



Lessons Learned from the *America Works Initiative*

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Introduction

For the past two years, the Walmart Foundation has been exploring how to help low-income and unemployed populations get and keep jobs in the face of a sluggish economy and tightening state and federal budgets. In seven regions around the country, grantees of the *America Works Initiative*¹ have been experimenting with innovative approaches designed to leverage larger-scale, longer-term, strategic and systemic changes in the way regions organize their workforce development efforts.

In selecting the sites, we looked for opportunities to build on promising efforts already under way that had demonstrated success. We also looked for opportunities to link different workforce-related programs together to make them function more as a system. In addition, we looked for opportunities to better link workforce development initiatives to economic development efforts, and to broader strategies to grow the region's economy. Finally, to have a bigger impact and to increase the likelihood that the work would be sustained, we looked for opportunities where the Walmart Foundation could be a co-investor, rather than the sole investor, or where there was a good possibility that the site could use the Walmart Foundation grant to leverage funding from additional sources.

In five of the sites, the Walmart Foundation grant continued work that was started as part of the US Department of Labor's Workforce Innovation in Regional Economic Development (WIRED) or Regional Innovation Grant (RIG) initiatives, sustaining those efforts to build closer collaboration between workforce and economic development at the regional level. In one of the sites, the work funded by the Walmart Foundation grant sought to more closely link the work of a local funders collaborative supported by the National Fund for Workforce Solutions with the region's economic development strategy and infrastructure.

¹ The seven *America Works Initiative* grantees are listed in the back of this report.

Key Lessons

There are a number of key lessons that we learned in the course of this work that might be useful to others doing similar work.

First, it's easier to work around existing systems than it is to change them.

One of the main objectives of the *America Works Initiative* was to make workforce-related programs function more as a system. To do that, grantees had to overcome the fragmentation among workforce-related programs run by many different public, private, and nonprofit organizations with conflicting missions, institutional interests, organizational cultures, funding streams and geographical boundaries.

One way they attempted to do that was to set common standards for programs through certification. Most sites employed Work Keys and/or the National Career Readiness Certificate as tools to ensure that work-readiness programs met the minimum standards required by employers. Other sites also employed or developed certificates to demonstrate completion of short-term training for specific occupations, based on input from employers about the skills and experience they require. We found that when employers were aware of these certificates, they often factored them into their hiring decisions, particularly if they were involved in developing them.

In Michigan, where state policy requires individuals to have a General Equivalency Diploma (GED) and/or a Michigan National Career Readiness Certificate as a pre-requisite for further training, certification is being used as a passport from one level of training to the next. The Lancaster County Workforce

Investment Board has taken that a step further. They have mapped out their whole workforce development system, starting with an analysis of where the jobs are in the local economy and what skills they require, setting up industry partnerships in key industries to provide short-term training that meets industry needs, then working back through work readiness and pre-employment training programs that feed into that system, creating, in essence, a “talent supply chain” to support growth in key industries. These efforts point the way toward a more systematic approach to workforce development.

Another way grantees attempted to overcome fragmentation was to introduce “navigators,” “coaches,” or “advisors” who were knowledgeable about the labor market, informed about the maze of workforce-related programs available, and skilled in helping individuals navigate through that maze. Three sites (Southwest Connecticut, Eastern Mississippi and West Michigan) experimented with this approach, which made a difference in helping individuals identify high-demand occupations and their skill requirements, gain access to training for those occupations, and complete their training.

However, because this approach is very labor intensive, it is difficult to deploy on a large scale. One site (Southwest Connecticut) expanded the reach of its advisors by developing websites to make the career information they generated more widely available. The information was organized into career pathways to help individuals figure out how to move to higher levels of education and

employment in a given industry or occupational sector. This site also expanded the reach of its advisors by using them to train and develop resource guides for One Stop staff.

Because the three sites experimenting with navigators relied almost entirely on grants to fund these positions, we had some concern about whether their efforts would continue beyond the life of the grant. Eastern Mississippi addressed that by securing an agreement up front from the region's community colleges that they would create permanent positions for the navigators within their institutions and assume responsibility for funding those positions after the grant funds were no longer available.

Stepping back, it's clear that all of these approaches hold promise for overcoming the fragmentation inherent among workforce development programs. However, they have yet to realize their full potential. Currently, certification is mainly being used as a tool for screening individuals into further training or employment, and only rarely as a tool for holding programs accountable for meeting high standards of performance, screening out poor performing programs. Navigators are largely being grafted onto the existing system, even though their role is vital to a well-functioning workforce development system. And, the talent supply chain that the Lancaster workforce board is developing remains largely on paper.

It will be difficult to realize the full potential of these innovations without changing the legacy policies, programs and funding streams that are at the root of the fragmentation that currently plagues workforce development efforts. At a minimum, regional intermediaries will need much more authority to set funding priorities, and fewer restrictions on how those funds are spent.

Second, a common platform of timely and reliable labor market information holds promise for overcoming fragmentation.

One way to get different programs to function more as a system is to have a common platform of accurate and timely information about what's actually happening in the labor market to drive collective decision-making. So, one thing we looked for in the sites we funded was whether they had some way to generate that kind of information. That turned out to be particularly important as the recession wreaked havoc in local labor markets, nullifying previous employment projections and clouding industry trends.

One approach the sites used to gather more accurate and timely information was to employ sophisticated data mining tools that draw on multiple large data sets that are much more timely and comprehensive than the BLS data that has traditionally been used. Several sites worked with organizations like EMSI and Burning Glass to develop a composite picture of local labor market activity. They found that the information that they got using that approach was better than what they'd had to work with in the past, but that there were still important pieces missing. One method they used to fill in the remaining gaps was to conduct employer surveys to get more precise information about what was going on in particular industries or sectors. However, it was often difficult to get employers to respond to the surveys. They found they had better luck when they partnered with local chambers, industry associations, or industry cluster organizations to gather that information.

Two sites focused on putting systems in place to systematically collect and share labor market information in an ongoing way, rather than rely on occasional snap-shots. In Kansas City, the

Mid-America Regional Council (MARC) and its partners organized a Regional Workforce Intelligence Network, designed to collect and analyze labor market data, turn that data into information to guide and align regional growth strategies, and promote greater collaboration among the many different organizations that are pursuing those strategies. They are attempting to build a common platform of information from which regional workforce and economic development organizations can work, allowing those organizations to collectively plan where their investments can make the biggest difference. They are also using the information to maintain a dashboard of indicators to track the growth of key sectors, identify labor market trends and skill gaps, and analyze the overall competitiveness of the region.

In the OH-Penn region, the Competitiveness Council (a partnership between three workforce boards, local elected officials, chambers of commerce and economic development leaders in the five-county region in Western PA and Eastern OH) sought to expand the Business Resource Network (BRN), a successful employer outreach and support program. The BRN pools information about employer needs collected from employer visits by different agencies, leveraging the existing relationships each agency has with employers across a wide range of workforce, education and economic development programs. That information, collected in a common format, is then shared across the participating agencies, each of which responds where it can add the most value. The information that is gathered from employer visits can also be used to help inform economic development strategies, guiding decisions about which industries to target, which interventions would make the biggest difference, and what kind of companies to target for business recruitment efforts.

These innovative efforts demonstrate the potential for using accurate and timely labor market information to drive decision making and to get key stakeholders focused on the same priorities and moving in the same direction. When combined with new technologies that make it possible to aggregate and analyze multiple large data sets using artificial intelligence, dubbed “big data,” they can generate new insights into what kind of interventions would make the biggest difference. However, building and sustaining a labor market information system with that kind of scale and sophistication requires highly skilled professional staff and a stable source of funding to support both their analyst and intermediary roles. Those pieces have yet to come together in most regions.

Third, despite the promise of industry partnerships, it is still difficult to get workforce and economic development strategies aligned.

Another objective of the *America Works Initiative* was to tie workforce development efforts more closely to economic development efforts to promote more sustainable job growth. In the economic development field, there is growing interest in supporting the growth of particular industry clusters. Similarly, within the workforce development field, a growing number of regions have begun organizing their workforce development efforts along industry lines through industry partnerships, or sector strategies.

All of the sites had partnership structures in place that brought together employers to identify their pressing workforce needs. The sites found that it was easier to keep employers engaged when those employers initiated and led the partnerships, and when the partnerships focused on a broader swath of the workforce than low-skilled workers, since

there was very little demand among employers for low-skilled workers in the slack labor markets that prevailed during this period.

They also found that it was easier to sustain these partnerships when they were closely connected to existing industry groups than when they were organized as a stand-alone structure focused solely on workforce development. For example, in Kansas City MARC partnered with the Kansas City Area Life Sciences Institute to address workforce needs in the life sciences sector, the Kansas City Metropolitan Healthcare Council to address workforce needs in the healthcare sector, KC SmartPort to address workforce needs in the logistics sector, and the Kansas City Manufacturing Network, Mid-America Manufacturing Technology Center and Missouri Enterprise to address workforce needs in advanced manufacturing. In addition, MARC is actively pursuing a closer working relationship with the Greater Kansas City Chamber of Commerce.

In Lancaster, the workforce board had started with partnership structures focused solely on training workers to meet the current needs of employers, but realized that there also had to be structures in place to grow more jobs. So, they organized Centers of Excellence in four key industries, with a broader mission that included conducting local research and development, organizing technology transfer activities, promoting entrepreneurial development, and maintaining a pipeline from school to work for essential careers in each industry. We were intrigued by the possibility that a workforce board could take on this broader role.

Stepping back, it seems clear that industry partnerships hold real promise for more closely linking workforce education and training to the needs of employers in key growth industries, particularly when those partnerships are closely connected to existing industry groups. Industry partnerships also hold promise for greater

alignment between workforce development and economic development strategies. However, it's been hard to fully realize that promise.

One reason is because most industry partnerships have focused mainly on low-skill workers, for which there is little current demand in the economy, reinforcing the perception among many economic developers that workforce development programs are mainly social programs. But another reason is that most economic development strategies are currently focused on business recruitment and on launching new businesses, not on the retention and expansion of existing businesses, which are the main focus of industry partnerships. That limits the possibilities for collaboration between economic and workforce development organizations.

Fortunately, the economic development field has begun to shift more of its attention and resources to growing existing businesses, because a growing body of research suggests that's where the greatest opportunities are for new job growth. However, it's unclear whether the workforce development system will be able to take advantage of the opportunity this presents for closer collaboration, due to cuts in funding for incumbent worker training.

Fourth, the work started under WIRED has continued, but it has taken different forms.

Over the past several years, there has been growing interest in setting up new structures to address workforce issues at the regional level, which many experts believe is the best place to organize job creation activities. So, one thing we looked for in selecting sites was whether they were actively trying to build that kind of capacity at the regional level.

Building that kind of regional capacity had been a central thrust of the WIRED initiative, so we chose

several former WIRED sites as grantees to see what it would take to sustain their efforts. Interestingly, we found that none of the WIRED sites had continued the structures set up under WIRED after the funding ran out. But, in two of the former WIRED sites, new structures had been created to take their place.

In Kansas City, as the WIRED funding was running out, the leaders of that effort concluded that the biggest gap in the region's workforce system was the absence of good labor market information to guide their decisions and evaluate their results. So, many of the same organizations that had worked together on the WIRED initiative formed the Regional Workforce Intelligence Network. Their focus has shifted to building a common information platform for economic development, workforce development and education efforts, and new partners have been invited to the table.

In West Michigan, several business leaders that had been part of the WIRED initiative have now launched Talent 2025, a coalition of more than 60 CEOs from major employers who are focused on developing more strategic and systemic approach to talent development and retention in the region. They commissioned an in-depth study of labor supply and demand in the region, and concluded that there is a shortage of workers with postsecondary training to supply the growing manufacturing sector. They are now working with the region's 13 university, college and community college presidents to address that strategic need. They are also closely aligned with The Right Place, Inc., a regional nonprofit economic development organization that oversees the development and implementation of economic growth strategies for the region.

In the OH-Penn region, three workforce boards had used a Regional Innovation Grant to organize the OH-Penn Competitiveness Council as a sustained forum for collaboration on workforce issues among

key stakeholders in the region, but with aspirations to play a larger role. We gave them a grant to sustain their workforce efforts, but also to see whether a council initiated by workforce boards could take on the broader role of coordinating economic growth efforts in the region. The Council focused on branding the bi-state region, supporting industry partnerships (in manufacturing, health care, and natural gas), overseeing the expansion of WIN and Work Keys, and overseeing the expansion of the Business Resource Network. So far, they have mainly focused on workforce issues, and are mainly seen by others in the region solely as a workforce initiative.

The Lancaster workforce board (not a former WIRED site) took a different approach, joining forces with an existing regional, business-led coalition, LancasterProsper. Within that broad partnership, the workforce board focused its efforts on developing a dashboard of regional indicators to provide a common information platform to work from, and on building industry cluster groups that linked workforce and economic development efforts in targeted industries. However, despite backbone support from the workforce board, the coalition dissipated after a couple years, mainly due to lack of sustained leadership from the business community. There are currently efforts under way to rebuild that coalition and develop a common economic growth strategy for the region.

Taken together, these experiences suggest that regional councils focused solely on workforce issues and/or led by workforce organizations can make a difference by coordinating efforts across workforce-related programs, but they may not be positioned to successfully lead broader regional growth efforts. And, even when workforce organizations combine their efforts with business and economic development organizations as part of a broader regional coalition, those structures are more likely to be sustained with strong leadership from the business community.

However, one lesson we learned from the former WIRED sites is that it's possible to build on relationships formed through one initiative to support the next one. In other words, regional collaboration may be an iterative and dynamic process, more like pick-up basketball than a central committee. Consequently, it may not be necessary to keep everyone seated around the same table, or keep them fed, to reap the benefits of collaboration. It may be more effective to call the right people to the right table at the right time, based on the work that needs to be done. There needs to be a core group of well-respected and trusted leaders to organize that process, but that doesn't necessarily require a formal structure.

Fifth, even a small training program can make a big difference if it's part of a larger strategy focused on systems change.

Another approach to systems change is to start with a small project that is a critical component of a larger strategy, then systematically remove whatever obstacles are getting in the way of its success. The San Diego Regional Economic Development Corporation (SDREDC) adopted that approach, using a small machinist-training program in the Imperial Valley as a catalyst for larger system changes.

To provide some context, one of the biggest constraints on economic growth in San Diego is insufficient electrical power. However, just to the east of San Diego is the Imperial Valley, which has considerable untapped potential for generating solar, wind and geothermal energy. There are currently efforts under way to tap that potential, and there is a new power line, the Sunrise Powerlink, between Imperial Valley and San Diego to deliver that power to an expanding market.

Studies have shown that the growing alternative energy industry in Imperial Valley will require significantly more machinists than are currently available. And that in turn will require much more capacity to train those machinists than currently exists. So, the SDREDC used the Walmart Foundation grant to set up a program to train machinists in the Imperial Valley.

The SDREDC joined forces with the Imperial Valley Economic Development Corporation, and enlisted the San Diego Workforce Partnership to help them navigate the confusing terrain of workforce development. They worked together to overcome a series of obstacles they encountered in setting up the training program. For example, when the Imperial Valley WIB was unresponsive, they persisted for several months until they were able to secure a financial commitment from their board to support the training program, following a change in the board's leadership. When the local community college was unable to provide the training that was needed when it was needed, they found another training provider, but continued to encourage changes at the community college, and were successful. And when they encountered opposition to the training program from political leaders in the community, they educated them about how the program fit into a larger strategy for turning around the region's economy, enlisting the support of local employers in that effort.

In short, at each step along the way, they created stronger institutions and increased the long-term capacity of the Imperial Valley to address its workforce needs. This experience suggests that where there is a compelling opportunity for economic growth, a sound strategy for realizing that opportunity, and influential organizations invested in the success of that strategy and willing to work together to make that happen, even a small intervention can have a significant impact on larger systems.

Sixth, innovation remains overly dependent on grant funding.

Foundations always hope that the seeds they plant with their grants will continue to grow after the money runs out. That is particularly important when the focus is on systems change, which is a long-term process, usually requiring many years of sustained effort. We tried to increase the chances that the work we were funding would be sustained by picking sites where the Walmart Foundation would be a co-investor, or where there would be a good possibility that the Walmart grant would be used to leverage additional funding from other sources.

All of the sites were successful in leveraging or attracting additional funding to expand and/or sustain their efforts. For example, in East Mississippi, The Montgomery Institute used its Walmart Foundation grant to leverage \$155,000 in state funding, a \$50,000 grant from the National Institute for Rural Community Colleges at Mississippi State University, and \$100,000 in matching commitments from four partner community and junior colleges. They were also able to attract a \$4.5 million federal grant to expand their efforts. In San Diego, the San Diego Workforce Funders Collaborative used the Walmart Foundation grant to leverage \$400,000 from the Social Innovation Fund to expand its health care training programs. And in Southwest Connecticut, The Workplace secured several million dollars in state and federal grants to expand its training programs in the green and health care industries.

In Lancaster, the Spanish American Civic Association used the Walmart Foundation grant as bridge funding until it secured state and federal grants totaling \$2.3 million to build a center to house its ESL, basic skills, job training, and job placement programs for the growing Latino community. In West Michigan, the Talent 2025

group secured an initial commitment from each of its CEO members to contribute \$5,000 per year for three years to support its work. The OH-Penn region recently secured two \$6 million grants from the Labor Department's Workforce Innovation Fund to support the Mahoning Valley Manufacturers Coalition and to expand the BRN program across Northeast Ohio.

However, there's an interesting pattern here - these innovative efforts are almost entirely dependent on grant funding. And that grant funding comes in small chunks, is usually of short duration, and is usually restricted to particular programs that often are designed to serve the interests of the funder. As a result, innovative practitioners on the ground are forced to piece together enough grants over enough time, and with enough coherence, to support their long-term, systems change efforts.

In short, to fund their efforts to overcome the fragmentation in the current workforce development system, innovative practitioners are forced to rely almost entirely on grants that are themselves highly fragmented. As a result, innovations are happening in a piecemeal fashion, and are proving difficult to sustain,

Conclusions

The overarching purpose of the *America Works Initiative* was to expand employment opportunities for low-income and unemployed populations. One way to determine whether we succeeded or not is to look at whether participants were better off as a result. By that measure, the initiative was clearly a success.

For example, in Southwest Connecticut, the advisors hired as part of this initiative assessed 503 individuals interested in health care or green careers. Of those, 296 completed training, 63 were placed in internships, and 204 were placed in jobs. In East Mississippi, the navigators hired as part of this initiative assessed 899 individuals interested in manufacturing or health care careers. Of those, 483 completed training, 458 were certified at the M3 Production Level 1 or higher, and 169 were placed in jobs. In the OH-Penn region, 455 dislocated workers enrolled in the WIN program. Of those, 144 received a National Career Readiness Certificate.

In Lancaster, the ESL program expanded by this initiative served an additional 342 individuals. Of those, 63 found permanent employment, while others were enrolled in the Ready2Work program, where they now make up roughly 25 percent of all graduates. In West Michigan, 245 individuals participating in the adult education programs expanded as part of this initiative earned National Career Readiness Certificates, 237 earned GEDs, 229 received career coaching, 49 gained employment, and 14 enrolled in post-secondary training.

Another way to determine whether we succeeded or not is to look at whether the participating regions are better off as a result. Do these seven regions

now have greater capacity to expand employment opportunities for low-income and unemployed populations on their own? The answer appears to be yes.

The navigator and certification programs that were started or expanded as part of this initiative will continue to benefit to low-income and unemployed populations beyond the life of the grant. The same is true for the pipelines and career pathways that were more clearly defined through this initiative. The closer links to employers through industry partnerships and the Business Resource Network that were built with funding from this initiative, along with the labor market information systems, will continue to pay off by providing more accurate information about where the jobs are and what skills they require, and by providing work-based learning opportunities like internships and “clinical” experience. And the relationships built through regional partnerships funded by this initiative can continue to be leveraged for other similar initiatives.

Despite these successes, however, the sluggish growth of the economy remains the biggest obstacle to expanding opportunity. If the economy isn’t creating enough new jobs, program participants just end up recycling through existing jobs, possibly displacing others in the process. Consequently, the key to expanding opportunity for low-income and unemployed workers, and to making sure that regions benefit, is to get the economy moving again at a faster pace.

There was a lot of work going on along those lines in the *America Works Initiative* sites. For example, we observed innovative efforts to collect and analyze timely and reliable labor market information to drive decisions about where to focus, and to track

progress; industry partnerships to help fuel the expansion of existing businesses, which is where most new jobs come from; career ladders to create opportunities for existing workers to move up, opening up positions for less-skilled workers; pipelines that include pre-employment and work-readiness training to expand access to training and employment for low-skilled workers; and intermediaries capable of leading these efforts and putting the pieces together in ways that meet the unique and changing needs of the regional labor market.

Taken together, these innovative efforts point toward the kind of workforce development system that is capable of expanding both economic growth and individual opportunity, on a scale that far exceeds the capacity of the current system. In the current economic environment, that may end up being the most important lesson of all.

America Works Initiative Regions and Grant Recipients

Cali Baja Region (San Diego and Imperial Counties, CA) – San Diego Regional Economic Development Corporation

CT-NY Region (Southwest CT and neighboring counties in NY State) – The Workplace Inc.

Eastern Mississippi – The Montgomery Institute

OH-Penn Region (Western PA and Eastern Ohio) – West Central Job Training Partnership, Inc.

Kansas City – Mid-America Regional Council

Lancaster, PA – Lancaster County Workforce Investment Board

West Michigan – West Michigan Strategic Alliance