



CHAPTER SUMMARY

Employer Pay-for-Success: Taking the Risk Out of Workforce Partnerships in Philadelphia

/ Cait Garozzo, Tyrone Hampton, Jr., and Ashley Putnam

Pay for Success (PFS) partnerships benefit employers by improving their hiring process and retention rates while giving them an active role in workforce development. In partnership with the Federal Reserve Bank of Philadelphia and Social Finance, Philadelphia Works (PW) was paid to train workers for jobs at Comcast for sales roles that paid a base salary above the local median wage and also offered commissions. The Skills Initiative, a community-based workforce training nonprofit, built on the lessons learned from the pilot to launch their own outcomes-based initiative to improve employment outcomes for Philadelphians.

Challenges

Employers in Philadelphia reported growing challenges in finding workers with the digital skills needed for today's economy while also navigating the high costs of employee turnover.

At the same time, the workers most vulnerable to job displacement due to automation — particularly low-wage earners, part-time employees, and many workers of color — often have the fewest opportunities to access meaningful upskilling and career advancement. Many have a limited understanding of the workforce training ecosystem.

Traditional funding approaches often incentivize training completion or job placement without focusing on the broader impact. By contrast, Pay for Success (PFS) realigns incentives to prioritize meaningful career connections, using retention as a proxy for success.

Opportunities

Philadelphia Works, the city's workforce development agency, launched its first Pay for Success project in 2019 with Comcast as the employment partner and additional collaboration with the Federal Reserve

Workforce Realigned, Vol. II

This is a summary of the full chapter included in Workforce Realigned, Volume II available at workforcerealigned.org/chapters/taking-the-risk-out-of-workforce-partnerships-employer-pay-for-success-in-philadelphia/.



Bank of Philadelphia and Social Finance. Comcast agreed to reimburse Philadelphia Works for the training costs of a pilot cohort through its HR department based on hiring and retention outcomes, linking public workforce investments to employment outcomes in the private sector.

The model created a feedback loop in which training programs can be adjusted based on hiring needs and retention. Participants employed by Comcast earned a family-sustaining wage with the option to earn more through commissions.

Building on the lessons learned from the pilot, The Skills Initiative, a community-based workforce training nonprofit, launched its own PFS programs tying a service fee for employers to employee retention benchmarks. This model ensures that training programs are tailored to the employer’s specific operational, cultural, and strategic needs, and that The Skills Initiative builds a sustainable funding stream that is not dependent entirely on philanthropic and public dollars.

COHORT OUTCOMES, SEPTEMBER 2022-JANUARY 2025

Cohorts	Appli- cants	Partic- ipants Enrolled	Gradu- ates	Offered	Hired	Retained at Six Months	Retained at 12 Months	Dollar Amount Paid to Date
Sept. 2022	430	17	13	9	8	7	7	\$49,950
Sept. 2023	244	18	14	9	9	9	9 Est.	\$75,600 Est.; 12-Month Payout in April 2025
June 2024	322	18	14	11	11	July 2025	Jan. 2026	–
Jan. 2025 In Pro- gram/ Active	602	12	TBD					

Findings and Next Steps

- This funding model can be adapted across various industries, but larger employers are typically better positioned to absorb the up-front investment. Because employers are contributing their own funds, the decision-making process tends to be slower, often taking at least a year to launch a new program.
- Training by workforce development partner organizations is tailored to meet each employer’s specific needs, ensuring new hires arrive with the skills, knowledge, and confidence to succeed from day one. This reduces ramp-up time, boosts productivity, and lowers replacement costs through a focus on long-term retention.
- Beyond filling roles, the model represents a strategic investment in growth, innovation, and workforce sustainability while also enhancing brand reputation and community engagement.

