EXECUTIVE SUMMARY

WEST PHILADELPHIA SKILLS INITIATIVE

A MODEL FOR URBAN WORKFORCE DEVELOPMENT

KATZ & HUMES
Drexel University Nowak Metro Finance Lab

The Nowak Metro Finance Lab was formed by Drexel University in July 2018. It is focused on helping cities find new ways to “finance the inclusive city” by making sustained investments in innovation, infrastructure, affordable housing, quality places, and the schooling and skilling of children and young adults. It is situated within the Drexel's Lindy Institute of Urban Innovation.

Centre for Public Impact

The Centre for Public Impact is a not-for-profit founded by Boston Consulting Group. Believing that governments can and want to do better for people, we work side-by-side with governments—and all those who help them—to reimagine government, and turn ideas into action, to bring about better outcomes for everyone. We champion public servants and other changemakers who are leading this charge and develop the tools and resources they need, like our Public Impact Fundamentals, so we can build the future of government together.

University City District

University City District is a partnership of world-renowned anchor institutions, small businesses and residents that creates opportunity, and improves economic vitality and quality of life in the University City area of West Philadelphia. Our primary mission is community revitalization. We work within a place-based, data-driven framework to invest in world-class public spaces, address crime and public safety, bring life to commercial corridors, connect low-income residents to careers, and promote job growth and innovation.

Accelerator for America

Accelerator for America is a non-profit organization created by Los Angeles Mayor Eric Garcetti in November 2017. It seeks to provide strategic support to the best local initiatives to strengthen people's economic security, specifically those initiatives that connect people with existing jobs, create new opportunities and foster infrastructure development.

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About the Authors

Bruce Katz is the inaugural director of the Nowak Metro Finance Lab at Drexel University and the co-author (with Jeremy Nowak) of The New Localism: How Cities Can Thrive in the Age of Populism. Bruce also leads New Localism Advisors, whose mission is to help cities design, finance and deliver transformative initiatives that promote inclusive and sustainable growth, in addition to serving as a Partner in the Accelerator for America. In all these roles, he regularly advises global, national, state, regional and municipal leaders on public reforms and private innovations that advance the well-being of metropolitan areas and their countries.

For more information please visit www.drexel.edu/nowak-lab.

Megan Humes is a Senior Associate supporting the economic mobility program at the Centre for Public Impact. Her work focuses on helping all levels of the U.S. government understand and reimagine the public initiatives that enable, and inhibit, residents’ economic opportunity and usher in an era of inclusive growth. Previously, Megan helped a variety of federal government agencies improve the efficiency of their operations and strategic sourcing functions through rigorous data analysis with Censeo Consulting Group. Megan received a Bachelor of Science in Economics from the Wharton School at the University of Pennsylvania, concentrating in Business Economics & Public Policy and Social Impact & Responsibility.

For more information visit https://www.centreforpublicimpact.org/

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EXECUTIVE SUMMARY

WPSI—A TIMELY, REPLICABLE MODEL TO SOLVE URBAN LABOR MARKET CHALLENGES

The rise of cities is the defining dynamic of the world today. Cities are natural magnets for the creative and highly-educated talent required by the growing digital economy.

This dynamic has created a complex challenge: urban economic growth is uneven, concentrated in very few neighborhoods with highly skilled talent, often displacing less skilled workers from neighborhoods that have been redeveloped as a result of new investment. In fact, this type of economic inequality within cities has worsened since the recession. For example, in Atlanta and D.C., the top 5% of households now earn incomes 18 times greater than the bottom 20%.

The mayors and civic leaders who are seeking to address this challenge and create pathways to good, stable jobs for all their residents currently have limited ability to test and develop effective workforce development models due to strict bureaucratic requirements, such as a lengthy reporting process and prescribed services mandated from upper levels. Rigid public systems are not designed for the new, rapidly changing economy, and many postsecondary education programs are inaccessible to those that need them most. At the same time, large employer organizations have legacy hiring functions that struggle to reach new potential labor pools and focus training resources on mid- to upper-level workers. As a result, many low-wage workers are unable to find ways to train for higher-paying, available jobs in their areas, furthering the cycle of poverty and disenfranchisement.

As an intermediary able to navigate the worlds of jobseekers and employers alike, the West Philadelphia Skills Initiative (WPSI) delivers a targeted program at a cost similar to the public workforce system, around $4,500 per placement, with vastly better results. For example, WPSI connected 97% of graduates to employment in fiscal year 2019, while Philly’s public system placed 68% of completers in fiscal year 2015, the last year in which data was published. WPSI graduates also earned an average of $1,500 a year more than their public system counterparts.

WPSI provides a replicable model for the collective action needed to solve these urban labor market challenges across the nation.

WHY WAS WPSI FORMED?

In 1997, West Philly hit a crisis point. Years of increasing poverty, blight, and crime culminated in the murder of a University of Pennsylvania (Penn) grad student just off campus. To reduce crime and improve economic vitality and quality of life in West Philly, the leaders of local anchor institutions...
and businesses created the University City District (UCD), a nonprofit economic development organization modeled like a Business Improvement District (BID). UCD’s first mission was to make the neighborhood “clean and safe” and focused on removing trash and supporting public safety ambassadors, quickly improving the neighborhood’s look and atmosphere. Programming soon expanded to creating public spaces, encouraging economic development, and promoting University City to residents, tourists, and businesses alike.

However, in 2009, UCD and its board determined that their successful economic development and placemaking initiatives were not addressing two big problems: too many unfilled or high turnover jobs at University City’s largest employers, and too many unemployed West Philadelphians. To fill this gap between employers and residents, UCD decided to pilot a workforce development initiative that would enable all members of the community to benefit equitably from economic growth, which led to the creation of WPSI in 2011.

The WPSI model was designed to solve three systemic problems that plague existing workforce development initiatives:

- Jobseekers rarely fully understood or utilized the tools available to them
- Traditional program graduates lacked training in “soft skills” like conflict management
- Employers struggled to adapt their hiring and retention processes for diverse candidate pools in a shifting talent landscape

As a critical intermediary, WPSI reimagined the status quo of ‘one-size-fits-all’ programs that were not connected to specific or quality jobs and did not meet the needs of employers. Instead, it trains unemployed residents for in-demand positions with the anchor employers that represent over half of University City’s 80,000 jobs.

**HOW DOES WPSI WORK?**

WPSI follows a thorough, established process high quality graduates for a variety of industries.

Engage the employer to understand their unique needs

WPSI works closely with employers to identify which positions routinely experience retention and performance problems and would benefit from the WPSI model. By analyzing personnel data and interviewing frontline workers, WPSI staff reveal the root causes of hiring and turnover problems, and identify the skills necessary to excel in the position. The employer chooses the size and graduation date of the cohort, and WPSI works backwards to create a program that meets those criteria.

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**UCD is instrumental to economic development, creative placemaking, and with WPSI, workforce development. Matt [Bergheiser] saw an opportunity to develop WPSI and leverage the relationships with all of the major employers for the good of the community.**

Jamie Gauthier, Councilperson-Elect, Philadelphia City Council, 3rd District

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**Number of Jobs in University City at WPSI-partner Anchor Employers**

- University of Pennsylvania
- Penn Medicine
- Drexel University
- Children’s Hospital of Philadelphia

49,041 Total Jobs

38% [18,321]

23% [11,435]

32% [15,848]

7% [3,437]
1. Staff with workforce development experience understand the system and are committed to improving it.

What makes WPSI uniquely successful?

- They provide staff with the resources and freedom to continuously improve services
- They invest in rigorous, individualized program design and execution
- They prioritize fostering relationships with local residents and employers

<table>
<thead>
<tr>
<th>1. Staff with workforce development experience understand the system and are committed to improving it</th>
<th>4. Cohorts are only created when local employers are trying to fill vacancies</th>
<th>7. Employers trust WPSI to deliver consistently excellent services that meet their specific needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Flexible funding encourages program innovation and attracts top talent and partnerships</td>
<td>5. Financial stipends, individual coaching, and high performance standards focus participants on personal and professional development</td>
<td>8. Residents trust WPSI to act as an ambassador between them and large local institutions, building social capital and credibility</td>
</tr>
<tr>
<td>3. Agile and entrepreneurial governance lets the team take risks and quickly iterate to solve problems</td>
<td>6. Customized programs are built for each employer, familiarizing candidates with their culture and nuances</td>
<td>9. As an effective intermediary, WPSI connects a robust network of stakeholders to untapped resources</td>
</tr>
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</table>

Design a bespoke program

WPSI staff take time to design a bespoke curriculum with the employer. This includes completing site visits to understand the day-to-day demands of the job and interviewing stakeholders, such as people currently in the position. Employers noted that no other workforce partner had worked as hard to understand their needs. The employer partners also identify who will teach the technical training (e.g., the employer or a third-party provider) and determine if federal workforce funding can reimburse the provider.

Recruit and select participants that are a strong fit for the job profile

WPSI opens a program application and co-hosts an information session about the position with the employer. Applicants must have a high school diploma or GED, be over 18, and be unemployed. Most cohorts only accept applicants from the 7 zip codes in West Philly, which contain 245,709 residents, 16,366 of whom are unemployed. WPSI also places citizens returning from incarceration in gainful employment at UCD's landscaping company, Green City Works. The program is promoted to the community online and through the WPSI alumni network. By personally reviewing each application, WPSI staff identify the best-suited candidates for each program.

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Deliver the program with excellence

Every program begins by cultivating the “foundational skills” needed to succeed in any professional job (e.g., workplace norms, self-regulation, critical thinking, self-confidence), before moving into technical training specific to the position. Experienced facilitators and executive coaches lead group classes and individual sessions to develop participants’ foundational skills. WPSI collaborates with employers or a third-party provider to teach technical skills, sometimes in on-the-job training that allows participants to earn wages to complement their program stipend.

Connect participants to employment

After completing mock interviews, participants are guaranteed an interview with the employer partner. While employers have no obligation to hire graduates, they have hired from all cohorts thus far; at the same time competitors are also able to make offers to candidates. As a result, an astounding 95% of graduates are connected to employment. After placement, WPSI staff hosts a formal debrief with the employer to determine how the programming could be improved for the next cohort, further building trust and understanding of employer needs.

West Philadelphia Skills Initiative Participants

"The Skills Initiative has changed lives. The people who have gone through the program have a pathway to greater confidence in their abilities to work and take care of their families."

Craig Carnaroli, Executive Vice President, University of Pennsylvania
The West Philadelphia Skills Initiative has changed my life. When I came here, I knew I had the skills to land a job, but working closely with the staff, they brought out my potential to build a future career and to pull out my best self.

Tyler Wood, Landscape Technician, Brightview

Provide post-program support.

WPSI offers continued personal coaching and assistance, increasing new employees’ chances of retention and success in their new position and helping those that did not receive an offer find a job that utilizes their skills. WPSI hosts multiple alumni events annually to reconnect graduates and expand their personal networks.

HOW IS THE WPSI MODEL DIFFERENT FROM TRADITIONAL WORKFORCE DEVELOPMENT?

Many traditional workforce development organizations offer social services as well as general skills training and try to help as many residents as possible. WPSI’s key differentiator is that it only delivers training for the number of participants that its employer partners are able to hire, increasing the likelihood that its graduates enter full-time employment. For this reason, the WPSI model is not immediately scalable to move large groups of people into good work. Instead, it creates long-lasting, positive economic impact for a precisely targeted group of residents.

WHAT HAS BEEN WPSI’S IMPACT?

In the last six years, WPSI has increased labor participation from the local community, reduced turnover costs for local employers, and increased disposable income and tax revenue. WPSI has placed nearly 530 West Philadelphians into either full-time positions with benefits, or positions with a direct promotion path to full-time employment. Importantly, WPSI has linked employers to an underutilized labor pool and a traditionally hard-to-reach population, as the average participant had been unemployed for an average of 33 weeks before joining the program. The average graduate records a 25% increase in wages over their last job prior to unemployment, amounting to nearly an additional $7,000 a year for a single earner. In total, graduates have earned over $37 million in wages over the last 8 years, increasing local purchasing power.

WPSI has also helped employers’ bottom lines and improved their recruitment processes. For example, one private employer’s new hires from the WPSI program turn over at half the national rate of their industry. Another employer, Drexel University, found that WPSI hires were 36% more likely than traditional hires to remain in the position for 2 years or more. Turnover costs are an estimated to be 33% of an employee’s salary, so the turnover of a full-time worker at WPSI’s average postgraduate wage of $14.51 would cost an employer $10,100.

WPSI’s work connecting unemployed individuals with good jobs in West Philly has helped improve the vitality of a high-poverty neighborhood suffering from chronic disinvestment. West Philadelphians now have greater opportunity to share in the success of the large institutions they have always lived beside, but have felt far removed from. Overall, 95% of graduates have been placed in local jobs, indicating that the participants shared the benefits of inclusive growth.

HOW CAN THE WPSI MODEL BE ADAPTED IN OTHER CITIES?

As with any urban transformation, there are elements of the WPSI story that are unique to Philadelphia and the University City neighborhood, with its particular civic landscape, at a specific moment of growth and appetite for innovation. Any attempt to adapt the model should be heavily informed by the nuances of the people, businesses,
relationships, and socioeconomic conditions of that community. However, we strongly believe that the enabling features of WPSI present valuable principles and approaches for any workforce development institution to adopt.

The WPSI model is particularly appropriate in a context of urban cores with a geographic concentration of:

**Strong anchor employers**, such as universities and hospitals experiencing chronic labor shortages or unsustainably high rates of turnover in entry-level professional jobs

**A large jobless or underemployed population** who are eager to connect to high quality organizations but face barriers to employment

**A central intermediary** like UCD to broker strategic relationships. While this could be a local Workforce Investment Board, Business or Neighborhood Improvement District, or Chamber of Commerce, what matters is that the intermediary is in a position to develop trusting relationships with and meet the needs of jobseekers and employers.

With those three ingredients in place, organizations aiming to implement the WPSI model must tailor the following tasks to their local context:

**Focus on in-demand professional entry-level jobs**, where there is usually a gap in public and private funding and quality programming—train to place, rather than “train and pray”

**Build credibility with residents** by partnering with organizations that have established trust with the community (e.g., trade schools, community organizations) and understand the strengths and needs of the local labor supply.

**Find local experts to lead the initiative** who understand the nuances of the target neighborhoods and employers and can quickly solve problems

**Generate sufficient levels of funding** an estimated $1.7M in start-up costs over 2 years, tapping local employers and philanthropies, or adopting an alternative financial model, such as fee-for-service or property assessment taxes

**Reduce risk of failure** by setting expectations that this model is not an immediate cure-all, but the beginning of systemic changes to hiring and training, and start small and build momentum as results are realized

**Understand the context of the local labor market** by evaluating existing programs and nuances that may make some positions more or less attractive to applicants

**Collaborate with a strong network of partners**, including the public workforce system to identify municipal labor shortages (e.g., bus drivers, EMTs) and what training programs they could fund

As cities redevelop their cores, meeting the needs of both the long-term residents and new residents will challenge many institutions seeking to offer a high quality of life and opportunity to all citizens. Organizations like WPSI can provide communities with a framework for inclusive economic growth. They can foster collaboration across different stakeholders—such as businesses, philanthropists, universities, hospitals, governments, and residents—and create a common vision for the city.

### Creating a WPSI-Inspired Model: Estimate of 2 Year Start-Up Cost

<table>
<thead>
<tr>
<th>Category</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Expenses (e.g., wage supports, coaches, training materials)</td>
<td>33%</td>
<td>37%</td>
</tr>
<tr>
<td>Direct Staff</td>
<td>30%</td>
<td>32%</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>Indirect Costs* (Salaries for external support functions, e.g. accounting)</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Marketing</td>
<td>0.3%</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>Estimated Total Budget</strong></td>
<td><strong>$710,000</strong></td>
<td><strong>$1,000,000</strong></td>
</tr>
</tbody>
</table>


5. Analysis of 2013-2017 ACS data

6. WPSI also placed 270 youth and young adults in internships prior to making the full-time switch to serving adults


9. This table was derived from an internal document titled Participant Demographics (24 September 2019) provided by Patrick Bayer, Manager, Continuous Improvement of WPSI to Megan Humes on 24 September 2019

10. This table was derived from an internal document titled Participant Demographics (24 September 2019) provided by Patrick Bayer, Manager, Continuous Improvement of WPSI to Megan Humes on 24 September 2019

11. Analysis of 2010 Census data

12. This table was derived from an internal document titled WPSI Income and Expenses (26 September 2019) provided by Nick Edelman, CFO of UCD to Megan Humes on 26 September 2019

All photographs courtesy of UCD