

*Executive Summary*

# Encouraging Evidence on a Sector-Focused Advancement Strategy

Two-Year Impacts  
from the WorkAdvance  
Demonstration

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WorkAdvance is one of five evidence-based programs that were implemented as part of the 2010 Social Innovation Fund (SIF) grant to the Mayor's Fund to Advance New York City and the Center for Economic Opportunity. The SIF unites public and private resources to evaluate and grow innovative community-based solutions with evidence of results. The SIF is a program of the Corporation for National and Community Service (CNCS), a federal agency that engages more than 5 million Americans in service through its AmeriCorps, Senior Corps, Social Innovation Fund, and Volunteer Generation Fund programs, and leads the President's national call to service initiative, United We Serve.

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## **CEO Response to MDRC’s Report on WorkAdvance: “Encouraging Evidence on a Sector-Focused Advancement Strategy”**

August 2016

In the aftermath of the Great Recession, policymakers have recognized that federal, state, and local workforce programs often lack the tools needed to connect low-income and unemployed jobseekers with true economic security. Since the mid-1990s era of welfare reform, government policy has favored rapid attachment to jobs over job quality. While this strategy can be effective in the short-term to connect program participants to jobs, it has not succeeded in creating long-term pathways out of poverty. The evidence in this report shows that the WorkAdvance approach offers an alternative that raises earnings for participants, including those who have been out of the labor market for a long time.

WorkAdvance, a program of CEO and the Mayor’s Fund to Advance New York City, is designed to boost the earnings of unemployed and low-wage working adults by helping them obtain quality jobs in targeted sectors (such as healthcare or technology) with opportunities for career growth. WorkAdvance prepares, trains, and places unemployed and low-wage workers in good, high quality jobs with established career tracks. After placement, the program continues to assist participants to help them advance in their chosen careers. WorkAdvance, which was supported by the federal Social Innovation Fund, operates in New York City, northeast Ohio, and Tulsa, Oklahoma.

WorkAdvance is the most recent iteration of a series of evaluations showing the potential of both sector-based strategies and advancement-focused approaches. Public/Private Ventures’ Sectoral Employment Impact Study<sup>1</sup> showed that sector-focused programs could increase earnings for participants. This evidence informed CEO’s work with the NYC Department of Small Business Services (SBS) to launch sector-focused career centers, which developed important additional evidence about the value of a sector-focused approach in general and training in particular.<sup>2</sup> CEO developed WorkAdvance in partnership with MDRC to build on the existing evidence base by adding an explicit focus on career advancement, and examining the program effectiveness in a different labor market and in diverse cities. MDRC conducted a rigorous Randomized Controlled Trial impact evaluation of WorkAdvance and CEO is pleased to note that the results, which are detailed in the following report, show that this strategy works. In particular:

- By the second year after entering the program, participants at three out of four sites saw annual earnings increase significantly over the control group.

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<sup>1</sup> Maguire, Sheila, et al. “Job Training that Works: Findings from the Sectoral Employment Impact Study.” Public/Private Ventures, 2009. <http://knowledgecenter.completionbydesign.org/sites/default/files/33%20Maguire%202009.pdf>

<sup>2</sup> Gasper, Joseph and Kathryn Henderson. “Sector-Focused Career Centers Evaluation: Effects on Employment and Earnings After One Year.” Westat, 2014. [http://www.nyc.gov/html/ceo/downloads/pdf/CEO-Sector\\_Based\\_Approaches\\_Evaluation\\_Report-2014\\_final.pdf](http://www.nyc.gov/html/ceo/downloads/pdf/CEO-Sector_Based_Approaches_Evaluation_Report-2014_final.pdf)

- WorkAdvance was able to significantly increase earnings and employment rates for the long-term unemployed, a group that has proved resistant to many other policy interventions.
- At the two sites that were newer to this approach, the program had much larger impacts on earnings and employment for those who began WorkAdvance later in the study period, showing that the model takes time to fully implement.
- WorkAdvance significantly increased employment in the target sector at all providers.

These findings, and others in the report, show that WorkAdvance succeeded in improving participants' earnings and improving outcomes across a variety of job quality measures. In particular, it is heartening that the program made a significant difference for the long-term unemployed. The WorkAdvance evaluation comes at an opportune time, since the federal government recently began implementation of the Workforce Innovation and Opportunity Act (WIOA), which is now the governing law for most federal workforce funding nationwide. WIOA specifically calls on states and municipalities to utilize sector-based strategies and a career pathways approach, and these results show the potential of this approach to move the needle.

At the same time, the evaluation also shows that sector-based strategies take time to implement and are not a silver bullet to meet the needs of every jobseeker. As noted above, the impacts at newer providers were much stronger for those who enrolled after the program had been operating for a while. An earlier report on WorkAdvance documented a range of key implementation lessons from the project that will be helpful to others looking to replicate this work.<sup>3</sup>

In addition, because WorkAdvance was explicitly employer-driven, providers were not always able to enroll potential participants with barriers that would have prevented them from getting jobs in the target sector during this time period. For instance, some potential participants' literacy and/or numeracy levels were too low at the program outset and would have required remedial intervention that WorkAdvance was unable to provide during the program timeframe. These challenges point to the need for a more comprehensive workforce development system that provides a range of approaches for a variety of populations. CEO is participating in just such a revision of New York City's workforce development system right now through Mayor de Blasio's Career Pathways initiative.<sup>4</sup>

Despite these challenges, WorkAdvance improved earnings for low-income and unemployed participants and this report can provide guidance to workforce providers and policymakers nationwide. CEO is pleased that MDRC plans to conduct ongoing research on the WorkAdvance participants over the next few years. As the workforce community moves towards a greater focus on sector-focused programs and career pathways, CEO is committed to continuing to inform this conversation.

David Berman  
Director of Programs and Evaluation

Patrick Hart  
Senior Advisor

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<sup>3</sup> Tessler, Betsy, et al. "Meeting the Needs of Workers and Employers," MDRC, 2014.  
<http://www.mdrc.org/publication/meeting-needs-workers-and-employers>

<sup>4</sup> City of New York. "Career Pathways: One City Working Together." 2014.  
<http://www1.nyc.gov/assets/careerpathways/downloads/pdf/career-pathways-full-report.pdf>

# Overview

This report summarizes the two-year findings of a rigorous random assignment evaluation of the WorkAdvance model, a sectoral training and advancement initiative. Launched in 2011, WorkAdvance goes beyond the previous generation of employment programs by introducing demand-driven skills training and a focus on jobs that have career pathways. The model is heavily influenced by the positive findings from the Sectoral Employment Impact Study (SEIS) completed in 2010. A major component of the WorkAdvance model, in common with the programs studied in the SEIS, is formal training offering industry-recognized certifications, reflecting the hypothesis that skills acquisition is necessary for advancement. The model also requires providers to be far more employer-facing than traditional training programs, taking into account multiple employers' changing skill requirements, employee assessment practices, and personnel needs. This report presents the implementation, cost, participation, and two-year economic impacts of WorkAdvance. The economic results are based on unemployment insurance earnings records and a second-year follow-up survey.

The WorkAdvance program operations and evaluation are funded through the federal Social Innovation Fund (SIF), a public-private partnership administered by the Corporation for National and Community Service. This SIF project is led by the Mayor's Fund to Advance New York City and the NYC Center for Economic Opportunity in collaboration with MDRC.

## Key Findings

- All providers translated the WorkAdvance model into a set of concrete services, but it took time — more than a year for some components and providers — and a substantial amount of technical assistance and support. As a result, at some sites, later study enrollees were more likely than earlier ones to experience a fully implemented and “mature” WorkAdvance program.
- Overall, WorkAdvance resulted in large increases in participation in every category of services, as well as in training completion, credential acquisition, and employment in the targeted sector, compared with what would have happened in the absence of the program. Expenditures for the operation of WorkAdvance fell between \$5,200 and \$6,700 per participant at the four providers delivering the program.
- WorkAdvance providers increased earnings, with variation in results that closely matched the providers' experience in running sector-based programs and the extent to which the services they offered were demand driven. The most experienced sectoral provider, Per Scholas, had large and consistent impacts on both primary and secondary outcomes. Madison Strategies Group and Towards Employment, providers new to sectoral training, had promising but less consistent results that grew stronger for later enrollees. One provider, St. Nicks Alliance, did not produce positive impacts. The results did not differ dramatically across subgroups, though encouragingly, WorkAdvance was able to increase earnings among the long-term unemployed.

The evaluation as a whole provides important information for workforce development providers interested in pursuing a sector strategy. The analysis considers the role played by providers' sector-specific training and preparation and the role played by the nature of the sectors themselves. Future priorities that emerge from the results are (1) understanding how to help the more disadvantaged access the programs and (2) learning how to build service capacity, given how complex the model is to run.





## Preface

In recent years, the workforce development field has increasingly recognized that programs must work closely with employers to more effectively serve the needs of job seekers. The sectoral programs that have emerged bring together employers, job seekers, community colleges, and other stakeholders to adopt coordinated regional economic and workforce development strategies that target industries and occupations with a growing demand for workers as well as the career ladders that afford opportunities for upward mobility. The aim of this coordination is both to promote upward mobility and to spur economic development by increasing the skills of the local workforce, in turn attracting and retaining employers.

While the sectoral strategy has been around for many years, rigorous evidence on its potential benefits has emerged only recently, most notably in Public/Private Ventures' Sectoral Employment Impact Study, completed in 2010. The study excited policymakers by showing that the sectoral strategy can increase earnings. Yet it left many questions unanswered; the samples were small and the data sources relatively limited. Moreover, the providers in the study were well established, mature organizations. Could those same results be achieved with a broader range of providers and in a different economy?

From this convergence of evidence and policy came WorkAdvance, which combined the key elements of the Sectoral Employment Impact programs and the best of what was known about advancement programs. The results, shown in this report, are encouraging. Together the four WorkAdvance sites helped participants earn an average of 14 percent (or nearly \$2,000 in annual income) more than they otherwise would have earned two years after they entered the program. The effects differed by site, ranging from no earnings gain at one provider to a 26 percent increase at the most effective provider. These results confirm that sectoral programs, when well implemented, can increase earnings among low-income individuals.

It is important to note that the benefits to participants can take at least a year to emerge for experienced providers; for those new to the sectoral strategy, it will take longer. The results also show that sector programs must continually monitor developments in the industries they target and adapt as demand changes. An important priority for the field should be developing guidance to help providers adjust to a dual-customer, demand-driven approach.

As local Workforce Investment Boards and city and state leaders work to implement the Workforce Innovation and Opportunity Act (WIOA), with its strong sectoral focus, they should consider these findings and draw upon the lessons herein. The challenge will be how to incorporate the WorkAdvance approach into larger workforce systems without losing the local focus inherent in sector programs.

Gordon L. Berlin  
President



## Acknowledgments

The writing of this report would not have been possible without the dedication and energy of the administrators and staff at all the provider organizations. The WorkAdvance program was made a reality under the guidance and leadership of Dale Grant, Doug Cotter, Chris Bernhardt, and Karen Pennington at Madison Strategies Group; Plinio Ayala, Angie Kamath, Kelly Richardson, Linda Quinones-Lopez, Venicia El-Amin, and Craig Rosenberg at Per Scholas; Jill Rizika, Rebecca Kusner, Chelsea Mills, and Sam Awad at Towards Employment; and Michael Rochford, Carolann Johns, and Janice Tosto at St. Nicks Alliance. In particular, we also want to thank all the career coaches, job developers, data managers, technical and career readiness instructors, and other staff members involved with WorkAdvance at the provider organizations for their positive attitude and tireless energy in bringing the WorkAdvance program to life.

Several people provided help with securing the necessary data: Fran Hersh, Vickie Maddux, Mary Lou Owens, Staci Wise, David Bastian, Ernest Jackson, Michelle Albast, Steven H. Hufford, and Robert Bergin at the Ohio Department of Job and Family Services; John Miley, Jane Stout, and Gina Antipov at the Oklahoma Employment Security Commission; Jeffrey Sorensen and Shannon Hesnor at the New York State Department of Labor; Sofia Agosto at Per Scholas; Rachel Griffin at Madison Strategies Group; Jeff Stupiansky at Towards Employment; Enrique Vasquez at St. Nicks Alliance; and Lenin Williams, Sylvia Epps, Monica Schneider, and Jim Cooper at Decision Information Resources.

Many others contributed greatly to the implementation of the WorkAdvance program through technical assistance and consulting. We thank Mary Myrick, who assisted in the development of orientation and recruitment materials; her colleague Sandino Thompson, who was instrumental in guiding job development efforts; Jodie Sue Kelly, who led postemployment coaching trainings; Tirza Barnes-Griffith, who guided efforts to strengthen career readiness instruction; and Chris Spence, who assisted MDRC in fieldwork and analysis and provided meaningful input on best practices across many of the program's components.

In addition to the generous funding of key partners who are acknowledged at the front of this report, we give thanks to Jim East, Bethia Burke, Brad Whitehead, and Kurt Karakul for helping build local support for the program.

We are especially grateful to our colleagues at the New York City Center for Economic Opportunity (CEO), who managed the entire New York City Social Innovation Fund (SIF) project, worked closely with the providers to raise the SIF matching funds, brought providers together to share best practices and experiences through the SIF Learning Network, and monitored providers' performance. In particular, we thank David Berman, Patrick Hart, Sinead Keegan, and Kristin Morse for their commitment to WorkAdvance.

At MDRC, Caroline Schultz, Donna Wharton-Fields, Stephanie Rubino, James Healy, Kristin Cahill Garcia, Vanessa Martin, Hannah Dalporto, and Herbert Collado all served as liaisons to the WorkAdvance providers. In addition to the coauthors, Mark van Dok and Anastasia Korolkova assisted in acquiring, processing, and analyzing the quantitative data. Johanna Walter provided invaluable assistance in checking the cost study. Lee Robeson and Jo Anna Hunter served as liaisons with the survey firm. In addition, Gordon Berlin, Jean Grossman, Gayle Hamilton, James Riccio, Cynthia Miller, Frieda Molina, and Sonya Williams all provided feedback on report drafts, and Barbara Goldman provided indispensable guidance throughout nearly all stages of the project to date. External reviewers Larry Katz and Sheila Maguire provided invaluable advice. Keith Olejniczak assisted with program operations and qualitative data collection and analysis, and Emma Saltzberg conducted special analyses and led the production of this report. Jennie Kaufman edited the report, and Carolyn Thomas and Ann Kottner prepared it for publication. Frieda Molina was the project director.

Finally, our deepest gratitude goes to the individuals who contributed to the study by participating in the WorkAdvance demonstration, who have allowed us to learn from their experiences.

The Authors

## Executive Summary

Even in good economic times, many adults — particularly individuals with no more than a high school education — struggle to obtain and maintain jobs that pay enough to support their families and permit upward mobility. At the same time, some employers report difficulty finding employees with the right skills to meet their needs. This report summarizes the two-year effectiveness results of WorkAdvance — a workforce development program that seeks to meet the needs of participants and employers equally. For unemployed and low-wage working adults, the program provides occupational skills training in targeted sectors that have good quality jobs and room for advancement within established career pathways. The program’s strategy is a sector-based one, in which program management and staff members also seek to fully understand — and fulfill — the skill requirements and other needs of employers in the targeted sectors.

In brief, the two-year WorkAdvance effectiveness findings are encouraging: A rigorous randomized controlled trial indicates that sectoral programs can increase earnings among low-income individuals. One provider had large and consistent impacts on both primary and secondary outcomes. Two providers, both of which were new to the sectoral strategy and gained experience over time, had promising, though less consistent, results that grew stronger for later entrants into the program. One provider did not produce positive impacts. The results also show that these types of programs are hard to run well, and, even when they are implemented well, impacts take time to emerge. The evaluation as a whole provides important information for workforce development providers interested in pursuing a sector strategy. The analysis considers the role played in the results by providers preparing participants for jobs in specific sectors and the role played by the nature of the sectors themselves.

WorkAdvance has been implemented in diverse settings by four providers specializing in specific sectors in which they have sought to develop relationships with employers and in-depth industry knowledge: Per Scholas (in New York City) targeted the information technology (IT) sector; St. Nicks Alliance (also in New York City) focused on environmental remediation; Madison Strategies Group (in Tulsa, Oklahoma) focused on transportation and, later, manufacturing; and Towards Employment (in northeast Ohio) targeted health care and manufacturing. Table ES.1 presents information on the types of training provided at each site. The providers differed in a variety of ways. Two of the providers (Per Scholas and Madison Strategies Group) were solely focused on WorkAdvance and other sectoral training initiatives. By contrast, St. Nicks Alliance is a large multiservice organization with a small workforce division. Towards Employment runs a comprehensive employment program in addition to the WorkAdvance program, providing job placement and other services. The providers also differ significantly with regard to their experience. Per Scholas has been operating an IT sector program since 1998, and

**The WorkAdvance Study**

**Table ES.1**

**Key Details of WorkAdvance Service Providers**

<b>Site (Location)</b>	<b>Per Scholas (Bronx, NY)</b>	<b>St. Nicks Alliance (Brooklyn, NY)</b>	<b>Madison Strategies Group (Tulsa, OK)</b>	<b>Towards Employment (Cleveland, OH)</b>
<b>Targeted sector(s)</b>	Information technology	Environmental remediation	Transportation, manufacturing	Health care, manufacturing
<b>Study sample size</b>	690	479	697	698
<b>Structure</b>	Single program	Division of large multiservice program	Single program	Multiple employment programs
<b>Approach</b>	Training-first	Training-first	Mixed until fall 2012 (training-first and placement-first) and later predominantly training-first	Mixed until fall 2012 (training-first and placement-first) and later predominantly training-first
<b>Occupational skills training</b>	<b>Length</b>	15 weeks	5 to 12 weeks	4 to 32 weeks
	<b>Location</b>	On-site	On-site for pest control training; mix of on- and off-site at private schools for other training courses	Off-site at private or technical schools or community colleges
	<b>Offerings</b>	A Plus, Network Plus	Environmental Remediation, Commercial Driver's License B with hazmat endorsement, Pest Control	Aviation Manufacturing, Commercial Driver's License A and B, Computerized Numerical Control (CNC) Machining, Diesel Mechanic, Welding, Supervisory Leadership

SOURCES: MDRC sample size counts from the WorkAdvance baseline information form and other information from documentation supplied by providers and interviews with provider staff members.

St. Nicks Alliance has given training in environmental remediation since 2001. By contrast, Madison Strategies Group was operating in a new city and Towards Employment was operating in a new sector (manufacturing).

WorkAdvance’s programming and evaluation have been conducted under the auspices of the Social Innovation Fund (SIF). Administered by the Corporation for National and Community Service, the SIF is a public-private partnership designed to identify and expand effective solutions to critical social challenges. WorkAdvance is part of the New York City Center for Economic Opportunity (CEO) 2010 SIF project, which is led by CEO and the Mayor’s Fund to Advance New York City in collaboration with MDRC. MDRC is leading the WorkAdvance evaluation; has provided technical assistance to the providers; and, jointly with CEO, has monitored providers’ operations. Funding for the WorkAdvance program and evaluation came from the SIF and a broad array of local funding partners.

## The WorkAdvance Program Model

The WorkAdvance model goes beyond the previous generation of employment programs by introducing sector-based skills training and a focus on jobs that have career ladders or pathways, rather than just seeking “any job” or an initial credential for participants. The model is heavily influenced by the positive findings from the Sectoral Employment Impact Study (SEIS) completed in 2010.<sup>1</sup> A major component of the WorkAdvance model, in common with the programs studied in the SEIS, is formal training offering industry-recognized certifications, reflecting the hypothesis that skills acquisition is necessary for advancement. Additionally, the WorkAdvance model requires providers to be far more employer-facing than traditional training programs, taking into account multiple employers’ changing skill requirements, employee assessment practices, and human resource needs.

The essential theory behind WorkAdvance is that strategic, demand-guided upgrades in human capital — that is, education and employment-related skills and experience — will eventually lead to advancement in the labor market. This theory informs the key components of the WorkAdvance model:

1. **Intensive screening** of program applicants before enrollment — a practice not always found in employment programs offered to low-income individuals — intended to ensure that the program providers select participants who can take advantage of the skills training in the sector and be qualified for specific occupations within it.

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<sup>1</sup>Sheila Maguire, Joshua Freely, Carol Clymer, Maureen Conway, and Deena Schwartz, *Tuning In to Local Labor Markets: Findings from the Sectoral Employment Study* (Philadelphia: Public/Private Ventures, 2010).

2. Sector-appropriate **preemployment and career readiness services**, consisting of an orientation to the sector, career readiness training (which stresses how to search for work in the sector and how to comport oneself on the job), individualized career coaching, and limited supportive services to sustain program engagement and assist participants to complete their training and find employment.
3. Sector-specific **occupational skills training**, intended to impart skills and lead to credentials that will substantially enhance workers' employment opportunities. Training is geared toward current job openings in specific sectors and occupations, and training offerings are to be adapted to changes in available jobs. (In the first half of the program enrollment period, the goal was to place approximately half the enrollees at two providers into a placement-first track, in which they skipped the initial training phase, so the model's training component was not offered to all program enrollees.)
4. Sector-specific **job development and placement services**, intended to facilitate entry into positions for which participants have been trained and for which there are thought to be genuine opportunities for continued skill development and career advancement. The providers' job developers are to maintain strong relationships with employers who hire individuals with the kinds of skills the program imparts.
5. Postemployment **retention and advancement services**, provided to assist participants beyond the placement stage. Providers are to maintain close contact with workers and employers to assess performance, offer coaching to address any complicating life situations that might arise for workers, help identify next-step job opportunities and skills training to enable participants to move up career ladders over time, and assist with rapid reemployment if workers lose their jobs. It should be noted that the full effects of these services may not yet be seen in this report given that only slightly over two years of follow-up data are available.

## **Evaluation Design and Study Enrollee Characteristics**

The WorkAdvance programs at the four sites were studied using a random assignment design, a methodology often referred to as the “gold standard” in evaluation research, which allows practitioners and policymakers to have a very high degree of confidence in the results. From June 2011 to June 2013, individuals who met the WorkAdvance eligibility criteria, as well as the requirements for the specific sector programs, were assigned at random to the WorkAdvance



group or to the control group. Members of the WorkAdvance group were eligible to receive WorkAdvance services, while those in the control group were not eligible for these services but could get other services and support available in the community. Both research groups were tracked over time. The random assignment process ensured that, when individuals entered the study, there were no systematic differences in sample members' characteristics, measured or unmeasured, between the two research groups. Thus, any differences between the groups that emerge after random assignment can be attributed to the WorkAdvance program.

During the evaluation period, WorkAdvance targeted unemployed and low-wage working adults with a monthly family income below 200 percent of the federal poverty level. Adults who were working at the time they entered the study were required to be earning less than \$15 per hour. Sector-specific requirements might include drug testing, literacy or numeracy testing, or screens for criminal history, and in many cases individuals had to demonstrate that they could engage in training full time and that they had a high degree of interest in a career in the sector. Across the sites, 2,564 individuals were enrolled in the study and randomly assigned to either the WorkAdvance group (1,293) or the control group (1,271). Site-level sample sizes range from 479 at the St. Nicks Alliance site up to 698 at Towards Employment.<sup>2</sup>

Across the sites, the average WorkAdvance sample member was 34 years old, and the majority of sample members were male (73 percent) and single (67 percent). (These averages mask important variation by site and sector. For example, the health care sector at Towards Employment mostly enrolled females.) Half the participants were black/African-American, 18 percent were white, and 17 percent were Latino/Hispanic. Almost all sample members had at least a high school diploma or equivalent, and over half the sample had at least some college education, though most did not have a college degree of any type. Only one in five were working at the time they entered the study, and more than one-third of sample members had been unemployed for at least seven months immediately preceding study entry. Overall, 15 percent of sample members had work experience in their targeted industry. At study entry, less than half the enrollees were covered by health insurance, more than one-third were receiving Supplemental Nutrition Assistance Program (SNAP) benefits (food stamps), 16 percent were receiving unemployment insurance benefits (even though most were unemployed), and 6 percent were receiving Temporary Assistance for Needy Families (TANF). Despite fairly high levels of education and work experience, many sample members still faced substantial barriers to employment: One-quarter of enrollees, for example, had a criminal conviction, and even higher rates were seen among transportation and manufacturing sector enrollees.

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<sup>2</sup>Attrition from the study was minimal: Only 20 individuals (less than 0.8 percent of the original sample) withdrew from the study at any point following their random assignment.

This report extends the evaluation findings of two previous documents,<sup>3</sup> addressing a number of research questions: How did the four providers implement the program model, and what adjustments did they make over time? To what extent did WorkAdvance increase engagement in employment and training services, compared with what would have happened in the absence of the program (the control group)? What does it cost to operate the WorkAdvance program? To what extent did WorkAdvance, over a two-year follow-up period, improve individuals' employment, earnings, income (including public assistance), and life satisfaction? And what helps explain the patterns in WorkAdvance's economic effects — for example, what is the influence of program maturity?

Sources of data analyzed in this report to determine WorkAdvance's effectiveness include a follow-up survey, in which the average survey respondent was interviewed 22 months following his or her random assignment (the "Year 2 Survey," for which about 80 percent of the entire study sample was interviewed), and unemployment insurance data, available for nine quarters (2.25 years) following random assignment (obtained for all sample enrollees). Thus, all study enrollees have approximately two years of common follow-up, in most cases from both the survey and the unemployment insurance administrative records.

## Key Findings

Analyses in this report yielded the following key findings.

### Implementation and Participation Findings

- **Translating the WorkAdvance model into a set of concrete services took time — more than a year for some components and providers — and a substantial amount of technical assistance and related support; some providers required more time and assistance than others. As a result, at some sites, a fully implemented and "mature" WorkAdvance program was more likely to be experienced by later study enrollees than by early study enrollees.**

All four providers eventually implemented all the WorkAdvance model components, with postemployment services the last to be fully developed and implemented. The engagement of WorkAdvance group members in career readiness services, occupational skills training, and postemployment retention and advancement services was high for all four providers, in part re-

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<sup>3</sup>Betsy Tessler, *WorkAdvance: Testing a New Approach to Increase Employment Advancement for Low-Skilled Adults* (New York: MDRC, 2013), and Betsy L. Tessler, Michael Bangser, Alexandra Pennington, Kelsey Schaberg, and Hannah Dalporto, *Meeting the Needs of Workers and Employers: Implementation of a Sector-Focused Career Advancement Model for Low-Skilled Adults* (New York: MDRC, 2014).

flecting the pre-random assignment intake process that screened out individuals who were not motivated or able to complete the intake process, who did not have the literacy levels needed to take full advantage of the training, or who had other impediments to being hired in the sector.

While all WorkAdvance providers delivered the model components, differences in implementation across the providers were apparent. Per Scholas's history of providing information technology training and its long-standing connections with employers in that sector gave it a head start on the other providers. Because it did not outsource skills training but provided it on-site, Per Scholas staff members also had more opportunities to interact with program participants, deliver career readiness services, and reinforce workplace behaviors. Madison Strategies Group and Towards Employment initially operated a dual-track approach, in which some enrollees were first placed in jobs, before being offered training opportunities. This resulted in early enrollees at those two sites being less likely than enrollees at the other two sites to ever start and complete occupational skills training. These two providers were also the newest to sectoral training. For these reasons, later program enrollees (the "late cohort") probably experienced a stronger program at those two sites. Finally, while all providers had ties to employers in their targeted sectors, some providers had more experience being demand driven than others or had closer ties to employers. Per Scholas had the most experience delivering demand-driven services (which means that employer input is evident in all program components).

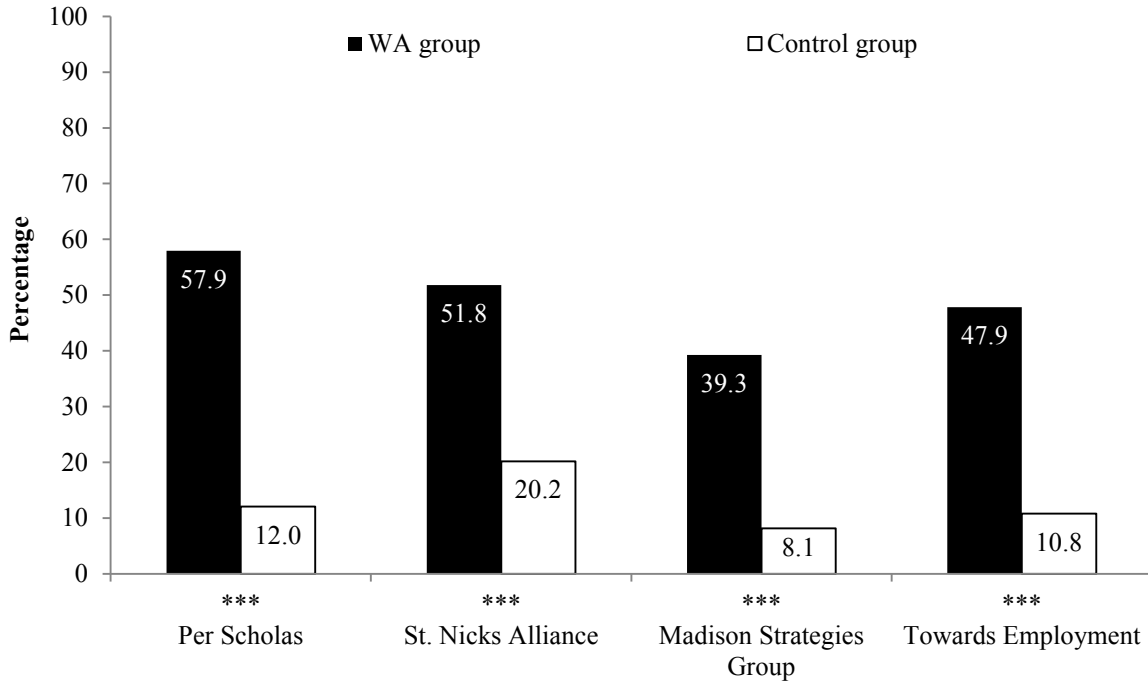
- **Across all sites, WorkAdvance resulted in very large increases in participation in every category of services, as well as in training completion and credential acquisition, compared with what would have happened in the absence of the program.**

On their own initiative the control group members obtained a range of employment services, including (in some cases) training in the targeted sector, from community colleges and other providers. It is not surprising that the control group members found their way to services, given that they had to be quite motivated to persist through the WorkAdvance screening process. WorkAdvance, however, resulted in many more individuals participating in training, as well as in career readiness, job search, and postemployment services, over a two-year follow-up period, and the evaluation is thus in a good position to measure the economic value that these activities and services can add. For example, WorkAdvance increased participation in vocational training in the targeted sector by approximately 40 percentage points or more at every site, relative to control group members' levels (which ranged from 13 percent to 21 percent depending on the site). WorkAdvance also increased the likelihood of completing such training by 31 percentage points or more (as shown in Figure ES.1) and increased the likelihood of attaining a vocational training credential in the targeted sector by 25 percentage points or more. These results are impressive, particularly given that two of the providers — Madison Strategies Group

## The WorkAdvance Study

Figure ES.1

### Completion of Training in the Targeted Sector, by Site



SOURCE: MDRC calculations from responses to the WorkAdvance Year 2 Survey.

NOTES: WA group = WorkAdvance (program) group.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

and Towards Employment — placed approximately half their early enrollees in a placement-first track. MDRC calculations indicate that expenditures on the operation of WorkAdvance were within the range of \$5,200 to \$6,700 per program group study participant at the four providers delivering the program.

### Economic Impact Findings

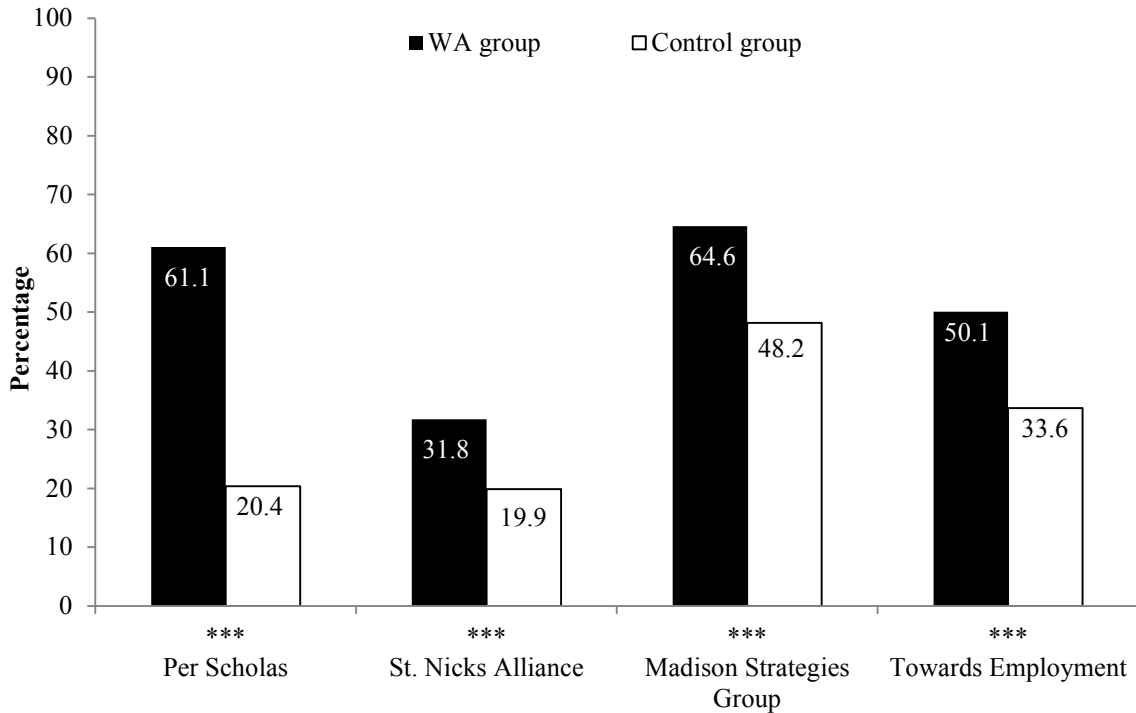
- **The WorkAdvance programs at all providers increased participants' employment in the targeted sector, but the size of the impact varied substantially across the sites.**

Figure ES.2 shows that at all four sites WorkAdvance increased employment in the targeted sector, relative to the experiences of control group members. Of all the sites, Per Scholas

## The WorkAdvance Study

Figure ES.2

### Employment in the Targeted Sector at Current or Most Recent Job, by Site



SOURCE: MDRC calculations from responses to the WorkAdvance Year 2 Survey.

NOTES: WA group = WorkAdvance (program) group.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

produced by far the largest impact on employment in the targeted sector: 61 percent of WorkAdvance group members, when surveyed, reported working in the information technology sector at their current or most recent job, a striking 41 percentage points higher than was the case for control group members. St. Nicks Alliance had the lowest rate of WorkAdvance group members who reported current or recent work in the targeted sector — 32 percent — but its impact of 12 percentage points on this measure is still statistically significant. Madison Strategies Group and Towards Employment both increased current or recent targeted sector employment by a little over 16 percentage points, even with relatively high control group rates.

- **Impacts on earnings — from any type of job in any sector — varied across the sites, in a pattern that closely matched the providers’ experience in running sector-based programs and the extent to which the services they offered were demand driven.**

Figure ES.3 shows impacts on earnings in Year 2 of the follow-up period. Early in the follow-up period, WorkAdvance group members’ earnings levels were lower than those of the control group owing to the well-known labor market opportunity cost of training participation. This situation, however, changed for three of the four providers in Year 2. At Per Scholas (which has long operated an information technology sector training program), WorkAdvance increased earnings by over \$3,700 (or 26 percent) above the control group level in Year 2. At Madison Strategies Group (which was a spin-off from an experienced provider that sought to operate programs in a new area of the country) and Towards Employment (an organization relatively new to working in one of the sectors in which it operated for WorkAdvance), statistically significant impacts on earnings began to emerge in Year 2, particularly toward the end of that year. At St. Nicks Alliance, statistically significant impacts on earnings had not yet emerged by Year 2.<sup>4</sup>

- **At the two sites where many early enrollees were channeled into a placement-first track, impacts were stronger for the late enrollee cohort than for the early enrollee cohort, as the providers matured in their ability to deliver services and switched to a mostly training-first model.**

Figure ES.4 shows the impacts of WorkAdvance by random assignment cohort — an analysis that in the evaluation’s planning stage was seen as critically important. Two of the programs (Madison Strategies Group and Towards Employment) both initially implemented a mixed model, in which the goal was to place half the program participants into jobs in the targeted sectors before training. As shown in Figure ES.4, at both providers impacts were dramatically stronger for individuals who enrolled in the second half of the intake period than for individuals who enrolled in the first half. It is difficult to determine reliably the extent to which the better results for the later cohort were due to a greater emphasis on training versus an overall maturation of the program at these providers, both of which were new to sectoral programming.

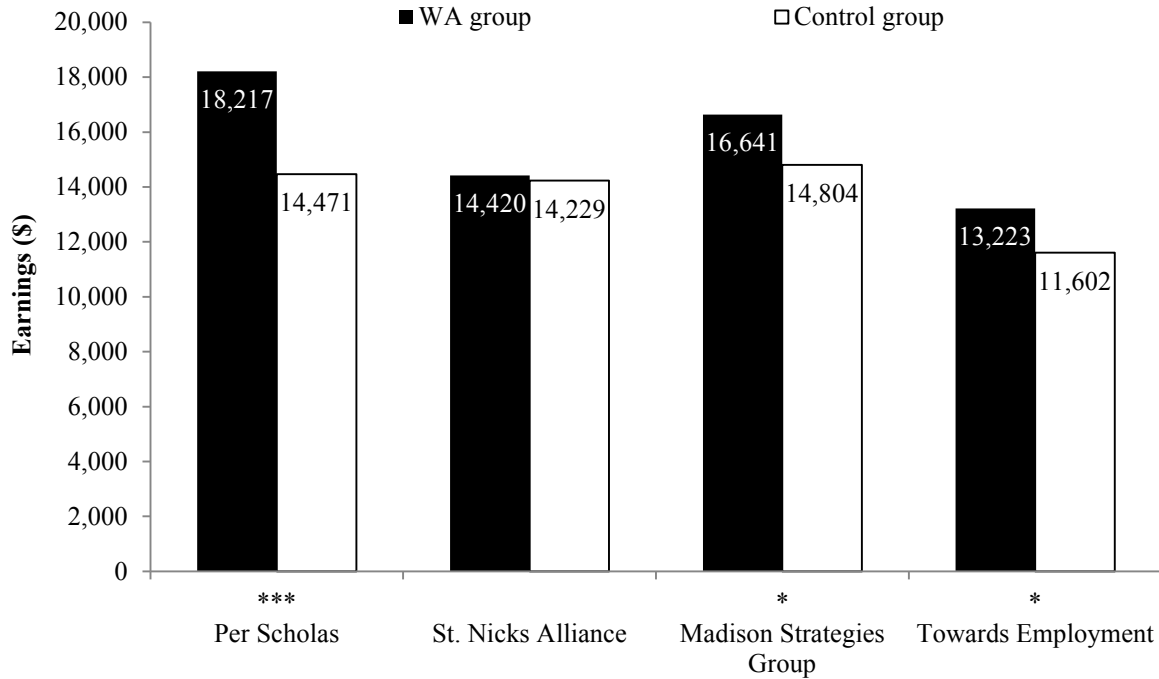
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<sup>4</sup>As discussed in the report, two measures were prespecified as “confirmatory” measures: earnings in the last quarter available for the full sample (which originally was planned as Quarter 7, but was changed to Quarter 10 after data collection was extended) and employment (in any sector) at the time of the survey. Only the Per Scholas program produced statistically significant impacts if just these two measures are considered. Madison Strategies Group and Towards Employment produced impacts that are not quite statistically significant on these measures, though the impacts on earnings in Quarter 10 are statistically significant when those two sites are pooled. St. Nicks Alliance did not produce impacts on either measure.

The WorkAdvance Study

Figure ES.3

Impacts on Earnings in Year 2, by Site



SOURCES: MDRC calculations from unemployment insurance administrative records provided by New York State Department of Labor for Per Scholas and St. Nicks Alliance sample members; Ohio Department of Job and Family Services for Towards Employment sample members; and Oklahoma Employment Security Commission for Madison Strategies Group sample members.

NOTES: WA group = WorkAdvance (program) group.

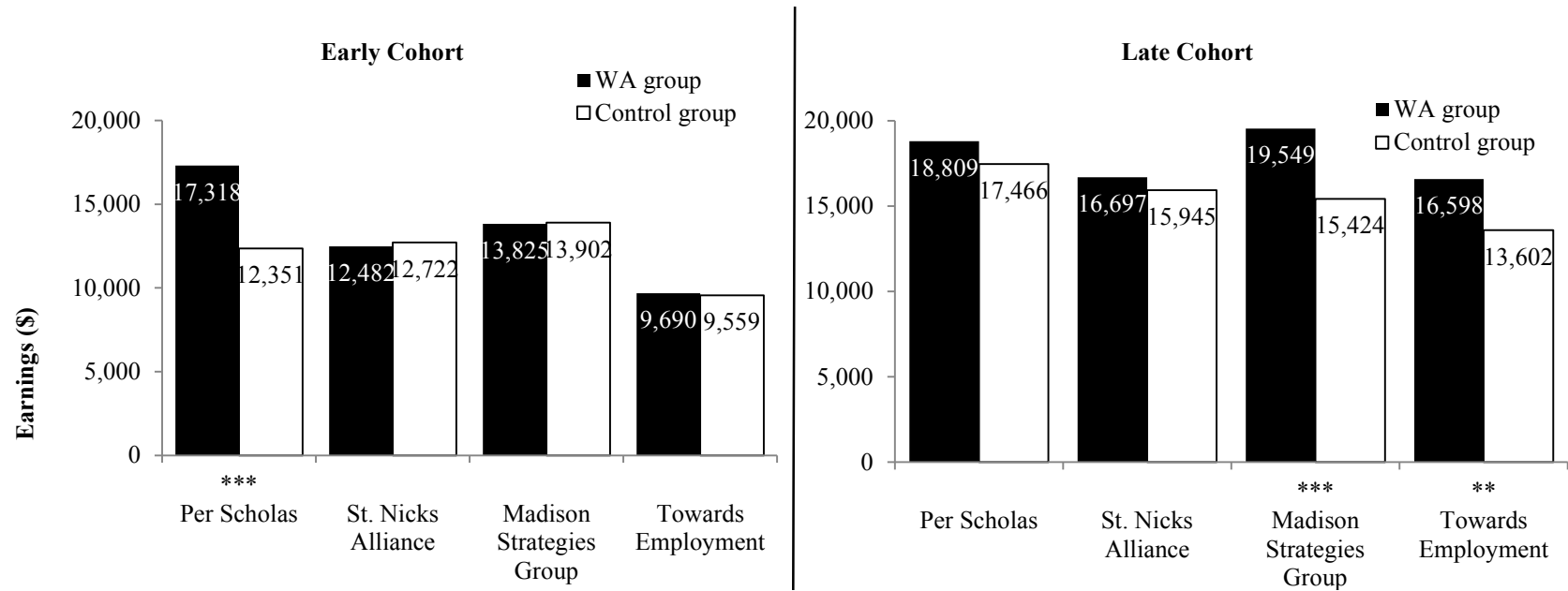
Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

The cohort analysis is the least relevant to Per Scholas, as it was the most mature provider coming into the study. However, the results indicate that program effects were somewhat weaker for the later cohort at that site than for the early cohort; the reasons are unclear, but these results could relate to the strengthening local economy during the study period (and perhaps to other factors as well). At St. Nicks Alliance, no improvement in impacts was evident for the later cohort relative to the early cohort.

The WorkAdvance Study

Figure ES.4

Impacts on Earnings in Year 2, by Site and Random Assignment Cohort



SOURCES: MDRC calculations from unemployment insurance administrative records provided by New York State Department of Labor for Per Scholas and St. Nicks Alliance sample members; Ohio Department of Job and Family Services for Towards Employment sample members; and Oklahoma Employment Security Commission for Madison Strategies Group sample members.

NOTES: WA group = WorkAdvance (program) group.

The early cohort includes sample members randomly assigned through Quarter 3, 2012. The late cohort includes all sample members randomly assigned in and after Quarter 4, 2012.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.



- **The program at Per Scholas produced impacts on the widest array of secondary employment outcomes. However, most providers produced impacts on some indicators of career advancement or advancement potential.**

The WorkAdvance program at Per Scholas increased hourly wages and weekly earnings, and the Madison Strategies Group program increased the likelihood of participants working at jobs with higher wages. WorkAdvance had no effect on average wages or earnings in the current or most recent job (as of the survey administration) at the other sites and did not affect the likelihood of working full time at any of the sites.

At all sites except for St. Nicks Alliance, WorkAdvance group members were more likely than their control group counterparts to report that the job they held currently or most recently as of the survey administration offered many opportunities for career advancement. WorkAdvance also improved other aspects of job quality and advancement. Notably, WorkAdvance increased the proportion of individuals who received several types of employment-related benefits at Madison Strategies Group; improved job satisfaction at both that site and Per Scholas; and increased the proportion of people who reported working in a regular permanent job, as opposed to a temporary one, at Towards Employment.

The impact analysis also examined a range of measures related to income, material hardship, and overall well-being. Only WorkAdvance at Per Scholas produced impacts in all these domains. The Per Scholas program increased income, reduced material hardship, reduced public assistance usage, and increased overall life satisfaction. It is unusual to see such a consistent pattern of impacts across so many domains. At the other sites, only a few impacts on such measures are statistically significant.

- **The extent to which WorkAdvance increased employment in targeted sector jobs was the critical factor in explaining the pattern of impacts across the sites. At all the sites, jobs in the targeted sector were generally of higher quality than jobs outside the targeted sector.**

For a sectoral program to produce employment and earnings impacts, the program needs to increase employment in the targeted sector, and the targeted sector jobs have to have better characteristics than jobs outside the targeted sector (that is, there needs to be a “sector premium”). In terms of increasing targeted sector employment, Per Scholas was by far the most successful. As shown in Figure ES.2, the 41 percentage point impact on targeted sector employment at that site was more than twice as large as the impact at any of the other sites and almost four times as large as the impact at St. Nicks Alliance. This differential in targeted sector employment appears to explain why Per Scholas produced the strongest impacts and why St. Nicks Alliance produced the weakest impacts.

At most sites, an examination of the jobs held by WorkAdvance group members who worked following random assignment suggests that targeted sector jobs were better than jobs outside the targeted sector. At Per Scholas, St. Nicks Alliance, and Madison Strategies Group, targeted sector jobs paid more than other jobs that WorkAdvance group members found. In addition, at most sites, the typical number of hours required by the jobs was higher, or other job characteristics, such as offered benefits, tended to be better, for jobs WorkAdvance group members held in the targeted sector than for jobs they held outside the targeted sector. Thus, there was no notable variation *among the sites* in the “premium” added for targeted sector jobs versus non-targeted sector jobs. Instead, the overriding factor for why the impacts varied from site to site appears to be differences in the extent to which the sites increased placements in the targeted sector.

- **The results also highlight that sector programs can be hard to run well.**

The WorkAdvance model was intended to go well beyond traditional workforce development models by incorporating a sectoral and advancement emphasis. It will take time for many providers to develop these capacities. In particular, the St. Nicks Alliance WorkAdvance program confronted numerous difficulties in adapting its more traditional vocational training program to the Work Advance model, which may explain why impacts have not emerged, at least through this report’s follow-up period. St. Nicks Alliance is a highly experienced community-based multiservice provider with a relatively small workforce division. The WorkAdvance program at St. Nicks Alliance experienced a collapse in the demand for environmental remediation work early in the program period and faced challenges in responding to these changes. A more effective response would have required a more proactive approach with employers than St. Nicks had previously used.

- **Pooling the results from the four providers, the economic impacts of WorkAdvance are positive and statistically significant, but this masks considerable variation at the site level.**

During the evaluation’s analysis planning phase, a decision was made to focus the impact analysis at the site level,<sup>5</sup> given the providers’ widely varying experience with WorkAdvance-like services and sectoral strategies. Still, it is instructive for policymakers to understand how a strategy like WorkAdvance might perform overall, across a range of providers and locations. Figure ES.5 shows, for all the sites pooled together (left set of columns), WorkAdvance’s impact on earnings in the post-training period (Year 2). As a whole, WorkAdvance increased

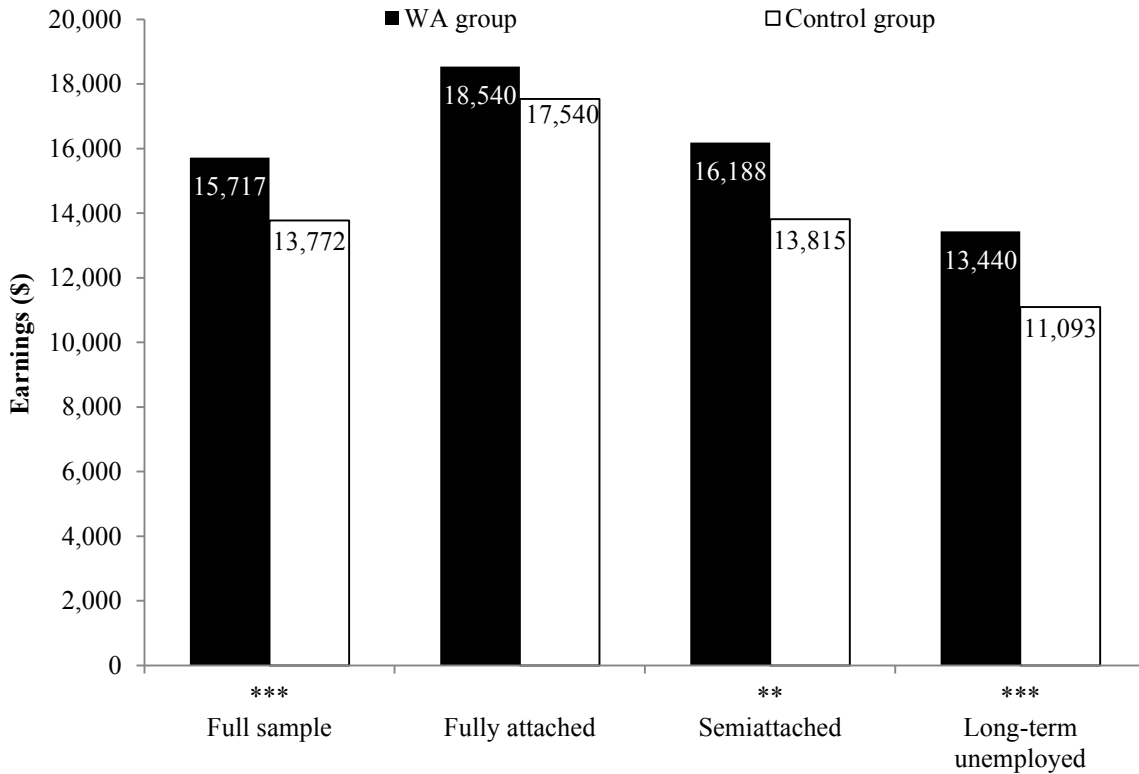
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<sup>5</sup>Initially, the analysis plan called for an examination of impacts by sector. This changed after a site was dropped from the study, because the sector results would have lacked sufficient statistical power. The decision to examine impacts by site was made well before impact results were available.

The WorkAdvance Study

Figure ES.5

Impacts on Earnings in Year 2 for All Sites Pooled,  
by Prior Attachment to the Labor Market



SOURCES: MDRC calculations from unemployment insurance administrative records provided by New York State Department of Labor for Per Scholas and St. Nicks Alliance sample members; Ohio Department of Job and Family Services for Towards Employment sample members; and Oklahoma Employment Security Commission for Madison Strategies Group sample members.

NOTES: WA group = WorkAdvance (program) group.

The fully attached subgroup consists of sample members who were working at random assignment or who were unemployed for less than one month before random assignment. The semiattached subgroup consists of sample members who were unemployed for one to six months before random assignment. The long-term unemployed subgroup consists of sample members who have never been employed or who were unemployed for seven or more months before random assignment.

Statistical significance levels are indicated as follows: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

earnings by about \$1,945, or about 14 percent, above the control group level in Year 2. The results show that with a configuration of sites similar to those evaluated in WorkAdvance, policymakers can expect positive impacts on earnings overall. It is important, however, to recognize that this overall effect will mask considerable variation at the site level. For example, without Per Scholas, the pooled impacts are less than half as large, though still statistically significant.

- **WorkAdvance produced positive impacts for the long-term unemployed.**

WorkAdvance operated during the long wake of the Great Recession of 2007-2009. During this period, the number of people who qualified as long-term unemployed increased markedly, and there was significant concern about the likelihood of reengaging this group in the labor market. Given this concern, the analysis examined WorkAdvance's effects for subgroups defined by individuals' prior level of attachment to the labor market (Figure ES.5). This analysis found that WorkAdvance produced statistically significant impacts on employment and earnings for both the long-term unemployed and those who were semiattached to the labor market.<sup>6</sup>

## Conclusions

- **The WorkAdvance results show that sectoral programs can increase earnings among low-income individuals. But even when a program is well implemented, the benefits take time to emerge, for providers that have lengthy experience in sectoral training as well as for providers that are new to the strategy.**

The Per Scholas program has now been shown to produce large impacts in two separate studies: in this study as well as in the Sector Employment Impact Study (SEIS).<sup>7</sup> The WorkAdvance results thus provide important validation that a mature and highly functioning sectoral training provider can produce large impacts on a consistent basis. More generally, the results provide confirmation of the SEIS results, which showed that three separate providers (including Per Scholas) produced large effects on low-income individuals' earnings. The WorkAdvance

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<sup>6</sup>For this analysis, long-term unemployment was defined as never having been employed or having been unemployed for seven months or more immediately preceding study entry. Note that the more positive results among the long-term unemployed are related to the fact that sites that served more long-term unemployed workers had larger impacts in general. Therefore, while the results show that WorkAdvance can work for the long-term unemployed, the results do not necessarily imply that the program will always work better for that group, nor do they demonstrate that the program will be less effective among the recently or currently employed. In general, a variety of analyses suggest that the characteristics of sample members in each site did not explain the variation in impacts across the sites.

<sup>7</sup>Maguire et al. (2010).

impacts at Per Scholas are evident using both survey data and unemployment insurance records and across a large number of primary and secondary outcomes. Moreover, the size and consistency of the impacts of Per Scholas's sector training program are unusual in the history of employment and training studies.

The WorkAdvance results also highlight that in sectoral training programs, impacts take time to emerge, for two reasons. First, for participants, it takes time for the training and advancement services to be completed and for them to translate into job placements and work advancement. Even for individuals enrolled at the experienced Per Scholas, impacts did not emerge until the second year of follow-up. Second, for providers new to a sector, it takes time for program staff relationships with employers and staff specialization in sector practices to take root and to result in strong and tailored training programs. Both these factors were clearly in play at Madison Strategies Group and Towards Employment, two providers that implemented WorkAdvance well, but which were new to their sector or location. At these two sites, impacts on participants' earnings emerged only in the second year of follow-up. In addition, the impacts were much stronger for the late-enrolling cohorts, who experienced stronger programs.

It is likely that the wide range of experience and backgrounds among the WorkAdvance providers is typical of the landscape of workforce development providers across the nation, and thus the WorkAdvance findings have important implications for Workforce Innovation and Opportunity Act (WIOA) implementation and workforce practice in general. (Many of these implications are discussed in the concluding chapter of the report.) In this sense, the WorkAdvance evaluation provides the field with a reliable indication of how the sectoral strategy will work among a representative range of providers. When all sites are pooled together, the results of WorkAdvance are positive and statistically significant. This implies that, on average, the programs can be effective. But the report results also show that the size and particularly the timing of impacts may vary critically based on where providers start from in terms of their experience in the sector. The sectoral strategy requires highly capable providers, and the report results made it clear that not all providers will produce positive impacts via the sectoral training approach. The results also highlight that for the sectoral and postemployment advancement strategy featured in WorkAdvance to translate into earnings gains, providers need to focus on increasing targeted sector employment in jobs that have higher wages and better characteristics than the jobs participants can find on their own in other sectors. This, in turn, will happen only if program services are truly demand driven, which requires that program leaders and staff members at all levels understand many aspects of their targeted sector — its language, needs, metrics, and skill requirements.

\* \* \*

While this report presents the final WorkAdvance impact estimates under the project's Social Innovation Fund grant, additional reports targeted to specific audiences are planned. Future publications will consider the implications of the WorkAdvance experience for practitioners and for the career pathways field in general. Furthermore, longer follow-up data will be collected at the three- and five-year points. The results will provide important insights into whether impacts grow over time and about the effects of postemployment advancement services. A full benefit-cost analysis will also be conducted.

## About MDRC

MDRC is a nonprofit, nonpartisan social and education 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 Children's Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- 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.