There's No Place Like Home

A Look at Local Support for Workforce Intermediaries

CAEL

The Council for Adult & Experiential Learning
with support from the Annie E. Casey Foundation

There's No Place Like Home

A Look at Local Support for Workforce Intermediaries

February 2006

CAEL

The Council for Adult & Experiential Learning
with support from the Annie E. Casey Foundation

About CAEL

The Council for Adult and Experiential Learning (CAEL) is a national, non-profit organization which creates and manages effective learning strategies for working adults through partnerships with employers, higher education, government, and labor. CAEL is recognized for its experience in designing and implementing programs that address skill shortages, help workers improve their employability, and remove barriers to lifelong learning. CAEL is also committed to examining new strategies and public policies that make learning opportunities more accessible to adults, particularly low wage workers. Since 2002, CAEL has assisted the Annie E. Casey Foundation and its partners to promote and support the growing field of workforce intermediaries.

Acknowledgements

This report has benefited from the observations and experiences of many individuals whose efforts support the development and career advancement of working adults. We are grateful for the information they provided to us in interviews conducted during the research for this paper. The names of all are listed in the appendix.

At CAEL, **Pamela Tate** and **Amy Sherman** provided critical feedback on the contents of the report and their presentation, with additional editing assistance from **Pat Lees** and **Phyllis Snyder**. **Pat Lees** also contributed to the research and writing of the discussion of community colleges and workforce investment boards as workforce intermediaries, with assistance from **Karen Steinberg**.

Our greatest thanks go to **Robert Giloth** of the Annie E. Casey Foundation, whose leadership in advancing workforce intermediaries is helping to gain greater recognition of these organizations and their contributions. This report would not have been possible without his vision and support.

Rebecca Klein-Collins
Principal Author

There's No Place Like Home

A Look at Local Support Models for Workforce Intermediaries

February 2006

EXECUTIVE SUMMARY 5

INTRODUCTION AND BACKGROUND 8

TYPES OF LOCAL PUBLIC INVESTMENT 10
- General Revenue 10
- Local Sales Tax Revenue 11
- Tax Increment Financing 12
- Tax Abatement 13
- Real Estate Fees 13
- Tax Credit Syndication 14

CONDITIONS FOR AND DRIVERS OF LOCAL PUBLIC SUPPORT 15

NEXT STEPS FOR WORKFORCE INTERMEDIARIES 17

A DIFFERENT APPROACH TO SUSTAINABILITY: NEW USES OF EXISTING FUNDING STREAMS 19
- Workforce Investment Boards as Intermediaries: A New Use of Federal, State and Local Dollars 19
- Community Colleges as Intermediaries: From Low-Cost Training Provider to Regional Economic Development Hub 22

RECOMMENDATIONS FOR FUTURE STUDY AND SUPPORT 25

SUMMARY AND CONCLUSION 28

SOURCES 29

APPENDIX A: Individuals Interviewed for This Report 31

APPENDIX B: Texas' Economic Development Sales Tax 32

APPENDIX C: Chicago TIFWorks Brochure 40

APPENDIX D: California Workforce Association Policy Framework 42

Executive Summary

This report, which has been supported by a grant from the Annie E. Casey Foundation, outlines the range of innovations that city and county governments have been using in recent years to support the activities of workforce intermediaries. It is CAEL's hope that this inventory of local policy models can inspire workforce intermediaries to think in new ways about how their work might be supported and sustained through local public resources.

Types of Local Public Investment

Local public policy support for workforce intermediaries comes in a variety of forms:

- **General revenue:** Some cities—such as San Antonio, Austin, El Paso, Tucson and Seattle—have designated part of their general budgets for workforce intermediaries.

- **Sales tax revenue:** Some cities have designated a portion of their sales tax revenue for workforce development and workforce intermediaries. Examples are many in Texas, where a state law permits cities to adopt an economic development sales tax of up to one-half of one percent to fund economic development activities.

- **Tax increment financing:** Another option for cities is the use of tax increment financing (TIFs) to fund workforce development activities. Chicago, for example, has established the TIF Works program, which provides businesses in the TIF districts with funding that can be used for customized training, English as a Second Language instruction, and industry-specific instruction related to regulatory compliance.

- **Tax abatement:** In Austin, Texas, the city of Austin and Travis County established a deal with Samsung in 1996 that provided incentives designed to promote the hiring of low income residents into well-paying jobs. As part of that deal, 20% of the taxes that Samsung did pay were placed into a dedicated fund for workforce development activities to help generate skilled workers for Samsung and other area employers.

- **Real estate fees:** In Boston, a "linkage fee" has been in place since 1987, requiring large-scale real estate and construction projects to pay into a special fund for neighborhood housing and job training.

- **Tax syndication:** The public sector has often used employer tax credits as a way to leverage the hiring of the hardest-to-serve workers or to encourage investment in the workforce through training. Tax credit syndication is one way to tap into these tax credits even when the disadvantaged worker is placed in a nonprofit or government agency. The sale of the tax credit can provide working capital to intermediaries.

Conditions for and Drivers of Local Public Support: In looking at the history of the policies described above, there are several different avenues that can lead to local policy change in support of workforce intermediaries. In some cases, the community's own values created conditions that were ripe for such policies. In other cases, advocates recognized opportunities for change in unique political circumstances. Elections of new mayors, for example, have provided opportunities in several locations including Boston and New York City. Finally, many policies required the backing of, or leverage from, strong drivers for change. IAF organizations in the Southwest have been particularly effective in securing local public support for workforce intermediaries. In other locations, the local business community has provided key support for policy change.

In all cases, economic necessity is key for putting pressure on public officials to invest in workforce development and job training.

Next Steps for Workforce Intermediaries: To leverage the interest of local officials and policy-makers, workforce intermediaries should first get a clear picture of the local environment, its assets and challenges, and possible sources of funding for exploration. Using that information, they can begin to identify allies—people or organizations that could be of assistance in helping to leverage interest in and public funding for workforce development and other intermediary activities. Active pursuit of conversations with these allies and targets may create opportunities for joint exploration of possible strategies for pursuing local funding for workforce intermediaries. As WIs begin to pursue local public support opportunities, having data to show how a WI program can directly benefit the community's bottom line can be a powerful tool for leveraging funding.

A Different Approach to Sustainability: New Uses of Existing Funding Streams

Over time, a small but growing number of local Workforce Investment Boards and community college systems have begun to see themselves as playing an expanded role in their communities to help coordinate and link workforce development and economic development efforts within a city or across a region. These two players offer something that most non-profit WIs do not: a sustainable infrastructure. They are larger organizations, are well dispersed across the country to serve diverse populations and employers, and have access to relatively stable funding streams. WIBs and community colleges are not as agile as most non-profit WIs, and they can be highly bureaucratic. However, their potential for large impact demands a serious look.

Workforce Investment Boards are the primary local governing bodies for federal job training programs. Some WIBs are acting as workforce intermediaries themselves, they are funding other organizations to serve that role, and/or they are pooling their WIA resources with local economic development funding so that these efforts are coordinated across regions.

Community colleges are also well positioned to take on the role of workforce intermediary. Many community colleges have taken the first step by adopting practices that are more responsive to the needs of business and industry. Others have gone further by developing career pathways programs through partnerships with trade associations, WIBs, One-Stop Career Centers and community-based organizations. These partnerships help to prime colleges to take on the role of convener and workforce intermediary. Despite these promising practices, policy change addressing existing state and local funding formulas may be needed for this intermediary work to be sustainable.

Recommendations for Future Study and Support

1. **Recognize the value of organizing people and organizing money.** More needs to be understood about the replicability of the IAF model in other locations as well as what factors need to exist for a funding collaborative to work.

2. **Foster partnerships between WIs and local affordable housing organizations.** By working with a common voice with the affordable housing community, WIs might be able to leverage new funding streams while also helping to establish the relationship between economic development and community development in the public arena.

3. **Find other ways to replicate local policy models described in this report.** It may be possible for WIs in different locations to take one of the models presented here and find a way to establish the same policy—or something similar—in their own cities. WIs having good connections with local public officials and with local advocacy groups will have a clear picture of what is possible in their communities and how they might be creative in accessing local funding for intermediary activities.

4. **Continue to test new funding and fee-for-service solutions that ensure the sustainability of WIs**. Because public sector funding for WIs is not universally available at the state and local levels, efforts to identify new fee-for-service opportunities for WIs are critical.

5. **Support larger systems like WIBs and community colleges in their efforts to serve as workforce intermediaries**. To encourage more WIBs and community colleges to assume the workforce intermediary function, there will need to be greater efforts to share information and best practices, as well as institutional and public policy changes.

6. **Do not give up on federal support**. Systemic changes that are already taking place may make a compelling case with the U.S. Department of Labor and Congressional Leaders for providing additional support for regional planning and coordination activities, as well as for strategic engagement with employers from key sectors in a region. The DOL's WIRED (Workforce Innovation in Regional Economic Development) initiative is evidence that the federal government is interested in exploring this further.

Summary and Conclusion

As this report has shown, local sources of public support for workforce development exist and come in a variety of forms, from general and sales tax revenues to economic development tools such as TIFs and tax abatement agreements. While the replicability of these funding options is uncertain, we nevertheless hope that the various models in this report will provide some new ideas or inspire some innovative directions for WIs as they consider local public sector resources and political opportunities.

The activities by WIBs and community colleges are steps in the right direction for systemic change in workforce development, particularly since both of these players come with sustainable funding in hand. Yet the role of private workforce intermediaries is still critical given the great need and given the much greater flexibility that these WIs have in responding to emerging needs and issues. Finding ways to sustain these small yet agile players is an important goal for the Annie E. Casey Foundation's Workforce Intermediary Project, and local public support models offer promising options for WIs to explore.

Introduction and Background

Workforce intermediaries (WIs) are organizations that provide workforce development services. These organizations are not job training shops. They go beyond training and job development by working with employers on internal workforce development strategies, coordinating partners and funding streams from various sources, and helping to craft a vision for local and regional economic development and workforce strategies. The challenge for many WIs is that the work they do outside of straight training, job development and job placement is difficult to support financially. Many of the largest federal funding streams for training—such as funds from the Workforce Investment Act (WIA) and the Community Development Block Grant (CBDG)—are restricted to these direct service activities, primarily for unemployed and disadvantaged populations. Activities such as coordination, strategic planning, and new program development are generally not allowable activities under these programs' guidelines.

Some workforce intermediaries do manage to carry out a more comprehensive role using other kinds of resources, often with private foundation grants. For the field of WIs to grow, however, more workforce intermediary organizations need to find other sources of sustainable funding that can be used for WI activities like planning, coordination, and working with employers. The Council for Adult and Experiential Learning (CAEL), for example, has developed several products and services that bring in revenue from employers, and the small surplus from these activities helps to support some strategic intermediary and public policy efforts. Other organizations, such as Goodwill Industries, have the ability to raise unrestricted funds through retail operations. Still others, such as the Jane Addams Resource Corporation in Chicago, have the ability to raise a small pool of unrestricted funds through individual donors.

While workforce intermediaries should be encouraged and supported in efforts to develop products and services that can bring in sustainable revenue that support WI activities, such strategies will not work for all organizations. For many WIs, a more realistic strategy may be to tap into some form of public sector funding. Federal funds, as noted above, can be quite restrictive, and the shrinking pool of funds is likely to dwindle further as the country faces ever larger deficits due to defense spending, healthcare and natural disaster recovery efforts. For these reasons, state funding for WIs may be a more likely source of sustainable support. Jobs for the Future's January 2005 report, *Building Skills, Increasing Economic Vitality*, highlights a few of the states whose policies support WIs—Washington State's Skill Panels, Pennsylvania's Incumbent Worker Training Fund, and North Carolina's Community College System (Biswas, 2005). In Summer 2005, Massachusetts joined the ranks of intermediary-supporting states with the passing of the Workforce Solutions Act, which provides $28.5 million for workforce intermediaries and related activities.

But one promising source of WI funding may be found closer to home, through local city and county governments. These local government entities are not the only ones to benefit from a skilled workforce, but they may have the most to lose by *not* investing in the local workforce. Local governments bear the brunt of providing social services to the poor and the working poor. Also, from an economic development standpoint, the local governments lose when businesses move—not just across oceans and state lines, but also to the suburbs. Because this is such an important concern, many local governments have been innovative in discovering ways to finance workforce development and workforce intermediaries.

This report, which has been supported by a grant from the Annie E. Casey Foundation, outlines the range of innovations that city and county governments have been using in recent years to support the activities of workforce intermediaries. These innovations were identified from written reports, Internet research, and conversations with numerous individual experts on workforce intermediaries as well as leaders of WIs themselves (The names of those interviewed for this report are found in Appendix A.) It is CAEL's hope that this inventory of local policy models can inspire workforce intermediaries to think in new ways about how their work might be supported and sustained through local public resources.

Types of Local Public Investment

Local public policy support for workforce intermediaries comes in a variety of forms. The range of options includes:

- General revenue
- Sales tax revenue
- Tax increment financing
- Tax abatement
- Real estate fees
- Tax syndication

In the pages that follow, we describe how each of these local revenue sources can be structured, which regions or cities are providing them, what WI services the funding covers, and which WIs receive the funds. In some cases, we provide some information about a type of local funding source that, in its current form, is primarily used for job training or employment services, but not necessarily for the coordinating functions that define a workforce intermediary. Our intent is to provide an inventory of the range of local, sustainable funding possibilities for WIs. Innovative WIs, armed with this information, may find ways to tap into such resources, or work toward establishing these new funding streams in their regions and cities, even workforce related funding sources that are not currently open to broader WI uses.

General Revenue

Some cities—such as San Antonio, Austin, El Paso, Tucson and Seattle—have designated part of their general budgets for workforce intermediaries.

- **The Project Quest Model.** In the early 1990s, San Antonio was facing economic decline, with industry leaving the area in alarming numbers. The community grew concerned about the future of the many low-skilled workers who were now unemployed. The local Industrial Areas Foundation (IAF) organizations (Communities Organized for Public Service and Metro Alliance) conducted research showing that San Antonio did have a number of good job opportunities, but the people of San Antonio did not have the skills to fill those jobs. The fact finding effort also revealed that there was interest from the workers to gain those skills through training, but that San Antonio did not have an organization working to address that need. From that effort arose **San Antonio's Project Quest**. Since its inception in 1991, Project Quest has been funded by general revenue dollars from the City of San Antonio, and today $1.5 million—or 65% of the organization's annual budget—comes from that source. Those funds cover staffing costs to deliver training, as well as the time that Project Quest staff spends working with employers on developing programs and partnerships.

- Many organizations have been modeled after Project Quest, particularly in the Southwest. **Capital IDEA in Austin** receives support from general revenue from both the city and Travis County for sector-based job training. Community-based organizing by Austin Interfaith has played a role in this funding, similar to the support of the IAF organization in San Antonio. Local stakeholders also believe that local funding for workforce development derives from a highly supportive environment: local businesses, retired executives, local government, and the community college system all understand the importance of education and training to the local economy and all appear to value the goal of equity in economic benefits to the community.

- Similarly, **Project Arriba in El Paso** and **Job Path in Tucson** are both organizations that were established when their communities recognized the critical need for raising the skills of their workforces. Both were also the direct result of advocacy efforts by their local IAF organizations: the El Paso Inter-religious Sponsoring Organization and the Pima County Interfaith Council in Tucson. Both receive general revenue funds not only from their city governments, but also from their counties. Project Arriba receives small grants of $10,000 –$20,000 per year from the city's general revenue, and larger grants from the county's general revenue in the range of $250,000 per year. In the case of Job Path, the county awards the organization approximately $500,000 per year. The local support dollars for Job Path and Project Arriba are not, however, used to support broader WI functions such as planning and coordination. Rather, Project Arriba uses the local funding for tuition and books, and Job Path uses it for support services like transportation and childcare.

- **Seattle: Seattle Jobs Initiative.** In Seattle, the pressure to invest in workforce development came not from an outside group but from within the government. Mayor Norman Rice, who led the city from 1989 to 1997, spearheaded a number of progressive initiatives during his tenure, one of which was to develop strong links between economic development and workforce development to ensure social equity among Seattle's residents. The vision was for all citizens to be able to benefit from the region's growing economy. The mayor and his Office for Economic Development eagerly welcomed the opportunity in 1995 to be part of the Annie E. Casey Foundation's Jobs Initiative. The City saw the initiative as the way to link low-income people to living wage jobs, while also developing a comprehensive approach to welfare reform (Rice, 2003). The administration gained support for the initiative from the City Council, the city's budget director, and other key city staff, and invested $5 million into the Seattle Jobs Initiative (SJI) in the first year. SJI started as an offshoot of the city's government, and its role was to serve as intermediary, working to coordinate and improve the services of different stakeholders involved in workforce development in order to benefit low-income jobseekers and employers. In 2003, SJI spun off from the city and became an independent non-profit organization. It continues to work as a WI and receives $2.4 million annually from the city's general revenue, but in this transition period is trying to generate additional sources of revenue from foundations and services.

Local Sales Tax Revenue

Some cities have designated a portion of their sales tax revenue for workforce development and workforce intermediaries. The **Valley Initiative for Development and Advancement (VIDA)** is a workforce intermediary serving the **Rio Grande Valley area of Texas**. VIDA operates in a number of cities in this region. Four of the cities—McAllen, Harlingen, Port Isabel and San Juan—are providing VIDA with funding from sales tax revenues. VIDA may also soon be funded by a regional consortium of county and city agencies in Star County, where the county would provide funds from bridge receipts, the City of Roma would provide funds from general revenue, and Rio Grande City would use funds from their sales tax.

The city of McAllen's total sales tax pool is approximately $16 million. Approximately $600,000 of that goes to VIDA, with the rest going to the Region 1 Educational Service Center (for adult education and GED programs) and South Texas College (for job training). The sales tax revenue that goes to VIDA typically covers approximately 25% of the organization's budget. The city wins from this arrangement as well.

Recent analysis from VIDA shows that the city's investment of $2.4 million has resulted in more than $5 million in benefits (increased sales tax, property tax and other fees), for a return on their investment of 211% (VIDA, 2005).

What makes this kind of local funding possible in the cities mentioned above is a Texas state law establishing the Economic Development Sales Tax. This law permits cities to adopt an economic development sales tax of up to one-half of one percent to fund economic development activities. The revenue can be used to fund not only facilities, airports, and infrastructure improvements, but also job training and related activities, depending on individual needs of the community. (See Appendix B for information on Texas' Economic Development Sales Tax.) Cities interested in having VIDA develop local career pathways programs have requested formal proposals from VIDA in order to secure the sales tax revenue for funding.

Tax Increment Financing

Another option for cities is the use of tax increment financing (TIFs) to fund workforce development activities. When a city designates an area to be a TIF district, any future growth in property tax revenues over a certain period of time is earmarked for reinvestment into that community for economic development activities. The idea is to make a specific geographic area attractive to employers and developers so that property values rise. The taxes on the initial value of the property will continue to be paid to the local taxing body, but the "tax increment"—or the difference in taxes on the new value versus the base value—goes to the TIF authority for reinvestment in the community. The challenge is that the city must often invest money in advance of realizing the tax increment in order to ensure the rise in property values. The tax increment thus serves as security against current borrowing (Weber, 1999). In Illinois, TIF districts maintain their TIF designation for 23 years.

Chicago is one example of a city that has used TIFs effectively to fund economic development projects. To pay for the up-front costs of improvements that lead to increased property values, the city relies on two primary methods. In the first method, the city floats revenue bonds for the total amount of the redevelopment, using the expected tax increments as security. In the second method, the city requires the firm or developer to pay the up-front costs, with the promise of repayment from the city's TIF dollars as they are realized.

The TIF program has been a great tool for development in Chicago. However, twenty-six community advocates—mostly community-based workforce and development organizations—argued in 2001 that the community itself would only benefit if the residents are able to fill the jobs in the firms that locate in the TIF districts. The advocates urged the city to use some of the TIF funding for job training programs that help local residents meet the entry level skill requirements of the TIF district's employers. (Illinois state law recognizes job training as a "TIF-eligible" activity.)

In 2002, the city established the TIF Works program, which provides businesses in the TIF districts with funding that can be used for customized training, English as a Second language instruction, and industry-specific instruction related to regulatory compliance (Holmes, 2002). The program is administered by the Mayor's Office of Workforce Development (MOWD), which outsources the training function to local community-based organizations serving as workforce intermediaries. At this time, MOWD concentrates these dollars primarily on manufacturing companies and businesses which demonstrate that training will make them more competitive.

The Chicago Jobs Council reports that in FY 2004, the Mayor's Office of Workforce Development spent $2,056,349 through the TIF Works program, and an additional $490,000 through the TIF Business and Employer Services Program (which funds customized services for an employer or set of employers, which may include some training services) (Chicago Jobs Council, 2005). A brochure for TIFWorks is provided in Appendix C.

Although eligible activities for this local funding resource do not, at this time, include ancillary activities such as planning and coordination—activities critical to the workforce intermediary function—it is a funding resource that could be worth exploring, particularly if the guidelines could be broadened for different uses.

Tax Abatement

Another economic development tool that has been harnessed at the local level for the funding of workforce intermediary activities is the tax abatement. Tax abatements are typically used to attract businesses to a region by setting up an agreement with a company to phase in property taxes over a period of time in order to encourage the company to invest in a new facility. The company can invest heavily at the outset without having to pay the higher taxes that would otherwise accompany improvements to a property.

In **Austin, Texas**, the city of Austin and Travis County established a deal with Samsung in 1996 that provided incentives designed to promote the hiring of low income residents into well-paying jobs, while establishing the funding for programs to train residents to qualify for those jobs. In exchange for the company locating its new facility in downtown Austin and paying an entry level wage of $7.50/hour, the city and county offered to abate 40% of the applicable property taxes for ten years, with the potential for the company to earn an additional 15% abatement by filling at least 40 percent of Samsung's jobs with low-income residents of the county. As part of that deal, 20% of the taxes that Samsung did pay were to be placed into a dedicated fund for workforce development activities to help generate skilled workers for Samsung and other area employers (Glover et al, 2003). Part of this fund supports the work of Capital IDEA, a local workforce intermediary.

The tax abatement funding for workforce development supports direct services such as tuition, childcare, transportation and counseling. In addition, the support helps cover the costs of planning and other work with employers, key activities of workforce intermediaries.

Real Estate Fees

A third economic development tool that has been used to help fund local workforce development is a fee for real estate development. In **Boston**, a "linkage fee" has been in place since 1987, requiring large-scale real estate and construction projects to pay into a special fund for neighborhood housing and job training.

For large developments, the Boston real estate linkage fee applies to every square foot over and above 100,000 feet. Currently, the per square foot fee is $7.18 per square foot for affordable housing in Boston's residential neighborhoods and $1.44 per square foot for job training. The pay-in period for a development is negotiated for each project.

The job training dollars are overseen by the Neighborhood Jobs Trust, which is administered by the Mayor's Office of Jobs and Community Services, a division of the Boston Redevelopment Agency. The funds are very flexible, but are typically distributed through contracts with local providers for English as a Second Language, adult education, and job training. The Neighborhood Jobs Trust has also provided significant funding for Boston Skillworks, a workforce intermediary formed by a coalition of philanthropy, government, labor, employers and community groups.

The Boston linkage fee system has helped to generate between $5 million and $6 million for education and training over the past three years. These resources have funded 116 programs in the areas of childcare, youth programs, adult education, job readiness, and skills training (including Skillworks). Because the funding is so flexible, it can serve as a "gap filler" in critical areas such as English as a Second Language, incumbent worker training, target populations, and so on. It has also allowed for opportunities to develop public/private partnerships. For more information, consult the websites of the Boston Redevelopment Authority (www.cityofboston.gov/bra) and Policy Link (www.policylink.org/EDTK/Linkage/action.html).

Tax Credit Syndication

The public sector has often used employer tax credits as a way to leverage the hiring of the hardest-to-serve workers or to encourage investment in the workforce through training. One drawback to these incentives is that they have no value to employers who are not subject to paying taxes. Large non-profits such as hospitals, schools or government agencies do not qualify for these credits even though hospitals in particular may be prime candidates for hiring and training lower-skilled, lower-income workers.

Tax credit syndication is one way to tap into these tax credits even when the disadvantaged worker is placed in a nonprofit or government agency. Employ America (EA), based in Chicago, has developed a model for tax syndication, in which Employ America is the for-profit entity that is the employer. EA acts as a staffing agency, recruiting disadvantaged workers from One-Stop Career Centers and social service agencies for placement in both for-profit and non-profit work sites. EA earns any federal, state and local tax credits. Some of the money from the tax credits goes to the organization providing the job, and some is retained by EA to cover overhead and subsidize employee benefits. It is important to note that the tax credit support is only part of what pays for the work of EA. The bulk of their work is supported by payroll service fees paid for by the work site.

At this time there are a number of federal programs that offer workforce-related tax credits to employers, including the Work Opportunity and Welfare-to-Work Tax Credits, Empowerment Zone credits, and Renewal Community credits (a HUD program). These are primarily the ones that apply for Employ America. However, some states and local areas may offer their own tax credits as well. Workforce intermediaries might explore how partnerships for tax credit syndication might work in their areas to capture the tax credits for employers in order to support the work of workforce intermediaries. If structured correctly, they could yield significant and flexible resources for intermediary activities.

Conditions for and Drivers of Local Public Support

The above inventory of local funding sources for workforce intermediaries is a useful starting point for organizations interested in securing sustainable funding streams for their work. The next step is understanding how the local public support for workforce intermediaries—or for workforce development programs in general—was established in these communities. In looking at the history of the policies described above, there are several different avenues that can lead to local policy change in support of workforce intermediaries. In some cases, the community's own values created conditions that were ripe for such policies. In other cases, advocates recognized opportunities for change in unique political circumstances. Finally, many policies required the backing of, or leverage from, strong drivers for change.

- S**upportive Community**
  Workforce development policies do not necessarily face an uphill battle in every community. Some cities and regions are prime breeding grounds for policies that support links between workforce and economic development, as well as proactive responses to the business community's workforce needs and the needs of lower-income, lower-skilled workers. Austin's Samsung tax abatement was born out of an economic necessity to attract a large, high tech employer to the community, but the crafters of that plan were also concerned with equity. They therefore included in the tax abatement agreement several benefits to the community and the workforce, including higher wage jobs, targeted hiring practices, and additional funds committed to workforce development activities for the region. As one interviewee noted, this is a community that "gets it." Various stakeholders understand the connection between higher skills and a vibrant economy. Support comes from the business community, the Chamber of Commerce, the government, the community college system, volunteers, and community organizations. These regional players are currently working on a coordinated regional plan for workforce development and the support of workforce intermediaries with a grant from the Annie E. Casey Foundation.

  The concern for community equity was also a key factor in Seattle, which has long had a reputation as a "progressive" community, with a strong interest in supporting social welfare programs. In the late 1990s, through an inclusive process, the city identified its priority initiatives as neighborhood planning, affordable housing and workforce development—all reflecting the city's values, which were identified as social equity, economic opportunity, environmental stewardship and public safety (Rice, 2003). This, combined with a thriving economy in the late 1990s, created an environment that led to strong support for the Annie E. Casey Foundation's Jobs Initiative, with city dollars committed to supporting the Seattle Jobs Initiative.

- **Political Window of Opportunity**
  Communities like Austin and Seattle are not the norm, however. In most communities, there is still much to be done to educate leaders and stakeholders on the value and importance of making workforce development a priority. Policy change can happen, however, when advocates seize opportunities that arise. In Boston, for example, the "linkage fee" policy became a reality in 1983 when community-based organizations and tenants groups put pressure on a departing mayor to pay more attention to the needs of the neighborhoods, which had been losing ground to downtown big business interests. A statewide grassroots organization called Massachusetts Fair Share promoted a

non-binding ballot resolution for the "linkage fee," and over 70 percent of the voters supported the concept. Community-based organizations used this referendum to raise awareness during the mayoral race. The result was that the mayoral candidates who had supported neighborhood issues received more votes than the business-backed candidate. The outgoing mayor established the linkage fee, and the incoming mayor kept it in place. Implementation, however, was not easy. Legislative approval from the Commonwealth of Massachusetts was required to move forward with the fee, and that approval came in 1987. The policy has been called a "linkage fee" in order to combat opposition to taxes on the business community. (See history of the Boston linkage fee at www.policylink.org/EDTK/Linkage/action.html.)

- **The Community Organizing Approach**
  In the Southwest, IAF organizations have played pivotal roles in the creation of workforce intermediaries and also in the securing of local public funding for the WIs. Project Quest, Project Arriba, and Job Path were all created as a result of the organizing and advocacy work of the IAF organizations in San Antonio, El Paso, and Tucson. The IAF organizations have also been the primary advocates for getting city and county funding—through both general revenue and sales tax revenue —for workforce intermediaries in San Antonio, El Paso, Tucson, Austin, and several Rio Grande Valley communities. The IAF organizations have remained actively involved in workforce issues, and work to keep the political will for supporting WIs strong at the local level.

  IAF organizations have long argued that political change happens through *organized people* or *organized money*. The approach of organizing money has also been a driver for new local support for workforce intermediaries. The Annie E. Casey Foundation, along with the Ford and Rockefeller Foundations, have helped launch "funding collaboratives" in several cities: New York, Boston, San Francisco and Baltimore. In these collaboratives, local and national funders pool their resources for workforce development and craft a joint approach for funding career ladder and other intermediary-led initiatives in their region. The collaboratives have been successful in leveraging public sector support to add to the funding pool, with the cities of Boston and New York and the state of California all contributing funds. (Please see sidebar for more information.)

- **Pressure from the Business Community**
  In some instances, funding for workforce development from local public sources has been championed not only by community organizing groups, but also by local employers. In Brownsville, Texas, for example, employers ranging from hospitals to local car dealerships were actively involved in getting city officials to commit funding to job training and workforce intermediary activities. A major healthcare employer in Harlingen, Texas, was an important

The Workforce Intermediary Project

The foundation-supported funding collaboratives mentioned on this page are part of a larger initiative called the Workforce Intermediary Project. Funded in part by the Annie E. Casey, Ford and Rockefeller Foundations, and overseen by Jobs for the Future, this project has been designed to generate national support for workforce intermediaries while building the capacity of WIs locally. The local intermediary effort includes the establishment of funding collaboratives that are focused on building local WI capacity, along with the convening of various stakeholders to work together to expand the impact of WIs and leverage greater investment in them locally. Mentioned in this report are several entities involved in the Workforce Intermediary Project, including Capital Idea in Austin, Skillworks in Boston, the state of Pennsylvania, and the Workforce Innovation Fund in New York City. For more information about the project, see http://www.jff.org/jff/PDFDocuments/InvestingWkfceIntermed.pdf.

driver there because that employer accounts for a large part of the local employment base. In Tucson, employers were also instrumental in championing investment in the workforce, particularly bankers and developers who have an interest in overall economic development of the region.

- **Economic Necessity**
  The examples from the Southwest WIs such as Project Arriba, Project Quest, Job Path, and VIDA also demonstrate that the conditions of the local economy can put pressure on public officials to invest in workforce development and job training. El Paso and San Antonio were both dealing with the loss of their industrial base, and Harlingen's high unemployment rate helped make the case for investing in skill training. Tucson, meanwhile, was reeling in 1994 from Microsoft's decision not to locate there because of a lack of skilled workers when the local government made the decision to allocate resources to Job Path.

Next Steps for Workforce Intermediaries

Even after understanding the different paths to securing local funding, workforce intermediaries interested in pursuing such opportunities will wonder which of the local funding models to try to replicate and how to get started. Below are some suggested first steps for leveraging the interest of local officials and policymakers:

1. **Scan the Environment**
   The local support that is possible in a given area may be heavily dependent on the assets of and conditions facing a given community, or on the sensibilities of its leaders. Not every community is as supportive of workforce development as Seattle or Austin, and so not every city is going to move quickly to a position of committing general revenue funds to workforce intermediaries. Most WIs will need to find a different source of funding and/or sell the idea to the right stakeholders. The first task is to do some homework and get a clear picture of the environment, its assets and challenges, and possible sources of funding for exploration. Some questions for a WI to ask may include:

   - Who are the key players in workforce development and economic development in my local area? How are they funded and what is their impact on jobseekers, incumbent workers, and employers?

   - What are the key economic concerns of my city/region? Who would benefit from a change? For example, is there a company that has been targeted for relocation to the community and are there concerns about who the company will be able to hire? Is the community putting together a relocation package with tax incentives such as abatements or TIFs?

- What are the concerns of the general public? Is there an entity or group that can organize (or is organizing) the community around those concerns?

- Which local organizations are involved with public housing issues? How might the goals of those groups intersect with those of workforce intermediaries? Are there possibilities for partnerships, working together with a common voice to urge policy changes to benefit both groups?

- What is happening politically? Is there a high-profile election (e.g., mayor or county official) on the horizon? Is the local economy an issue for political incumbents and their challengers?

2. **Identify Allies and Targets—and Begin to Network**
   Using the information learned during the scan, workforce intermediaries can begin to identify allies—people or organizations that could be of assistance in helping to leverage interest in and public funding for workforce development and other intermediary activities. WIs may also begin to clarify who the potential "targets" will be for pursuing the policy change. Active pursuit of conversations with theses allies and targets may create opportunities for joint exploration of possible strategies for pursuing local funding for workforce intermediaries.

3. **Document and Publicize**
   A significant challenge for workforce intermediaries is that even when many policymakers and public officials value workforce development and economic development activities, they often do not have a good way to convince others of the direct impact that workforce development and career pathways programs can have in terms of improvements in the local economy, increases in local tax revenues, reduced social service costs, reduced crime rates, and so on. As WIs begin to pursue local public support opportunities, it can be helpful to have data to back up requests for funding. For example, organizations like **Twin Cities RISE!** and **Valley Initiative for Development and Advancement (VIDA)** have used return on investment data in their reporting to local public funders. Twin Cities RISE! provides the state with return on investment analysis for a program funded through a pay-for-performance structure (Colborn, 2005). Also, as mentioned earlier, VIDA has demonstrated to the City of McAllen that the VIDA self-sufficiency project provides a 211% return to the city, amounting to more than $5 million in additional sales tax, property tax and other fees (VIDA, 2005). Having data showing how a WI program can directly benefit the community's bottom line can be a powerful tool for leveraging funding.

These are only the initial steps in the process. Once a possible strategy for local funding emerges, the WI will engage in numerous other activities, which can include one-on-one advocacy meetings with key stakeholders and business leaders, speeches and testimony before city councils and boards, preparation and dissemination of issue briefs, old-fashioned networking, town hall meetings, community organizing, and so on. The outcomes will vary considerably from city to city, but the more WIs pursue these kinds of funding possibilities, the more successes and models we will see.

A Diffferent Approach to Sustainability: New Uses of Existing Funding Streams

As this report has shown, there are several examples of local governments that contribute significant dollars to workforce development and job training activities by independent workforce intermediaries. There are two major workforce development players at the local level, however, who receive the lion's share of public sector funding for workforce development: Workforce Investment Boards and community colleges. Across the country, thousands of local Workforce Investment Boards oversee Workforce Investment Act (WIA) program funding, and these WIBs also may contract with other agencies, schools, or organizations to administer the One-Stop Career Center and/or job training programs funded by WIA and other public sector programs. Community colleges, numbering more than 1,100 nationally, receive support from the state and in some cases from local governments to provide adult education, workforce development, job training, and degree and certificate programs.

Over time, a small but growing number of local Workforce Investment Boards and community college systems have begun to see themselves as playing an expanded role in their communities to help coordinate and link workforce development and economic development efforts within a city or across a region. In addition, they are designing job training and placement programs with employer input and involvement, and they are recognizing the importance of developing career advancement/career pathways programs—going beyond job training and placement to consider what the next step of entry level workers might be.

These two players offer something that most non-profit WIs do not: a sustainable infrastructure. They are larger organizations, are well dispersed across the country to serve diverse populations and employers, and have access to relatively stable funding streams. WIBs and community colleges are not without problems, however. For example, they are not as agile as most non-profit WIs, and they can be highly bureaucratic because of their funding sources and the regulations under which they operate. And yet their status as recipients of major public funding and their capacity to reach a much larger number of individuals and employers mean that they could have an enormous impact on the fields of workforce and economic development. This potential for large impact demands a serious look at the WIBs and community colleges that are taking on the workforce intermediary mantle.

Workforce Investment Boards as Intermediaries: A New Use of Federal, State and Local Dollars

Workforce Investment Boards (WIBs) are the primary local governing bodies for federal job training programs. One of the responsibilities of a WIB is the creation and oversight of one-stop career centers, which combine multiple federal, state and local program funds. The overall intent in the establishment of these organizations is for the WIB to ensure that the workforce system is market-driven, that it is easily accessible to anyone who needs a job or training, that it supplies well-trained people for all employers, and that it provides employers with assistance and support for workforce development needs (see website for the National Association of Workforce Boards, www.nawb.org).

As Mark Troppe and Graham Toft noted in a 2004 report to the Ford Foundation, successful WIBs that can make a big impact take a "systematic approach to understanding the needs of local businesses." In this approach, they begin by researching labor market information, and then progress to developing a regional strategy, establishing effective management systems, and allocating resources effectively (Troppe and Toft, 2004).

By taking this approach, some WIBs are recognizing the value of supporting workforce intermediary functions, and they are using WIA dollars to support those activities in a number of different ways. They are acting as workforce intermediaries themselves, they are funding other organizations to serve that role, and they are pooling their WIA resources with local economic development funding so that these efforts are coordinated across regions.

- **WIBs as Workforce Intermediaries**
  Some WIBs are finding ways to transform themselves into workforce intermediaries. Because federal WIA funding helps support their general operating expenses, and because they are the official coordinating bodies for employment and training activities, they are in a good position to assume a strong coordinating role in the community. WIBs that understand the link between workforce and economic development are being proactive in understanding the needs of local businesses. There are a number of good examples of WIBs acting as WIs. Interviewees for this report mentioned the **Boston Private Industry Council** and the **North Central Indiana WIB** (which has incorporated as Workforce Development Strategies, Inc.) as good models for further study. And the WIBs in and around the Chicago area have formed the **Workforce Boards of Metro Chicago**, which is actively engaged in exploring sector-based approaches to address the workforce shortages of regional employers. (Read about their Critical Skill Shortages Initiative on www.workforceboardsmetrochicago.org.)

A non-profit organization called **WorkSource in Northeast Florida** staffs the WIB and oversees the service delivery through the region's One Stop Career Centers. This organization functions as both the WIB and a WI. According to Troppe and Toft, WorkSource has provided support to a local incubator, the Enterprise North Florida Corporation, in order to gain insight into the needs of emerging businesses and to be more proactive in job creation. In addition, WorkSource has recognized the need to serve different levels of the incumbent workforce in order to serve the needs of the local business community. To do this, it used cost-of-living data available from its economic development partners to establish a "self-sufficiency wage" of $23/hour for the Jacksonville region. This self-sufficiency wage then enabled WorkSource to provide services using WIA funding even to higher skilled workers such as those in IT, earning up to $23/hour. For these kinds of programs, WorkSource pays only a portion of the incumbent worker training (on average, 35% of the total cost), with the employer paying the balance. (Troppe and Toft, 2004).

California provides a model for promoting the transformation of individual WIBs state-wide. In January 2004, the California Workforce Association issued a draft policy framework, "Building Communities with a Competitive Workforce Advantage." (See Appendix D.) The framework specifies roles for the WIBs to help the community achieve a competitive advantage. These roles include engaging various stakeholders, convening focus groups with key industry clusters, connecting employers to public resources for skills upgrade training, and participating in overall economic development planning. As of 2005, ten WIBs in California had adopted the framework. The **San Mateo WIB**, for example, has established a successful partnership with a biotech employer which provides a training program with internships and human resource support. Scientists on staff with the employer have helped review the curriculum and teach at the college. The **San Bernardino County WIB** has migrated from the local human services area to economic development, in order to align workforce development with economic development. Now called Jobs and Employment Services (JES), the WIB is organized into business resource centers and employee resource centers, and staff are cross-trained in economic development to understand business needs.

- **WIA Funding of Other Organizations**
  In some cases, the WIB recognizes the value of the workforce intermediary function and embraces the regional coordinating role, but supports non-governmental WIs as well. For example, **New York City's Department of Small Business Services** is the oversight agency for WIA dollars. When a group of local funders pooled resources to create the Workforce Innovation Fund, they approached the SBS to solicit their support and involvement. The SBS contributes some of its WIA customized training funds to the Workforce Innovation Fund, which is providing support to collaborations of employers, service providers and a workforce intermediary to develop and carry out sector-based training programs. The funding for these partnerships includes a planning grant to cover all the upfront costs of design and development with the employer.

- **The Pooling of Regional Resources and Creation of a New Non-Profit Entity**
  There are several instances of WIBs working closely with other regional partners and pooling resources to create a non-profit workforce intermediary organization that oversees and coordinates economic development and workforce development activities for a region. This function includes managing WIA dollars. In California, the Stanislaus County Economic Development Corporation and the local WIB

State Support for Workforce Intermediaries

Support for workforce development at the state level is often designed to help with attraction and retention of businesses. Such programs rarely fund anything more than straight job training. Some states have started to go beyond job training to supporting the development of sector-based career ladder programs and the efforts of Workforce Intermediaries. States like Michigan, Washington, and Illinois have supported regional partnerships to address skill gaps in key industries. Pennsylvania and Massachusetts, meanwhile, have launched new programs in the last year that provide new sources of funding to regional partnerships and Workforce Intermediaries. Following are short summaries of these new state programs.

Pennsylvania Incumbent Worker Training Fund
In Fall 2004, Pennsylvania's Governor Edward G. Rendell announced a new program, Job Ready Pennsylvania, to prepare the state's workforce for high skill jobs. Part of the plan included an Incumbent Worker Training Fund. In 2004-2005, the state committed $5 million to support industry training overseen by regional partnerships. Required partners include a WIB, a Manufacturing Extension Partnership (for manufacturing projects), and a Workforce Intermediary (the WI could be the WIB or a private entity). In addition to training, the funding could also cover the costs of the work of the partnership and capacity building of the Workforce Intermediary. In Summer 2005, the Governor announced an additional $20 million in state funding for the initiative. Of this amount, $15 million is committed for training grants, and the remaining $5 million is to continue the work of developing the partnerships.

Massachusetts Workforce Solutions Act
Also in Summer 2005, the Commonwealth of Massachusetts passed the Workforce Solutions Act, which provides $20 million for a Workforce Competitiveness Trust Fund. This fund is to support collaborative programs among employers within a region or industry sector, while increasing cooperation among employers, the workforce development system, and other organizations and providers. The goal is to "provide an integrated continuum of education and training for Massachusetts workers to meet regional workforce needs at all skill levels and expand opportunities for residents to benefit from education and training that leads specifically and directly to employment with self-sustaining wages."

merged and formed a nonprofit called the **Small Company Economic Development and Workforce Alliance**. This organization, which serves as both a WIB and a community development finance institution (CDFI), oversees one-stop employment and training services, a small business development center, business marketing and promotion, and a revolving business loan program (Troppe and Toft, 2004). In Oregon, **Worksystems, Inc.** is a partnership of the elected officials from two counties and the City of Portland, as well as leaders from business, labor and education. Worksystems serves as the WIB and administers WIA activities (Hicks et al, 2000). Similarly, the North Central Indiana WIB is a partner in the creation of **Workforce Development Strategies, Inc.**, a private, non-profit organization serving a six county region. The organization is charged with developing and coordinating regional comprehensive economic development strategies (Troppe and Toft, 2004).

Community Colleges as Intermediaries: From Low-Cost Training Provider to Regional Economic Development Hub

Community colleges are the other publicly funded institution that is well positioned to take on the role of workforce intermediary. Their mission and history support that function, they have a relatively stable base of funding from states and some local sources, and by design they are within easy reach of most communities. Like the WIBs, they offer a ready infrastructure upon which to build, giving them the potential to have a large impact on skills, workers and employers.

Community colleges were originally developed at the turn of the 20th Century to help increase college attendance by American workers in order to meet the needs of business as it faced increased global competition. (See the American Association of Community Colleges website, www.aacc.nche.edu.) Eventually, the community colleges developed multiple missions to:

- deliver an associate's degree (AA and AS) for students transferring to four-year institutions
- develop programs for terminal degrees (AAS) in a technical or occupational field
- provide developmental programs for those unable to meet entry-level requirements of the degree programs, and bridge programs for those unprepared for college study
- provide a continuing education resource for advancement, civic engagement, or life-long learning
- embed education in the community where it could best meet the needs of citizens and employers

Ironically, as the U.S. once more faces global economic competition and the need for a more skilled workforce, community colleges are once again seen as a key solution to the nation's economic need.

There are different levels at which the colleges have responded to the need.

Level 1: Learning How to Be Responsive to Business and Industry Needs. At the most basic level, colleges provide a business and industry unit that designs and delivers training programs for local business needs. At this level, the community college establishes a relationship with the industry or individual employer, revamps courses to meet specific needs, changes the format of courses to include online, accelerated or modularized designs, and adds adjunct faculty to enhance capacity. Establishing this kind of service to the business community is an important step toward becoming a WI because it requires responsiveness to business and market changes. Developing such responsiveness and agility can also be a challenging transition for higher education institutions to undertake.

Level 2: Developing Innovative Career Pathways Programs. At the next level, colleges have moved from a focus on skill-building to the development of career pathways programs. With this change, the colleges have expanded the scope of their involvement to include assessment as well as the blending of adult basic education services such as literacy, ESL, and study skills with professional and technical curricula. Colleges' need to locate the funding for new courses and curricula, as well as financial support for students, usually moves the college deeper into the community. In many cases, they also need to create new pipelines of recruitment of entry-level employees for their employer partners. These new responsibilities have led colleges to reach out to and establish partnerships with trade and employer associations, Workforce Investment Boards, One-Stop Career Centers and community-based organizations (CBOs). Colleges have also sought funding opportunities through foundations, industry grants, and innovative public policy changes.

- **Madison Area Technical College in Wisconsin**, for example, has created a career pathways program in manufacturing that helps lower skilled/entry level manufacturing workers access training for an Associate's degree that leads to higher skilled positions such as technician or supervisor or skilled trade position, making an annual salary of $25,000 - $40,000. The program then links those workers to bachelor's degree programs in Mechanical and Manufacturing Engineering Technology, which helps the worker qualify for higher level management and engineer positions that earn $45,000 and up. (Jenkins, 2005.)

- In another example, in 2000, the **Mountain Empire Community College** in Virginia recognized that its water/waste-water program was on the verge of extinction. On conducting some research, the college discovered a large demand in the state water plants for workers with these qualifications, and they realized that Mountain Empire Community College had the only associate-level water program in the state. The college revived the program, offered a web version, and redesigned the curriculum to allow students to complete their lab work on the job. With these changes, the program turned into a career pathways program, where incumbent workers can gain the qualifications needed for promotion to higher level jobs in the water plants and where the college can train new entry-level workers to staff local plants (MacAllum and Yoder, 2004).

- **Guilford Technical Community College**, meanwhile, has developed the Highway to Success program, which provides training programs for economically disadvantaged adults. The program links to community-based organizations for support services and recruitment, government agencies for funding, and local employers for job opportunities. The program is also establishing linkages between the training program and the academic side of the institution to help participants transition to degree-granting programs (Alssid et al, 2002).

Level 3: Becoming a Regional Convener and Intermediary. There are hundreds of colleges that have developed partnerships with workforce systems, with social service systems, with CBOs, and with regional economic development organizations in order to offer robust career pathways programs for their communities. These partnerships help to prime colleges for a role shift. Colleges that choose to build on their partnerships and take on the role of convener help to move the community college to the next level, in which they serve as a true workforce intermediary.

For example, **Mission College** in Santa Clara, California formed a "Workforce and Economic Development Unit" that includes contract education, a regional business assistance center, welfare-to-work, job placement and other services.

The college develops special regional programs with funding from competitive economic development state grants, and it oversees privately funded programs for consortium development and the delivery of college credit based career pathways training at CBOs, adult education and social service agencies. (Harmon and MacAllum, 2003.) Several other colleges and/or college systems are taking on regional planning initiatives – most notably in **Ohio** and **Kentucky** (with grants from the KnowledgeWorks Foundation and the Ford Foundation) and **Washington State** (Alssid et al, 2002).

The Challenges of Community College Funding
As noted above, one appeal of developing community colleges as workforce intermediaries is that they have a large infrastructure already in place and that they have a relatively stable source of funding. The funding sources, however, may not be ideal for supporting an added workforce intermediary function – at least, not currently, as public dollars are typically tied to credit or non-credit enrollments. In fact, most colleges are funded by the state (and/or in some cases through local sources) through formulas based primarily on for-credit enrollment figures. CAEL and others have often pointed out in the past that these formulas can be problematic for developing the non-credit side of a college, which exists primarily to address local economic development and employer needs. The non-credit side tends to be supported by fees from employers and individuals taking courses. If the college could charge high enough fees, and if state and/or local policy allowed it, the surpluses could theoretically be used to help with the development of programs and the WI convening function. Charging significantly higher fees is not always possible, however, as employers will often expect a lower cost that is on par with the college's for-credit programs.

Because changing state and local funding formulas requires a significant change in public policy, some colleges are finding other sources of funding for their workforce intermediary efforts:

- **Private Foundations**. As mentioned earlier, private foundations like the KnowledgeWorks Foundation and the Ford Foundation have funded special projects where community colleges are the lead organization in regional economic development/career pathways initiatives. Other foundations have supported these programs as well. Foundation funding, as noted earlier, is not a sustainable source of funding for a community college's workforce intermediary efforts.

- **Legislative Support**. The **Chicagoland Regional College Program (CRCP)** is a partnership among Moraine Valley Community College, Chicago State University, and United Parcel Service (UPS) to offer a special education and training program as an incentive and retention tool for UPS employees working at least 16 hours per week on hard-to-staff shifts.

The program provides full tuition, fees, books, a transportation allowance, a housing subsidy, health benefits and support services to these employees. The partnership made a case to the state legislature on the importance of this program to southwest Cook County, which is economically depressed, and the state legislature awarded $2.2 million to support the program's first year of operation (MacAllum and Yoder, 2004). It might be argued that community college systems are better positioned to receive these kinds of legislative awards since they are currently funded extensively by the state, as opposed to smaller, independent and non-profit organizations.

- **Venture Capital Model**. To address the development costs of new business-oriented programs, some colleges are able to rely on investments from internal sources, provided that there is a promise of a return. At Northern Virginia Community College, for example, the approach is similar to that of a venture capital model, where each training program is treated like a business. The Workforce Development Office requests a loan from the college and must present a solid plan for creating income in the long-term and a return on investment. If the business plan is a good one, the college president makes venture capital available as seed money to develop the program (MacAllum and Yoder, 2004).

Recommendations for Future Study and Support

CAEL's recommendations for next steps in identifying and/or creating new public funding sources for the workforce intermediary community are as follows:

Recommendation 1: Recognize the value of organizing people and organizing money.
The community organizing model has resulted in public support for workforce development and workforce intermediaries in two different ways. In the Southwest, exerting political pressure through "organized people" has helped to secure long-term and flexible funding sources for WIs in several cities. And in large, northern cities like Boston and New York, funding collaboratives with a large pot of "organized money" have leveraged local policy support for WIs and their work as well. More needs to be understood about the replicability of the IAF model in other locations as well as what factors need to exist for a funding collaborative to work.

Recommendation 2: Foster partnerships between WIs and local affordable housing organizations.
A number of different avenues for securing local public support for WIs involve establishing ties between workforce development and economic development, and showing how the local economy of a region cannot benefit equally if local workers do not benefit from newly-created jobs. Two of the economic tools described in this report—Chicago's TIFWorks and the Boston linkage fee—were both made possible because of strong advocacy for equity that came from the affordable housing community. The housing community might argue that economic development cannot happen in one location while the rest of the city's infrastructure suffers, and the work-

force argument may be that new jobs in a city are not good if they only hire workers from outside the community. These arguments both speak to equity in economic development. By working with a common voice with the affordable housing community, WIs might be able to leverage new funding streams while also helping to establish the relationship between economic development and community development in the public arena.

Recommendation 3: Find other ways to replicate local policy models described in this report.

The replicability of the funding options described in this report is an open question. Staff at Boston's Neighborhood Jobs Trust, for example, does not believe that the Boston linkage fee is replicable because it required getting legislative approval from the Commonwealth—an extraordinary measure for establishing a local policy. Nevertheless, it may be possible for WIs in different locations to take one of the models presented here and find a way to establish the same policy—or something similar—in their own cities. WIs having good connections with local public officials and with local advocacy groups will have a clear picture of what is possible in their communities and how they might be creative in accessing local funding for intermediary activities.

Recommendation 4: Continue to test new funding solutions that ensure the sustainability of WIs.

The Casey and Ford Foundations have been leading the effort to explore how WIs can become more self-sustaining. Because public sector funding for WIs is not universally available at the state and local levels, efforts to identify new fee-for-service opportunities for WIs are critical.

At this time, few WIs offer revenue-generating products or services. WIs often have difficulty thinking of themselves as entrepreneurs or imagining a fee-based product or service that would be consistent with their missions of serving primarily disadvantaged populations. External support for strategic thinking and change management might help them past this hurdle. Lessons from CAEL's experience—in developing revenue-generating products and services, growing the organization's size and scope, becoming largely self-sustaining, and increasing its impact—could provide guidance for some WIs, along with other guides for making non-profit organizations more efficient and effective in achieving impact. It may also help to provide additional information that distinguishes between revenue-generating non-profits and revenue-generating for-profits, outlining the differences and similarities between these two different types of organizations.

Recommendation 5: Support larger systems like WIBs and community colleges in their efforts to serve as workforce intermediaries.

To encourage more WIBs and community colleges to assume the workforce intermediary function, there will need to be greater efforts to share information and best practices, as well as institutional and public policy changes. Advocates can:

- Assemble a body of knowledge that represents what has been done successfully and unsuccessfully by community colleges and WIBs—and, in some cases, reconciling what might seem to be conflicting missions.
- Collect and publish resources—guides, legislation, training, coaching—for how to transform WIBs and/or community colleges into workforce intermediaries These resources would show how to link to employers, how to find funding, and how to build a career pathway if it doesn't exist.
- Obtain buy-in from key internal stakeholders. At community colleges, this means obtaining faculty buy-in for the new role of the college in the community. For WIBs, this means making sure all staff understand the new role of workforce intermediary and how this changes staff

roles and responsibilities. Professional development of staff is an important part of making this change.

- Adjust college FTE formulas that states use to fund college programs so that there is support for non-credit program development and delivery. In a small number of states there already is FTE generation for non-credit activity, so there are models that new states can use.
- Help colleges create stronger links between the non-credit and for-credit sides, to allow students greater access to degree-granting programs.
- Develop incentives for WIBs and/or community colleges to serve as convener in a region.

Recommendation 6: Do not give up on federal support.

The ways in which some WIBs are beginning to transform themselves into dynamic and highly engaged players in regional economic strategies suggests that there may be a window of opportunity for encouraging this transformation among more WIBs. These systemic changes that are taking place also may make a compelling case with the U.S. Department of Labor and Congressional leaders for providing additional support for regional planning and coordination activities, as well as for strategic engagement with employers from key sectors in a region.

The U.S. DOL has already been funding efforts in high growth industries to model this kind of shift in the role of WIBs. One significant and promising development occurred in November 2005, when Secretary Elaine L. Chao sent a letter to the nation's Governors announcing a new initiative called Workforce Innovation in Regional Economic Development (WIRED). Modeled after successful efforts in San Diego, North Carolina's Research Triangle, and Austin, Texas, the WIRED initiative will fund eight-to-ten sites where universities, companies, government, and workforce and economic development organizations partner to transform and rebuild their regional economy. Independent WIs can assist the federal government, the WIBs, state governors and other state partners in this work, either by providing them with model programs and approaches to working with employers, or by volunteering to assist their coordination and planning efforts. CAEL has recently been selected as one of the three national technical assistance providers to the regions that are selected, and will have an opportunity to suggest some of these ideas to them.

Summary and Conclusion

Ideally, workforce intermediaries and the work they do would be supported by a variety of funding streams from employers, philanthropy, and all levels of the public sector. Many WIs are finding new ways to sell their services in the private sector as a way to establish a sustainable source of income, and these efforts should be applauded and encouraged. However, not every WI has established or can establish a set of services that is easily marketed in the private sector. Further, WIs also recognize that foundation funding to support their contributions to regional economic and workforce planning and coordination is probably not sustainable in the long term.

More than ever, then, it is important to consider how to engage the public sector and secure its support for workforce intermediaries or workforce intermediary functions. Some states are stepping up their support for better and more coordinated efforts between economic and workforce development. WIs can work with others in their states to advocate for policies similar to the ones recently established in Pennsylvania and enacted in Massachusetts (see sidebar, page 21). Or they can promote the regional skill panel approaches currently pursued in Michigan and Washington, where the state provides support for regional stakeholders to work together on understanding local employer needs and crafting workforce development initiatives to meet those needs.

As this report has shown, local sources of public support for workforce development exist in a variety of forms, from general and sales tax revenues to economic development tools such as TIFs and tax abatement agreements. While the replicability of these funding options is uncertain, we nevertheless hope that the various models in this report will provide some new ideas or inspire some innovative directions for WIs as they consider local public sector resources and political opportunities.

The biggest players at the local level, however, continue to be the community college system and the federal government, particularly through programs administered by the U.S. Department of Labor. As this report has described, many local- and state-funded community colleges and the federally-funded WIB organizations are starting to recognize the importance of workforce intermediary activities and explore their own ability to serve as a WI and to ensure that there is a coordinated approach to workforce and economic development for a region.

CAEL sees these activities by WIBs and community colleges as steps in the right direction for systemic change in workforce development, particularly since both of these players come with sustainable funding in hand. The role of private workforce intermediaries, however, is still critical given the great need and given the much greater flexibility that these WIs have in responding to emerging needs and issues. Finding ways to sustain these small yet agile players is an important goal for the Annie E. Casey Foundation's Workforce Intermediary Project, and local public support models offer promising options for WIs to explore.

Sources

Alssid, J.L. et al. (2002, August). Building a career pathways system: promising practices in community college-centered workforce development. Workforce Strategy Center.

Biswas, R. R., J. Mills, and H. Prince. (2005). Building Skills, Increasing Economic Vitality: A Handbook of Innovative State Policies. Jobs for the Future.

Chicago Jobs Council. (2005). Big shoulders, big challenges. Preparing Chicago's workforce for the new economy.

Colborn, J. (2005, October 31). Innovations in workforce development financing. Financial innovation #1 (Part 1 of 3). Retrieved December 6, 2005 from the Workforce USA website: http://www.workforceusa.net.

Glover, R., D. O'Shea and C. T. King. (2003). Factoring equity into economic development through workforce initiatives: reflections from Austin, Texas in the 1990s. In M. Bennett and R. Giloth (Eds). (2006). Economic Development in American Cities: the Pursuit of An Equity Agenda (forthcoming).

Harmon, R. and K. MacAllum. (2003). Documented characteristics of labor market-responsive community colleges and a review of supporting literature. Academy for Educational Development for the U.S. Department of Education, Office of Vocational and Adult Education.

Hicks, L., A. Olins and H. Prince. (2000). Aligning economic and workforce development activities in Baltimore. Research findings. Jobs for the Future.

Holmes, S. (2002, July). Mayor Daley Pushes Ordinance to Use TIF Dollars for Job Training. U.S. Mayor Newspaper. U.S. Conference of Mayors. Retrieved on October 12, 2005 from the U.S. Conference of Mayors website: http://www.usmayors.org/uscm/us_mayor_newspaper/documents/07_15_02/daley.asp

Jenkins, D. (2005, October). Building your region's knowledge workforce. National Council for Workforce Education 2005 Annual Conference. Retrieved on November 27, 2005 from the Community College Research Center website: http://ccrc.tc.columbia.edu/Presentation.asp?uid=102

Low Income Investment Fund. (2004). Report to the community: promising approaches in workforce development for low income and low wage individuals.

MacAllum, K. and K. Yoder. (2004). The 21st – century community college: a strategic guide to maximizing labor market responsiveness. Volume 2. Promising practices and lessons from the field. Academy for Educational Development for the U.S. Department of Education, Office of Vocational and Adult Education.

Rice, N. B. (2003). Municipal-led economic & Workforce Development: Best Practices in the 1990's. City of Seattle Case Study for the Msgr. John J. Egan Urban Center. DePaul University. In M. Bennett and R. Giloth (Eds). (2006). Economic Development in American Cities: the Pursuit of An Equity Agenda (forthcoming).

Troppe, M. and G. Toft. (2004, April). Responding in a turbulent economy. Creative roles for workforce investment boards. A report to the Ford Foundation. National Center on Education and the Economy. The Hudson Institute.

Valley Initiative for Development and Advancement. (2005). The McAllen Self-Sufficiency Project: Changing the Face of Economic Development.

Weber, R. (1999). Making tax increment financing (TIF) work for workforce development: the case of Chicago. Chicago Workforce Development Partnership. The Great Cities Institute.

Appendix A: Individuals Interviewed for This Report

Rebecca Klein-Collins and Patricia Lees conducted phone or in-person interviews with the following individuals between June and December 2005.

Jeff Ruster
Silicon Valley Workforce Investment Network

Kathy Cox
Project Arriba

Hermi Cubillos
Job Path

Lee Ferrero
San Luis Obispo County WIB

Joan Fitzgerald
Northeastern University

Larry Good
Corporation for a Skilled Workforce

Mae Grote
Public/Private Ventures

Dominique Halaby
Valley Initiative for Development and Advancement

Barbara Halsey
San Bernardino County WIB

Virginia Hamilton
California Workforce Association

John Hess
Employ America

Steven Jackobs
Capital IDEA - Steven Jackobs

Terri Kaufman
Pennsylvania WIB

Christopher King
Ray Marshall Center for HR Studies

Sam Leiken
National Governors Association

Erik Parker
Wisconsin Regional Training Partnership

Mary Pena
Project Quest

Judy Resnick
Connecticut Business and Industry Association

Jerry Rubin
Jobs for the Future

Geri Scott
Jobs for the Future

Fred Slone
San Mateo WIB

Rhonda Simmons
Seattle Jobs Initiative

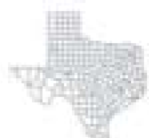
Dan Singleton
Neighborhood Jobs Trust, Boston Redevelopment Authority

Abby Snay
Jewish Vocational Service

Mark Troppe
National Center on Education and the Economy

Appendix B: Texas' Economic Development Sales Tax

Retrieved on October 7, 2005 from http://www.window.state.tx.us/taxinfo/taxpubs/tx96_302.html



Tax Publications

Economic Development Sales Tax

June 2004

Voters in many Texas cities have the option of imposing a local sales and use tax to help finance their communities' economic development efforts.

These cities may adopt an economic development sales tax rate of 1/8, 1/4, 3/8 or 1/2 of 1 percent if the new total rate of all local sales and use taxes would not exceed 2 percent. They also may limit the duration of the tax and the use of the funds.

Who is eligible?

§4A Sales Tax
All cities located in a county with a population of less than 500,000 may impose the tax under §4A if the new combined local sales tax rate would not exceed 2 percent.

Some cities located in counties with a population of 500,000 or more (Bexar, Dallas, El Paso, Harris, Hidalgo, Tarrant and Travis), also may use §4A for economic development efforts but a city's eligibility varies from county to county. For information on which cities are eligible in these counties, call the Comptroller's Local Government Assistance section toll free at 1-800-531-5441, ext. 3-4679.

§4B Sales Tax
As of 2001, all cities are eligible to adopt the §4B tax if the combined local sales tax rate would not exceed 2 percent.

How is the tax administered?

Development Corporations
Under both §4A and §4B, the Development Corporation Act has a unique provision that requires cities to establish a corporation to administer the sales and use tax funds.

The corporation must file articles of incorporation with the Secretary of State. The articles of incorporation must state that the corporation is governed under Vernon's Ann.Civ. St. art. 5190.6, §4A or art. 5190.6, §4B of the Development Corporation Act of 1979.

Board of Directors

The composition of the corporation's board of directors and the length of a member's term differ between §4A and §4B.

Under §4A: The city's governing body must appoint a five-member board. Each member is appointed to a term not to exceed six years.

Under §4B: The city's governing body must appoint seven directors. Three of the seven directors cannot be employees, officers or members of the city's governing body. The other four directors may be - but are not required to be - members of the governing body or city employees. All directors are appointed to a two-year term under §4B.

The directors of a corporation authorized under §4B must be residents of the city authorizing the sales tax if the city's population is 20,000 or more. There is no city residency requirement for §4B directors in cities with fewer than 20,000 population as long as the director is a resident of the county in which the majority of the city is located, or resides within 10 miles of the city and is in a county which borders the county in which a majority of the city is located.

The board of directors authorized under §4A and §4B serves at the pleasure of the governing body and must conduct meetings within the city's boundaries.

A corporation's registered agent must be a Texas resident, and the corporation's registered office must be within the city's boundaries.

How can tax revenue be used?

§4A Sales Tax

The tax is primarily intended for manufacturing and industrial development, and cities may use the money raised by this sales tax to acquire land, buildings, equipment, facilities, expenditures, targeted infrastructure and improvements for purposes related to:

- manufacturing and industrial facilities, recycling facilities, distribution centers, small warehouse facilities;
- research and development facilities, regional or national corporate headquarters facilities, primary job training facilities for use by institutions of higher education, job training classes;
- a general aviation business service airport that is an integral part of an industrial park;
- certain infrastructure improvements, which promote or develop new or expanded business enterprises;
- port-related facilities to support waterborne commerce; and
- maintenance and operating costs associated with projects.

After a public hearing and voter approval, §4A corporations may use their revenue to undertake projects eligible under §4B, without voting to abolish the §4A tax and impose the §4B tax. The law specifies the §4A corporation's requirements for publishing notice of a proposed §4B project and the procedures for holding at least one public hearing on the proposed project before the election. The ballot must clearly describe the §4B projects that will be funded from the §4A tax.

§4A corporations may, following a separate election to gain voter approval, spend their §4A sales tax to clean up contaminated project sites.

A corporation created under §4A cannot assume, or pay principal or interest on, debts that existed before the city created the corporation.

§4B Sales Tax

The tax provides cities with a wider range of uses for the tax revenues because it is intended to give communities an opportunity to undertake a project for quality of life improvements, including economic development that will attract and retain primary employers.

Cities may use money raised by this sales tax for a wide variety of projects including land, buildings, equipment, facilities expenditures and improvements related to projects defined in Section 2 of the Act (same uses as authorized for §4A) or found by the board of directors to be required or suitable for use for:

- professional and amateur sports (including children's sports) and athletic facilities; tourism and entertainment facilities; convention and public park purposes and events, (including stadiums, ballparks, auditoriums, amphitheaters, concert halls, parks and open space improvements, museums, exhibition facilities);
- related store, restaurant, concession, parking and transportation facilities;
- related street, water and sewer facilities; and
- affordable housing.

To promote and develop new and expanded business enterprises that create or retain primary jobs, a city may provide:

- public safety facilities;
- recycling facilities;
- streets and roads;
- drainage and related improvements;
- demolition of existing structures;
- general municipally owned improvements;
- maintenance and operating costs associated with projects; and
- any other project that the board determines will contribute to the promotion or development of new or expanded business enterprises that create or retain primary jobs.

Before spending §4B sales tax revenue, a corporation is required to hold at least one public hearing on the proposed project that will be funded by this tax.

§4B corporations may, following a separate election to gain voter approval, spend their §4B sales tax for a water supply, water conservation program or to clean up contaminated project sites.

Reporting Requirements of §4A and §4B Corporations

The 1997 Legislature added §4C to the Development Corporation Act requiring §4A and §4B corporations to file an annual report with the Texas Comptroller of Public Accounts by February 1. The report must include the corporation's economic development objectives, total revenues and expenditures for the preceding fiscal year, a breakdown of these expenditures and a list of the corporation's assets. The report form and instructions for submitting the report are available through the Comptroller's office or online at: http://www.window.state.tx.us/laga/edcform.html.

The Comptroller will use this information to report to the Legislature each biennium about the use of §4A and §4B sales tax revenues to encourage economic development.

Can you undertake projects outside city limits?

An economic development corporation may undertake projects outside city limits so long as it is clear that the city benefits from the project. If a city undertakes a project outside its limits, it must receive permission to do so from the governing body of the entity with jurisdiction in that area. For example, if a city locates a project beyond city limits, it should receive approval from the county's commissioners court.

How do you impose the tax?

City voters must approve this special, dedicated tax—just like all other sales tax options.

Call for an Election

Cities may call for this election in two ways:

- the governing body may call an election on its own; or
- the city must call for the election if petitioned by at least 20 percent of the number of voters who cast ballots in the most recent regular municipal election.

The city's governing body must adopt an ordinance calling for the election at least 62 days before it is held.

The election must be held on one of the uniform election dates according to V.T.C.A., Election Code §41.001:

- the first Saturday in February;
- the first Saturday in May;
- the second Saturday in September; or
- the first Tuesday after the first Monday in November.

How long is the tax effective?

Under §4A

A tax approved without a limit on its duration is effective until repealed by an election. A city may call an election to repeal the tax in the same way as an election to change the rate of the tax.

A tax imposed for a specified period expires at the end of that period. A city imposing a tax for a specified period may extend the period or reimpose the tax after its expiration date only with voter approval.

A tax for a specific project expires when all debts related to the project and obligations from the tax proceeds have been paid in full. A tax imposed for a specific project may also be reimposed by an election.

Under §4B

The §4B tax is effective until the city notifies the Revenue Accounting, Tax Allocation Section of the Comptroller's Office to stop collecting the tax. A city can, on its own action or as a result of an election, dissolve a §4B corporation. A city must continue assessing the tax until all obligations incurred by the corporation, including principal and interest on bonds, are satisfied.

What about tax increases or tax decreases?

Initiating Ordinance

If a city is already imposing a tax under this Act, the city's governing body may adopt an ordinance calling for an election to increase or reduce the tax rate.

The ordinance may be initiated in either of two ways:

- by a majority vote of the governing body; or
- by petition of registered voters.

Petition Requirements

In order to change the rate of a §4A tax, 10 percent or more of the registered voters, must petition the city to call an election for that purpose.

Procedures for tax rate changes are not addressed under §4B, however, general provisions of the Tax Code for calling an election may be used. Under these provisions, the city council must call an election if a number of qualified voters of the municipality equal to at least 20 percent of the number of votes cast in the most recent regular municipal election petitions the governing body for a vote.

Certifying Petitions

If the election to adopt or change the tax rate is by petition, the governing body must determine if the petition is sufficient within 30 days of receiving it. If the petition is sufficient, the city must adopt the ordinance calling for the election within 60 days after receiving it. (Refer to V.T.C.A., Tax Code §321.402)

Required Tax Rate Changes

As with adoption, the sales and use tax must be increased or decreased in increments of 1/8 of 1 percent with a minimum of 1/8 of 1 percent and a maximum of 1/2 percent. However, a city may not adopt a tax rate resulting in a combined rate of all local sales and use taxes exceeding 2 percent.

Reducing or Abolishing a §4A Tax and Adopting a §4B Tax

If a city wants to hold an election to reduce or abolish its §4A sales tax and adopt a sales tax under §4B, the city may address the two issues in a single ballot proposition.

Ballot Language for the Economic Development Sales Tax

Under §4A

Following is ballot language specified under §4A of the Development Corporation Act:

1. For a city to adopt, increase or reduce the tax, the ballot must state:

The adoption of a sales and use tax for the promotion and development of new and expanded business enterprises at the rate of __________ of one percent. (Insert 1/8, 1/4, 3/8 or 1/2 as appropriate for the proposed tax rate.)

2. A city may also hold an election to adopt, increase, reduce or repeal the §4A sales tax and the sales tax to reduce the property tax rate on the same ballot:

The adoption of a sales and use tax within the city for the promotion and development of new and expanded business enterprises at the rate of __________ of one percent (insert 1/8, 1/4, 3/8 or 1/2 as appropriate for the proposed tax rate) and the adoption of an additional sales and use tax within the city at the rate of __________ of one percent to be used to reduce the property tax rate. (Insert 1/8, 1/4, 3/8 or 1/2 as appropriate for the proposed tax rate.)

3. A city may also allow a vote on a ballot proposition limiting the length of time a sales and use tax may be imposed. The following language should be added to #1:

to be imposed for ________ years.

4. A city may also indicate a specific project on the ballot to be funded with the sales tax revenue. In this case, a description of the project is substituted in #1 or #2 in place of the following ballot language:

new and expanded business enterprises.

5. For a city to repeal, the ballot should state:

Dissolution of the (name of development corporation).

Under §4B

The Development Corporation Act does not provide specific ballot language for §4B. City officials should consult with their city attorneys when drafting the ballot language under this section.

When do tax collections and allocations start?

Certifying Election Results

If voters approve the tax, the governing body must adopt a resolution or ordinance declaring the election results in meeting minutes not earlier than the third day, nor later than the sixth day, following the election.

The city secretary must send the certified copy of the resolution or ordinance with the election results to the Revenue Accounting, Tax Allocation Section of the Comptroller's office. The information sent to the Comptroller must include:

- the date the election was held;
- the proposition voted on;
- number of votes cast for adoption;
- number of votes cast against adoption;
- number of votes by which the proposition was approved; and
- a statement that the proposition did pass.

The law states that the Comptroller's office must receive this information from the city secretary through U.S. certified or registered mail. The Comptroller's office will later notify the city secretary when it is ready to handle the administration of the tax.

Effective Date

The tax becomes effective after one complete calendar quarter elapses from the date the Comptroller's office receives notification of voter approval. For example, if voters approve the tax in February 2004, and the Comptroller's office receives notification in March, then the tax becomes effective on July 1, 2004, after the calendar quarter of April-May-June has elapsed. The Comptroller's office will notify area merchants to begin collecting the new tax rate on July 1. The city will then begin receiving revenue from the tax in September 2004.

Propositions and Effective Dates for a §4A Tax or §4B Tax With a Tax to Reduce the Property Tax Rate

If a city wants to adopt the §4A sales tax and a sales tax to reduce the property tax rate in the same election, the city may address them in a single ballot proposition. If the proposition passes, the sales tax to reduce the property tax rate must take effect on October 1 after one complete calendar quarter has elapsed. The §4A tax would start at the beginning of the first calendar quarter after the completion of one full calendar quarter.

If a city wants to adopt a sales tax under §4B and a sales tax to reduce the property tax rate in the same election, the city must address them as two separate ballot propositions. If voters approve both of these propositions, they both become effective on October 1.

Method of Payment

The Comptroller's office will issue a payment for the total city tax and a letter with the first payment (that includes the economic development sales tax) with instructions explaining how to calculate the portion due the city and what is due the development corporation. After a city receives the sales and use tax revenues from the Comptroller's office, the city must deliver the revenue to the development corporation.

Need more information on the economic development sales tax?

Comptroller representatives can provide presentations on matters related to the local sales tax, including §4A and §4B sales taxes. Representatives can also meet in forums with city officials and the public to help them assess possible effects of the tax on their local communities, including effects on revenue. For more information about the sales tax, or to request a speaker to present information about the sales tax to your community, call toll free 1-800-531-5441, ext. 3-4679.

Need More Assistance?

Email us at tax.help@cpa.state.tx.us.
Call us toll free. Visit one of our local field offices.

96-302
(09/2003)

Carole Keeton Strayhorn
Texas Comptroller of Public Accounts

Appendix C:
Chicago TIFWorks Brochure

Retrieved on October 12, 2005 from http://egov.cityofchicago.org/webportal/COCWebPortal/COC_EDITORIAL/TIFWork_Brochure_LowRes.pdf

WHAT IS TIFWORKS?

TIFWorks is a City program that utilizes Tax Increment Financing (TIF) dollars to finance job training programs for companies in eligible districts across Chicago.

The TIFWorks program aims to improve the quality of Chicago's workforce, promote business expansion and retention within the City's TIF areas, and increase jobs and advancement opportunities for Chicago residents.

Dear Business Owner:

The City of Chicago invites you to take advantage of TIFWorks, an exciting new program which gives businesses in qualified Tax Increment Finance (TIF) districts the opportunity to leverage dollars for workforce training.

The best way to make our City's economy more productive is to train our workers for the jobs of the 21st Century economy. TIFWorks aims to do just that, and in the process strengthen Chicago businesses and increase their competitive edge.

Through TIFWorks, employers will now have a resource for assistance in training, retraining and upgrading the skills of their workforce. In addition, business and labor associations and other organizations that serve companies within eligible TIF districts may participate.

I encourage you to find out if you qualify for TIFWorks funding to improve your business and create a stronger Chicago economy.

Sincerely,

Mayor Richard M. Daley

City of Chicago
Richard M. Daley, Mayor

Mayor's Office of Workforce Development
Jackie Edens, Commissioner

TIF Works

Investing in Chicago's Workforce

FOR MORE INFORMATION, CONTACT:
MAYOR'S OFFICE OF WORKFORCE DEVELOPMENT
1615 WEST CHICAGO AVENUE
CHICAGO, ILLINOIS 60622
312-746-7777
312-746-7879 (FAX)
www.cityofchicago.org/WorkforceDevelopment

TIFWorks Supports Business Enhancements

TIFWorks can help train new and incumbent workers to meet employer needs such as:

- Develop and expand product lines
- Adapt to changing technologies and equipment in the workplace
- Comply with occupational or industry-mandated regulations
- Expand into new markets

TIFWorks works for Chicago businesses

Cut Costs

Individual companies and groups of businesses with similar training needs can use TIFWorks to make their training dollars go further, boosting the bottom line.

Become More Competitive

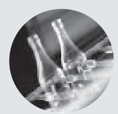
TIFWorks allows employers to train their workers at little or no expense. This helps companies become more competitive in their industry.

Customize Training

TIFWorks is designed to give companies the ability to tailor workplace training to their specifications.

Promote Business Growth

By enabling low cost training for companies, TIFWorks promotes business expansion and revenue growth.



How to Qualify and Apply for TIFWorks

You may qualify for TIFWorks funds if you are:

- An employer located within, expanding or relocating into an eligible TIF district
- A group of employers located within an eligible TIF district with common training needs
- A non-profit organization, such as an industrial council, community development corporation, business or trade association, labor organization or training provider, that will train and place Chicagoans into a business or businesses located within an eligible TIF district

Primary consideration for funding will be given to manufacturing companies and businesses which demonstrate that training will make them more competitive. The required matching funds may be waived for small businesses that meet certain size and sales criteria and for employers who work with non-profit groups.

For more information, call 312-746-7777. To download an application for TIFWorks funding, visit www.cityofchicago.org / WorkforceDevelopment

Appendix D:
California Workforce Association Policy Framework

Retrieved on May 11, 2005 from http://www.calworkforce.org/cwa_documents_center/index.php?action=view&filename=competitive%20advantage.pdf&directory=PDF&

california workforce association

January 2004

California Workforce Association

Building Communities with a Competitive Workforce Advantage

Draft Policy Framework

Introduction

The California Workforce Association is a statewide non-profit membership organization that develops public policy strategies and local capacity to address workforce issues in California. The Association's unique composition of private-sector volunteer boards, governmental agencies, and community-based organizations allows it to represent and serve both the public interest and California employers.

The current workforce development system can and should be improved. What we think has been missing, however, is a vision of the "end game." Efforts to streamline systems and coordinate agencies and services are taking place at every level of government, and these efforts are needed. Streamlined systems are good government. More recent initiatives have centered on ways to realign workforce development agencies to respond to the demands of businesses. Better more relevant services to employers will definitely improve their bottom line. But what outcomes will serve the broadest interests of the community and assure California's economic vitality?

With a grant from the James Irvine Foundation, CWA has convened hundreds of stakeholders and private sector business leaders to develop a new framework with which to think about the role of Workforce Investment Boards and the purpose of workforce development entities. This framework shifts attention away from workforce agencies and delivery systems, broadening the vision instead to the overall competitiveness of communities and regions. The end game is best played when we focus on the overall competitiveness of the labor force in our local communities and regions. Participants in CWA's initiative have constructed a framework that describes communities with a competitive workforce advantage. We believe that Workforce Investment Boards should see their role as stewards of this framework, ensuring that each characteristic of such a community has active champions and players. The Board's role is to catalyze attention and action in each arena, and to seek data and information with which community leaders in all domains can make better public policy decisions.

This paper describes our thinking about the characteristics of a community with a competitive workforce advantage. We have described the ideal community, in which all of the seven characteristics are in place. We use the term community, but this could refer to a region, a group of cities or counties, or one city. To help stimulate thinking, we have included examples of the kinds of roles WIBs are currently playing in each of the arenas. This is still a work in progress, and we are interested in continued dialogue and feedback about this framework.

Seven Characteristics of a Community with a Competitive Workforce Advantage

Forward Thinking Community Leaders

Each community with a competitive workforce advantage has a set of community leaders who care about and are engaged in workforce issues. This leadership includes local elected officials, business, non-profit and faith-based leaders, and "civic entrepreneurs," all of whom understand that the needs of business and the skills of its workers are critically important to the economic health of the region. There is strategic rather than reactive political leadership. Community planning is based on data, and leaders have a deep understanding of the demographics of its workforce and the present and future skill requirements of its key industries.

What WIBs do:

- *Engage and inform County Boards of Supervisors, Mayors and City Councils*
- *Convene summits about workforce issues*
- *Publish "State of the Workforce" reports*
- *Invite elected officials to WIB meetings and One-Stop tours*
- *Convene focus groups with key industry clusters*
- *Participate in community planning efforts*

Business Investment in Human Capital

Each community with a competitive workforce advantage has businesses in which workers are viewed as assets. Employers invest in training workers to meet present and future needs. Employers work with others in their industry -- both other companies and organized labor -- to anticipate training and skills development needs. Employees are aware of opportunities for advancement and are given incentives to improve their skills.

What WIBs do:

- *Convene employers in the same industry to discuss skills needs*
- *Connect employers to public resources for skills upgrade training*
- *Act as a broker with community colleges/higher education and University Extensions for curriculum design*
- *Provide data about prevailing wages, occupations, future trends*
- *Act as human resource departments for small business*

Strong and Diverse Economy

Each community with a competitive workforce advantage uses workforce as part of their economic development strategy. The community has both a business retention and a growth strategy, as well as the more traditional business attraction approach. There are multiple sectors represented in the region. There is "life cycle" diversity within the region -- a mix of older established industries, growing sectors, and new and emerging industries. Investments in economic development are strategic and focus on employers with high wage jobs in addition to businesses with high sales tax revenue.

What WIBs do:

- *Have cross representation on WIBs and Economic Development corporations and agencies*
- *Participate in overall economic development planning*
- *Cross-train front line staff in One-Stops and economic development organizations*
- *Collect and provide information about the community's workers and their skills*
- *Participate in co-developed employer retention surveys with economic development*

Integrated Infrastructure

Each community with a competitive workforce advantage has an infrastructure for both employers and workers. In addition to physical infrastructure for businesses -- such as roads, water, and electricity -- it includes a diverse housing supply, access to affordable quality childcare, health care and adequate regional transportation. Residents have access to a One-Stop career center system that helps them find and keep jobs. There are sufficient cultural and recreational opportunities and other "quality of life" assets.

What WIBs do:

- *Participate in a broad range of regional and community planning efforts*
- *Include a broad range of partners and services in One-Stops*
- *Advocate for changes in public policy and administrative procedures*
- *Engage local elected officials in problem solving*
- *Have cross representation on WIB and community boards and agencies*

Effective, Articulated Education System

Each community with a competitive workforce advantage has a K-12 system that works. High school graduates have the requisite skills to enter the labor force or go on to college. The education system is responsive to employer needs. The system is well articulated from high school to community college and higher education programs. Residents have easy access to higher education and non-degree occupational training that prepares them well for jobs in the community. All students have access to the supportive services they need, career guidance, caring adults, leadership opportunities and academic excellence.

What WIBs do:

- *Establish and nurture strong youth councils that work for all youth*
- *Catalyze dialogue between employers and education*
- *Collect and provide information about skills needs*
- *Include youth in One-Stop system services*
- *Provide accessible information about careers*
- *Provide accessible information about performance of job training programs and providers*

Clearly Defined and Accessible Career Pathways

Each community with a competitive workforce advantage has ongoing communication between industry and education/training entities. Education & training programs are designed with a deep understanding of how people move within occupational clusters. Students, job seekers and workers see clear career pathways within occupational groupings and understand how skills build upon one another to meet the needs of business. There are strong connections to union apprenticeship programs. Employers within an industry understand their career pathways and encourage skill development within the worker pipeline.

What WIBs do:

- *Convene employers within an industry to study career pathways*
- *Collect and disseminate information about career pathways and occupation requirements*
- *Partner with labor unions*
- *Train career guidance counselors and others in career information*

Ready, Willing, and Able Workforce

Each community with a competitive workforce advantage has employers who can recruit local residents for available jobs. The labor pool has the knowledge, skills and ability needed by employers. Job training programs produce workers who meet employers' needs. Job applicants have minimally acceptable soft skills. People have the willingness to perform jobs. Economic Development uses information about the available labor pool as a key component of their business attraction strategy.

What WIBs do:

- *Develop measures to evaluate the quality of job training programs*
- *Ensure quality in One-Stop career centers*
- *Develop customized training to meet employer needs*
- *Partner with community colleges and other education programs to deliver quality training*
- *Reach into all communities and constituencies to connect people to jobs and training*
- *Find funding to meet community needs for training*

CWA
california workforce association

1029 K Street, Suite 24
Sacramento, CA 95814

(916) 325-1610
(916) 325-1618 fax

www.calworkforce.org

CAEL

The Council for Adult & Experiential Learning
55 E. Monroe Street, Suite 1930
Chicago, IL 60603
312.499.2600
www.cael.org