

Philanthropy's Role in Workforce Investment

Second in a series of papers examining philanthropy's role as the architect of social change.

On May 22 in Washington, DC, the Council on Foundations held a symposium on an issue of growing import: the need for America to invest heavily in its workforce. The symposium brought together grantmakers and workforce experts from the public and private sectors to share their perspectives, describe promising practices and discuss innovative ways that philanthropy can take a leading role in ensuring that America's workforce is prepared to compete in a rapidly changing global economy.

Setting the Stage

For more than a century – from the 1890s through the end of the twentieth century – America prospered and was the undisputed economic leader of the world. Blessed with abundant natural resources, a well-educated workforce, unmatched productivity and an innovative spirit, our nation set the pace for economic development and prosperity.

With the rise of the global economy in recent years, America's position as an economic powerhouse is increasingly threatened; so, too, is our standard of living. Whether or not the US will maintain our supremacy in the world marketplace will depend in large measure on how we confront a mounting set of challenges – challenges that include a shrinking labor pool, a workforce increasingly ill-prepared to deal with rapid change and a growing number of international competitors who are determined to ascend the economic ladder.

Recognizing Philanthropy's Role – Steve Gunderson, President and CEO, Council on Foundations

“In talking with foundation leaders, I learned that many consider workforce investment to be a top priority in their communities.” Gunderson

We live in a demand-driven economy; if the demands change, our workforce must be fluid enough to change with them. Most people will have 10 or more careers in their lifetime, and we must ensure they have the education and skills that allow them to adapt to a rapidly evolving workplace.

Foundations are uniquely positioned to serve as architects of social change because they have the flexibility, creativity and innovation to find effective solutions to complex societal issues, such as workforce investment.

Many foundations already are engaged in successful workforce investment initiatives. By bringing together some of the best minds from the private, public and philanthropic sectors, this symposium sought to help grantmakers:

- Learn from their peers.
- Begin designing effective strategies for using philanthropic dollars to advance workforce investment.
- Make workplace investment a priority within our own sector and share lessons learned.
- Develop a roadmap for building partnerships between philanthropy and other sectors so communities can implement successful approaches to workplace investment.

Confronting the Challenges – Ray Uhalde of the National Center on Education and Economy (NCEE)

Goldman Sachs has made a number of projections for the world economy over the next 35 years. Assuming stable politics, sound policies and reasonable luck for the ascending nations of Brazil, Russia, India and China (the BRIC economies), in 2040 we can expect that:

- China will enjoy the world's largest economy.
- India will boast the third largest economy and largest population.
- Together, India and China will constitute a market with 40 percent of the world's consumers.
- Taken together, the BRIC economies will be larger than the combined G6 economies of the US, Japan, UK, Germany, France and Italy.

Given this sobering scenario, the US must meet two conditions to maintain a high-growth, high-wage and high-employment economy:

- Improving the quality of our education
- Nurturing and unleashing our innovation capabilities.

Within the last decade, 2.7 billion people from China, India and the former Soviet bloc have joined the global economy and 1.5 billion have been added to the global workforce. ***The sheer size of the expanding global talent pool leads many economists to believe U.S. wage growth could be held down for years, or even decline.***

- In a sample of 28 low-wage countries, the number of new young professionals is 33 million, compared with 15 million in high-wage countries and 7.7 million in the US alone.
- Of these workers, 4.6 million are considered to be suitable to work for multinational companies today – ***and their ranks are growing at 5.5 percent annually; much faster than the US.***
- In 1970, US predominated in terms of education, enrolling about 30 percent of the world's college students; by 2001 the percentage had dropped to just 14 percent.
- Foreign college workers will be a lot cheaper than American workers for decades to come.

The Decline of America's Middle Class

Education is the primary mechanism that influences Americans' individual opportunities and future incomes.

Between 1976-78 and 2002-04, average earnings have increased by a greater percentage at each higher level of educational attainment.

- High school dropouts (-11%)
- High school grads (+4%)
- Some college (+16%)
- College grads (+28%)
- Graduate degrees (+50%)

America's middle class is in decline, while inequality is growing: the middle class is dispersing into two equal and opposing streams: upwardly mobile college-haves and downwardly mobile college-have-nots.

- Higher education is clearly the ticket to upward mobility.
 - In 1967, nearly half of families headed by high-school dropouts and 70 percent headed by high school grads were in the middle class.
 - By 2003, just over one-third of dropouts and just over half of high school graduates were still in middle class; nearly all of those who left the middle class had fallen into lowest three income deciles.
- Demand for workers with BA's will increase by almost 10 million jobs between 2002 and 2012, with a similar increase in jobs that require graduate-level education.
- When coupled with our 30 percent dropout rate nationwide, we appear to be failing to adequately prepare nearly half of our young people for the global talent competition.

To improve efficiency, the US must align academic preparation with the "New Economy Skills" now needed by the global labor market, including proficiency in:

- English language
- Math
- Written expression
- Deductive reasoning
- Inductive reasoning
- Complex problem solving
- Originality
- Innovation
- Design
- Investigative interests
- Social skills.

There is a clear payoff to achieving both education and skills: **The greater the level of skill required of occupations, the higher the education levels of job incumbents – and the greater the average earnings for workers.**

At the same time, a number of uncertainties remain:

- Will the substantial historical wage premium for higher education continue as the domestic and global pools of college talent expand?
- Can we expect that millions of American workers will be dislocated each year as employers pursue alternative strategies – such as technology substitutions, immigration and off-shoring – to alleviate wage pressures or respond to tight labor markets – even as employment expands in the aggregate?
 - An estimated eight million jobs are most vulnerable to off-shoring due to the nature of the work being performed.
 - Another 16 million jobs have a medium risk of being off-shored.
 - Overall, as many as 40 million American jobs are theoretically vulnerable to off-shoring.

The Rise of the Global Middle Class

Goldman Sachs projects that the global middle class will grow rapidly and that we will see correspondingly significant reductions in global poverty, at least among the BRIC economies – Brazil, Russia, India and China. The export of U.S. services to a growing global middle class is likely to be a key component of future US job growth and could enable America to maintain a high-wage, high-employment growth economy.

- **Promoting robust growth in markets abroad is more essential for the export and sale of U.S. services than it was for U.S. manufactured goods.**
 - It will take considerable time for rising U.S. sales of goods and services to the growing global middle class to offset the near-term job losses due to outsourcing and technological change.
 - We must confront the fact that millions of dislocations of American will occur each year.
- **America needs to ensure that low-wage and structurally unemployed workers can gain new high-value skills quickly.**

What Foundations and Others Can Do

Helping people attain better skills through higher quality education and training clearly must be part of a national strategy. But they are not sufficient to maintain a high and growing standard of living for all of America's citizenry. To accomplish that, we need education and training practices on the supply side of the labor market that complement and are driven by growth policies and practices. Such practices must enable us to get much more for the money that is available, and ensure that we can justify and gain broad support for relatively modest additional investments.

The federal government could make significant strides against these challenges by:

- Offering measures, such as lifetime learning accounts and changes to the Higher Education Act (HEA), that would enable people to receive financial aid while working and attending school on a less-than-half-time basis.
- Amending the HEA to automatically allow dislocated workers to use estimated current-year income when applying for federal financial aid.
- Amending the Trade Adjustment Assistance Act to extend training, income support and health insurance coverage to the service sector.

Philanthropies and state governments need not and cannot wait for federal policy responses. They could bring together relevant parties in order to:

- Support regional economic growth strategies by linking workforce investment boards with education, economic and community development.
- Identify best practices in successful workforce development initiatives and disseminate that information among their peers.
- Partner to pilot successful program models.
- Seed foreign language instruction in the elementary grades, since our future success depends in part on selling to a global middle class and “you can only sell if you speak the buyer’s language.”
- Work with community and four-year colleges and universities to:
 - Maintain and enhance their world-class status.
 - Make them an explicit part of state and regional workforce development strategies.

All sectors need to work together to:

- Develop large-scale, high-quality, standards-based education alternatives for school dropouts and new immigrants.
- Seamlessly link adult education needs to our workforce efforts.
- Support the building of comprehensive and coherent regional education systems.
- Nurture and unleash innovation and technology prowess.
 - Universities, research and development labs and patent laws will greatly affect knowledge development because they shape the environment for producing and applying new knowledge.
 - Financial markets will be crucial for taking new knowledge and ideas to scale commercially.
 - Regional economies will have more influence as new knowledge spills over among economic actors in a given geographic area, creating a competitive advantage.
 - Societies and cultures will succeed by generating and tolerating new ideas, encouraging risk-taking and entrepreneurship and embracing diversity and changes in economic and technological conditions.

Measuring Outcomes – Sigurd R. Nilsen, Ph.D., Director of Education, Workforce and Income Security, U.S. Government Accountability Office (GAO)

Congress passed the Workforce Investment Act (WIA) in 1998 as a way to centralize and streamline the delivery of services to job seekers and to establish greater accountability for how WIA funds are used. Under the act, the government established approximately 600 Workforce Development Areas to serve as one-stop shops for a coordinated, comprehensive delivery of services. It also created a new accountability system aimed at more accurately tracking the \$4 billion in WIA funds spent each year on helping 200,000 to 400,000 job seekers.

While the WIA has made significant progress in many areas – streamlining services, supporting universal access through a one-stop system, promoting performance accountability and engaging the private sector – its accountability system still has some major flaws that need to be addressed.

- The data tracking system is flawed. It is designed to measure the proportion of participants who get a job after receiving assistance; the proportion of those who are still employed months later; and their average earnings. But those numbers do not reflect WIA’s overall effectiveness.
 - The system has established three tiers of service for adults and dislocated workers – core (self-assisted), intensive and training. WIA currently only tracks/reports on participants who receive intensive services or training – less than 10 percent of all participants. The other 90 percent only receive self-assisted core services and are not counted in the measurement.
 - States must negotiate statewide performance levels with the Department of Labor, as well as performance levels with local areas (taking into consideration local economic conditions, participant characteristics and services provided). In order to meet established performance levels, local jurisdictions tend to provide intensive services and training only to those participants who seem most able to succeed. As a result, lots of people who need help are not getting the services they need.
 - The system only measures the performance of participants who have received intensive services or training *once they have exited the program*. Therefore, local programs tend not to exit participants until they seem likely to succeed.
- The quality of the data is uneven.
 - The system lacks universal definitions, criteria and metrics. All too often, these data elements are determined by local jurisdictions. Without these common elements, the Department of Labor can’t compare data between states and can’t get an accurate picture of WIA’s overall effectiveness.
 - States and local jurisdictions often have their own data systems, many of which are antiquated.
 - Different data systems mean different definitions of data. As a result, states and locals can interpret data differently.
 - The registration and data-entry process is prone to error. Because localities often have their own data systems that are not equipped to “talk with” the

Department of Labor's data system, federal workers must re-enter the data, allowing more chances that errors will occur.

- States cannot share data, so if a job-seeker moves out of state, the data becomes skewed.
- There is a significant time-lag between the reporting and measurement of data. It often takes two years to know what has occurred; there is no means of assessing the current situation. The system needs ongoing measurements.
- The system relies on Unemployment Insurance wage reporting data – quarterly earnings for employed workers. However, that data does not include self-employed individuals, members of the military or federal workers. Significant time lags also weaken the data's effectiveness.

Making a Difference – Foundation Approaches to Investment

SkillWorks: Conny Doty, Director, Jobs and Community Services – Boston

SkillWorks is an innovative, long-term, public-private partnership that includes the City of Boston, the Commonwealth of Massachusetts, the Boston Foundation and other foundations, which together have invested \$15 million over five years to promote the initiative. SkillWorks:

- Helps low-income individuals find and retain family-sustaining jobs and businesses find and retain skilled workers.
- Funds both planning and implementation grants.
- Serves as an intermediary between workers and employers and as a “change agent” to improve employer practices and how workforce services are delivered.
- Calls on all partners to develop a plan for institutionalizing successful practices and sustaining effective strategies beyond the life of the grant.

SkillWorks takes a three-pronged approach to addressing the Boston area's workforce challenges. It helps:

- **Build capacity.** SkillWorks' capacity-building component has had two phases. The first phase provided five community-based organizations with financial, managerial and technical service resources to: strengthen their organizational structures and systems; reach higher levels of workforce development services; and improve outcomes for their constituents. As a result of these first-phase investments, four organizations successfully competed to join Workforce Partnerships. The second phase of capacity building focuses on helping these Workforce Partnerships achieve two goals: provide career advancement resources to job seekers and to low- to moderate-income workers; and build career ladders for low-skilled workers with employers in specified industries. Activities include cross-site networking, technical assistance, consulting and training workshops on topics that help the partnerships and their service providers reach scale and sustain themselves for the long term.
- **Convene workforce partnerships.** SkillWorks brings together employers, trainers, government service providers and community organizations to form partnerships so they can more effectively address local workforce challenges. For example, a partnership

might focus its efforts on a specific employment sector or occupation that is in special need of skilled workers. These partnerships provide workers with access to a wide range of services, from basic education and vocational skills training to career coaching and asset development. SkillWorks has invested in Workforce Partnerships in two ways: planning grants to seed the development of new consortia; and implementation grants to expand and enhance high-performing consortia.

- **Advocate for public policies in support of workforce development.** SkillWorks seeks to raise visibility of regulatory and policy issues that impinge on the workforce development system's ability to effectively serve workers and employers. To that end, the initiative works to develop a common agenda and communicate the importance of workforce development as a contributor to the economic well-being of workers, employers and the Commonwealth.

This long-term initiative has benefited Boston and its constituencies by:

- Providing a stream of reliable, skilled employees.
- Engaging employers in Boston's largest industries to:
 - Design workforce development programs
 - Invest in their own employees.
- Preparing entry-level workers for jobs that offer opportunities for advancement and family-sustaining wages.
- Providing a continuum of workforce development services for the fastest-growing segment of Boston's workforce: immigrants and people of color. This continuum of services includes everything from basic skills to advanced training and career counseling.

To date, SkillWorks has:

- Enrolled nearly 600 pre-employment participants and more than 1,200 incumbent workers.
- Placed nearly 300 individuals in jobs and helped nearly 1,000 participants take steps toward career advancement.
- Improved the workforce delivery system. It has done this by:
 - Encouraging employers to invest more in the workforce
 - Advocating for greater public/state investments in workforce development (nearly \$6 million in 2004 alone)
 - Helping form new partnerships and intermediaries in industries that lack clear career ladders.

Charles Stewart Mott Foundation – Jack Litzenberg, Senior Program Officer

“Workforce development programs need to stay with the employee *after* placement.” – Jack Litzenberg

In 1998, a relatively small \$20,000 grant from the Mott foundation uncovered a huge disconnect between the career plans of high school students in Flint, Michigan and the reality of the area’s workforce needs.

The grant was used to fund a survey of high school seniors that revealed:

- Nearly half – 48 percent – of respondents planned to seek work in an auto factory upon graduating from high school.
- Yet, the number of auto employees had declined by 80 percent over 20 years: from 78,000 employees in 1976 to 17,000 in 1998.

Even more troubling is the number of Flint high school students who drop out before graduating. In 2001, more than 1,400 Flint teenagers entered high school; four years later, just 694 actually graduated.

What is happening in Flint is happening around the US.

- The economy is demanding ever-higher skills, yet
- Young people and older workers increasingly are lacking the skills they need to remain economically self-sufficient: both hard skills (proficiency in technology) and soft skills (the ability to create, innovate and collaborate).

Mott believes the focus should be on sector employment (e.g. health care, hospitality, automotive) and the targeting of clusters of workers throughout a given region. Such an approach should:

- Offer intervention for low-income workers.
- Involve employers working together to design education and training programs.

Workforce development programs need to:

- Work with both sides of the market – employers and employees.
- Acquire a deep knowledge of the needs and trends of diverse industries.
- Provide individuals entering the workforce with support services to help them get a job and keep it.

What Foundations Can Do

- Acknowledge that grants don’t have to be big to achieve results. (Mott’s \$20,000 grant for the high-school survey enabled local community colleges to adapt the type of education they offer to remain relevant to the demands of the regional economy.
- Work as catalysts to bring groups together to form workforce partnerships.
 - In Michigan, foundations were integral to the creation of the Regional Skills Alliance program that brought together representatives from 29 different

industries and communities to discuss how best to help low-income workers and unemployed individuals.

- Thirty states have shown real interest in forming similar alliances.

The Annie E. Casey Foundation – Robert Giloth, Director, Family Economic Success

“Foundations have to measure outcomes if they want to learn. It’s about learning – not for accountability, but to understand what works.” – Robert Giloth

Collaborative efforts are very effective in creating policy and system changes that lead to better outcomes for individuals. The Annie E. Casey Foundation helped support an effort in Baltimore that brought together grantmakers, community-based organizations, businesses and government who eventually formed a “Workforce Pipeline.” The pipeline theory holds that:

- People who need help are often at different stages in the work cycle: one-third are ready to for employment; one-third are cycling through jobs; and one-third need training and skills before they are ready to work.
- These individuals often need other resources in addition to education and training, such as help with transportation and child care.

The Annie E. Casey Foundation decided to fund the pipeline approach after finding that in Baltimore:

- Twelve hundred jobs were going begging because employers couldn’t find enough skilled workers to fill the positions.
- Thirty percent of the city’s potential workforce needed 900 hours of training in basic skills to become employable.
- The problem wasn’t a matter of too little funding for workforce resources but of existing funds not being used effectively.
 - At the time, nearly two dozen different groups offered some type of workforce assistance and received a total of \$8 million in funding.
 - With such extensive resources, Baltimore should have been able to prepare three times as many individuals for employment.

It’s difficult to make the case for more funds when the funds already on the table aren’t being used effectively.

Through its funding of the pipeline, the foundation is:

- Helping forge new connections between programs – not in a linear way, but in a way that works best for people who may have many different resource needs.
- Supporting a transition jobs program that helps individuals find work quickly by:
 - Working with employers, such as Johns Hopkins (health care) and Marriott Corporation (hospitality), to prepare individuals for entry-level jobs in specific business sectors and
 - Encouraging workforce programs to adopt similar data-gathering methods so they can share information.

The end result is far more effective use of workforce dollars and strengthening of families through wealth and work.

What Foundations Can Do

Serving as collaborator is just one of way foundations can empower families.

Foundations can help remove other workforce barriers by:

- Combating illiteracy. Millions of Americans today read below a sixth-grade level and, thus, lack a basic skill they need to get an economically sustainable job.
- Supporting English as a Second Language (ESL) programs. Immigrants need help learning English to become employable, but many ESL programs are not well-coordinated or are understaffed.
- Addressing transportation needs. Most jobs are now in the suburbs, yet people who are in greatest need of a steady income often live in cities and don't have drivers' licenses or public transportation to get to far-flung jobs.
- Helping people following incarceration. Ex-convicts face many obstacles to finding work, including lack of skills, employers who are unwilling to take risks, lack of transportation, etc.

The Aspen Institute – John Molinaro, Associate Director, Community Strategies Group

The West Central Initiative (WCI), a rural community foundation, brings people and resources together to maintain and enhance the economic and social viability of nine rural counties in Minnesota.

In 1992, with a \$1 million grant from the McKnight Foundation, the WCI launched a Workforce Initiative designed to:

- Address a projected long-term shortage of skilled workers in the nine-county service area.
- Increase the value of work for low- and moderate-income families.

The initiative had three primary goals:

- Train incumbent manufacturing employees new skills that would enable them to advance in their careers.
- Help families improve their economic situation by working with them to chart a career path.
- Encourage people across the nine-county area to work together to address regional workforce issues.

To reach the first goal, WCI started a matching-grant program called Workforce 2020 that was driven by local business needs. Under this program, local manufacturers identified specific skills that their workers were lacking, agreed to match WCI dollar-for-dollar for training and selected employees who seemed capable of mastering those skills and advancing in their jobs.

WCI has found that since the program began:

- More than 8,000 employees have been trained and have benefited greatly.
- Every dollar invested in Workforce 2020 has resulted in a corresponding \$4 increase in wages.
- Manufacturers enjoy greater profitability and stability because their workforce is more highly skilled.
- Workers have more job security and in fact, there was no net loss of manufacturing jobs during the recent recession.
- Manufacturers started bringing back business that it had lost to other countries because of the “just-in-time” advantage of being able to deliver products more effectively and efficiently.

WCI met its second goal by establishing Families Forward, a career advancement program that helps low-income parents chart a career path designed to help them advance economically.

WCI notes that Families Forward:

- Has helped approximately 100 families each year by:
 - Providing one-on-one career and personal counseling.
 - Helping map out a training path.
 - Identifying resources to support their training.
 - Providing small cash awards to help them overcome barriers to their success.
- Costs just \$1,000 per family, a real bargain compared to the program’s outcomes.
- Has achieved solid results after just two years
 - Nearly one-third of program participants are in “step-up jobs,”
 - Over half are earning higher hourly wages and
 - Twenty-two percent have enjoyed an increase in their monthly income.

By achieving the third goal – getting people to work together to address regional workforce issues – WCI’s Workforce Initiative has:

- Helped “recession-proof” the local economy. Educational institutions are building programs to address future job needs, so area businesses can continue to stay ahead of the curve.
- Established the fastest-growing labor market in Minnesota: in just 10 years (1992-2002), manufacturing employment nearly doubled in the WCI nine-county area.
- Doubled entry-level manufacturing wages for unskilled workers.

The initiative has put this rural area of Minnesota way ahead of the curve in dealing with workforce issues that many urban areas are only now addressing.

Leading the Way – Philanthropy’s Experts Talk

During the lunch panel discussion, workforce experts discussed why philanthropy must lead the way in garnering widespread support to address workplace issues.

Education and Workforce Policy – Robert Jones, President

“Governments, employers and job-seekers must get out of their comfort zone and confront the issues that threaten our economic well-being. Foundations have the influence to make them uncomfortable enough to change....Philanthropy’s job should be to comfort the afflicted, while at the same time making the comfortable afflicted.” – Robert Jones

When the federal government began its workforce programs, the US had a lot of people but few jobs; today there are many new kinds of jobs but a shortage of adequately educated and trained workers. Workforce training used to be a social issue aimed at helping people find jobs. Now, it has evolved into an economic issue aimed at ensuring people have the knowledge and skills they need to remain competitive. Today, population growth in the US is flat, fewer young people are coming into the workforce and demand for skilled workers already outstrips demand.

New York Association of Training and Employment Professionals – John Twomey, Executive Director

“We should help young people so that they don’t leave school with a \$30,000+ debt, yet end up in a \$9/hour job flipping burgers.” – John Twomey

The US government does not seem to understand the urgency of the workforce issue. The government:

- Lacks a cohesive policy to deal with the myriad of issues, and continues to cut funding for workforce investment. A number of experts, including David Gergen of Harvard’s John F. Kennedy School of Government, believe that without strong leadership, our children could have a standard of living that is four percent less than ours.
- Needs better research on future workforce needs and a roadmap for determining what current and future workers will need in terms of skills and training.

What Foundations Can Do

The role of foundations is more important than ever. Foundations must help by:

- Emphasizing the gravity of the challenges now confronting our workforce and our economic health.
- Raising awareness that megatrends are changing our workforce at an astounding pace and, therefore, everyone must pick up the pace of finding solutions.
- Using existing funding more effectively by bringing key groups together and helping them transcend obstacles that are the result of different fiscal and structural relationships.

San Diego Workforce Partnership – Lawrence Fitch, President and CEO

A workforce partnership made all the difference to meeting the workforce challenges in the San Diego area. The San Diego Workforce Partnership serves as an intermediary to bring leaders together to assess what is wrong with the regional economy and what needs to be done.

San Diego currently has a very small middle class because the area offers many high-paying, highly technical jobs and many low-paying jobs – but not much in between. In addition, the area is:

- Experiencing fast growth in life sciences and the telecom industry – industries that require workers skilled in science and math.
- Expecting to lose between 11 percent and 22 percent of the area’s working population to retirement over the next 10 years.
- Coping with other, shifting workforce demographics. In the near future, minority individuals are expected to make up the majority of the San Diego area’s workforce.

The demographic changes occurring in San Diego are just a microcosm of what’s happening nationally.

To address the region’s workforce needs, the San Diego’s Workforce Partnership:

- Used “market intelligence” to determine what issues were most problematic and which community leaders needed to be engaged to resolve those issues.
- Invited leaders from all sectors to join together and tackle one of the greatest challenges: helping current and future workers attain the high-tech education and skills needed to grow the local economy. It was a particularly tough challenge since research also showed that just 5 percent of area students were majoring in math and science. (That’s in sharp contrast with China and India, America’s main competitors, where 43 percent of students are math and science majors.)
- Launched a 10-year initiative on math and science that involves foundations, employers, government, labor, community colleges and other educational institutions. Together, they are implementing changes aimed at boosting the number of qualified workers in the region.

American Association of Community Colleges – James McKenney, Vice President for Economic Development

“We need another sputnik-like event to galvanize the public’s vision regarding workforce challenges. In beating America into space, the Soviet Union jolted us out of our complacency. Now, we need to create the same sense of urgency about global competition. We must help people understand that unless we radically change how we prepare our workforce, we will lose our standing in the global economy. Foundations can be the catalysts.” – James McKenney

Community colleges can have tremendous clout because they represent thousands of communities and enroll 11.6 million students, whose average age is 29. In fact, some community colleges are the largest community-based organizations in their areas. The student population at Miami Dade Community College is as large as that of Florida State and the University of Florida combined.

What Foundations Can Do

In looking to engage community colleges in collaborative workforce efforts at the regional level, foundations must:

- Respect that each college is accountable to its own community and student body. Therefore, community colleges must have the flexibility to offer the range of courses and class schedules that reflect local needs. **One-size-does-not-fit-all.**
- Understand that all community colleges are not equal in terms of the funding they receive. In many states, community colleges get tax dollars independently from cities and counties, a factor that can work against collaborative efforts. Uneven funding creates structural disequilibrium; poor funding can have significant repercussions. For instance, community colleges in Michigan are among the most expensive in the US, yet now is when Michigan residents need continuing education the most.
- Show community colleges – and the governments that fund them – how a regional approach to workforce development is crucial to economic stability and growth, foundations can help break down resistance.
- Emphasize community colleges' central role in providing workforce training, foundations can help colleges make the case for more public funding.

Even with community colleges and government on board, foundations must also:

- Find ways to convince economic development and workforce groups to collaborate.
- Offer incentives, showing how each side can benefit through cooperative efforts.
- Help economic development groups understand that a ready source of highly skilled workers will attract more businesses to their region.
- Help workforce groups realize that a well-trained workforce leads to greater economic growth and job stability. We used to do workforce investment to help people out. Now we should do it to ensure our economic future.

Working with Government

National Center on Education and the Economy – Mary Gardner Clagett, Deputy Director for Policy

Congress passed the Workforce Investment Act (WIA) in 1998 to address changes occurring as a result of the global economy and to build a workforce prepared to meet those changes. The WIA identified 160 government programs that needed to be streamlined and their services consolidated.

But although the WIA contains some very good ideas, it does not:

- Have enough resources to implement them.
- Offer enough training. Training was supposed to be a big part of the WIA, but gets just 40 percent of WIA funds – much less funding than in the past.
- Coordinate its services effectively. Federal committees in Congress have turf issues that affect WIA's ability to function and that is a problem that continues all the way down to the local level.

Despite the act's obvious flaws, the WIA provides a good foundation for the philanthropic sector to build on. The Council on Competitiveness – a coalition of business, university and labor leaders – cited risk-taking entrepreneurship as a major US value. Foundations have a strong history of funding creative if risky approaches to solving societal problems.

What Foundations Can Do

- Use their philanthropic dollars to enhance WIA's impact by encouraging greater creativity and risk-taking.
- Provide seed money and innovative approaches as incentives for government, business and workforce leaders to collaborate more closely and produce more effective workforce initiatives.

U.S. Senate Committee on Health, Education, Labor and Pensions – Beth Buehlmann, Education Policy Director

“We need a national system that recognizes and deals well with modern lifestyle changes, needs and transitions. It's hard to talk about policy unless you talk about implementation and evaluation – how programs work.” – Beth Buehlmann

How do we create pipelines when we have stovepipes? How do we talk about education when universities don't know anything about the skills gap? How do we become competitive when American employers equate competitiveness with outsourcing?

The U.S. Secretary of Education admits that with our current government efforts, the US can't adequately address global work challenges and the growing skills gap. The relevance of our education system is also questionable. The skills needed to get into college are the same skills needed to get a job. Yet, our schools of higher learning are not preparing people to succeed in the workplace. In fact, they seem out of sync with true workforce needs. US colleges and universities said in a survey that they consider themselves successful. At the same time, they admitted they “cannot meet the challenges of globalization without undergoing major change.”

Statistics paint a worrying picture:

- Tenth grade students can appear to be up to speed, but can fall significantly behind by 12th grade.
- College students who take a remedial course, are eight times as likely not to finish college.
- Even those who graduate college are not necessarily well-educated: 47 percent of college grads are not proficient readers.

The looming workforce crisis will grow as millions of Baby Boomers begin to retire. To remain competitive globally, we need to reinvent the concept of retirement in America. Right now, we're not looking at how we can do that.

What Foundations Can Do

Foundations can help by:

- Looking at the workforce issues from both sides: determining first what the challenges are, then using that information to make the next push forward.
- Creating a more linked process of business-education-job training.
- Encouraging colleges and universities to take more initiative in dealing with workforce issues. It doesn't have to be workforce vs. academia; it can and should be both.
- Allowing corporations and schools to take risks.
- Encouraging businesses and communities to work together to create better on-and-off ramps so that people can acquire the skills and training they need to stay employable.
- Helping people understand how to access resources effectively.”

U.S. Congress Education and Workforce Committee – James Bergeron, Counselor to the Committee

“Foundations are in the position to look at issues in a big-picture way. They can offer interpretations and perspectives that differ from those of the Government Accountability Office and the Department of Labor.” – James Bergeron

The WIA is limited in its ability to address changing workforce needs. Foundations can:

- Play an important role both as a source of funds and ideas.
- Prod the federal government to act. Right now federal leadership is lacking. If Congress doesn't agree on new workforce act quickly, an effective alternative to the WIA won't be implemented until 2008 or 2009. Between now and then, leadership will continue to be at the state and local levels.
- Fund initiatives to:
 - Identify current and future workforce challenges, and develop effective ways to address them.
 - Transcend turf issues and look at workforce issues in a comprehensive way.
 - Take broad action, rather than take the silo approach of the Senate and House.
 - Prod the system to move and improve – become more business- and demand-driven.

Small Group Sessions

Following the panels' presentations, audience participants broke into four groups; each discussed a different topic and what foundations can do to help.

Group 1 – Getting Started: What a Foundation Needs to Know to Invest

- 1. Develop an Inventory of Best Practices**
 - a. Compile information about what foundations are doing in workforce development
 - b. Examine what has worked/failed.
- 2. Conduct a Needs Assessment**
 - a. Determine the who, what and when of local and/or regional workforce development.
 - b. Learn about and communicate with all key stakeholders.
- 3. Determine How Workforce Development Fits in With Local Priorities**
 - a. Have a clear understanding of the interrelationship between workforce development and other driving issues in the community and/or region.
- 4. Create a Special Effort or Initiative to Help Community Foundations Engage in Workforce Development**
 - a. Emphasize that community foundations are uniquely positioned to play a critical role on this issue.
- 5. Develop a Process for Measuring the Effectiveness of Workplace Efforts**

Group 2 – Workforce Development for Disadvantaged Populations: Use of Funding Collaboratives

The group identified the following as disadvantaged populations who could benefit from workplace development efforts: people with disabilities; immigrants; injured workers; people whose job has become obsolete; low-income individuals; high school dropouts; and low-income baby boomers/retirees.

- 1. Provide both external and internal leadership**
 - a. Understand the labor market and where you want it to go
 - b. Realize it may take a long time to fix certain problems
 - c. Consider using individuals' disadvantages as advantages (i.e., foreign language skills, cultural knowledge)
 - d. Blend funding streams
 - e. Consider place-based strategies
 - f. Consider funding groups that give the disadvantaged a voice and policy representation
 - g. Broaden the thinking and capabilities for programs that already exist
- 2. Spotlight successful programs and hold under-performing programs accountable**
 - a. Determine best ways for individuals and groups to gain access to services
 - b. Highlight successes
 - c. Measure labor market outcomes

- 3. Provide long-term solutions with holistic approaches**
 - a. Be inclusive
 - b. Realize that foundation intervention can take a long time
 - c. Be prepared to use different combinations of programs
 - d. Help organizations with case management
 - e. Identify barriers common to all groups, such as access to childcare, public transportation, parent care and policies that may restrict individuals from qualifying for certain resources
- 4. Provide capacity-building support and help organizations share knowledge**

Group 3 – The Role of Workforce Investment in Your Foundation’s Mission

- 1. Convenor –**
 - a. Bring together groups to form workforce investment partnerships
 - b. Raise public awareness of workforce issues
- 2. Be willing to take risks**
 - a. Target resources to meet needs that others can’t
 - b. Provide seed funding for innovative approaches
- 3. Advocate and Educate**
 - a. Disseminate information about local workforce issues
 - b. Champion pro-workforce investment policies
- 4. Provide targeted grassroots support**
 - a. Seek accountability
 - b. Influence
- 5. Fund research and development and share best practices**

Group 5 – Working in Partnerships: Bringing Potential Investors to the Table

- 1. Develop a national fund to promote workforce investment partnerships**
- 2. Create a narrative with cross-sector voices**
 - a. Give them a bigger voice
 - b. Serve as their champions
- 3. Provide philanthropic leadership**
 - a. Work with affinity groups
 - b. Convene all appropriate groups to form workforce investment partnerships
 - c. Provide public education
 - d. Include rural areas
 - e. Share best practices
- 4. Collect data**
 - a. Determine outcomes
 - b. Share what’s been learned