



BrainGain@PEC

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BrainGain@PEC provides brief summaries of research or publications on family homelessness and related issues. Much of the text within the document is taken verbatim from the source. Previous issues of BrainGain@PEC can be found at <http://www.pec-cares.org/publications.html>.

Philadelphia's Workforce Development Challenge

Source: The Pew Charitable Trusts. (January 2012). Philadelphia's workforce development challenge: Serving employers, helping job seekers and fixing the system. Retrieved from: http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Philadelphia_Research_Initiative/Pew-Philadelphia-Workforce-Development-Jobs.pdf

Highlights

- The paid job placement rate for those who went through EARN Centers in FY 2011 was 25%.
 - Only half of those who found paid employment retained their jobs for at least six months.
- Trainees in the adult category who used CareerLink had less success getting jobs than did people who did not receive any training.
- Only 12% of city-based employers are registered to use the city's CareerLink system for hiring or other business services, and only a fraction of them actually hire from the system.
- Only 65% of Philadelphia Workforce Investment Board (PWIB) members' companies used either CareerLink or EARN Center services at some point while their executives served on the board.
 - "Yes, we should be using it. But it doesn't work."—President of Team Clean Inc., who has served on both the PWIB and PWDC boards.
- The workforce development system, which is undergoing major budget cuts, will continue to be hampered by a larger societal problem—the mismatch between the skills required for the jobs available in the region and the skills possessed by the city residents who need work.

Overview

This BrainGain@PEC examines the workforce development system's performance, operations and challenges over the past several years—hard economic times in which increasing numbers of Philadelphians are looking for work. Over the last four years, half a billion dollars in public funds were spent on workforce development in Philadelphia. Roughly one in ten working-age Philadelphians have sought help at a workforce development center on an annual basis.

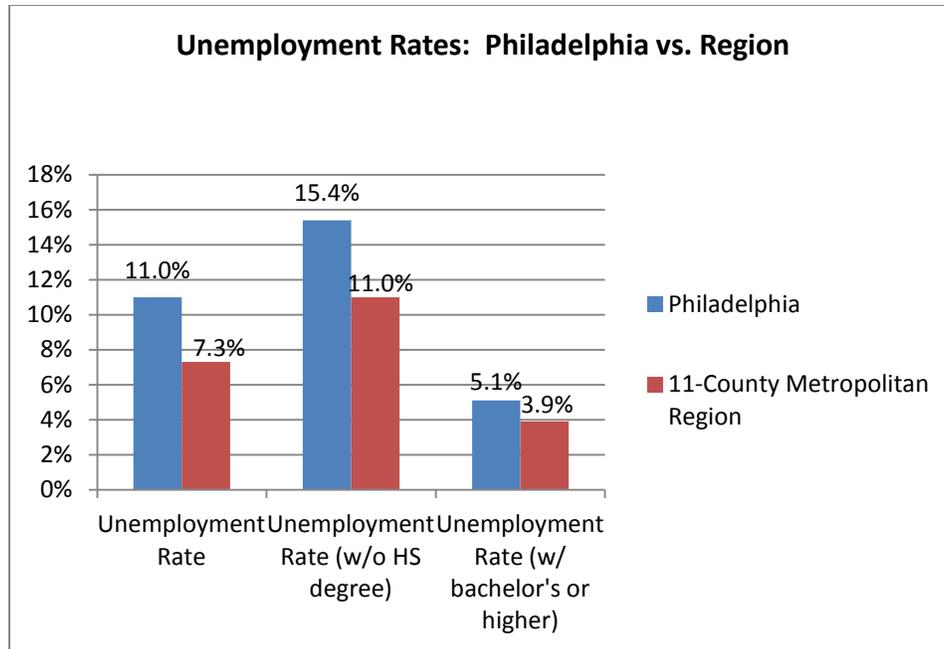
The report begins by describing the concept of workforce development and the mismatch between workers and jobs in Philadelphia. It then explains the structure and cost of the local workforce development system, and compares Philadelphia and several comparable metropolitan areas as to how well they actually helped people get and keep jobs in recent years. Finally, it examines the job seekers and employers who use Philadelphia's system, how that system is being restructured, and the challenges it faces.

What Is Workforce Development?

- It refers to activities that increase the skills, work competency, employment, job retention, and earnings of both employed and unemployed workers.
- The system focuses on both individuals and employers.
 - On the job seeker side, customers include individuals voluntarily seeking help in finding jobs and recipients of public assistance who are required to see help.
 - On the employer side, there is a wide range of customers, some of whom are required to use CareerLink to post their openings publicly in return for tax credits or government grants.

Talent Mismatch

- In Philadelphia, only about 23% of adults over the age of 25 have bachelor's degrees or higher, a figure that is well below the national average.
- From 2008 through 2010, the number of advertised jobs open to individuals with a bachelor's degree or higher in the Philadelphia region was larger than the number of unemployed workers with such a background.
- During the same time period, for jobs that required a high-school degree or less, the number of advertised jobs was significantly smaller than the supply of unemployed workers.



*Data gathered from Census Bureau surveys from 2008 to 2010.
 *Counties include: Bucks, Chester, Delaware, Montgomery, Philadelphia (PA); Burlington, Camden, Gloucester, Salem (NJ); New Castle (DE); Cecil (MD)

Employment Advancement Retention Network (EARN) Centers

- Services include: child-care and health-care support for working mothers, basic literacy and work-readiness courses, and entry-level job training programs.
- Centers have been run by private contractors under Philadelphia Workforce Development Corporation’s (PWDC) management and funded by the Department of Public Welfare (DPW).

Job Placement: Unemployed people who become employed while enrolled in an employment or training program.		Job Retention: Employed enrollees still working after six months.	
Philadelphia	All other PA counties	Philadelphia	All other PA counties
25%	31%	52%	55%

- The state’s target is 70% for both job placement and job retention.
- In FY 2011, DPW sent 22,171 Philadelphia residents to EARN Centers, the highest number in the four years studied.
- Nearly all EARN Center enrollees have only a high school degree or less.
- EARN Center enrollees are more poorly educated than the city labor force as a whole.

CareerLink Offices

- Employer services include: soliciting employers to post jobs and screening candidates.
- Job seeker services include: help with resumes, job searching, trainings, referrals, etc.
- Each job seeker is classified into one of three groups: youth who lack job prospects; dislocated workers who have been laid off or face layoff; and adults who lack marketable skills or basic competency to get or keep a job.

Category of Job Seeker	Job Placement: Participants who got a job within a three-month period of finishing a program.		Job Retention: Participants—unemployed or facing lay off—still employed within 6 or 9 months of finishing the program.	
	Philadelphia	Region*	Philadelphia	Region*
<u>Adults</u> Who Lack Marketable Skills or Basic Competency to Get or Keep a Job	78%	74%	75%	80%
<u>Dislocated Workers</u> Who Have Been Laid Off or Face Layoff	59%	72%	83%	87%

*Region includes: Bucks, Delaware, Chester, and Montgomery Counties (PA), and Camden, Gloucester, Burlington, and Salem/Cumberland Counties (NJ)

**Averages from October 2008 to September 2009.

***Information not provided for job seekers in the youth category.

****Categories of job seekers are not defined more specifically than what is included in the table.

- Average monthly earnings in Philadelphia were \$2,209; statewide average was \$2,300.
- In the past three years, 36% of enrollees got training in health care fields and 16% in transportation or warehousing, both labeled as growth sectors.
- Trainees in the adult category had less success getting jobs than did people who did not get any training.
 - Adults with some skills can skip training and still get low-end jobs, while those with no marketable skills and low literacy struggle to find work even with training.
- 70% of job seekers at CareerLink have only a high school degree or less.
- Job seekers at CareerLink are more poorly educated than the city labor force as a whole.

- CareerLink also serves two other groups with distinctive needs: 3,446 veterans and 869 released prisoners sought assistance in FY 2011.

Job Seeker Challenges

- Inability to receive individualized attention because of staff layoffs.
- Poor customer service, little follow-up, poor communication, and difficulty navigating and finding services.

Employers

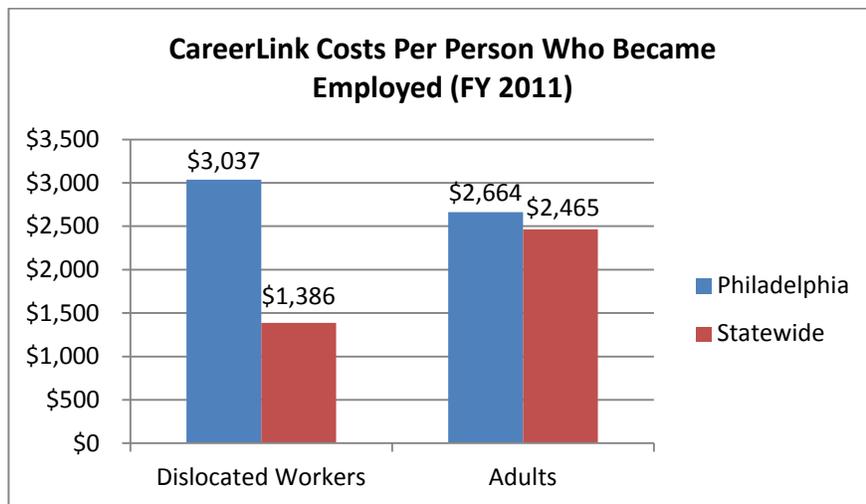
- Only 12% of city-based employers are registered to use the city’s CareerLink system for hiring or other business services, and only a fraction of them actually hire from the system.
 - By comparison, the average employer-registration rate for all other Pennsylvania workforce areas is 25%.
 - The system is unknown to most employers; those who are aware of it think that the system is only for low-income job seekers.
- Only 65% of PWIB board members’ companies used either CareerLink or EARN Center services at some point while their executives served on the board.
 - “Yes, we should be using it. But it doesn’t work.”—President of Team Clean Inc., who has served on both the PWIB and PWDC boards since 2006.

System Structure and Cost

- Philadelphia Workforce Investment Board Inc. (PWIB Inc.) and the Philadelphia Workforce Development Corporation (PWDC)
 - These two organizations dominate the system and spend most of the money designated for Philadelphia residents and businesses that might employ them across the region.
 - These two organizations are in the process of being merged.
 - Apart from PWIB and PWDC, at least 10 other agencies and organizations run workforce-related programs in Philadelphia.
- Philadelphia’s Workforce System Before Restructuring
 - Philadelphia Workforce Investment Board (PWIB)

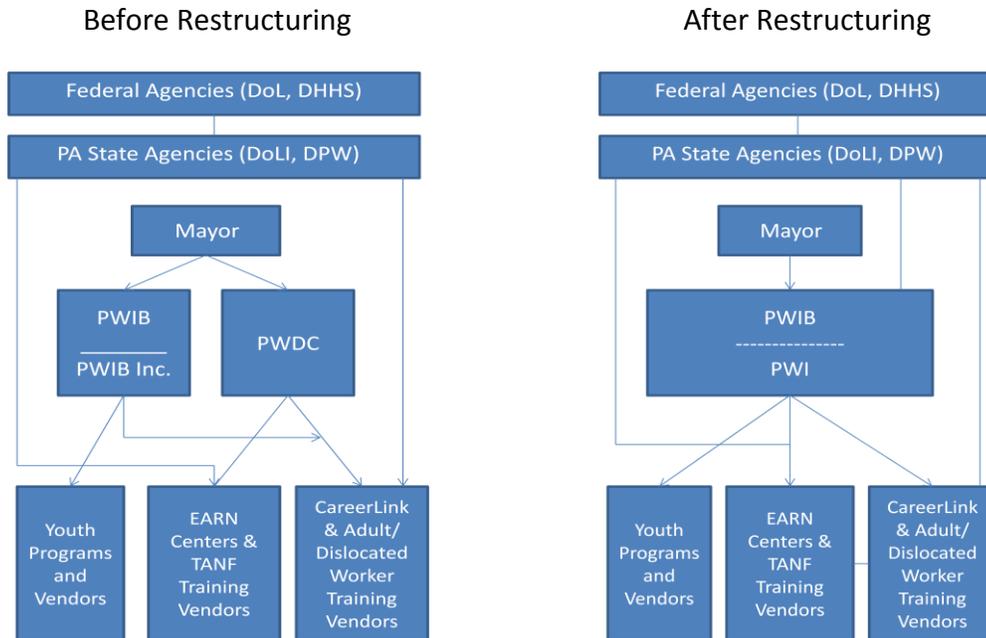
- Each local area has to have an unpaid oversight board in order to receive funds from the U.S. Department of Labor.
- PWIB was formed in 1999 with its members appointed by the mayor. It has 29 unpaid members.
- Its mandate is to review and approve local employment or training programs for three categories of individuals: adults over 18 with minimal skills or work history; dislocated workers who have been recently laid-off or face layoff; youth aged 14 to 21 who lack employment.
- It created its own nonprofit company (PWIB Inc.), with paid staff to analyze the labor market, help craft strategy, manage board activity, and support new initiatives.
- Philadelphia Workforce Development Corporation (PWDC)
 - Under federal law, the local workforce investment area (Philadelphia) must have a fiscal agent to distribute money to programs and to account for the spending to state and federal agencies.
- Philadelphia Youth Network Inc.
 - An independent nonprofit organization that oversees career programs for people under 18, serving both as advisor to PWIB and manager of employment programs funded through PWDC
- Programs and Functions Run by PWDC, PWIB, or Subcontractors
 - CareerLink: As of mid-2011, PWDC operated four “one-stop” offices responsible for serving specific neighborhoods.
 - Business Services: Small staff at PWDC identifies businesses that have staffing needs, solicits job orders for CareerLink to fill, and negotiates on-the-job training contracts with companies.
 - Industry Partnerships: “Sector-based” programs that give private employers more resources and control over talent development. Executives from companies in particular sectors take the lead in designing their own training regimens.
 - In recent years, 11 Industry Partnerships have operated in the Philadelphia region and 67 statewide, organized around sectors such as health care and manufacturing.

- Rapid Response: PWDC unit that provides training and job-placement services quickly to employees of a particular company that has signaled it will be laying them off.
 - Employment Advancement Retention Network (EARN): serves recipients of TANF and has served recipients of SNAP benefits.
- Budget
 - Combined annual budgets of the workforce investment board and the development corporation, plus the youth network, ranged from \$118 million to \$134 million in the four years ending June 30, 2011.
 - Philadelphia spends 75% of its workforce funds on EARN Centers.



Restructuring the System

- A 2010 study of the system concluded that the system suffered from “structural and programmatic gaps, lack of a comprehensive system structure, duplicative administrative systems, and unclear messages related to oversight, governance and policy direction.”
- The plan is to merge PWDC and PWIB Inc., while leaving intact the investment board’s oversight function. The merged nonprofit is Philadelphia Works Inc. (PWI).
- All programs are to be contracted out, including CareerLink, which officials cited as a major change.
- Restructuring includes the closing of one CareerLink office and several EARN Centers



Conclusion

The system, which is undergoing major budget cuts, will continue to be hampered by a larger societal problem—the mismatch between the skills required for the jobs available in the region and the skills possessed by the city residents who need work. Therefore, improving the system’s performance will not be easy. Key challenges include:

- Increasing employers’ awareness of available services, while improving service quality.
- Improving customer service for job seekers, with the goal of attracting a broader mix of customers.
- Manage programs more efficiently given the tough fiscal environment.
- Tailor training and employment programs for maximum impact.
- Keep Philadelphia’s elected leaders focused on the importance of the workforce development system.