

# EXECUTIVE SUMMARY

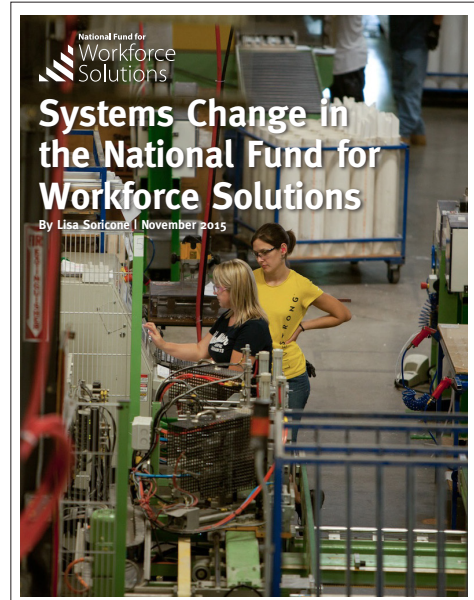
## Systems Change in the National Fund for Workforce Solutions

By Lisa Soricone | November 2015

Since its inception in 2007, the National Fund for Workforce Solutions has been committed to improving the education and workforce systems responsible for providing opportunities for low-income or disadvantaged individuals to gain skills and obtain careers paying family-supporting wages and benefits, while simultaneously addressing business needs. This was a fundamental rationale for creating the Fund: without embedding sustainable changes in workforce systems it would be impossible to reach scale.

To achieve this impact the National Fund created a model structured around the organization of regional funder collaboratives that engage both public and private funders and serve as conveners, fundraisers, and decision makers in both rural and urban communities. The collaboratives establish strategic priorities and guide investments.

Collaboratives are also charged with organizing employer-led, sector-focused workforce consortia. These industry partnerships generate detailed information about the job opportunities and skill requirements of each sector and develop a training/education strategy to address the gap between what is needed and what is available in a community. These employer-driven partnerships are essential vehicles for removing institutional barriers to training, placement, and advancement. The National Fund's impact must be measured not only in how many individuals and employers are assisted, but also through its important workforce development improvements, reforms that constitute real systems change.



To download the *Systems Change in the National Fund for Workforce Solutions* full report, please visit: [nfwolutions.org/publications/systems-change-national-fund-for-workforce-solutions](http://nfwolutions.org/publications/systems-change-national-fund-for-workforce-solutions)

What constitutes a “system”? What does it mean to effect “systems change”? This report aims to address these questions by providing a framework for considering systems change and highlighting examples from National Fund communities across the country. It describes some of the activities and investments of funded collaboratives and partnerships and derives lessons from their experiences. The purpose of the report is threefold: to share a framework for evaluating/measuring systems change, to acknowledge the extensive efforts and impact of the Fund’s partner communities, and to suggest to the broader field of workforce development that systems change is both possible and essential if we are to create and sustain opportunities for workers and businesses to thrive in our current economy.

## Systems Change in the National Fund

Over the course of its operation, the National Fund’s understanding of the nature and importance of systems change has evolved and been enhanced by the work of regional collaboratives and industry partnerships. For the National Fund, a “system” is a set of organizations or actors—which may include individual employers, employer associations, labor-management organizations, community colleges and/or other training organizations, publicly funded career centers and other workforce development agencies, nonprofit community-based organizations, and funders—whose functions intersect toward some common purpose, in this case to simultaneously address employers’ skill demands and help both future and current workers gain the skills they need to access advancement opportunities. A “system” may comprise the interaction of multiple institutions, or it may exist within individual entities, such as a single training institution or employer, or within a larger system, such as a state’s community college system.

“Systems change” refers to changes in organizational policies, procedures, practices, and culture, within or across organizations that improve services or activities aimed at benefitting specific stakeholders, markets, or populations. This definition also

encompasses changes in the operational boundaries between organizations, the relationships among entities and people within and across system levels, and the perspectives of different actors within the systems (i.e., how they think about and approach challenges, goals, and strategies).<sup>1</sup>

True systems change expands the reach of benefits of system activities to more of the targeted stakeholders and is sustained over time.<sup>2, 3</sup> The changes led and supported by collaboratives and partnerships constitute “systems change” when they affect the way that organizations work, individually and collectively; when they alter stakeholder perspectives in ways that change their priorities and actions; when the changes brought about in institutions and systems increase the scale of services and opportunities offered to workers and employers; and when the structures and working relationships created through National Fund efforts are institutionalized and sustained.

National Fund efforts toward systems change focus on the four areas outlined below. A limited number of examples in each area are highlighted here, with more extensive discussion and additional examples provided in the full report.

### 1. Changing Educational and Workforce Development Systems

Much of the work of the National Fund is aimed at supporting educational and workforce development systems to both better respond to employers’ workforce needs and create advancement opportunities for new and incumbent workers. These efforts include expansion or improvement of training and support services, as well as improved ways of engaging employers to meet their workforce needs. Some communities focus on change within a specific area or aspect of the overall workforce development system, while others pursue improvements focused within a particular sector. In other cases, systems change is aimed at better connecting the major elements of local workforce development systems more broadly. A number of National Fund communities have demonstrated these changes. Notable examples include:

- › Louisville’s **Kentucky Manufacturing Career Center** was revamped to focus on a single sector, thereby enhancing its utility for workers and employers alike, and providing a model of improved operation for other centers and sectors within the state.
- › The **New York Alliance for Careers in Healthcare** worked closely with employers to develop more responsive training programs to fit the labor market needs. The approach has been adopted by Mayor de Blasio to serve as the basis for widespread reforms in the city’s workforce system.
- › The **Southwest Alabama Workforce Development Council** has supported an employer-led effort to guide investments and improve the quality of educational programming, particularly among community colleges. This work provides a model that is being expanded across the state.
- › The **West Philadelphia Skills Initiative** has leveraged established employer relationships to develop employer-specific job training and worker pipelines, while working with employers to review and improve hiring practices and structures and creating new career ladders and pathway opportunities for frontline workers.
- › The **Baltimore Center for Green Careers** is helping the growth of a burgeoning weatherization industry while working with employers to change hiring and wage policies to benefit entry-level workers. In return for connections to new customers, employers agree to hire trainees from the Center at \$14.50/hour and provide hiring opportunities to community members, including ex-offenders.
- › Working across a tri-state region of Southwest Ohio, Northern Kentucky, and Southeast Indiana, the **Health Careers Collaborative** has worked with the region’s largest health care employers to change tuition benefit policies to support the education and advancement of frontline workers. Among the changes, employers agreed to offer tuition benefits up front at the beginning of classes rather than reimburse employees for the expense of tuition after the course is completed, thus making the pursuit of education more feasible for frontline workers.

## 2. Changing Employer Practices

Employer engagement and, eventually, employer leadership, is a cornerstone of the National Fund’s approach to workforce development. Through the industry partnership model, National Fund collaboratives work directly with employers to understand workforce needs and guide the development and enhancement of education and training. Through these exchanges employers offer industry-specific insights that help enhance the responsiveness of the workforce development and education/training systems to meet their needs and prepare workers for advancement opportunities. In turn, through their involvement in partnerships, employers develop greater understanding of the value of investing resources to train and support frontline workers, and sometimes alter their operation to better leverage workers’ skills and support their continued learning and advancement.

Systems change in the area of employer practices encompasses changes in the ways that employers provide low-skill, low-wage workers with opportunities for education or skill enhancement and/or career advancement, as well as changes in practices and policies that improve wages, benefits, or working conditions for these workers. Notable examples among Fund communities include:

## 3. Changing Public Policies and Investments

Many National Fund collaboratives and partnerships engage in efforts to influence public policy and investments to strengthen the quality and capacity of workforce systems. Through their work with multiple industry partnerships, collaboratives develop knowledge of industry dynamics and public workforce system capacity to train workers and support the competitiveness of local businesses.

As a result, collaboratives can offer broad, cross-sector perspectives to policy discussions on areas for improvement, strategies to build workforce system capacity, and effective direction of public resources. These efforts can lead to new state policy, regulation, practice or investment to support industry partnerships, career pathways, or other mechanisms and organizations that simultaneously support

the advancement of workers and the vitality of businesses. Notable examples among National Fund communities include:

- › The **Minneapolis Saint Paul Regional Workforce Innovation Network** collaboratively successfully advocated for the establishment of a public, standardized report card for all adult workforce training programs funded by the state's Workforce Development Fund that would show the program outcomes such as credentials obtained and post-enrollment wages based on demographic information, education level, geography, and industry. Such changes increase transparency and accountability to better guide workforce development investments.
- › Among their policy efforts, Philadelphia's **Job Opportunity Investment Network** participated in a coalition to help codify public support for industry partnerships through legislation establishing a state budget line item for such partnerships.
- › Based in Boston, **SkillWorks** has worked to influence policy at the city and state levels. Its policy wins include helping to increase funding for statewide sector-based training, employer-based training, summer youth jobs, and job training for welfare recipients. In collaboration with the **National Skills Coalition** as part of a national effort, SkillWorks produced the report, *Massachusetts' Forgotten Middle-Skill Jobs*, which brought attention to the workforce challenges faced by the state, influenced conversations among policymakers and the workforce system, and helped inform the public about the nature of middle-skill jobs and the opportunities they offer.

#### 4. Changing Funders, Their Perspectives, and Investments

The National Fund brings together public and private funders to combine their resources in order to have a greater impact in improving workforce development systems, activities, and outcomes. As collaborative members, funder organizations are expected to do more than write a check. They must contribute to developing shared goals and visions for the collaborative and its partnerships and help to direct

collaborative activities and investments. In some cases, funders align their resources to adhere to collaborative goals, while in others they actually pool resources that are used to support collaborative and partnership work.

The National Fund's experience shows that participation in collaboratives creates another kind of systems change, less commonly considered—that among funders, particularly philanthropic entities, who, as a result of their involvement in the National Fund, develop new perspectives that influence their work within and beyond the boundaries of the collaborative. These new perspectives, in turn, influence how funders work to support the advancement of low-skill, low-wage workers.

Local funders in Boston, Central Wisconsin, and Baltimore note that participation in the National Fund offered opportunities to address important community issues and deepened their learning in areas such as evaluation and public policy. Participation in the Fund enhanced understanding and cooperation across public and private funding lines and reinforced the value of partnering to engage multiple perspectives to guide philanthropic work. Working with the Fund led to a changed mindset among funders, as described by Jennifer Riggerbach, project director at Central Wisconsin's **Incourage Community Foundation**:

We view philanthropy as catalysts: how is the philanthropic dollar a catalyst for a different model, for a different way of operating, built off of place-based needs, norms, and culture change that will result in the mutual goal of employers and workers benefitting?

#### Lessons Learned

Among the lessons drawn from the experience of National Fund collaboratives and partnerships in pursuing systems change is that systems change is not an overnight process. It takes time, patience, and perseverance to continue to pursue change at any level. Building individual and organizational relationships and establishing trust through collaboration are essential to the foundation of working toward change.

Relationships must be built at multiple levels of organizations, not only to gain authorization for change but also to ensure its execution. Qualitative information as well as data on labor market dynamics help to make the case for systems change. Strong leadership is required to facilitate creating a vision for change and give credibility to the effort among stakeholders. Success in one region or state can be leveraged elsewhere to promote change in other communities.

Finally from the Fund's perspective, an important lesson to be drawn is that an explicit focus on and mandate for systems change can lead to real change among workforce systems, employers, public policies, and funder mindsets.

## Conclusion

The National Fund is achieving the goal set forth by its founders. Beyond the more than 67,000 participants and 5,400 employers served by its activities, the National Fund is making a significant impact in the communities where it operates through the system change work it enables and pursues. As this report describes, collaboratives and partnerships across the country are achieving systems change in multiple areas. They are enhancing the capacity of individual workforce and educational institutions and improving communication and linkages among them. They are establishing deep connections with employers and engaging their leadership to improve workers' preparation and opportunities to obtain jobs, earn more, and advance within their workplaces. Collaboratives and partnerships are leading efforts to change public policies and increase investments in workforce development. They are providing critical information and industry insights to inform system leaders and policymakers and their work is influencing the perspectives of both public and private funders.

The research undertaken for this report not only helped to validate the success of National Fund collaboratives and partnerships in achieving systems change; their experiences also provide insight into the process of fostering such change. Systems change

begins with the act of convening stakeholders, with some being brought together for the first time through the intervention of National Fund entities. Convening is necessary for the development of shared understanding and goals that foster systems change. As stakeholders work together, relationships are forged, trust is established and perspectives are altered, all of which are required for the changes ultimately achieved in practice, policy and behavior. Collaboratives and partnerships further contribute to promoting change through their intentional efforts to build the capacity of individuals and organizations and provide information that influences discussions and strategy development among stakeholders. Systems change is essentially a process of planning, acting, evaluating and learning, but it cannot happen without the strong connections that are built through collaborative and partnership efforts.

As National Fund systems change work continues to develop and deepen, the National Fund has the potential to build even stronger, more responsive workforce systems; influence the behavior of employers; raise the visibility of workforce issues; alter the perspectives of leaders within and outside workforce development; and ultimately, to reach significant scale in increasing access and opportunities for individuals to pursue family-supporting careers.

The experience of National Fund communities shows that systems change is indeed achievable. Their success suggests that communities outside the Fund can pursue change within and among systems when they establish and build on strong practice demonstrated by Fund communities. Developing strong community partnerships among workforce stakeholders, engaging employers in meaningful ways that provide insight into industry needs and expand opportunities for frontline workers, and using data to drive actions can provide the foundation to support systems change. The leadership of the National Fund hopes that the example set by the communities it supports will encourage more workforce development leaders across the country to pursue systems change to benefit ever greater numbers of employers and low-wage workers.



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The **National Fund for Workforce Solutions** is a growing national partnership of employers, workers, communities, local and national funders, and workforce practitioners that work to strengthen local economies by implementing demand-driven employment strategies that advance the skills of American workers while also resolving the skills gaps facing American businesses. Operating in 35 communities across 26 states, the National Fund works with its partner communities to drive practices, policies, and investments to improve family-supporting career opportunities for low-wage and unemployed individuals, provide employers with skilled workers, and advance local economic development.

Integral to its success is the fact that the National Fund model engages employers in its workforce and economic development activities and uses these strong relationships to identify local skills gaps, target critical workers, and coordinate collective solutions to local and regional workforce challenges. Since 2007, the National Fund has provided more than 67,000 individuals with education and training services to help them prepare for and advance their careers. At the same time, the National Fund has served over 5,000 employers employing over 1 million workers by assisting them to find and retain the skilled workers they need to remain competitive. Starting in 2007 and currently in its second five-year phase, the National Fund has received recognition from the Obama administration as an exemplary model for employer-responsive training and a key partner in the White House's UpSkill America Initiative.

To learn more, visit: [www.nfwsolutions.org](http://www.nfwsolutions.org)