

KEEPING  
America  
in BUSINESS  
*Advancing Workers, Businesses,  
and Economic Growth*

The 102nd  
American Assembly  
February 6-9, 2003  
Arden House  
Harriman, New York

The American Assembly  
Columbia University

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## PREFACE

On February 6, 2003, seventy-five men and women representing business, labor, academia, government, workforce intermediaries, academia, nonprofit organizations and the media gathered at Arden House in Harriman, New York, for the 102nd American Assembly entitled “Achieving Worker Success and Business Prosperity: The New Role for Workforce Intermediaries.” For three days, participants examined policies, approaches and actions that need to be taken to assure that workers have access to economic opportunity and to assure that employers have access to the skilled workforce required for them to be globally competitive.

This project was directed by Robert Giloth, director, The Annie E. Casey Foundation; John Colborn, deputy director, Economic Development Unit, The Ford Foundation; and Betsy Biemann, associate director, Working Communities, The Rockefeller Foundation. The project was also ably assisted by a steering committee of distinguished leaders from around the country, whose names and affiliations are listed in the appendix to this report.

Background papers were prepared for participants under the editorial supervision of Robert Giloth and will appear as chapters in a book tentatively entitled *Workforce Intermediaries for the 21st Century*, to be published by Temple University Press in fall 2003. The chapters are listed on the inside back cover.

During the Assembly, participants heard formal addresses by David Ellwood, Lucius N. Littauer Professor of Political Science, John F. Kennedy School of Government, Harvard University; and Jeremy Nowak, president/CEO, The Reinvestment Fund. Richard M. McGahey, managing vice president, Abt Associates, Inc., moderated a panel of Timothy M. Barnicle, co-director, Workforce Development Program, National Center on Education and the Economy; Steve Crawford, director, Employment and Social Services Policy Studies, National Governors Association; and Jackie Edens, Commissioner, Mayor’s Office of Workforce Development, Chicago. Mr. Giloth also moderated an introductory panel that included Cynthia E. Marano, director, National Network of Sector Partners, National Economic Development and Law Center; Marlene Seltzer, president, Jobs for the Future; and Julie Strawn, senior policy analyst, Center for Law and Social Policy.

Following their discussions, participants issued this report on February 9,

2003. It contains both their findings and recommendations.

The text of this report is available on both The American Assembly's website ([www.americanassembly.com](http://www.americanassembly.com)) and the project's webpage ([www.opportunitiesatwork.org](http://www.opportunitiesatwork.org)), which also contains links to many of the organizations involved in this project.

We gratefully acknowledge the support of The Annie E. Casey Foundation, The Ford Foundation, The Rockefeller Foundation, The John D. and Catherine T. MacArthur Foundation, and the Open Society Institute, Baltimore.

The American Assembly takes no positions on any subjects presented here for public discussion. In addition, it should be noted that participants took part in this meeting as individuals and spoke for themselves rather than for their affiliated organizations and institutions.

We would like to express special appreciation for the fine work of the discussion leaders, rapporteurs and advisors in helping to prepare the final draft of this report: Daniel Berry, Paul Brophy, Terri Feeley, Lisa Kaplan Gordon, Ed Hatcher, Cynthia Marano, Richard McGahey, Julie Strawn, and Orson Watson.

David H. Mortimer  
The American Assembly

## FOREWORD

Over the past decade, a set of workforce development policies and strategies has emerged to meet the needs of both businesses and low-wage, low skilled workers. In some cases, the results have been nothing less than remarkable: employers are finding a well-trained competitive workforce while at the same time workers are being placed in jobs that can sustain their families.

The opportunity exists to spread this workforce intermediary approach, as this Assembly has named it, to a wider array of existing institutions in order to achieve greater impact. Achieving this impact will not be easy. Employers and job training providers simply adopting "promising workforce practices" won't get the job done.

The challenge ahead is about transforming workforce development practices in a variety of institutional settings, such as community colleges, workforce boards, labor unions, employer associations, and community organizations. It is about creating and sustaining entrepreneurial organizations that have the commitment and capacity for innovation and to build partnerships, learn, change directions, and relentlessly pursue results.

Transforming workforce development practices, however, will only occur if there is top-level leadership committed to this agenda. Public and private workforce development resources must lay the groundwork to support the pursuit and achievement of substantial results.

The report of this American Assembly provides hope and, most importantly, direction for a broad spectrum of workforce practitioners, business organizations, and advocates who are ready to take on this challenge. Given the current and impending workforce crises that threaten the future of America's families and businesses, the time is right.

We are proud to have supported and participated in this important civic dialogue. But this is just the beginning. We look forward to working in collaboration with our workforce development colleagues to advance this critical agenda in the months and years to come.

Betsy Biemann  
John Colborn  
Robert Giloth  
Co-directors  
The 102<sup>nd</sup> American Assembly

# KEEPING America in BUSINESS

*Advancing Workers, Businesses,  
and Economic Growth*

At the close of their discussions, the participants in the 102nd American Assembly on “Achieving Worker Success and Business Prosperity: The New Role for Workforce Intermediaries,” at Arden House, Harriman, New York, February 6-9, 2003 reviewed as a group the following statement. The statement represents general agreement; however, no one was asked to sign it. Furthermore, it should be understood that not everyone agreed with all of it.

## INTRODUCTION

As the 21st century begins, the prosperity of the United States depends increasingly on the strength of its workforce. The world is becoming one economy, and nations that fully utilize their workers are more likely to thrive than those that do not.

There is a crisis emerging in America: workforce. The future worker shortage in the United States, the lack of worker skills, the increasing wage gaps, the disjointed public programs, and the absence of business participation all contribute to the crisis. But most importantly, it is the failure of our nation to recognize and respond to these challenges that presents the greatest risk.

Over the past twenty years, a dramatic increase in the size and skill of America’s labor force has driven its economic growth. Baby boomers were in their prime employment years, and large numbers of women entered the labor force. New workers emerged far more educated than those they replaced. The number of college-educated workers more than doubled.

These trends have ended. More than one third of the nation’s current

workforce lack the basic skills needed to succeed in today’s labor market. During the next twenty years, the American workforce is expected to grow by only half of its earlier pace: there will be no growth of native-born workers in their prime working years; the percentage of the labor force composed of four-year college graduates is predicted to stagnate over the next two decades; the number of workers with two-year degrees and skill certificates will fall far short of the economy’s needs.

These labor force trends are exacerbated by globalizing competition and accelerating technological requirements in both domestic and export sectors. Taken together, these trends will lead to severe consequences for the vibrancy of the American economy and businesses. Problems on the horizon include:

- Unfilled jobs and productivity;
- Skill shortages;
- A decrease in regional economic competitiveness for some of the nation’s cities and rural communities;
- A loss of jobs to overseas workers.

*A ‘workforce intermediary’ strategy seeks to help workers advance, help businesses fill critical job shortages...*

However, these problems can create opportunities to better involve overlooked labor market pools in the United States.

A strong economy depends on labor force growth and increased productivity. But if the nation’s labor force does not grow, then we must find ways to increase the productivity of *all* American workers to meet the demands of future jobs.

Today, U.S. tax dollars support workforce development through a fragmented and under-funded patchwork system. In many communities, employers indicate that the workforce development system does not meet their needs and their engagement in workforce development programs has been superficial; publicly funded workforce programs have been constrained by funding that follows individual personal eligibility and political boundaries rather than regional economies; and systems improvements have proved elusive. As a result, employers still struggle to find workers who can help their businesses succeed, and workers still struggle to find and keep jobs that can sustain their families.

A new strategy—what this Assembly calls a “workforce intermediary” strategy—seeks to help workers advance, help businesses fill critical job shortages, and, ultimately, change systems to bolster regional and national economic development. This approach does not require creating a new

category of organization or overhauling public systems but it does require the transformation of existing policies and programs so that they are more adaptable to the local labor markets. It challenges existing organizations and systems to redefine whom they serve and how they do business through the forging of new partnerships and building the capacity to do so.

Workforce intermediary approaches are practiced by a variety of organizations—including community colleges, federally mandated Workforce Investment Boards (WIBs), state and local government agencies, unions, employer organizations, community development corporations, community development financial institutions, faith-based organizations, and community-based organizations. Groups using workforce intermediary approaches have these goals:

1. **To bring workers into the American mainstream.** Success for these organizations means that workers are employed in jobs that offer the promise of financial stability.
2. **To increase business efficiency and productivity.** They are equally concerned with serving employers’ needs and helping businesses become increasingly productive. They realize that business and worker success are interdependent.
3. **To enhance regional competitiveness.** These groups understand that the health of regional economies affects the ability to advance workers and strengthen business.

This intermediary approach is results-driven, entrepreneurial and flexible, trusted by employers and workers, and collaborative.

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## A PROMISING START

More and more organizations in places as diverse as Wiscasset, Maine and San Francisco are showing encouraging results by using workforce intermediary approaches to help workers and business. But what exactly are these practices?

This approach arose in response to some of the limitations of the present workforce system. The current system is characterized by single customer focus on job applicants; a lack of knowledge of employers and their needs; a focus on limited employability training and initial placement and little post-placement retention and advancement services; and the fragmentation of the workforce community and its funding streams.

The “workforce intermediary” approach has several common characteristics. At their core, workforce intermediaries:

- Pursue a “dual customer approach” by serving businesses looking for qualified workers, and by serving job-seekers and workers looking to advance their careers;
- Organize multiple partners and funding streams around common goals, bringing together businesses, labor unions, educational institutions, social service agencies, and other providers to design and implement programs and policies to improve labor market outcomes;
- Provide or broker labor market services that go beyond recruitment and referral by understanding the special needs—and gaining the trust—of firms and industries;
- Reduce turnover and increase economic mobility for workers by assuring continued support and opportunities to upgrade skills;
- Achieve results with innovative approaches and solutions to workforce problems;
- Improve outcomes for firms and their workers by catalyzing improvements in public systems and business employment practices.

Business organizations, labor supported programs, nonprofit community organizations, the public workforce investment system, and community colleges all can pursue workforce intermediary strategies. The number of such efforts has risen from a handful in the early 1990s to several hundred today. *Although they approach their tasks in different ways, successful intermediary organizations bring together key partners and functions to advance careers for all workers—recognizing the special needs of low-skilled, low-wage*

*workers—increase business productivity, and improve regional competitiveness.*  
(For descriptions of groups that perform workforce intermediary functions, go to [www.opportunitiesatwork.org](http://www.opportunitiesatwork.org).)

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## RESULTS

*“There aren’t too many programs for people like me who have worked all their lives and never had a chance to move up... You need training in this world to survive and stride forward, and this program gives people that chance. I see a career path that’s open to many new things”*  
- Worker

*“We have found that partnerships allow us to save money on a cost-per-hire basis. Our partners are actually pre-screening candidates for us and pre-training them.”*  
- Employer

The workforce intermediary approach promises to improve the economic well being of job seekers, workers, and their families. Outcomes, where they have been measured, are positive especially when compared to the impacts of other more traditional workforce development activities.

Early research indicates that businesses reap economic benefits from partnering with workforce intermediary organizations. These benefits include:

- Access to new sources of job applicants;
- Reduced recruitment costs;
- Higher retention rates compared to traditional hires;
- Increased productivity;
- Tax credit savings;
- An enhanced reputation within the community;

By attending to business concerns and increasing productivity, workforce intermediary organizations also bolster regional competitiveness. For example, in New York City, the Garment Industry Development Corporation introduced production changes that enabled area firms to increase profits while maintaining decent wages and benefit packages.

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## WHAT TYPES OF ORGANIZATIONS USE INTERMEDIARY APPROACHES?

More than 200 organizations in thirty-nine states responded to a recent survey that described their use of workforce intermediary approaches. Most organizations participating in the survey are just a few years old, but two-thirds of them each serve more than 500 job seekers and workers annually.

While workforce intermediary organizations take many forms, not every education, training, or economic development entity plays this role. Efforts that are single-purpose in character—attend to one particular activity or attend to the needs of a single employer—do not meet the workforce intermediary definition. The power of the workforce intermediary approach is its multifaceted nature, and its potential impact goes beyond the sum of its component parts.

Indeed, many public workforce development agencies—including local Workforce Investment Boards (WIBs), economic development agencies and community colleges—act as workforce intermediaries. More often, however, workforce intermediary efforts work to complement these public systems by expanding their reach through new partnerships and adding depth in industry sectors.

Consistent with the mission of the public workforce development systems, workforce intermediary efforts seek to:

- Expand economic opportunity for workers and job-seekers and enhance the competitiveness of firms and regions by identifying the needs of a variety of stakeholders;
- Invite firms, civic institutions and leaders to address these needs;
- Integrate services and funding streams in ways that enhance effectiveness;
- Leverage new resources;
- Engage in systematic and rigorous assessment of outcomes.

*The power of the workforce intermediary approach is its multifaceted nature...*

## A CALL TO ACTION

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A workforce intermediary strategy seeks to help workers advance, businesses fill critical job shortages, and ultimately boost regional and national economic growth and productivity. Such ambitious goals require a “high impact” strategy, one that results in quality services to a greater share of workers and employers and meaningful changes to local and regional labor markets. The challenge is to get beyond what one Assembly participant called “pockets of unreplicable greatness” to a wider scale.

This strategy is an important response to the larger workforce crisis confronting this nation.

The severity of the impending workforce crisis requires nothing less than a major transformation in how the workforce system and workforce organizations go about their business. This change will require that intermediary functions and practices should be widely adopted by thousands of existing organizations—Workforce Investment Boards, community colleges, employer associations, labor programs, community development venture capital funds and community-based organizations. New partnerships between these groups can increase effectiveness in serving employers.

To accomplish this transformation, the system will require:

- An understanding that workforce development is as much an economic policy as a social policy;
- New policies that increase the accountability and impact of programs;
- Decisions by funders to create incentives for the use of dual-customer approaches;
- A venture capital orientation on the part of funders, rewarding adaptive capacity and good results over sustained periods;
- Increasing research that demonstrates what works;
- Timely data on local labor markets for mapping labor supply and demand and career opportunities, and identifying job training opportunities and gaps and evaluating the effectiveness of workforce policies and investments;
- Leadership across employer associations, labor groups, community organizations, and community colleges with entrepreneurial vision and the skills to manage these “double bottom line” endeavors, and
- Cross-sector sharing of information and most effective practices

that advance workers in the American mainstream, increase business productivity, and enhance regional competitiveness.

Implementing the workforce intermediary approach is itself a challenge. For example, finding common ground between business and worker/job-seeker interests is a challenge. At times, these two perspectives have been assumed to be in opposition. However, finding the intersection between these two is essential in order to ensure business productivity, worker advancement, and regional competitiveness in the new skills economy. In addition, intermediary organizations operate in a fragmented policy and institutional environment and must often negotiate new roles and relationships while sidestepping destructive turf battles. This requires trust, credibility, and influence—as well as careful diplomacy.

Further, the intermediary approach often faces all the challenges of an emerging business venture. Financial instability, limited resources, strained leadership, and the risks of taking success to scale must be successfully managed.

Many organizations have struggled with the constantly changing landscape of public workforce funding. Public funds have been cut and strict eligibility requirements, short-term timelines, and disparate performance measures have negatively affected outcomes. In general, some level of funding has been available for recruiting and training, but limited funding has been available to help businesses retain new workers and to help workers advance to higher quality jobs. In addition, there is no dedicated public funding for research and planning efforts that bring together stakeholders within specific industries to implement long-term strategies that address changing skill standards and related business needs. More and smarter funding is needed.

Workforce intermediary organizations and employer partners need flexible capital to create innovations in the public or private sector. Several states have created bond financing tools and

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investment tax strategies to support efforts of intermediary organizations to meet skill shortage demands and wage advancement goals. Other intermediary organizations have created blended financing strategies that include public funding and revenue-generating businesses. Based on the experience of these intermediary organizations, flexible financing options are needed to expand the impact of these strategies as well as support their efforts to increase capacity.

In addition to financial challenges, a variety of environmental forces constrain the emerging workforce intermediary efforts. A sometimes rigid policy environment and long-standing practices limit the acceptance of this new approach. Furthermore, slow decision making, inappropriate outcome measures, and cumbersome rules impede the attainment of positive outcomes for workers, firms, and regions.

## RECOMMENDATIONS

The crisis facing America's labor market is not widely recognized. This American Assembly recommends the following:

### RAISE THE NATION'S AWARENESS

Faced with the immediate threats—of international tensions and economic recession—it is easy for the nation to overlook future workforce conditions that threaten the health of our economy. This American Assembly calls on America's civic, education, labor, and business leaders to understand and address this looming crisis, which threatens the nation's prosperity and democratic future.

This Assembly thinks it is especially important for private business to play a leading role in this effort. For more than thirty years, a variety of efforts have attempted to increase support for traditional workforce development activities. Those efforts have experienced, at best, mixed success, in part because the business sector did not perceive that the system met its needs for trained and productive workers and small and medium-sized firms were not organized and supported to participate effectively in the system. If there is one lesson that successful workforce intermediary efforts have taught us, it is that business sector involvement is critical to success. This

has been demonstrated by Project QUEST in San Antonio and elsewhere, and will prove true for any national effort to address these issues.

Business leaders, who create jobs, must be actively and immediately approached, invited and tasked to become key actors in local, state, and national consciousness-raising efforts. This effort could take the form of a national commission, a business-led summit, a major public awareness and media campaign, or any and all of these. This Assembly thinks these issues should be immediately debated and made part of the public policy agenda.

At the same time, given the realities of competing pressures that make it hard for this issue to be heard, this Assembly also recommends the following steps.

### DEVELOP AN EFFECTIVE WORKFORCE INTERMEDIARY POLICY FOR BUSINESS, WORKERS, AND REGIONS

The current disjointed policy environment creates a multi-faceted problem, including funding streams that are not aligned, and have difficulty achieving meaningful results. Concerns have been expressed from many fronts, including businesses, community-based organizations, educational institutions, unions, and government agencies.

Addressing this workforce development problem will require:

- *Broadening the focus of public workforce development to provide both job applicants and incumbent workers with the skills training needed for competitiveness and career advancement in a technologically driven, globalizing economy.* This requires flexibility, meaningful incentives and resources for companies, industries, labor, and business organizations to foster and engage in training, growth, and productivity.
- *Incentives aimed at encouraging business investment to hiring, training, and advancing low-wage workers need to be simple to receive, administer, and address the needs of employers and workers.* For example, in Maryland, the state legislature appropriated \$2 million for worker advancement training at a coalition of hospitals and other employers, leading to significant wage increases and promotions. In Philadelphia, Pennsylvania, contributions from sixty-one employers, belonging to a Taft-Hartley labor management trust fund under the leadership of the

District 1199C Training and Upgrading Fund, matched \$3 million in federal funds to prepare 1,500 incumbent, dislocated, and new workers for careers in high-skilled nursing and allied health.

- *Supporting industry-specific workforce development strategies, which engage the self-interest of key stakeholders within a particular industry that help to organize a complex web of public and private resources into effective workforce development programs.*
- *Creating strategic economic development initiatives in states, regions, and localities that fully integrate workforce and economic development.* Several states have led the way by developing such plans and integrating funding streams to support them.

- *Redesigning educational financing and regulations to support workforce development. Much of the available student aid and state support for post-secondary education does not address the demands of both workers and firms.* Because community colleges and other post-secondary education institutions are critical parts of the workforce development system, this needs to change. Policy makers should consider the promising results from Individual Development Accounts and the Lifelong Learning Account

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demonstration, and important proposals to expand Pell grant eligibility, adult education supports, and other student aid programs, especially for less than half-time students. Community colleges and other post-secondary institutions are critical parts of solving this problem because of the pending need for technical skills, certificates, and portable credentials.

- *Maintaining and enhancing adequate work supports that enable workers to succeed and business to increase retention.* Child care, transportation, health care, the Earned Income Tax Credit, and food stamps are essential to ensuring that no one who works should be in poverty and that workers can succeed and progress on the job. These supports should also be accessible and available for time spent in training.

- *Aligning the performance measures required by diverse funding streams to get real accountability while supporting career advancement goals.* Although a great deal of work must be done to get the measures right, this Assembly commends current efforts to establish consistent outcome measures for diverse federal programs. Congress and the Administration should continue with this effort, making sure that their work reflects the real needs of business and workers. For example, many intermediaries, businesses, state and local officials, and others report ongoing difficulties and confusion around conflicting standards among the Workforce Investment Act (WIA), and other publicly funded workforce development programs (e.g. TANF, Perkins). These should be remedied in upcoming reauthorizations. Outcome measures in Temporary Assistance for Needy Families (TANF) must be revised to reward employment and advancement outcomes rather than just caseload reduction.
- *Developing new ways to capture the effects of workforce interventions on businesses, workers, and labor markets.* While the current workforce system stresses the importance of actual customer focus, current measures do not adequately capture the benefits that accrue to employers by participating in this system. Several new efforts are under way by the Aspen Institute, National Governors Association, and others to develop and test new demand-side measures that begin to address this problem.

#### PROMOTING SMARTER FINANCING

Although coordinating existing public and private funding will help make progress towards growing the workforce intermediary approach, coordination alone is not enough. There is a need for more resources to help intermediary organizations meet the pressing demands of businesses, especially small businesses and workers. Even the most exemplary organizations, which juggle multiple funding streams and provide high performing services to businesses and workers, face a daily struggle to finance their work. Because of limited resources, public agencies also face impossible choices between supporting required core activities, and intermediary approaches like strategic planning and employer engagement

that would strengthen their work and the critical need for training.

*Federal, state, business, and philanthropic dollars all need to be expanded, and new types of financing mechanisms should be developed.* Specifically, this Assembly recommends the following financing improvements:

- *Expand and target federal, state, business, and philanthropic resources for necessary intermediary functions, such as labor market information, research and development, convening of stakeholders, and business services.* New resources should be identified to support investments in intermediary functions—including business services—that will lead to better outcomes in the broad range of existing workforce funding streams. This includes ensuring that the WIA and TANF are flexible funding streams that allow local actors to design programs that meet local needs. Policy makers should support a proposal to

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provide new resources for Business Linkage Grants and other employer services in TANF.

- *Develop ways to create long-term capital flows by leveraging relevant employer investments, such as contributions to Taft-Hartley funds and/or tuition reimbursement; existing tax credits; social venture funds and other financial innovations.* The relevance and applicability for workforce development of a tax credit strategy, such as the Low Income Housing Tax Credit model, should be studied. Financing is an important topic for foundations, and their support of Living Cities, formerly National Community Development, is a model that could be adapted.
- *Connect permanent sources of public financing, such as infrastructure spending, to workforce development.* For example, in several communities, port authorities provide stable investment in workforce development and career advancement tied to their infrastructure spending. Likewise, bond financing for the Pennsylvania Convention Center in Philadelphia has generated a resource that supported training in the hospitality industry.

- *Implement major comprehensive federal, state, and private sector demonstrations of the workforce intermediaries approach.* This Assembly endorses recent efforts by the Department of Labor to create Regional Skills Alliances, help workforce boards and other workforce intermediaries begin industry-specific workforce development projects, assist health care employers address worker shortages, and expand the role of employer associations in providing intermediary services through the Workforce Innovation Networks (WINs) project. These types of demonstrations should be continued and expanded, and include partners from the philanthropic community, as WINs has since its inception.

#### **BUILD CAPACITY**

Organizations that successfully carry out these strategies conduct a dizzying range of activities to achieve their mission. They coordinate or provide training, work closely with employers, study their local and sectoral economies and labor markets, and link workers with support services like childcare. They do this in an environment where they must constantly seek funds from a variety of sources, each of which has its own demands for accountability and reporting. These demands would challenge the most sophisticated organization. Achieving higher impact, both for the specific organizations and for the system as a whole, will require investments in capacity building, like the following:

- *Invest in the adaptive capacity of organizations to learn, function, and innovate, developing the ability to effectively serve both workers and businesses.* The Annie E. Casey Foundation’s Jobs Initiative and the Aspen Institute’s Sectoral Employment Development Learning Project (SEDLP) are good examples of building the long-term capacity of workforce organizations to use outcome data to shape their work.
- *Develop technical assistance capacity to help organizations in fostering*

*Organizations that successfully carry out these strategies conduct a dizzying range of activities to achieve their mission.*

*intermediary functions.* Public/Private Ventures' Working Ventures program, a training series for workforce development professionals, has shown both the value of and the unmet demand for this type of service.

- *Help develop the entrepreneurial skills and competencies of workforce development professionals, not only in meeting the needs of their customers, but also in running their organizations.* National centers in higher education, vocational education, and community development have contributed to the professionalization of those fields, and a similar effort is needed in workforce development.
- *Build the field by linking leading intermediaries into regional and national networks to foster innovation, provide peer learning, and develop a clearinghouse for innovative practice.* Good examples include such efforts as the National Network of Sector Partners, which has created learning forums and a peer technical assistance fund for sector programs around the country, and the AFL-CIO's Working for America Institute, which has successfully stimulated new labor/management partnerships and expanded existing partnerships to serve the interests of low-wage workers and businesses. These networks should distill and disseminate the lessons learned from decades of the nation's investment in the military addressing training and career advancement needs of highly diverse populations.
- *Build marketing and communications capacity of the organizations.* Leaders and staff need to learn to speak the language of business and frame organization-appropriate messages that counter negative employer perceptions and therefore stimulate interest in partnerships.

#### **BUILD A CONSTITUENCY FOR ACTION**

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Although it is critical for the nation's future economic success, workforce development has not been a national priority. In part, this is because of competition for public funds and attention, but also because of a perception of poor training results and little understanding or knowledge of the emerging successes. Paradoxically, the broad tasks of advancing workers, increasing business productivity, and enhancing regional competitiveness span so many institutions and stakeholders that they inhibit the necessary

attention and public support. As the nation strives to build a more effective workforce development system, the workforce intermediary strategy can serve as an effective way to simplify the system for both business and workers, and foster their long-term advancement. Part of the strategy for achieving this success is building a broad constituency for action. Building that constituency requires:

- *Engaging business as a driving force in support of this effort;*
- *Building new coalitions and alliances across traditional dividing lines, especially in states and regions.* In Massachusetts, the Direct Care Worker Initiative, led by the Paraprofessional Healthcare Institute, brought together employers, business, consumers, unions, and the workforce training community to advocate for enhanced wages and upgraded training for health care workers. These types of alliances will need to be expanded to have the high impact that is necessary;
- *Engaging political leadership at all levels.* The issues raised in this report merit attention from such organizations as the National Governors' Association, the U.S. Conference of Mayors, the National Association of Counties, and others to inform political leaders at all levels about what workforce intermediaries can do;
- *Expanding the voice of the workforce development community.* At the local, state, and national levels, the Workforce Alliance is providing valuable leadership in increasing the presence of the workforce development community in policy and legislative discussions;
- *Emphasizing workforce development as an essential element of economic policy at the federal, state, and local government levels.* This includes forging new alliances that integrate workforce development goals with those of economic development organizations, including the Council on

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Competitiveness, the Economic Development Administration, the International Economic Development Council, and the National Congress on Community and Economic Development, and the Community Development Venture Capital Alliance.

- *Expanding relationships with higher education organizations to create support for these workforce development initiatives.* It is critical that groups such as the American Association for Community Colleges and other members of the American Council on Education, as well as the League for Innovation, engage their members in activities that transform post-secondary education in support of the nation's workforce system.
- *Mobilizing a broader spectrum of foundations.* Regional, local, and national foundations that have invested in workforce development should continue their leadership and seek to engage other funders in support of this agenda. One promising start is an emerging group of sixty local and national foundations with an interest in workforce development that have come together under the auspices of the Neighborhood Funders Group. Another is the local funding collaboratives emerging in Baltimore, New York City, and Boston.
- *Strengthening local constituencies.* In the Southwest, community organizations affiliated with the Industrial Areas Foundation not only pioneered one of the early pilots, but then built six more workforce intermediaries in multiple states. These and similar efforts should be supported.
- *Researching and documenting the nature and extent of current investments*

*as well as the return on those investments to employers, workers, and the community.* Expanded support for rigorous research that links outcomes with intermediary practices and documents the return on investment to employers, workers, and the community is needed. This research is essential for addressing misperceptions for documenting cases and context in which training works, and for justifying further public and private investment in these strategies.

*This report... calls America to action and challenges the nation to use the workforce intermediary approach as a strategy to solve the nation's workforce crisis.*

## CONCLUSION

This report builds upon twenty years of innovation, practice, and research in workforce development. It calls America to action and challenges the nation to use the workforce intermediary approach as a strategy to solve the nation's workforce crisis. There is a great deal at stake. Without aggressive action to expand the labor force in ways that increase productivity for employers, the nation's long-term economic health will be challenged. Workforce intermediary approaches can make a major contribution to meeting this national need.

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The Assembly seeks to provide information, stimulate discussion, and evoke independent conclusions on matters of vital public interest.

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