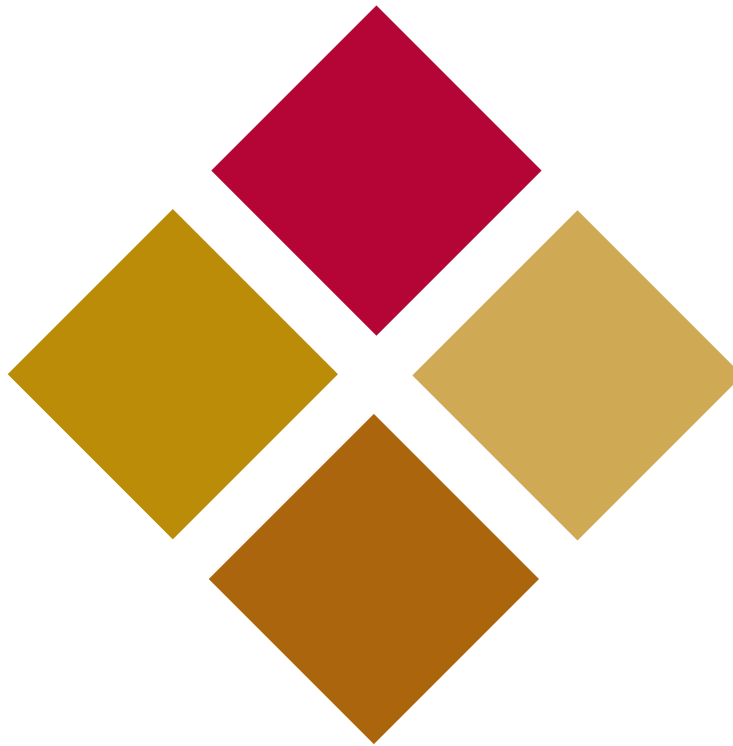


A REPORT FROM THE ANNIE E. CASEY FOUNDATION

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THE NATIONAL FUND FOR WORKFORCE SOLUTIONS:  
*A History of Collaboration*



WORKING TOGETHER TO  
CREATE STRONGER WORKFORCE  
PARTNERSHIPS

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# The National Fund for Workforce Solutions

## A HISTORY OF COLLABORATION

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### *Working Together to Create Stronger Workforce Partnerships*

#### INTRODUCTION

Just after Labor Day in 2007, leaders from foundations, businesses, government, and nonprofit organizations gathered in Washington, D.C., to announce the launch of the National Fund for Workforce Solutions. This ambitious \$50-million project is designed to bolster and expand promising workforce development partnerships in communities across the country. Created as a collaborative strategy supported by several national foundations, as well as the U.S. Department of Labor, the fund will strengthen and expand workforce intermediaries through the leadership of regional funding collaboratives. It is widely expected to play a major role in improving how workforce development services are funded and delivered – a promising step forward in a field that is vital to improving the lives of workers and maintaining American economic competitiveness.

The National Fund did not emerge in a vacuum. Rather, it builds on years of important work by many people and institutions both nationally and locally. That extensive history is the subject of this report.

In particular, this report traces how various funders – national foundations, smaller local foundations, and government agencies – helped to shape this new national workforce development initiative. The Annie E. Casey, Ford, Mott and Rockefeller foundations, as well as many local foundations, businesses, government, and nonprofit entities, played important roles in this initiative.

Their investments were guided by lessons learned and carefully measured results. Because of that, funders involved in the National Fund are confident that this new entity will meet its goals.

This cross-funder investment history provides a case study in how local, national, private, and public funders can work together to have an impact on key economic challenges. Such collaborations are providing rich new possibilities in the workforce field and should encourage other funders to consider supporting such efforts.

## A History of Collaboration

Several national foundations have become engaged in the workforce development field in the past decade, their involvement growing out of an acknowledgement that the workforce system has not effectively met the needs of employers or job seekers. Indeed, millions of American workers lack the skills or training they need to land and hold on to family-supporting jobs. Consigned to poorly paying jobs without important benefits, these workers struggle to make ends meet or to achieve economic security.

Many American employers, meanwhile, cannot find qualified employees to fill jobs in an increasingly knowledge-based economy, and they often lack in-house training and career advancement programs. Without these workers, employers will face mounting pressures from global competitors.

Such issues will grow only more pronounced over time as America's workforce is projected to grow older, more diverse, and less educated than it is now. Addressing structural problems in the nation's workforce system will be increasingly important.

Several foundations refocused on these issues in the 1990s in response to several factors. At the time, welfare reform, with a "Work First" philosophy, pushed many low-skilled people to enter the workforce with little job-readiness training and support once they were in jobs. The Workforce Investment Act (WIA), passed by Congress in 1998 to replace the Job Training Partnership Act, offered new approaches to workforce development – with less focus on skills training. WIA also encouraged more involvement by employers in workforce development efforts at a time when many employers were struggling to find the well-trained workers needed to compete in the global economy.

These factors – the shift of welfare reform, the changes in how the federal government was supporting workforce training, and the challenges confronting employers seeking adequately skilled workers – led several foundations to invest more actively in the workforce development field.

## The Jobs Initiative

In the early 1990s, the Annie E. Casey Foundation began to focus on helping parents in low-income families to enter and remain in the workplace. This goal was based on the understanding that a good job was a major building block for low-wage families to advance economically.

In 1995, Casey launched the Jobs Initiative, a major workforce initiative supporting ambitious community-driven efforts in six cities: Denver, Milwaukee, New Orleans, Philadelphia, St. Louis, and Seattle. The initiative, which built on earlier workforce programs that strived to work closely with employers,

funded organizations in each of the cities to act as “workforce intermediaries” to bring together local institutions, employers, and other interested groups to find ways to improve workforce training delivery. The initiative encouraged these local intermediaries to focus on methods that improved job placement and retention for disadvantaged workers and job seekers, and to look for ways to promote those methods to build a stronger workforce system in each city. Consultants working with the foundation provided technical assistance and helped the sites to explore avenues to improve and expand workforce systems.

The Jobs Initiative produced remarkable results in helping people land jobs and remain employed. Among other things, the various sites involved in the project learned the importance of:

- focusing on a “dual-customer approach” that met the needs of both workers and employers;
- focusing on keeping employees in the job for a longer time than workforce programs usually measured; and
- tailoring programs to make sure they are “culturally competent” in working with job seekers.

The Jobs Initiative also found that job-readiness training (which provides so-called soft skills) was a critical factor in helping disadvantaged job seekers stay on the job for at least three months. The most important factor associated with keeping workers in jobs for the long term (12 months) was providing “hard” vocational skills.

## A New Focus in Boston

The Jobs Initiative attracted significant attention in the workforce field and, by the end of the 1990s, was providing important lessons. At that time, the Boston Foundation, a prominent community foundation, and others in the Boston area were seeking more effective ways to invest in the workforce arena.

Although Casey had not actively supported workforce projects in Boston, the foundation decided to support the Boston Foundation’s examination of the area’s workforce system. The Boston Foundation used the grant to convene local funders and others to discuss workforce issues and consider new approaches. The discussions revealed that Boston foundations were devoting more funding to workforce training than was available through the federal WIA program. This gave the funders the confidence that, working together, they could make major changes to the workforce system in the area. There was also a consensus that new approaches were required to meet the workforce needs in the area – for both workers and employers.<sup>1</sup>

Following those discussions, the Boston Foundation and the SkillWorks Funders Group oversaw an 18-month study of workforce development in Boston. Along the way, the Rockefeller Foundation committed funding as part of its national workforce portfolio, which leveraged significant local funding.

The group attracted enough momentum to bring in Jobs for the Future, a national nonprofit analysis, research, and consulting organization; and Abt Associates, a national research and evaluation firm. Joining the discussions were representatives of government workforce agencies, employers, funders, and others looking for ways to improve workforce development in the Boston area. The group looked at recent developments in the Jobs Initiative and other workforce initiatives, such as state-supported employer-partnership programs in Massachusetts; Project QUEST, a workforce intermediary in San Antonio; and similar projects funded by the Mott Foundation.

In 2002, the local funders group in Boston concluded that a new local collaborative of public and private funders could lead to sustainable workforce development improvements, benefiting both employers and low-skilled adults. The Boston Foundation agreed to lead the project, and the group settled on the name SkillWorks. The group also set a goal of raising \$15 million to seed SkillWorks over several years – a major commitment to the workforce arena within the Boston funding community. In those first years, local foundations contributed about 70 percent of the money raised by the Boston funding collaborative. Among key funders were national foundations, including Casey and Rockefeller; local foundations, including the Boston Foundation, the Paul and Phyllis Fireman Foundation, and the Hyams Foundation; and the city of Boston and the Commonwealth of Massachusetts.

The funding group announced the creation of SkillWorks in 2003 and, with the help of Jobs for the Future, the Boston Private Industry Council, and other local consultants, began making grants to workforce intermediaries that fall. Now in its fifth year, SkillWorks remains a leader among workforce partnership initiatives around the country.

## A National Conversation about Workforce Intermediaries

While the work in Boston was unfolding, other cities and states were launching and growing similar efforts – broad-based, community-driven workforce initiatives to increase funding and provide services tailored to specific employer needs in key employment sectors.

An important discussion about workforce development was also taking place among local and national foundations across the country, beginning with a 2001 “knowledge conference,” sponsored by Casey, to discuss findings from the Jobs Initiative. The results from the initiative were encouraging and reinforced the lesson that workforce intermediaries could play a valuable role in bringing new focus and expertise to local workforce challenges.

Along with foundations, major business and nonprofit organizations began to support the development of workforce intermediaries. The Council on Adult and Experiential Learning, Jobs for the Future, the National Economic Development and Law Center, and the National Association of Manufacturers worked together to create materials promoting and supporting workforce intermediaries.

Workforce experts at the Casey, Ford, and Rockefeller foundations made plans for a major national gathering to discuss the subject and produce important new findings to guide the field. This conference, held as the 102nd American Assembly outside New York City in 2003, brought together 75 leaders in the workforce field from around the country.

The American Assembly proceedings and subsequent documentation underscored the value of workforce intermediaries that are designed to meet the needs of both employers and workers. These intermediaries were able to organize several partners, including community colleges, service providers, and employers. They also generated new funding from a variety of sources, and pooled it to make sure it was spent efficiently and focused on common goals. A summary of the American Assembly concluded:

Although they approach their tasks in different ways, successful intermediary organizations bring together key partners and functions to advance careers for all workers – recognizing the special needs of low-skilled, low-wage workers – increase business productivity, and improve regional competitiveness. <sup>2</sup>

The report also made a series of recommendations for increasing the number and reach of these kinds of intermediaries.

The American Assembly brought new attention to and interest in the notion of workforce intermediaries and affiliated funding collaboratives. In addition, participants developed a list of ideas to advance new workforce partnerships through demonstrations, changes in policy, financial innovations, and a new national initiative.

Those discussions, for example, led directly to the creation of a Baltimore workforce funders' initiative, an idea initially discussed among several Baltimore-area workforce leaders on the train ride home from the conference. Similarly, in San Francisco, a group of local foundations, businesses, government agencies, and funders came together in 2004 to create a workforce funding collaborative, coordinated through the San Francisco Foundation, to foster and strengthen workforce partnerships in the health care industry.

The Ford, Casey and Rockefeller foundations also agreed to move forward with an idea developed at the American Assembly for a national fund to support workforce partnerships. Together, they began providing funding to promote six local workforce funding collaboratives – SkillWorks in Boston; the Bay Area funders group; an initiative in Austin, Texas, building on the success of Project QUEST; the Baltimore funding group; and similar initiatives in Pennsylvania and New York City. Subsequently, Rhode Island was added as a pilot site through the leadership of that state's United Way. In all cases, the national funders sought to identify strong local funders that provided support for creating or building workforce intermediaries.

These pilot sites of the project known as Investing in Workforce Intermediaries showed promising results. And, in some cases, the intermediaries were able to make progress on another important goal of the project – helping to make changes in local and state workforce systems.

## Creation of the National Fund for Workforce Solutions

Success in these pilot cities led national funders to make concrete plans for a major national effort that would bring in new national and local funders and lead to expanded support for workforce partnerships in many more cities and communities across the country. A Ford Foundation-funded feasibility study produced encouraging results. Following that, the Ford and Casey foundations were able to bring in as funders the Hitachi Foundation and the Harry and Jeannette Weinberg Foundation. The U.S. Department of Labor also joined in to provide support for the new initiative, which was named the National Fund for Workforce Solutions. The new fund was capitalized with \$20 million as of 2007, with a national fund-raising goal of \$50 million over five years.

The National Fund for Workforce Solutions has awarded its first round of grants to 10 local organizations, including support for new workforce funding collaboratives in Chicago, San Diego, Los Angeles, and Washington D.C., along with ongoing support for similar initiatives in six of the pilot cities. Over the next five years, the National Fund will support 30 to 40 existing and new funding partnerships to expand and strengthen dual-customer workforce partnerships in their communities. According to the National Fund's goals, these local initiatives will have:

- strong and committed local leadership from the funding community investing in workforce development, local business, government, and workforce development institutions;
- a dual-customer, workforce partnership model that addresses the needs of both employers and community residents;
- a strategy to promote career advancement for low-skilled workers through institutionalized workforce partnerships that connect to workforce development pipelines;
- engaged and committed employer involvement in designing and implementing sectoral workforce partnerships and in adopting effective employer practices;
- significant ongoing funding support (more than 80 percent of funding coming from the local site) that provides resources to workforce partnerships with a range of strategies; and
- the potential to influence state and regional workforce policy, leading to better outcomes at lower costs.

Over several years, the National Fund will work toward ambitious goals. First and foremost, it will seek to continue to meet the needs of thousands of employers and tens of thousands of workers and job seekers and – in the process – contributing to stronger communities and strengthening local

economies. To do that, the fund, as its precursors did, will build on proven strategies, relying on evaluations and continued conversations among service providers, funders, analysts, researchers, and policymakers. While the past decade has highlighted many important lessons for this work, more lessons are yet to be learned.

## Looking Ahead

Those who developed the National Fund expect to use those lessons and the success of its local partners to create better workforce development policies and stronger workforce systems in communities and regions across the country. Only then can the deep investments of foundations lead to significant and structural improvements that will benefit many more people.

Finally, the fund expects its investments to leverage a significant amount of new local funding to support workforce partnerships – an anticipated \$200 million over five years. This local funding will be critical to ensuring that these promising workforce initiatives will be sustainable beyond the life span of the National Fund.

The fund is also attracting new national support. The Council on Foundations is helping the fund to promote workforce partnerships among foundations and share the promising experiences of National Fund partners throughout the country. In addition, the United Way of America, which traditionally has not made workforce development issues a priority, has stepped forward to help identify promising new local initiatives and to engage other local partners in improving regional workforce systems.

One of the significant contributions of the National Fund will be its ability to research underused resources that could support workforce development. Researchers supported by the fund are analyzing approaches, ranging from diverting unemployment insurance reserves to bond financing. These new funding sources would supplement traditional federal funding sources such as WIA and the Temporary Assistance for Needy Families program.

As part of the Investing in Workforce Intermediaries pilot, the Ford Foundation funded a series of policy papers released in 2007 by the National Fund. These identified six possible funding sources, ranging from Food Stamp Employment and Training funds to Lifelong Learning Accounts.

“What is needed is additional support to build upon the strengths, and address the weaknesses, of workforce intermediaries and move them, as a field, toward long-term sustainability and financial independence,” the report concludes.<sup>3</sup> Related to that goal, the National Fund will support state-level pilot programs that advocate for new workforce institutions to address economic competitiveness issues and promote career advancement for low-skilled adults.



The Mott Foundation has also played an important role by examining ways to promote sectoral workforce strategies using funding through WIA and other federal programs. The foundation's support for the National Network of Sector Partners has provided a vehicle for practitioners across the country to share what they are learning about workforce partnerships that involve high levels of employer participation. It also provides support for community colleges to replicate innovative programs to help adult students complete remedial education programs before being able to take for-credit college courses.

One key partner in the National Fund, the Hitachi Foundation, recently made workforce development and related efforts to build economic opportunities for low-wage workers a funding priority. The foundation has concluded that businesses play a crucial role in achieving change and success in this arena. To that end, the foundation has worked closely with employers and their trade and professional associations to uncover and promote practices that benefit low-wage, lower-skilled workers and businesses. Employer investments in skill and talent development exceed \$100 billion annually. The Hitachi Foundation seeks to encourage businesses to devote a greater share of those existing budgets to low-wage workers, recognizing that such investments are critical to sustaining local workforce development initiatives. Businesses will do this only if they can see tangible progress and understand the approaches that work most effectively. The foundation will work with the National Fund to nurture and test these ideas.

With new funding and a focus on efficient innovation, workforce intermediaries will continue to expand their reach and achievements. At the same time, they will provide a time-tested means for foundations to join government agencies and other partners to make investments that will lead to better workforce outcomes.

Such an effort is vital to bolstering American competitiveness in a quickly changing world economy. The nation must find effective new approaches to meet growing demands for a skilled and well-trained workforce.

## Conclusion

The key foundations that were involved in the work leading to the creation of the National Fund over the past decade came to the effort with different goals. The Casey Foundation focused on working in the community to create economic opportunities for low-income workers; the Ford Foundation was committed to improving local workforce systems; and the Rockefeller Foundation was determined to strengthen the ability of local community-based organizations to offer workforce training services.

The various foundations, however, recognized the value of working collaboratively to reach common goals related to improving local workforce systems. The foundations and their partners engaged in

careful analysis and research to determine the right strategies for making major investments in workforce development. And rather than imposing their vision on local leaders, they worked as partners to support and strengthen local initiatives.

The result is a major national initiative that unites local and national funders, businesses, local and national government agencies, and local nonprofit providers in communities across the country. This collaborative approach offers a model for other funders to examine as they consider making investments in critical economic issues confronting the country.

## RESOURCES

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<sup>1</sup> Several other programs in the Boston area were underway to improve workforce development at this time; see Abt Associates and Mt. Auburn Associates. "Baseline Report of the SkillWorks Initiative: Prepared for the SkillWorks Funders Group." Boston: April 2005, p. 16. Accessed from <http://www.skill-works.org/Downloads/baselinerrpt.pdf>

<sup>2</sup> "Keeping America In Business: Advancing Workers, Businesses, and Economic Growth." Summary of the 102nd American Assembly. New York: Columbia University, 2003, p. 7.

<sup>3</sup> Prince, Heath (Ed.). "Strategies for Financing Workforce Intermediaries." National Fund for Workforce Solutions, 2007, p. 17. Accessed from [www.nfwsolutions.org/FinancingWI.pdf](http://www.nfwsolutions.org/FinancingWI.pdf)

## ABOUT THIS REPORT

This report, which was researched and written by Tom Waldron, vice president of The Hatcher Group (Bethesda, Maryland), is based on interviews with key participants, including:

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The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of UPS, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information, visit the Foundation's website at [www.aecf.org](http://www.aecf.org).

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