Impact Analysis

The effect of CareerEdge in workers' lives and for the Gulf Coast regional economy

2011& 2012

For more insight, please contact:

Mireya Eavey,
Executive Director
CareerEdge Funders Collaborative
Manatee & Sarasota
302 Manatee Ave., East, Suite 230
Bradenton, FL 34208
T: 941.744.2661
e: mireya@careeredgefunders.org
w: www.careeredgefunders.org

What's Inside | IMPACT ANALYSIS 2011 & 2012

RELEASED APRIL 2012

Insight sections…

For more details:
Mireya Eavey, Executive Director
CareerEdge Funders Collaborative Manatee & Sarasota
302 Manatee Avenue East, Suite 230 | Bradenton, FL 34208
T: 941.744.2661
e: mireya@careeredgefunders.org
w: www.careeredgefunders.org

Analysis & Publishing Team

EXECUTIVE PUBLISHER
Mireya Eavey,
Executive Director, CareerEdge

LEAD ANALYST
Gypsy C. Gallardo, CEO
Urban Market Ventures

PROGRAM ANALYSIS
Jennifer Carp,
Program Director, CareerEdge

PHOTO EDITING
Jessica Ruter,
Program Coordinator,
CareerEdge

REVIEW TEAM & DATA EXPERTISE
Bonnie Beresford & Melissa Lewis, Capital Analytics

PHOTOGRAPHY
John Dorton Photography

SPECIAL THANKS:
The Analysis team is grateful to the CareerEdge Investor Committee for insights and feedback that made this first annual report possible.

CareerEdge is proud to have the support of the following investors: Bank of America, City of Bradenton DDA and CCRA, Gulf Coast Community Foundation, Jane's Trust, John S. and James L. Knight Foundation, Microsoft, the National Fund for Workforce Solutions, and Sarasota County Government.

The Purpose of this Analysis

CareerEdge celebrated the first anniversary of its inaugural programs in December 2011, which by then, had trained 1,475 workers in Florida's Gulf Coast region, including an estimated 175 who were unemployed when they came to CareerEdge for help. As early as September of last year, the agency had already exceeded 12 of the 15 goals set by the CareerEdge Board (called the Investor Committee) for 2011, most by triple digits.

It's an impressive track record for so young an organization, but the question remains whether CareerEdge achieved the **impact** that inspired the original investors to put their money into a model that had never been tried in the region.

The founding investors gave their backing because of the potential of the model to work on two fronts – elevating low-wage workers into higher-wage/higher-skill jobs, and filling the skills gaps employers said would unlock new growth and speed their pace of job creation.

This *Impact Analysis* addresses whether CareerEdge was able to harness the concept that won such a resounding reception from economic leaders back in 2009.

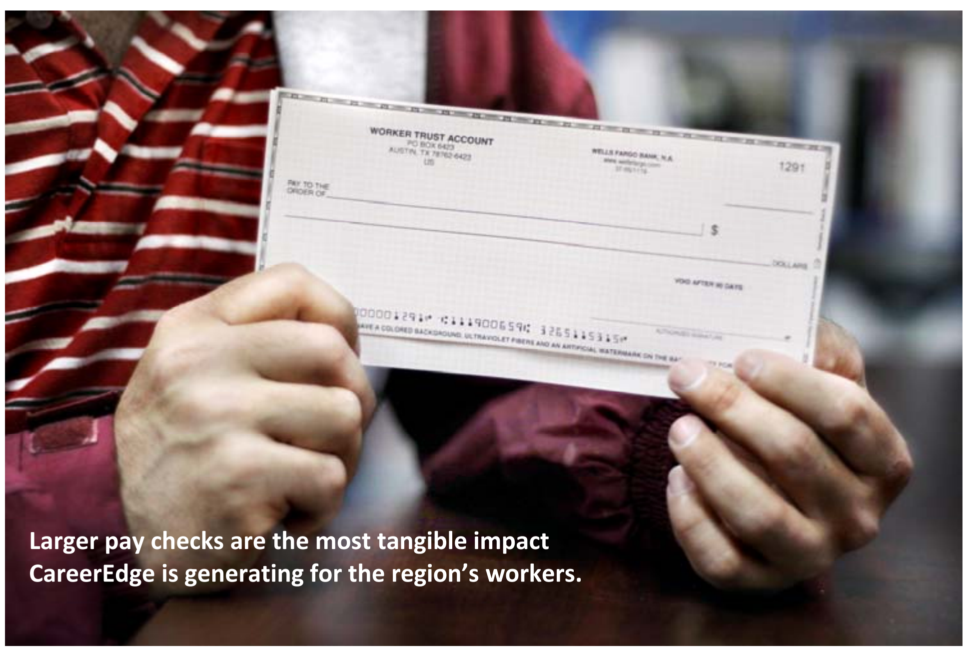
It also gives CareerEdge investors a second evaluation tool that focuses on **impacts**, rather than **outputs** and **outcomes**.

Investors' primary evaluation tool is the annual report prepared by Capital Analytics, the independent evaluation firm retained by CareerEdge in 2011 to track its progress toward goals.

That annual report already captures the scope of the activities CareerEdge is executing in order to impact workers' lives, for example, the number of workers completing training.

This *Analysis* built a framework to capture and quantify the real-world impacts, such as increases in their household income as a direct result of the CareerEdge initiative. It focuses most extensively on gains made by workers, instead of employers.

While Capital Analytics continues to report on the outputs and outcomes of CareerEdge's work; this new *Impact Analysis* uses that data, along with forecasting methods described in the appendix, to report on 25 measures of impact.



Larger pay checks are the most tangible impact CareerEdge is generating for the region's workers.

The Time Horizon of this Analysis

This *Impact Analysis* reports on the impacts that will result from CareerEdge's $1.54 million investments in 2011 and 2012; recognizing that each year's investment requires about four years time before it bears the full harvest of pay raises and promotions workers will earn from their completion of CareerEdge programs.

We call that the "impact cycle," and for CareerEdge, four years is the amount of time that elapses between the point when CareerEdge makes an investment in training a group of workers, and the point in time when that group has earned the pay raises, promotions and other advances that result from their programs.

In 2011, for example, CareerEdge invested $610,400 to train 1,475 workers. Though all of them ***began*** their CareerEdge programs during 2011, a large number of them won't ***complete*** their programs until sometime during 2012 and 2013, and in a handful of cases, 2014.

Hence, the pay raises and promotions being earned by those 1,475 workers materialize over a four year cycle.

Some raises and promotions are achieved within the same year CareerEdge makes its investments. For instance, CareerEdge's 2011 investment of $326,400 to train healthcare workers saw 120 of them complete trainings in time to earn raises before December 16, 2011 (the cut off for employers to submit yearly reports).

However, a far larger share of the impacts will unfold in years two, three and four, as workers complete Associate's degrees and other certifications that require as much as 12 to 24 months to finish.

Tip for Easy Reading

When you see the terms "2011 workers" or "2011 cohort," we're referring to the group of workers who began their CareerEdge programs in 2011. The same applies for the term "2012 workers."

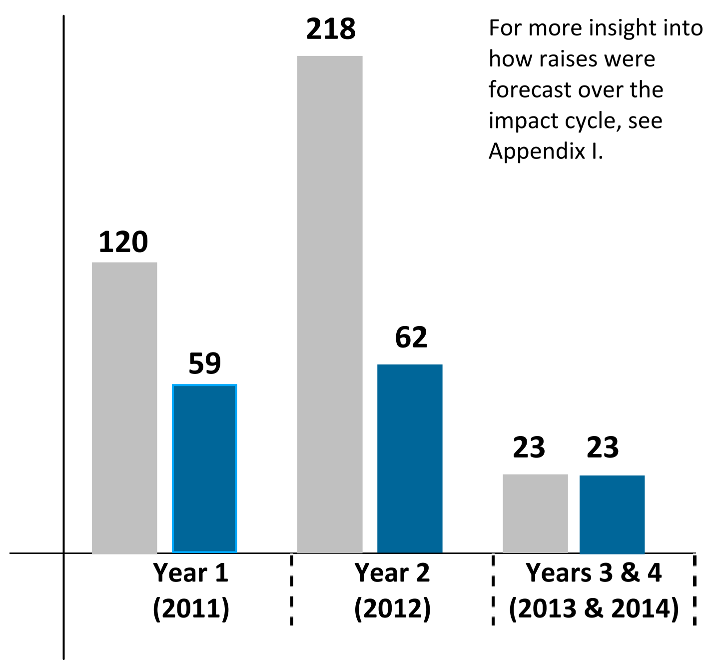
Insight about the Cycle

The Analysis team found that CareerEdge's impact cycle will likely shorten for 2012 workers. This is due in part to the more rapid start-up time for 2012 programs. The 2011 cohort was the very first ever served by CareerEdge. Although 2011 ended with noteworthy success, there were several hiccups that delayed implementation by several months. The impact cycle for 2012 workers may shorten to roughly 3.5 years, compared with 4 years for 2011 workers.

A picture of 2011 impacts

The gray bars below represent the 394 raises we forecast 2011 workers will earn, while the blue bars count their 144 promotions over four-years.

Figure 1: 2011 Workers' 4-year Impact Cycle of Raises & Promotions



For more insight into how raises were forecast over the impact cycle, see Appendix I.

The Impacts included in this Analysis

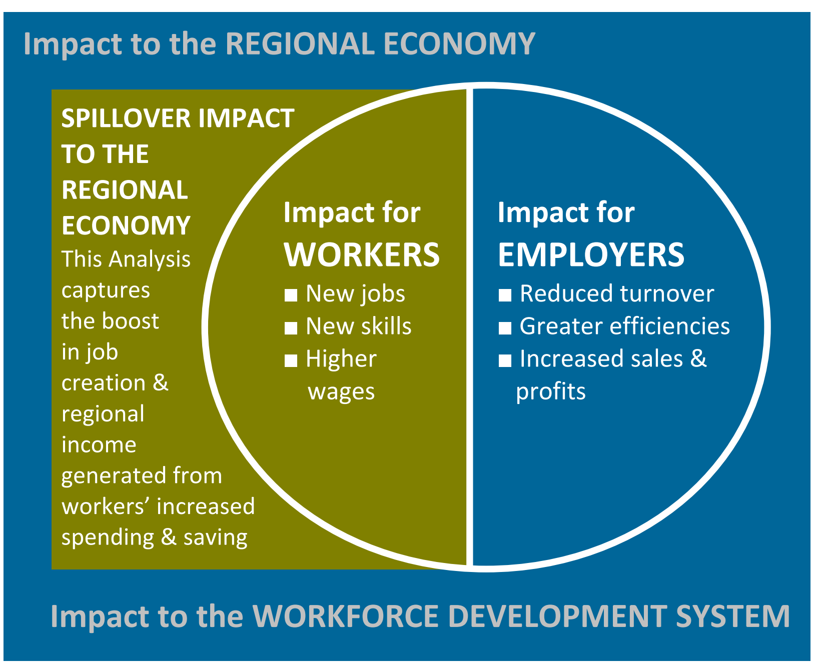
Who benefits from CareerEdge? How? And how much? These are the three questions that built the overall framework for this first annual *Impact Analysis*. The Analysis team was ambitious in the territory it covered, but there was a large body of impacts – quantitative and qualitative – that we did not attempt to capture.

This report focuses primarily on **only one** of the groups that benefit directly from CareerEdge: the workers who are trained to help them move up the ladder in pay and position.

In all, there are four "stakeholder" groups who see tangible financial impacts from CareerEdge: workers, employers, workforce system players, and CareerEdge investors themselves.

We have every reason to believe that employers see an even bigger financial boost from CareerEdge than their workers. The March 2012 "ROI 360◦" national study found that the financial benefits to employers of the CareerEdge-brand of workforce development outpaced the benefits to workers, in some cases, by over two-to-one.

Figure 2: Impacts Captured in this Analysis



We also know from CareerEdge's employer partners that they are already experiencing bottom line, and in one case, top line growth as a direct result of their work with CareerEdge. That includes reduced turnover, especially among entry-level positions, and improved efficiencies in certain services. One employer reports that its CareerEdge program is enabling the company to launch a whole new division of its patient care operations, earning revenues that were not possible before, and soon creating 10 new jobs.

Yet, this Analysis limited its scope to focus on gains made by workers for two reasons:

#1 Data did not exist: CareerEdge's data collection systems are in their infancy, just like other aspects of its operations. The lack of certain data led the Analysis team to refrain from some areas of impact. For example, it was a practical decision not to capture the financial impact for employers, since CareerEdge has not yet built a data collection model for tracking the top-line and bottom-line improvements employers experience as a result of CareerEdge.

#2 Rated as a low-priority: Especially for this first year out, the Analysis team thought it prudent not to expend limited time and effort into certain areas. Some because it wasn't clear that the impact would be large enough to add or detract from the total picture in meaningful ways, and some because there weren't enough team hours available to dig into the research and model useful results.

Part I:

The Impact for Workers

"Upward Mobility." If one phrase captures the impact CareerEdge is making in the lives of its workers, that phrase is "upward mobility."

The vast majority – 93 percent - of CareerEdge's 2011 and 2012 workers will experience upward movement along the spectrum of income and education, as a direct result of their CareerEdge programs. That translates to 1,557 households that will not only see a jump in their near-term fortunes, but that will be **permanently better off**, with higher life-time earnings, and improvements in economic security.

From the pay raises tied to their CareerEdge programs, 2011 and 2012 workers will see a cumulative $74.5 million increase in lifetime earnings. That counts only the marginal gain that workers experience within one year of completing their CareerEdge programs. In other words, our impact numbers count only the ***next*** pay raise and promotion workers earn, but not the bigger gains they see in future years as a result.

Higher Pay

The most tangible impacts CareerEdge has are the pay raises and new wages earned by workers as a result of enrolling in CareerEdge programs.

INCUMBENT WORKERS

- **Pay raises** – Over half (53 percent) of CareerEdge's 2011 and 2012 incumbent workers will earn pay raises. That's 883 workers earning an average $1.65 more per hour, and increasing their household incomes by $3,376 per year ($84,392 over their lifetimes). All workers combined see a cumulative annual earnings increase of **$2.98 million**. In addition to their one-time increases, employers forecast that 403 workers will also earn promotions that enhance their future earning power.

JOB SEEKERS

- **New wages –** CareerEdge placed 284 job seekers into new positions in 2011 at an average starting wage of $9.63 per hour. That included roughly 139 unemployed workers who'd been out of work for periods ranging from one to 24 months before starting with CareerEdge. Together, job seekers are earning **$5.62 million** per year in new wages.
- **Post-hire pay raises –** Based on past results and employer estimates, 90 percent of workers placed into new jobs by CareerEdge will receive a near-term pay raise. That's an estimated 239 workers earning an average raise of $1.11 per hour. On top of the new wages reflected above, that's an added cumulative annual earnings increase of **$628,300.**

Asset Gains

- **Educational Assets** – Over 90 percent of CareerEdge's 2011 and 2012 workers are moving up the educational ladder to earn degrees and skills certifications that improve their earning power, both now and in the future. At the top of the tier, 73 workers will earn Associate's or Bachelor's degrees as part of their CareerEdge programs. An additional 350 CareerEdge workers, roughly, are also earning occupational certifications that bump their incomes up by $2.00 or more per hour.
- **"Raiseless" promotions impact on future raises** – Ten percent of the promotions earned by CareerEdge workers in 2011 were not accompanied by an immediate raise. Yet, employers confirm that such promotions put workers on a direct path to future pay raises. Some have even forecasted specific future raises that we did not include in this *Analysis*.
- **Career Planning Tool** – Particularly for low-income workers, CareerEdge was their first experience with career planning and professional development, and there is evidence that many of them will use those new planning skills to continue accelerating their careers. As one indicator, an estimated 10 percent of workers trained in CareerEdge programs in 2011 will do a second training with CareerEdge in 2012.

New Economic Security

- **Added benefits –**CareerEdge saw a net increase of 62 of its 2011 workers receiving benefits, such as health insurance and life insurance, who didn't have them before. That's 62 workers' families who can now use their jobs as an avenue of retirement planning, and to avoid dipping into savings to face health emergencies. It also includes more workers with access to education through job-related tuition reimbursement programs.
- **New jobs, better jobs –** In 2011, CareerEdge found jobs for 284 people, and ended the unemployment stints of an estimated 139 workers. Roughly half of the job seekers CareerEdge served (51%) already had jobs, but, for a variety of reasons, wanted to make a move - fear of future layoff, desire to change occupations, and the need for increased earnings. CareerEdge's Executive Director Mireya Eavey emphasizes that many of these new jobs will mean more stable employment for workers, an important benefit not reflected in earnings gains.
- **Reducing future risks of unemployment –** Eavey says, "Not only is CareerEdge helping unemployed workers get back to work, we're also helping to reduce the likelihood of future unemployment. In the event that workers lose their jobs in future, their added training and skills have them better prepared to find other high-quality jobs."

How much quality of life does $7,700 buy?

That's the average increase in annual pay for people who originally came to CareerEdge as "low-low income," (earning $9.48 or less per hour). Their salary gains from the CareerEdge program took them from an estimated $11,945 in yearly earnings up to $19,645. The increase of $7,700 gives them access to a whole new quality of life. First, it gives them the ability to save money, instead of living check-to-check, and second, even after saving a healthy portion, it affords low-budget "luxuries" that many low-income people don't typically enjoy. For example, with the amount of increased earnings some CareerEdge workers are experiencing, a family of four could pay for a family vacation, a steak dinner once a month, and a deposit on braces for one of its children. ■

NOT COUNTED IN IMPACT:

The Analysis did not forecast new wages and raises that will be earned by job seekers served in the *Bridges* program in 2012. We decided to exclude this portion of CareerEdge's impact because the unique circumstances of the program in 2011 made us cautious about using 2011 results to trend forward into 2012.

The Biggest Winners

The biggest winners (workers with the largest earnings gains), interestingly, come from the two opposite ends of the skills spectrum CareerEdge serves. On the one end, the income gain of workers earning degrees is two times higher than the average raise for CareerEdge workers. But on the other end of the spectrum, workers who were "low-low income" when they first came to CareerEdge, also saw gains of over two times the average.

Degree Seeking Workers*

Workers who are pursuing degrees as part of their CareerEdge programs are seeing the biggest gains, especially Associate's degrees. Though degree-seekers are only 13 percent of 2012 workers, their raises account for 43 percent of cumulative annual increase for all CareerEdge workers ($666,600 of the $1.56 million forecasted for 2012 workers).

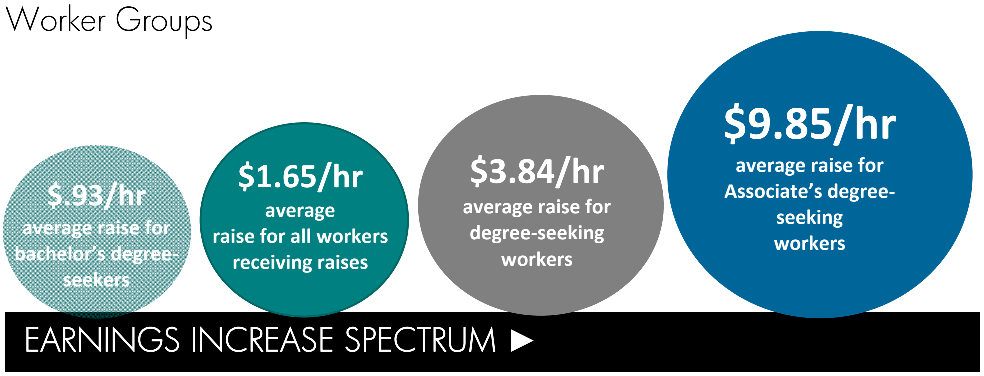
What's the difference in their average increase? Degree-seeking workers in 2012 will earn a $7,900 average annual increase through CareerEdge, that's compared to the $3,191 overall average for workers receiving raises.

Contrary, perhaps, to conventional logic, workers attaining Associate's degrees in nursing will get four to 13 times the financial boost as those attaining a Bachelor's degree. As a timely example of the differential, the 2012 program for Manatee Memorial Hospital includes five workers pursuing an Associate's, who will earn an average raise of $12.68 per hour once their programs are complete; and 15 workers who will attain their Bachelor's of nursing, who will earn an hourly raise of only $1.02.

Degree-seeking defined

This Analysis uses the term "degree-seeking" to encompass workers pursuing Associate's and Bachelor's degrees, along with "career tier" credentials. That term was coined for this Analysis as a convenient way to describe high-value credentials that are already established "rungs" on the career ladders for certain occupations. For example the next tier typical for Certified Nurses Assistants is Licensed Practice Nurse.

Figure 3: Comparing Raises for Different CareerEdge Worker Groups



Double Impact for Low-Skill Workers

Low-skill job seekers, as a group, had the second largest gain overall. Focusing solely on the job seekers CareerEdge served through its *Bridges to Careers* program (which served roughly 80 percent of CareerEdge's low-skill workers), this group saw a **double impact** from CareerEdge: not only did CareerEdge place them into higher paying jobs than they had before; but 90 percent of those job seekers are also earning early pay raises on their new jobs.

Job seekers who were placed into new jobs by CareerEdge got an immediate income boost of an average $3,466 from their new jobs. Though they earn less per hour, on average than other CareerEdge workers, their increase is larger than the gain for 2012 workers overall, at $3,191.

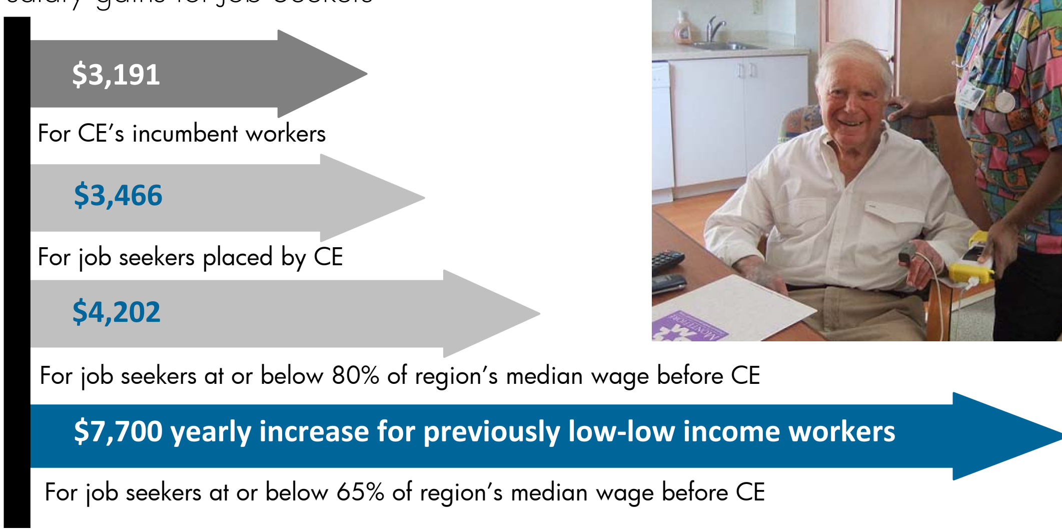
But the boost is even more pronounced for "low-low income" workers who were earning 50 percent or less than the region's median wage (or $9.48 per hour), before their CareerEdge programs. For the 46 *Bridges* 2011 participants who fell below this wage, their CareerEdge job placement netted an average $7,699 more per year –**an effective hourly pay increase of $3.77 per hour.**

The bigger part of job seekers' salary gains came not from higher wages (on the whole, job seekers saw only an average $.01 per hour raise), but from an increase in the number of weekly hours they work, which transitioned many of them from part-time to full-time. Before CareerEdge, job seekers were working an average 33 hours per week. After CareerEdge, all of them are working full-time, at an average 40 hours per week.

Among those who did secure an actual pay raise through their CareerEdge jobs, low-low income workers fared best. Those who previously earned $11.67 or less (low-income) saw an average $.65 increase in wage, while those who earned $9.48 or less (low-low income) saw $1.50 more per hour.

Readers should be cautioned though, that of the 284 job seekers who gained employment through CareerEdge, only 117 provided information on their wages and hours worked per week at their previous jobs. This gives us a limited window into the full impact for *Bridges* participants.

Figure 4: Comparing average annual salary gains for Job Seekers



Dietary aides, housekeepers & other low-wage workers saw some of the largest salary gains

Part 2:
Impact on the Regional Economy

There is little doubt that CareerEdge is generating a net gain for the regional economy. The question is 'how much of a gain?' Of the total $8.59 million in new wages to local workers (see Part 1), only a portion translates into a net increase for the region (or "value-added income," for short). But what portion, precisely?

Some of the new jobs CareerEdge secured for unemployed workers would have soon been filled by someone else, without CareerEdge's help. Those wages can't be counted as a true value-add. But our Analysis shows that 50 percent of the new wages generated by CareerEdge workers do pour new income into the regional economy.

HOW WE CALCULATED "VALUE-ADDED" NEW WAGES

This section of the *Impact Analysis* captures only the "value-added" income being generated in the Gulf Coast regional economy as a direct result of CareerEdge's work. Unlike a traditional Economic Impact Analysis, which calculates all value-added income, this Analysis was concerned only with the income that materialized ***because of*** CareerEdge's work.

Our calculation of value-added wages **does not** count wages from jobs that could have readily been filled by available workers, since these dollars would soon be circulating in the economy, without help from CareerEdge. But our calculations **do** include wages from jobs that had lain vacant over an extended period of time, due to skills gaps in the region's workforce, because they represent "money left on the table." (i.e., wages that employers were prepared to put into the economy, but couldn't). CareerEdge helped put those dollars into circulation, which generates new income for the region.

Value-Added New Wages

All told, CareerEdge's 2011 and 2012 workers will earn an added $8.59 million per year, and of that, $4.28 million represents value-added income to the Gulf Coast regional economy. The figure includes the following.

- **Pay raises for incumbent workers –** Forecasted raises going to workers involved in CareerEdge's Healthcare Partnership yield **$2.38 million** in value-added cumulative annual pay raises. That's 80 percent of the total raises they earn, and reflects that some 20 percent of workers who earned raises would have pursued advancements, even in the absence of CareerEdge.

The 20 percent estimate is consistent with anecdotes from employers who describe having to coach (and in some cases, prod) workers to take advantage of trainings, particularly lower-wage workers. Many middle-wage workers, though more inclined to pursue advancement, could not do so, due to prohibitive costs. Manatee Memorial Hospital reports, for example, that although they offer tuition-reimbursement, workers often don't enroll because they can't afford the added costs, such as registration, books and transportation.

- **Pay raises for Bridges workers –** Workers in the 2011 Bridges program are on track to earn a total of **$628,300** in pay raises as a result of their CareerEdge programs. All of that sum is counted as value-added income to the region.

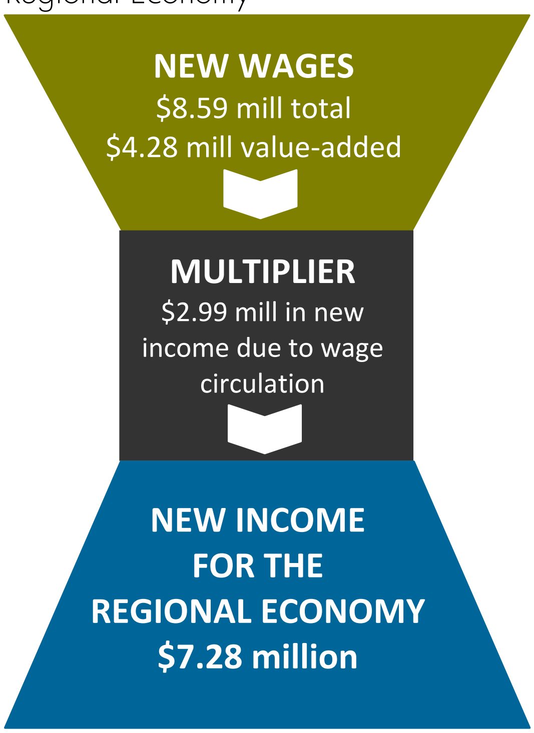
- **Value-added new wages to job seekers –** CareerEdge placed 284 job seekers into new positions in 2011, generating value-added new wages of $1.64 million dollars. That reflects the estimate that a) roughly 91 percent of the jobs filled by CareerEdge were value-added to the economy, and b) of those, 40 percent could have been filled without CareerEdge's help (i.e., the region already had a supply of labor ample enough to meet the need).

New Regional Income

As workers spend, save and invest that $4.28 million in value-added earnings, more dollars are circulating within the local economy. All those extra trips to Wal-Mart, Home Depot, and Outback Steakhouse create an added boost to the economy. Workers' investments in home repair jobs, such as plumbing, roof repair and landscaping, also feed the bottom line of local businesses.

Economists call it the "multiplier effect," and this *Impact Analysis* estimates that workers' spending generates an added $2.99 million per year in income to other local businesses and workers. That's a multiplier of 70 percent (or 1.7 times the value-added new wages reflected on the previous page).

Figure 5: CareerEdge's Impact on the Regional Economy



The two totals combined (value-added earnings plus the multiplier effect) mete out a $7.28 million increase in the Gross Regional Product (GRP).

Economists also recognize the multiplier's spillover effect in job creation. As new income churns through the regional economy, it will ultimately create an estimated 53 new jobs.

Note on Gross Regional Product:

Gross Regional Product ("GRP") is a measure of the size of the economy of a metro area or region. For CareerEdge's purposes, GRP refers to the combined economies of Sarasota & Manatee counties, in annual income.

As an economic term, GRP defines the value of all final goods and services produced within a regional area.

Some figures in this report also use U.S. Census data and U.S. Department of Labor reports for the Northport-Bradenton-Sarasota Metropolitan Statistical Area, which is cited by the Florida Agency for Workforce Innovation as synonymous with Manatee & Sarasota counties.

Note About Job Creation

The figure above for job creation does not include the job creation being reported by CareerEdge's employer partners in connection with their programs. This is an area that the Executive Director wants to explore and quantify during the course of 2012, which may make a significant new addition to future *Impact Analyses*.

One employer conveyed recently that CareerEdge's program allowed the company to train workers to offer a new service to its patients, which has been so fruitful that the employer is planning to build a new wing of its facility and create 10 new jobs to staff it.

Part 3:

Impact for Investors (Trends from 2011 & 2012)

Virtually across the board, on 16 impact measures, CareerEdge expects to see larger gains for 2012 workers, compared to the 2011 cohort.

- **More workers receiving pay raises:** Although the average hourly raise for 2012 workers is on track to fall by 11 percent ($1.56 vs $1.77 for 2011), employers say the number of workers receiving raises will grow by 24 percent in 2012. Compared to only 39 percent of 2011 workers forecasted to earn a raise, employers report that a strong majority – 72 percent – of 2012 workers will earn raises. That makes the cumulative annual increase for 2012 workers larger ($1.56 million versus $1.42 million for 2011).
- **More promotions:** We see an 80 percent increase in the number of 2012 workers who will earn promotions through CareerEdge, while the percentage of workers being promoted will more than double, from 14 percent in 2011 to 38 in 2012.
- **Higher costs, higher returns:** While Healthcare program costs increased by 79 percent in 2012, CareerEdge achieved more leverage and investors saw higher returns. Employers committed a combined $1.49 million in 2012, up from $537,900 in 2011. Compared to their 177 percent increase for 2012, CareerEdge's investments will drop by 2 percent. Net net, investors saw a 182 percent climb in leverage-per-CareerEdge-dollar.

CareerEdge's cost per worker will grow 45 percent in 2012 (from $326 in 2011 to $474), in part due to the increase in the number of degree-seeking workers being served in 2012 (47 vs 26 in 2011)

Impact Trends – 2011 & 2012

Program Performance	-2011-	-2012-	Change
Total program cost	$ 864,264	$ 1,681,446	95%
Employer investment	$ 537,857	$ 1,491,724	177%
CareerEdge investment	$ 326,407	$ 321,304	-2%
Employer cost-share percentage	62%	89%	43%
CareerEdge cost per worker trained	$ 326	$ 474	45%
No. of workers receiving pay raises	394	489	24%
% of workers receiving pay raises	39.4%	72.1%	83%
Average hourly raise	$ 1.77	$ 1.56	-11%
Average annual raise	$ 3,605	$ 3,191	-11%
Cumulative annual raises	$ 1,420,376	$ 1,560,365	10%
Cumulative lifetime increase	$35,509,388	$ 39,009,115	10%
No. of workers earning promotions	144	259	80%
% of workers earning promotions	14.4%	38.2%	166%
Investment Performance			
Annual earnings gain per CE dollar invested	$ 4.35	$ 4.86	12%
Cost per promotion	$ 2,267	$ 1,241	-45%
Amount leveraged per CE dollar invested	$ 1.65	$ 4.64	182%

Key Trends for Investors:

Investor returns for each dollar invested in the CareerEdge model will increase in 2012. The forecasts and commitments received from employer partners for this year show that the annual earnings gain for workers per-CareerEdge-dollar will increase to $4.86, up 12 percent from $4.35 in 2011, while the cost per promotion will drop by 45 percent.

Behind-the-Scenes:

Why Results are Improving

3 Reasons for More Raises & Promotions

CareerEdge Executive Director Mireya Eavey describes what she sees as three overarching reasons for the significant increase in pay raises and promotions slated for 2012 workers:

- **Number one**, when selecting 2012 employer partners, CareerEdge's Investor Committee placed a larger weight on employers' **specific** commitments to pay raises and other important gains for their workers.
- **Number two**, CareerEdge staff overhauled the Request-for-Proposals process for 2012, providing employers with a template that helped them be more thorough in planning their programs for the year. Staff also offered more hands-on technical assistance to answer questions and help with envisioning career laddered advancements for workers. The new RFP led to marked improvements in the data CareerEdge was able to gather, but also, staff believe, led employers to couple more tangible gains to their trainings. Eavey says "The new RFP format gave employers a visual that helped them make the connection that, at the end of the day, CareerEdge is about helping workers grow their income and wealth."
- **Number three,** Eavey says employers themselves played a large role in the improvements. She notes "More of them were willing to embrace the career ladder concept this year. They'd gained some experience with it in 2011, and really started to envision how they could support and promote workers more efficiently."

Formula for Improved Investor Returns

The CareerEdge "Sustainability Plan" was also a factor. It calls for employers to share a larger portion of their program costs over each of their four years with CareerEdge. In 2011, employers cost share averaged 57 percent, and the Executive Director's goal was for that average to increase to 70 percent in year two, and to as much as 85 percent in year three. By year four, the model calls for employers to graduate off of CareerEdge support to cover 100 percent of their workforce program costs.

How High Was Employer Cost-Share in 2012?

Six of the seven CareerEdge healthcare employer partners in 2012 are second-year alumni, which, according to the agency's Sustainability Plan, would lead to a higher overall average employer cost-share percentage than 2011 employers achieved. For 2012, the seven employer partners taking part in CareerEdge's Healthcare Partnership committed to cover 89 percent of their program costs. Blake achieved the highest cost-share, with its own resources covering 91 percent of its program costs; Tidewell ranked second at 88 percent; and Sarasota Memorial third, at 79 percent. Planned Parenthood had the lowest cost share, at 64 percent; yet even that was higher than CareerEdge's overall average of 57 percent in 2011 ■

Part 4:

Impacts to the Workforce System

CareerEdge Executive Director (left) with Healthcare Workforce Partners in 2011 planning session

When CareerEdge started operations in 2011, one of its earliest commitments was to help make the workforce system more efficient and effective. Based on the feedback of some of the largest and most active workforce system players in the Gulf Coast region, CareerEdge has become a leading catalyst for "systems change" initiatives that have long been identified as unmet needs.

Though our Analysis Team did not attempt to quantify CareerEdge's impact to the workforce system, we did comb through news articles, testimonials received by CareerEdge, and evaluation reports to identify eight documented ways that CareerEdge has so far helped change the way workforce is done in Florida.

#1 Piloting new model to accelerate job creation & speed our recovery

Since January 2011, CareerEdge's pilot of its career ladder model has been tested with 12 employer partners in the Gulf Coast region, and preliminary analyses suggest that career laddering may accelerate job creation by two times the region's current 1.7 percent job growth rate, and that the model may be eight to 10 times more cost-effective than the prevailing approach being used by the Florida Agency for Workforce Innovation. CareerEdge is also helping other employers in the region to embrace the career ladder approach. Beyond its own close circle of employer partners, CareerEdge has partnered with the State College of Florida's *Workforce Solutions Division* to develop and offer a new career laddering service to as many as three dozen employers in 2012 and 2013.

#2 Meeting Market Demand; Refocusing Market Supply of Training Programs

Educational institutions in the region have struggled to keep pace with rapid market changes, and employers routinely voice the complaint that the training programs offered by top area institutions do not meet their current and emerging needs. CareerEdge has become a leading resource to help evolve the repertoire of skills training programs available in the Gulf Coast to meet real-time market needs.

As an important example, CareerEdge is credited as an influence in a first-of-its-kind partnership between the Workforce Solutions Division at the State College of Florida's and the College's School of Nursing to offer a series of training and development opportunities for health care professionals. CareerEdge is supporting those offerings through scholarships, and by serving as a clearinghouse to identify employers' overlapping training and development needs. David Auxier, the Director of Workforce Solutions, said:

“The assistance of CareerEdge to support local nurses will create a local home grown option rather than having to travel great distances for such training.”

#3 Creating & Linking New Applied Training

CareerEdge is helping to design new programs that give workers the hands-on experience that employers say is critical to reducing turnover and increasing efficiency in various entry-level to middle-skill job categories. Over the past 18 months, CareerEdge has worked with employers and educational institutions to link occupational courses at two technical schools with On-the-Job programs hosted at employer sites.

#4 Streamlining & Synchronizing Trainings

CareerEdge is helping to shave money and time off of the training costs of educational institutions, which, in turn, is fast-tracking workers’ entry into new jobs. CareerEdge worked with the State College of Florida during 2011 to synchronize course schedules for quicker completions. The net result is an estimated 33 percent reduction in the training timeframe for workers completing a remedial series of Digital Literacy training, GED courses, English-as-a-Second-Language courses, and/or Job Skills Readiness Training.

#5 Hosting a Platform for a Regional Job Creation Strategy

Prior to 2011, the region lacked a shared forum for economic leaders to develop a collective regional strategy to accelerate job creation and speed the area’s recovery from the recession. Not only were the economic development organizations operating in separate silos from the philanthropy, non-profit, and educational communities, but they themselves had not worked together to overlay their varied approaches to job creation. In 2011, CareerEdge pioneered a new forum, titled “Jobs, Jobs, Jobs,” with invited guests from two Chambers, four economic development agencies, six educational institutions, and numerous elected officials. The forum presented the latest data on job growth and declines in major employment sectors, and reviewed strategies that are working to accelerate job growth. In 2012, CareerEdge is covening a *Workforce Leadership Council* to bring the public and private workforce communities together with employers and educators to broach three objectives: #1 to create a regional strategic plan for workforce development, #2 to develop clear alignments and communication between the region’s workforce development entities, and #3 to create recruitment strategies for high-growth jobs.

#6 Advocating new workforce policies

CareerEdge has become a central stakeholder in state and regional efforts to transform public policy in the workforce development arena. In 2011, CareerEdge Executive Director and Co-Chair Mark Pritchett presented the career ladder approach to the Florida Senate Tourism & Commerce Committee; then in 2012, to Florida’s senior economic development officials – Griff Salmon, COO of Enterprise Florida, and Chris Hart, Executive Director of the Florida Agency for Workforce Innovation. CareerEdge will be presenting a strategy for replicating the Career Ladder approach in other regions of the state.

#7 Creating a Replication Strategy

CareerEdge has invested healthy sums of time and money over the past year to document its unique approach, with the anticipation that, if successful in the Gulf Coast region, CareerEdge leaders will soon begin advising replication teams in other parts of the state. The replication tools are also being used to support CareerEdge’s Sustainability Plan.

#8 Expanding Sector-Specific Strategies

In 2011, CareerEdge seamlessly integrated its healthcare industry-development work with Suncoast Workforce’s *Bicounty Healthcare Initiative*. That became an important break-through in meeting the needs of the region’s employers, as the two groups partnered to share their services. While CareerEdge helped employers design career ladders and implement medium- and-longer term worker skill training programs, Suncoast Workforce met the need for short-term training programs in specific job categories. The net effect is that employers have a more usable and richer resource for filling critical skills gaps. ■

Appendix I:

Methodology for Forecasting Pay Raises

How we forecasted pay raises

ANNUAL PAY GAIN
$1.69 million is the forecasted amount of total annual raises to be earned by 2011 workers. The Analysis projects that the lion share (or 77.1%) of that total will be earned by the end of 2012.

This Analysis forecasts that CareerEdge's 2011 and 2012 workers will earn a combined $2.98 million in pay raises and 403 promotions as a result of finishing their CareerEdge programs. The Analysis used the four-year "Impact Cycle" framework described on page 4, which itself mirrors the timing of workers' receipt of raises after completing their CareerEdge program.

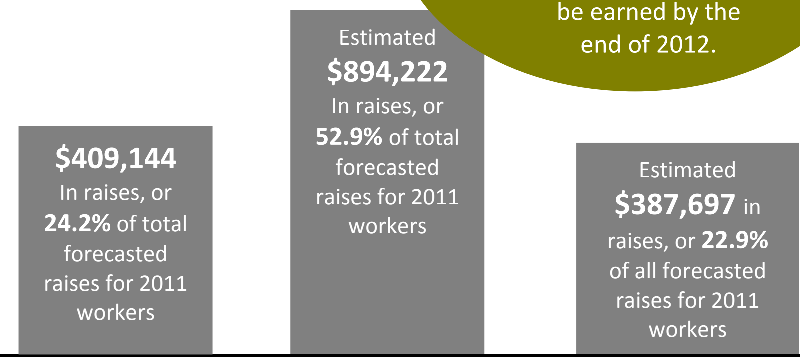
The graph at right shows the time pattern of raises for 2011 workers. Roughly one-quarter (or 24.2 percent) of all raises that CareerEdge forecasts for 2011 workers were actually earned during 2011. The remainder will happen as 2011 workers complete training programs and other milestones in 2012, 2013 and, in a handful of cases, 2014, with 2012 being the most potent year in the four-year cycle. Half of all raises for 2011 workers happen during the year ***after*** their initial enrollment.

To make the concept concrete, take the example of a Licensed Practical Nurse who's pursuing an Associate's degree in nursing through CareerEdge. She starts her degree program in August of 2011, completes it in June of 2013, then earns a pay raise effective January 2014. Thus, the cash investments made by CareerEdge investors in January of 2011 earn dividends over the ensuing four years.

The same four-year impact cycle applies for 2012 workers; though the Analysis team did find that their impact cycle is likely to shorten by six to nine months for reasons cited on page 4.

See the next page for more details on the figures used to calculate pay raises.

Figure 6:
Illustration of the 4-Year Impact Cycle for 2011 workers in Healthcare Partnership



The Formula to Forecast Pay Raises	**Year 1 (2011)**	**Year 2 (2012)**	**Years 3&4 (2013&2014)**
	$1.691 million		
Workers earning raises (multiplied by)	The actual number of workers earning raises (120), as reflected in CareerEdge's 2011 annual evaluation	The forecasted no. of workers who complete their CE programs in time to earn a raise in year 2 (251)	The forecasted no. of degree-seeking workers who complete programs in time to earn a raise in year 3 or 4 (though most are on track to complete their programs in year 3, the *Analysis* factors that 50% of them will not see related raises until year 4 of the cycle).
Average hourly raises (adjusted by)	The actual average raise ($1.85) earned by CareerEdge workers in 2011	We use their year 1 averages for 6 of CE's 2011 employer partners; and a forecasted average for the 7th	Averages were applied for each of the 2 degree types reflected in the figure above, using averages for the same degrees for the 2012 cohort, since they were unavailable
Attrition rates (workers leaving their jobs)	The actual attrition rate (14.8%) is reflected in the figures above	The Analysis Team assumed an addt'l 10% attrition rate for 2011 workers	The figures assume that 3 of 26 degree seekers will not complete their programs in time to earn raises in 2013 and 2014, a non-completion rate of 12 percent

Detailed Notes about the Calculations

#1 Number of Workers Earning Raises:

The intent of this *Analysis* was to isolate only the raises that workers earn as a direct result of their CareerEdge programs. Yet, for practical reasons, for years 1 and 2, the Analysis team uses the same definition for raises as is used by Capital Analytics, the third-party evaluation firm retained by CareerEdge to conduct evaluations. That definition includes **all raises** earned by workers, regardless of whether they were attached to promotions, credential attainments, contractual milestones, or were merit-based.

Here are the data sources used to forecast the number of workers who will receive raises following completion of CareerEdge programs.

2011 WORKERS EARNING RAISES

- **Year 1 –** The actual number of workers earning raises in 2011, as reflected in Capital Analytics' 2011 evaluation
- **Year 2 –** The forecasted number of workers to receive raises in 2012 based upon CareerEdge's collected verbal and written feedback from 2011 employers.
- **Years 3 & 4 –** The forecasted number of workers to receive a raise following their attainment of a degree. That's a total of 26 workers (21 earning Associate's degrees in nursing, and 5 earning Bachelor's degrees in nursing)

2012 WORKERS EARNING RAISES

The Analysis used the forecasts provided by CareerEdge employer partners prior to their 2012 programs being approved.

#2 Average Hourly Pay Raises:

2011 AVERAGE RAISES

- **Year 1** – The actual raises reflected in Capital Analytics' 2011 annual evaluation
- **Year 2 -** Though there is reason to be optimistic that the average raise may increase in year 2 of the cycle, the *Analysis* applied the actual year 1 average for 6 of the 7 employer partners; and a forecasted average for the 7th that was significantly lower than the 2011 actual (Pines of Sarasota had an average $9.33 increase for 2 workers in 2011, the Analysis uses a year 2 average of $1.84 for 10 workers in 2012).
- **Years 3 & 4 –** The 2012 averages for the two types of degree-seekers in the 2011 cohort – those pursuing Associate's and Bachelor's degrees in nursing. The 2011 averages were not available, because CareerEdge had not yet begun to ask employers to forecast the pay raises that would result for their programs. This practice was applied for employers selected for 2012 programs.

2011 AVERAGE RAISES

The Analysis used the forecasts provided by CareerEdge employer partners prior to their 2012 programs being approved.

#3 Attrition Rates

2011 ATTRITION RATES

- **Year 1** – The *Analysis* was adjusted to exclude the 14.8 percent of workers who'd left their jobs by December 16, 2011
- **Year 2** – The Analysis team forecasted a high-side 10% attribution rate for 2011 workers who leave their jobs in 2012
- **Years 3 & 4 -** use the estimate that roughly 12 percent of degree-seeking workers will not complete their programs or will not complete them in time enough for raises to be earned by the end of the **Year 4.**

2012 ATTRITION RATES

The Analysis team assumes a conservative 10 percent overall attribution rate for 2012 workers. ■

Proximate Impact (the portion of future impacts that we captured)

It's very important for readers to note that this *Analysis* captures only the "proximate impact" for workers involved in CareerEdge programs. That means that we focused exclusively on ***the next*** pay raise received after workers' completion of their CareerEdge program.

By and large, we tuned this *Analysis* to capture the raises that happen within one year of workers' completion of trainings that range in duration from one week to two years.

The *Analysis* did not attempt to capture added raises that may happen within the four-year impact cycle of each cohort of workers. For instance, a worker who receives a raise in year 1 of the program may also get a raise in year 3, but it is excluded from our purview.

The graph at right shows the limited scope of raises captured in this report. In this illustration, both **worker A** and **worker B** earn $17,200 in 2010, but **worker A** enrolled with CareerEdge and **worker B** did not. **Worker B** earns a standard cost-of-living-adjustment (COLA) raise yearly. His earnings reach $20,600 by 2016, but he is no better off, in real terms, than he was in 2010, because his raises were merely sufficient to cover increases in his cost of living.

Worker A, on the other hand, sees a real increase in earnings, and by 2016, his yearly earnings have increased to $26,600. Only the value of raises earned prior to 2012, to the left of the dotted line, are included in this analysis)

IMPORTANT INSIGHT:

The CareerEdge team has found that a substantial number of raises are being interrupted for several of its employer partners, largely due to wage freezes and union-related wage negotiations, such that even regularly scheduled annual or biannual raises are not happening when they ordinarily would.

Figure 7: Portion of Impacts Captured in this Analysis