley, Ted Macaluso, and Erika Jones of the Food and Nutrition Service at the U.S. Department of Agriculture; Helen Neuborne of the Ford Foundation; Shelly Davis and Jennifer Phillips at the Joyce Foundation; Darren Walker and Betsy Biemann at the Rockefeller Foundation; and Robert Giloth, Mark McDaniel, and Bonnie Howard at the Annie E. Casey Foundation. The ongoing advice and suggestions from Naomi Goldstein and Nancye Campbell in the Administration for Children and Families, and Shannon Christian and Karen Tvedt in the Child Care Bureau, U.S. Department of Health and Human Services, have also helped shape the project and are crucial ingredients of this demonstration.

At MDRC, John Wallace helped craft numerous sections of the report. Frieda Molina, Craig Howard, Donna Wharton-Fields, Caroline Schultz, Melissa Wavelet, and Liz Schott contributed important information and insights to the report’s analysis and offered helpful comments on early drafts. The report also benefited from a review by Gordon Berlin, Robert Ivry, Fred Doolittle, Nandita Verma, and John Hutchins. Wan-Lae Cheng, Zawadi Rucks, and Nancy Rosas helped produce the report’s exhibits and fact-checked the report for accuracy. Susan Blank provided extensive writing and editing assistance, Dave Nuscher copyedited the final draft, Amy Rosenberg offered editorial assistance, and Stephanie Cowell prepared the report for publication.

The Authors



## Executive Summary

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

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

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

### A Thumbnail Sketch of WASC

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

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

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

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

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

## **Beginning the Demonstration**

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

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

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

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

## Key Findings

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



## Chapter 1

# Introduction

The economic well-being of low-wage workers and their families has become a focus of mounting public concern. Low-wage workers represent a sizeable and growing segment of the nation's labor force and are critical to the success of the U.S. economy. However, they typically struggle to make ends meet and often go without health insurance and other benefits. At the same time, employers in high-demand and high-growth sectors in many areas of the country report having serious difficulties in filling second- and third-level job openings (that is, openings for positions above entry level, requiring additional training and skills), and employers are concerned with job turnover and low retention rates among low-wage workers in many industries — and with the associated costs.

Comparatively little research has been devoted to the questions of how to increase the employment retention and advancement of low-wage workers once they are employed and, in particular, how to prepare them for higher-level job openings that would both meet labor market needs and raise low-wage workers' standard of living. Until the last decade, most large-scale evaluations of strategies to improve the labor market prospects and earnings of people at the bottom of the economic ladder have mainly centered on how to help them find work, with much less research done on how to improve their chances of keeping jobs and advancing their careers. Moreover, rigorous evaluations of workforce development programs have rarely zeroed in on low-wage workers. Instead, they have concentrated either on all low-income people (both working and nonworking) or on current and former welfare recipients — a group that includes many working people but that nevertheless excludes a broad range of low-wage workers.

This report describes a new initiative, the Work Advancement and Support Center (WASC) demonstration, which is designed to advance knowledge about how to help people who work in low-wage jobs achieve a higher standard of living for themselves and their families while simultaneously meeting labor market demand for skilled workers and contributing to economic growth. WASC provides for a rigorous random assignment evaluation of a multisite intervention aimed at assisting low-wage workers in keeping their jobs and preparing for and finding more skilled and better-paying positions. (For details about the larger research agenda, see Box 1.1.) MDRC, a nonprofit, nonpartisan research organization, designed and manages the demonstration and is responsible for its evaluation.

### Box 1.1

#### WASC: Part of a Larger Research Agenda

The WASC demonstration is one of three complementary demonstrations that MDRC is conducting of programs to promote employment retention and career advancement among low-income people. On behalf of the U.S. Department of Health and Human Services, MDRC is evaluating the *Employment Retention and Advancement (ERA) project*, which focuses primarily on recipients of Temporary Assistance for Needy Families (TANF) and former TANF recipients, all of whom are in the workforce. Launched in 1999, ERA seeks to determine what program approaches are most effective in helping participants stay steadily employed and advance in their jobs. ERA is analyzing over a dozen programs across the United States consisting of: (1) advancement programs for helping low-income workers move into better jobs; (2) placement and retention programs for helping mostly “hard-to-employ” people find and hold jobs; and (3) “mixed-goals” programs that focus on job placement, retention, and advancement.\*

WASC also has many parallels with the *United Kingdom Employment Retention and Advancement (UK ERA) project*, which MDRC is evaluating for Britain’s Department for Work and Pensions. UK ERA is directed to low-income groups in the United Kingdom known to have difficulty with job retention or career advancement: long-term unemployed people (mostly men); lone parents on income support (mostly women); and lone parents working part time and receiving the Working Tax Credit (akin to the Earned Income Tax Credit in the United States). Launched in 2003, UK ERA offers participants a combination of services and financial incentives for as long as two years after participants go to work.

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\*For more information on the ERA study, see Bloom et al. (2002) and Anderson and Martinson (2003).

WASC consists of an innovative package of strategies aimed at raising the incomes of incumbent low-wage workers (those who are currently employed)<sup>1</sup> and reemployed but low-income dislocated workers (those who generally lost their jobs because of industry restructuring and now commonly work at lower-paying positions than they did previously.)<sup>2</sup> The strategies, listed below, have seldom, if ever, been tested in combination with one another on a large scale.

- **High-quality, intensive retention and advancement services.** Designed to help workers who are at the lower end of the pay scale obtain and hold on to

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<sup>1</sup>Because people who consider themselves workers are sometimes unemployed and looking for jobs, the term “incumbent workers” has often been used to describe the WASC population, indicating that they are people who are *currently* working. However, in the interest of simplicity, when this report refers to WASC participants as “low-wage workers” but not as “incumbent low-wage workers,” it is understood that they are, by definition, currently employed.

<sup>2</sup>When this report refers to dislocated workers *targeted by WASC*, it should be understood that these are people who are now working.

better-paying jobs with benefits, these retention and advancement services emphasize partnering with employers to promote these goals.

- **A package of financial work supports.** This strategy emphasizes higher use of child care subsidies, food stamps, and government health insurance, in combination with the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC). It includes educating WASC participants about these supports and simplifying the procedures for enrollment and recertification.
- **Local One-Stop Career Centers.** Also called One-Stops, these centers serve as the institutional “home” of the WASC program unit. One-Stops were established under the Workforce Investment Act (WIA) of 1998 with the aim of assisting workers in finding jobs or gaining the skills they need to secure employment.
- **Collaboration between workforce and human service agencies.**<sup>3</sup> In an effort to make it easier for low-wage workers to take advantage of WASC’s combination of employment services and work supports, the staffs of the relevant workforce and human service agencies are colocated in WASC units at the One-Stop.

As the first of a series of publications to be issued on WASC, this report serves as an introduction to the demonstration. It describes the ambitious WASC program model and its rationale and discusses important opportunities and challenges that demonstration sites are likely to face in implementing it. In addition, the report takes a close look at how the first two sites selected for the demonstration in 2003 — Dayton, Ohio, and San Diego, California — began adapting the WASC concept to fit their very different local circumstances. (The demonstration also includes two additional sites — Bridgeport, Connecticut, and Fort Worth, Texas — both of which began planning for the demonstration in 2005 and are not discussed in this report. While the report should be of particular interest to workforce and welfare professionals and policy-makers, it also speaks to a broad audience interested in new policies for both meeting the needs of employers and raising the standard of living of low-income workers.

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<sup>3</sup>The agencies responsible for administering Temporary Assistance for Needy Families (TANF) and work supports — particularly child care, food stamps, and government-sponsored health insurance — differ across localities. For the sake of simplicity, this report refers to these entities collectively as “welfare” or “human service” agencies.

## **The Rationale for WASC**

To understand the reasons why WASC has been developed, it is useful to take a closer look at the economic and labor market circumstances of low-wage workers and at low-wage workers' patterns of using the work supports that could boost their incomes. This section of the report provides a brief overview of those trends and conditions.

### **Employment Challenges Facing Low-Income Workers and Their Employers**

Low-income workers make up a large segment of the U.S. labor market and hold jobs that are important to the U.S. economy and the well-being of all Americans. They are employed, for example, as housekeepers, child care workers, retail salespersons, food service workers, home-care companions, groundskeepers, transport drivers, personal-care workers, construction laborers, and light-manufacturing assembly workers.

Workers in these kinds of fields receive very modest compensation for their contributions to the economy. In 2004, the lowest tenth percentile of the labor force earned a mean hourly wage of \$7.16, while the wage rate for the lowest 25th percentile of workers was \$9.18.<sup>4</sup> As a result, for many workers at the bottom of the economic scale, employment is not automatically a route out of poverty.

#### **Pervasiveness of low-paying jobs, many without benefits**

Changes in the structure of the U.S. economy over the past two decades have led employers across many industries to avoid raising or to reduce the low level of real wages attached to the kinds of jobs typically filled by workers with no educational credentials beyond a high school diploma. In fact, for male workers with only a high school degree or less, average hourly wages in 2001 were lower in constant dollars than they were for similar men in the early 1970s. Among women with such credentials, the trends were mostly flat. A combination of factors has contributed to these trends, including the globalization of markets, advances in information technology, deregulation of industry, and the decline in unionization.<sup>5</sup> For many families, the amount of money earned in these low-wage jobs means living near or below the poverty line. Furthermore, many low-wage jobs also come without employer-provided fringe benefits, such as health insurance and pension plans, and often do not allow for full-time, year-round employment.<sup>6</sup> Some communities, such as those with many well-paying manufacturing jobs, have been particularly

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<sup>4</sup>Bureau of Labor Statistics (2004).

<sup>5</sup>Appelbaum, Bernhardt, and Murnane (2003).

<sup>6</sup>Carnevale and Rose (2001).

hard hit by plant closings and industry restructuring. As a result, many workers have become dislocated, settling for new jobs that offer substantially less pay than their previous ones.

### High levels of job turnover

Low-wage workers change jobs more often than other workers, at significant costs to employers.<sup>7</sup> One study notes that if being steadily employed is defined as holding a job for at least a year, only about 60 percent of low-wage workers aged 34 to 37 fall into this category. Moreover, according to the same study, the number of these workers who experienced steady employment has declined by 15 percent in recent years.<sup>8</sup> Job turnover rates vary greatly by industry, skill, sex, and age, but, according to the study, the high-turnover industries are the ones most likely to hire low-wage workers.<sup>9</sup>

Turnover is often very problematic for low-wage workers and their employers. Indeed, the changes in earning capacity caused by job instability can quickly reduce a worker's income below the poverty threshold.<sup>10</sup> Although a brief spell of unemployment — especially for young workers — is unlikely to negatively affect earnings potential over the long run, research indicates that job turnover among less skilled workers can seriously affect skills, wage levels, wage growth, and fringe benefits.<sup>11</sup> The costs of turnover can also be high to employers, requiring them to spend money on repeated recruitment, screening, and training efforts and to accommodate disruptions to the production process.<sup>12</sup>

### Limited advancement opportunities

Workers in low-wage occupations are often employed in service-sector jobs that offer few opportunities for wage growth, promotion, and skills development. This problem is compounded by the inability of these workers to find stable, full-time employment — a type of job churning that is increasingly harmful to advancement prospects as workers grow older.<sup>13</sup> Studies on prospects for career advancement among low-wage workers stress that if such workers hope to see their wages rise over the long term, it is important that they switch to better-paying jobs, preferably in industries and sectors with more advancement opportunities.<sup>14</sup> As one study observes:

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<sup>7</sup>Lane (1999).

<sup>8</sup>Bernhardt, Morris, Handcock, and Scott (2001).

<sup>9</sup>Lane (1999).

<sup>10</sup>Bernhardt, Morris, Handcock, and Scott (2001).

<sup>11</sup>Lane (1999).

<sup>12</sup>Lane (1999).

<sup>13</sup>Bernhardt, Morris, Handcock, and Scott (2001).

<sup>14</sup>Rangarajan (2001); Bernhardt, Morris, Handcock, and Scott (2001); Andersson, Holzer, and Lane (2003); Holzer, Lane, and Vilhuber (2003). For instance, Andersson, Holzer, and Lane found that more than three-quarters of workers who escaped low-wage employment switched jobs.



Simply moving out of low-wage industries is not enough, and simply finding a full-time, stable job does not suffice either. Only by doing both can a high school graduate expect a reasonable chance of attaining a livable, family-supporting wage.<sup>15</sup>

However, workers in lower-level jobs often need help to take advantage of advancement opportunities. This is especially true if doing so involves looking into other industries and sectors or requires overcoming barriers such as education and skills deficits, problems with transportation and child care, and lack of access to the social and professional networks where information about better-paying job openings is circulated.<sup>16</sup>

At the same time, it is important to emphasize that employers in sectors and industries in which there are opportunities for advancement into well-paying occupations often face critical worker shortages and difficulties in recruiting and retaining qualified employees. Conditions in the health care field illustrate this phenomenon. With more than 11 million jobs in a range of institutions, health care is one of the nation's largest industries. It is also one of the fastest-growing sectors of the U.S. economy: Nine out of the 20 occupations projected to grow most rapidly are concentrated in health services.<sup>17</sup>

The health care field offers workers possibilities for upward mobility through a variety of professional and paraprofessional direct-care occupations (for example, jobs for nurses, therapists, and technicians) and through jobs that support the delivery of care (for instance, positions in the areas of health care administration, maintenance, sanitation, information systems, and environmental and social services). Yet across all institutional settings, the health care industry has critical labor shortages and high vacancy rates. For employers, these patterns translate into significant recruitment and training costs for replacing workers, higher management expenses, and lost productivity.<sup>18</sup> Compounding the turnover problem, enrollment in nursing and pharmacy schools and in programs to train physical and occupational therapists is not keeping up with the nationwide demand.<sup>19</sup> Thus, while many low-wage and dislocated workers find it hard to advance their careers, many employers in the health care industry have difficulty recruiting candidates for better-paying, stable jobs.

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<sup>15</sup>Bernhardt, Morris, Handcock, and Scott (2001), p. 168.

<sup>16</sup>Martinson and Strawn (2003).

<sup>17</sup>Healthcare Financial Management Association (2005).

<sup>18</sup>For instance, vacancy rates in 2001 for hospital personnel ranged from 9 percent for housekeeping/maintenance staff to 11 percent for registered nurses, 18 percent for billing/coders and radiological technicians, and 21 percent for pharmacists. See *TrendWatch* (2001).

<sup>19</sup>*TrendWatch* (2001).

## The Underuse of Work Supports Among Low-Wage Workers

All of these labor market trends are important reasons why work often does not allow families of low-wage workers to attain a higher standard of living. But another factor that contributes to their low income is their underuse of financial work supports for which they qualify, including food stamps, the EITC, and child care assistance. Without work supports, the overall household income of low-wage working families is often below or just above the poverty line.

As Table 1.1 illustrates, families working in low-wage jobs are unlikely to generate earnings that will pull them very far out of poverty. For example, the household income for a family of three with one full-time worker earning the federal minimum wage and no other income is only 67 percent of the 2005 federal poverty line. At \$9.00 per hour, the income of that same family will hover only right above the poverty threshold. Having two full-time workers improves a family's economic situation considerably. However, a family of three with two full-time workers earning the minimum wage still earns only enough to bring the family to 133 percent of the poverty line. Table 1.1 also shows that the difficulty of escaping poverty through low-wage work is considerably greater as family size increases. And these calculations do not take into account the often considerable costs of working, such as child care and transportation expenses.

### The Work Advancement and Support Center Demonstration

**Table 1.1**

#### Household Income of Low-Wage Working Families as a Percentage of the 2005 Federal Poverty Guidelines

Number of Family Members	One Full-Time Worker (%)		Two Full-Time Workers (%)	
	\$5.15/hour	\$9.00/hour	\$5.15/hour	\$9.00/hour
1	111.9	195.6	NA	NA
2	83.5	145.9	167.0	291.8
3	66.6	116.3	133.2	232.7
4	55.4	96.7	110.7	193.5
5	47.4	82.8	94.8	165.6
6	41.4	72.4	82.8	144.7

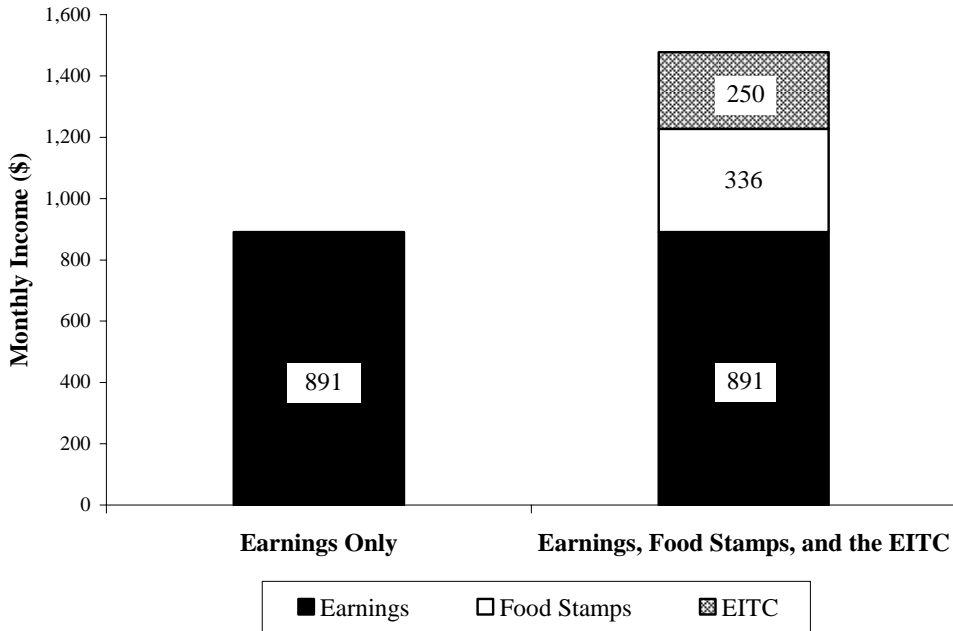
SOURCE: *Federal Register*, Vol. 70, No. 33, February 18, 2005, pp. 8373-8375.

Getting a package of work supports, however, could help families make ends meet. As shown in Figure 1.1, in Ohio, a single parent with two children, earning \$891 per month in a full-time, minimum-wage job, could receive an additional \$336 per month in food stamps and an additional \$250 per month through the advance EITC program, which allows families to receive the tax credit in monthly installments, or \$3,000 per year in a lump-sum payment of the EITC. In addition, child care subsidies would likely cover a large portion of child care expenses the family may need to pay.

The Work Advancement and Support Centers Demonstration

Figure 1.1

Effects of Food Stamps and the Earned Income Tax Credit on the Household Income of a Single Parent Who Works Full Time in Ohio at a Minimum-Wage Job and Has Two Children



SOURCE: MDRC calculations for a hypothetical participant.

Despite these potential benefits, many financial work support programs appear to be underused. One study found that participation levels vary considerably depending on program, state, and who is eligible for the services. Overall, however, many programs are finding it difficult to engage their target populations.<sup>20</sup> For instance, only about one-half of employed families eligible for food stamps tend to participate in the program.<sup>21</sup> Participation in the State Children’s Health Insurance Program (SCHIP) — the federal health insurance for children in near-poor families who are not eligible for Medicaid — has generally been low. One study estimated that SCHIP take-up rates across the states ranged from 8.1 percent to 14 percent of newly eligible

<sup>20</sup>Currie (2004). This study looked at a variety of financial work support programs that are not exclusively directed to low-wage working households but that include them among their target populations.

<sup>21</sup>Zedlewski (2004).

children.<sup>22</sup> Another study found that fewer than half of the children participating in the program in eight states retained SCHIP when the children's eligibility came up for redetermination.<sup>23</sup>

An MDRC survey of working customers of the One-Stop Centers in Dayton and San Diego showed that respondents had low rates of using work supports.<sup>24</sup> Of workers most likely to be eligible for these supports — those earning \$8.00 per hour or less — only 22 percent in San Diego and 61 percent in Dayton were receiving any of three key work supports: food stamps, Medicaid/SCHIP, and child care assistance. (For further detail about food stamps in particular, see Box 1.2.) Even fewer — 4 percent in San Diego and 10 percent in Dayton — received all three.<sup>25</sup>

Reasons for low take-up rates of work supports among low-wage workers include:

- **Lack of knowledge.** Program information may be hard to obtain, especially for people who are not already (or have not recently been) involved in programs such as TANF. People outside of such programs do not have access to case workers who are required to inform them about their eligibility for various work supports.<sup>26</sup> In addition, some eligible people are deterred from applying because of significant misconceptions about the rules that govern eligibility. For instance, the recent Food Stamps Program Access Study issued by the U.S. Department of Agriculture found that 40 percent of eligible non-participating households believed that having working members automatically disqualified the household from receiving food stamps, while 19 percent thought that receiving another form of government assistance disqualified them. At the same time, 69 percent of respondents said they would have applied for food stamps if they had known they were eligible.<sup>27</sup>
- **Stigma associated with income-based programs.** Typically, human service agencies, not workforce agencies, dispense most work supports, such as food stamps and child care subsidies. Some low-wage workers who are eligible for work support programs, even those who have no current or recent connection to TANF, are reluctant to participate in programs that are associated with TANF.<sup>28</sup>

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<sup>22</sup>LoSasso and Buchmueller (2002), as cited in Currie (2004).

<sup>23</sup>Hill and Lutzky (2003).

<sup>24</sup>One-Stop programs often use the term “customer,” rather than “client,” to describe people who use their services.

<sup>25</sup>Beleu, Anderson, and Seith (2004); Anderson, Beleu, and Seith (2004). These surveys were not designed to collect sufficiently detailed information to determine actual eligibility but instead used wage rates as a rough proxy for likely eligibility. Surveyed respondents without dependent children under 12 years old were counted as having the full package of work supports if they received only food stamps and Medicaid.

<sup>26</sup>Zedlewski (2004).

<sup>27</sup>Bartlett, Burstein, and Hamilton (2004).

<sup>28</sup>Zeidenberg and Came (2004).

## Box 1.2

### Navigating the Food Stamp Maze

The federal Farm Security and Rural Investment Act of 2002 encouraged states to make regulatory changes to lower barriers to food stamp participation — for example, by permitting longer intervals between times for filing documents to reestablish benefit eligibility.\* However, in many states and counties, requirements can still be onerous. One measure of the burden comes from the report of a WASC staff member in Dayton, who notes that because food stamp recipients are required to submit forms to verify their housing costs so frequently, local landlords increasingly charge tenants to fill them out.†

The experiences of Sherry Hodge, a widowed mother of several young children and a former welfare recipient, offer another view of the food stamp maze.‡ Sherry, who is now steadily and proudly employed as a bus driver, applied for food stamps to supplement her earnings. To maintain eligibility for the benefit, she had to travel downtown, often taking her children with her, to the main welfare office, which was open only from 9:00 a.m. to 5:00 p.m. Parking was limited and metered for 30 minutes — less than the amount of time Sherry waited to see a case worker.

Sherry no longer receives food stamps. But she recently received a letter informing her that the food stamp office had miscalculated her benefits and that she owed several thousand dollars in “overpaid” benefits. Frustrated, Sherry thinks about all the hours she spent documenting her income and filling out forms. The agency demanded that Sherry repay the amount in question in monthly installments, confronting her with a debt that would extend over several years, just she was getting on her economic feet. “If they make a mistake like that, why do I have to pay for it?” she asked in tears. “I could use the money [that I have to pay] each month for shoes for my kids or food.” Understandably, this experience has left Sherry reluctant to get involved in any other financial work support program.

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\*U.S. Department of Agriculture, Food and Nutrition Service (2005).

†Food stamp administrators may feel compelled to maintain stringent procedural requirements because states and counties face substantial federal penalties for under- or overpayment of benefits (Pavetti, Maloy, and Schott, 2002).

‡This example comes from an interview with a participant in an MDRC project other than WASC. Her name is fictional, and some details of her circumstances have been changed to protect her identity.

- **Inconvenient hours and locations of agencies providing services.** Services are often available only during traditional 9-to-5 weekday hours, which do not fit the schedules of working people, and at offices that are not near the workplaces or neighborhoods of low-wage workers.

## The Goals of WASC

Some of the labor market challenges discussed in the previous section — the pervasiveness of part-time jobs without benefits, high turnover, and the lack of advancement opportunities — stem from structural changes in the low-wage labor market that are beyond the scope of WASC. It is within the context of these changes, however, that WASC may make an important difference to workers and employers alike, if it succeeds in its two main goals: (1) helping workers on the bottom rungs of the job ladder more skillfully navigate both the existing labor market and, when necessary, the public systems that provide work supports and (2) enabling employers to reduce job turnover and find skilled workers who can fill second- and third-level job openings. In this way, WASC intends to model critical changes and best practices that can aid in transforming the current One-Stop system into a demand-driven system.

While WASC seeks both to raise workers' earnings and income and to benefit employers, the demonstration has assigned different priorities — a hierarchy of goals — to the different kinds of employment- and income-enhancement outcomes that are sought for WASC participants:

1. The best outcome for the demonstration would be for low-wage and dislocated workers to substantially increase their household incomes through earnings alone to the point that they are financially better off and no longer in need of financial work supports. This could be achieved by obtaining a higher wage rate for participants working full time, or by increasing wage rates and/or hours of work for part-time workers.
2. WASC could also increase household income through a combination of increased earnings and temporary or permanent increased use of work supports.
3. Finally, in recognition of the fact that some low-wage workers do not and will not advance in the labor market, even over extended time periods and even with access to services designed to help them do so, WASC might raise household incomes exclusively through participants' increased use of financial work supports. These supports can help workers — many of whom make critical contributions to the economy — sustain their families while they continue to work at low wages.

The demonstration will treat all of these possible outcomes as measures of success, but it regards the first outcome as the highest priority because that outcome would signal the most progress toward workers' self-sufficiency. WASC will also be assessed in terms of its ability to increase, through industry-targeted plans to upgrade the skills of dislocated and other workers, the supply of workers who can help employers build the labor force they need to remain competitive.

## **The Demonstration: Its Research Plans, Sites, and Timeline**

### **The WASC Research Design**

The WASC concept represents a promising and potentially transforming innovation in workforce development policy — but one that is largely untested. The demonstration provides an opportunity to evaluate whether WASC is an effective strategy that improves the short- and long-term economic circumstances of low-wage and dislocated workers. The research will attempt to answer questions such as: Does the approach increase the skills of such workers and the quality of jobs they obtain? Does it improve their overall net income, help reduce poverty, and lead them to greater success in the labor market? Does it increase their use of financial work supports and services above and beyond levels that they would have achieved in the absence of the intervention? Does it improve outcomes for their children and families? And is the approach feasible to operate on a large scale in diverse localities?

To answer these questions, the research will use a rigorous random assignment design and include an impact analysis and an implementation analysis. The impact analysis will measure the program's effects on the rates of employment retention for participants, on earnings and wage gains, and on various measures of household income. It will measure these effects by comparing the outcomes of two groups that are comparable in every way, except that one group (the program group) will be eligible to receive WASC services and the other group (the control group) will not.<sup>29</sup> The differences between the experiences of these two research groups will represent the impact of the program. Early findings from the impact analysis will be available in 2008.<sup>30</sup>

This report is part of the implementation analysis, which will document the sites' experiences in setting up and operating WASC and workers' responses to what the program offers them. Specifically, the implementation analysis will examine the following: the institutional

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<sup>29</sup>Since resource constraints will limit the number of participants to whom WASC services can be offered, those who are interested in participating in WASC will be randomly assigned, in a lottery-like process, to either the program or control group.

<sup>30</sup>If the early impacts look promising, and if further funding is available, the study may be extended to measure longer-term impacts and to include a cost-benefit analysis. A cost-benefit analysis would help policy-makers decide whether the effects of the program justify the intervention's expense to taxpayers.

changes made at the sites to achieve the goals of WASC; the various strategies used by the sites to recruit, enroll, and serve participants; and workers' patterns of participation in WASC services. Overall, by determining to what extent the main elements of the WASC program model were implemented as intended, this research will help to answer the question of whether the model was given a fair test.

### **The Sites**

MDRC selected the first two sites in 2003: the Job Center in Dayton, Ohio, and the South County Career Center (SCCC) in San Diego, California. In November 2004, after an intensive selection and review process, a second group of potential WASC demonstration sites was identified: the Southwestern CTWorks Center in Bridgeport, Connecticut; the Northside Workforce Center in Fort Worth, Texas; the WorkSource Center in Renton (part of Seattle-King County), Washington; and, as a back-up, Workforce Tulsa in Tulsa, Oklahoma. Of that group, Bridgeport was selected in fall 2005 to serve as a third research site, and Fort Worth was later chosen as a fourth site. One or more of the other potential sites may also implement the program or certain features of it and may be included in some parts of the evaluation. Table 1.2 provides an overview of the institutions and local One-Stops involved in each of the sites.

### **The Work Advancement and Support Centers Demonstration**

**Table 1.2**

**WASC Demonstration Sites**

<b>City</b>	<b>Institutions and Agencies Involved</b>	<b>Local One-Stop</b>
Dayton, Ohio	Montgomery County Department of Job and Family Services	The Job Center
San Diego, California	San Diego Workforce Partnership and the San Diego County Health and Human Services Agency	South County Career Center (operated by Arbor Education & Training/TTI America)
Bridgeport, Connecticut	Connecticut Department of Labor, Connecticut Department of Social Services, and Workplace, Inc.	Southwestern CTWorks Center
Fort Worth, Texas	Workforce Solutions for Tarrant County	Fort Worth Resource Connection



As discussed, the institutional starting points for the WASC sites are state and county workforce and human service agencies. Across the country, these agencies are very diverse. They vary in their policies and structures; in the content, administration, funding streams, and political priorities of their career advancement and financial work support programs and One-Stops; and in the demographics, local labor markets, and employment circumstances and service needs of the low-wage and dislocated workers with whom they work. Collectively, the WASC sites reflect some of this diversity. These sites will therefore help test the adaptability and feasibility of the WASC program model in different contexts across the United States.<sup>31</sup>

### Timeline

MDRC is working with the sites to help them develop and refine their WASC programs. Each location first undergoes a program design phase, in which the WASC model for that location is specified in detail to fit local circumstances; then, each location takes part in a two-stage pilot consisting of:

- **A three-month set-up period.** During this time, WASC staff members who come from other agencies relocate to WASC offices at the One-Stops and receive training. In addition, the sites establish systems for tracking participants' progress in their programs, ensure that staff are familiar with important procedures and tools to be used in the program, reach out to employers and training providers, and hold meetings with low-wage workers to learn more about their needs for the services that the programs will offer.
- **A three-month, fully operational phase.** During this phase, the sites offer the full scope of WASC services to a limited number of low-wage workers in a test group. (Random assignment procedures are also tested during this phase.)

Dayton and San Diego completed the two-stage pilot by the middle of 2005 and began enrolling the full research sample in fall 2005. The plan is for Bridgeport (and, if resources and other conditions permit, at least one other site) to begin serving participants in a pilot phase of the program early in 2006. In all of the sites, the intake of participants is scheduled to continue for roughly 12 months, and WASC services will be offered for at least an additional year after intake has ended.

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<sup>31</sup>Besides trying to ensure that sites were diverse, demonstration planners used a number of other criteria for selecting WASC sites, including: (1) a strong existing relationship between the workforce development and welfare systems, (2) a substantial population of low-wage workers, (3) low take-up rates for food stamps and Medicaid, (4) good potential for committing resources to the demonstration (for example, staff resources and the level of subsidized child care and training vouchers available), (5) strong signs of commitment to and interest in the WASC approach among local workforce and welfare administrators and policymakers and among local employers, and (6) duplicative and/or redundant state application processes for work supports that were candidates for simplification.

## **Roadmap for the Rest of the Report**

The balance of this report will provide more detail about the WASC demonstration and the challenges that Dayton and San Diego have faced in designing and planning their services. As indicated by the overview that this chapter has presented, the demonstration calls on workforce and human service agencies to innovate by moving in a number of new directions. It is hoped that the report's early picture of how two different program teams are addressing the opportunities and challenges associated with innovation will be of interest both to the circle of policymakers and practitioners immediately concerned with WASC and to a broader audience that follows efforts to improve the economic circumstances of low-wage workers and dislocated workers in the United States.

This report draws primarily on qualitative data sources, including records of cross-site conferences and focus group discussions, MDRC site staff correspondence and updates, and WASC documents produced by the sites and by MDRC. Another important data source was in-depth, structured interviews of WASC units and of One-Stop staff and their local program managers and administrators; MDRC conducted these interviews in Dayton and San Diego during October 2004.

Chapter 2 provides a more detailed description of the WASC model, and Chapter 3 introduces the two initial sites. Chapter 4 discusses some of the major challenges that these sites have been grappling with in designing their programs, along with key challenges they expect to address once their programs are up and running.



## Chapter 2

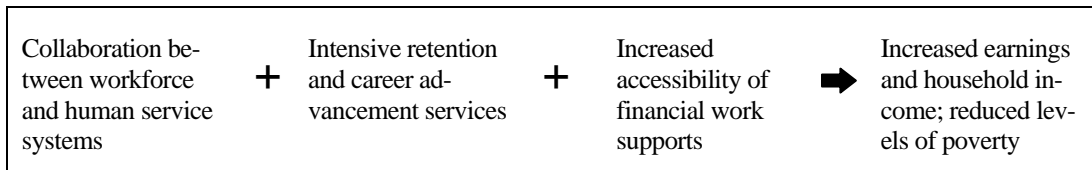
# A Closer Look at WASC

As discussed in Chapter 1, low-wage workers trying to advance in the labor market and increase their household incomes face a variety of obstacles. As shown in Figure 2.1, the Work Advancement and Support Center (WASC) demonstration attempts to remove these obstacles by offering — through collaboration between workforce and human service systems and by working closely with employers — a combination of retention and advancement services as well as easier access to financial work supports. This chapter provides more detail about the basic design of the WASC model: the target population, the kind of institutional collaboration between the workforce and human service systems that the model requires, and the program elements intended to achieve the demonstration’s goals.

### The Work Advancement and Support Center Demonstration

Figure 2.1

#### The WASC Approach to Serving Low-Wage Workers



### The Target Population

WASC programs will recruit two broad and sometimes overlapping target groups: (1) low-wage workers and (2) reemployed dislocated workers.<sup>1</sup> Because WASC is designed to improve the economic standing of low-income individuals as well as to help meet employer demand for skilled labor, the program is restricted in both cases to those at the lower range of the income spectrum. Specifically, the “low-wage worker” group is defined as:

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<sup>1</sup>As explained in Chapter 1, dislocated workers *targeted by WASC* are low-income people who generally lost their jobs because of industry restructuring and now commonly work at lower-paying positions than they did previously.

Working-age adults 18 years or older with hourly wages that fall within the bottom twenty-fifth percentile of the local wage distribution — roughly \$9 or less per hour in 2005 — and with family incomes of not more than 130 percent of the federal poverty level.<sup>2</sup>

This definition encompasses newly employed workers, workers with long employment histories, part-time and full-time workers, single adults, and workers in families with children. However, it excludes secondary wage earners who may be working in low-wage jobs but who are not living near the poverty line because of the income of a spouse or cohabitating partner. The program will also be open to workers who earn up to the fiftieth percentile of the local wage distribution (roughly \$15 per hour) but whose income still falls within 130 percent of the poverty line because they are working part time. The primary goal for that group will be moving them into sustained full-time employment.<sup>3</sup>

Besides specifying a ceiling for wage rates, WASC will also limit enrollment to groups for whom the program services have the potential to make the most difference. For example, current recipients of Temporary Assistance for Needy Families (TANF) are not eligible to enroll in the program, even if they are working, because they will already be receiving most of the work supports that WASC is attempting to provide.

Some WASC participants will be new to the One-Stops where the programs will be based. Others will be workers who are already using the Workforce Investment Act (WIA) services provided by the One-Stops.

At the time of this report, a final definition of eligible dislocated workers has not been set.<sup>4</sup> However, all participants from this group must be employed at the time of their first application to WASC. They will face less stringent income criteria than have been established for the low-wage worker group, but they must nonetheless be from low-to-moderate income families and have current earnings substantially below what they were making in their previous jobs. It is expected that many dislocated workers will, in fact, meet the low-wage worker definition. But, if

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<sup>2</sup>The \$9 hourly wage criterion is roughly the twenty-fifth percentile mean hourly wage in both of the learning sites, according to the U.S. Department of Labor's annual Occupational Employment Statistics (OES) survey of wage distributions. (In March 2004, it was \$9.28.) In the other WASC sites, with their different labor markets, the twenty-fifth percentile mean hourly wage may turn out to be lower or higher than \$9 per hour; thus, the exact cutoff point above which workers will be disqualified for the demonstration in these other sites may differ somewhat from the cutoff point established for the Dayton and San Diego sites.

<sup>3</sup>In rare cases, the program may include people who are earning up to \$15 per hour and working full time but who still meet the poverty criterion because they have large families.

<sup>4</sup>Discussions among MDRC, the U.S. Department of Labor, and the demonstration sites are underway to establish a practical and policy-relevant set of criteria for selecting reemployed dislocated workers for WASC.

they do not, they may not be eligible for work supports (except, perhaps, the EITC). In that case, WASC will focus almost exclusively on helping them enhance their skills in the labor market.

## **Bringing the Workforce and Human Service Systems Together**

WASC will bring the complementary expertise of staff from the workforce and human service (or “welfare”) systems together under one roof, in the WIA One-Stop Center. The WASC unit staff will be drawn from both systems, colocated at the One-Stop, managed as a team, and held accountable to joint outcome measures.

Integrating these two systems has a number of potential benefits. First, a WASC unit will, in one location, offer busy working people all of the benefits that the two systems traditionally offer in two separate locations. A still more important benefit than collocation would be new approaches to serving participants that staff may develop when they relinquish their individual agency affiliations and assume a new identity as a unit. For example, WIA and human service staff may be able to coordinate the funding streams of their respective agencies to provide a fuller and more accessible package of services to participants.

Colocating human service workers at the One-Stop is also part of an effort to reduce the stigma associated with receiving work supports. Because the One-Stop is an institution that primarily provides job services, the hope is that participants will start associating work supports like food stamps and Medicaid — programs often associated with the human service system and unemployment — with employment.

## **Key Elements of the WASC Model**

In developing the WASC model, planners sought to build on lessons from studies of programs that have offered low-income people job retention and advancement services and guidance in securing work supports. At the same time, planners tried to combine and structure strategies currently used by these programs in innovative ways that seem to hold the most promise for better addressing the needs of low-wage workers.

The model calls for improving the provision of job retention and career advancement services and for simplified and assisted access to financial work supports for low-wage workers.

### **Job retention and career advancement services**

Career advancement, the ultimate goal of WASC, can be defined in a number of ways (see Box 2.1). Examples include movement onto a career path with growth opportunities or an

### Box 2.1

#### What “Career Advancement” Means in the WASC Demonstration

Career advancement can be defined as an increase in earnings, fringe benefits, or number of hours worked per week, or as a worker’s successful attempt to secure work on a career path with future growth opportunities.

This broad definition reflects WASC’s focus on increasing the family income of participants, whether through better wages, more consistent hours, or a job with advancement potential — all important markers of improvements in employment situations.

increase in earnings, fringe benefits, or the number of hours an individual works in a week. Thus, WASC participants might be able to advance either by staying in their current jobs or by moving to another firm or industry. Moreover, career advancement in certain sectors of the economy may require additional job skills, which could be acquired either through on-the-job training opportunities or through formal training at a community college or at other training institutions. Finally, as will be discussed, in some cases the first step toward career advancement is for participants to retain jobs they already hold.

Reflecting these different pathways to advancement, WASC programs are expected to work closely with individual participants and employers, tailoring services to the participants’ and employers’ diverse needs and circumstances. Taking the first step in that approach, a WASC career coach will help a participant develop an Individual Income Advancement Plan, which will specify that person’s program advancement goal (for example, “get a raise in my current job,” “find a better job,” “earn a GED [General Education Development] certificate,” or “move to full-time work”). Together, the participant and career coach will then identify a short-term strategy or set of strategies for realizing the goal. Strategies may involve:

- **Career coaching.** Participants will receive guidance about ways to secure promotions, raises, increased hours, and additional benefits in their current jobs. For example, WASC staff may coach some participants in the skills they need to negotiate with employers for pay raises or promotions. WASC staff will help other participants find higher-paying positions elsewhere, with job developers sometimes identifying such positions. To help participants move into new careers, WASC staff will also be prepared to use such strategies as administering skills and interest assessments and guiding participants to set up and conduct informational interviews that will enable them to find out about career opportunities from employers that interest them.

- **Skills development.** Participants will be able to enhance their skills to qualify for better-paying jobs through traditional classroom-based training, on-the-job training opportunities, and paid work experience. WASC will offer participants these opportunities by referring them to other workforce development providers, some of whom may be based in the One-Stop or, as will be discussed, in participants' own workplaces.
- **Enlisting employers in efforts to help workers advance.** WASC programs will cultivate the support of participants' employers for training that advances their skills and careers and that simultaneously meets the needs of employers and industry. For example, programs will work with employers, particularly those with second- and third-level job openings, to identify the skills needed for low-wage workers to advance and to design training programs that meet the employers' skill needs. Training may include subsidized on-the-job training contracts conveniently offered on-site at a participant's workplace. In exchange for the advantages of having workers who have invested in training, employers may be asked to give the workers paid release time to attend training and to provide advancement opportunities for WASC participants who successfully complete training — benefits that, in turn, could motivate workers to take advantage of the training. As one staff member at the Dayton site observed:

The worst thing you can do for advancement...is to talk to [participants] about advancement but not to have an avenue or placement for them when they get through. You put in a year someplace or six months [in training] — you want to know that it makes a difference.

WASC is also exploring ways to partner with employers in growth industries, such as health care, which offer opportunities for advancement. Through such partnerships, WASC could help employers address the problem of high turnover rates by assisting them to fill midlevel positions with qualified WASC candidates.

- **Services offered to groups of participants at their workplaces.** In addition to working with the employers of individual participants, WASC programs may try to provide on-site job retention assistance, career coaching, and education on work supports to a critical mass of WASC participants who work for employers of large and medium-sized workplaces. Like the on-the-job training services, these workplace-based services could be convenient for participants. In addition, a WASC presence at job sites could help programs



develop stronger connections with employers, which, in turn, could facilitate participants' efforts to climb career ladders that are available where they are currently working.

Keeping a current job is usually an important prerequisite to advancement, and indeed many workers may discover that the best route to earning more is to stay in a position that offers opportunities to move up. Thus, along with services explicitly focused on climbing career ladders, WASC programs will offer participants job retention services, which may include:

- intervening with employers on behalf of participants experiencing problems on the job
- helping workers develop primary and back-up transportation and child care plans
- helping workers secure identification cards or driver's licenses
- providing coaching and education about "soft skills" that promote success in the workplace (such skills include punctuality, getting along with coworkers and supervisors, taking initiative, providing good customer service, and managing personal and family incomes)
- connecting participants to resources in the community for help with housing and utility bills, addiction/recovery counseling, mental health and domestic violence services, expungement of felony records, and other personal and family services that may make it easier to hold a job

### **Simplified and assisted access to financial work supports**

Among the different benefits and programs that support work, WASC considers several of them a priority for its target population: food stamps, two government-sponsored medical insurance programs (the State Children's Health Insurance Program, or SCHIP, and Medicaid), subsidized child care, federal and state Earned Income Tax Credits (EITC), and the federal Child Tax Credit (CTC) (see Box 2.2). Together, these work supports — along with others, such as programs to subsidize some utility costs or transportation assistance — can improve the income and resources of low-wage workers, encourage them to keep jobs, and help move working families above the poverty level (see Box 2.3). WASC will take the following steps to address informational and administrative barriers to receipt of these supports by eligible participants:

- **Simplifying enrollment and recertification procedures.** WASC will seek to eliminate multiple, sometimes conflicting eligibility requirements by, whenever possible, creating common eligibility criteria for work supports,

### Box 2.2

#### What “Financial Work Supports” Means in the WASC Demonstration

The specific benefits that WASC regards as priority financial work supports are:

- Food stamps
- Medicaid and the State Children’s Health Insurance Program (SCHIP)
- Child care subsidies
- State or federal Earned Income Tax Credits and the federal Child Tax Credit

### Box 2.3

#### Lessons from Financial Work Incentive Programs

With its focus on increased access to work supports, the demonstration is responding to a growing body of evidence that shows that, under some circumstances, supplementing the incomes of low-wage workers can not only reduce household poverty but also can stabilize employment and have a range of other positive impacts on families and children. These impacts include reductions in maternal reports of problem behavior and improved school outcomes for elementary school-age children. For instance, in previous MDRC evaluations, such effects were discovered for welfare recipients served by the Minnesota Family Investment Program (MFIP) and Canada’s Supplemental Security Program (SSP) and for a mix of welfare and nonwelfare participants in Milwaukee’s New Hope Project.\*

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\*Berlin (2000); Gennetian and Miller (2000); Michalopoulos et al. (2002); Gennetian (2003); Michalopoulos (2005); Morris, Gennetian, and Duncan (2005).

reducing the number of procedures and face-to-face interviews and the amount of documentation required to enroll in these programs, and extending the intervals between required recertification of benefits. WASC programs will also draw on services that are provided in participants’ communities during income tax season to help workers file to receive federal (and, where available, state) Earned Income Tax Credits and federal Child Tax Credits.

- **Educating customers about work supports using the WASC income calculator.** This Web-based tool, which was developed and customized by

MDRC for the WASC demonstration, quickly and graphically illustrates the collective effects of different work supports on an individual's household income. WASC staff will enter information about participants' incomes and the size of their households into the calculator. The calculator will then display the supports for which participants are likely to be eligible and how those supports will change their overall household incomes. The calculator can also be used to estimate how a change in earnings will affect the status and size of work supports that participants currently receive.

- **Guaranteeing child care subsidies to participants with children.** WASC participants will not be placed on waiting lists for child care subsidies, as is usually the case for applicants in many states.

## **The Distinctiveness of WASC in the Workforce System**

Although demonstrations with some program components similar to the ones that will be used in WASC have been or are being tried elsewhere, the WASC model is venturing into new terrain in workforce policy in the following ways:

- **Target population of low-wage and reemployed dislocated workers.** Unlike most previous or current employment initiatives for low-income people and dislocated workers, which emphasize job placement for out-of-work participants, WASC focuses exclusively on incumbent workers and their need to keep jobs, advance their careers, and earn more money. And unlike other efforts (for example, welfare-to-work initiatives and studies of take-up rates of work supports), WASC focuses on workers who are not currently receiving TANF cash assistance and are unlikely to be receiving all of the main work supports for which they are eligible. Thus, WASC will assist — and generate a wealth of data on — a population that has been inadequately served by employment services and financial work-support programs, and one that has been subject to comparatively little study.
- **Synergy of program elements.** WASC combines a set of program components that have not yet been tested as a package on a broad scale. Individually, these components are not all new interventions. The WASC evaluation will determine whether bringing these elements together in ways that help them reinforce one another gives them sufficient power to make a significant difference in the economic prospects of low-wage and dislocated workers.

- **The use of One-Stops.** As noted, One-Stops typically do not aim their services at people who are currently working. Yet, given the accessibility of these centers and their concentration of services, they offer an appealing location for an intervention tailored to the needs of low-wage and dislocated workers. Indeed, during the WASC site selection process, many federal policymakers, state and county workforce development administrators, and service providers around the country acknowledged WASC as the next logical step in the evolution of One-Stops.
- **Employer-linked advancement strategies.** Besides working with participants, WASC hopes to develop a particularly strong job retention and advancement component by simultaneously cultivating relationships with participants' employers and by identifying low-wage workers through employers.

These elements will be consistent across the WASC sites, but each site will need to tailor the program to local circumstances, which is the topic of the next chapter.



## Chapter 3

# Overview of the Dayton and San Diego WASC Sites

Successful implementation of the Work Advancement and Support Centers (WASC) demonstration will depend in part on whether its program model can be adapted to diverse localities and by agencies with different structures and styles. Thus, it is very helpful that Dayton and San Diego, the first two sites that were selected to generate insights and lessons about the challenges of operating WASC, are in many ways a study in contrasts. In describing these sites, this chapter highlights a number of the differences between them and discusses some of the ways in which those differences could affect their WASC programs.

## Contrasting People and Places

The Dayton and San Diego sites show pronounced differences in their demographic characteristics and in the areas they serve.

### Dayton

Dayton's WASC program is located in the One-Stop that serves all of Montgomery County, which is the fourth-largest county in Ohio.<sup>1</sup> Located at the southwestern end of the state, the county covers 462 square miles, incorporating dozens of self-governing small townships and mid-sized cities as well as farmland (Dayton is the county's seat and its largest city, with a population of 166,179 in 2000).<sup>2</sup> As shown in Table 3.1, the county's population in 2003 was estimated to be 552,187 (representing a 1.2 percent drop in size since the 2000 census).<sup>3</sup> Despite the relatively large number of people living in the county, its officials judged that a single, centrally located One-Stop could accommodate the entire area. According to the Dayton staff, one asset that the WASC program can count on to engage residents is the ready accessibility of the facility by public transportation from almost all parts of the county.

Most of Montgomery County's residents are white, non-Hispanic/Latino (76 percent in 2000), with the next largest ethnic group being black/African-American (20 percent in 2000). In 2000, the county's Hispanic/Latino population represented only slightly over 1 percent of its population. And in that year, less than 3 percent of county's residents were foreign-born, while just 5 percent of its households spoke a language other than English.<sup>4</sup> Thus, Dayton's WASC

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<sup>1</sup>Montgomery County (2005).

<sup>2</sup>Ohio Department of Development, Office of Strategic Research (2005).

<sup>3</sup>U.S. Census Bureau (2003).

<sup>4</sup>U.S. Census Bureau (2003).

**The Work Advancement and Support Center Demonstration**

**Table 3.1**

**City and County Characteristics of the Dayton and San Diego WASC Sites**

Characteristic	Montgomery County (Dayton, OH)	San Diego County (Chula Vista, CA)
<b>Population</b>		
by county, 2003	552,187	2,930,886
by city, 2000	166,179	173,556
<b>County racial/ethnic characteristics, 2000 (%)</b>		
White	76.6	66.5
White non-Hispanic/Latino	75.9	55.0
Black/African-American	19.9	5.7
Hispanic/Latino	1.3	26.7
Asian	1.3	8.9
foreign-born	2.5	21.5
live in non-English-speaking households	4.6	33.0
<b>City racial/ethnic characteristics, 2000 (%)</b>		
White	53.4	55.1
White non-Hispanic/Latino	n/a	n/a
Black/African-American	43.1	4.6
Hispanic/Latino	1.6	49.6
Asian	0.6	11.0
foreign-born	2.0	28.7
live in non-English-speaking households	4.4	52.6
County poverty rate, 2002 (%)	10.7	10.9
<b>Unemployment rate for metropolitan area (%)</b>		
annual, 2004	6.1	3.9
March 2005	7.1	4.3

SOURCES: Data collected from U.S. Census Bureau, 2002; U.S. Census Bureau, 2003; and the Bureau of Labor Statistics, 2005.

WASC program does not have a pressing need to conduct outreach and offer services to accommodate people with a variety of linguistic and cultural backgrounds (although the Dayton WASC team has committed to making Spanish-speaking staff available to program participants). However, in view of the county's substantial poverty rate — 10.7 percent in 2002 — the need for social services and work supports is likely to be considerable.<sup>5</sup>

<sup>5</sup>U.S. Census Bureau (2002).

## San Diego

San Diego's WASC program is located in one of six full-service One-Stops charged with serving San Diego County, the most southwestern county in the continental United States.<sup>6</sup> The county, bordered by Mexico and the desert, is almost 10 times the size of Montgomery County (4,200 square miles).

San Diego County is the third most populous county in California.<sup>7</sup> In 2003, its booming population was estimated to be 2,930,886, which represents a 4.2 percent increase in its population size since the 2000 census.<sup>8</sup> The decision to establish regional One-Stops in the county reflects its sheer size and the size of the population it must serve.

The One-Stop that houses WASC is located in the city of Chula Vista, which is the county's second-largest municipality (173,556 residents in 2000), following San Diego. The facility in Chula Vista primarily serves the southern part of the county. But despite its focus on only a section of a very large geographical area, the WASC program will likely continue to contend with the transportation needs of participants: Public transportation is limited, and to take advantage of One-Stop programs and services, many county residents must make long commutes on congested freeways.

In contrast to Dayton, San Diego's WASC target population is likely to include a sizeable number of immigrants, mostly of Hispanic/Latino background, many of whom may have limited English proficiency. While 55 percent of San Diego County's population in 2000 were white non-Hispanic/Latino, 27 percent were of Hispanic/Latino origin, 22 percent were foreign-born, and 33 percent lived in a household that spoke a language other than English. Chula Vista had an even higher concentration of Hispanic/Latino residents (50 percent) and residents who lived in a household that spoke a language other than English (53 percent). While WASC can provide career advancement services to noncitizens who are legally eligible to work in the United States, more recent arrivals may not meet the residency requirements that are needed to apply for financial work supports (although the U.S.-born children of these immigrants might be eligible for these services).

At 10.9 percent, San Diego County's overall poverty rate in 2002 was similar to Montgomery County's.<sup>9</sup> Low-wage workers in this county are struggling to make ends meet and to stay adequately housed in a heated economy with skyrocketing housing prices. For instance, in

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<sup>6</sup>A One-Stop is defined as full-service if all of the federally mandated Workforce Investment Act (WIA) partners are represented (such as federally-funded adult education and literacy programs, vocational rehabilitation programs, and Unemployment Insurance), and if it offers universal access to job search services (such as job banks) and some access to more intensive employment services (including case management) and to training.

<sup>7</sup>County of San Diego (2005).

<sup>8</sup>Data in this statement and the following two paragraphs are from the U.S. Census Bureau (2003).

<sup>9</sup>U.S. Census Bureau (2002).



Chula Vista, the average sale price of single-family homes in 2003 was \$394,623 and the average monthly rental rate for a one-bedroom apartment was between \$750 and \$1,325.<sup>10</sup>

## **Local Labor Markets**

To assess the feasibility and effectiveness of the WASC program under different regional economic conditions, WASC planners have sought to ensure that the sites are economically diverse. Indeed, Dayton and San Diego are on opposite ends of the spectrum with regard to the vitality of their local economies and the availability of better-paying job opportunities to which WASC participants can aspire.

### **Dayton**

Dayton's WASC program will operate in a labor market with large numbers of dislocated workers. Like other states in the northern industrial rustbelt, Ohio has faced painful adjustments in the effort to survive and thrive in the postindustrial economy. Beginning with the 2001 national recession, Ohio was hit hard by job losses, and the problem has not abated. Policy Matters Ohio, a nonprofit research group, reported that Ohioans saw a 3.9 percent drop in jobs from March 2001, when the recession began, through July 2004 — a proportional decline that was higher than the declines in all states except Massachusetts and Michigan during that period. Meanwhile, job gains were meager, leaving Ohio with 217,000 fewer jobs at the end of that period than at the beginning.<sup>11</sup>

While Ohio's unemployment rates were comparable to national levels during this period, a significant portion of the state's job losses occurred in the manufacturing sector. According to one study, the manufacturing sector still employs about 15 percent of Ohio workers, but its share of the workforce had been as high as 22 percent of the state's jobs in 1990. The manufacturing sector in Ohio offers better-paying unionized jobs with benefits, and the state's low-wage workers have historically aspired to these jobs as a way to advance into the middle class.

Dayton has borne its share of Ohio's manufacturing job losses: In the city and its surrounding suburbs and townships, along tree-covered hillsides and scenic waterways, stand the rusting shells and padlocked gates of abandoned factories. Nearby, homes with peeling paint and sagging porches testify to the losses sustained by communities that depended on manufacturing industries for their livelihoods; the empty storefronts with boarded-up windows tell a similar story. In such a diffi-

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<sup>10</sup>City of Chula Vista Community Development Department (2003).

<sup>11</sup>Data in this paragraph and the next are from Hanauer (2004).

cult economy, people with low levels of education and limited work experience have found employment — not necessarily on a full-time basis<sup>12</sup> — primarily in entry-level, low-wage positions.

WASC staff observe that Dayton officials who focus on economic development issues — including officials at the One-Stop — have been working hard to replace the state’s lost jobs. These officials have brought into the area new investment with a focus on health care, high technology, research, and information services, along with major transportation and distribution companies like DHL. However, if low-wage workers and dislocated workers are to find well-paying employment in these industries and sectors, WASC programs will need to help them secure more education and training or certifications that qualify them for the positions.

WASC staff members have already expressed concerns about Dayton’s highly competitive job market. “I just know the number of layoffs we’ve had and the number of qualified workers who are out there looking for jobs,” one of these staff members observed. Indeed, these conditions have disposed the staff to be cautious about encouraging working customers to consider changing jobs for better ones in an unstable economy. Even if they are hired, said one WASC staffer, “the last hired is the first fired.” “I’ve always been a strong believer that you don’t quit jobs,” another staff member remarked, adding, “Even if you’re quitting a job to go somewhere else, the ‘somewhere else’ better be stable, better be 100 percent for sure.”

Overall, these assessments of a stiffly competitive environment and these attitudes about how best to contend with it could lead WASC staff to pay less attention to career advancement and more to helping participants hold onto their jobs, even low-wage ones. Likewise, staff may encourage workers to look for additional hours of work rather than better-paying positions to supplement their earnings.

## **San Diego**

While Dayton was buffeted by the recent national recession, San Diego appears to have had a less stressful experience. The San Diego Metropolitan Statistical Area had a monthly unemployment rate of 4.3 percent in March 2005.<sup>13</sup>

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<sup>12</sup>Underemployment is a significant measure of labor market distress. The Bureau of Labor Statistics defines underemployment as a condition that encompasses all of the following: unemployed people; people who are involuntarily working part time; “conditionally interested” workers, who want to work but cannot because of child care, transportation, or other problems; and discouraged workers who have stopped looking for work. Hanover (2004) notes: “While unemployment in the state has risen, the level of underemployment reflects a far greater rate of labor market distress than the official unemployment rate. Ohio’s underemployment rate in 2003 was 10.4 percent, the highest since this statistic began being measured, and up from a low of 6.8 percent in 2000.” Moreover, the proportion of underemployed African-American workers (at 19 percent in 2003) was almost twice as high as the rate for all workers (10.4 percent), and the rate for people without a high school diploma or General Education Development (GED) certificate (22.6 percent) was higher still (Hanauer, 2004).

<sup>13</sup>Bureau of Labor Statistics (2005).

Indeed, over the past two decades, San Diego has experienced major economic expansion, particularly in the wake of the signing of the North American Free Trade Agreement (NAFTA) with Mexico and increased federal spending on homeland security and the military. From the U.S. Department of Defense, the county received direct expenditures of more than \$10 billion in 2001.<sup>14</sup> The U.S. Navy and Marine Corps continue to operate bases and air stations in the county, which employ many residents. Moreover, San Diego benefited from the military base realignments and closures of the 1990s, with many operations being relocated to this area from other states. For instance, in 1997, the Space and Naval War Systems Center relocated from Virginia to San Diego and currently employs nearly 4,000 workers.<sup>15</sup>

With San Diego considered one of the country's most desirable year-round vacation spots, tourism remains a key source of employment in the county, providing jobs in hospitality, retail, and entertainment establishments. However, manufacturing is the largest contributor to the county's gross regional product, accounting in 2002 for \$25 billion, particularly in shipbuilding and repair (employers include the National Steel and Shipbuilding Company and Northrop Grumman) and in industrial machinery and computers. In addition, high-technology industries, such as the biomedical, software production, telecommunications, and biomedical research industries, are taking off in the region.

Many of the larger companies are located in the northern part of the county, away from the WASC site. However, the One-Stop seems to have close connections with some of the bigger employers outside of South San Diego County. In such a thriving and diversified economy, the San Diego WASC program may find it easier than its Dayton counterpart to help participants with career advancement because of the greater abundance of good job opportunities for all jobseekers. But a key challenge for this program is to help participants acquire the additional skills training they need to qualify for and take advantage of better-paying jobs and to build relationships with employers that encourage them to offer training and advancement opportunities to WASC participants in their firms.

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<sup>14</sup>San Diego Regional Chamber of Commerce (2005). According to the San Diego Chamber of Commerce, "international trade continues to be a major economic strength for the region. The border between San Diego and Mexico is the busiest in the world, and the San Diego-Tijuana binational economy is further enhanced by NAFTA. Goods moving through the San Diego customs district totaled \$33.6 billion in 2001. Tijuana has become the television-producing capital of North America, and perhaps the world, with Asian manufacturers opening manufacturing facilities in the region because of the inducement of NAFTA advantages."

<sup>15</sup>San Diego Regional Chamber of Commerce (2005). Data in the next paragraph are also from this source.

## **Existing Patterns of Collaboration Between Workforce and Human Service Agencies**

As discussed in Chapter 1, the workforce system is expected to collaborate with the human service system in developing and operating WASC programs. But Dayton and San Diego began their WASC collaborations with very different past histories of relationships between these two systems. The histories have important implications for the number of administrative entities with which the WASC programs will have to negotiate and for the kind of administrative hurdles they may need to surmount to secure staffing and resources, develop services, and simplify application processes for work support programs.

### **Dayton**

Ohio's workforce and human service systems are already well along in integrating their administrative structures and programs at both the state and county levels. The Ohio Department of Job and Family Services is the product of the July 2000 merger of the state's former workforce and human service agencies.

In Dayton, the Montgomery County Department of Job and Family Services is in charge of the entire range of income support programs for low-income families with children, including Ohio's Temporary Assistance for Needy Families (TANF) program, Medicaid, and food stamps. This same agency is also responsible for Dayton's Workforce Investment Act (WIA) employment programs, including core job search services, intensive services (case management), and training. However, the TANF and WIA staff have largely operated out of different locations in the One-Stop Center and have not been integrated in the way that WASC envisions.

### **San Diego**

As shown in Table 3.2, in contrast to the situation in Dayton, San Diego's workforce and human service agencies are separate entities that entered the WASC demonstration with little experience of having worked closely with one another. In fact, local leaders have said that a major reason for deciding to join the demonstration was that WASC gives them an opportunity to build a long-term relationship between the two agencies.

The county's human service agency, the San Diego County Health and Human Services Agency, administers its TANF, food stamp, Medicaid, and child care assistance programs.<sup>16</sup> On a separate track, the San Diego Workforce Partnership — the county's workforce entity — is responsible for WIA job training and employment programs for both the city and county of San Diego.

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<sup>16</sup>The San Diego County Health and Human Services Agency is one of three Alternative Payment Providers (APPs) that manage state-funded child care programs for low-wage workers in San Diego County. The other two APPs for the county are private vendors.

**The Work Advancement and Support Centers Demonstration**

**Table 3.2**

**Local Workforce and Human Service Agencies Involved in  
the Dayton and San Diego WASC Sites**

<b>Institution</b>	<b>Services Provided</b>	<b>Current Service Location</b>
<b>Dayton</b>		
Montgomery County Department of Job and Family Services	<p><b>Workforce Investment Act (WIA) services:</b> core, intensive, and training services; adult education and literacy programs</p> <p><b>Work supports:</b> family and children’s Medicaid,<sup>a</sup> food stamps, child care, and ancillary services</p>	The Job Center (One-Stop)
<b>San Diego</b>		
San Diego Workforce Partnership	<p><b>WIA services:</b> core, intensive, and training services; adult education and literacy programs (contracted out to One-Stop providers and other partners)</p>	South County Career Center (One-Stop)
San Diego County Health and Human Services Agency	<p><b>Work supports:</b> family and children’s Medicaid,<sup>b</sup> food stamps, child care, and ancillary services</p>	South Region Center (regional office of the Health and Human Services Agency in Chula Vista)

NOTES: <sup>a</sup>Ohio does not have a separate State Children’s Health Insurance Program, but instead has an expanded children’s Medicaid program.

<sup>b</sup>California’s State Children’s Health Insurance Program (called Healthy Families) is not administered by the Health and Human Services Agency (HHSA). However, the HHSA staff will facilitate a Healthy Families application by, for example, forwarding a Medicaid application from someone whose income exceeds the level that would qualify the applicant for Medicaid to the agency administering Healthy Families.

This separation of the workforce and human service systems is mirrored at the state level: The state Employment Development Department oversees the administration of the WIA program across California, while the California Department of Social Services administers the state’s TANF program. Thus, WASC managers will need to identify which of an array of state and county agencies and divisions they should approach as they work to develop new systems and services.

## **Local One-Stop Centers**

Physically, the Dayton and San Diego One-Stops are dramatically different from one another. Partly as a result of those differences, the centers also present users with two very different environments in which to receive services.

### **Dayton**

Dayton's One-Stop is an imposing, 400,000-square-foot modern facility, which sprawls across an eight-and-a-half-acre site located two miles from downtown Dayton. The WASC staff estimate that around 1,500 customers visit the One-Stop every day, and more than three dozen education, workforce development, and social service providers have moved into the One-Stop facility, creating a sort of "Mall of America" of service centers. The WASC program will be able to draw on this full range of colocated programs.

Dayton's One-Stop has a strong ethos of providing excellent customer service, with staff often cross-trained in one another's services and roles in order to encourage customers to feel that there is no wrong door for getting help. However, the sheer size and scale of the facility may be overwhelming to many people. Moreover, since the county's income support programs take up a sizeable amount of room in the facility, the One-Stop may be stigmatized through its association with the welfare system. In fact, staff members speculate that some low-wage workers now avoid the One-Stop for that reason.

### **San Diego**

With around 3,000 to 4,000 customer visits per month, San Diego's One-Stop is much smaller than Dayton's, helping to create an intimate, comfortable environment for customers. The facility is easy to navigate: A receptionist offers individualized assistance to everyone who comes through the doors, and staff are available throughout the facility — including in its computer labs and training rooms — to help customers get access to services, along with the guidance they need to sign up for these services and use them. Staff members believe that since the One-Stop is not a welfare office, low-wage workers and dislocated workers will be more likely to consider using WASC than would be the case if the program carried the stigma of public assistance.

Given their local conditions, both Dayton and San Diego therefore continue to face different but overlapping challenges as they have developed WASC strategies. These are explored in the next chapter.



## Chapter 4

# Critical Challenges and Initial Strategies

Implementing the Work Advancement and Support Center (WASC) demonstration involves overcoming numerous challenges. First, the programs must recruit the targeted low-wage workers and reemployed dislocated workers, some of whom have had no previous exposure to One-Stops or work support programs. Once participants enroll, the WASC units will need to deliver services that fit the WASC design. In these new units, which will draw together staff from two different systems, workforce staff must become conversant with the complicated eligibility rules of financial work supports, while human service staff will need to learn about the particulars of Workforce Investment Act (WIA) programs. All staff in the WASC unit must learn to work with employers and create with them a new relationship focused on retention and advancement. Further, the staff must determine how to help customers advance their careers — an effort that involves coordination with outside agencies, community organizations, and employers. The programs must also try to simplify the processes by which workers apply for work supports. Finally, the sites will need to work through the organizational and logistical details of colocating staff members who formerly were based in different systems or agency divisions.

While the designers of WASC were aware of these many challenges, the planning that Dayton and San Diego undertook during this report period has cast those challenges into sharper relief. By drawing on information about the first phase of work from these two sites, this chapter provides more detail about the dimensions of the demands that the sites — along with other sites in the demonstration — will face, and it describes steps that Dayton and San Diego anticipate taking to address some of the challenges.

### **Challenge #1: Encouraging Participation of Low-Wage and Dislocated Workers Who Have Little or No Past Connection with One-Stop Services or Work Support Programs**

Past programs designed to help low-income people keep jobs and advance their careers have often found it very difficult to engage participants. This has been true even when the services have been directed toward employed welfare recipients and former recipients who had a recent connection to a human service agency.<sup>1</sup> WASC is likely to find it even more difficult to recruit participants from low-wage working families who have had no previous exposure to either workforce or human service agencies. Thus, the sites are strategizing about how to reach people who may not know about the One-Stops, who have negative impressions of public services or incorrect

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<sup>1</sup>Rangajaran and Novack (1999); Anderson and Martinson (2003).



assumptions about their eligibility, or who may think that their work and family responsibilities leave them little time to secure program services.

The sites have quickly recognized that to publicize WASC, they must reach out to employers, community-based organizations, and other community groups that have regular contact with workers. They have also decided that while their outreach messages must highlight the benefits of WASC to working people, they must avoid making WASC sound like a traditional social service program.

### Reaching out to community-based organizations and employers

In conducting outreach — as well as follow-up activities once people enroll in the program — WASC sites may benefit from partnerships between the One-Stop and community-based service providers. The groundwork for such a relationship has already been laid in Dayton. In an effort to reach out to residents in low-income neighborhoods and expand their use of One-Stop services, the Dayton One-Stop has cultivated a sophisticated outreach network known as the Targeted Community-Based Collaborative (TCBC), which is a consortium of around two dozen community- and faith-based organizations.<sup>2</sup>

The One-Stop relies on TCBC members to inform residents about One-Stop programs (and sometimes to assume preliminary intake tasks for the programs). TCBC members are often able to engage residents in ways that are more familiar to them than the style of outreach that comes directly from a government agency. For instance, to market the One-Stop, the Dayton Urban League has successfully used local radio programs and set up informational tables in grocery stores and on street corners. TCBC partners have helped One-Stop staff stay in contact with former welfare recipients to enable these people to secure the job retention services and work supports they need from the One-Stop. In another indication of the way in which this consortium expands the One-Stop's outreach efforts, a Dayton staff member observes, "TCBC is available 24/7 when the [One-Stop] is closed."

Besides marketing the One-Stop to residents, staff members of TCBC agencies also help people navigate the facility. For example, they give residents the names of specific One-Stop staff persons to see and often accompany residents on initial visits to the facility. "People are often overwhelmed and don't know where to go," says a WASC staff member. "It's not a stretch for middle-income people to come in and use the [One-Stop], but it's hard to get low-income folks to come in." The challenge for sites like Dayton is to cultivate neighborhood-

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<sup>2</sup>TCBC members include agencies like East End Community Services, which serves a predominantly white population, primarily from Appalachia, and a growing number of Hispanic residents; the Dayton Urban League, which serves the primarily African-American Westside community; and Camp Fire USA, which serves youth.

based groups like the TCBC collaborative in order to further penetrate communities of low-wage working residents that the One-Stop has yet to engage.

In addition to community organizations, both sites will attempt to use employers in their recruitment efforts, a strategy that they hope will help the program reach potential participants who are known to these employers but who have never received One-Stop services or work supports. Focus groups of local employers that were convened by the San Diego WASC unit to help WASC learn more about the local labor market also gave staff an opportunity to introduce these employers to WASC and to gauge their interest in helping with recruitment. Most of these employers were receptive to the program and willing to spread the word about it to their employees.

### Developing effective marketing messages

As noted earlier, WASC managers and staff think that the program's services — particularly work supports — may suffer from the stigma often attached to publicly funded programs, particularly welfare programs. Another potential problem with marketing WASC is that people who are aware of the One-Stop tend to see it as a place where the unemployed can be helped to find jobs, but not as a source of help for people who are already working.

Focus groups of low-wage workers that were convened by the sites confirmed the impression that the One-Stop is not usually viewed as a provider of job retention and career advancement services, precisely the perception WASC is hoping to shift. As a Dayton staff member put it:

When I ask people who come to me here, “Hey, how’re you doing?” they’ll say, “I’m not doing too good if I’m down here.” We need to change the mindset, open people’s eyes to the opportunities for workers here. This pilot project could turn things around.

Because the San Diego One-Stop does not encompass human services, it does not contend with perceptions that it is a welfare agency. Still, as in Dayton, the program must address the problem of the agency not being viewed as one that helps workers advance. Moreover, systematically marketing services is a relatively new challenge for the San Diego One-Stop. Thus far, the agency has mainly relied on word-of-mouth communication among customers and their friends and neighbors to attract participants.

Now, however, the WASC program is seeking to attract busy working people who do not normally come into the One-Stop by developing a compelling marketing message — one that will not sound like another promotion for a traditional social services program. Thus, the headline being used for the initial WASC marketing brochure and for some of its other materi-

als focuses on the program's benefits, rather than its services. The headline reads, "Give yourself a raise. Add \$10,000 more."

Of course, while such messages are important, many staff members at the sites understand that marketing also involves describing the program thoroughly and clearly once people call or come through the door. "It's all about presentation," says one San Diego staff member, adding that people must understand the goals of WASC and the kind of commitment they need to make to its activities if the program is going to work for them.

## **Challenge #2: Engaging Current One-Stop Customers Who Could Benefit from WASC Services**

Although WASC aims to reach workers who have not yet been involved in One-Stops, many people who are already One-Stop customers will be eligible to receive WASC services and are likely to benefit from them. Results from an MDRC survey of customers in the two sites showed that 35 percent of the customers surveyed in Dayton and 17 percent in San Diego were already working. Nearly half the working customers surveyed in Dayton (46 percent) and over one-third in San Diego (36 percent) were making \$8 per hour or less.<sup>3</sup> WASC participation has the potential to streamline the application processes for work supports for such people and to raise their overall household incomes.<sup>4</sup> And over the long run, WASC program's advancement services could raise those incomes to even higher levels.

However, just because working people take advantage of other One-Stop services does not mean that they will be automatically interested in participating in WASC. Therefore, the sites will use many of the same marketing strategies discussed in the previous section to attract this group to their services. Also, they will work with other One-Stop staff to develop strategies to pinpoint the working people who are using or have used the One-Stops. Some of the strategies that the sites plan to use include:

- **Introducing WASC to One-Stop walk-ins and callers.** The same WASC brochures that were developed for outreach to the community will be available in the One-Stop waiting areas. Receptionists who greet people entering the One-Stops or who answer inquiry calls about the facilities' services will determine whether the walk-ins or callers are employed, and they will be

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<sup>3</sup>Beleu, Anderson, and Seith (2004); Anderson, Beleu, and Seith (2004).

<sup>4</sup>Because the One-Stop customer survey did not ask for household income or composition (two major criteria for determining eligibility for most work supports), its results provide only a very rough approximation of the proportion of low-wage workers using these One-Stops who are not receiving the supports for which they may be eligible.

trained to describe WASC to working people using marketing scripts developed during the pilot period.

WASC staff in Dayton, who have been leaving the program brochures throughout the One-Stop and who also plan to display WASC posters in the facility, have noticed that ever since 2004, when they posted a “Career Advancement” sign above the area of the One-Stop where WASC will operate, One-Stop customers have been expressing a great deal of interest in enrolling once the program gets under way. One staff member observes, “We’re already getting a lot of bites.”

- **Contacting past Workforce Investment Act (WIA) customers.** The San Diego WASC team will use its automated data system to generate a monthly list of customers exiting the WIA program and will send them mailers to advertise WASC. Similarly, Dayton’s WASC program plans to consult a monthly list of all One-Stop customers who have used WIA services. The program plans to send letters to a subset of people on this list likely to qualify for WASC — those using its initial job search and employment training assistance — telling them what it offers and inviting them to apply.
- **Building direct linkages between WASC and WIA job placement programs for dislocated workers.** Both the Dayton and San Diego sites see the potential for WASC to provide a “second stage” for their existing dislocated worker programs. Many participants of those programs land jobs that pay far less than their past positions and that do not offer much of a future. The sites are looking to WASC as a way to help those newly employed dislocated workers use that first job as a stepping stone while continuing to upgrade their skills and search for better opportunities. The sites will thus seek to establish a relatively seamless transition to WASC for designated graduates of the One-Stop dislocated worker programs.
- **Recruiting customers of One-Stop partner agencies.** In addition to being a home for WIA services, the Dayton One-Stop houses dozens of education, workforce development, and social service providers. The WASC program is arranging to meet with staff from these partner agencies to encourage them to refer their potentially eligible low-income working customers to the program. Although San Diego has somewhat fewer partner agencies than Dayton, this site plans to take similar approaches to Dayton’s to attract workers already involved with other agencies.

### **Challenge #3: Engaging Employers**

One of the main goals of WASC is to involve employers in efforts to help customers advance. For example, a WASC career coach may work closely with an employer to identify the skills needed for advancement and then facilitate the development of customized training that would benefit both the worker and the employer. The coach may also be able to serve as an important liaison between low-wage workers and their employers in negotiations of pay raises or promotions or in resolving problems that could lead a worker to quit or be fired. Also, as noted earlier, some of the WASC sites may try to provide on-site retention and advancement services to a critical mass of employees at large firms. Because the sites are in the early stages of developing these various strategies for engaging employers, it remains to be seen whether employers will be willing to work with WASC and whether customers will want their career coaches to contact employers on their behalf. To maximize the chances that WASC will succeed in engaging employers, sites are thinking through the following strategies:

#### **Developing customized and on-the-job training opportunities**

The Dayton WASC program has been meeting with local employers, focusing on reaching employers who are having trouble filling positions that are one or two levels above entry-level. For instance, health care providers need help in preparing their entry-level health care, housekeeping, and food service workers for more skilled jobs, including positions as licensed practical nurses, medical aides, X-ray technicians, and respiratory therapists. One hospital personnel manager who participated in an employers' focus group held by the Dayton program said that when some entry-level workers on the hospital's wards were tested, the workers showed a facility with medical terminology and hospital practices — knowledge they had acquired on the job — that exceeded the knowledge levels of typical first-year medical students. The hospital was offering to release employees from their shifts to attend training classes that WASC would provide.

A WASC unit member who helped facilitate focus groups for employers at the Dayton One-Stop was optimistic about prospects for WASC working with employers:

I thought [the employers'] responses and ideas were very good, and it sounded like we could really work something out. We would be able to target a lot of people in one place and make worksite presentations of what we can offer. Going to the employer to get to the employee would help us dialogue with them so that we can go back and forth. We would know ahead of time what the advancement opportunities were there, how much people could make, what they would have to do to qualify...I thought this could be a real plus.

The San Diego WASC unit is also emphasizing the need to involve employers in its career advancement efforts. The program is particularly interested in offering on-the-job-training contracts to employers. These contracts benefit both the worker and the employer, because they can give the worker paid release time for training while giving the employer a way to promote an employee, save on the costs of skills development needed to do so, and provide training during working hours. Generally, on-the-job-training contracts can be used for training in specific job skills that an employee needs in order to move up. For instance, a contract could be used to help an employee who is doing clerical work at an auto body shop to be trained to work on transmissions or to help an office worker learn additional software programs in order to get a promotion. In exchange for the training, the employer agrees to provide employees with opportunities for promotion and/or a wage increase by the time the on-the-job-training contract has ended. Based on feedback from employers, the San Diego WASC team plans to streamline its program's on-the-job-training application process to make it less cumbersome than the One-Stop's current process.

The San Diego WASC team recognizes that marketing on-the-job-training services and negotiating agreements with employers require a different set of skills than the ones that now prevail in the unit. Should funding become available, the team is therefore considering adding a new staff member, with the title of Business Services Advisor, to assume responsibility for on-the-job-training services and negotiations.

Like the Dayton unit, the San Diego team has held focus groups of employers to get input about how the program can best engage employers — “to talk in their terms,” as one staff member put it. This team believes that employers will be drawn to WASC not only for help in developing employees' skills but also for financial work supports, such as child care and transportation assistance, which can help employees maintain good attendance and productivity at their jobs.

**Intervening with the employer to help a customer negotiate a pay raise or promotion, or to help a worker keep a job**

It will not be possible, or even desirable, to create customized and on-the-job-training opportunities for every WASC participant. Rather than formal training, the route to advancement for some workers may simply be taking the initiative to improve their situations in their current workplaces. Thus, WASC career coaches expect to advise some participants about how to ask for raises and promotions. If someone has been unsuccessful in doing so, a coach might contact an employer directly to ask what steps the worker can take to advance.

As discussed, the sites believe that the starting point for helping some workers move up is focusing on job retention. For example, coaches are prepared to work with employers to solve on-the-job problems of WASC participants that interfere with these employees' performance or job satisfaction and that could lead to their quitting or being fired. For example, in the case of

conflicts between a WASC participant and a fellow employee, the coach might talk to the employer and/or the participant to understand the difficulty more fully and then make constructive suggestions for alleviating it.

#### Developing on-site employer services

As noted, the sites also intend to explore the possibility of providing job retention assistance, career coaching, and counseling on work supports (which could include using the income calculator) to groups of WASC participants in large and medium-sized firms. The advantage of this strategy is that it makes the program more convenient by providing on-site services and allowing employees to take paid time off to participate. In addition, the hope is that workers will be more likely to participate if they know that their employers endorse the program. This element of the model is still under development, and the sites are in the process of determining whether it will fit into their programs. Dayton, for example, met with some large health care providers to gauge employer interest in such a program, and early planning activities are now under way. Future WASC reports will discuss this issue in greater depth.

#### **Challenge #4: Integrating the Functions of Workforce and Human Service Staff**

The workforce development and human service agencies that are collaborating on WASC have distinct missions, administrative structures, and performance goals. Mirroring this division, employment services are usually handled by employment coaches from the workforce system, while eligibility workers in the human service system have the sole and separate responsibility of helping low-wage workers take advantage of financial work supports. These two kinds of staff members have often carried out their tasks in separate “divisional silos.”<sup>5</sup> In contrast, the WASC unit is expected to be a multifunctional and integrated team, with members who will often be cross-trained in each other’s responsibilities.

Integrating services in this way requires staff from the most senior to the frontline levels of the workforce and human service agencies to cooperate and to make new and sometimes joint decisions. The different degrees of interagency collaboration that existed in San Diego and Dayton before the inception of the WASC demonstration have already had important implications for how the sites have approached these demands.

#### Dayton: Building on a generalized staffing model

In staffing the new WASC unit, Dayton is benefiting from the fact that its workforce and human service programs are managed by the same agency and are based in the same facil-

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<sup>5</sup>See Senge (1990).

ity. One result of this arrangement is that, in the course of working at the One-Stop, some of the WASC staff members have held two kinds of jobs: positions that involve traditional human service work (handling eligibility determinations for programs such as Temporary Assistance for Needy Families [TANF], food stamps, Medicaid, and subsidized child care, and conducting needs assessments), and positions in which they help customers get access to WIA employment and training services. This shifting has meant that there are One-Stop staff members with proficiency in both the human service and workforce systems.

Capitalizing on the prevalence of staff with knowledge of the two systems, the WASC unit has decided to assign each customer to a single career coach, who will determine that person's eligibility both for work supports and career advancement services. Members of the WASC unit will sometimes fill in for each other, but, with their distinct caseloads, they will not usually share major responsibilities for any one case.

In addition to the career coaches, two assistants have been assigned to the WASC unit to help with customer correspondence, phone calls, and routine paperwork, enabling the career coaches to spend more time working one-on-one with participants and reaching out to employers. These assistants are also trained to enroll customers in child care assistance and medical programs. Finally, a part-time child support specialist will work with some participants on establishing paternity and helping them collect child support as one way to increase their household incomes. The team will also draw on the help of a One-Stop job developer, who, although not officially part of the WASC unit, will give participants job leads and job search assistance and help them take advantage of WIA education and training services. He will also work to cultivate employers' involvement in WASC.

Besides often having had experience in both the workforce and human service systems, many One-Stop staff are already accustomed to working in teams. Throughout the facility, human service staff are assigned to teams that focus on cash assistance, work supports, efforts to secure child support payments, and other supportive services. However, working separately, outside of those teams, are WIA staff and staff who determine customers' eligibility for child care assistance. In making these staff members part of the WASC team, WASC takes the Dayton One-Stop a step closer to full integration of its functions. The observation of one program administrator in Dayton underscores this change:

This would really prove what the integration of the service system and of benefits to an individual would actually provide for an individual and community — that it wasn't just dealing with WIA individuals or TANF individuals, but dealing with the low-wage worker, which I think is the next step in the true development of the One-Stop.



## San Diego: Moving from specialized staff functions to more generalized responsibilities

As discussed in Chapter 1, before the demonstration began, staff members from San Diego's workforce and human service agencies operated separately, with very little interaction between the two systems. As a result, no one on the WASC team has experience in working in both the workforce and human service systems. Two of the career coaches, who have a background in workforce services, had been helping customers find jobs and get access to resources in the community that would support their working (such as child care). The other two career coaches, who were part of the human service system and now will be based in the One-Stop, were primarily responsible for work support eligibility functions, one for food stamps and the other for Medicaid ("Medi-Cal" in California).

The San Diego WASC team has put considerable thought into how to define the roles of these career coaches in the new unit. The current plan is to have all of them take some responsibility for both advancement and work support activities. Still, not all four will have exactly the same functions. All of them will be able to estimate whether customers are eligible for work supports and to gather information for the applications. However, only the coaches who are employees of the human service agency will be able to make a final determination of eligibility and to authorize receipt of work supports. Administrators and staff have already expressed some concern about whether the career coaches can handle the full range of responsibilities currently assigned to them at one time or whether their roles should be further specialized.

The unit will be under the supervision of the WASC program manager, but that person has not had experience with work support eligibility functions. One staff member observed, "It's going to be a challenge to really, really mesh the two [systems]." To facilitate the transition, San Diego program administrators have been thinking through issues of sharing information about customers between the two systems and determining how best to handle problems that could arise from the management and supervision arrangements.

One of San Diego's career coaches expressed concern that the two-week cross-training that the team has been given did not leave staff with enough of the skills and knowledge they need to assume responsibility for both advancement services and work supports. This coach concluded that WASC team members would be required to rely heavily on one another to get up to speed during the early months of the program. One of the program administrators from the workforce agency expressed similar concerns about her lack of knowledge of work support eligibility matters. Thus, the whole team is expecting a steep learning curve in the next stages of work.

## Challenge #5: Changing How Frontline Workers Interact with Customers

Cross-training will help WASC unit members better understand the existing roles and responsibilities of team members who come from a different system (see Table 4.1). But providing advancement services will be an unfamiliar activity to almost everyone on the WASC team. As a Dayton staff member observed, “It’s a whole new set of challenges, the advancement piece. We haven’t focused on it in the past.”

### The Work Advancement and Support Centers Demonstration

Table 4.1

WASC Unit Staffing in the Dayton and San Diego WASC Sites

	Staff Person	Responsibilities
<b>Dayton</b>		
Career coaches	Job and family service specialists (3 staff members)	Career counseling services and eligibility determination for work supports; one of the three specialists is the WASC team leader.
Other staff	Economic support specialists (2 staff members; administrative role)	Customer correspondence, phone calls, routine paperwork, and Medicaid/SCHIP and child care enrollment
	Unit aide (1 staff member)	Clerical assistance
	Child support specialist (1 staff member)	Assistance in establishing paternity and collecting child support
<b>San Diego</b>		
Career coaches	Workforce development advisors (2 staff members)	Employees of the One-Stop who provide career counseling and education about work supports; one functions as the WASC team leader.
	Human service specialists (2 staff members)	Employees of the human service agency who provide career counseling and determination of eligibility for work supports
Other staff	Unit clerk (1 staff member)	Clerical assistance; Employee of the human service agency

A recent training on case management strategies in San Diego sheds light on one aspect of the challenge. During the course of the training sessions, the two career coaches from the human service agency noted that in their previous jobs as eligibility workers their focus had primarily been on getting a highly standardized paperwork process right. As one said, “We have our routine. Someone reports something [and] you have to have verification. It’s all a set pattern.” The observation suggests that since the work of eligibility staff is paperwork-intensive and demands accuracy, these coaches have tended to view personal contact with customers as more as a distraction than a necessity. As one of these workers explained, “We’re not used to clients coming back, or to seeing people. In the welfare office, we never actually saw people. Once in a while they would drop by, but we tried to avoid it.” Clearly, now that the role of these staff members has expanded to include both career counseling and education on work supports, it will be necessary for them to have more frequent and personalized contact with customers. A major focus of staff training for WASC thus involves teaching eligibility workers how to interact with customers in new ways.

### Developing career counseling skills

WASC career counseling will differ in two important ways from the case management that is typically available at human service agencies and One-Stops: First, meetings with WASC participants will emphasize advancement and income growth above all other goals. For example, instead of postponing efforts to help customers move up career ladders and boost their household incomes, coaches who advise them on how to keep their jobs are expected to simultaneously focus on these other goals. Thus, even when a coach meets with someone to discuss a family emergency or a job-retention crisis, it is expected that the coach will encourage that person to take at least one concrete step to find more skilled and/or better-paying work and, as needed, to secure work supports that could raise household income. MDRC and its consultants have been training staff at the sites to ensure that advancement remains central to all of WASC’s case management work. The training stresses that a key to prioritizing advancement is to ensure that each participant develops an Income Improvement and Advancement Plan.

A second difference between WASC and traditional approaches to career counseling is that while WASC will try to streamline access to skills training, its career counseling will not automatically default to such training — or to changing careers — as the step recommended to help participants advance. Instead, career coaches will be expected to rely on a broader mix of strategies, which will include working with both participants and employers to determine if the participants can use their *current* jobs as starting points for ascending career ladders.

Overall, both Dayton and San Diego have been considering a very full array of strategies to promote advancement, including: (1) intensive career counseling and coaching; (2) instruction in soft skills, such as punctuality and proper dress, which support successful employ-

ment; (3) basic education, such as English as a Second Language and GED preparation; (4) occupational skills development through traditional classroom-based training using either vouchers or other resources; (5) on-the-job-training positions and paid work experience in partnership with employers; and (6) close labor market analysis to identify jobs that require the same skills that workers are already using on their jobs but that pay more than their current positions.

Even in the case of an advancement strategy that is familiar to some WASC staff members — helping people secure more education and training — the sites have recognized that it is important to try innovative approaches when the focus is on incumbent workers, not the unemployed. For example, Dayton is seeking ways to streamline the intake and application processes for securing WIA education and training funds.

Current processes used by the One-Stop's WIA division involve multiple visits scheduled during hours that are more appropriate for unemployed jobseekers than for people who are working. The WASC team is trying to shorten the process to just one session, hoping that this will help increase take-up of education and training opportunities. "For instance," says one staff member, "I'll have them bring the documentation they need when they come, so we're not sending them home again to get it." Besides convenience, this staff member points to another, more indirect way in which this streamlining could benefit customers: "The more we disrupt the workplace, the less support we're going to get from employers [for their employees' efforts to pursue skills development]."

The sites also recognize that for job coaches to become effective career counselors who can help customers negotiate raises, acquire the skills they need to get promoted, or find new jobs with better pay and benefits, the coaches must be knowledgeable about the local labor market and about which employers offer good wages, benefits, and promising career tracks. The sites are planning to train staff in these areas, but staff may need on-the-ground experience working with WASC customers, followed by additional training once the programs are in full swing, to develop this kind of expertise.

Some new strategies for promoting advancement are more straightforward. For instance, a WASC staff member in Dayton remarked that some participants may simply need coaching that helps them see themselves as people who *can* advance their careers and that teaches them how to get information about advancement opportunities. As this staff member observes:

[Some people] don't like to go to [the] personnel [office]. It's like going to the principal's office. And when you're called down there, you wonder what you've done wrong. If you can get to know someone down there [you can] get comfortable [about asking]: "What advancement opportunities are coming up? Can you tell me? What are the qualifications?"

## Ensuring that WASC staff members are fully convinced of the value and legitimacy of work supports

To get customers to take advantage of work supports for which they qualify, WASC staff must buy into that program goal. Yet, research on efforts around the nation to expand participation in certain work support programs indicates that some long-time eligibility workers have a hard time changing their priorities to promote the use of these benefits.<sup>6</sup> Intensive training and follow-up supervision will probably be needed to fully achieve this culture change.

Change in this direction already appears to be underway. For instance, Dayton staff members expressed favorable opinions of WASC's work supports and emphasized that even the seemingly minor simplifications of the application processes that WASC could secure in Ohio could be a significant benefit to busy working people. "There's a big paper flow now," said one staff member. "For someone who's working, it's hard to get through it."

At the same time, some staff members in Dayton have expressed ambivalence about the prospect of raising the incomes of WASC participants through work supports alone. These staffers view work supports as another form of public assistance that is not significantly different from TANF cash assistance. They see the goal of public programs as ultimately helping participants achieve economic self-sufficiency and independence from all forms of public assistance, including work supports. For example, one staff member observed, "Still having to rely on food stamps and our [state] medical [insurance] and even child care [programs]... you're still dependent on the system. An individual really doesn't feel free." Thus, consistent with the priorities established by the WASC model, the staff hope to promote the use of work supports as a transitional step on the road toward self-sufficiency.

### **Challenge #6: Making Work Supports More Accessible**

As described in Chapter 1, low-income working families often do not receive the work supports for which they are eligible, frequently because of the administrative burden involved in applying, misinformation about eligibility, and the stigma associated with government-sponsored benefits.<sup>7</sup>

One study of work supports suggests that the piecemeal lowering of obstacles to receiving them — for example, trying only to inform people about the supports or trying only to simplify verification requirements — has had little or no effect on take-up rates. This suggests that to be successful a program must address the whole administrative package.<sup>8</sup> In view of the possibly

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<sup>6</sup>U.S. General Accounting Office (2004).

<sup>7</sup>Currie (2004).

<sup>8</sup>Currie (2004).

bigger payoff from a more integrated approach, WASC will rely both on efforts to simplify the application and recertification processes and on educating customers about the benefits.

### Simplifying the application and recertification processes

States and counties across the nation vary widely in the progress they have already made in simplifying application and recertification procedures for work supports. Thus, depending on their locations, WASC sites will have greater or lesser need to make changes in their procedures. For example, San Diego probably has reason to do somewhat more to try to change procedures than Dayton, simply because Ohio has already made progress in streamlining and aligning procedures. But regardless of their different starting points, both Dayton and San Diego will try to lighten the administrative burdens of applying for work supports in the following ways:

- **Allowing WASC participants to apply for work supports at the One-Stop instead of the human service agency.** While work supports were available at the Dayton One-Stop before the start of WASC, this was not the case in San Diego, which is taking a new step in now offering them to WASC participants (although not to other users) at the One-Stop. Besides convenience, there may be other advantages to making work supports available at the One-Stops, which have to do with the negative image of human service agencies. As discussed, these agencies are often perceived as the institutions of last resort for unemployed people with no other options. There is research that suggests that allowing people to apply for work supports at locations outside of human service agencies increases take-up rates. For example, one study of Medicaid enrollment showed that outstationing Medicaid enrollment offices in hospitals helped to increase Medicaid take-up rates, particularly among pregnant women, and, in California, among Hispanic and Asian communities.<sup>9</sup>
- **Making it easier to apply for multiple programs at once.** Results from one study of a group of potential applicants for Medicaid and food stamps show that for every 10 newly eligible families who took up Medicaid benefits, four also took up food stamps. These patterns suggest that people who applied for Medicaid may have also learned about food stamps in the process, or that people may have concluded that the benefits of applying for both programs outweighed the benefits of applying for just one.<sup>10</sup> Currently, neither Dayton nor San Diego uses a single application for Medicaid, food stamps, and child care

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<sup>9</sup>U.S. General Accounting Office (1994); Aizer (2003), as cited in Currie (2004).

<sup>10</sup>Yelowitz (2000), as cited in Currie (2004).

subsidies, three key benefits in the WASC package of work supports. In the WASC demonstration, San Diego will use a combined application for all three work supports, while non-WASC customers typically must apply separately for each of the three programs. The Dayton One-Stop combines its food stamps and Medicaid/SCHIP application for non-WASC customers, but the application for child care is separate. In the Dayton WASC program, participants who wish to apply for all three work supports will still have to complete two separate applications — one for food stamps and Medicaid/SCHIP and one for child care subsidies — but unlike other One-Stop users, who are referred to two separate teams, WASC participants will be able to work with one WASC team member on both applications.

- **Expediting the application process.** The time between applying for and receiving benefits can be long, which may affect whether people decide to apply. San Diego is attempting to expedite its food stamp application process, so that WASC participants will be able to leave the WASC unit with an Electronic Benefit Transfer (EBT) card without the need to return to the One-Stop for a second interview or to go to another office.
- **Eliminating waiting time for work supports for WASC customers.** Some of the available work supports, notably child care, are not fully funded in some states, and applicants are placed on waiting lists to receive these services. The San Diego site is attempting to give WASC participants priority for child care assistance slots, so they will be assured of getting this important support. (In Dayton, there is not a waiting list for child care.)
- **Simplifying food stamp eligibility for WASC customers.** Current TANF practice qualifies someone receiving TANF cash welfare for food stamps without regard to assets, because the TANF asset test has already been met. In an effort to mirror this practice, San Diego is exploring the possibility of offering this type of categorical eligibility for food stamps to all WASC participants.

Making administrative changes to simplify the application and recertification processes depends on securing the cooperation of both state and county-level officials. In California, state officials have been receptive to the modifications proposed for WASC, including the suggestion that WASC customers be categorically eligible for food stamps. In addition, a great deal of attention has been paid to developing a short combined application that includes not only food stamps, child and family Medicaid, and cash diversion assistance, but also child care assistance. Application and recertification will become a single process rather than the three separate processes, with their three separate forms, that are now used. (In Dayton, because many integration

issues have already been worked through, the site has not had to ask the state and county to make as many changes in existing procedures as has been the case in San Diego.)

Among the administrative hurdles that have emerged in negotiations at both sites over how to streamline work supports for WASC customers, one of the most difficult has been the effort to enlist states in changing their policies to reduce the amount of documentation or verification required to apply for food stamps and to eliminate requirements for face-to-face interviews at each point that eligibility has to be recertified.

WASC planners envisioned that states could significantly change these practices by using the minimum mandatory verification standards that the U.S. Department of Agriculture's Food and Nutrition Services (FNS) has set forth in federal rules. State administrators and policymakers, however, have been wary of taking this step. They are concerned that simplification of procedures could raise their food stamp error rates (that is, the percentage of food stamp payments a state makes in error). States are given incentives to reduce their error rates and are penalized if the rates exceed a certain threshold. The error rate is computed in the course of a Quality Control (QC) process that every state conducts annually.

In response to states' concerns, FNS has agreed to consider applications from states that have WASC sites for a waiver of certain aspects of the QC process that would allow WASC participants to be excluded from calculation of their states' QC error rates. The waivers would be provided on the condition that these programs participate in a special alternate payment accuracy study to test whether the simplification procedures negatively affect their error rates. If the waivers are granted, MDRC plans to work with the WASC sites to conduct these alternate studies.

### Educating customers about work supports

Simplifying the eligibility process may not always be enough to convince eligible customers to apply for work supports, particularly if they have never received these benefits. Thus, the WASC unit needs to educate customers about how work supports can increase their household incomes, dispel any misconceptions people have about whether they are eligible to apply, and highlight any success WASC has had in easing application and redetermination requirements.

As discussed in Chapter 1, the use of the income calculator is expected to help sites educate customers about the value of work supports. This tool is designed to alert customers to the work supports for which they are eligible and to show them, with clear and simple tables and charts, how receiving these work supports will affect their monthly incomes, taking into account the offset of expenses such as child care and transportation.



## **Challenge #7: Coordinating Work Supports with Career Advancement Plans**

Once customers secure work supports, WASC staff also must monitor their eligibility for the benefits over time. This is a particular concern if someone's earnings go up. While such an increase is a positive outcome, if it is small, it may actually make the person ineligible for certain work supports, thus effectively *reducing* net household income. This is known as the “cliff” phenomenon. The income calculator should help staff and their customers anticipate cliffs.

More generally, the calculator can help customers identify jobs that would result in *overall* economic benefits to their households. Often, it will be important for coaches to point out that a better-paying job will eliminate the need for work supports. But in some cases, using the calculator could help participants think through a more complex set of benefits and costs associated with a new position. For example, someone may decide to accept a job paying an additional 50 cents per hour only if it also offers health benefits, because that small increase in earnings would make the person ineligible for Medicaid. Similarly, someone may be trying to decide whether to take a new job that pays more per hour but makes the family ineligible for subsidized child care. If that job will open up advancement opportunities, taking it may ultimately be worthwhile. If not, WASC staff may want to continue to work with the participant to find a position that pays enough to compensate for the loss in child care benefits or to help that person enroll in training to qualify for better-paying jobs.

Of course, additional considerations — hours, proximity to home or to a child care provider, the work environment, and the actual responsibilities of the job — must be weighed in a decision about whether to accept a new position. The challenge for the WASC units is to help participants sort out their options to find jobs that best fit their circumstances. As the sites begin working with customers, the demonstration will generate additional information about the ways in which the WASC unit can help customers navigate advancement while taking into consideration its effect on overall household income.

## **Challenge #8: Program Management to Foster an Ethos of Advancement Within the WASC Unit**

Tackling the challenges involved in implementing WASC requires a strong program manager to set the tone, establish expectations for the WASC unit, and provide support and feedback on how staff work with participants and on team performance. These managers are faced with the challenges of putting an ambitious program design into practice, forging new relationships with institutions and employers, and coordinating services that originate in both the WIA and human service systems. But perhaps their most important task is to ensure that their programs remain true to the WASC mission of helping workers advance. This task requires managers to motivate two sets of staff members with little experience in providing advancement services to make this service a priority activity and to help staff acquire the skills

they need to guide customers in defining and pursuing long-term career goals. Managers must also nurture a team philosophy that encourages staff to engage low-income workers who are not facing an immediate employment crisis, but who nevertheless could use assistance to improve their economic circumstances. During the first part of the pilot period, the sites have been thinking about management techniques that could help them realize these objectives. Techniques that are under consideration or that the sites are starting to use include:

**Emphasizing the expectation that each interaction between career coaches and customers should focus on advancement**

One San Diego program manager pointed out that WIA and human service workers often inadvertently “train” customers to come to them with their personal and family problems, because these problems, and not efforts to move ahead in the labor market, have traditionally been the staple of interactions between case managers and their customers. To the extent that this is true and that focusing on personal and family problems turns out to be counterproductive, it is important for WASC program managers to help staff break out of patterns that do not allow enough room for working on advancement and to adopt new strategies. In San Diego, managers are regularly consulting case files to better understand the progress that customers are making on advancement and to make sure that the Individual Income and Advancement Plans are always up-to-date. In addition, staff will meet on a regular basis to discuss cases as a group, so they can learn from and provide advice to one another. These meetings are a way for program managers to make sure that staff members are focusing on advancement and income improvement with each customer and to reinforce the expectations and goals of WASC.

**Developing performance measures that capture WASC goals but that are not too inflexible**

Each of the WASC units will develop performance measures that will center on retention and advancement outcomes and that will specify benchmarks participants should reach to realize those outcomes. The expectation is that these benchmarks and outcomes will reflect the full range of program strategies used to promote WASC goals. For example, there will likely be measures of success in helping participants search for better jobs, seek raises and promotions, and complete training courses, along with a number of other measures that will match the different paths that customers might follow in the program. In all cases, however, outcomes will be defined to hold staff accountable for and give them credit for job retention and career advancement goals, thus moving them away from the focus on job placements alone that typifies efforts to measure progress in employment-oriented programs serving low-income people.

Taken together, these activities represent large challenges to the participating sites. The WASC implementation study will assess how well the sites meet challenges and what their efforts entail.



## Looking to the Future

Will the WASC sites succeed in reaching eligible low-wage workers and dislocated workers and engaging them in services? How will the sites build relationships with employers to promote worker retention and advancement? Will program managers succeed in fostering an ethos of advancement among frontline staff in the WASC unit? Answers to these and other critical questions about the implementation of WASC will become clear as the demonstration unfolds.

This report's depiction of the initial planning and problem-solving efforts of Dayton and San Diego shows that the sites have enthusiastically embraced the WASC model and made a vigorous start in implementing its key features. MDRC's research in the coming years will continue to track their progress, along with the struggles and accomplishments of the additional sites. Over time, the research will compare and contrast the real-world experiences of all the sites as they attempt to recruit and serve diverse groups of low-wage workers and help meet employers' needs for more skilled workers in strikingly different local contexts. By examining those experiences in depth, this research aims to draw lessons about the effective practices for bringing together workforce and welfare institutions in a new joint mission to help low-wage workers and dislocated workers climb career ladders and improve their incomes.

The demonstration's impact analysis will ultimately determine whether those attempts succeed, and, if so, by how much. Using a random assignment research design, the impact analysis will assess the effects of WASC on the ability of participants to stay employed longer and to increase their wages and overall incomes more than they would have in the absence of the program. This research will continue through 2008 and offer an opportunity to measure the program's short-term impacts, covering a period of about one year following random assignment for most sample members. However, recognizing the importance of determining the effects of WASC over a longer time period and of assessing whether the program fosters other, non-economic improvements in the well-being of participants and their families, MDRC may seek to extend the evaluation and expand the scope of analysis. Resources for this additional work will be sought if preliminary findings suggest that WASC is having positive effects on participants' short-term success in the labor market. It is hoped that, in the end, the lessons from the WASC demonstration will contribute important evidence on what works — and on strategies that make successful interventions work — to national policy debates about how best to improve the income and life outcomes of people who are working but poor.



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## About MDRC

MDRC is a nonprofit, nonpartisan social policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-offenders and people with disabilities, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

- Promoting Family Well-Being and Child Development
- Improving Public Education
- Promoting Successful Transitions to Adulthood
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.