



Lessons for a New Context

Workforce Development in an Era of Economic Challenge

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The economic expansion and tight labor markets of the 1990s brought new attention to skill shortages, career paths, and the important linkages between economic and workforce development. The current economic downturn has muted this demand at the same time economic stimulus efforts like the American Recovery and Reinvestment Act of 2009 (ARRA) will provide new investments for workforce education, create jobs in transportation and health care, and spur new green industries and job opportunities.^{1,2} Many of these “middle skill” jobs will be within reach of low- and moderate-income communities if job targeting policies are matched with the industry-based skill training models developed in the 1990s. This article will highlight some of the lessons learned from the past two decades of workforce development and discuss how they could help to address the present labor market challenges.

Defining The New Workforce Paradigm

Workforce development is a necessary component of our nation’s recovery efforts if low-income, low-skilled workers are to fully benefit from new job opportunities. The phrase workforce development, however, implies more than employment training in the narrow sense; it means substantial employer engagement, deep community connections, career advancement, human service supports, industry-driven education and training, and the connective tissue of networks. Building on the lessons learned from past efforts, the new workforce paradigm contains an array of job strategies, including sector- and place-based employment strategies, adult education, and short- and long-term training programs that are customized to different employer and jobseeker groups.³

The new workforce paradigm brings together a variety of strategies that heretofore have been discon-

nected and frequently at odds with each other. Integration must occur between public system institutions and the array of neighborhood and nonprofit programs. At the policy level, issues of labor market retention and advancement are increasingly being considered in tandem with programs to support working poor families and enhance their skills and job experiences. This convergence of ideas bodes well for a more unified and effective workforce development system.

What Are We Learning?

The new workforce paradigm provides a unique opportunity to learn about effective labor market practices and apply them to our current economic situation. Six themes suggest some of the areas in which workforce learning and innovation is occurring. This is not an exhaustive list; it represents ways in which the workforce field is being stretched to grow in policy and practice. The themes are (1) retention and advancement, (2) employer and jobseeker customers, (3) regions and neighborhoods, (4) race and labor markets, (5) best practices and replication, and (6) labor market reform. The following discussion identifies salient learnings, tensions, and innovations, rather than providing full-blown accounts of specific projects, policies, and research.

Job Placement, Retention and Advancement

An anecdotal saying in the 1990s was that it was relatively easy to get a job; the challenge was keeping a job. The language of workforce development changed from a focus on job placement to that of job retention, advancement and wage progression.⁴ Yet, today's high unemployment rate means that job placement is not so easy; in fact, low-skilled workers are competing against an array of laid-off skilled workers for the same jobs and for the same limited number of training slots at community colleges. Fair and targeted hiring practices will be necessary along with a focus on retention and advancement in all economic recovery investments.

We are now learning which types of investments have a positive impact on job and labor market retention. Placing someone in a low-quality job with little attention to training or supports is unlikely to be effective over the long-term. Instead, retention depends on the targeting of good jobs, better up-front training and job matching, appropriate and effective supports (such as child care and transportation), plus financial incentives for firms and employees, changes in the practices of internal labor markets, and peer supports and mentoring.⁵ The successful job retention efforts of Vocational Foundation Inc. in New York City demonstrated the importance of designing programs that create an atmosphere

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of high expectation for participants, provide an array of intensive services, and stay connected to participants through long-run case management.⁶

The workforce field is also learning how to better support advancement and wage progression for entry-level and low-wage workers. Union apprenticeships, which are being reinvented in many industries, remain an important model for career advancement, and are especially relevant given ARRA's investment in a wide array of physical infrastructure projects that will create construction employment. Even in fields without traditional "apprenticeship" models, employers must support workplace learning and clarify to workers how incremental skill acquisition can increase productivity and translate into wage and benefit increases and promotions. Workforce projects should create maps of career advancement within and among firms, sectors, and clusters, as well as help employers understand the payoffs from investments in skills upgrading.

Although "work first" (the movement to transition people from welfare into unsubsidized jobs as quickly as possible in response to the 1996 welfare reform) in its early version was perceived as an impediment to career advancement strategies, increasing flexibility has produced an array of initiatives that link work and learning.⁷ One example is the Seattle Jobs Initiative, created through the Annie E. Casey Jobs Initiative program, which combines basic skills, English as a second language, hard-and soft-skills training, internships, weekend tutoring by business volunteers, aggressive placement by industry brokers, and self-help and reunion groups. These types of targeted supports allow low-skilled workers to engage in training and skill development with the end goal of full-time employment, consistent with the self-sufficiency policy emphasis of welfare reform.

Dual Customer

The new workforce paradigm focuses on comprehensively meeting the needs of dual customers—employers and jobseekers in the community. Employer driven workforce development means valuing employers as an integral part of program design and operation, using their expertise to design relevant curricula, inviting their participation in ongoing industry advisory groups,



and using instructors from industry to better ensure that the training meets the needs of new occupations and industries. The best indicator of employer-driven success is a satisfied business customer returning to hire additional new employees from a workforce development program. Yet, an employer-driven approach must also include the commitment of employers to invest in skills, modernization, and changing the internal culture of work in their firms to support a diverse and frequently nontraditional workforce.⁸

Workforce development programs—which are often run by community-based groups that are deeply rooted in the political, cultural, and religious life of a community—are also paying more attention to the customer side of their programs. Rather than concluding services for a client who has been placed in a job, successful programs are working to foster a sense of membership that entails a longer-term commitment and engagement with the organization. Jobseekers are encouraged to come back for help to get a new job or to improve skills. In short, community-based workforce development means that jobseekers perceive the program as a “home base.”

During the past decade, employers and communities have engaged in some promising new efforts. On the employer side, health-care institutions have taken the lead to fill allied health positions and to create career pathways to nursing professions. In Baltimore, eight hospitals banded together in 2005 to create the Baltimore Alliance for Careers in Health (BACH) that provides career coaching, bridge programs, and work-based learning.⁹ One of the most promising developments in community engagement has been the role of faith-based congregations and networks in recruiting, mentoring, and supporting jobseekers while also advocating for public policy resources. In the case of Project QUEST in San Antonio and Capital Idea in Austin, for example, these faith-based coalitions have found potent allies in major business leaders.¹⁰

Regions, Cities, and Neighborhoods

Today’s new workforce paradigm argues that labor markets are regional and not restricted by city jurisdictional boundaries, neighborhood sentiments or history.¹¹ Economic clusters—interdependent sets of firms and sectors, such as health care—are often regional in nature, such as the high-tech companies that characterize Silicon Valley, and argue for regions as appropriate units for workforce planning and implementation. However, most government programs and service providers operate within a different sort of geopolitics—defined by administrative geographies, political constituencies, and turfs—that tend to be more local or

place-based in nature.¹² Community groups may contribute to this more narrowly defined approach because their place-based strategies encourage a neighborhood-focused effort.¹³

Although a regional approach has new adherents and positive, long-run potential, thus far the practice of workforce development on a regional basis has produced mixed results. The underlying concept of spatial mismatch has called attention to the growth of jobs in the suburbs, whereas the job seeking population resides in the cities.¹⁴ Moreover, a number of efforts to deconcentrate poverty through the provision of housing vouchers, including the Moving to Work Demonstration, have had few positive employment impacts because they have not included job targeting and employment services.¹⁵ Practical and effective regional linkages around jobs and low-income communities have been limited because suburbs are scattered and often resistant to public transit solutions and integrated and affordable housing. Regional governance of workforce systems often draws skepticism from inner-city politicians, who fear that regionalism spells an additional loss of power and resources to elites who have already abandoned the cities and neighborhoods. Alternatively, inner-city revitalization efforts contend that inner-city assets, such as location, land, access to labor force, and markets, are easier to take advantage of (and therefore more worthy of investment) than are the promises of regionalism.

Race Matters

Employers commonly complain that all they want are workers who will show up for work; skills related to “work ethic,” have been named soft skills, in contrast to the defined skills of literacy and numeracy, and technical competencies related to specific occupations. Many employers and policy makers attribute a lack of soft skills to minority communities, particularly to young urban black men, although there is mixed empirical evidence to support this claim.¹⁶ Efforts to create soft skills curricula can help define more precisely the skills and state of job readiness that employers require. However, these efforts frequently lack a conceptual framework for understanding soft skills, which may contribute to another round of blaming the victim without adequately accounting for other barriers that confront people of color in their workforce experience. A more robust understanding of soft skills is needed. Contemporary businesses require skills related to critical thinking, oral communication, personal qualities, and interpersonal and/or teamwork, but many of these skills are newly shaped by structural changes in the economy, technology, and new forms of work organization. They are new and challenging for all workers—not just low-income

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workers. And these skills themselves differ widely according to occupation and industry.¹⁷

In communities isolated from the economic mainstream, sometimes lacking role models of labor market success and adequate educational opportunities, many jobseekers never learn the culture of the new workplace.¹⁸ But this is a matter of skill building and awareness, not a question of attitude, work ethic, and interest. Not only are many communities isolated from business culture, but jobseekers from these neighborhoods also must learn code-switching skills to navigate between cultures of neighborhood and work—the behaviors that define success in the neighborhood may be different from the behaviors needed in the workplace.¹⁹

Lack of readiness for today’s workplace represents a challenge for employers as much as for jobseekers. Many employers lack the ability and willingness to find, accept, and support workers who come from wholly different backgrounds. This happens during the hiring process in which skills and aptitudes are frequently misread and ignored, although many employers view the personal interview as the most reliable hiring tool.²⁰ This is one more reason that employers frequently rely on the weak-tied networks (friends and associates) of current employees to find new employees.²¹

A number of recent innovations related to job readiness, supervisory training, changing internal labor market and hiring practices, and diversity training are helping to overcome barriers and build the skills of employers and jobseekers.²² These innovations reveal a new willingness of employers and the new capacities of workforce practitioners to collaborate on key issues that affect labor market functioning. Nevertheless, racism persists and will require committed action to change over time, especially in a time of high unemployment. Workforce practitioners must develop a more robust understanding of race and job readiness if significant results in job retention and advancement are to be achieved for communities of color.

Ideas, Best Practices, and Replication

The workforce field is constantly challenged to innovate new approaches, build solid evidence for effective practices, and “scale up” or replicate promising models so that they are adopted more widely. Multiple strate-

gies are being explored and can help the workforce field address these challenges. The sector-based approach, which creates employment opportunities within a regional cluster of firms that share markets, technologies, or suppliers, requires strong partnerships between businesses, community colleges, public workforce institutions, and community groups. Sector-based approaches have had some success but now need to go beyond strategy and think clearly about the organizational capacities required to build enduring partnerships. The National Fund for Workforce Solutions (NFWS) is a new national venture fund established by philanthropic and public sector investors that is partnering with 21 local and regional funder collaboratives to adapt the workforce partnership approach to regional economies.²³ It is a mechanism for replicating and scaling; at the same time, it is demonstrating new variations on how workforce partnerships can be pursued with community college and public sector partners.

While workforce partnerships build connections to sectors and regions, workforce pipelines improve the preparation and readiness of jobseekers with a focus on neighborhoods and specific populations. These pipelines, sometimes referred to as “bridges” or “on ramps,” are built specifically to support sector-based projects. Unfortunately, millions of dollars are spent on parts of workforce pipelines that are not always connected to upstream training and job opportunities. The Casey Foundation has been developing neighborhood-based workforce pipelines in its Making Connections initiative sites.²⁴

Workforce interventions alone are frequently not enough to support low-income, low-skilled workers as they enter the labor force or attempt to upgrade their skills. Other economic and social supports are needed. A range of workforce-plus efforts attempt to bundle work supports like child care and the Earned Income Tax Credit (EITC) with appropriate and affordable financial services to increase the economic well-being of families and to strengthen workforce interventions. Seedco’s Earnfair Alliance in New York City exemplifies this approach as does LISC’s network of Centers for Working Families (CWF) in Chicago. The CWF approach centralizes access to essential economic supports in a community based location that helps families build self-sufficiency, stabilize their finances, and move ahead. The Annie E. Casey Foundation is now launching CWFs in a cohort of community colleges, based upon promising evidence from early work with Central New Mexico Community College.²⁵

Another area of innovation and replication involves the establishment of targeting and accountability mechanisms that ensure that jobs created with public

investments are accessible by low-income, low-skilled workers. Accountability progress across a number of major infrastructure projects has occurred in Los Angeles and now the LA Development Agency has committed to connect all of its investments to construction training programs. Community benefits agreements (CBA) are an innovative approach to accountability and the Partnership for Working Families is spreading emerging lessons in multiple cities.²⁶ CBAs are legally enforceable contracts setting forth a range of community benefits that a developer agrees to provide as part of a development project. These lessons and practices are especially important for the implementation of the ARRA of 2009.

Too often “best practices” in workforce development are in the “air” rather than being backed by solid evidence. This remains a major challenge for a field that is lacking in common, agreed upon outcomes, measures, and benchmarks. Public/Private Ventures’ Benchmarking Project is a promising effort that has engaged 150 workforce providers to anonymously share their data so that performance benchmarks can be established. The hope is that shared information will spur change to adopt the most effective practices.²⁷

Systems Change and Labor Markets

Creating change in the functions of the labor market as a whole, as opposed to individual job programs, promises the scale, sustainability, and structural changes needed to create good jobs and accessible career ladders for low-income jobseekers. Taking the route of policy change and systems reform, however, is not without peril; it requires a conceptual framework that identifies opportunities for change in labor markets, the capacity to build political alliances around change strategies, access to significant public and private resources, and a commitment to produce measurable results for low-income jobseekers.

The Workforce Investment Act (WIA) of 1998 is now more than ten years old and has received a boost of funding from the ARRA of 2009 after years of budget cuts. WIA reauthorization is also likely to occur after years of Congressional inaction. WIA’s infrastructure of one-stop centers is seeing increased numbers of customers as dislocated workers throughout the country seek employment and training assistance. Yet WIA has not succeeded in coordinating local and regional funding sources and improving overall system performance, failing to make strategies like education and skills enhancement and linkages between workforce and economic development priorities. As WIA is considered for reauthorization, the lessons that are emerging as part of a new workforce paradigm should inform its redesign.

Two contemporary advocacy campaigns represent the next generation of workforce policy and systems change. Skills2Compete is a national campaign led by The Workforce Alliance (TWA) that is advocating for public and private commitments to ensure that everyone has the opportunity to obtain post-secondary credentials. The Working Poor Family Project (WFPF) is a network of 24 state advocacy efforts that is trying to bring about policy change for education and skills enhancement, work supports, and economic development.²⁸

Conclusion

The new workforce paradigm that is emerging represents a pattern of convergence of outcomes, practices, and policies among practitioners of the fields of employment and training, welfare reform, community development, and regional economic development. The common concerns around retention and advancement in the labor market have brought these fields together in many respects, although much diversity in strategy and practice remains.

But we should not assume that policy makers and practitioners will build upon the success of this new workforce paradigm in a time of economic challenges. Sometimes new challenges and resources bolster the efforts of the past rather than spur new innovation and reform. Progress on at least five fronts is required in today's environment. First, engaging employers must extend their focus from the issues of job placement to the arenas of retention, advancement, financing, and shaping civic workforce agendas. Employer lead-

ership is key to long-term reform. Second, workforce innovations have to attain scale and sustainability by investing in best practices, benchmarking, information systems, and continuous improvement. In particular, we need to understand the types of leadership necessary to grow workforce innovations in different contexts. Third, investment in the capacity of community organizations to become effective workforce partners is important because outreach and recruitment, assessment, support, and follow-up are desperately needed, not only to achieve job placement but also for retention and advancement. Fourth, attention should focus on concentrating employment and economic opportunities in specific neighborhoods experiencing poverty; overall employment increases do not automatically saturate places with job opportunities, resources, labor market connects, or the confidence to find and keep a job. Finally, we must train and support human resources for the workforce development field if we seriously intend to advance practice and policy.

Many innovations in workforce and skills development grew out of the experience of economic growth in the 1990s and the acknowledgement of future skill shortages. Today's economic recession challenges these strategies in the short run but also underscores their importance related to public and private investments in infrastructure, transportation, health care, and energy efficiency and renewable energy. Adopting the lessons of the new workforce paradigm can make these public investments for jobs and careers more effective and long lasting. **CI**

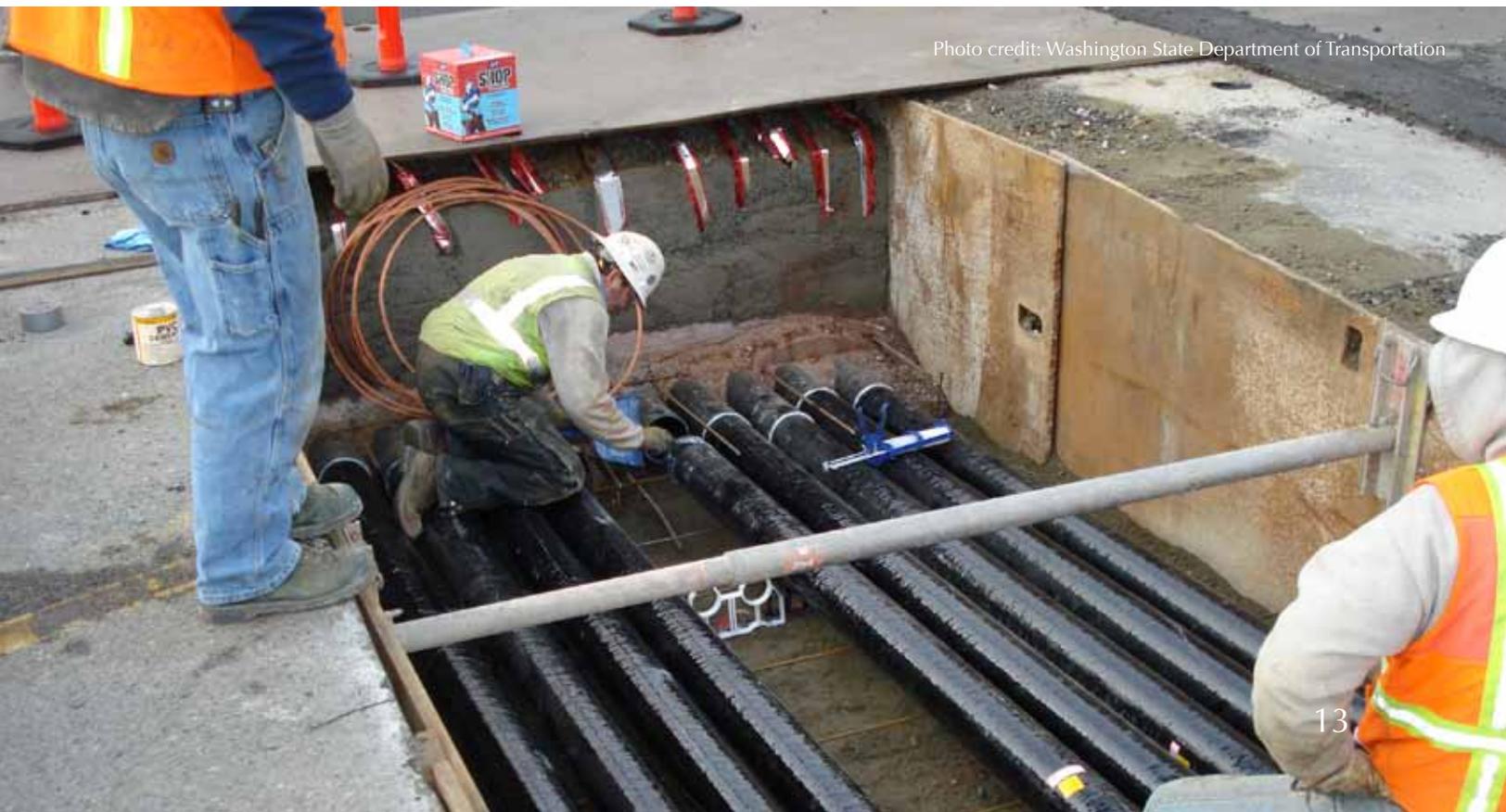


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Beyond Lump Sum

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- 4 For more information on the EITC and the WFC, see "From Refunds to Assets: Leveraging the Benefits of the Earned Income Tax Credit." *Community Investments*, Vol. 17, No.2, 2005.
- 5 See "From Mattress Money to Bank Accounts: A Profile of Bank on San Francisco." *Community Investments*, Vol. 21, No. 1, 2008.
- 6 California Reinvestment Coalition website. <http://www.calreinvest.org/predatory-lending/refund-anticipation-loans>