



# From Getting By to Getting Ahead

NAVIGATING CAREER ADVANCEMENT  
FOR LOW-WAGE WORKERS

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THE WORK ADVANCEMENT AND SUPPORT CENTER DEMONSTRATION



# Executive Summary

## Introduction

With support from the U.S. Department of Labor and a group of public and private funders, the Work Advancement and Support Center (WASC) demonstration presents a new approach to helping low-wage workers take strategic steps to advance — by increasing their wages or work hours or by acquiring employer-provided benefits — and thereby increase their earnings in the long term. At the same time, these workers are encouraged to increase and stabilize their income in the short term by making the most of available work supports — public supports such as food stamps, public health insurance, subsidized child care, and tax credits for eligible low-income families. Building on the best elements of employment policy over the past several decades, WASC brings together the workforce and welfare systems to address two primary issues: First, many low-wage workers, whose numbers have grown during the past decade or so, are not earning enough to support themselves or their families and are not, for the most part, advancing on their own to better-paying jobs. Second, although the work support system has expanded greatly over the past 20 years, many low-wage workers are not taking up the work supports for which they are eligible and which could substantially increase their income and boost job retention. WASC's goals, therefore, are to increase the take-up of work supports among eligible workers to boost household income while also working with them to advance in the labor market and thereby increase their earned income.

This report provides details and illustrations of how work supports and advancement interact with each other, and it offers an early look at the implementation experiences of the first two sites in the demonstration — Dayton, Ohio; and San Diego, California — with coaching toward advancement.

## The WASC Model

The best path toward advancement is sometimes complicated — involving decisions about combining work, training, and work supports in an optimal way — and could be difficult to navigate on one's own. The interplay between increasing earnings and the receipt of work supports is such that as earnings increase, financial work supports decrease or disappear altogether. WASC, therefore, is designed to provide intensive career coaching to low-wage workers so that they can navigate successfully the often complicated interaction between advancement and work supports, ensuring all along that each step they take will increase their total income and improve the circumstances of their employment. Sites in the demonstration are building integrated teams of workforce and welfare agency professionals who are charged with offering intensive career and advancement coaching for low-wage workers, increasing the access to and

take-up of financial work supports, and building new linkages with employers in order to develop and deliver career advancement services — and work supports — directly at the work site.

“Advancement” in WASC is defined as obtaining an increase in wages or work hours, obtaining employer-provided benefits, or obtaining better work hours. The work support package offered by WASC includes food stamps, public health insurance, child care subsidies, the Earned Income Tax Credit (EITC), and the Child Tax Credit (CTC). To assist low-wage workers with advancement, career coaches have several tools at their disposal, including the Income Improvement and Advancement Plan (which helps customers identify their advancement goals, possible pathways to advancement, such as training, and their motivation to advance) and the Work Advancement Calculator (which quantifies the changes in income that would result from specific advancement moves, taking into consideration the loss of work supports and the increase in taxes). WASC’s integration of work supports and workforce services, through a variety of models, leads to an eased application process for work supports, thereby encouraging the take-up of those supports for which customers are eligible.

## **The WASC Evaluation**

WASC was designed so that the model could be tested for effectiveness and replicability. Because the sites are diverse with regard to their workforce and welfare agency structures, demographics, and labor markets — among other factors — they therefore should help test the adaptability and feasibility of the WASC program model in different contexts across the United States. The WASC evaluation is testing the program’s effectiveness using a random assignment research design, in which low-wage workers are assigned, using a lottery-like process, to either the WASC group or a control group, who are not eligible for WASC services but are eligible for existing services in the community. The findings from the full evaluation will be included in future reports.

MDRC selected the first two sites in the fall of 2003: the Job Center in Dayton, Ohio, and the South County Career Center in Chula Vista, California (part of San Diego County and commonly referred to as the “San Diego” site). In 2005, the Southwestern CTWorks Center in Bridgeport, Connecticut, and Workforce Solutions for Tarrant County in Fort Worth, Texas, were chosen as the third and fourth sites. These last two sites began to pilot the WASC demonstration during the summer and fall of 2006, while the first two sites — called the “learning sites” — began their pilots in January 2005 and have been operating full programs since spring of that year. Three of the four sites — those in San Diego, Bridgeport, and Dayton — offer their services at the One-Stop Career Centers created by the Workforce Investment Act (WIA) of 1998 and hope to offer them at employers’ work sites as well, while the fourth site (located in Fort Worth) is serving individuals entirely through an employer-based approach.

WASC aims primarily to reach low-wage workers — including both heads of households with children and single or married adults without children — who are relatively low-income and who have had limited prior connection with the welfare system. A second target group for WASC is reemployed “dislocated workers” — those who have lost better-paying (but often not highly skilled) jobs due to economic restructuring, as in the automobile industry. The new jobs of many of these workers pay wages that are below — often well below — the wages of their previous jobs. Actual characteristics to date of WASC research sample members vary somewhat from the target: They include somewhat higher-income workers than originally envisioned, and more individuals than expected have had experiences with the welfare system.

## **The Interaction Between Career Advancement and Work Supports**

From just getting by at the end of each month to getting ahead is a hard climb for low-wage workers, often requiring several advancement steps, and the key to making sustained progress is to reach high enough to make sure that each step pays. But because of the complex ways in which earnings interact with taxes and public benefits, it is difficult for workers to anticipate whether a given advancement step will actually improve their financial position. Career coaches in the WASC demonstration are expected to help workers understand the complex interaction between advancement and work supports:

- **The WASC package of work supports can substantially strengthen family income while workers take steps to increase their earnings.** For example, a single mother with one child living in Ohio and working 20 hours per week at \$9 per hour can boost her income by 36 percent by taking up the full package of work supports for which she is eligible. In particular, this individual would be eligible for approximately \$256 per month in food stamps and over \$2,700 in the annual Earned Income Tax Credit (EITC). In addition, she would be eligible for Healthy Start (Ohio’s children’s health insurance program) or Healthy Families (Ohio’s Medicaid program) and for subsidized child care.
- **The interplay between advancement and work supports is complicated, and the effects of advancement on take-home income are not always easy to predict.** As workers advance, the same supports that “make work pay” begin to phase out. Workers often do not understand how specific advancement decisions will affect total take-home income, given increases in taxes and decreases in work supports. As important, and often more so, are “eligibility cliffs,” whereby eligibility for certain work supports, such as

health care and child care subsidies, ends abruptly at specific (though often unknown) earnings levels.

- **For nearly all families, the way in which work supports phase in and out as earnings increase creates three distinct “advancement phases.”** To workers, it might seem as though the amounts of food stamps and tax credits bounce up and down randomly as earnings change, but each of the three work supports phases in and out in predictable ways as earnings increase, forming three distinct “advancement phases.” In the first phase, when customers’ earnings are low, the value of the full work support package increases with increasing earnings, providing strong advancement incentives. Advancement incentives are also high in the third phase, when the Earned Income Tax Credit and food stamps have completely phased out and customers have less to lose as their earnings increase. Thus, in the first and third advancement phases, workers can pocket a greater proportion of their increasing income (that is, they have higher “take-home rates”), which offers them stronger incentives to advance. But in the second advancement phase, when customers’ earnings are above the federal poverty guideline but below the upper income limit of work supports, food stamps and tax credits simultaneously phase out with increasing earnings, sometimes yielding particularly low take-home rates. WASC career coaches might have to work most closely with customers in this second phase, to prepare them for declines in work supports, to remind them that advancement still pays, and to encourage them to move toward the third phase.
- **It almost always pays to advance, but how much it pays depends on workers’ family composition and initial earnings levels.** How much a particular advancement step pays for a particular family is often difficult to decipher, given the patchwork system of work supports. For example, large families have the most to gain from the “full dose” of WASC services — advancement coaching and work supports — as they are eligible for relatively large amounts of work supports over a relatively broad spectrum of earnings. On the other hand, nonparents with relatively high wages have less to gain from work supports and, thus, less to lose from advancement.
- **Career coaches can use knowledge of the interplay between earnings and work supports to coach workers toward advancement.** As customers approach eligibility cliffs that end benefits, WASC career coaches can help them make advanced plans to maintain health insurance and child care coverage. Understanding how work supports increase and decrease over the

earnings trajectory enables coaches in WASC and caseworkers in similar programs to offer strategic advice about which advancement options will result in the highest take-home income. Messages for workers in the first advancement phase convey the strong advancement incentives conferred by the high take-home rates. While still emphasizing advancement, career coaches can help customers in the second phase to plan advancement steps more strategically, inasmuch as workers gain a little less than one dollar in take-home income for each additional dollar in earnings.

## Early Implementation Findings

Although the WASC demonstration is still in a relatively early stage of implementation, this report describes how WASC career coaches, particularly at the first two sites (Dayton and San Diego), are using the insights described above about the interaction of work supports and advancement to help customers make sound decisions:

- **Each of the four WASC sites has successfully implemented advancement-focused programs offering a single point of access for career services and work supports, though their models vary in the degree of staff cross-training versus specialization.** The three sites based at One-Stop Career Centers have successfully launched integrated career advancement and work support services with a strong emphasis on advancement. Whereas some sites have emphasized cross-training (the workforce and the welfare staff are trained to provide both advancement and work support services), other sites have emphasized specialization (the workforce staff specialize in advancement services while the welfare staff specialize in work support services, and customers see both types of staff during a visit). The learning sites in Dayton and San Diego have progressed further toward having each career coach able to provide the full spectrum of WASC services, though it has proved more difficult in all four sites to share responsibilities for work support eligibility than for career coaching services.<sup>1</sup> The Fort Worth site is developing a unique employer-based model.
- **The WASC Work Advancement Calculator — a custom-designed Web-based tool — estimates customers' eligibility for work supports and quantifies how changes in earnings will affect changes in total income,**

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<sup>1</sup>Eligibility for work supports is fairly complicated and tightly regulated; as a result, in both Dayton and San Diego, most of the responsibility for work support eligibility has fallen to the staff who come from that background and have experience with it.

**given the concurrent changes in work supports and taxes. Despite its potential, the calculator has not always been used as consistently as envisioned.** The Work Advancement Calculator consists of two components. The first component helps workers to determine whether they might be eligible for various work supports, based on a streamlined list of questions about each customer's household composition, income, and expenses. The second component enables customers to simulate the effects of changes in their jobs and employment circumstances on several elements of their monthly income: earnings, taxes, work supports, and work-related out-of-pocket expenses. Despite its potential, not all WASC coaches are using the calculator as envisioned. In general, it has been used more consistently in San Diego but less so in Dayton. Reasons for its inconsistent use in Dayton seem to include increasing caseloads, leading to not enough time during appointments with customers to go through the calculator; some discomfort with computers; staff turnover and insufficient staffing levels; and the need for staff to manage multiple programs and computer systems.

- **Career coaches report that customers are taking up work supports and taking advantage of advancement opportunities, but customers' short-term advancement options are often limited.** Career coaches in the Dayton and San Diego learning sites report that customers are often pleasantly surprised to discover the range of work supports available, particularly health care coverage and tax credits. Importantly, instances of customers using work supports to substitute for advancement have been rare, and coaches explain that customers approach advancement decisions with a pragmatic openness toward steps that might help them, but also with a sense of realism about opportunity constraints. Many customers are working in situations where there are few if any opportunities to advance. To move up, many customers must first complete education or training, which is a longer-term process.
- **Coaches' time for intensive career planning is limited.** Coaches have by and large enthusiastically embraced the goals of the demonstration — and they have made substantial progress in breaking out of old institutional roles and serving their customers in new ways — but in general they have not engaged customers as intensively as expected, nor have they engaged their full caseloads. The reasons are similar to those for the inconsistent use of the calculator, including staff turnover, vacancies that have not been filled, the need to spend more time than expected on recruitment, and administrative duties. Future implementation research and reports will explore these and a broader range of issues that could be affecting customer engagement.



## Conclusion

This report, the second one on the WASC demonstration,<sup>2</sup> illustrates, in theory, how knowledge about the interplay between advancement and work supports could help low-wage workers make the best possible advancement decisions. In practice, the four WASC sites are in different stages of their program; WASC staff vary in their use of available tools to assist with the coaching process; and WASC customers vary in their responses to the coaching they receive. Future reports will include a paper examining low-wage workers' experiences in WASC, scheduled for release in early 2008; an early-impacts and implementation report, also in 2008; a one-year impact report in 2009; and a two-year report in 2010.

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<sup>2</sup>The first WASC report is Jacquelyn Anderson, Linda Yuriko Kato, and James A. Riccio, *A New Approach to Low-Wage Workers and Employers: Launching the Work Advancement and Support Center Demonstration* (New York: MDRC, 2006).