

BEST-laid plans

Training initiative was unrealistic about employers and employees alike

BY ERIN FLYNN

The Commonwealth has an impending workforce crisis on its hands, but it's one that's paradoxical. As a percentage of population, Massachusetts has more college-educated residents than any other state in the country. At the same time, with a slow-growing workforce fueled largely by foreign immigrants, a larger and larger share of our adult population is unprepared to perform successfully in the state's increasingly knowledge-based economy. The Massachusetts economy is propelled by industries that place a premium on high skills and credentials—information technology, biotechnology, higher education, and health care. To move beyond entry-level, low-wage jobs in these industries, employees typically need higher education leading to certification and/or formal degrees.

In 2001, MassINC's *New Skills for a New Economy* highlighted the state's skills gap, documenting that fully one-third of current workers (1.1 million) had deficiencies in basic math, reading, writing, language, and analytic skills. *New Skills* put these individuals into three categories: immigrants with poor English language skills, high school dropouts, and high school graduates functioning at low levels in the labor force. The report underscored the need for innovative approaches to workforce development in order to maintain the state's competitive edge and provide meaningful economic opportunities for those at the margins of the Massachusetts economy.

This message was all the more powerful because *New Skills* was released at a time when the state's economy was booming and the labor market was extremely tight. Acting Gov. Jane Swift formed a multi-agency task force to reform adult education and worker training, which made its recommendations in July 2001. One result was the Building Essential Skills through Training Initiative (BEST)—a new, employer-driven workforce training program designed to increase opportunity for entry-level workers and meet employer demand for skilled labor at the same time.

Since 2001, the economy has taken a turn for the worse and labor markets have slackened, decreasing our sense of urgency regarding skills upgrading. But the issues that drove the labor shortages of the late 1990s have not gone away and will undoubtedly resurface. There are still far

too many people in our state who lack the basic skills required to enter post-secondary education, let alone obtain industry-recognized credentials. A report issued recently by the Massachusetts Family Economic Self Sufficiency project found that 40 percent of Massachusetts adults have poor literacy skills and that 50 percent of community college students require remedial education in order to qualify for college courses. These numbers all but ensure that Massachusetts companies will once again be challenged to fill skilled jobs with the workers available.

In a continuing effort to address the state's skills gap, a coalition of advocacy and public policy organizations

**Because of low skill levels,
real progress can take years.**

introduced the Workforce Solutions Act of 2005 to the Massachusetts Legislature earlier this year. The bill would direct approximately \$40 million in new funding to employer- and community-based workforce development activities that increase the competitiveness of Massachusetts companies and improve worker skills and productivity. The bulk of this funding would support multi-year, employer-led initiatives in various economic sectors.

This would be a step in the right direction. But lessons from the BEST Initiative—a two-year demonstration program that concluded in spring of 2004—suggest that employer will and capacity to lead workforce initiatives are woefully undeveloped. In addition, the low skill levels of many adult workers mean that the payoff in terms of career advancement can take years to realize. Based on a two-year evaluation of BEST by FutureWorks, under contract to Commonwealth Corp., it appears that future workforce development initiatives will need to take a more realistic approach to employers and employees alike.

SKILLS MISMATCH

BEST was designed by a partnership of Massachusetts state agencies and managed by the Commonwealth Corp., a quasi-public agency responsible for rolling out and evaluating workforce development initiatives and partnerships.

In the parlance of the field, BEST was intended to serve “dual customers”—i.e., employees *and* employers. On the employee side, BEST sought to provide relevant training and develop industry-specific career plans that would enable entry-level workers to navigate their way up internal job ladders. On the employer side, BEST was designed to be closely aligned with real labor market demand. In an effort to be industry-driven, the initiative included employers in the earliest stages of program design. BEST funds were reserved for newly formed Regional Industry Teams (RITs) representing critical Massachusetts industries through public-private partnerships of employers, education and training providers, workforce investment boards, and (where applicable) unions. The idea was that employers would provide detailed information on skill shortages and internal labor markets to enable community-based organizations, community colleges, and workforce investment boards to develop and deliver appropriate education and training to workers.

Out of the 26 proposals from across the state submitted to Commonwealth Corp., six RITs were selected for funding (see below). Four RITs were managed by workforce investment boards, the other two by a community development corporation and an industry association, respectively. Grants ranged from \$350,000 to \$700,000.

Through the six RITs, BEST delivered some form of training to more than 2,600 individuals. Lots of people gained confidence and upgraded skills, good curricula were developed, career pathways were charted, participating employers learned how the public workforce system operates, and workforce professionals deepened their knowledge of specific industries. But the impact of this training on employees and employers in terms of wages, career advancement, and productivity fell far short of expectations. Wage increases across the initiative were quite modest, and very few promotions were reported. In other words, at a fundamental level, BEST did little to alter how employers provide training to entry-level workers, nor did it transform the career trajectories of low-skill workers.

Why did BEST fall so short of expectations? One reason had to do with employers. RITs were supposed to be “industry-driven” but, truth be told, most RITs did not originate with employers. Instead, public and non-profit agencies designed programs and then secured employer participation. With some notable exceptions, participating employers exhibited limited understanding of and commitment to the program, and they devoted limited time and resources to implementation.

The other reason related to employees. Across the board, RITs overestimated the skill levels of entry-level workers and underestimated the obstacles to workers pursuing education and training. As a result, the goals established for wage gains and career advancement proved unrealistic. Since they had not yet mastered the basics, most workers participating in BEST did not engage in or complete the higher-level skills training that would make them eligible for promotions and/or significant wage increases.

Each problem—limited employer buy-in and lower than anticipated skill levels—was significant on its own, but the combination was a double whammy. For BEST to

Employers devoted little time to implementation.

gain deep employer support, it needed to solve real labor market problems. But due to the very low skill levels of participating employees, BEST was unable to validate its key hypothesis: that entry-level employees armed with sufficient education and training could move up the career ladder to become the kind of skilled workers employers found in short supply. As a result, most employers—and employees, for that matter—utilized BEST simply for short-term training and shunned the more complex and difficult task of career path development.

BEST CASE SCENARIO

What is to be learned from BEST? Let’s begin with the premises.

BEST was predicated on the idea that employers experiencing chronic labor and skills shortages could be enticed to participate in a long-term process that would solve their labor-supply problem. For the most part, however, this proved not to be the case.

Employer interest waned, in part, because the economy slowed. BEST was designed to address critical industry labor shortages in an overheated economy. But by the time the program was implemented, many participating firms

REGIONAL INDUSTRY TEAM	LEAD INSTITUTION
BEST for Biomanufacturing	Massachusetts Biotechnology Council
Boston Financial Services	Boston Private Industry Council
Southeast Massachusetts Manufacturing Consortium	Bristol Workforce Investment Board
Health Care Works	Metro Southwest Regional Employment Board
Boston Health Care and Research Institute	Jamaica Plain Neighborhood Development Corporation
North East Hospital Initiative	Lower Merrimack Valley Workforce Investment Board

had seen turnover rates decrease, and some had placed a freeze on hiring. One large biotechnology company pledged its support for BEST only to drop out shortly after the program began. The Boston Financial Services program struggled as its industry experienced a wave of mergers and acquisitions. Six participating banks became three when Citizens Bank acquired two of the smaller ones. In addition, Fleet Bank—the largest participating employer—was acquired by Bank of America toward the end of BEST. In the wake of this industry restructuring, employers were distracted, contributing less time and fewer resources to BEST than originally anticipated. One participating bank scaled back its training commitment dramatically, while others changed the focus of their involvement in BEST from career advancement to job retention.

Even apart from these changes in economic and institutional context, BEST suffered from a disconnect between company executives and the individuals responsible for day-to-day program implementation. Commitments from corporate executives didn't always translate to department managers and supervisors. This was a particular problem in the HealthCare Works program administered by the Metro Southwest Regional Employment Board, which secured support from top executives at three area hospi-

tals but failed to gain the support of line staff responsible for implementation. As a result, hospital staff consistently failed to show up at RIT meetings, forcing Metro Southwest staff to meet individually with employer partners at each hospital to discuss program goals and design.

In an interview for the evaluation, a clinical nurse at a participating hospital said, "Staff didn't understand the program. We spent months not knowing what our role was. [The program] was just pushed through by HR." At another hospital, the vice president of human resources expressed commitment, but the staff person responsible displayed "little understanding of the program and almost no commitment to it," according to an RIT partner. Often the tension came down to an issue of resources. Staff responsible for the training programs on site typically did not receive additional staff or budget but were expected to implement BEST on top of their regular duties.

Despite limited institutional commitment, employers reported that they found the training provided under BEST valuable. They said training improved job performance and increased self-confidence among workers. But the career-path concept did not take hold among employers. Some had a hard time visualizing their entry-level employees occupying higher positions within the organi-

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zation; others simply lacked the inclination or capacity to develop career path supports.

One food services manager clearly articulated his hospital's interest in the English-language courses offered through BEST. "We offer the courses as an employee benefit, not career enhancement," he said. "The classes are perceived as a benefit, due to split time. This helps us reduce turnover and contributes to a stable workforce, which has a long-term residual value for the hospital."

Even where BEST came close to living up to its industry-driven ideal, employer interest in developing career paths for their entry-level workers was weak. The Southeast Massachusetts Manufacturing Consortium enjoyed strong industry support, as evidenced by the active and enthusiastic participation of 10 employers, and it provided more training to more employees than the other five RITs combined. Employers also drove the program design, reflecting a real sense of urgency about the skills of entry-level manufacturing workers. But the education and training aspect of the program they designed was made up of discreet, short-term training, with the vast majority of participants receiving only four to eight hours of introductory computer training.

NOT READY FOR TAKEOFF

In terms of employees, BEST assumed that, with training and support, entry-level workers could begin to work their way up the job ladder at their place of employment, transforming their job from entry-level to career path while solving their employer's labor-supply problems. To that end, workers were eligible to participate in training with their supervisor's permission and, in most of the programs, could also receive career counseling and/or coaching to help establish career goals and corresponding educational and career pathways. Completion of training courses leading to certification would enable employees to advance to higher-level positions and earn higher wages.

But this theory did not take into account how far behind employees were starting out. BEST found itself putting more resources than anticipated into basic skills, and few employees completed courses that led to promotion. The Southeast Manufacturing Consortium, for instance, expected the bulk of training to be industry-specific—e.g., computerized machine process. Initial testing, however, revealed that a majority of entry-level manufacturing workers lacked basic familiarity with computers and required adult basic education before they could qualify for higher-level training. ABE, GED, and introductory computer courses swelled while enrollment in industry-specific courses was far lower than expected.

Boston Health Care got caught up in a similar dynamic. The program design called for a continuum of courses beginning with ABE/GED that would lead to pre-college

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courses and college instruction. But many employees were at fourth- and fifth-grade reading levels. Instead of offering college courses, the program had to focus on academic and skill preparation for certificate and degree programs.

Not only were most BEST participants ill-prepared educationally to start on a true career pathway, many were ill-prepared psychologically as well. The average age of trainees in BEST was 40. Shifting into “career” mode is a big and intimidating step for people who have not entered a classroom in more than 20 years. Service providers delivering career coaching and counseling through BEST reported that low self-esteem and self-confidence combined with family responsibilities held many entry-level workers back from pursuing career plans.

A number of RITs found that the greatest demand for training was in ESOL and basic skills, and several industry supervisors reported that employees enrolled in these classes not to advance their career but to improve their overall quality of life. This was particularly the case in the health care programs, where demand for ESOL was very high. As one supervisor put it, “Rosa is 55 years old. She doesn’t

Workers were ill-prepared for a career pathway.

want a career path. She’s taking ESOL classes so she can help her grandchildren with their homework.”

The BEST program revealed that, because of lower than anticipated skill levels and psychological barriers to career-path development, labor market mobility for low-income workers is a complex, long-term process that requires multiple levels of support. “These employees,” said one RIT project manager, “have never thought of themselves as people who could have careers. Just returning to the classroom is a big step for them.”

BETTER THAN BEST

The challenges revealed through BEST were more complicated than anyone involved in designing or implementing the program had imagined. But having revealed them, BEST makes it possible to draw certain lessons about how to close the state’s skills gap.

At a basic level, what legislators, service providers, workforce development professionals, and employers ought to learn from BEST is that closing the state’s skills gap is, by its very nature, a long-term process that requires steady commitment, funding, and innovation to succeed. There are no quick fixes, and policy-makers need to stop looking for them. Career-path development for entry-level workers is in its infancy, in terms of both employer support and institutional capacity.

Growing recognition of the long-term nature of this

work is reflected in two important developments since BEST. In 2004, SkillWorks, a partnership of philanthropic and public investors, was launched with plans to use nearly \$15 million over five years to create a system for Boston that helps low-skill, low-income residents move to family-sustaining jobs while helping employers find and retain skilled workers. Like BEST, SkillWorks invests in industry sectors or occupationally based intermediaries to develop and offer a broad range of resources to create advancement opportunities for low-income individuals. In addition, the Workforce Solutions Act of 2005 calls for multi-year funding of projects through the formation of a Workforce Competitiveness Trust Fund.

As policy-makers and stakeholders continue to retool the workforce development system through such initiatives and legislation, they should consider the following suggestions derived from the BEST experience:

Cultivate employer buy-in, support, and capacity for long-term career development based on a realistic picture of what’s required. Advancement for low-income workers won’t happen at anything approaching scale unless lots of employers have bought into the concept. BEST revealed that there is a tremendous amount of work to do in employer outreach and education. But it is critical not to oversell what training programs can accomplish in the short term. Employers must understand that upgrading the skills of entry-level employees will bear fruit over the course of years, not months. Going forward, employers need to be recruited into the workforce development system based on industry-specific programs that: 1) paint the workforce picture in vivid terms; 2) demonstrate how the career-path concept works in practice, including the timeframe for results; 3) articulate the benefits of involvement and commitment; 4) illustrate career mapping and career ladders for entry-level employees; and 5) provide realistic estimates regarding employer time commitment and cost. While public sector and community-based partners may be responsible for developing employer outreach campaigns and materials, private sector champions—industry associations, Chambers of Commerce, and corporate leaders—must also be identified and cultivated to stimulate interest among employers.

Don’t settle for short-term training in exchange for employer participation. BEST revealed that many employers will say “yes” to subsidized, short-term training but back away from the tougher challenges associated with career-path development for entry-level workers. If the state’s goal is to put entry-level workers on a career track, it will need to hold participating employers to a higher standard. Public training funds should leverage employer engagement in long-term efforts to address the skills gap, not subsidize short-term training.

Use ABE and ESOL to build a foundation for career-

path development. BEST revealed widespread demand for adult basic education and English-language instruction across industry sectors and also substantial employer benefit, through improved morale and job performance, in providing these services at the worksite. Workplace-based education services also provide a positive basis for dialogue about career path development for entry-level workers. Increased state support for workplace-based ABE and ESOL would provide a firmer foundation—and a tangible incentive—for employers to engage in longer-term efforts at skill upgrading.

Be realistic in setting the time frame for results. Under the BEST program, RITs were under pressure to organize their programs and show results in less than two years. That's no way to develop programming that truly solves complex labor-supply problems and remedies deep education and skill deficits. Time and focus are necessary to investigate industry labor market dynamics, define viable programs, and establish realistic outcome goals. These steps, conducted thoughtfully, lead to trustworthy relationships, which are the foundation of any successful public-private partnership. This process should not be rushed in order to fulfill funding deadlines. Rather, funding should respond to the formation of thoughtful, well

designed programs that demonstrate genuine commitment and understanding between public and private partners.

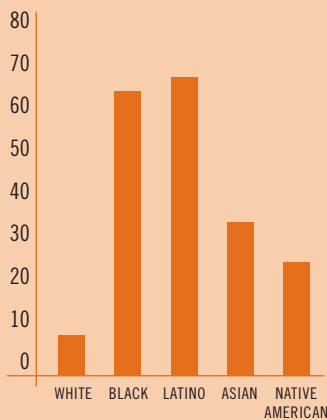
Provide ongoing financial support to partnerships that are getting the job done. The learning curve for RITs was steep, and many were just hitting their stride when their funding ran out. A few secured further funding, but several simply disbanded. Intermediary organizations facilitating workforce partnerships require continuity and steady funding to maintain momentum—and credibility with employers and employees. Reinventing the workforce development wheel again and again is wasteful and confirms private-sector stereotypes about government. Intermediary organizations that demonstrate deep commitment and produce positive results warrant ongoing state support.

The Commonwealth's workforce dynamics are certainly challenging. But until we figure out how to successfully upgrade the skills of individuals—be they immigrants or native-born—who are ill equipped to fill jobs in the high-skilled industries that are Massachusetts's future, we will not realize our full potential as an economy or as a state. ■

Erin Flynn is vice president of FutureWorks, a consulting and policy development firm based in Arlington.

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