



Experience and Evidence

The National Fund for Workforce Solutions is a five-year, \$30 million effort to strengthen and expand high-impact workforce development initiatives around the country. The National Fund is a joint investment by leading national foundations, corporations, and the U.S. Department of Labor.

Four major principles—based on a decade of research and program experiences—drive the National Fund and the work of its partnerships:

- Building **regional funding collaboratives** that align vision, strategies, and resources toward regional prosperity;
- Organizing efforts around key **industry sectors** using a dual-customer approach that serves the needs of both employers and workers through workforce partnerships;
- Building **career pathways** that provide career advancement opportunities for lower-skilled workers and job seekers through workforce partnerships; and
- Facilitating **alignment** across programs and systems involved in workforce development in the region.

An important seed for the National Fund was planted in 1995 with The Annie E. Casey Foundation's Jobs Initiative. The Casey Foundation invested in workforce intermediary organizations in six communities to help disadvantaged adults work their way out of poverty. Workforce intermediaries are new, sector-based operational partnerships engaging employers and other key stakeholders to support the career-advancement needs of lower-skilled workers and the workforce skill needs of employers. The Jobs Initiative helped thousands of adults start creating better lives for themselves and their families. From a handful of workforce intermediaries in the early 1990s, this approach has been used by more than 200 organizations in 39 states as of just a few years ago (Giloith 2004).

The 1998 Workforce Investment Act (WIA) also moved in this direction by emphasizing stronger employer involvement in workforce development and an increased focus on collaboration through workforce investment boards. However, the workforce partnership or intermediary approach goes beyond both the Jobs Initiative and WIA, differing from the traditional approach to workforce development in a number of substantial ways, as summarized in the table below:

Traditional Approach To Workforce Development	Workforce Partnership/Intermediary
Focus on increasing worker skills and job placement	Focus on solving problems faced by workers and businesses
Transactional	Relational
Works within existing funding systems and business practices	Works to change funding systems and business practices
Sharp boundaries around fixed organizational roles and practices	Flexible partnerships to solve problems and enhance value
Short-term focus	Long-term orientation

The National Fund model is also shaped by an innovative approach to workforce development for the urban poor that also emerged in the early 1990s: the sector strategies model. With funding from the Ford and Charles Stewart Mott foundations, the Aspen Institute and Mt. Auburn Associates assessed the potential of sector strategies, associated with economic development, as a tool for helping the urban poor participate in a competitive economy and alleviating urban poverty (Siegal and Kwass 1995). These strategies have spread from a handful of organizations adopting it in the 1990s to more than 200 organizations targeting approximately 20 industries in a survey last year (Conway 2007).

In the early part of this decade, The Boston Foundation led a new effort based upon the Jobs Initiative's approach to workforce partnerships or intermediaries, deepening the sectoral focus and adding another piece to the model: the regional funding collaborative. In 2002, The Boston Foundation convened several local funders to examine local workforce challenges and innovative solutions. When the funders realized that their investments in the Boston workforce development system exceeded those of the federal government, they felt empowered to try bold solutions. In 2003, they launched SkillWorks, a five-year initiative to invest in sector-based workforce intermediaries. SkillWorks was led by a collaborative of public and private funders, including the Ford, Annie E. Casey, Rockefeller, and other local foundations, as well as the City of Boston and State of Massachusetts.

In the following years, five other regional funding collaboratives formed Investing in Workforce Intermediaries, a six-site pilot that led directly to the National Fund for Workforce Solutions in 2007. The National Fund aims to expand the SkillWorks model to 30 communities nationwide. Individual workforce intermediaries and sectoral models

continue to grow and gain momentum, and many more communities have expressed interest in the National Fund approach.

Evidence

The strategies of the National Fund for Workforce Solutions derive from strong evidence that workforce partnerships or intermediaries and sectoral approaches work. For example, the Jobs Initiative produced impressive results during its 10 years of operation. Between 1995 and 2005, it enrolled more than 17,000 people and helped them to participate effectively in their local workforce. Forty percent were single parents, and almost 20 percent did not speak English as their primary language. The median annual income of those with any work history was just \$6,000 at the time of enrollment, and close to half received public assistance.

Despite the many challenges the target populations faced, the Jobs Initiative placed 8,090 individuals in jobs, with a mean placement wage of \$9.13 per hour and a mean retention wage of \$9.84. For participants placed through the initiative, employer-provided health insurance coverage rose from 50 percent to 93 percent. Participants who gained jobs increased the number of hours worked per week and the number of weeks employed per year. In addition, most were still working 18 months after enrollment (Fleischer 2003). The key lessons learned from the Jobs Initiative summarized here point directly to the principles underlying the National Fund:

- Communities must enlist key stakeholders with the commitment and power to make changes—public officials, philanthropists, union officials, educators, workforce development, business and community leaders.
- Key funders or other mission-oriented organizations must be active leaders and articulate a set of principles, such as the

commitment to advance low-wage workers to economic self-sufficiency.

- Funders must invest in workforce intermediaries that have strong connections to the community, community organizations, and employers—and workforce intermediaries must identify and organize employers with good jobs for the target population.
- Workforce intermediaries should design effective models for career advancement that are targeted and customized for entry-level workers, and these models must include a comprehensive set of income enhancements, financial literacy, asset building services, career management assistance, and social and work supports.
- Cultural competence is critical—having a deep understanding of employers, workforce providers, and workers.
- The strategy must be data-driven.
- Programs, policies, and strategies must be linked to economic development dollars and opportunities (Giloith 2004).

Similarly, sectoral strategies have provided evidence of success. Two studies of large sectoral programs—one by Aspen Institute and one by Public/Private Ventures—document successful outcomes for workers and their employers two years after training (Conway 2007). Participants earned higher incomes—from an annual median of \$8,580 to \$17,732 in the Aspen Institute study, and from \$10,486 to \$18,875 in the P/PV study. Participants worked more consistently—year-round employment jumped from 23 percent to 66 percent in the Aspen Institute study, and 22 percent to 61 percent in the P/PV study. Participants also gained higher-quality jobs. For example, access to employer-provided health insurance jumped from approximately 50 percent to just under 80 percent two years after training in both studies. Access to benefits such as paid

vacation time, paid sick leave, and pension plans also rose.

Perhaps of most importance, participants were more optimistic about their job prospects and had more confidence in themselves to achieve their education and career goals due to the program. This growth set them on a path to future prosperity beyond the program. *(The participants in the sectoral programs were similarly disadvantaged to those in the Jobs Initiative. Although most had some work experience and a high school diploma or GED, they had low hourly earnings and income, and had experienced multiple periods of employment.)*

Participating businesses also benefited in the sectoral programs, especially in their ability to find and retain qualified workers, and in the quality of their existing workforces. The Aspen Institute study found that improved retention saved one participating hospital \$40,000. Another sector program outside the Aspen study also has documented employer benefits: in the Extended Care Career Ladder Initiative (ECCLI) in Massachusetts, participating employers experienced decreases in persistent job vacancies from 11.4 percent in 2001 to 1.4 percent in 2003, a 33-percent lower rate than for the non-ECCLI employer comparison group at a time of high demand for long-term care workers. ECCLI employers also reported cost savings of about \$47,000 per year per facility as a result of the decrease in turnover (Commonwealth Corp., 2008).

The SkillWorks model of a regional funding collaborative supporting sector-based workforce partnerships or intermediaries is also showing promise, along with similar efforts in other cities. In the first four years of the initiative, the six workforce partnerships supported by the SkillWorks funder collaborative served 2,819 participants—both unemployed and incumbent workers. Eighty-eight percent of the unemployed participants graduated from pre-employment training programs, and 76 percent were placed in jobs. Employed participants earned an average of

almost \$4 per hour more than pre-enrollment wages.

SkillWorks has also helped many participants make progress along a career or education pathway: 24 have graduated from college; 133 have received industry-recognized credentials; and 80 have completed sector-specific training. According to the evaluation report, “[F]or each of these participants, new opportunities have been created because of their accomplishments and the work facilitated by SkillWorks” (Minzner, et al 2008).

Finally, SkillWorks has made important changes in employer and the workforce development systems. Some participating employers have refined their internal approach to training and staff development, adopting release-time policies for training and improving connections to external training resources for entry-level workers. A major health care employer incorporated many of the service models developed through the SkillWorks-funded workforce partnership into its corporate human resources budget. In another partnership, the union secured a new

joint labor-management training fund to support future education and training opportunities for workers, based on the success of the SkillWorks-funded workforce partnership model. Service providers benefitted as well, improving their overall awareness of workforce issues and employer needs, and learning how to link adult education more intentionally with workforce development (Griffen 2008).

Continuous Learning

The funders in the National Fund for Workforce Solutions have sought to bring an idea that has evolved and shown promise to national scale. The funders are investing in a long-term evaluation of their own effort in order to test its effectiveness, learn from experience, improve upon the model, and share lessons with the field. Especially in these trying economic times, we need new approaches to workforce and economic development. We believe that workers, employers, and regions that adopt the National Fund approach are more likely to prosper.

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