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# A COMMUNITY DEVELOPMENT PUBLICATION

# CASCADE

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## The National Fund for Workforce Solutions: The Impact and Challenges of Its Workforce Partnership Model\*

By Fred Dedrick, Executive Director, National Fund for Workforce Solutions

The recent economic recession and equally anemic recovery have dramatically changed the job outlook for low-wage workers and disadvantaged youth in America. In addition, the Great Recession has accelerated the long-term trend toward requiring workers to have a higher skill set to obtain jobs that pay family-supporting wages. The recession also highlighted the fact that workers need both sector- and firm-specific skills as well as connections to employers in order to obtain jobs that pay reasonable wages. However, as middle-skill jobs (e.g., welders, paralegals, radiology technicians, and machine operators) have become more modernized, workers would likely have had to assess and adjust their skills to obtain these types of positions despite the recession.

As labor market demands shift, so too must workforce development systems that are geared to helping low-wage workers acquire higher skills so that they can obtain promising careers. These new approaches must be able to help adults

who are looking for work, or who are otherwise disadvantaged, to acquire skills and credentials that are truly valued by the employers in their markets. Employers, policymakers, practitioners, and funders who work and reside in a community are in the best position to develop worker training and career development programs that meet the needs of both workers and employers in that community.<sup>1</sup>

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Credit: John Dorton

\*The views expressed here are those of the author and do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

<sup>1</sup>Robert P. Giloth (ed), *Workforce Intermediaries for the Twenty-First Century*. Philadelphia: Temple University Press, 2004.

A trainee learns to operate equipment at a plant owned by PGT Industries, a manufacturer and supplier of residential windows and doors located in southwest Florida. The trainee is part of workforce training coordinated by Careeredge Funders Collaborative, a regional collaborative of the NFWS.



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## Message from the Community Affairs Officer

During the recession of the 1990s, I remember hearing then Governor Jim Florio proclaim that the best social program is a good job, a statement that has since been made by other leaders. Back then, the real estate industry was in a downward spiral, leaving a much-diminished tax base and many New Jerseyans unemployed. While it was not a particularly fun time wondering if you and your spouse might still have a job at the end of each week, it pales in comparison to what we are now experiencing long after the Great Recession ended. According to the U.S. Bureau of Labor Statistics, some 13.1 million individuals were unemployed in December 2011, long after the trough in business activity was reached in June 2009. The Philadelphia Fed's Fourth Quarter 2011 *Survey of Professional Forecasters* indicates that the unemployment rate is not expected to drop below 8 percent until 2014.\*

With the employment picture still looking bleak, in this issue of *Cascade* we continue to highlight efforts to change the earning capacity of people with minimal education or work experience. Our lead story is about the National Fund for Workforce Solutions, a philanthropic effort launched in late 2007 to create partnerships between employers and trainers and educators so that low-wage workers can learn skills that benefit not only employers but also themselves and their families. The fund served 18,109 individuals as of the end of 2010. Thirty-two percent were incumbent workers, 36 percent were African American, and almost half had a high school diploma or less.

Two other stories describe Philadelphia's and Los Angeles's efforts to increase the

job skills of adults and teenagers. In Philadelphia, the Energy Coordinating Agency of Philadelphia, Inc. is training adults and teenagers for "green" jobs. In Los Angeles, the priority is to get young people who are 16 to 24 years of age to return to high school or enter community college or credentialed training programs. The programs are important for both the community and the individual and his or her family.

### Good-bye

It seems only fitting that my final column is in a *Cascade* issue focused on work prospects. While others are embarking on new positions, I am leaving a great one. As I have contemplated my retirement, I am struck by how quickly the years have passed. I had intended to stay just five years but recently passed my 13th anniversary with the Bank. There was always some interesting project to captivate or interest me.

There are important projects currently underway. Look for the first report on the longitudinal study of the effectiveness of homeownership counseling in 2012. The Bank will host its next Reinventing Older Communities conference on May 9–11, 2012. I'll see you at the reception.

Also, look for the Fed's release of a new HD video on the purposes and functions of the Fed. Although the film is designed for students, the general public will find it valuable in understanding why the Fed is important. When I first joined the Fed, I didn't understand what it was. Fred Manning, my predecessor, was my only point of reference. It didn't take long for me to realize how significant the Fed is to all of us.



\* See <http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/2011/survq411.cfm>.



Smartphone  
interactive scan

# Forum Focuses on Effective Community Development Corporations\*

By Amy B. Lempert, Community Development Advisor and Outreach Coordinator

*“The persistent capacity among nonprofit community development organizations has always been notable ... it is just more notable in present times ... .”* —Joseph McNeely, Executive Director, Central Baltimore Partnership

The Philadelphia Fed hosted a forum last August that focused on some of the different approaches used by community development organizations. The event, titled *Models of Surviving and Thriving CDCs: A Forum on Organizational Approaches and Strategies*, was jointly sponsored by the Philadelphia Fed, the Delaware Housing Coalition, the Housing and Community Development Network of New Jersey, and the Philadelphia Association of Community Development Corporations. The forum reflected the Fed’s ongoing interest in community development corporations (CDCs). The 40 attendees were experienced community development leaders. One central theme that all of the presenters focused on — despite the size, years in existence, or structure of their organization — was how critical partnerships and collaboration are to their effectiveness.

The keynote speaker, Joseph McNeely, and the other presenters discussed some of the different approaches used by their organizations. Following are some of the highlights of their presentations.

## **Central Baltimore Partnership: A New Type of Organization — A Virtual CDC**

Joseph McNeely, executive director of the Central Baltimore Partnership (CBP), described his organization as a “virtual” CDC because the organization’s methodology and structure

are different from that of traditional CDCs. The first major difference between the CBP’s virtual strategy and the traditional CDC strategy is that instead of spending time building an organization, the partners (e.g., universities, hospitals, government, and community organizations) first wanted to determine if they could actually work together and accomplish something. The second nontraditional aspect of the collaborative is that the members didn’t want to start with a plan — they wanted to start with an action. The collaborative took nearly a year to build. McNeely described the developmental stages of the collaborative: building relationships, deciding to work together, agreeing on development strategies, and implementing major project development.

In five years, the CBP has raised about \$10 million and has received about \$70 million in tax credits.

McNeely emphasized that in the virtual CDC model, none of the money actually goes to programs run by the CBP itself. Rather, the funding goes to the programs or projects of the partners or to a collaboration of partners.

## **Asociación Puertorriqueños en Marcha and the Jonathan Rose Companies — Partnership for Large-Scale Development**

Asociación Puertorriqueños en Marcha (APM) and the Jonathan

Rose Companies recently signed an agreement to jointly develop a vacant property adjacent to the busy Temple University train station. The goal is to use the property for mixed-income housing as well as commercial and community facilities. Rose Gray, vice president for community and economic development of APM, recalled that in 2001, sustainability, green building, and transit-oriented development seemed like lofty goals for a very low-income neighborhood in Philadelphia. But in discussing her partnership with the Jonathan Rose Companies, Gray said, “One needs to step out of the realm of one’s own experience and be open to new things.”

One central theme that all of the presenters focused on was how critical partnerships and collaboration are to their effectiveness.

Mark Levin, chief counsel at Regional Housing Legal Services and APM’s project attorney, pointed out that an organization such as APM doesn’t go from building single-purpose developments to a \$47 million mixed-use, multiphase development with both low-income housing tax credits and new market tax credits. Levin explained that lenders to, and investors in, large-scale projects consider the developer’s financial strength, ability to provide guarantees, development

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# Training for Jobs in the Emerging Energy-Efficiency Industry\*

By Keith L. Rolland, Community Development Advisor

The nonprofit Energy Coordinating Agency (ECA) of Philadelphia, Inc. has trained about 2,000 low- and moderate-income adults and teenagers during the past 18 months for jobs in the energy-efficiency field and is simultaneously taking steps to help develop this emerging industry.

The ECA tries to train a workforce that is representative of the city's residents by recruiting candidates from nonprofits, the School District of Philadelphia, the National Association of Minority Contractors, and the Hispanic Contractors Association.

The ECA's training program was developed in close cooperation with key organizations that provide training in the building and construction industries, and it provides the credentials required by federal and state agencies, utilities, and contractors. The ECA's training curricula were developed with Associated Builders and Contractors, Inc. (ABC),<sup>1</sup> which administers construction-industry apprenticeships. The center is an affiliate

of the Building Performance Institute, Inc. (BPI),<sup>2</sup> which trains ECA instructors. Walter V. Yakabosky, the ECA's director of training, said that the partnerships with the BPI and ABC "ensure that our training is industry-driven and fosters relationships with potential employers."

Yakabosky joined the ECA in 2009 after working as dean for technical education and as executive director of workforce development for nearly 10 years at Delaware County Community College. Prior to that, he was an assistant director for business and industry training at the Community College of Philadelphia and manager of several businesses in the music industry.

The ECA emphasizes contextual teaching and learning in its training programs for weatherization installers, crew chiefs, energy auditors, building analysts, and other positions. Yakabosky explained, "We incorporate concepts of arithmetic and geometry, and our students read trade maga-

zines to learn sentence and paragraph structure, punctuation, and vocabulary. This is real-life problem-solving, using information presented by a teacher."

Students often have major remedial needs; therefore, a Community College of Philadelphia (CCP) instructor comes to the center to assist students. Yakabosky said that students tend to learn more in this contextual situation than they do when they take remedial courses at a college.

The ECA's Knight Green Jobs Training Center, which opened in March 2010, has a staff of 17 and is located in Philadelphia's Kensington neighborhood. The 58,000-square-foot building, which is about 150 years old, once served as a site where uniforms were made for the Union Army during the Civil War. The building was vacant before it was renovated at a cost of \$1.9 million with funding from the John S. and James L. Knight Foundation, the Kresge Foundation, the Pennsylvania Department of Labor and Industry, BASF Corporation, the Dow Chemical Company, the Sustainable Development Fund (part of The Reinvestment Fund), the Saint-Gobain Corporation, and other sources.

The ECA does not have precise data on the number of its incumbent and unemployed trainees who have obtained jobs, but Yakabosky estimated that 70 percent have found positions with contractors. Entry-level positions start at \$11 an hour, and advanced positions can pay up to \$50 to \$65 an hour, depending on certifications and experience.

**Helping Develop a New Industry**  
The ECA has been working with the



A trainee practices air sealing at the Knight Green Jobs Training Center.

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<sup>1</sup> See [www.abc.org](http://www.abc.org).

<sup>2</sup> See [www.bpi.org](http://www.bpi.org).

School District of Philadelphia and the CCP to develop career paths in the energy-efficiency industry. The ECA awarded 20 scholarships to high school seniors who enrolled in the ECA's weatherization and retrofit program and who took afternoon classes that led to certifications for post-graduation work as installers.

The CCP has developed two academic certificates and an associate's degree in building science, the first in Pennsylvania. The ECA and the CCP are encouraging four-year institutions to develop a bachelor's degree program in an energy-efficiency-related discipline.

The ECA also developed two apprenticeship programs, one for installers and another for building analysts. The U.S. Department of Labor is in the process of approving registration for the programs, which will result in apprenticeship opportunities for workers to gain on-the-job experience and academic and technical classroom instruction. Yakabosky said that "such steps give this industry credibility, but we're still at the infancy stage."

Yakabosky said that consumer education is necessary to help develop consumer demand for an emerging energy-efficiency industry. He added, "Homeowners are wasting 40 percent of the energy in their homes. In three to four years, they'd be paid back for energy improvements."

A federally funded \$25 million program called Energy Works<sup>3</sup> encourages homeowners in Bucks, Chester, Delaware, Montgomery, and Philadelphia counties to obtain



Two trainees at the Knight Green Jobs Training Center test energy efficiency in a pressurized miniature house, which has a forced-air duct system and smoke generators for the fireplace, water heater, and car exhaust.

up to \$15,000 at 0.99 percent interest for whole house improvements. The residential aspect of this program is managed by the ECA and is funded by the U.S. Department of Energy.

Yakabosky said that recent changes in the energy-efficiency market include the removal of rate caps that have led to electricity price increases in many parts of the state; state legislation (Act 129) requiring that all electric utilities save electricity and reduce peak load for all classes of customers; rapid development of improved financing tools for energy efficiency; and enhanced Philadelphia Gas Works energy-efficiency incentives. He said that "the public sector has to create the right policy framework, and then the private energy-efficiency sector will flourish."

Funding under the American Recovery and Reinvestment Act (ARRA) for the federal Weatherization Assistance Program resulted in the creation of 1,600 jobs in Pennsylvania, but many agencies are laying off workers and subcontractors as

ARRA funding declines. However, in the process contractors have diversified their work to include energy-efficiency improvements and can bid on energy contracts, since their employees have the certifications required by federal and state governments. Yakabosky estimated that about 250 contractors in the Philadelphia metropolitan statistical area have diversified in this way, out of about 600 contractors who have been doing ARRA-funded work.

The growth in energy-efficiency work in recent years has also led to an increase in the manufacturing and distribution of energy-efficient products, including hot water heaters and furnaces.

The ECA has begun training installers and energy auditors for the city of Camden, NJ, and will be providing training and technical assistance in 10 cities with the Federal Practices Group, a private consulting group based in Washington, D.C.

*For information, contact Walt Yakabosky at 215-609-1078 or walty@ecasavesenergy.org; <http://ecasavesenergy.org>.*

<sup>3</sup> See <http://ecasavesenergy.org/energyworks>.

# Consortium Seeks Energy-Efficient Commercial Buildings\*

By Keith L. Rolland, Community Development Advisor

A federally funded consortium at Philadelphia's Navy Yard is conducting research and developing building systems designed to reduce energy consumption in commercial buildings by half in the 10-county Greater Philadelphia region.<sup>1</sup>

The Greater Philadelphia Innovation Cluster (GPIC) for Energy-Efficient Buildings, a consortium of 23 partners, led by Penn State, that includes universities, federal laboratories, corporations, and regional economic development agencies, has been awarded \$130

million in federal funding, including \$122 million from the U.S. Department of Energy (DOE) for an "energy innovation hub." Meanwhile, the Commonwealth of Pennsylvania has committed \$30 million of new capital funding that includes a retrofit of a Navy Yard building that will serve as the GPIC's headquarters.

Paul Hallacher, a Penn State official who is GPIC's co-director for management and administration, said, "For too long, the building industry has been fragmented, resulting in ineffi-

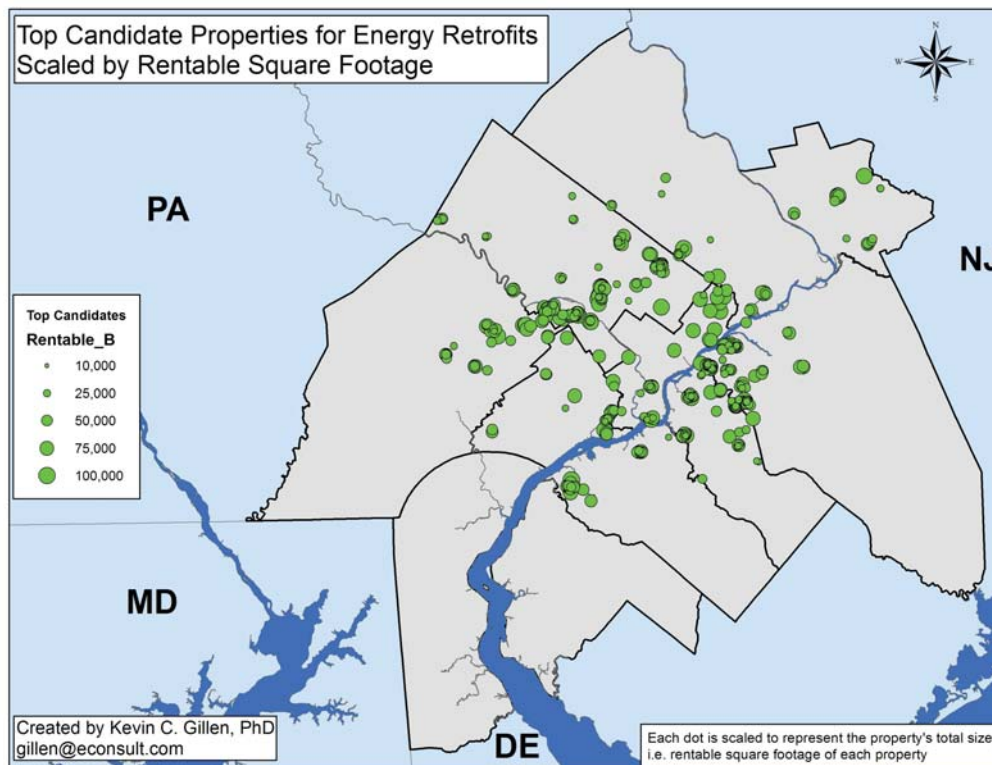
cient buildings that waste money and energy. The goal of GPIC is to identify and deploy technology, policy, financial, and workforce solutions that can apply to the general marketplace and help stimulate the regional economy."

The GPIC's mission is to conduct research and develop highly efficient building components, systems, and models that reduce overall building energy consumption by 50 percent in a scalable, repeatable process that can be affordably applied to a broad spectrum of buildings. In the process,

the GPIC aims to increase jobs and stimulate private investment.

The GPIC is working in six teams. The teams and their respective leaders are building design (IBM); integrated technologies (United Technologies Corporation); policies, markets, and behavior (University of Pennsylvania); education and workforce (Princeton Plasma Physics Laboratory); deployment and commercialization (Ben Franklin Technology Partners of Southeastern Pennsylvania); and collaborative demonstration (Penn State).

Figure



\* The views expressed here are those of the author and do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

<sup>1</sup> The region consists of Philadelphia, Bucks, Chester, Delaware, and Montgomery counties in Pennsylvania; and Burlington, Camden, Gloucester, Mercer, and Salem counties in New Jersey.

## Members of the GPIC

- Penn State (lead)
- Bayer MaterialScience
- Ben Franklin Technology Partners of Southeastern Pennsylvania
- Carnegie Mellon University
- Collegiate Consortium
- Delaware Valley Industrial Resource Center
- Drexel University
- IBM Corporation
- Lawrence Livermore National Laboratory
- Lutron Electronics, Inc.
- Morgan State University
- New Jersey Institute of Technology
- Philadelphia Industrial Development Corporation
- PPG Industries
- Princeton University—Plasma Physics Laboratory
- Purdue University
- Rutgers University
- Turner Construction Company
- United Technologies Corporation
- University of Pennsylvania
- University of Pittsburgh
- Virginia Tech
- Wharton Small Business Development Center

Residential and commercial buildings account for 40 percent of the total energy consumption in the U.S.<sup>2</sup> An Econsult report commissioned by the GPIC estimates that nearly half of the commercial buildings in the Greater Philadelphia region are good candidates for energy-efficiency retrofits and that undertaking these retrofits could spur \$618 million in local spending and support 23,500 jobs (see Figure). Another report, by Cozen O'Connor, describes policies and legal-related process factors in Pennsylvania and New Jersey that affect energy efficiency in commercial buildings.<sup>3</sup>

According to Anthony Girifalco, executive vice president of Delaware Valley Industrial Resource Center (DVIRC), "Ultimately, GPIC wants to convince owners to make investments in retrofitting their properties. This involves rigorous auditing to determine the energy usage in the building and value-added design and engineering plans that result

in measurable targeted savings in energy costs. To be successful, this must lead to a bankable deal."

Girifalco added that the Navy Yard is ideally suited to test energy-efficient building system technologies because it has an independent, unregulated electric grid, as well as 270 buildings available for demonstration projects. Penn State, which has been active at the Navy Yard for the past 10 years, operates three other DOE-funded centers there.

Girifalco is part of the GPIC's education and workforce team that wants to ensure that a workforce is trained in building audits, energy retrofit installations, and building maintenance and operation to support retrofit activity in the commercial building sector. The DVIRC is compiling a directory of energy-efficiency educational and training programs in technical high schools, community colleges, nonprofits, unions, and other sources.

Other DOE-funded energy innovation hubs exist, but the GPIC is the only one that focuses on investment and job creation, as well as on research and development.

The GPIC also receives funding from the U.S. Economic Development Administration, the U.S. Small Business Administration, and the National Institute for Standards and Technology. The GPIC is expected to be funded for five years, although the federal funds must be reauthorized by Congress each year. Additional funds may be found to continue the project beyond the initial five years.

The GPIC is hosting workshops, seminars, and other events to engage the building industry and other interested parties. A list of events and other information can be found at <http://gpichub.org>.

*For information, contact Christine Knapp at [cmk31@psu.edu](mailto:cmk31@psu.edu); <http://gpichub.org/about>.*

<sup>2</sup> See the U.S. Department of Energy's 2008 Buildings Energy Data Book at <http://buildingsdatabook.eere.energy.gov/TableView.aspx?table=1.1.1>.

<sup>3</sup> The reports are available at <https://gpichub.org/activities/policy/gpic-reports>.



## Early Labor Experiences of Young Men: Underlying Factors and Later Consequences\*

Unemployment has deleterious effects on the overall health of the economy. Also, unemployment is debilitating to those experiencing it. For young entrants into the labor force, their early employment/unemployment experiences may be especially critical to their later labor market success. Thus, the initial transition-to-work period may foretell future employment status and wages/income. This is a particularly crucial juncture for young minority males who generally experience high rates of unemployment. Conventional wisdom suggests that higher educational attainment plays a prominent role in labor market and economic outcomes. A study by Michael Stoll draws on research in this area and examines the “influence of educational attainment and race/ethnicity on labor outcomes during the initial transition to work and over the first stage of young men’s working careers.”<sup>1</sup> The following is a summary of his paper.

### Background

Stoll pointed out that the “economic and labor market difficulties of less-educated men who are new entrants into the labor market are a growing social concern.” He noted that “research has pointed to growing employment difficulties and slow or negative wage growth for many in

this group, especially less-educated Black men.” According to the author, these problems could result in increased difficulties in maintaining an attachment to the labor market, which in turn might lead many to leave the labor force altogether. Moreover, intermittent employment “also slows young men’s accumulation of work experience and job contacts, thus further eroding future labor market advances.”

Stoll observed that these recent trends are in stark contrast to those in earlier periods. “From the early 1900s through the 1960s, the real earnings of less-educated male workers grew markedly.” This, he indicated, was a result of several factors such as productivity gains, relative shortages of less-skilled workers, and expanding unionization and federal government minimum wage legislation. The author pointed out that the gains from these helpful influences subsided in the 1970s, thus giving rise to the labor market difficulties experienced currently by those with limited education. However, he noted that “those with advanced degrees have experienced unprecedented gains over the same period, leading to growing gaps between those with and without significant educational attainment.”

In order to gain a better understanding of the “recent labor market and economic performance of young men during their initial transition to work,” Stoll focused on the following two questions:

- How does labor market advancement differ across educational levels for young men finished with schooling during the first stage of their working careers?
- Do these potential advances vary by racial/ethnic groups?

Before embarking on his analysis, the author indicated that most of the causes of, or explanations for, growing disparities in labor market performance by educational level and racial/ethnic groups reported in the literature can be attributable to supply-side or demand-side factors. He explained that “supply-side explanations refer to the characteristics, behaviors, and choices of the individuals themselves,” while demand-side explanations relate to the actions of employers. Among the most prominent supply-side explanations, Stoll cited “differences in skill and educational attainment levels (especially relative to the rising level of skill requirements of jobs), differences in the quality of social net-

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<sup>1</sup> Michael Stoll, “Labor Market Advancement for Young Men: How It Differs by Educational Attainment and Race/Ethnicity During the Initial Transition to Work,” *Journal of Education for Students Placed at Risk*, 15 (2010), pp. 66–92.



works, cultural or urban underclass behavior, and crime, especially given the growth in incarceration of men, particularly less-educated, minority men, and employers' leanness to hire such men." Prominent explanations on the demand-side "include a spatial mismatch between the location of employment opportunities and the residential locations of certain groups; racial discrimination, aggregate demand, or the slackness of labor markets at any given period of time; and job competition from other workers such as immigrants or women, among others."

### Data and Methodology

For his analysis, Stoll used 1990 U.S. census data and data from the 2006–2007 American Community Survey. He "analyzed microdata records for men who (a) were between the ages of 16 to 26 in 1990, (b) were not enrolled in school, (c) had attained up to a bachelor's degree, and (d) had no work-related disability." As measures of labor market advancement and economic well-being, the author used the employment rate, average hourly wages, the number of hours per year, average total income, and the poverty rate. In the absence of longitudinal data, Stoll used his two data sources to construct an overall "synthetic" cohort of men for study purposes. This was accomplished by "identifying a cohort of men in 1990 (as previously defined), then selecting this same cohort in 2006–2007 by extending their ages by the 15–16 year period examined." This resulted in a cohort of men who "were estimated to be between the ages of 32–33 and 42–43 in the 2006–2007 period." According to the author, this represents the beginning of most men's prime working and earning years.

### Results

Stoll assessed the labor market and

economic advances of young men in the study sample by comparing the key indicators mentioned above between 1990 and 2006–2007, stratified by educational levels (no high school degree, high school degree, some college, associate's degree, or bachelor's degree). He found several key findings over the study period:<sup>2</sup>

- Employment rates, average wages, and income rose for all educational attainment groups. The total amount of hours worked increased as well; poverty rates declined across the board.
- Outcomes for all key indicators improved as sample members acquired more education.
- While most positive outcomes increased with each educational level, they increased at a more rapid pace the higher the educational level achieved.
- There were large racial and ethnic differences in these outcomes even within educational levels.
- Except for employment, the gains for most key indicators grew more significantly for native-born whites than for native-born racial/ethnic minorities, and these gains (or racial gaps) grew over time with increased educational levels.

### Policy Implications

Stoll's analysis underscored conventional wisdom that increased educational levels enhance labor market outcomes. In addition, he documented that improvements in outcomes, over time, are much more dramatic for those with college degrees and that the "advances made by young white men greatly exceed those for other groups, especially for racial and ethnic minorities." The author observed that "for racial and ethnic minorities, a limited education is a double disadvantage in that initial



**Marvin M. Smith, Ph.D.,**  
Community Development Research Advisor

outcomes are considerably inferior compared to those with more educational attainment; further, over time, increases in these outcomes (from various factors such as job experience or job changes) are much more limited." This gives rise to a paradox, namely, that more education absolutely improves the labor market and economic outcomes of native-born racial minorities, but "racial gaps in these outcomes widen over time, leading to greater degrees of racial inequality."

However, the author hastened to note that this does not mean that investment in schooling for racial minorities is futile. Instead, Stoll suggested that interventions are warranted to counteract market frictions that serve to limit the returns to schooling for minorities in the labor market. In particular, he recommended a different set of workforce development approaches to address the needs of those out of school. These include targeted public policies that "better link racial and ethnic minorities to jobs for which they are qualified [reduce spatial and skill barriers], that increase their competitiveness in local labor markets [effective employment and training programs], and that reduce market frictions that affect labor market success [lessen employment discrimination]."

<sup>2</sup> The key findings are taken from the Stoll article.

# The National Fund for Workforce Solutions: The Impact and Challenges of Its Workforce Partnership Model

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## **Creating a Workforce Development Strategy**

In late 2007, in response to these economic and labor market challenges, the Annie E. Casey Foundation, the Ford Foundation, the Hitachi Foundation, the Harry and Jeanette Weinberg Foundation, and the U.S. Department of Labor formally launched the National Fund for Workforce Solutions (NFWS). The purpose of this philanthropic initiative was to expand on a promising workforce development strategy that was built on a model that serves both employers and job seekers. What began with investments in four regions has evolved into a national initiative that now serves 32 communities and has attracted additional partners such as the John S. and James L. Knight Foundation, Microsoft Corporation, the Walmart Foundation, the Prudential Foundation, the Joyce Foundation, and JPMorgan Chase.

These national investors selected Jobs for the Future (JFF), a Boston-based national nonprofit organization, as one of two partners to help implement the NFWS. Founded in 1983, JFF operates in more than 200 communities across 43 states. Its goal is to identify, develop, and promote educational and workforce strategies to help expand opportunities for individuals who are struggling to advance. Because JFF is experienced at executing national education and workforce initiatives, the organization was instrumental in helping to launch the NFWS effort. JFF's history in overseeing major foundation and public

grants was critical to the NFWS being selected as one of the first recipients of a Social Innovation Fund grant.<sup>2</sup> In addition to JFF, the NFWS investors also brought on another partner, the Council on Foundations (COF), to assist in developing national and local philanthropic support. Based in Washington, D.C., the COF is a nonprofit membership association that includes about 2,100 grantmaking foundations and corporations.

## **Building Effective Funding Collaboratives and Workforce Partnerships**

### *Getting Employers Involved*

The NFWS supports regional funding collaboratives that help low-wage workers succeed in good careers; these careers are identified by employers who work together to address the human resource needs of a particular industry. The collaboratives are most often initiated by community and national foundations, United Way organizations, chambers of commerce, or workforce investment boards. They recruit local funders and workforce and economic development stakeholders who pledge to provide additional financial resources to further the goals developed by the collaborative.

The key objective of a collaborative is to bring together a broader array of local stakeholders to address their community's workforce and economic development challenges rather than using traditional workforce efforts. The collaborative analyzes the needs of the regional labor

market, selects key industry sectors that need trained workers, and then organizes employer-led workforce partnerships that can help provide training in the targeted areas.

These partnerships generate unique information about an industry, which helps training and education providers to develop programs that enhance the critical skills needed for that industry. These partnerships go beyond gathering historical data and statistics by eliciting real-time exchanges among a group of employers. The best partnerships provide insight into both the current and future needs of a sector, such as new technologies, major trends, evolving skill sets, emerging occupations, career pathways, and new business practices.

Getting employers involved in a mutually productive partnership, however, can be challenging. The collaborative must research a variety of sectors and select those that have the greatest potential for generating employer interest and at the same time creating employment and/or career opportunities for low-wage workers. Then it must select an individual or organization that understands how to convince the employers that this effort will be of value to them.

This partnership organizer must identify the appropriate leaders within prospective firms and make the business case for participating in the partnership. For the partnership to be successful, there must be a consensus among employers that

<sup>2</sup> The Social Innovation Fund (SIF), which was established in 2009, is an initiative of the Corporation for National and Community Service. The SIF awarded the NFWS, along with its partner JFF, a two-year \$7.7 million grant, which is expected to help the NFWS "expand its assistance to at least 23,000 additional participants over three years in 24 high-need communities, while at the same time addressing the critical skills needs of more than 1,000 employers." For more information, see "Social Innovation Fund Grant Will Allow NFWS to Expand Assistance to Additional 23,000 Low-Income Families," July 22, 2010, available at <http://nfwsolutions.org/newsroom/press-releases/social-innovation-fund>.

their workforce needs will be more effectively addressed by working together than by working alone. Employers must welcome the exchange of information and ideas with their peers and be willing to learn from the interactions. Businesses will continue to be involved with the partnership only if they perceive that the relationship is beneficial to both their firm and the community.<sup>3</sup>

The value of a strong workforce partnership to a worker or job seeker cannot be overstated. Good partnerships create training and education initiatives directly with the employers, and because of these relationships, the curriculum is based on critical industry expertise. Well-implemented training programs provide workers with increased opportunities for employment and career advancement. However, many job seekers are not prepared to succeed at training because of additional educational challenges and/or other barriers; therefore, these challenges must be addressed before these workers can obtain the credentials that are necessary for career advancement. In these cases, the partnership must create “bridge,” “on-ramp,” or “pathways” programs to help ensure that workers are ready to succeed at more highly skilled training.<sup>4</sup>

Partnerships may also play a role in convincing firms to change any internal practices that may prevent frontline workers from pursuing the training needed to advance. They are able to show that the advancement of frontline workers can reduce turnover and generate higher productivity. Employers are more willing to make changes in response to what

## Leading Collaboratives

Two innovative funding collaboratives in the National Fund for Workforce Solutions are providing training programs, worker support systems, and other much-needed services in the Greater Cincinnati area and in rural Wisconsin.

The Greater Cincinnati Workforce Network (GCWN) supports business-directed workforce partnerships between businesses, educational institutions, and community organizations in health care, construction, and advanced manufacturing.

The partnerships include over 30 employers who collectively employ more than 50,000 workers. Of the more than 3,000 people who have been trained, 2,750 individuals have received credentials and 1,800 individuals have been placed in jobs.

Over the past three years, GCWN has leveraged \$24.8 million from local, state, and national sources, including \$11.9 million in training funds from the region’s public workforce system, \$8.4 million in state and federal grants, and \$3.2 million from 10 philanthropic and corporate funders.

A hospital system employer in GCWN’s health careers collaborative found a 12 percent return on investment for its involvement in the incumbent training program and a net benefit of \$2.6 million for its entry-level certificate training program, in light of lower turnover and reduced recruitment costs.\*

Meanwhile, in rural Wisconsin, Workforce Central operates workforce partnerships in advanced manufacturing and information technology and a pathway program providing accelerated GED and certified nursing assistant training. Working with 26 employers in 2011 and led by the Community Foundation of Greater South Wood County, Workforce Central has leveraged \$1.9 million in funds from public, private, and philanthropic sources over the past three years.

Workforce Central’s manufacturing partnership, in collaboration with Mid-State Technical College in Wisconsin, created a series of supervisory management certificates for incumbent workers who want to improve their supervisory skills in a manufacturing environment. The certifications, which can be taken individually or in sequence, can lead to an associate’s degree. Instructors have a manufacturing background and provide training during different shifts. Late in 2011, 75 workers from six businesses were enrolled in the program.

For information on GCWN, see <http://www.cincinnatiworkforce.org/>. For information on Workforce Central, see <http://nfwsolutions.org/locations/central-wisconsin/>.

—Emily Wood, National Fund for Workforce Solutions

\* Greater Cincinnati Workforce Network, “Health Careers Collaborative of Greater Cincinnati Return on Investment Report: 2011,” available at <http://hccgc.org/pdf/HCC%20ROI%202011.pdf>.

<sup>3</sup> See “Workforce Partnership Guidance Tool,” available at [http://nfwsolutions.org/sites/default/files/NFWS\\_workforce\\_guidance\\_tool\\_110210.pdf](http://nfwsolutions.org/sites/default/files/NFWS_workforce_guidance_tool_110210.pdf).

<sup>4</sup> These short-term programs, created to teach literacy and numeracy skills to workers who are preparing for training, are often provided by community-based organizations that are aware of the requirements for successful skills training.

they learn from their peers or by measuring the return on training or career coaching programs.

In the long term, workforce partnerships can also be the catalyst for reforms to the regional educational system. These reforms include promoting industry-recognized credentials, scheduling classes to accommodate workers, and creating flexibility around semester timetables.

### **Targeting Specific Industries**

The NFWS's manufacturing partnerships develop improved training initiatives because these programs are based on a deeper understanding of the current responsibilities of a machinist, a welder, or a mechanic, for example. Education and training providers learn how the integration of the multiple disciplines, such as information technology, engineering, and machine maintenance, is critical to the success of advanced manufacturing.

Partnerships with hospitals, long-term care institutions, and community health centers reveal the never-ending need for improved skills driven by evolving technologies, evidence-based practices, and new regulations. Most of the NFWS's health-care partnerships focus on incumbent workers, since retaining good workers saves money and builds loyalty, resulting in better patient outcomes.

### **Implementing Effective Strategies**

The approach to workforce development that is endorsed by the NFWS is based on the following five strategies:

- Developing and nurturing a national network of regional fund-

ing collaboratives that leverages public/private investment to support this strategy;

- Supporting collaboratives that help create sectoral workforce partnerships that encourage employers to enter into long-term relationships focused on workforce and career development for low-wage workers;
- Implementing career advancement initiatives and practices that create career pathways for workers to advance into better jobs that provide good wages and benefits;
- Promoting changes in federal and state public policies and private-sector employment practices that are aimed at improving outcomes for low-wage workers; and
- Combining national and local evaluations with quality research to provide the evidence needed to support practices that improve outcomes for low-wage workers.

These five strategies, which have emerged from years of research and practice, show that when organizations combine their knowledge of the worker or job seeker with a deep understanding of a particular industry, hiring and advancement opportunities for low-wage workers are improved. In addition, the collective action of employers in workforce partnerships can have a broader impact on the industry.<sup>5</sup>

### **Promoting Collaborative Philanthropy**

Collaborative philanthropy is at the heart of the NFWS's strategy. A dozen national foundations pool their resources to further encourage collaborations at the regional level. The NFWS co-invests in regional

collaboratives that are able to provide at least 80 percent of their total initiative budget from local sources. Obtaining such a large share of funding from local sources ensures that the collaborative is focused on local priorities; it also promotes long-term sustainability from the start. Investments at the regional level are made by investors in both the philanthropic and public sectors who have a shared vision of how best to address the career advancement challenges facing low-income residents. The NFWS's unique and successful approach to philanthropy has been recognized by its peers. In 2010, it received the COF's Distinguished Grantmaking Award for Collaboration.

To date, the NFWS has supported 32 regional funding collaboratives around the U.S. that collectively engage more than 400 public and private-sector funders. These local collaboratives have matched nearly \$25 million in NFWS investments with more than \$130 million in local funds in support of over 90 sector-based workforce partnerships. In the process, they have become important components of their communities, providing leadership on workforce, education, and economic development issues. They have built relationships and acquired valuable expertise through the implementation of sectoral projects.<sup>6</sup>

### **Making an Impact on Job Opportunities and Employer Practices**

By the end of 2010, NFWS partnerships had served 18,109 individuals (see Figure 1). Almost one-third of those served (32 percent) were incumbent workers (see Figure 2), almost half (48 percent) had a high school diploma or less, and the largest population served

<sup>5</sup> Maureen Conway, Amy Blair, Steven L. Dawson, and Linda Dworak-Munoz, *Sectoral Strategies for Low-Income Workers: Lessons from the Field*. Washington, D.C.: The Aspen Institute, 2007, available at <http://www.aspenwsi.org/publicationdetailsdb.asp?pid=36>.

<sup>6</sup> See "Achieving Financial Stability Through Regional Workforce Funder Collaboratives," available at [http://nfwolutions.org/sites/default/files/UW\\_FinStability\\_Web.pdf](http://nfwolutions.org/sites/default/files/UW_FinStability_Web.pdf).

(36 percent) was African American. In addition, over half of the participants (55 percent) had received occupational skills training, and 10,000 degrees and credentials were awarded. Of the credentials that were awarded, 67 percent were associate's degrees, bachelor's degrees, occupational certificates, credentials, or licensures. In addition, 344 individuals completed apprenticeship programs.

As of 2010, nonincumbent worker participants had received most of the degrees and credentials (79 percent). In addition, there were differences in the types of credentials received by incumbent versus nonincumbent worker participants (see Figure 3).<sup>7</sup>

Although the national unemployment rate reached almost 10 percent,

NFWS partnerships helped to place 5,069 workers in jobs. The largest share of participants (36 percent) was placed in jobs ranging from \$10 an hour to \$14.99 an hour. Over one-fifth of the individuals who were placed (22 percent) obtained jobs that paid over \$15 an hour. However, 15 percent of the workers were placed in jobs that paid less than \$10 an hour. Of the 5,069 individuals who were placed, 46 percent were eligible for benefits at placement.

Equally as important as the results for low-wage workers were the changes in employer practices that were enabled by the NFWS. The partnerships have also played a key role in encouraging employers to change job entry requirements, to adopt internal policies that make it easier for workers to access additional education and training, and to adopt career ladders and other career advancement strategies.

Several partnerships convinced employers to adjust their credential requirements for entry-level positions that had previously required four-year degrees. In other partnerships, employers agreed to waive their absolute ban on hiring individuals with criminal records. Some employers have also adopted tuition support programs that allow low-income workers to pay for courses up-front, rather than waiting for reimbursements, and provide release time to attend training sessions.<sup>8</sup>

Of the employers served by the workforce partnerships in 2010, the largest numbers were in construction, health care, and manufacturing. Participating employers totaled 666 in construction, 604 in health care, and 120 in manufacturing (see Figure 4).

Figure 1

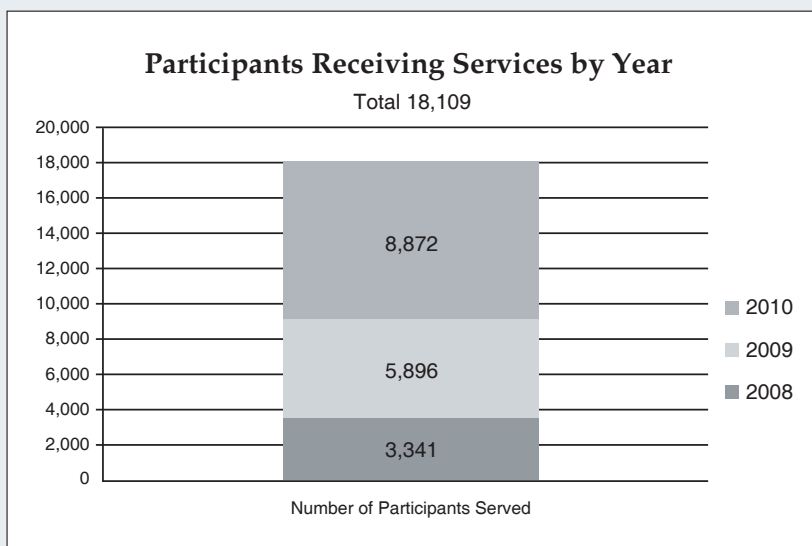
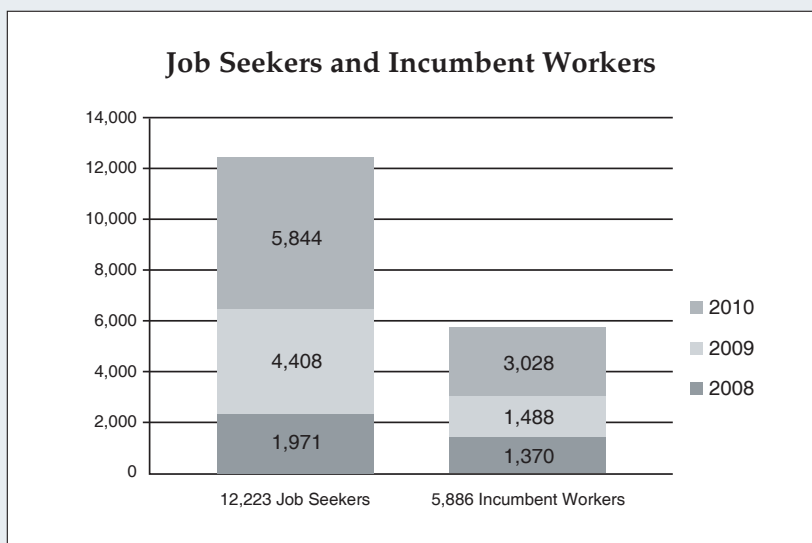


Figure 2



<sup>7</sup> Barbara Baran, Stephen Michon, Suzanne Teegarden, et al., "Implementing the National Fund for Workforce Solutions: Third Annual Evaluation Report," June 2011, available at <http://nfwfsolutions.org/sites/default/files/Final%20Consolidated%20Report%20with%20Appendices.pdf>.

Figure 3

**Degrees/Credentials Receipt by Degree/Credential Type and Program Type**

	Nonincumbent Participants Who Completed Education/ Training Services (n=7,537)		Incumbent Participants Who Completed Education/ Training Services (n=4,111)	
	Number of Participants	Percent of Subgroup Total	Number of Participants	Percent of Subgroup Total
AA or AS	23	0.30%	76	2%
BA or BS	99	1%	4	0.10%
GED/High School Equivalency	210	3%	10	0.20%
Occupational Skills Certificate/ Credential	4,113	55%	1,735	42%
Occupational Skills Licensure	630	8%	61	1%

Figure 4

**Number of Employers Served by Sector — 2008 and 2010**

Sector	Number of Employers Receiving Services	
	2008	2010
	<b>418</b>	<b>1,936</b>
Biotechnology	69	65
Construction	117	666
Energy	0	38
Financial Services	2	12
Health Care	176	604
Hospitality	0	107
Information Technology	0	11
Logistics, Transportation, Distribution	13	52
Manufacturing	33	120
Marine Trades	8	8
Other	0	11
Multiple Sector	0	242

**Promoting Policy Reform**

In addition to making grants, the NFWS promotes state and local policies that help low-wage workers advance in their careers and coordi-

nates with local funding collaboratives to support policy advocacy at the local, state, and national levels. It also supports a small number of innovative policy and financing pilot

strategies that support workforce partnerships. These innovations help bring attention to the public policy challenges and the financial and management skills needed to adopt particular strategies. The NFWS also facilitates peer-learning opportunities across regional collaboratives to share expertise on effective strategies for sustaining and expanding workforce partnerships.

Many leading workforce partnerships and local funding collaboratives realize that some public policies and changes to the system are necessary. For example, Pennsylvania recently adopted legislation that promotes public funding of sector-based workforce initiatives. SkillWorks in Boston is promoting legislation that places a higher priority on middle-skill jobs within the state’s workforce system. Several partnerships focus primarily on these long-term goals.<sup>9</sup>

**Conclusion**

It takes patience, persistence, and skill to bring the appropriate group of employers into the leadership of the workforce partnership. Some businesses have become discouraged by their experience with the public workforce system, whereas other firms believe that “outsiders” cannot really understand the particular needs of their industry. In some cases, small firms simply lack the personnel to participate regularly in partnership meetings.

Because every labor market is different, each collaborative must develop a unique strategy to engage employers. The leaders of workforce partnerships must be skillful and committed facilitators over many months and years to build relationships that

<sup>8</sup> See Baran, Michon, Teegarden, et al., June 2011.

<sup>9</sup> Sarah Griffen, “Sustaining the Promise: Realizing the Potential of Workforce Intermediaries and Sector Projects,” 2008, available at <http://nfwfsolutions.org/publications/sustaining-promise-realizing-potential-workforce-intermediaries-and-sector-projects>.

## Challenges Faced by Employers and Low-Skill Workers

Workforce development initiatives, such as the National Fund for Workforce Solutions (NFWS), face difficult challenges in trying to serve both employers and low-skill workers.

The NFWS's third annual national evaluation report details these challenges: "The most fundamental challenge for partnerships was how to interest employers in serving populations that had serious barriers to employment, ranging from few, if any, occupational skills to criminal records and a lack of basic work readiness..."

"Even partnerships working with very low-income, low-skill employed workers found that the barriers to helping them keep and advance in jobs were greater and more complex than they had expected. The keys to success for both employed and unemployed low-skill workers were long-term and intensive interventions, including robust remedial and support services."\*

The report concluded that "partnerships often found it difficult to identify the community of interest between employers' needs and those of low-skill workers" and that few employers participated actively in a collaborative. However, the report added that having a dedicated "organizer" could be important to a partnership's success and that "employer champions are the spark that fuels a partnership."

An NFWS survey found that employers had several reasons for participation, such as concern for their community, commitment to worker advancement, and the reduction of both labor and skills shortages. Motivation varied by sector. Firms in construction, biotechnology, and energy wanted to improve the quality of entry-level workers, while health-care and manufacturing employers sought to support employee advancement.

The national evaluation report concluded that the NFWS had made measurable progress toward its goals by the end of 2010 and pointed out that the number of regional investors in the NFWS's collaboratives grew 74 percent from 183 in 2008 to 318 in 2010. The report noted that the key challenges facing the NFWS include how to engage employers in serving low-skill workers, how to measure success, and how to attain scale and sustainability.

—Keith L. Rolland

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\* Barbara Baran, Stephen Michon, Suzanne Teegarden, et al., "Implementing the National Fund for Workforce Solutions: Third Annual Evaluation Report," June 2011, p. 36, available at <http://nfwsolutions.org/sites/default/files/Final%20Consolidated%20Report%20with%20Appendices.pdf>.

will yield positive results. In addition, they must be flexible, creative, and willing to learn from others.

An additional challenge is the dynamic nature of labor demand that can suddenly shift to requirements not anticipated by the workforce partnership. Emerging markets, rapid technological and management changes, and new regulations require a flexible and responsive approach by the partnerships so that employers can work with educators to shift resources to invest in the new competencies.

There are also multiple challenges for job seekers and those desiring to move

up the career ladder. Many training programs will not accept individuals with very low reading and numeracy levels because the fast-paced training schedule and large class size of these programs offer little time for remediation. For those who successfully complete training, there can still be the challenge of finding a job in an economy that is struggling to emerge from a recession. Finally, individuals who must continue to work as they pursue skills development face additional obstacles.

A good workforce partnership addresses these issues by clearly

communicating to education and training providers the expectations of employers. It seeks out creative ways to address educational deficiencies with bridge programs, contextualized literacy training, and online intervention tools. The partnership identifies exemplary programs that have responded to similar challenges. In addition, it finds peers in the field who can share important insights and point to research or case studies that can be helpful.

*For information, contact Fred Dedrick at [fdedrick@jff.org](mailto:fdedrick@jff.org) or 617-728-4446; <http://nfwsolutions.org/>.*

# Forum Focuses on Effective Community Development Corporations

...continued from page 3

experience, political power, contacts, and management and operating capacity. APM was able to adequately meet some of those concerns but needed a partner to help with the concerns it couldn't meet. Levin also explained that, in addition to looking for a partner who has expertise in complementary areas, there are many other aspects of the partnership that must be worked out, such as how financial risk is allocated, how cash flow and developer's fees are divided, who makes what decisions, and how disputes get resolved.

**Paul Freitag stressed that the key to his company's success with partnerships is "that as different as we may be, we still very much know each other's business."**

Paul Freitag, managing director for development at the Jonathan Rose Companies, stressed that the key to his company's success with partnerships is "that as different as we may be, we still very much know each other's business." He explained that the goal is to have "both parties really understand what's happening with each aspect of the project." In addition, Freitag insisted that communications must be defined up front. The Jonathan Rose Companies and its partners develop a governance chart to maintain effective communications.

## **Community Asset Preservation Corporation — A Special Purpose Organization**

According to Wayne Meyer, presi-

dent and CEO of New Jersey Community Capital (NJCC), a 24-year-old community development financial institution (CDFI), "the lack of accessible, flexible capital is the barrier to neighborhoods doing their work." Meyer explained that he believes that organizations must be able to collaborate and partner with one another. He maintained that partners have "to put skin in the game; each has to give up something to get something better. It's not something that we traditionally have done well together as a field." Every community development organization felt that it had to do everything — "everyone wanted to feel that they had to be everything to everybody." According to Meyers, that model doesn't work anymore.

In 2009, NJCC created a new non-profit real estate organization to rehabilitate distressed neighborhoods. The model for the Community Assets Preservation Corporation (CAPC) was based on one that Meyers had used when he had worked at HANDS, Inc., in Orange, New Jersey, just prior to his joining NJCC in 2009. CAPC's strategy is to arrange for discounted bulk purchases of bank-owned, nonperforming mortgages and foreclosed properties. The purpose of that strategy is to stabilize vulnerable neighborhoods, preserve individual community assets, protect homeowners and tenants from the effects of the foreclosure crisis, and increase the availability of affordable housing. As of August 2011, CAPC had purchased

153 units; its five-year goal is to purchase a total of 750–1,000 residential units. CAPC's success relies on partnerships with local for-profit and nonprofit developers, civic associations, municipalities, lenders, and other organizations.

## **Urban Affairs Coalition — Providing Fiscal Sponsorship and Support Services**

In addition to the programs that the Urban Affairs Coalition (UAC) operates directly to improve the quality of life in the region, it provides 75 nonprofit and government organizations with back office support and shared services. These services include finance and accounting, human resources, grant management, and program support, as well as shared costs for expenses such as purchasing and insurance. Bulk purchasing and contracting for highly specialized functions result in significant cost savings for participating organizations.

The UAC offers fiscal support and shared services to its participating organizations. Fiscal sponsorship, which is the most encompassing, provides comprehensive services to the organization, including the use of UAC's section 501(c)(3) status. Under this arrangement, staff members employed in partnership organizations are considered to be UAC employees. The UAC also offers packages for collaborative services, fee for service, and consulting services, which allow organizations to operate under their own 501(c)(3) status. In addition to cost savings, fiscal support and shared services provide the receiving organization with other benefits such as additional time to pursue its mission, the ability to bet-



ter weather an economic downturn, capacity building, and industry best practices, as well as an extensive network of contacts.

Cicely Peterson-Mangum, executive director of Logan CDC, agreed that her organization benefits significantly from UAC's fiscal sponsorship. At the same time, Peterson-Mangum pointed out the challenges and trade-offs, particularly those associated with funders. Under fiscal sponsorship, the sponsored organization's financial statements are aggregated with its sponsor's financial statements, which could potentially lead funders to think that awarding grants to both organizations would be equivalent to awarding multiple grants to one organization. Similarly, because of the consolidated statements, lenders may not get as clear a picture of Logan's financial position.

Ultimately, Peterson-Mangum agreed that the benefits of fiscal sponsorship outweigh the challenges. A major advantage is that it enables Logan CDC to provide high-quality health insurance for staff members at a fraction of the cost because the insurance is purchased under UAC's health plan. Another advantage that Peterson-Mangum discussed is that UAC advances cash payments to ensure a stable and consistent cash flow environment.

The dilemmas of the fiscal sponsorship model are not unique to Logan CDC and the UAC, as there are many nonprofits throughout the country that operate through fiscal sponsorship.\*

**National Council on Agricultural Life and Labor Research Fund — Evolving to Further the Mission**

The National Council on Agricultural Life and Labor Research Fund, Inc. (NCALL) is a 35-year-old organiza-



Presenters and moderators at the community development forum on August 9, 2011, were (seated, left to right) Diane Sterner, executive director, Housing and Community Development Network of New Jersey; Wayne T. Meyer, president, New Jersey Community Capital; Grizel Ubarry, president, G. Ubarry, Inc.; and Cicely Peterson-Mangum, executive director, Logan Community Development Corporation. Second row, left to right: Amy B. Lempert, community development advisor and outreach coordinator, Federal Reserve Bank of Philadelphia (FRBP); Dede Myers, vice president, FRBP; Joe Myer, executive director, National Council on Agricultural Life and Labor Research Fund, Inc.; and Trino Boix, director of operations, Urban Affairs Coalition. Back row: Keith Daviston, chief financial officer, Urban Affairs Coalition; Mark E. Levin, chief counsel, Regional Housing Legal Services; Paul Freitag, managing director of development, Jonathan Rose Companies; Rose V. Gray, vice president, community and economic development, Asociación Puertorriqueños en Marcha; Joseph B. McNeely, executive director, Central Baltimore Partnership; Ken Smith, Delaware Housing Coalition; and Rick Sauer, executive director, Philadelphia Association of Community Development Corporations.

tion that has changed over the course of its existence in response to the needs of its primary rural Delaware service area. Joe L. Myer, executive director since 1981, said that NCALL is a "bit of a hybrid organization." It provides direct services such as homeownership counseling, foreclosure prevention, and financial literacy. It also functions as an intermediary, providing technical assistance, consulting, and community development lending.

Although NCALL has integrated a variety of community development services, Myer explained the importance of collaborating and

entering into partnerships with other organizations, particularly concerning local, state, and federal policy. For example, NCALL is a founding member of the Delaware Housing Coalition, which advances the housing message to elected officials. NCALL also became a NeighborWorks organization; NeighborWorks provides its members with technical assistance and training. And with its extensive housing counseling team, NCALL developed a relationship with Habitat for Humanity International affiliates to provide counseling to prospective homebuyers. In addition, NCALL aligned with the Diamond State Community Land

\* See the National Network of Fiscal Sponsors, available at <http://www.tides.org/community/networks-partners/nnfs/>.

Trust to help devise new and innovative approaches to providing permanent, affordable housing.

Myer pointed out that third-party confirmation of an organization's performance can help to build an organization's reputation. NCALL's loan fund is certified by the CDFI Fund and received a CDFI Assessment and Ratings System (CARS) rating. In addition, as a NeighborWorks organization, NCALL is rated annually and has program reviews every three years.

#### Formulas for Success

Grizel Ubarry, president of G. Ubarry, Inc., summed up the meeting by listing five characteristics that were common among the presenting organizations.

1. *Collaboration.* Successful organizations realize that they cannot do everything themselves. Regardless of their size, organizations need to work together to expand their capacity and to gain civic and governmental support. Collaboration can be effective among diverse organizations that have similar goals.
2. *Risk taking.* The leaders and people who run organizations must have a vision of what they want to accomplish and not be afraid to take steps to get there.
3. *Capacity building.* Organizations must consistently increase their skills and knowledge to keep moving forward, and they must learn from their experiences, including their missteps.
4. *Leveraging.* Successful organiza-

tions leverage their own resources and those of others. "By interconnecting programs and services, [organizations] meet multiple needs while seeking to be comprehensive, integrated, and holistic in their approach to finding solutions," summed up Ubarry.

5. *Adaptability to change.* Successful groups know their marketplace and realize that in order to survive they need to change with the times. In order to be an agent of change, they must be a catalyst for change.

For more background on the organizations, their leaders, and their efforts, visit <http://www.philadelphiafed.org/community-development/events/2011/models-of-surviving-and-thriving-cdcs/>.



## Reinventing Older Communities Building Resilient Cities

[www.philadelphiafed.org/reinventing/](http://www.philadelphiafed.org/reinventing/)



This year's Reinventing Older Communities conference tackles the issue of how to make our cities — in particular, smaller cities that were once manufacturing centers — more resilient. Join community development innovators and leaders on May 9–11, 2012, at the Hyatt Regency Philadelphia at Penn's Landing to discuss strategies that can help you to make a difference in your community.

#### Learn how:

- City populations are changing dramatically
- Successful foreclosure prevention programs are serving homeowners
- Cities are encouraging economic inclusion of immigrants
- New uses can be found for brownfields and vacant land
- Foundations are adopting new strategies as the country emerges from the economic downturn
- Local governments are managing the fiscal crisis

#### Sign up for one of the conference tours:

- Tour old industrial buildings in Chester, PA, that have been successfully reused.
- Visit nonprofits that have pioneered workforce development strategies.
- Cruise the Delaware River and hear from directors of waterfront development agencies on both sides of the river.

# Getting School and Workforce Systems to Work Together\*

By Robert Sainz, Assistant General Manager, Community Development Department, City of Los Angeles

Many young people 16 to 24 years of age drop out of high school and are unemployed in cities around the country. Large agencies in education and workforce development often operate independently without a common purpose, but the city of Los Angeles's plan demonstrates how committed mid-level managers encouraged educational and workforce bureaucracies and other agencies to work together on these issues.

Six years ago, the Los Angeles Workforce Investment Board, the Los Angeles Unified School District (LAUSD), and the city of Los Angeles made getting young people back to school or work a priority. They began shifting their focus from contractual obligations to outcomes.

As a first step, an advisory committee retained a consultant to prepare research on the problem. The resulting research found that nearly 20 percent of the city's 500,000 residents aged 16 to 24 were out of school and out of work and that young people who dropped out of high school had lower employment, lower earnings, and an increased risk of falling into poverty than students who finished high school.\*\*

Representatives of the Los Angeles Chamber of Commerce, the Los Angeles Economic Development Corporation, and the Los Angeles Community College District soon joined the committee. Agencies began to dedicate more resources to keeping young people in high school.

The Community Development Department took the following steps:

- Increased the share of its Workforce Investment Act funding allocated to out-of-school youth from 30 percent to 70 percent.
- Awarded \$5 million in grants to five nonprofits to support high school dropouts as they re-entered community college or industry-credentialed pathway programs. (This effort, known as the Reconnections Academy, has served about 1,000 21- to 24-year-olds who are out of school. It was funded primarily with American Reinvestment and Recovery Act grants, and an evaluation of the results is underway.)
- Helped establish an online database of approximately 150 high school dropout recovery sites in Los Angeles.

In addition, the city's Workforce Investment Board and the LAUSD:

- Sent staff to visit 1,000 homes of young adults who had left school before graduating and persuaded 800 young people to re-enroll in high school.
- Are redesigning 13 youth employment centers in high-poverty neighborhoods to become centers where young people can meet with trained counselors to start the process of returning to school and work. (High school dropouts will be targeted in the redesigned centers, instead of

a general youth population as in the past. Both community programs and Workforce Investment Act-funded programs will be available at the centers, which will be operated by several nonprofits and are expected to open in July 2012.)

The advisory committee is advocating for funding for high school counselors and specialists in working with high school dropouts. It advocated a restoration of funding after proposed cutbacks would eliminate 100 of about 600 school counselor positions.

Leaders of other school districts, workforce investment boards, and economic development agencies must make this population a priority and find resources to implement policy goals. Mid-level managers have the knowledge and commitment to lead efforts to change programs, but they need CEO support and willingness to clear hurdles. Results should be evaluated on an ongoing basis.

One of the biggest hurdles is getting agencies to stop thinking of "their" programs and "their" students. Instead, they ought to focus on the best fit of programs and young people. Often, the biggest impediments to good youth programs are adult egos.

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\* The views expressed here are those of the author and do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

\*\* Paul Harrington, Alison H. Dickson, Neeta P. Fogg, and Ishwar Khatiwaada, "The Lifetime Employment, Earnings and Poverty Consequences of Dropping Out of High School in the Los Angeles Metro Area," an unpublished report prepared for the Los Angeles Workforce Investment Board, 2010.

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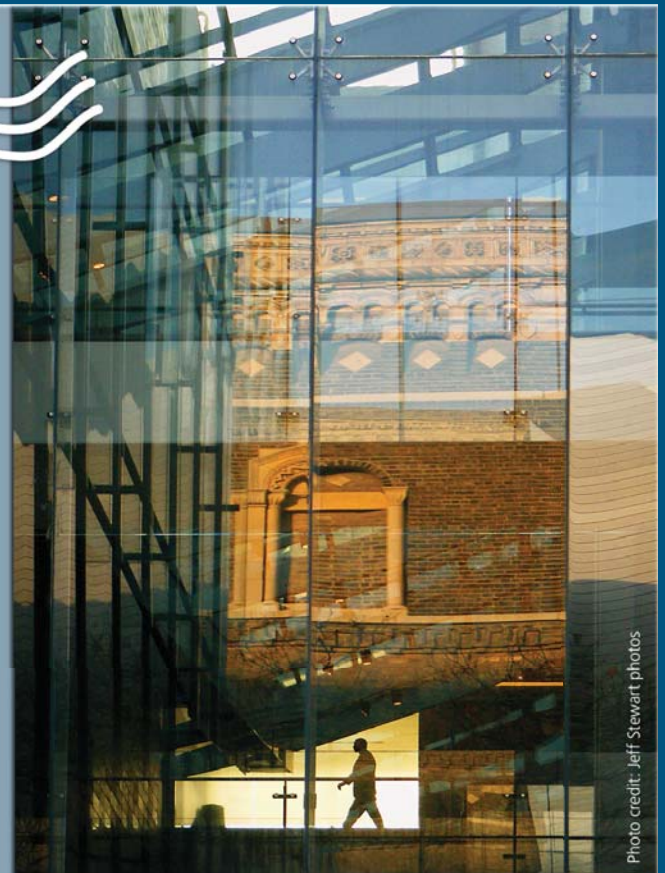


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