



Summary of Findings

Fourth Annual National Evaluation Report

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August 2012

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Background

Five years ago, the National Fund investors launched an ambitious effort to test workforce development approaches that a decade's worth of practice suggested could be effective

both in addressing the skills and employment challenges facing many low-skilled Americans and in meeting the labor needs of employers. The National Fund's strategy rested on three key innovations: the first was developing collaborations among public and private investors in cities and regions across the country who would pool resources and focus funding on a set of common strategies.

At the core of these common strategies was the second cornerstone of the NFWS approach: industry-focused partnerships with deep employer engagement and a commitment to developing career advancement opportunities for low-income, low-skilled workers. The promise of the partnerships was that they would challenge the basic premises of the major national workforce programs.

The early investors also recognized that success in achieving their goals at a meaningful scale required changes in the practices of institutions and employers and in public policy. It was their expectation that both the regional funding collaboratives and the workforce partnerships would engage in activities designed to bring about these changes. As such, "system change" was the third and final leg of the National Fund's overarching strategy.

The three previous NFWS annual evaluation reports described and analyzed the progress made by the National Fund in establishing funding collaboratives and workforce partnerships and in meeting NFWS's specific goals for individuals and employers. Previous evaluation reports also described and analyzed the range of strategies being employed by collaboratives and partnerships, their experiences in engaging and serving employers, and emerging promising practices.

The 2012 NFWS National Evaluation updated the National Fund's progress against goals, which this year included a look at how conformance to the NFWS theory of change affected outcomes. The evaluation explored also what we can learn from very effective partnerships and, finally, it reviewed and analyzed the initiative's system change activities. This *Summary of Findings* briefly outlines the evaluation's findings.

NFWS Progress Toward Goals 2011

Funding Collaboratives and Workforce Partnerships

Goal

Organize, support, and develop a national network of regional funding collaboratives dedicated to investing in workforce partnerships that effectively assist low-income individuals obtain and advance in

careers paying family-sustaining wages and benefits, while at the same time ensuring that employers have the high-quality human resources that will enable them to succeed in this dynamic and competitive economy.

Progress Toward Goal

- Through 2011, the National Fund had grown from six pilot sites located largely in the Northeast and Midwest to 32 funding collaboratives across the nation. These collaboratives had funded 124 workforce partnerships.
- The number of investors in funding collaboratives had increased to 431, and the total pooled and leveraged funds raised by the collaboratives reached almost \$160 million.
- The partnerships were characterized by:
 - a principal focus on healthcare (41 percent of all partnerships), construction (18 percent), and manufacturing (12 percent);
 - an increasing share of partnerships (47 percent) serving incumbent workers; and
 - a core of mature partnerships (those created before the formation of the National Fund) providing services to two-thirds of all participants.

Low-Income Individuals and Employers

Goal

Assist 50,000 low-income workers/jobseekers find employment, advance in careers, and/or receive a postsecondary or industry-recognized credential that will likely

lead to job placement and/or advancement, while at the same time assisting 2,000 employers find and retain the skilled workers they require to successfully compete in today's global economy.

Progress Toward Goal

- A total of 29,654 participants and 3,052 employers had been served by 2011. A steadily increasing share of participants (52 percent) had only a high school degree; a preponderance of employers served were in the construction (37 percent) and healthcare (26 percent) sectors, though there was a significant increase in manufacturers.
- The share of participants receiving occupational skills training reached 56 percent, and fully one-third of all participants and almost half of all training completers had received an occupational skills certificate or credential.
- A total of 7,651 participants were placed in jobs, 80 percent were placed in targeted sectors, and 70 percent into full-time employment; 30 percent received wages of greater than \$15.00 per hour.

System Change

Goal

Implement a system change agenda locally, in key states, and nationally that results in significantly improved opportunities for low-wage workers to advance in careers because of:

- employer commitments to human resource practices that lead to career advancement opportunities for low-wage workers;
- significant improvements to education/training practices for low-wage workers and disadvantaged adults; and
- federal, state, or local policy changes and/or innovations based on evidence-based research that advance career opportunities for low-wage workers.

Progress Toward Goal: See description of system change activity below.

National Fund Principles and Outcomes

For this evaluation, National Fund investors requested that the National Evaluation Team, in partnership with the investors and NFWS executive staff, develop specific criteria to capture NFWS principles and rate collaboratives and workforce partnerships. These “fidelity” ratings were then

compared against outcomes in all three NFWS target areas: outcomes for individuals, for employers, and system change outcomes. In the case of the outcomes for individuals, the data were quantitative, represented cumulative results reported through 2011, and were drawn from the National Fund’s web-based reporting system. Virtually all other data were qualitative and came from interviews, site visits, written reports, and other documents from the partnerships and collaboratives.

Major Findings for Collaboratives

- Three-quarters of funding collaboratives had moderate to high conformity to NFWS principles.
- In terms of conformity to the National Fund’s three principal targets, 92 percent of collaboratives received a high to moderate ranking on targeting low-income individuals, 83 percent on employer engagement, and 83 percent on system change.
- Ratings did not seem to vary much by the age of the collaborative.
- Collaboratives with the least conformity to NFWS principles were particularly weak in leadership; investment, support, and guidance of workforce partnerships; and sustainability.
- In terms of outcomes, 63 percent of collaboratives were rated as having moderate or better success in changing institutional and employer behavior, and 58 percent as having moderate or better success in making changes in public policy.
- There appeared to be fairly strong evidence of a relationship between conformance to NFWS principles and success in effecting system change.

Major Findings for Workforce Partnerships

- The four key fidelity criteria for workforce partnerships were the targeting of low-income, low-skilled jobseekers and workers; employer engagement; a focus on career advancement; and sustainability. Almost all partnerships (92 percent) received a high to moderate rating on targeting low-income, low-skilled individuals; three-quarters received a high to moderate rating on employer engagement and career advancement; and 67 percent achieved a moderate rating or better on sustainability.
- The highest fidelity workforce partnerships were in the healthcare sector, were formed prior to the National Fund, and were larger than average.
- There appeared to be a positive relationship between workforce partnership and collaborative fidelity to NFWS principles. For example, 67 percent of workforce partnerships that achieved a high fidelity score were associated with collaboratives that ranked in the top third in their conformance to the National Fund's vision and principles. Conversely, only 8 percent of partnerships receiving the lowest fidelity score were associated with collaboratives ranking in the top third.
- Examining workforce partnership outcomes, moderate or better scores were achieved by partnerships in jobseeker outcomes, incumbent workers outcomes, and employer outcomes. However, only 44 percent of partnerships achieved moderate or better ratings in system change outcomes, probably because many partnerships did not have system change goals or engage in system change activities.
- There was strong evidence of a positive relationship between the fidelity of partnerships to NFWS principles and their overall outcomes for participants, employers, and systems. This was true both for jobseeker and incumbent worker programs. However, when participant outcomes were considered alone, the relationship overall was weak; the reason may be related to missing data.

Lessons from Highly Effective Partnerships

To throw light on these findings, the evaluation also examined highly effective partnerships and their collaboratives to explore the specific factors that produced positive results and identify lessons that could be learned from these sites' experiences. Key findings included:

- Highly effective partnerships were older, more likely to be employer-initiated or led, and

were larger than partnerships overall. Most benefited from being formed during a period of labor shortages, but developed strategies to retain employer engagement during the downturn.

- Highly effective partnerships understood clearly the central role employers played in achieving their goals and usually had a core of employer “champions.” Labor unions also were deeply engaged in a significant share of highly effective partnerships.
- Highly effective partnerships worked to address labor needs of employers beyond entry-level employment. This broader focus also supported partnerships' interest in developing career ladders.
- Several key characteristics appeared to distinguish highly effective partnerships' approach to career advancement, including the establishment of long-term relationships with participants, the degree of screening and assessment provided to ensure that there was an appropriate fit between the candidate and the industry, addressing basic skills deficits, the extent to which partnerships mapped training pathways and supported long-term training, and extensive participant supports.
- For the highly effective partnerships, system change work was integral and essential to their overall strategies. Their strategies flowed from their deep commitment to career advancement, and they recognized that changing employer and institutional behavior could remove serious obstacles to the achievement of that goal.

- Partnerships' strategies and successes in changing institutional practices tended to be narrowly focused on their own participants. These innovations alone did not lead to changes in an institution's normal way of doing business.
- The sustainability of the highly effective partnerships was based on factors including their usefulness and credibility with employers and funders; the range of strategies they had in place to sustain their efforts financially; and their ability to transform their strategies, and even organizational form, in response to shifts in the external environment and needs of their target populations.

Lessons from the National Fund's System Change Activities

System Change and the National Initiative

The principal components of NFWS's national system change work were support for the development of collaboratives and workforce partnerships, efforts to increase the funding available for NFWS strategies, advocacy to influence national workforce policy, and national partnerships to influence employer and institutional practices.

The first of these was central, and the initiative's major output was the creation of a network of collaboratives and partnerships. However, with national partners, NFWS also scored modest success in influencing federal policy, and NFWS raised and leveraged millions of dollars to support the work of the collaboratives and partnerships.

System Change and the Funding Collaboratives

Goals

The collaboratives' goals for system change work varied based on their origins and mission. Broadly characterized, collaboratives began from two starting points: 1) concern that the public workforce system was not adequately addressing the needs of individuals with serious barriers to labor market success, or 2) a focus on economic development. In practice, the line between these two was fluid.

Strategies

The strategies employed by collaboratives could be divided into four basic types, though, again, the line among them blurred and many collaboratives employed more than one strategy. These were:

- public policy advocacy, usually legislative and administrative lobbying done through a stakeholder coalition;

- collective impact and capacity-building, organizing key stakeholders into large and small coalitions to develop a common agenda that they would then implement both collectively and individually;
- broad-based institutional reform, aimed at fundamentally changing the practices of a key workforce institution, usually the workforce investment boards (WIBs) or community colleges; and
- the creation of a new workforce development infrastructure, especially through the funding of the workforce partnerships.

Outcomes

Public policy change. A relatively small group of collaboratives achieved a set of impressive policy outcomes; others also were able to have at least modest impact. One area of focus and success was maintaining, increasing, or redirecting resources for workforce development despite the brutal fiscal environment at the state level. Collaboratives also enjoyed success in influencing new gubernatorial and mayoral administrations, effecting important changes in key state planning documents, passing supportive legislation, and gaining administrative adoption of policies in line with NFWS priorities.

Institutional change

- The collaboratives developed a range of intermediaries, including the workforce partnerships, issue-oriented coalitions of multiple stakeholders, and advocacy organizations.
- One intended result of the creation of these intermediaries was greater collaboration across stakeholder organizations, including better integration of funding streams and services.
- Collaboratives' work deepened employer engagement in workforce institutions (such as WIBs and community colleges), though progress here was slow and hard to measure. The greatest achievements were where these institutions adopted dual customer models.
- Collaboratives also strengthened existing workforce institutions (for example, reconstituting and reorienting WIBs) and created new ones.
- In some instances, the work of the collaboratives led to significant realignment of the workforce system (such as moving adult education into the community

colleges or, in one case, the creation of a new multi-stakeholder collaboration across a tri-state area).

- Institutions were not only aligned, but reoriented as well. One important form this took was adoption by WIBs, community colleges' adult education programs, and CBOs of sectoral and/or career pathway models, including basic skills "bridge" programs for low-skilled adults.
- Collaboratives achieved other forms of institutional reorientation as well, such as a greater focus on the hard-to-serve, on career advancement, and on the needs of employers.

Change in employer practices. Most of the work with employers occurred at the partnership level, but some collaboratives also had an impact on employers, including who and how they hired.

Observations and Lessons Learned

- The external context in which a collaborative operated shaped options and results but did not determine its strategies or outcomes. Collaboratives operating in very different environments chose similar strategies; and collaboratives that appeared to have fertile environments for system change failed to capitalize on this advantage, while the deep commitment of collaborative partners in other areas appeared to at least partially overcome significant obstacles to success.
- As such, leadership was essential. The most effective collaboratives had highly skilled executive directors, but the roles of the collaborative members, and especially the lead organization, were also key. Further, collaboratives that were most successful in implementing system change strategies had a theory of change that recognized the need to move beyond service delivery to achieve their goals.
- Each broad system change strategy had different challenges and benefits:
 - Policy advocacy could and did effect change of significant scale and impact, but advocacy coalitions could be difficult to organize, manage, and sustain. Also, some collaboratives were in environments less conducive to policy change.
 - Broad-based institutional change strategies had to overcome deep barriers in WIBs and community colleges. Few collaboratives had the leverage and appropriate partnerships to do so.

- Regional collective impact strategies demanded substantial engagement of a significant cross-section of influential stakeholders. Only a very few collaboratives were situated to implement this kind of strategy on a major scale; however, on a smaller scale, many collaborative effectively adopted this approach.
- In forming workforce partnerships, collaboratives struggled with how to deeply engage employers, sustain the partnerships, and increase their scale.
- Finally, because system change takes time and experience, the role of “patient capital,” that is, funders willing to invest in a collaborative for a substantial period of time, appeared to play an important role in a collaborative’s success.

System Change Lessons from Two Highly Effective Collaboratives

The work of the Boston and Cincinnati collaboratives’ system change work illuminates the factors that appeared to matter most in shaping collaboratives’ strategic choices and influencing the outcomes they attain. Their experience also illustrates the interrelated character of system change activities and outcomes, the process through which collaboratives learn from their experiences, and the breadth and depth of the impact they can have. Additional lessons from these two collaboratives included:

- collaborative leadership must be able to identify the system change “levers” available in their environment and make effective use of them;
- engagement of major public and private stakeholders is essential to effective system change work;
- to be relevant to major stakeholders, system change strategies must have scale and impact;
- early victories are important for momentum and credibility; and
- where a collaborative has established itself as a major workforce player in a region, it is possible to talk with confidence about its aggregate and cumulative impact, even if the attribution of each outcome is difficult to determine.

System Change and Workforce Partnerships

Most workforce partnerships did not have formal system change goals. Only about one-third had a strategic and sustained commitment to system change.

Nonetheless, the majority of partnerships embraced the dual customer focus of the National Fund, and the implicit goals of many sites included changing employer and institutional practices to provide greater opportunity for low-income populations and a more skilled workforce for employers.

Some of the key outcomes achieved by partnerships' system change work included:

- changes in employers' hiring practices, particularly the willingness to hire individuals previously seen as unqualified;
 - strengthened opportunities for career advancement for low-skilled workers through strategies such as career coaching, peer support, and changes in internal job ladders;
 - improved access to skills training and education for low-skilled workers, for example, employers granted release time for training, changed tuition reimbursement policies, and cross-employer partnerships opened up new training options;
 - expanded employment opportunities for individuals with serious barriers to labor market success, for example, by making it possible for individuals with criminal records to obtain drivers' licenses and by influencing the creation of local hire provisions thus increasing job possibilities for inner city residents; and
 - increased wages for program participants.
- Levers partnerships used to achieve these outcomes included the self-interest of employers and institutions; peer influence, particularly peer-to-peer learning among employers; funding innovative practices by employers and institutions; union influence and knowledge; employer voice and muscle; and the development of trust.
 - Important lessons from the partnerships' experience included:
 - First and foremost, employer engagement was essential. Strong and sustained commitment to the partnership was required to achieve the kinds of goals NFWS was designed to achieve.
 - A clear strategy was also important. Early partnerships learned from each other. For newer partnerships, collaboratives could play a crucial role by transmitting this historical experience so partnerships could move more quickly down learning curves.

- Partnerships that represented a large share of an area's industry and/or served very large numbers of participants had more clout both with employers and with workforce institutions.
- Partnerships with short-term time horizons did not have the opportunity to develop the knowledge and establish the credibility necessary to implement successful system change strategies.
- Even for the most experienced and effective partnerships, changing employer and/or institutional practices was difficult and goals needed to be realistic.
- Small changes in the practice of one employer or institution did not necessarily lead to larger systemic change.

Conclusion

Viewing the findings of this report in the context of national evaluation reports from previous years, three findings stand out that would seem to hold important implications for the future work of the National Fund.

These were:

- 1) In places where the initiative was especially successful, the collaboratives emerged as effective regional intermediaries, essential to the formulation and implementation of the National Fund's vision. In many ways, the regional collaboratives were in fact the most unique innovation of the National Fund. Where they shared the NFWS theory of change (with its focus on employer leadership and career advancement for low-income workers) and had strongly committed stakeholders, the collaboratives proved themselves to be powerful vehicles for change.

One conclusion of this finding would seem to be that a key task of the National Fund moving forward is to deepen and sharpen the support it provides to the growing network of regional workforce collaboratives its work has engendered.

- 2) A second a parallel finding was that – as predicted in the NFWS theory of change – workforce partnerships that effectively adopted National Fund core principles (again, particularly a commitment to career advancement for low-income individuals and deep, ongoing employer engagement) were successful in crafting interventions that met the goals of both low-skill workers and employers. In some cases, however, there was a tension between focusing on the needs of workers with serious barriers to labor market success and employers' overall workforce needs.

Drawing on the lessons from these experiences, NFWS could play an even greater national role in disseminating and strengthening sector practice built on active employer engagement. While retaining NFWS core principles and maintaining a focus on low-income individuals, this effort also could identify approaches that effectively tailor the implementation of National Fund principles to different industries and population groups.

3) Many of the National Fund's most significant and distinctive outcomes were in the area of system change. This was true at both the collaborative and partnership levels. Where collaboratives launched sophisticated system change strategies, their work in changing public policy and the practices of key institutions often had much broader impact than the work of the partnerships, but also supported the partnerships' work and made it visible. Similarly, a focus on employer and institutional system change is what distinguished extremely successful partnerships from ordinary training programs and allowed them to implement career advancement strategies and target employer goals.

To date, however, only a relatively small share of collaboratives or partnerships has adopted or knows how to implement effective approaches to system change. Moving forward, then, it would be important for NFWS to support all collaboratives and partnerships in adopting system change strategies tailored to their capacities and context. This includes improved approaches to setting goals, tracking outcomes, and measuring success.

Taken together, these conclusions suggest three key roles for NFWS:

- *Leadership development:* The initiative would benefit from a more formal and effective approach to leadership development at all levels, but with a particular focus on the collaboratives (both leadership development for the executive directors and for the collaboratives themselves). This would include identification of successful practices, the creation of leadership academies or something similar, and tailored technical assistance.
- *Knowledge transfer:* NFWS has an important role to play in collecting and analyzing lessons from the practice of the collaboratives and partnerships and in disseminating that knowledge to those participating in the initiative and more broadly nationally. Peer-to-peer learning is probably the most powerful vehicle for this kind of learning and might include greater emphasis on sector-focused communities of practice. Knowledge transfer might also include research and education about how to better assess the accomplishments of workforce intermediaries.
- *Advocacy and resources:* Finally, the National Fund is uniquely positioned to provide national visibility to the work of the regional and local players, to work with others at the national level to embed these lessons in public policy, and to support the regions in accessing federal and national philanthropic resources.