Transforming U.S. Workforce Development Policies for the 21st Century

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Piloting and Replicating What Works in Workforce Development

Using Performance Management and Evaluation to Identify Effective Programs

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What can cities do to identify and build evidence for effective strategies in workforce development, and how can they use these findings to drive funding decisions and improve workforce delivery systems? The New York City Center for Economic Opportunity (CEO) addresses poverty by developing, implementing, and evaluating innovative approaches to better understand what works and what does not.

Low-wage workers, and by extension workforce providers, face a tough job market. Unemployment remains high following the Great Recession, and the unemployment rate of 8.6 percent in New York City in late 2013 hides the great variation across the boroughs; for example, in the Bronx, unemployment climbs as high as 12 percent (Bureau of Labor Statistics 2014). According to CEO’s research, 1.7 million New York City residents are in poverty. Many of the poor are engaged in the world of work yet still struggle to make ends meet. In New York City, there were nearly 685,000 residents in poverty who live in a household with at least one full-time year-round worker (CEO 2014).

Nationally, a majority of the new jobs created in the aftermath of the recession are in low-wage occupations, while midwage industries have nearly a million fewer jobs than at the start of the recession (National Employment Law Project 2014). In addition, low-income workers face wage stagnation (Shierholz and Michel 2013).

This is the context in which New York City has worked to promote the economic well-being of low-wage workers, both through workforce development initiatives and through strategies that enhance low-wage
workers’ economic security, such as uptake of Food Stamps and creation of local tax credits and paid sick leave policies. New York City has a robust system of workforce services provided by multiple city agencies in partnership with service providers; CEO’s goal has been to develop and assess new strategies, address gaps, and bring new resources and evidence-based approaches to improve systems and service delivery.

HOW DOES CEO PILOT AND EVALUATE WORKFORCE PROGRAMS?

CEO works like a research and development lab within city government to try new strategies, determine which are effective, and scale up what works. CEO’s work was shaped by a 2006 commission that was established by the mayor to comprehensively review poverty in the city and to recommend areas for investment and intervention. The commission—composed of leaders of government, business, nonprofits, academics, and philanthropy—prioritized workforce development efforts to help the working poor enter and advance in the labor market. Other focus areas included young adults (aged 16–24) who were out of school and out of the labor market (“disconnected youth”), people with a history of involvement with the justice system, and young children.

The center was quickly established to implement the commission’s recommendations, and from 2007 through 2013, it piloted over 60 initiatives with a mix of public/private funding. Substantial investments focus on helping disconnected youth and the working poor to enter and advance in the workplace, and since its start, CEO has invested hundreds of million dollars in human capital development and workforce strategies. Programs represent new strategies, expansions of strong local programs, and replications of evidence-based models.

CEO is housed in the mayor’s office, giving it a cross-agency vantage point, and its programs are implemented in partnership with city agencies. Most workforce programs are contracted out to local providers that deliver services to the community. All programs undergo rigorous results-focused performance monitoring, including monthly narrative reports and quarterly data reports that track progress toward targets.
Regular meetings with agency partners and site visits to providers complement the data. Performance data focus on outcomes rather than just process measures and are tracked against performance targets. Common measures, such as participant demographics, are aligned across programs to the extent possible. For CEO’s workforce programs there is an emphasis on what is important: placements, wages, job quality (e.g., full-time/part-time, benefits), and promotions.

Data are periodically reviewed, with the recognition that context matters. Staff consider the range of information known about the program’s performance (e.g., have there been recent staffing changes, are particular providers struggling compared to others), the labor market context, and changes in performance over time. CEO and agency partners, informed by the data, adjust and improve programs as needed. For example, a weak provider may receive a corrective action plan and assistance tailored to its shortfalls, or data showing weak job placements in particular occupations could cause a shift in focus to new areas. Meetings that convene providers often highlight the best practices of strong performers to promote peer-to-peer learning. Annual awards are given to high-performing providers that hit target outcomes and demonstrate ongoing use of data to strengthen their service delivery, as a positive strategy to encourage a data-driven culture.

Data are also shared externally. CEO shares aggregated data publicly via its Web site on an annual basis. In recent years CEO began working with its partner agencies to share site-level data back to providers so that they can see how their program performance compares to fellow nonprofits operating the same model. This process also provides an opportunity for the city agencies to ensure that partners are defining and reporting variables consistently and accurately.

Once fully operational, promising program models are also evaluated to document outcomes and impacts on job placement rates and wages. Key factors in determining the shape of the evaluation include the length of program operations, the timing of expected outcomes, existing knowledge in the field, CEO’s level of financial investment, and the quality of the data available. Evaluations range from qualitative assessments to quasi-experimental data analyses, up to random assignment studies that measure program impacts. CEO works with nine external evaluation partners to conduct independent evaluations, and these reports are made public.
The center’s overall approach is characterized by evidence-based policymaking, and accountability is built into the system. Data from performance monitoring and evaluation findings have been used to determine annual funding decisions. Successful programs are continued with the focus on bringing the program to scale and promoting system changes, while unsuccessful programs are discontinued.

**WHAT SPECIFIC MODELS HAVE WORKED?**

CEO’s workforce development programs served more than 43,000 participants across nearly 25 programs in 2013. Its workforce strategies have spanned a range of approaches, targeting specific populations (e.g., probationers or young adults), industries (e.g., health care or transportation), or communities (e.g., particular public housing developments). Service delivery is adapted to reflect these different characteristics in recognition that there is no one-size-fits-all solution. For example, an initiative focused on a particular industry tailors its job readiness services and employer engagement strategies to that particular sector, and a program targeting people with a criminal history tailors services to address the particular needs and challenges faced by that group. CEO has documented a number of successful or promising strategies, which are discussed in the sections below.

**Sector-Focused Career Centers**

These centers deliver services to job seekers and employers tailored to specific industries and have demonstrated success in helping participants achieve higher wages and job placements relative to customers of the typical One-Stop Career Center. The centers are similar to One- Stops but they focus on a narrow range of occupations that help them build robust employer relationships and enable them to tailor all services to the particular industry. Starting in 2008, CEO has worked with the Department of Small Business Services (SBS) to create New York City’s first sector-specific career center focusing on transportation. The results were powerful: placement rates and wages increased when compared to the traditional One-Stops that did not have an industry spe-
specific focus. Additional sector centers were added in manufacturing and health care, and a recent evaluation comparing the city’s sector centers to the One-Stops found that the sector approach increases the likelihood of participants finding employment, and achieves substantially higher wages for those placed (an estimated $5,800 increase in earnings in the first year), and participants had a 39 percent increase in steady employment (working all four quarters in the year after exit from the program). Of those who received services at the sector centers, those that received hard-skills occupational training services had the greatest income gains (Gasper and Henderson 2014).

**WorkAdvance**

Building on its experience with sector-focused workforce programming, as well as earlier incumbent worker initiatives that had focused on career advancement, CEO worked with partners to create WorkAdvance, a new sector-focused career advancement program for low-wage workers being replicated nationally through the Social Innovation Fund. WorkAdvance addresses the need for quality workforce services that go beyond the initial placement to help workers keep their jobs and to continue to advance. Each WorkAdvance site focuses on a narrow range of occupations and provides robust participant screening, job readiness services, occupational training, job placements, and retention/advancement coaching beyond the initial placement. Each component of the program model is closely tailored to the target industry and informed by employer feedback. A randomized control trial is under way by MDRC to evaluate the impact of WorkAdvance, with results expected in late 2015. An early look at the program’s implementation yielded important lessons about the challenges for providers in operating these programs, including the difficulty in keeping training offerings aligned with changes in the target industry, and in recruiting potential workers who meet the educational and other background screening criteria set by training providers and employers (Tessler 2013).

**Jobs-Plus**

This cross-agency initiative takes a geographically based approach to connect public housing residents at targeted developments to employ-
ment opportunities. The strategy delivers on-site workforce services, promotes neighbor-to-neighbor outreach, and offers rent-based financial incentives through the housing authority to “make work pay.” A seven-year evaluation of the program by MDRC in the late 1990s finds that housing developments that had fully implemented the program experienced earnings growth of $1,141 on average for all residents, regardless of whether they participated in Jobs-Plus (Riccio 2010). The results endured even after the program had closed its doors. Specifically, residents in Jobs-Plus sites had increased their earnings 16 percent more than residents of non-Jobs-Plus sites (Riccio 2010). Based on MDRC’s research and an initial pilot site that CEO launched in 2009, the city expanded the program to 10 sites through funding from the federal Social Innovation Fund and the city’s Young Men’s Initiative, a mayoral initiative to address disparities faced by young African American and Latino men.

**Business Solutions Training Funds**

This program engages directly with employers as a strategy to help incumbent low-wage workers advance in their current jobs, while also helping businesses stay competitive. It works by providing grants for customized training to businesses in exchange for their commitment to provide wage gains to their low-wage workers (with a particular focus on businesses that propose upgrading workers who earn less than $15 an hour). The current program grew out of SBS’s existing Workforce Investment Act (WIA) customized training funds program. CEO funds and partnership brought a greater priority focus on low-wage workers and more flexibility in the program structure and training offerings. The program is now supported by a blend of CEO, WIA, and employer funds, and a recent independent evaluation of the program found that the model successfully led to increases in wages for the employees that received training. Program participants earning less than $15 an hour at the start of the program benefited from an 11 percent wage gain post-training and had greater wage gains than a group of similar workers at the standard career centers when compared six months after training (Hamilton and Chen 2014).
Subsidized Jobs for Young Adults

Although subsidized jobs programs for the general adult population have had mixed results in terms of their impact on helping workers enter the labor market, subsidized jobs and paid internships have been an important strategy for CEO’s young adult programs. In particular, CEO has found that these programs are successful when the workforce focus of a subsidized job is added to educational programs that help young adults learn skills or advance toward their educational goals. Several recent evaluations have found promising results for disconnected youth. Sixty percent of participants in the Young Adult Internship Program complete the subsidized job program, and 50–60 percent remain in employment, education, or training after the program (Westat and Metis Associates 2009). Participants in the Youth Adult Literacy Program who also held a paid internship while in pre–General Educational Development classes were more likely to graduate, attend class, and stay enrolled in the program longer than students at sites that did not offer internships (Meisch and Tunik 2011).

Scholars at Work

A workforce program for students that connects the education and workforce systems, Scholars at Work draws on the employer engagement expertise of the sector-focused One-Stop to set up relevant paid internships for high school Career and Technical Education students. While the program has not yet been formally evaluated, performance monitoring suggests that the program has resulted in several participants’ obtaining job offers from their internship. Interestingly, a large percentage of participants chose to go to college following the program, even though recruitment targeted students who were not considered college bound and had been planning to go directly into the workforce. Since 2010, Scholars at Work expanded the number of students placed in internships from 17 to more than 100 in 2013, grew to include community college students, and expanded its reach from 11 partner employers to 43 in 2013.

All of these programs are examples of models that have been shown to help low-wage workers enter and advance in the labor market. They are complemented by a range of other CEO initiatives that promote
completion of high school (or its equivalent) and community college, as well as strategies to promote financial and asset development, and to lift the floor for low-wage workers.

LESSONS LEARNED FROM PERFORMANCE MANAGEMENT AND EVALUATION

Over the years, CEO has gleaned a wide range of lessons from doing this work. These lessons are cross-cutting and derive from multiple pilot initiatives.

Lesson 1: Programs Need to Be Labor Market Driven and Tailored to Employer Demand

While this lesson is now commonly accepted in the workforce world, it is less commonly well implemented. Program staff need to develop strong relationships with employers and use information from them to develop appropriate program screening criteria, tailor their hard- and soft-skills training offerings, and learn about career ladders within targeted occupations to provide appropriate retention and advancement services. Sector programs are a strong model for serving two constituencies: they help job seekers obtain quality employment while also meeting the human resource needs of local businesses. The approach has rigorous evidence behind it (Maguire et al. 2010) and has been increasingly embraced at the federal level.

Demand-driven hard-skill occupational training investments show particularly robust results in helping low-wage workers obtain good jobs. For example, CEO’s recent sector program evaluation noted that participants in the program who received training were more likely to work the entire year after program exit, and they increased their annual earnings by $9,071 on average over those who used standard career centers. They also earned nearly $3,500 more on average than those who used sector-focused career centers but did not receive hard-skill training.

A cautionary note: programs that are too narrowly tailored can fail. Two of CEO’s discontinued workforce programs were built around the
needs of specific employers or a single occupation. An initiative to train young people in green jobs related to arboriculture and landscaping failed to place graduates when demand at the Parks Department and other local employers failed to materialize. A Licensed Practitioners Nursing training program built to meet the demand for nurses in the city’s public hospital system was unable to place its graduates when the economy shifted and the demand for nurses (particularly those without significant relevant work experience) lessened as fewer nurses retired because of the recession. While these programs were well delivered and had high graduation rates, they did not move enough people into employment. Because they were built around a single occupation, they were not well designed to nimbly adapt to rapid changes in the labor market.

**Lesson 2: Subsidized Jobs Are an Important Service Element for Young Adults**

Several CEO young adult programs have found that incorporating subsidized jobs or paid internships into their educational interventions have been an effective tool to help young people get a foothold in the labor market while keeping them engaged in their classes. By adding a subsidized job, programs help meet a young person’s immediate need for income and also provide opportunities for exploring careers and learning valuable basic job-readiness skills. When programs are well designed, they incorporate youth development principles, match students to opportunities that meet their expectations, tailor strategies to the skills and level of job readiness of the young person, and provide both skill instruction and social/emotional support through mentoring and supervision. These subsidized work opportunities often have a community service element and thereby contribute to local neighborhood improvements as well.

**Lesson 3: Funders Must Invest in Building the Capacity of Workforce Providers**

Operating quality workforce programs requires capacity in the field to implement. CEO programs utilize competitive requests for proposals (RFPs) to select providers that have experience with the target popula-
tion or sector and demonstrate an experienced and well-qualified staff. Skilled providers are necessary to run a robust program, particularly when they are being asked to implement a specific program model that is new for their organization or represents a change in their historical way of operating. While some providers are able to continuously adapt and develop locally tailored strategies, many require the help of specialists to implement a well-delivered program. This often requires workforce funders to support technical assistance that builds needed skills to help nonprofits launch and operate new service strategies. CEO has supported the work of several experts in providing technical assistance to community groups.

Lesson 4: Performance Management and Evaluation Are Key from the Start

Low-wage workers deserve quality programs, and funders want to ensure they are getting robust outcomes for their investments. While a focus on outcomes and evaluation has grown tremendously in the workforce field broadly since CEO’s creation in 2006, there is still a lack of clear and consistent focus on measuring results. While strong providers have systems in place to regularly collect data, measure progress against targets, and review data regularly to inform programmatic changes, many organizations need support in managing their data, learning from them, and using them to make programmatic changes effectively. Agencies need a functional management information system that can produce dashboards to help program staff see program data in real time, and all staff need training in data entry and metric definitions. The Benchmarking Project can provide a valuable resource for program managers in interpreting performance by showing how completion, placement, and retention measures stack up to similar workforce programs around the nation. Federal agencies also provide valuable performance management resources online, such as the U.S. Department of Labor’s Employment and Training Administration online training and tutorials for frontline staff, and the Department of Health and Human Services’ Results Oriented Management and Accountability framework.

Some additional key lessons in performance management of workforce programs include the following:
• Assessing program performance must factor in the job readiness and barriers of the target population, and how long the program has been operating. While funders are tempted to compare programs to each other, some populations need more assistance, time, and resources to move into self-sufficiency. In weighing program performance, CEO takes into consideration the context of the population served (e.g., low-literacy young adults and criminal justice system involvement), the types and intensity of services provided, how long the program has been operating, and the size of the budget. Evaluations often conduct regression analyses using individual-level data to further illustrate how work history, demographics, and other individual-level characteristics shape how a program impacts a given group of participants.

• Targets need to be revisited periodically with partners to ensure they are in line with the level of investment, the past performance of the program, the context of what is happening in the labor market, and other factors.

• Numbers alone do not tell the full story; performance monitoring and improvement requires both qualitative and quantitative information. CEO collects both narrative and data reports, conducts site visits, holds meetings with agency partners, and reviews budgets. Client profiles, case studies, and qualitative evaluations can provide valuable insights into how programs work and communicate impacts to the public in a way that resonates.

• Having evaluation partners with an expertise in particular methodologies and issue areas helps ensure the findings will be relevant. Not every program needs a random assignment study, and the size of the investment and the existing knowledge base in the field are key factors. In addition, the timing of evaluations is an important consideration, and programs should be mature before investing in evaluation. Rather than only conducting single evaluations, CEO often conducts multiple evaluations of a program, each building on the previous study’s learnings. For example, the Young Adult Literacy program’s first evaluation tested the impact of adding paid internships to the program model that delivered literacy, numeracy, and support services. Based on findings showing increased attendance and retention at literacy
sites that provided internships, paid internships were added to the model at all sites. A second evaluation of the program looked at longer-term reading and math gains of participants, and most recently, a third evaluation provided a qualitative study of high-performing sites to identify best practices.¹²

- Program participants need information about available training options and their value, and more work needs to be done in this arena. CEO is committed to sharing data about programs, and its Web site shows high-level aggregate outcomes annually. One of the center’s early initiatives in partnership with SBS was to create the New York City Training Guide to help consumers find the best local training program.¹³ CEO also supported an interagency public information campaign to educate consumers about for-profit job training schools/colleges. The effort highlighted the cautions needed with proprietary and for-profit institutions and encouraged consumers to research programs, to use free or low-cost educational options, to be cautious about taking on excessive debt, and to report negative experiences. Components included online resources, connections to free financial counseling, free review of loan applications by volunteers, and intake of complaints.¹⁴

**Lesson 5: Innovation Requires Flexible Funding**

Flexible City and private funds have enabled CEO to quickly pilot innovative approaches and allowed city agencies to try new strategies without threatening their ability to meet their outcomes for WIA or other existing funding streams. Once programs demonstrate success, agency partners have been able to dedicate federal grants funds to support them, as with the sector-focused career centers and the Customized Training program. Given ongoing threats to federal funding streams, this can be a challenging path to sustainability without continued local and philanthropic support.

Although the strategies above contribute to a robust system to help low-wage workers advance, workforce development alone cannot address the needs of all low-wage workers. CEO has funded strategies such as expanding and promoting uptake of the EITC and supporting a local child care tax credit as ways to lift the floor and enhance the
incomes of low-wage workers. As an example, the center worked with the city’s Department of Finance to mail prepopulated amended tax returns to New Yorkers who potentially qualified for the EITC but had not filed for it (a strategy that has since been replicated in other states). In tax year 2009, this initiative helped over 6,239 households receive the EITC that would not have otherwise, cumulatively receiving $6.09 million. Recently, New York City passed expansions of paid sick leave policies and launched a universal prekindergarten expansion. Furthering policies such as these is a vital part of the strategy to support the working poor and address long-term mobility.

There is significant work still to be done. With limited public funding, even programs that demonstrate positive impacts can be challenging to maintain and expand. As a promising development, the Obama administration increased its emphasis on encouraging federal agencies to direct funding toward evidence-based programs (Executive Office of the President 2013). At the local level there is also a need to continue working to bring successful pilot programs to scale by integrating them (wholly or in part) into the larger workforce delivery system that is shaped by federal, state, and city funds, as well as private philanthropy. Some CEO pilot programs have achieved this; for example, a program that connected the One-Stops to low-income clients at community nonprofits was successful, and SBS subsequently integrated it fully into the standard operating practices of all of New York City’s WIA-funded career centers (see Henderson, MacAllum, and Karakus [2010]).

With so many workforce initiatives supported through diverse funding streams, it remains a challenge to create a system where unemployed and underemployed can easily access the program that best meets their particular needs. Building stronger connections between education and workforce systems can also further the goal of longer-term engagements that help people advance along their career pathway over time.

CONCLUSION

Government is increasingly outcome driven and focused on investing in evidence-based strategies. CEO’s leadership in these realms was recognized in 2011 with Harvard’s Innovation in Government award
While workforce development initiatives are an important component of a strategy to help low-wage workers, they are a piece of a larger strategy to promote economic opportunity. CEO has had success, for example, in increasing graduation from community college through its Accelerated Study in Associates Program (ASAP) program, which more than doubled the graduation rate while saving the system much needed funds (Levin and Garcia 2013). Recognizing the fact that many people work full time but still remain in poverty, CEO is testing an expansion of the EITC for single tax filers without children in an effort to see if a more generous benefit will help increase incomes and draw more men into the labor market.

Incorporating lessons from successful pilots can improve workforce systems and reach scale to achieve greater impact. By sharing what has worked and what has not, local government has the potential to affect public policy and help increase economic opportunity.

Notes

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1. Based on 2012 data. CEO developed a more accurate measure that takes into account the local cost of living as well as the impact of government benefits for low-income populations. See nyc.gov/ceo for more information.
2. For an overview of New York City’s workforce system, see City of New York (2011).
5. The Social Innovation Fund is a public/private funding initiative of the federal Corporation for National and Community Service to identify and expand promising programs.
6. The Young Adult Internship Program helps out-of-school and out-of-work young adults obtain needed skills through a combination of educational workshops, counseling, short-term paid internships, and postinternship support to obtain further education, advanced training, or employment.
7. The Young Adult Literacy Program provides literacy and numeracy services,
social support, and paid internship opportunities to 16–24-year-olds who read below the 8th grade level.

8. CEO programs that have provided subsidized job opportunities for young adults include Project Rise, Scholars at Work, Young Adult Internship Program, Young Adult Literacy Program, Work Progress Program, and NYC Justice Corps. See nyc.gov/ceo for more details.

9. A youth development approach is one that incorporates youth leadership into programming, sets a culture of high expectations, ensures young people are matched with caring adults who provide individualized attention, focuses on young adults’ assets rather than deficits, provides support to young people to overcome barriers and develop positive coping skills, emphasizes key academic and/or occupational skills, and supports community connections to additional programs and services.


12. All evaluation reports are available on CEO’s Web site at www.nyc.gov/ceo (accessed November 18, 2014).


References


