# INDUSTRY DRIVEN AND WORKER CENTERED: THE PLACE OF MENTORING IN A BIPARTISAN CAREER ADVANCEMENT APPROACH TO WORKFORCE PROGRAMS FOR LOW-INCOME WORKERS

## TESTIMONY BEFORE THE HOUSE COMMITTEE ON AGING AND OLDER ADULTS STEPHEN HERZENBERG, KEYSTONE RESEARCH CENTER, ON HOUSE BILL 1743

My name is Stephen Herzenberg. I hold a Ph.D. in economics from the Massachusetts Institute of Technology and am also the Executive Director of the Keystone Research Center (KRC). KRC is a non-profit, non-partisan independent think tank the mission of which is to promote prosperity and economic opportunity in Pennsylvania. This mission makes workforce development one of KRC's primary issues, since effective workforce development policies have the potential to boost employer competitiveness and to expand opportunity for workers.

KRC has had the privilege of working with both of the past two gubernatorial administrations in Pennsylvania on the issue of workforce development. Governor Schweiker commissioned from KRC an evaluation of the implementation of the federal Workforce Investment Act (WIA) in Pennsylvania. Just before he left office, he sent this report to Governor Rendell with a transmittal letter recommending that the new Governor look closely at the report's recommendations in crafting his new workforce agenda. The Rendell Administration workforce team did use the report as one source in shaping the comprehensive workforce reform strategy implemented as Job Ready PA with the 2005-2006 budget.

One other aspect of KRC's workforce development work deserves mention because of its relationship to the topic of today's testimony. KRC currently serves as the fiscal agent and staff for "The Pennsylvania Fund for Workforce Solutions," a project funded by state and Pennsylvania foundations from four regions (Erie, SW PA, SE PA, and South Central PA). Through PFWS, foundations and the commonwealth are collaborating to invest in "workforce partnership" initiatives that (1) aim to simultaneously help businesses address their needs for entry-level workers **and** (2) help low-income workers get jobs and advance over time to economic self-sufficiency. Dr. Susan Crandall, KRC's Director of Workforce Innovation, manages the PFWS project (crandall@keystoneresearch.org; 717-255-7181). It was through KRC's role in staffing the PFWS that the committee was referred

I appreciate the invitation of the committee to testify on House Bill No. 1743, which provides for the implementation of a retiree welfare-to-work mentoring demonstration program. As well as previous research and policy analysis, my comments here are based on a reading of HB 1743 itself and on a reading of the replication manual published by the U.S. Department of Labor and online at http://www.doleta.gov/Seniors/html_docs/docs/mentoring.cfm>. I searched online for but did not find a formal evaluation of the program. If such an evaluation, or other additional information is available on the Kansas program than I have reviewed, the comments I make here based here would, of course, be subject to revision.

My first comment is that the Kansas program appears to have been successful and appears, based on the replication manual, to have been implemented in a common-sense, pragmatic way. The manual provides some fascinating suggestions about the distinctive ingredients of the Kansas program that are broader than connoted, at least to me, by the phrase "retiree mentoring."

Perhaps the most important ingredient, especially in private sector placement, appears to have been that an unusually deep engagement with *employers* and their workplace challenges with entry level employees. "Mentors called on companies, talked to decision-makers and performed a needs-assessment survey to determine each employer's most pressing problems. Without exception, employers were concerned about their escalating turnover rates and wanted to retain quality employees." (p. 8) (It is worth noting that the Kansas program got its start at the peak of the long 1990s economic expansion, when unemployment was at its lowest.)

Related to this, the program also initially hiring unusually qualified mentors. The ability to attract highly qualified mentors is a function of the fact that the program paid its mentors for 20 hours per week. "Prospective mentors were required to have a lifetime of verifiable achievement in business, industry, education or government...Those chosen as mentors knew exactly how to approach corporations to gain acceptance of mentoring." (p. 8) A basic condition of the program with private sector businesses was the acceptance of mentors at the actual job site. "Agreements were develop to provide businesses with Welfare-to-Work participants in exchange for housing on-site mentors to handle job-related programs." The report adds that "within a few weeks, non-welfare employees began to request the same mentor services as those provided to Welfare-to-Work participants." (p. 8) (The bottom of p. 10 and top of p. 11 have more language about the importance of mentors who can "teach mentees the rules of the game in business...")

It is worth underscoring that this type of employer engagement is new territory for the vast majority of welfare-to-work programs. Those programs have historically had a "supply" side orientation, focused on the worker and his or her particular challenges. The Kansas program thus had a "dual customer" orientation, focused on an understanding of the workplaces and employers in which clients had to succeed as well as on the particular challenges of the individual client (e.g., transportation, child care, domestic violence).

A second, and related, key ingredient is that the program focused heavily on retention. There was a recognition that, for the employee, moving up to self-sufficiency requires first staying in a job for some period of time. Also there was a recognition that, improving retention is a key benefit for many employers and a basis for them supporting a welfare-to-work initiative and investing in it themselves once it has been demonstrated.

A third ingredient was the identification of a distinct role for "peer mentors," different from the role of the individual with the background necessary to originally engage employers and assist employers with needs assessment. Other best-practice workforce programs nationally have also founded that peer mentors, in some cases at the workplace where the client is placed, and carefully selected, trained, and paid (a small incremental amount for on-site peer mentors), can help sharply reduce turnover. Work site peer mentors teach mentees the rules of the game in business in a very practical way that helps people survive there first day, week, month, and year. By virtue of having the same social status as the mentee, peer mentors may also have an advantage in teaching certain kinds of workplace "survival skills."

A fourth ingredient of the Kansas program was a "mentor the supervisor" and supervisor training effort (p. 19). This element appears to have emerged organically, out of a recognition that improving retention required not just helping the employee to learn the ropes but also helping the business to change its managerial approaches.

A final ingredient buried in the Kansas success story was access to programs that could help an employee afford transportation, child care, or other supportive services. The replication write up emphasizes the role of mentors in "case management" so that clients gain the courage to ride the bus or learn about an existing program that offered subsidies for buying a car. Even creative and cost-effective case management, however, requires adequate resources to pay for supportive services.

Summing up the Kansas model, it seems to have amounted to a lot more than a "retiree mentoring program" narrowly conceived. It provided a vehicle for engaging with employers around their interaction with entry-level welfare clients and modifying both worker and employer behavior in supportive ways that work for both parties.

The drafters of the current HB 1743 have picked up on some of these important elements of the Kansas program. In particular, the draft bill underscores the need to address "problems on the employment site" and the need to make employers "part owners" of a program that helps low-income workers transition to work and become productive and self-sufficient.

Having summarized these dimensions of the Kansas experience, what are the implications for Pennsylvania today?

A starting observation is that the single most unusual innovation in the Kansas program, the engagement with employers and development of a "dual customer" approach, is a defining feature of Pennsylvania's Job Ready PA program. Pennsylvania, in fact, has perhaps the largest scale investment in employer engagement and workforce needs assessment, based on its nationally recognized "Industry Partnership" program.

A second observation is that, to date, Pennsylvania's welfare-to-work programs have been, for the most part, disconnected from the employer engagement and career advancement orientation of Job Ready PA.[1] An opportunity thus exists to invest in building or

[1] For a detailed discussion of Job Ready and also of the need to connect welfare programs more deeply with Industry Partnerships and career advancement supports, see Marianne Bellesorte and Stephen Herzenberg; *Investing in Pennsylvania Families: Economic Opportunity for All* (Swarthmore: PathwaysPa, 2007), online at www.keystoneresearch.org.

strengthening the bridge between support programs for low-income workers and Industry Partnerships with knowledge of the entry level job requirements and career paths up from the entry level.

HB 1743 thus provides a way into an important debate about how the PA public and private sectors can invest more strategically (as well as more) in services that find the sweet spot that (a) helps employers and (b) helps workers move to self-sufficiency. The Kansas experience suggests that an effective program that does this should provide support for:

- Employer outreach and engagement around the challenges of recruiting and retaining qualified entry level workers;
- Identification of best practices that can help employers reduce turnover among entry level workers while simultaneously enabling workers to stay long enough to have a change to move up to better jobs;
- Investment in workplace peer mentors, selected and trained following best practices, as one approach to reducing turnover;
- Investment in supervisory training and modification of employer practices; and
- Adequate investment in support services and more traditional case management.

One obvious candidate for overseeing implementation of these added services would be the Industry Partnerships themselves, through a competitive bid process.

Workers over 55 or 60, retired or still employed, could be a great resource in this type of program. Their experience and wisdom could enable them to serve in various roles, from employer outreach to peer mentoring to supervisor trainer. How much resources should be limited to use with seniors, or retired seniors, is another question. My gut feeling is that it may not make sense to be this prescriptive. Seniors and retired seniors could perhaps be given a preference in some aspects of program implementation.[2]

Clearly what I'm suggesting here will require resources. On that issue, I will suggest three things:

- These types of investments, implemented well, are almost certainly cost effective for society as well as, in some cases, cost effective for employers even without public subsidy (one reason, after demonstration, such programs have a chance to become "sustainable");
- The idea of a demonstration program, combined with evaluation, has merit as a way to reduce the up-front cost but also get the information necessary for larger-scale investment down the road if warranted;

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[2] I could not find any evidence that the mentoring works program still exists in Kansas in its current form. I did find mentoring listed in a Kansas Economic and Employment Support Manual dated October 2007 (see www.srskansas.org/KEESM/KEESM10_01_07/keesm3414.htm. This suggests that Kansas itself has come around to the view that mentoring is best incorporated within an more integrated approach to innovative welfare-to-work programs.

- It's critical to pay attention to implementation issues such as training mentors, matching mentors with participants, and understanding target industries.
- National and state foundation interest in these areas does create opportunities for the state to leverage funds from other places, but the state will need to provide some new money to help a significant demonstration project get started.

My closing comment will explain the title of this testimony. One of our national partners, which links with large numbers of manufacturing employers and has an extensive track records with using mentoring to improve retention in entry-level jobs, calls itself "industry driven but worker centered." That mix of pragmatism and progressive values is at the heart of successful workforce innovation that can strengthen Pennsylvania's economy and help its more vulnerable workers. That mix of pragmatism and progressive values is at the heart of Pennsylvania's new workforce strategy. This committee has an opportunity to bring that mix of pragmatism and progressive values to an innovative program that helps both low-income workers and the state's key industries. I applaud the committee for starting an important debate about exactly how to do that.

Industry driven but worker centered ("...their clients as their points of need..."