

# ON-RAMPS TO GOOD JOBS: THE BENEFITS FOR EMPLOYERS

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Her book, *Hire Education: Mastery, Modularization, and the Workforce Revolution*, co-authored with Clayton M. Christensen, describes the disruptive potential of online competency-based education aligned to workforce needs. Weise’s work has been featured in *The Economist*, *Wall Street Journal*, *Harvard Business Review*, Bloomberg Businessweek, *Boston Globe*, Inside HigherEd, *Chronicle of Higher Education*, and *PBS Newshour*. She holds a Ph.D. and M.A. in English from Stanford University and an A.B. in literature from Harvard. Weise is also a former Fulbright Scholar.



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Before joining Strada, Salm led strategy measurement and analytical modeling efforts for the Bill & Melinda Gates Foundation’s postsecondary success team. She brings 20 years of experience in evaluation, data analysis, and storytelling to her work in making education after high school more equitable, affordable, and flexible.

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## Executive Summary

Today, 44 million working-age Americans are at risk of being left behind by the labor market as the nature of work changes. These people are struggling to earn a living wage for themselves and their families, but lack the skills, credentials, and professional networks they need.

At the same time, CEOs report that their number-one concern is attracting and retaining talent.<sup>1</sup> 37% of employers report that they cannot begin a new project or major initiative because of a shortage of skilled workers.<sup>2</sup> In the last year, the number of unfilled job openings in the U.S. has exceeded the number of job seekers.<sup>3</sup>

Many people have focused on education and job training as solutions for this problem. But connecting vulnerable segments of our population—the unemployed, the working poor, and other low-wage workers—to better economic opportunities requires a more holistic approach. One of the most attractive options is the “on-ramp,” which combines training with a network of intermediaries in order to identify existing jobs already in demand in local labor markets and then provide trainees a direct path to employment in those jobs.

In this report, we focus on the benefits of on-ramps for employers. These programs are a source of new and untapped talent. We highlight the benefits of partnering with on-ramps to decrease risk in the hiring process, and we describe changes that employers can make to support the development and growth of on-ramps to good jobs. We also focus on the importance of scaling up these programs in order to serve the millions of Americans currently falling behind.

# ON-RAMPS TO GOOD JOBS: THE BENEFITS FOR EMPLOYERS

## Introduction

On-ramps emphasize human skills<sup>4</sup> as well as technical knowledge, and they boost employment and earnings for working-class adults. Most combine intensive assessments and screening, opportunities for experiential learning, skills training, wraparound supports, and job placement and advancement services. The programs are short-term, lasting anywhere from a few weeks to several months and, occasionally, as long as two years.

On-ramps bring together nonprofit organizations, for-profit providers, and workforce boards, which are regionally based entities charged with directing federal, state, and local funding to workforce development programs.<sup>5</sup> The programs vary in the populations they serve and the partners they coordinate with, as well as in variety, scale, and maturity. All show promising results.

These programs develop strong employer partnerships and often obtain commitments to hire trainees, which are responsible for their strong job-attainment rates—as high as 91% in some programs. Participating workers have seen earnings increases of 200% or higher. Employers are able to rethink their preference for degrees and build more diverse talent pipelines. These programs are providing sorely needed experimentation to determine what works in launching, re-skilling, and up-skilling working-class adults in America.

Unfortunately, on-ramps are not yet a widespread phenomenon—with only 65 available in the U.S. to date. They are still in the early phases of development, serving an estimated 100,000 learners out of a target population of 44 million working-class adults.<sup>6</sup> Some programs serve only one to two dozen learners at a time. Community colleges, by comparison, serve approximately 1 million working-class adults annually.<sup>7</sup>

In January 2019, the Strada Institute for the Future of Work, along with Entangled Solutions, released a report, “On-Ramps to Good Jobs,” which surveyed the nascent market of on-ramp programs. That report outlines the programmatic and strategic elements that lead to success and makes recommendations about how these programs can be scaled up.<sup>8</sup>

The current report, which highlights the benefits of on-ramps for employers, is a follow-up to the January 2019 report. We explore the potential of these programs to supply employers with a source of new and untapped talent. We highlight the benefits of partnering closely with on-ramps to decrease risk in the hiring process and customize the technical and human skills acquisition of incoming workers. We also describe changes that employers can make to support the development and growth of on-ramps to good jobs, so that these programs can be scaled up to serve the millions of Americans currently falling behind.

Many terms refer to Americans with lower educational attainment or low wages: low-skill, low-wage, low-income, or less educated. Other terms refer to those who are failing to thrive in the labor market: low-mobility, working poor, unemployed, underserved, or disadvantaged. Acknowledging all these as imperfect descriptors, we use the term “working-class” in this paper to refer to people aged 25–64 representing the lowest quartile of adults in terms of educational attainment, earnings, and income. We estimate that there are approximately 44 million adults with less than an associate’s degree, earning under \$35,000 annually, and with less than \$70,000 of family income. Working-class Americans are a diverse population: they come from all races and ethnicities and live in urban as well as rural areas of the country.

## On-Ramps Reduce Persistent Education and Hiring Frictions That Limit Opportunity

Many working-class Americans are stuck in low-wage jobs, while higher-wage and higher-opportunity jobs go unfilled because of education and hiring frictions. On-ramps help alleviate these frictions with four components: sourcing and screening, education and training, wraparound support and navigation tools, and career entry.

One of the most difficult issues that employers face is screening candidates before training begins. On-ramp candidates go through an intense application process to demonstrate to employers that they are motivated to succeed. But on-ramp programs can perform this screening without relying on the high bars imposed by traditional filters for applicants, such as educational attainment or past career success.

Some programs use aptitude tests, while others are moving toward a more holistic approach, including behavior and disposition. “We used a logic aptitude test but found there wasn’t a strong correlation to performance in the program,” said Haley Shoaf, vice president of impact at LaunchCode, a large on-ramp program that trains people to work in technology. “We shifted to [a screening process] that focuses on having students demonstrate . . . interest, passion, and drive to success, [which] are traditionally overlooked. The hope is that we have a better understanding of predictors of success.” Intensive and sophisticated screening is critical to finding candidates who can succeed in a short-term program and then be ready to contribute productively in the workplace.

Wayne Kunow, Barclays director of cybersecurity, who works with another on-ramp program, Per Scholas, explains the impact of sourcing hires for characteristics beyond the basic skill set required for the role:

Most firms are looking for experienced people almost all the time.... They want a certain skill set, and they don’t want to settle for anything less than that.... However, I would propose to you that you could hire somebody that has the basic skill set, the will, and the desire to learn, and really wants to make an impact. You can hire someone who does not have all of that experience, and you’ll get the results that you’re looking for within a relatively short period of time.

Without the screening and training process provided by on-ramp programs, many high-quality candidates, eager to learn and succeed, would be passed over in the hiring process and never have a chance at these good jobs.

## Job-Specific Technical Skills—and Essential Human Skills

On-ramps are built with employers’ needs in mind. By partnering closely with employers, they ensure that program graduates have the specific technical skills required for jobs in growing areas such as health care, business and financial services, and information technology.

On-ramps recognize that many of the skills gaps are not in technical areas but rather in what we call “human skills.” Human skills include leadership, collaboration, creativity, critical thinking, communication, emotional intelligence, judgment, ethics, and cognitive flexibility. These traits are necessary to transfer knowledge from one domain to another and to learn new skills in the face of job obsolescence.

Adapting to the jobs of the future will require both technical and human skills—a combination we call

“human+.” On-ramps offer unique training programs that build in-demand technical skills and critical human skills such as creative thinking and self-efficacy, as well as other professional skills. Equipped with human+ skills, program graduates are ready not only for the first job after their on-ramp but for the many other transitions that they will face as their careers evolve.

When collaborating with on-ramps, employers do not simply supply a list of desired skills. Instead, they define the combination of technical and human skills that new hires should have and help build learning experiences that prepare workers for their specific workplaces. This could include familiarity with particular software solutions and interpersonal skills compatible with the company culture. To some extent, on-ramps give employers the ability to create a recipe for their target hires and cultivate these qualities in the right proportions through a training program.

For example, Jewish Vocational Services (JVS) San Francisco partners with University of California–San Francisco (UCSF), designing curricula and educational experiences to prepare program graduates for roles at UCSF. JVS incorporates employer-specific topics into the training, such as familiarity with UCSF’s medical assistant software as well as on-site training. One JVS program, Excellence through Community Engagement & Learning (EXCEL), includes both classroom and paid on-the-job learning through an internship with UCSF.

Instruction in applied settings is more conducive to retaining knowledge and skills than classroom-based instruction alone. This eases the transition into a new role while confirming compatibility and boosting workers’ confidence before their official start date. Employees are ready to contribute on day one.

## Support for When Life Gets in the Way

Students routinely drop out of college because personal challenges undercut their progress toward employment. Wraparound supports are therefore essential in helping on-ramp participants coordinate their lives. JobTrain CEO Barrie Hathaway explains: “If we can stabilize somebody prior to and during the training, they’re going to persist and complete the training program.” On-ramps tend to invest heavily in mentors, case managers, and other wraparound services that begin as soon as an individual enrolls in the program.

Programs provide a variety of supports—including counseling, mental health services, financial advice, and even financial assistance for housing costs and transportation—depending on participant needs. Sometimes barriers to work are smaller than one would imagine: a participant might need new truck tires, steel-toed boots, or a set of knives for culinary school, for example. This personalized support is sometimes provided directly by the program and sometimes via referrals to government agencies or community-based organizations. LaunchCode has partnerships with community agencies to provide public transportation and parking, legal services, food stamps, health care, and employment assistance. JobTrain offers on-site services to help participants gain access to legal advice, affordable child care, and referrals.

STRIVE, another on-ramp, which started in New York and now operates in 20 cities nationwide, assigns case managers to all learners. Each learner is supported throughout the training program with help on such issues as mental health, financial stability, and challenging family situations. “We have a good support team behind us,” one learner said. “They know life happens behind the scenes, outside of class, or before the class. They always get in touch with us. There’s a strong support network at this program. That’s why I think it’s very successful.”

Training and up-skilling alone are often not enough for a high-needs population, so these programs provide resources to address the conditions of their participants’ lives head-on. At the same time, they impart lessons about the importance of grit and persistence for overcoming future obstacles in both their personal lives and in employment.

## Career-Entry Supports Benefit Workers and Employers

Career-entry services provide upside on both ends of a hiring arrangement: by reducing uncertainty about employment outcomes for trainees; and by mitigating hiring risks for employers. On-ramps accomplish this by creating “try-before-you-buy” opportunities, which include temporary hires or apprenticeships.

One increasingly popular approach is known as the outsourced apprenticeship model. Unlike a traditional apprenticeship, in which the trainee is hired directly by a firm, an outsourced apprenticeship makes the

on-ramp the employer of record, and the firm is a client of the on-ramp. Apprentices do work for the firm that will eventually hire them, but they do so off-site while being managed by the on-ramp. “In these models, apprentices sit at the service provider doing client work, proving their ability to do the job, reducing hiring friction with every passing day until they’re hired by clients,” says Ryan Craig, author of *A New U*.

A great example is Techtonic, a Denver-based software development company that also operates an on-ramp program in the form of an outsourced apprenticeship, which is now certified by the U.S. Department of Labor. Screened candidates complete 12 weeks of training, akin to a coding boot camp. After learners finish their training, Techtonic hires the apprentices, pays them entry-level wages, and pairs them with senior developers. During this period, trainees work on projects for the firms where they eventually hope to find full-time employment. While apprentices are being paid for their work, they simultaneously develop and hone skills that they will need for long-term career success. At the same time, Techtonic’s client firms have a seamless, low-stakes way of evaluating a candidate’s work before committing to full-time-equivalent employment.

LaunchCode, one of the largest programs we studied, operates a similar program for people who are underrepresented in the technology industry. Learners are recruited using a holistic approach, and then go through an introductory 20- to 30-hour online curriculum, delivered in partnership with community partners, such as public libraries. Next, they enter the core program, which blends online and face-to-face interactions and takes 14–24 weeks. Community partners provide transportation, legal services, and links to public benefits. LaunchCode hires and manages apprentices and sells their services to other businesses for \$35 per hour. After a 90-day paid apprenticeship, the employer for whom the trainee was doing work determines whether they will hire the apprentice as a full-time employee. LaunchCode graduates receive an average earnings increase of 200%.

Outsourced apprenticeship models like Techtonic and LaunchCode reduce risk for employers engaging with less conventional talent pools. This approach smooths hiring frictions, while providing consistent revenue for on-ramps. Participants learn skills in context and get to know an employer’s culture while they are earning money.

## Not Just Goodwill— Good Business

Many employers see participation in on-ramps as goodwill, rather than good business. Often, the corporate social responsibility department (CSR) or philanthropic arm of a business will persuade a firm to participate, and the firm will hire a few program graduates to signal goodwill. This ultimately inhibits growth. On-ramps are important talent pipelines, and if they are to achieve scale, they will need buy-in across multiple business units, from executive leadership to hiring managers.

In “On-Ramps to Good Jobs,” we advocated that on-ramps could scale better by working directly with HR departments rather than CSR departments. STRIVE CEO Philip Weinberg explained that although new relationships may begin with CSR offices, it is important to quickly make clear that the program can meet the clients’ core business needs. “It may start as a philanthropic and civic-minded discussion,” he says, “but we quickly pivot that conversation to a place where it’s [about] providing value to the employer as an employer. It also has this ripple effect of positive benefits, as it relates to the employer as a civic player in the community.” For partnerships to succeed, the primary relationship must be based on a commitment to providing return on investment, not just building goodwill for the company.

The many on-ramps that work only with a CSR department risk being thought of as unrelated to the company’s bottom line—something in the “nice to do” category—because they cannot demonstrate their value as a talent pipeline. Employers might incorrectly assume that these hires are less vetted, less talented, and perhaps more of a risk because they were brought in outside the normal hiring processes.

On-ramps are indeed good business because the try-before-you-buy approach gives employers and prospective hires ample time to establish compatibility, reducing the risk of turnover. Employers get workers who have acquired not only the skills for their chosen job path but also the life skills that are critical to long-term career success and upward mobility. The retention rate of candidates hired through one on-ramp program, Per Scholas, was about 100% after three years. By comparison, LinkedIn estimates that the annual turnover in the IT sector is 13%.<sup>9</sup>

Recruiting employees is expensive, and high churn rates can quickly escalate these costs even more.

Partnering with on-ramps can help manage these costs and enable employers to provide direct feedback to on-ramps for specific program improvements.

## Diversifying the Talent Pipeline Through Skills-Based Hiring

Only 11% of employers strongly agree that colleges and universities are effective in preparing students for the workforce.<sup>10</sup> A bachelor's degree is not an adequate proxy for the relevant skills or potential of a job seeker.

Increasingly, employers resort to “up-credentialing”—asking for ever higher academic credentials to filter talent. But this blunt instrument has downsides. Up-credentialing narrows the funnel of prospective job candidates, shutting many capable candidates out of the talent pool. This leads to longer hiring times, unfilled jobs, and reduced diversity in the workforce. For example, Burning Glass data reveal that it takes 40% longer to fill a help-desk position requiring a bachelor's degree than a help-desk position that does not—38 days, compared with 27 days, respectively.<sup>11</sup> Some 60% of job descriptions for help-desk positions require a bachelor's degree, while only 39% of the people currently in the role have one. Up-credentialing particularly harms members of the working class, who miss out on job opportunities with arbitrary minimum-degree requirements.

Employers would benefit from rethinking their hiring requirements to prioritize skills, not academic credentials, as indicators of success. By doing so, employers can tap into a wider and more diverse talent pool, potentially at lower cost.

## Post-Program Support

On average, 80% of on-ramp graduates secure jobs upon program completion, and these high placement rates should certainly be celebrated; but merely landing a job does not necessarily mean career success. Even with training in office culture, professional standards, and soft skills, on-ramp graduates sometimes find it difficult to navigate their new work environments. Unfortunately, after graduation, new hires often lose the critical wraparound support services that helped them attain their new jobs.

For this reason, a number of on-ramps provide post-placement mentoring and support. Patrick Clancy of Philadelphia Works believes that “once employees successfully get to at least six months, they can be successful in both the industry and in the role.” Philadelphia Works therefore assigns a case manager to new hires for six months and tracks job retention at six and 12 months post-employment. Another program, i.c.stars, provides 20 months of post-placement supports, such as counseling, social-services referrals, job placement assistance, employer check-ins, and professional development opportunities. Alumni from the program continue to have access to professional development, placement assistance, networking, and support services, as needed. Staff and private-sector volunteers get to know participants and become part of their professional networks.

Robert Kress, managing director for security at Accenture, who helped grow the company's relationship with i.c.stars, describes the need for employer partner support:

[I]t is more challenging for some of the i.c.stars and similar folks who join us because they often need a little more mentoring or coaching and guidance just because of their backgrounds. They're typically not from families with business experience or don't have knowledge of what the expectations are to work in a Fortune 500 company, and it's different. It's just a different culture—a different set of expectations.

Employers frequently have unspoken expectations, and hierarchies on the job are not always clear to new hires, especially if they have a limited work history. Employers can minimize the friction by providing mentors to assist trainee acclimation to a new environment and culture, highlighting tacit expectations of their workplace.

Between on-ramps and their employer partners, continuous support at the workplace for new hires can reduce churn, increase return on investment, and build employer trust in on-ramps and their graduates. This can have significant long-term benefits for the partnership and the new workers as they prepare for success in the new economy.

## Conclusion

This report focuses on the benefits of on-ramps from the employer perspective, especially in reducing risk in the hiring process. On-ramps provide an opportunity

to build stronger, more diverse, talent pipelines and increase employee retention and engagement—all of which yield economic returns.

Scaling these programs would extend the benefits to participants and employers to municipalities and states as well, in the form of increased tax revenues and decreased public-assistance costs by boosting labor-force participation and earnings.

There is a strong business case for employers to invest in partnerships with on-ramps, and a strong economic case for states, regions, and social-impact investors to support scaling these programs. States and regions, for example, might consider directing more of their workforce dollars toward on-ramps that operate in their locality via their workforce investment boards. On-ramps are a promising seed of innovation, which, once scaled, can help connect millions of Americans to good jobs and launch them on the path to better careers.

Changes in the economy, technology, and the future of work will have broad and massive implications, which will not be distributed equally. It is imperative that we scale flexible and targeted programs to meet the needs of prospective employees and employers.

There is great promise in these innovative solutions, which could help close systemic skill gaps in the labor market. Scaling on-ramps to better economic opportunities is the first step toward building a more inclusive and equitable learning ecosystem for the future.

# Endnotes

- <sup>1</sup> The Conference Board, “In 2019, CEOs Are Most Concerned About Talent and a Recession,” press release, Jan. 17, 2019.
- <sup>2</sup> Jaimie Francis and Zac Auter, “3 Ways to Realign Higher Education with Today’s Workforce,” Gallup Blog, June 20, 2017.
- <sup>3</sup> Sarah Chaney, “U.S. Job Openings Outnumber Unemployed by Widest Gap Ever,” *Wall Street Journal*, June 10, 2019.
- <sup>4</sup> Michelle R. Weise et al., “Robot-Ready: Human+ Skills for the Future of Work,” Strada Institute for the Future of Work and Emsi, Nov. 13, 2018.
- <sup>5</sup> We interviewed leaders and the employer partners of excellent on-ramps such as Urban Alliance, Year Up, and Genesys Works, which are geared toward younger student populations, as well as Opportunity Youth. There are many similarities in the capabilities and wraparound services provided in those programs, but for the purposes of this report, we narrowed our focus to on-ramps tailored to adults 25 and older.
- <sup>6</sup> Strada Institute analysis of data from the U.S. Census Bureau, 2017.
- <sup>7</sup> This estimate is based on fall enrollment of Pell recipients aged 25–64; it does not include students enrolled in noncredit programs or courses. Strada Institute analysis of data from the National Postsecondary Student Aid Survey (NPSAS) and the Integrated Postsecondary Education Data System (IPEDS), 2016.
- <sup>8</sup> Michelle R. Weise et al., “On-Ramps to Good Jobs,” Strada Institute for the Future of Work and Entangled Solutions, Jan. 29, 2019. The quotes in this report from Haley Shoaf, Barrie Hathaway, Ryan Craig, Philip Weinberger, Patrick Clancy, Robert Kress, and a participant in STRIVE all appear in that paper or are based on interviews conducted by the authors for it.
- <sup>9</sup> Michael Booz, “These 3 Industries Have the Highest Talent Turnover Rates,” *LinkedIn Talent* blog, Mar. 15, 2018.
- <sup>10</sup> Lumina Foundation and Gallup, “What America Needs to Know About Higher Education Redesign,” Feb. 25, 2014.
- <sup>11</sup> Joseph B. Fuller et al., “Bridge the Gap: Rebuilding America’s Middle Skills,” U.S. Competitiveness Project, Harvard Business School, November 2014 (authored jointly by Accenture, Burning Glass Technologies, and Harvard Business School).

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