

Training low-income workers for skills and advancement

*Summary report on the McKnight
Foundation Families Forward evaluation*

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Summary

Converging trends in recent years point to an emerging problem for the Minnesota economy, and to a potential solution. The trends are:

- Changing birth rates that provided expanding businesses with fewer new employees to replace older workers due to retire.
- A growing number of workers unable to support their families in entry-level jobs, unable to move up to better-paying jobs without further training, and unable to afford the cost of training on their own.

Strategies that could help these workers increase their skills would have the potential not only to improve the quality of life for those individuals and their families and communities, but also to help solve some of the anticipated labor shortage.

Since 2001, the McKnight Foundations' Families Forward initiative has been field-testing such strategies for meeting the needs of employers, workers, and communities.

In this final evaluation report, we describe the results for participants at a follow-up point two years after they began receiving services. Results are encouraging. Participants had an average 9 percent gain in monthly earned income, adjusted for inflation. During the same time period, workers in comparable low-wage jobs realized average gains of 1 percent after inflation. Participants also reported significant gains in motivation and in personal and family stability.

Three-year results, available for a smaller number of early participants, show a 15.5 percent average increase in monthly income after inflation.

These results are the combined average of 17 different service models, operating in urban, suburban, and rural Minnesota. The variation of program models offers opportunities for replication in a wide range of settings.

Background

The programs funded as part of the Families Forward initiative focused on low-income workers who, with additional training or support, could increase their wages, job stability, and future earning prospects. Service providers were asked to:

- Include employers in designing and carrying out the project.
- Make use of public workforce development systems.
- Focus on short-term training that is practical for working families.
- Provide family supports to help participants remain and advance in their jobs.

The McKnight funding allowed existing training and service providers to do several things not otherwise possible. They could target incumbent (currently employed) workers, a group often passed over by current public programs that emphasize rapid job placement for unemployed people. Grantees also had flexibility in the design of their programs, and were encouraged to form partnerships to develop and deliver services. Perhaps most importantly, the foundation's flexible philosophy encouraged grantees to experiment with a variety of approaches to meet the varied needs of Minnesota's low-skilled workers and their employers.

In asking grantees to work closely both with public systems and with private employers, McKnight encouraged them to act as workforce intermediary organizations: organizations that meet the needs not only of individual workers but also of their employers, blend multiple funding streams, and bridge public and private systems.

As part of Families Forward, McKnight also funded the Governor's Workforce Development Council (GWDC) to provide assistance to grantees in three ways:

- Consulting to answer questions and solve problems encountered in implementation.
- Connecting grantees to each other for mutual support, networking and information sharing.
- Bringing issues raised in the local implementation to a larger forum where statewide systems could learn from their experience and adjust their operations to become more responsive and effective.

The Families Forward evaluation addressed three main research questions:

- What are some key characteristics of the participants served? What are some key characteristics of the programs? What, if any, is the connection between the two?
- What kinds of program adjustments did grantees make, and why?
- Do Families Forward participants get better jobs after participation?

This final report on the four-year initiative highlights outcomes for participants two years after their initial contact with the program, based on survey and administrative data. It also summarizes earlier findings about what it takes for providers to offer skill development programs that meet the needs of workers and employers.

More detail about program design and operations, and what was learned from grantees' work over the course of initiative, may be found in the companion report (forthcoming, in cooperation with the Governor's Workforce Development Council).

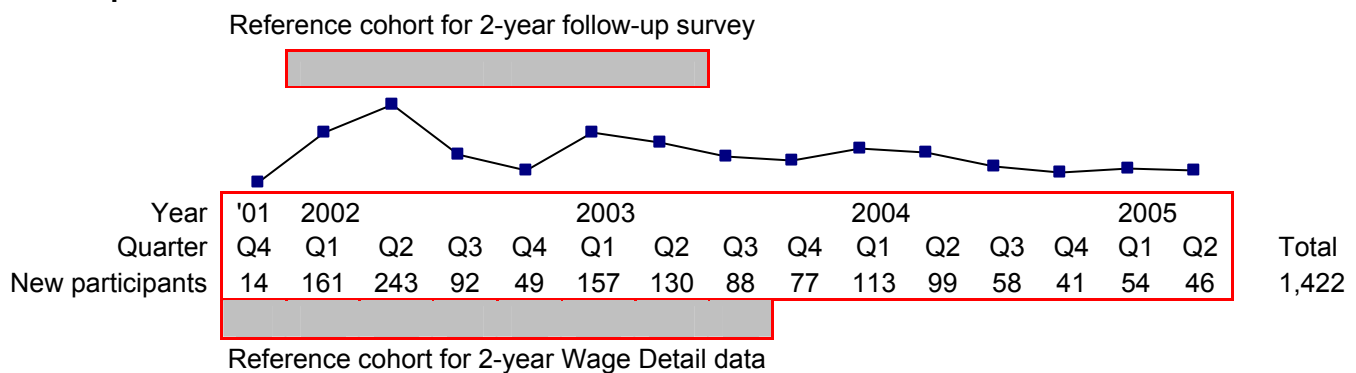
The primary data sources for this final report on participant outcomes are:

- Intake data for each participant, collected by each grantee using a common form developed by Wilder Research, and including almost every participant served from September 2001 through July 2005 (N=1,422).

- Follow-up phone interviews with participants three months after intake, conducted by Wilder Research from March 2003 through February 2005 (N=566).
- Follow-up phone interviews with participants 24 months after intake, conducted by Wilder Research from May 2004 through August 2005 (N=363).
- Aggregate data from Wage Detail records, quarterly reports of workers' total hours and wages, reported quarterly by employers to the Minnesota Department of Employment and Economic Development (N=589 of the participants who started the program from September 2001 through September 2003).

The figure below shows the number of new participants entering the Families Forward programs each quarter. The gray bar above the figure indicates the participants who are represented by the 2-year follow-up survey. The bar below indicates those represented in the 2-year follow-up Wage Detail records.

Number of new participants, by quarter and year, showing those represented by the two main follow-up data sources



Participants served by Families Forward

- Two-thirds (67%) were women, and two-thirds (64%) were 25 to 44 years old.
- Fewer than half (42%) were non-Hispanic White, 29 percent were African American, 10 percent were American Indian, 10 percent were Hispanic, and 8 percent were Asian.
- Most (87%) had at least a high school education, including 28 percent who had at least some college. About two-fifths (39%) had prior job training experience.
- Slightly over two-thirds (71%) were working when they enrolled, and about one-third (35%) were employed full-time.
- Slightly under half (44%) of participants had incomes at or below the federal poverty level when they enrolled.

When asked about factors that might affect their employment stability, common problems included lack of reliable transportation (32%), low availability of social support (29%), and credit problems making it hard to get a job, a car, or housing (29%).

In addition, 26 percent of Families Forward participants had experienced at least one crisis-level problem (homelessness, domestic violence, or serious health problems for themselves or a family member that prevented work for at least two weeks) in the six months before they enrolled.

In the estimation of program leaders, about one in three participants had personal and family situations that were not very stable, even with the support that the program was able to provide. Program staff also estimated that around one in five entered the programs with vague or unrealistic goals, and around one in six had limited motivation or potential to advance.

Services provided by the programs

Grantees developed programs with different kinds of services. In addition, many programs individualized the mix of services for participants as needed. As a result, no single description of services would be accurate. However, most programs offered at least some services in each of the following categories:

- **Assessment:** Assessments included services to help participants and program staff understand participants' experiences and skills, interests and aptitudes, and the training or support that would be most helpful.
- **Training:** The most common kinds of training included coaching on workplace expectations, computer skills, basic literacy and mathematical skills, English as a second language, and job skills for specific industries or job categories.
- **Employment support:** Services included job placement, job retention support, job coaching or mentoring, and help to purchase needed supplies or equipment.
- **Basic financial help:** Financial help included direct help with tuition costs and small grants for emergencies such as car repairs. Indirect help included training in money management and help securing medical assistance, Earned Income Tax Credits, or other available benefits.
- **Personal and family support, including case management:** These services were the most variable. Case management generally means an ongoing relationship with a staff person who helps the participant solve problems and identify and accomplish goals. Personal and family needs that might be addressed included child care, transportation, housing, or getting or filling out applications, as well as general support and encouragement.

The general principle guiding most planning was to provide services needed but not otherwise available to help participants develop their skills and advance in their careers. Some services were provided directly by program staff; many were made available by connecting participants to community resources.

Families Forward served a wide range of participants, thus services and support needs varied considerably across programs. However, there was less variation in participants' reports of remaining needs *not* met during the first three months of the programs. This suggests that the programs somewhat leveled the playing field by making services available where they were most needed.

Clusters of programs by common program elements

Information from participants and program staff confirm that participants in most programs received a mix of services individualized to their needs. However, there were commonalities among some clusters of programs in the general strategies they used for recruitment, training, and support services. These clusters are shown in the figure below. (Brief descriptions of each program are included in the Appendix to the full report.)

Grouping of programs by common program elements

	Individualized	Sectoral– higher support	Sectoral– lower support	Employer-based
Recruitment	Self-referral based on flyers or word of mouth; referral by agencies or county offices	Self-referral based on flyers or word of mouth; referral by agencies or county offices	Self-referral based on flyers or word of mouth; referral by agencies or county offices	Identification by employer based on current job position
Training	Guided to variety of existing training programs based on individual needs and interests	Focus on training for a particular industry sector, and trained in cohort groups	Focus on training for a particular industry sector, and trained in cohort groups	Focus on skills needed for specific positions, and trained in cohort groups at the job site
Support services	More intensive support addresses personal and family barriers as well as employment barriers	More intensive support addresses personal and family barriers as well as employment barriers	Support is mainly focused on employment barriers	Support is mainly work-focused
Programs in cluster	Communities Investing in Families HIRED Women Achieving New Directions (WAND) West Central (Year 1)	East Metro Health Careers Institute Goodwill/Easter Seals International Institute West Central (Year 2) West Central – Teamworks Women Venture	Anoka County MN-BUILD Workforce Development, Inc. Teamworks	Dakota County Hennepin Technical College Southern Minnesota Initiative Foundation Stearns-Benton

Sources: *In-depth interviews with program leaders and GWDC staff; intake data forms collected by grantees; Wilder Research 3-month follow-up survey of participants.*

The individualized cluster served the youngest participants, on average. The next-older average age was in the sectoral–higher support cluster, followed by the sectoral–lower support cluster, and the employer-based cluster served the oldest participants. Similarly, there was a consistent gradient across the four clusters from least to most steady employment and least to most time in their current jobs. This sorting by cluster, while not deliberate, suggests that different program models may be best suited to people who are stuck at different stages of their work life.

However, all programs targeted people in low-wage work, which is often part-time and temporary. Therefore, people who were incumbent (currently employed) workers at the time they started a program might find themselves unemployed a short time later. The unpredictable nature of low-wage employment is reflected in the high proportion of unemployed and part-time employed participants in all the clusters except employer-based (see figure below).

Characteristics of participants, showing progression across the four clusters

	Individualized	Sectoral– higher support	Sectoral– lower support	Employer-based
Percent employed at intake	88%	46%	64%	100%
Percent working full-time	37%	21%	42%	100%
Key characteristics of participants [characteristics in which clusters sort along a gradient]	Participants tend to be (have):		Participants tend to be (have):	
	Younger ←		→ Older	
	More women ←		→ More men	
	More single ←		→ More married	
	Less steady work history ←		→ More steady work history	
	Fewer work hours, benefits ←		→ More work hours, benefits	

Source: Intake data forms collected by grantees.

Likely results at two years without Families Forward

Although the flexible and innovative design of the Families Forward initiative was not conducive to an experimental study, we have been able to document changes in employment, wages, and hours experienced by comparable low-wage workers in Minnesota over the same time period. This helps estimate the likely employment and wage progression of participants had they not participated in Families Forward. State labor force data for low-wage workers in Minnesota from 2001 to 2005 shows that low-wage workers without access to special programs experienced:

- Decreasing access to job vacancies.
- Wage growth of about 3 percent per year.¹
- No change in the number of hours worked per week.
- Steady or falling rates of availability of employer-sponsored health care, and steady or lower rates using coverage due to increased costs of premiums and co-pays.

Outcomes for Families Forward participants after two years

This evaluation reports on participant outcomes two years after they began receiving services. While this is the final report of the Families Forward evaluation, it does not represent final results. Preliminary evidence suggests that personal and employment results continue to build beyond the second year.

From the time of intake to two years later:

- The percentage of employed participants rose from 65 percent to 80 percent.

¹ Unless otherwise stated in the text, wage and income figures are not adjusted for inflation. During the period of the Families Forward initiative (2001 to 2005) inflation averaged approximately 2.5 percent per year, or 5 percent for any given two-year period.

Summary of two-year wage, hour, and income changes for participants, and comparison to wage and hour changes for low-wage workers in Minnesota

	Families Forward	Low-wage workers in general
Two-year change in hourly wage		
Unadjusted	11.8%	5.9%
Adjusted for inflation	6.9%	1.0%
Two-year change in number of hours worked per week		
	2.0%	0%
Two-year change in monthly income		
Unadjusted	14.0%	5.9%
Adjusted for inflation	9.1%	1.0%

Sources: Families Forward participants: Wage Detail records from the Minnesota Department of Employment and Economic Development, with calculations by Wilder Research. Low-wage workers in general: published labor market information from the Minnesota Department of Employment and Economic Development, with calculations by Wilder Research. Inflation: Federal Reserve Bank of Minneapolis.

- 53 percent had better jobs (going from unemployed to employed, or from one job to another one that was a step up).
- Participants were working more steadily (at least 20 hours per week for at least two weeks), increasing from an average of 3.9 months out of 6 to 4.6 months out of 6 months.
- 70 percent had higher hourly wages, with an average gain of 12 percent (from \$7.26 to \$8.12 per hour).²
- 53 percent were working more hours per week, with an average gain of 2 percent (from 17.1 to 17.4 hours).³
- Monthly earned income rose by 14 percent (from \$826 to \$941).⁴
- The percentage participating in employer-sponsored health care benefits rose from 28 percent to 40 percent, and the percentage participating in employer-sponsored dental benefits rose from 25 percent to 35 percent.
- The percentage in jobs with paid sick time increased from 25 percent to 48 percent, and the percentage with paid vacation time increased from 36 percent to 58 percent.

Improved jobs were only a part of the gains that Families Forward participants achieved. Despite the difficulties of combining work and training and (for many) parenting responsibilities, participants also improved their quality of life in other important ways.

- 29 percent of participants had more stable personal and family situations. Of the roughly one-third (38%) who started with the least stable situations, fully 68 percent had increased their stability by follow-up.
- Nearly all participants (91%) reported that their program “help[ed] you get motivated and encourage[d] you to think you could do something new or something more.” In addition, 90 percent reported that the program had made a difference in giving them confidence to try new things, including 68 percent who reported the program made “a big difference” in this respect.

² These figures include wages of \$0 for those not employed. The average change in wages of those who were employed at both times was from \$11.19 to \$12.72.

³ These figures include weekly hours of 0 for those not employed. The average change in hours of those who were employed at both times was from 25.6 to 27.6 hours per week.

⁴ These figures include monthly earned income of \$0 for those not employed. The average change in monthly income for those who were employed at both times was 22 percent, from \$1,243 to \$1,520.

Evidence of longer-term changes

Families Forward participants are likely to experience more success beyond the two-year point that is the focus of this report. The gains observed in personal and family stability, together with the participants' self-reported growth in motivation and confidence, suggest that the first two years laid a solid foundation for continued growth in participants' quality of life in a variety of ways. A glimpse at a small number of early participants for whom three-year Wage Detail data were available (N=251) shows pay and work hour increases that continue to exceed those expected for low-wage workers on average:

- Average hourly wages increased from \$7.07 to \$8.50, a 20 percent increase.
- The average number of hours worked per week increased from 16.6 to 18.3, a 10 percent increase.
- Combining these increases in hours and wages per hour, participants' average monthly income increased substantially. This group of participants increased average earnings from \$803 per month to \$986 per month, a 23 percent increase over the three years.

The figure below summarizes the wage, hour, and monthly income findings for follow-up periods of one, two, and three years. The multi-year evidence suggests that the two-year results that are the main focus of this report are likely to be conservative, representing the lowest of the three points currently available in the overall trend lines.

One-, two-, and three-year outcomes for wages, hours, and income

Entire cohort		1 Year N=895	2 Years N=669	3 Years N=284
Employed both times		525 (59%)	282 (42%)	124 (44%)
Employed at baseline, not at follow-up		112 (13%)	153 (23%)	56 (20%)
Employed at follow-up, not at baseline		151 (17%)	154 (23%)	70 (25%)
Employed neither time*		107 (12%)	80 (12%)	34 (12%)
Average hourly wages	At baseline	\$8.10	\$7.26	\$7.07
	At follow-up	\$9.35	\$8.12	\$8.50
	Amount of change	\$1.25	\$0.86	\$1.43
	Percent change	15%	12%	20%
Average hours per week	At baseline	19.1	17.1	16.6
	At follow-up	20.8	17.4	18.3
	Amount of change	1.7	0.3	1.6
	Percent change	9%	2%	10%
Average monthly income	At baseline	\$944	\$826	\$803
	At follow-up	\$1,116	\$941	\$986
	Amount of change	\$172	\$115	\$182
	Percent change	18%	14%	23%

Source: Wage Detail data from Minnesota Department of Employment and Economic Development; additional calculations by Wilder Research. Unemployed participants are included in the averages, calculated at \$0 wages and 0 hours per week.

Notes: Wage and income figures are not adjusted for inflation. * Employed neither time: The number is estimated at 12% of the total for each follow-up point, based on 1-year and 2-year survey data. The survey found 12 percent employed neither time for the 1-year follow-up and 9% employed neither time for the 2-year follow-up. We have used the more conservative 12 percent estimate for all the follow-up periods, based on the presumption that those not employed at either time were harder to locate for the longer-term follow-up survey.

Factors affecting outcomes

Kinds of services that matter for outcomes

By comparing participants' responses to an earlier survey, evaluators were able to identify services received in the first three months of the program that were more often associated with increased pay or hours, better jobs, or increased work or family stability. These services were:

- Increased pay rate: help to identify or get suitable training.
- A better job: at least one kind of assessment.
- Increased personal or family stability: help with child care.
- Working more steadily: help with job placement following training and/or consultation to determine the kinds of support that would help them to get or stay in a job.

Effect of overall program model differences (program clusters)

Across all clusters, participants who were unemployed at intake were less likely to be employed two years later, compared to those who were working initially. Those who were working part-time were most likely to gain hours or to be working more steadily at follow-up. These patterns were affected very little by differences in program models represented by the cluster groupings. The individualized cluster showed slightly lower gains in employment, which may reflect the fact that programs in this model tended to be unable to focus on specific employers or industry sectors. As a result, although they worked hard to cultivate relationships with employers, these relationships tended to be less close than those between grantees and employers in the other clusters that had a sharper industry focus. Another possible explanation is that about half (47%) of participants in this cluster were in programs in rural parts of the state with fewer employment opportunities.

Effect of help to balance work, family, and training

About three out of five participants (61%) reported that they experienced some kind of difficulty balancing work with parenting responsibilities, including 39 percent who cited inconvenient work schedules and 28 percent who cited not having enough time for themselves or their families. On the positive side, 90 percent reported ways in which their jobs helped them be a good parent, including 36 percent who cited the pay or income, 30 percent who reported their jobs allowed them enough time, or sufficiently flexible time, for parenting.

About half (53%) reported that their Families Forward program had helped to make it easier for them to do both their work and their parenting well. Participants who reported receiving such help were more likely than other participants to report several kinds of

success at the 24-month follow-up, including better jobs and increased motivation. In addition, they were more likely to credit the program for such improvements as increased hours, higher pay, doing better in their current job, and confidence to try new things.

Only 12 percent of participants reported that their participation in the program made it harder to do both their work and their parenting well. For this small group, by far the most common difficulty mentioned was being expected to do more than they were able to, most often due to lack of time or inconvenient class schedules (88%).

Those who reported that participation in the program made it harder to balance work and parenting had lower gains than other participants in steady employment. In addition, they were more likely to report that the program made “no difference” in helping them take care of their families.

Effect of changing employer

About half of employed participants (51%) reported that they were working for a different employer two years later. Slightly fewer than half (45%) reported that they were working in a different industry sector. The Wage Detail records show that 60 percent of participants had a different employer in the two-year follow-up quarter than during the baseline quarter. Participants whose initial jobs were of lower quality (with lower wages, fewer hours, or worse benefits) were somewhat more likely to change employers.

In the survey, participants who changed employers were significantly more likely to report that their job was a “step up,” that they were working more hours per week, and that they had worked more steadily in the past six months. Changing employers had some drawbacks, however. There was increased risk of losing benefits, at least temporarily – although participants who changed employers were less likely to have had benefits when they started (medical or dental coverage, or paid sick or vacation time). Participants who changed employers were also significantly less likely to report that they had received a raise. However, those who did receive raises appear to have received larger ones, because the average gain in wages (from Wage Detail records) was higher for this group than for those who stayed with the same employer.

Summary of findings about program organization and delivery

This section reviews key findings from the first three years of the study about effective program organization and delivery. They are based on in-depth interviews with program leaders and the staff of the Governor's Workforce Development Council who worked closely with programs, as well as comparison of information from these sources to participants' survey responses.

The experiences of Families Forward programs point to a real strength of operating workforce programs from a truly intermediary position – that is, one that serves not only workers' needs but also employers' needs.

To effectively serve low-wage workers, programs:

- Developed an understanding of the depth and complexity of participants' needs, and adjusted services to respond to those needs.
- Developed strategies for recruiting and engaging participants by getting them to believe in the value, purpose, and feasibility of the program.
- Helped to motivate participants by offering training in small steps, rewarding small successes, and creating opportunities for peer support as well as one-on-one attention from program staff.
- Offered training for jobs known to have openings in the local labor market.

To effectively serve employers, programs:

- Helped employers understand the importance and value of training and helped make program services accessible to them.
- Worked with individual participants' supervisors to resolve job retention issues or develop their support for further training.
- Developed formal and informal relationships and understandings in the design of training curricula or job placement of graduates.

To effectively work within the state and local context, programs:

- Cultivated relationships not only with low-income workers and employers but also other grantees, Minnesota State Colleges and Universities, adult basic education consortia, WorkForce Centers, and the Governor's Workforce Development Council (the state-level workforce board).
- Identified, secured, and combined a variety of public and private funds.
- Introduced new services for regions or specific populations that previously lacked training opportunities, and strengthened existing training opportunities.

Discussion, conclusions, and issues to consider

Over a period of four years, the Families Forward initiative has generated a wealth of experience among the grantee and partner organizations involved, and contributed to improved earnings and advancement opportunities for most participants. Informal conversations with employers, and documentation of the pay increases they have given to participating employees, suggest that Minnesota's businesses have also realized gains in value (including improved productivity) from the efforts of the initiative.

This section discusses three broad themes that have recurred throughout the initiative from the combination of all data sources. They represent the main overarching conclusions to be drawn from program operations and outcomes.

Effective programs seek to meet both worker and employer needs

These programs fit the category known as "intermediary organizations." They meet the needs of employers as well as individuals. They are most effective when they:

- Involve a partnership of organizations with complementary skills and capacities.
- Are led by organizations with an entrepreneurial capacity and leadership, allowing them to respond flexibly to shifting conditions, and to secure and combine a variety of funding sources.
- Have excellent and lasting relationships with employers, involving a number of employers with common interests who can pool both risks and rewards of investment in their workforce.

Due to the work of programs with these features, the Families Forward initiative has seeded Minnesota with significant new or increased organizational competencies among the grantee organizations and many of their partners. In addition, program and policy leaders and a growing number of employers are increasingly aware of the importance of skill development in general, and incumbent worker training in particular.

Effective programs make themselves accessible

Businesses that must continually adapt and reinvent themselves require employees who are able to do so as well. This will require a new perspective on job training that extends beyond traditional high school and college study. To serve a growing clientele of working adults, training providers must also adapt, re-structuring services to be more accessible to a clientele who are obliged to combine training with continuing employment and also, for many, parenting young children.

A recurring theme in the evaluation of the Families Forward initiative has been the finding of program leaders that participants, on average, faced more barriers than expected to participation in work and training.

- It has taken programs more time, and more resources, than anticipated to help participants stabilize their work and family situations in order to successfully add training to their other responsibilities. However, funding for support services to make training accessible has proven harder to secure than funding for the training itself.
- Fewer participants than expected have combined work and training in a truly *incumbent* worker model in which participants receive training while continuing to work. Effective, intensive, brief training often proved too much for participants to combine with ongoing work responsibilities.
- To some extent, convenient and flexible program times and locations may reduce the need for some support services.
- For training or supplementary services, the level of resources currently available is substantially less than the need, and will not be enough to continue the work that was begun in the four years of the initiative, let alone expand it to others who could benefit from additional skills training.

Because of the availability of flexible support services in the Families Forward programs, even workers with the greatest needs have been able to access and benefit from the training that was offered.

Effective programs include a range of types of training, including soft skills

Many program leaders and employers have reported that they found it necessary to incorporate more soft skills training into the programs, although nearly all participants reported that they knew – and understood the importance of – the basic workplace norms for behavior.

The term “soft skills” generally includes at least two distinct clusters of behaviors: interaction (including friendliness, teamwork, appropriate grooming, and the like) and motivation (including positive work attitude, dependability, and willingness to learn), and sometimes also good communication.

Assessment of these behaviors is usually subjective, and influenced by cultural expectations. Furthermore, the performance of soft skills is highly affected by context.

- Indirectly, support services (such as counseling or help with child care or transportation) can help to address the perceived need for soft skills, as they help participants attend work reliably. By reducing sources of concern and stress, they may also enhance motivation and concentration and hence productivity while the participant is on the job.

- Complementing their work with participants on soft skills, programs have also demonstrated the value of working with employers (including front-line supervisors) to help them gain skills in managing and supervising non-traditional employees.

The value of soft skills training is illustrated by the finding that participants who received such services were more likely than those who did not to receive pay raises that they attributed to program participation. Other more personal supports also appear to contribute to participants' value to their employers, as seen by the finding that participants who received such services were somewhat more likely to report favorable job outcomes.

What would it take to implement effective practices more widely?

In its four years of operation, the Families Forward initiative has field-tested many strategies in a variety of settings, with a variety of partners, serving a variety of workers and employers. Based on all data sources, the following recommendations summarize what the authors conclude about ways to incorporate the most effective practices of the initiative into the on-going work of public and private organizations in Minnesota.

Ensure that training is available in needed kinds of skills, including soft skills

- Encourage training programs that include a mix of kinds of training. Combine training in specific job skills with other needed skills, such as basic math and reading skills or computer skills, as well as job readiness. Increase the flexibility of funding streams. (✓State-level policymakers; ✓Training and support providers)
- Build on MnSCU's gaps analysis work and DEED's on-going labor market analysis by developing an accountability and response system to ensure that the policies and resources of state entities (WorkForce Centers, MnSCU, etc.) are reasonably aligned with documented workforce needs. Ensure that funding and policy incentives work to encourage, not discourage, such a response. (✓State-level and local policymakers; ✓Higher education; ✓Businesses; ✓Training and support providers)
- Provide incentive funds to MnSCU institutions or departments for curriculum development in skill areas or industries where gaps have been identified. Remove funding disincentives that discourage programs for technical, high-demand industries because of the higher per-student cost of equipment and specialized facilities. (✓State-level policymakers; ✓Higher education)
- Recognize the importance and value of soft skills training. Combine it with hard skills training, in settings as similar as possible to real work. Provide incentives to providers to incorporate a mix of training in their programs, and to involve employers (especially

front-line supervisors) in the training. (✓State-level and local policymakers; ✓Businesses; ✓Training and support providers)

Ensure that workforce systems are flexible and can respond to the shifting needs of workers and employers

- Restructure funding and policies for local WorkForce Centers to allow greater flexibility and autonomy in response to local conditions and needs. (✓State-level and local policymakers)
- Provide incentives to businesses to actively participate in planning and implementing training programs. Structure incentives to encourage joint participation by multiple, related businesses. (✓State-level and local policymakers; ✓Businesses)
- Convene a group of workforce professionals, industry leaders, and educators to identify career ladders or lattices for critical industries, and the training required to move up. Ensure that these career ladders are well documented and communicated to industry and labor leaders, educators and other training providers, and WorkForce Centers. (✓State-level and local policymakers; ✓Higher education; ✓Businesses; ✓Training and support providers)

Ensure that training opportunities are accessible to low-wage workers and their employers

- Structure funding and policies to encourage training programs to include flexible, individualized support services. (✓State-level policymakers)
- Restructure financial aid for higher education to better include part-time students and those taking non-credit courses. Provide incentive funds to MnSCU programs to offer courses at times, in locations, or through media that are more accessible to part-time and working students. Develop articulation or transfer agreements to give academic credit, as appropriate, for mastery gained in non-credit training. (✓State-level policymakers; ✓Higher education)
- Seek alternative ways to provide employer-based tuition reimbursement to low-wage workers that do not require them to pay the full amount out-of-pocket in advance. (✓Businesses)

Concluding thoughts

Outcomes of the Families Forward program include improved jobs, wages, and benefits for a significant number of participants, with average increases substantially above what might have been expected in the absence of the program. In addition, overall levels of personal and family stability were slightly improved at two years compared to when participants started their programs, and participants were more likely to be working

steadily. Finally, and also importantly, participants reported gains in their motivation and confidence to try new things – gains that persisted well beyond the end of the program for most participants.

More indirect evidence points to positive outcomes for employers as well, including access to a labor pool with more valuable skills, and improvements in participating employers' capacity to recruit and retain a more diverse workforce.

Outcomes for the State of Minnesota and its economic regions include the development of a set of intermediary organizations with the skills, capacity, and relationships to respond flexibly and rapidly to changing economic conditions. These grantee organizations have demonstrated their skill in understanding and meeting the needs of workers and employers simultaneously, to the advantage of both. The Families Forward initiative has also contributed to a growing awareness of the importance of skill training in general, and incumbent worker training in particular, as contributors to the health and future of the Minnesota economy.

With the conclusion of The McKnight Foundation's involvement in the program it is timely to ask how the lessons learned from the initiative can be applied to greatest effect. It is important that the new capacity of workforce intermediary organizations be kept current and in operation to meet the continuing needs of Minnesota's workers and employers. To maintain the momentum of the initiative, and put organizational skills and capacity to best use, it will be important to identify new sources of funding to continue the programs that have contributed to the outcomes described in this report. This will require a candid discussion of the appropriate forms of cost-sharing that can best support the work, which benefits not only individual workers and their employers but also the shared economy of the state overall. Currently, workers and employers are contributing significant resources to these efforts, in the form of direct payments and even more in the form of opportunity costs (from the investment of time that could have been used in other important ways). Neither group – individual workers or employers – appears to be in a position to expand significantly on their current level of contribution. Some new funding will be needed to bring program benefits to bear on the wider needs across the state.

The initiative has allowed the pilot-testing of a range of successful, replicable program models that are suitable to a wide variety of needs and settings, including a variety of employers, industry sectors, regions of the state, and life stages of participants. If they can be supported to continue their work, and employers and participants can be supported to continue to access their services, the State of Minnesota as a whole stands to gain from the results.