Obstacles and Opportunities:

Insights from Six Innovators in Workforce Training

December 2023

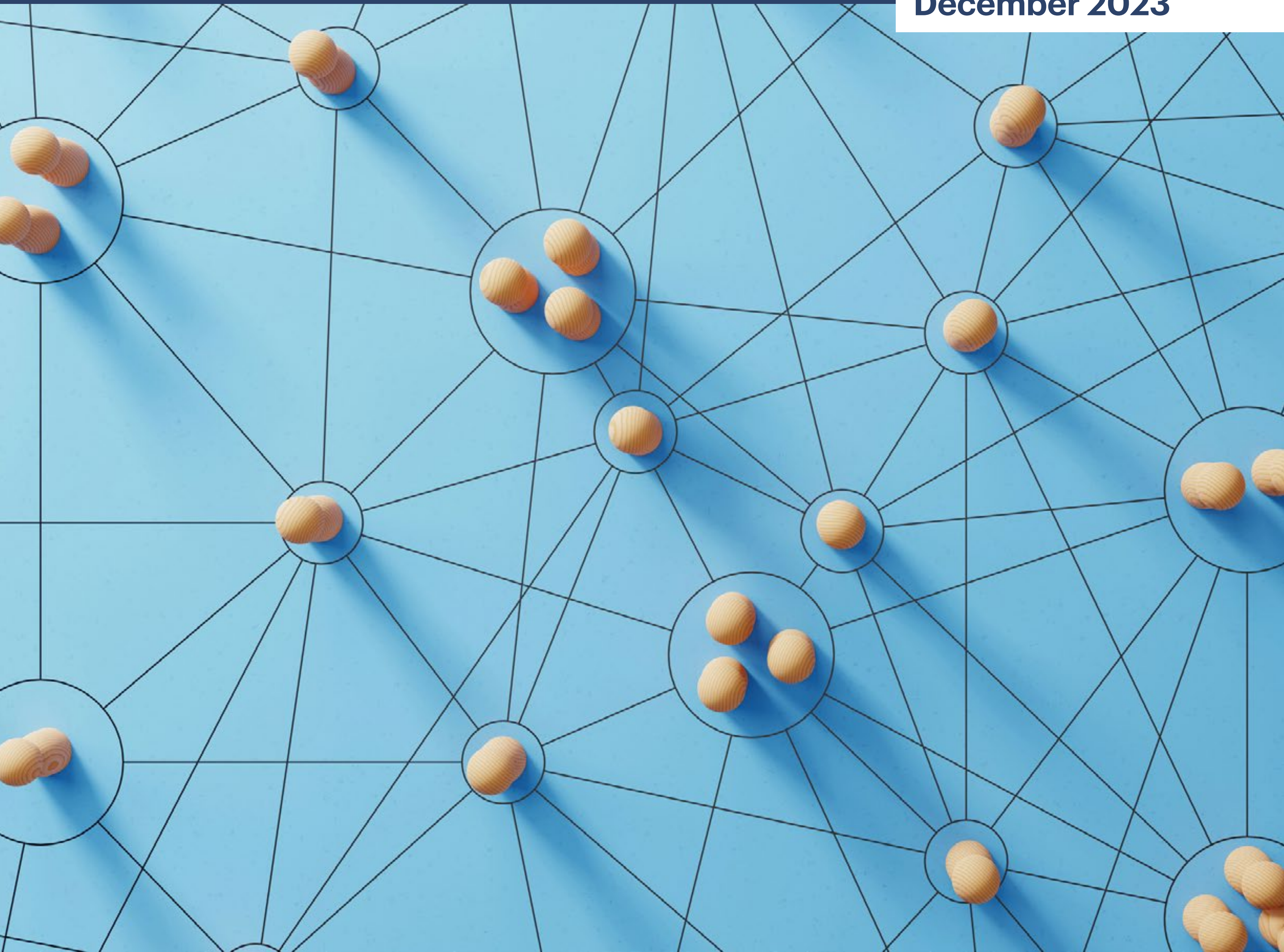


Table of Contents

Executive Summary

In a time of transformational change within the economy and labor market, the workforce development field is struggling to keep pace.

Both public policy debates and private funding norms seem stuck in the practices and patterns of the past, sacrificing innovation in favor of predictability. All too often, this dynamic means that both jobseekers in search of new opportunities and employers looking for highly qualified talent fail to achieve their goals.

The CEO Task Force—a group of chief executives from six standout workforce organizations—offers proof that a better approach is within reach. Deliberating over the course of 2023, Task Force members leveraged their expertise delivering sector-leading wage gain outcomes for low-income jobseekers to identify a number of pain points holding back good workforce outcomes, and produced ideas on actions to drive progress on those issues.

This brief captures the highlights of their work. ■ It is organized around two "Opportunity Statements" characterizing challenges within policy and philanthropy, respectively. Within each are a number of findings and recommendations, informed both by the Task Force members' experiences as effective implementers and the insights of nationally recognized experts engaged to challenge and deepen their thinking.

The first Opportunity Statement, "Aligning Workforce Policies to Labor Market Realities," urges policymakers to evolve past a focus on compliance and short-term outcome measures to embrace interventions that deliver long-term value. The Task Force found that federal workforce policy is under-resourced, fragmented, and tilted toward the status quo, and that the incentives of the public workforce system favor process compliance rather than new ideas and practices.

To reverse these trends, the Task Force makes three recommendations. The first calls for short-term, achievable policy changes to fund innovative training, prioritize evidence-based practices, and build stronger data systems. The second is to create a workforce-focused entity analogous to the Defense Advanced Research Projects Agency (DARPA), which could supercharge new research and development to get in front of emerging issues such as AI and the shift to skills-based hiring. Finally, the Task Force urges development of new capacity for advocacy through a coalition of innovative providers with private sector employers.

The second Opportunity Statement, "Strengthening Philanthropic Impact," considers how private funders can take steps that will increase the return on their giving investments while preserving their distinct priorities. Here, the Task Force found that the unique processes that many funders require for various aspects of grant-making impose costs on providers that reduce their capacity to deliver on grants. A second finding concerned the nature of the relationships between funders and providers, in which poor communication, diverging expectations, and fraught power dynamics can frustrate shared goals.

In response, the Task Force calls for funders with aligned objectives to work collectively and standardize processes when it makes sense for them to do so. A second recommendation is for providers and funders alike to pursue "rational partnership" characterized by transparency and a spirit of collaboration. The Task Force members are eager to hear from the workforce community on reactions to these ideas.

Introduction

As the American economy accelerates its decades-long shift toward information and services, new opportunities and risks have emerged for workers and jobseekers. Employers' entry-level roles increasingly require technical skills, increasing the advantages that accrue to workers who have the skills, credentials, and experiences that matter in the labor market.

Almost without exception, the good jobs of today and tomorrow require education and training beyond high school completion. Yet higher education—the most prominent pathway into career track work—has come under increasing scrutiny, as would-be students and families have come to doubt the value proposition of a college degree. Many colleges and universities struggle to prioritize career readiness within their educational missions, while employers complain of a mismatch between their requirements and what newly minted graduates bring. At the other end of the training space, government-funded workforce development programs largely provide quick job placement into mostly low-wage, high-turnover roles, offering dubious long-term value for participants or employers.

The limitations of both short-term workforce programs and higher education degrees have created an opening for high-quality training and placement providers that offer pathways to good jobs within a timeframe of months rather than years. Serving a wide range of workers and jobseekers with varied past experiences—including workers with low incomes and from groups that have long faced barriers to obtaining good jobs—and working across virtually every high demand sector of the economy, these providers are building a record of striking success in connecting their participants to family-supporting, career track jobs.

In 2023, six such organizations—Accelerate America, Climb Hire, Craft Education System, NPower, Upwardly Global, and Vehicles for Change—all received philanthropic support from Opportunity Engines, a recent philanthropic initiative of Schmidt Futures designed to help best-in-class job training providers increase their footprints by implementing innovative technical ideas.

As part of their grant activities, the leaders of these organizations came together to form the CEO Task Force. Its focus was to leverage its participants' in-the-trenches expertise to identify systemic challenges facing the workforce development field and make action-focused recommendations to effectively address those challenges.

The Task Force members are proven change-makers, leading organizations that have lifted thousands of low-income jobseekers and workers out of poverty. Along with their teams, they have navigated at-times hostile environments of funding and policy to secure key partnerships and build transformative program models. They have endured setbacks and learned from them. The findings and recommendations in this brief arise from the CEOs' direct experiences with jobseekers, employers, private funders and public officials.

At a moment when the policy conversation within workforce development seems stalled even as the labor market continues to transform, the innovations of the six Task Force organizations offer a compelling vision for a different path the country might take. Two of the providers, **Accelerate America** and **Craft Education System**, partner with higher education institutions (National Louis University and Reach University, respectively) to offer or facilitate flexible training and employment pathways through which participants can quickly move into high-demand jobs while earning credit toward degrees. **NPower**, focusing on technology skills and prioritizing young adults and military veterans, has helped program completers achieve wage gains of more than 400 percent.

Beyond technical training and credential attainment, **Climb Hire** also helps build participants' social capital by coaching them on how best to connect with program alumni and other "weak ties"—a vital yet underappreciated means to attaining jobs, as researchers estimate that half or more of all job openings are filled by applicants who were helped by friends, family, or other contacts.[1] **Upwardly Global** works to eliminate employment barriers for immigrants, refugees, and asylees who had professional careers in their countries of origin—helping them access skill-aligned jobs that stabilize their lives, strengthen their communities, and fill employers' talent needs. **Vehicles for Change** both trains justice-involved individuals to be auto mechanics and helps low-income families obtain cars to help them get to work, access childcare and healthcare, and otherwise take care of the many responsibilities of everyday life that if not accounted for can lead to losing a job.

Through their conversations over the course of 2023, the Task Force members coalesced around two major subjects: issues within government workforce policy, and challenges related to private philanthropy. *(Please see Appendix 2 for a more detailed description of the Task Force and its work.)* The balance of this brief is organized around the Task Force's diagnoses and prescriptions on these two topics. Each begins with an Opportunity Statement—an overview of the issue that includes both the core challenge and a broad direction that the Task Force believes can drive dramatic improvement. A set of findings and specific recommendations then follows each of the two Opportunity Statements.

> "The Task Force CEOs are proven change-makers who have navigated at-times hostile environments of funding and policy to secure key partnerships, build transformative program models, and help lift thousands of low-income workers out of poverty."

1 Julia Freeland Fisher, *"How to get a job often comes down to one elite personal asset, and most people still don't realize it,"* CNBC, December 27, 2019.

Opportunity Statement #1

Aligning Workforce Policies to Labor Market Realities

Federal, state, and local policymakers can take action to transform the delivery of publicly funded workforce development, disrupting the status quo of process-focused compliance and risk aversion in favor of rewarding innovation and prioritizing meaningful outcomes for jobseekers and employers. The priority should be to support programs that deliver long-term value, such as sustained wage gains, over short-term measures such as job placement without regard to quality. Public officials at all levels of government should view workforce issues as an integrated component of economic development and education policy.

FINDING 1-1

Federal workforce policy is under-resourced, fragmented, and path-dependent, presenting a dubious value proposition to innovative providers.

The United States spends about $20 billion per year on job training and employment services across a total of 43 federal employment and training programs.[2] On a percentage basis, this is less than half what most other countries with advanced economies spend on workforce services. In real dollars, federal spending on workforce services and job training has actually declined by two-thirds since 1979, even as the American labor force has grown by 50 percent over the same period.[3]

The largest single public program supporting job training and employment is the Workforce Innovation and Opportunity Act (WIOA). While total annual funding for WIOA is over $4 billion, only about $500 million per year goes toward job training. These funds are thinly spread, with 7,000 provider organizations offering 75,000 programs in all. Organizations seeking to access WIOA funds for training must get on the Eligible Training Provider List (ETPL) in any state where they offer programming.

2 *This figure does not include federal Pell grants, which account for approximately $27 billion per year. As noted below, the vast majority of Pell grant spending supports students in college degree programs.*

3 *Harry J. Holzer, "Should the federal government spend more on workforce development?" Brookings Institution, May 23, 2023. Had funding kept current with 1979 levels, annual federal investment today would be approximately $60 billion.*

The Task Force CEOs who have attempted to engage with the public system have met with mixed results, but they unanimously agreed that accessing these funds was time-consuming and frustrating. "WIOA mostly distributes funds in increments at the local level," explains Climb Hire CEO Nitzan Pelman. "You have to get a participant who meets WIOA criteria, get them to go in person and fill out paperwork to get the voucher, and then six weeks later you can invoice."

The need to access vouchers by individuals imposes an onerous administrative requirement on small providers especially. For providers that operate across state lines, the absence of reciprocity between the ETPLs of different states is another obstacle. "I don't see how innovative programs can access these dollars well," Pelman adds.

Craft Education System CEO Mallory Dwinal-Palisch echoes the point. "With local workforce boards, if you fit perfectly into how they do things, it works for you. If you don't, it doesn't."

Analysis from the National Skills Coalition (NSC), a leading workforce development advocacy organization, shows the extent of underfunding for training. NSC found that the average cost for WIOA participants who receive training vouchers is $1,854, a figure significantly lower than the per-participant costs of most high-quality sector-based training programs.[4] By comparison, high-quality sector-based training programs that show strong employment and earnings outcomes can cost up to $8-10,000 per participant. The under-investment within the public system deters high-performing providers from engaging with WIOA, while contributing to uneven-at-best outcomes from public training investments–outcomes that, in turn, depress political support for further workforce investments.

Vehicles for Change CEO Marty Schwartz notes that for those that do seek public dollars, patience is a necessity. "It takes time, as with any funder where you want to build a relationship." On the other hand, Schwartz notes, "Once you have public dollars, as opposed to a private funder, you're kind of in it for good. We've received WIOA dollars the last four years and it's something we've come to count on."

Compared to WIOA training awards, Federal Pell grants offer much greater potential value–but with a number of caveats. Pell grants are available to students who have not earned a bachelor's or professional degree and meet other requirements. The maximum award for the 2023-24 school year is $7,395, though the amount depends on a number of factors related to a student's enrollment status.[5]

NPower CEO Bertina Ceccarelli sees Pell grants as a potential lifeline for students in her program—if only they qualified. Students in programs not accredited under Title IV of the federal Higher Education Act (HEA) cannot access Pell grants. A number of proposals are currently under consideration in Congress to enable "short-term Pell," a change that would extend Pell grant eligibility to programs shorter than six weeks.[6]

> At a moment when the policy conversation around workforce development seems stalled, the innovations of the six Task Force organizations offer a compelling vision for a different path.

Even so, Ceccarelli is doubtful that any of these measures would enable NPower to access Pell funding. The proposals currently under consideration still require short-term providers to be accredited under Title IV of the HEA, which would exclude providers like NPower. "I think the intent of short-term Pell is right to provide funding for workforce programs," she says. "But it leaves out, I think intentionally, whole swaths of highly effective nonprofit training providers, including many like ours that have better performance than do many of the organizations that are eligible." In this instance, as in others, the absence of a strong standing advocacy presence for the workforce field disadvantages provider organizations and other stakeholders.

4 Brooke Derenzis, Jeannine Laprad, Nakeihsa Ricks-Pettyjohn and Roderick Taylor, *"Creating an Equitable, Resilient Workforce System: New Ideas for the Workforce Innovation and Opportunity Act," National Skills Coalition, May 2023.*

5 *Federal Student Aid office, Federal Pell Grants; accessed on October 9, 2023.*

6 *Lilah Burke, "Legislators want short-term Pell—but can't agree on the details," Higher Ed Dive, April 4, 2023.*

FINDING 1-2

The incentives of the public workforce system tilt overwhelmingly toward compliance, and away from boldness and innovation.

Current federal workforce policy has few if any ardent defenders. One typical recent analysis calls WIOA "a mile wide and an inch deep." Training funds are thinly spread, and often fail to change the career trajectories of WIOA program participants–40 percent of whom end up in jobs that pay less than $25,000 per year.[7]

The basic premises of federal policy were set forth in the 1980s and 1990s, in a very different economy. A comprehensive overhaul to better reflect current conditions seems well overdue. Yet the realities of a Congress bitterly divided along partisan lines render this unlikely at best.

In this context, compliance seems to be the driving motivation for policymakers and administrators alike. "There's a requirement that participants have to physically show up and show them a driver's license to be eligible," explains Craft CEO Mallory Dwinal-Palisch. "They shut that down during COVID, and it was fine, and then they reinstated it now that we're post-COVID. But these are still people who might not have transportation or childcare." Marty Schwartz of Vehicles for Change bemoans the reality that his program's participants who are on parole or probation can be reincarcerated if they're unable to physically appear for a meeting.

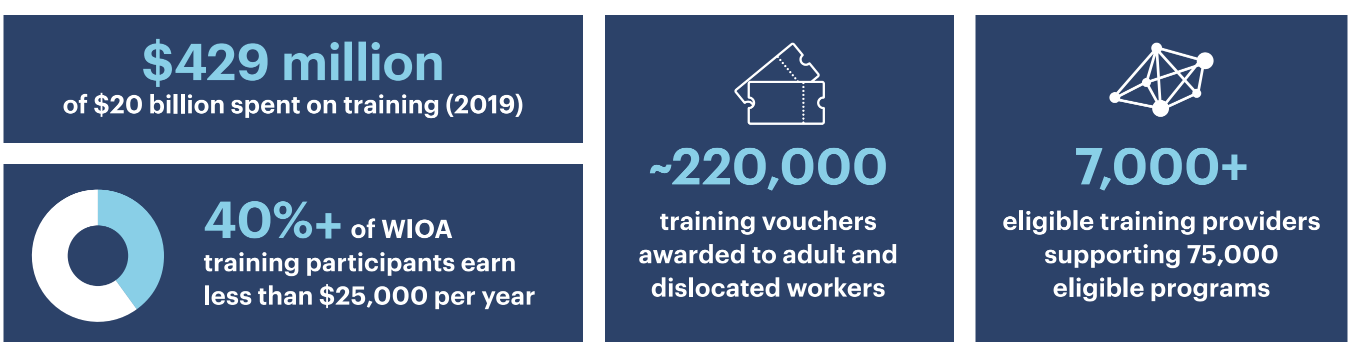
Meanwhile, providers have come to expect local administrators and US Department of Labor regulators to answer any question regarding innovative approaches with a curt "no." Local workforce development boards are "terrified about disallowed costs," observes Dwinal-Palisch. The fear of "getting audited and having USDOL say someone wasn't eligible three years later and having to pay funds back" exerts a strong deterrent effect against trying anything new.

Task Force member Upwardly Global, which focuses on helping immigrants and refugees who were professionals in their countries of origin connect to higher-paying jobs in the United States, got an unpleasant taste of this dynamic earlier this year. UpGlo has not pursued WIOA funds "because of the amount of compliance that's required," explains CEO Jina Krause-Vilmar. But the organization does work closely with the federal Office of Refugee Resettlement (ORR), which has a role in helping new arrivals access career support and job placement en route to economic self-sufficiency.

"I went to them and said, 'I have a potential solution that would allow us to get every asylee coming through the southern border to see how their skills match to job opportunities,'" recounts Krause-Vilmar. "I said we could set up a portal for each state, through which refugees could access job readiness services. To us, this was something we could do today to help them start drafting resumes and cover letters and set up career plans. They thought it sounded great, and then suggested we talk to the refugee coordinators in each state. It was unclear who had the authority to make decisions." The proposal went no further.

The irony, adds Krause-Vilmar, is that the functionality UpGlo proposed was something that was developed with federal government funding during the Afghan refugee response of 2021. "We have a product that was tried and tested, co-developed with them, and we want to expand it," she says. "They rely so heavily on process that if a new or expanded idea doesn't fit into the existing process flow, it just gets shuffled to the side."

Figure 1: Workforce Innovation Opportunity Act Spending and Outcomes



7 Steven Taylor, "Our nation's primary workforce training program is broken. Here's how to fix it," Work Shift, August 30, 2023.

RECOMMENDATION 1-1

Seek short-term, achievable changes in federal workforce policy to fund innovative training, prioritize evidence-based practices, and build stronger data systems.

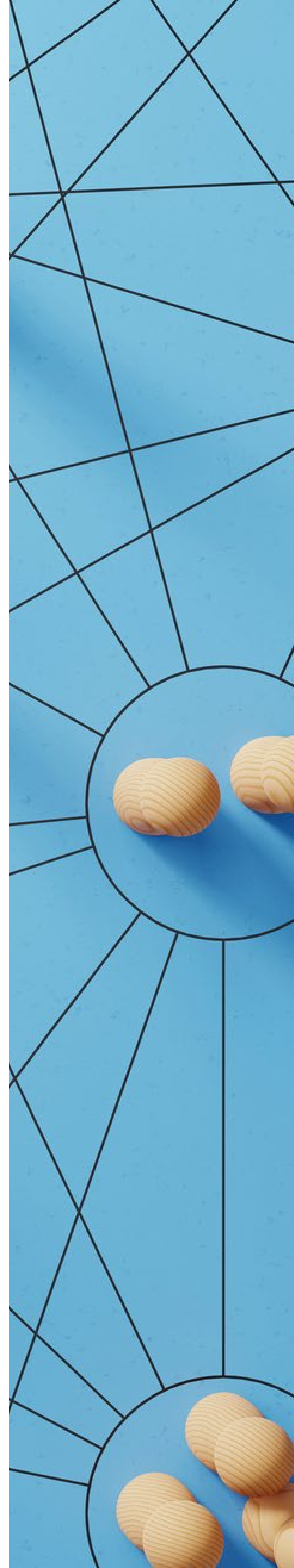
Congress passed and President Obama signed WIOA in 2014, with funding levels set through Fiscal Year 2020. Since then, Congress has extended WIOA each year through the annual appropriations process while the law awaits reauthorization. But despite the near-universal dissatisfaction with federal workforce policy, the experts engaged by the Task Force felt that near-term prospects for an overhaul are dim given the rancor and dysfunction within Congress.

While awaiting a larger reform, the Task Force has identified a number of steps legislators and USDOL administrators can take that will better support jobseekers and employers. Among these are new support for short-term training, modernization of the ETPL, and boosting accountability by enabling access to IRS data and integrating data systems at the state level.

"There are a bunch of things you can fix now," says Chike Aguh, former Chief Innovation Officer at the US Department of Labor. "Then there's a more root-and-branch reform to be done. But I wouldn't want to sacrifice the former for the latter."

> "We need integrated data systems that include K-12, higher ed, and employers. We all care about where workers are coming from, and their experience in the labor market."

In addition to proposals for "short-term Pell," which would expand Pell Grant eligibility to students in high-quality short-term training programs at accredited community and technical colleges, the Task Force supports a new funding stream to resource proven-effective skills training offered by nonprofit organizations as well as labor-management partnerships and apprenticeship programs. The National Skills Coalition's proposed Skills Training Grants, which would provide up to $10,000 for eligible workers to pursue occupational training that meets high quality standards, is one promising model.[8]



8 Derenzis et al., "Creating an Equitable, Resilient Workforce System." National Skills Coalition, May 2023.

Republicans in Congress have shown potential interest in this approach through proposals such as the American Workforce Act, which would provide a $9,000 training voucher for employer-designed education and training programs.[9]

Another area of potential bipartisan convergence is reform of the Eligible Training Provider List to prioritize high quality practices. Both Democrats and Republicans are interested in "modernizing" the ETPL, with areas of focus including efficiency and quality assurance. Advocates point to New Jersey as a leading provider here: state officials require provider organizations to submit program performance and participant outcomes data as a condition of remaining on the list. Recently released federal guidance on "gainful employment" is also relevant to ETPL reform and should help shape assessments of quality.[10]

A third promising direction for reform, also tied to accountability, has to do with data. "The best way to know if a program works is whether or not the participant got a job, how much they make, and so on," says Aguh. "That's information that the IRS has. They are not required to share it with the Department of Labor. We've come up with all kinds of workarounds to figure out what happened to people in programs, but just requiring them to share the information on a W-2 would be huge."

One highly promising initiative the Task Force encountered was the Data Collaborative for a Skills-Based Economy (Data Collab), a project housed at the Education Design Lab with the goal of building a national data infrastructure pulling together multiple data sources to determine the employment and wage outcomes of short-term alternative credentials. The Data Collab is working to conclude agreements with various public and private wage and employment databases to broaden its analysis. With the aim of accessing IRS data, The Data Collab is working with a Yale-Georgetown team that is co-designing a "Secure Query Service" with the IRS. Community colleges participating in the Data Collab project would gain access to aggregated statistics (e.g., median earnings) from the IRS to measure employment outcomes of their alternative credential programs.

Federal administrators can help–without the need for legislation–by issuing strong guidance that organizations receiving funds must build and maintain data infrastructure and analytics capacity that utilizes data and evidence, and clearly noting that federal funds can be used for these purposes and combined from different sources to support a single integrated data system. Additional helpful actions include strengthening technical assistance to grantees building cross-program data solutions, and forming an intergovernmental working group of federal, state, and local experts to determine how best to integrate data across programs and enable states and local areas to utilize the participant-level data they collect, much of which they are not obligated to report to federal agencies.[11]

"We need integrated data systems inclusive of K-12, higher ed, and employers," says Chad Rountree, CEO of OE grantee Propel America. "We all care about where learners are coming from, their experience in the labor market, and in the absence of shared understanding and definitions the work is much harder."

RECOMMENDATION 1-2

Create a "workforce ARPA" to transform the culture of workforce development, using robustly funded research and development to name and address emerging issues.

As this brief has detailed, federal workforce policy and practice has a powerful operational bias toward compliance and against innovative practices. One proposal to push back against this norm is for the federal government to launch a research and development arm for workforce issues, modeled on the famous Defense Advanced Research Projects Agency (DARPA) at the US Department of Defense. Begun in 1957 after the Soviet Union sent the first spaceship into orbit, DARPA has since contributed to transformational innovations including the personal computer, the Internet, and the Global Positioning System.

Building parallel capacity to tackle labor market challenges and support worker advancement could also yield important advances. Possible areas of focus include developing faster, cheaper, and more effective methods for jobseekers to gain new skills

9 Senator Tom Cotton, *"Cotton Bill Overhauls Workforce Education," September 8, 2022.*
10 Katherine Knott, *"Game On, Again, for Gainful Employment," Inside Higher Education, September 27, 2023.*
11 Jonathan Womer and Kathy Stack, *"Blending and Braiding Funds: Opportunities to Strengthen State and Local Data and Evaluation Capacity in Human Services," The Policy Lab at Brown University, 2023.*

and earn credentials; using new tools to access real-time data on employer demand and hiring trends; or accessing "big data" to reorient and redirect public and private resources toward higher-yield investments in education, training, job retention, and advancement services.[12] Another idea is to determine how to use AI and other new technologies to expand capacity and improve practices at American Job Centers, where jobseekers can access WIOA-funded services.

Advocates calling for a "workforce ARPA" emphasize that such an entity should focus on real-world applications with clear value for jobseekers and employers, rather than academic research. One example might be to help employers determine how to implement skills-based hiring with as much confidence as they currently have in hiring candidates with four year college degrees—an innovation that would open vast new opportunities for jobseekers

> A "workforce ARPA" could help employers determine how to effectively and confidently implement skills-based hiring–opening vast new opportunities for jobseekers without a bachelor's degree.

RECOMMENDATION 1-3

Develop a permanent convening and advocacy function powered by a coalition of high-performing and innovative providers alongside private sector employers.

One shared frustration among Task Force members throughout their discussions was the sense that elected officials, particularly at the federal level, lack an understanding of the workforce field—its substance and its importance—comparable to how they view postsecondary education or economic development. This helps explain the systematic underinvestment noted above, which in turn drives the often-disappointing performance of publicly funded programs, helping to perpetuate a vicious cycle. The CEOs and SMEs alike observed that one reason for this is simply that the voices that would be most meaningful to Congress in speaking up for workforce investments—employers and providers—rarely have been heard.

"Members of Congress like to visit community and technical college programs and businesses in their districts," notes Katie Spiker, managing director for government affairs at the National Skills Coalition. "For programs funded through WIOA, these kinds of visits can be difficult to scale, because the funds are stretched thin to support a variety of programs across states, local areas and the country." Increasing practitioners' capacity to host and engage with their elected officials could help improve understanding of the value these programs deliver for workers and businesses, boosting prospects for needed policy changes and more robust investment.

One core step is to get providers and employers on the same page—and operating and collaborating at a level high enough to command attention. For NPower's Ceccarelli, this is where a stronger voice in policymaking circles could resonate. "If there's a strong presence in Washington, that begins to help us rise above the noise." Citing potential for alliances with industry groups such as the Business Roundtable and U.S. Chamber of Commerce, she adds, "Companies don't know the value of the training, and how it differs from a pure staffing agency. We don't have a lobbying group like community colleges do, and that might be what we need." Just as the community of outsourced apprenticeship providers recently came together to form the advocacy organization Apprenticeships for America, an analogous entity with membership drawn from independent training providers could strengthen the voice of the high-quality training community.

12 Maria Flynn and Arati Prabhakar, *"How government innovation could help America's workers,"* *Fortune*, May 21, 2021.

Opportunity Statement #2

Strengthening Philanthropic Impact

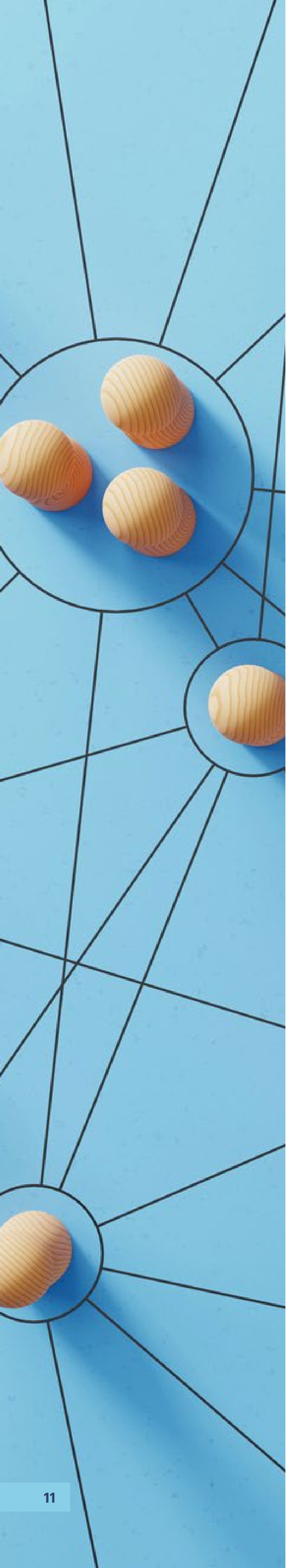
The varied priorities and approaches of workforce development funders help ensure that the field as a whole addresses a wide range of needs, from research and capacity building to advocacy and new program innovation. But this valuable diversity of priorities also contributes to a high cost of doing business with the philanthropic sector as grantees expend significant resources complying with funder processes and directives—and an associated reduction in intended impact. At an organizational level, these issues obligate providers to devote considerable staff resources to meeting funders' requirements, at an opportunity cost of serving more jobseekers or innovating to raise program quality. At the field level, they present a collective action problem, in that focus and clarity are lost and overall impact is reduced. The Task Force urges private funders to consider adopting a number of emerging best practices that can increase the return on their philanthropic investments by balancing their unique missions and goals with more efficient and collaborative practices.

FINDING 2-1

Funders' unique processes for grant applications, reporting, and other aspects of grant-making impose costs on providers that reduce their capacity to expand services and innovate on programming.

All six of the Task Force member organizations are beneficiaries of philanthropic giving. Private funding has helped power the innovative practices that have driven the striking outcomes they have achieved for jobseekers and employers. Even so, the bespoke nature of funders' processes and requirements has presented tangible constraints on their work.

"Every funder will always have their own agenda," says Upwardly Global CEO Jina Krause-Vilmar. "It's really difficult to get funders to come together to align around a vision of how to solve a challenge, and then take up pieces that make sense for them."



Subject matter experts (SMEs) engaged to help inform the work of the Task Force, including several who work directly in support of individual funders or with funder collectives, confirmed that this is a challenge for the field.

Loh-Sze Leung, director of the national funders network Workforce Matters, echoes the point. “I think there’s a real need for some greater transparency in funders’ processes and willingness to collaborate,” she observes. “It’s a structural hurdle that’s not trivial to overcome.”

Over the past two years, Workforce Matters has launched two pooled funds, both of which have successfully raised the visibility of worker-centered workforce programs and models and simplified the process for grantees. Even so, raising and managing the funds has brought its own operational challenges. Leung cited a large number of phone calls, the need for approvals among various parties, managing different timelines, and time spent working within multiple data, fundraising, and reporting systems as among the hidden costs of collaborative funding.

Both CEOs and SMEs suggested that the issue lies in part with the nature of philanthropies that are unwilling to cede much if any control over strategy or metrics–a position that flows logically from the unique motivations, governance structures, and personalities that motivate donors and philanthropic organizations in the first place. “We’ll have five funders who care about the exact same things, and they need it in five slightly different ways,” says Craft Education System CEO Mallory Dwinal-Palisch. “But the differences are only stylistic, and it creates extra work for us while adding no meaningful value for them.”

Dwinal-Palisch contrasts the demands of this process to a different model of development: venture capital. “Craft is VC-backed, and every time we’ve gone through one of our three raises, we’ve built a data room that has the same set of documents,” she explains.[13] “It’s the same for all groups, and whenever we’re fundraising, you just point them there.” Providers’ efforts could go further, she suggests, if funders could come to broad agreement on what should be included within a standardized data request.

Meanwhile, Reach University–the sister institution to Craft also led by Dwinal-Palisch–does what it must to keep operating. “I hate that we have three full-time development people to manage two to four million dollars per year,” Dwinal-Palisch says. “We’re a $20 million organization, and I don’t know any other kind of organization with that much head count relative to the amount of revenue it produces… that’s why I have to have full-time dedicated people doing things that are not programmatic.”

> “We’ll have five funders who care about the exact same things, and they need it in five different ways. But the differences are only stylistic, and it creates extra work for us while adding no meaningful value for them.”

13 A data room is a virtual space where confidential or privileged data is stored.

FINDING 2-2

Poor communication, misaligned expectations, and a challenging power dynamic can complicate or even ruin potentially fruitful partnerships between funders and providers.

For as long as providers have sought philanthropic grants to operate programs, they have complained about funders. The Task Force CEOs certainly are not immune. Mallory Dwinal-Palisch recalls one funder that, months after awarding a $750,000 grant to Reach University, suddenly requested hourly accounting of all time spent by staff on the grant. “That’s thousands of hours,” she says. “They wanted calendar invites. And we said absolutely not. This would require a lot of additional time that we don’t have, in part because many of our funders have restrictions on the amount of overhead we have.”

At the same time, many funders not only give their grantees latitude to execute the terms of their grants, but also provide additional support to help them do so. “Funders can play critical roles in opening doors and accessing political and social capital,” observes Upwardly Global’s Jina Krause-Vilmar. “They can elevate the work and help make sure we’re at tables we couldn’t access on our own.”

Her Upwardly Global colleague Lily Bukshpan adds that their team has sometimes found success in pushing back against funder requests they see as unintentionally harmful to the work. Ideally, she says, the organization would engage funders as partners willing to change course when Upwardly Global indicates that their requests are not serving to support jobseekers. In reality, she characterizes funders’ responses as “probably a fifty-fifty split between those who work with us happily when we push back on the forms of reporting, and those who require more give and take before we get there.”

The approach Bukshpan describes reflects a trend within philanthropic circles sometimes called “trust-based philanthropy”—an approach that prioritizes mutual accountability between funders and providers, and systems and structures that reflect the needs and aspirations of the communities they aspire to serve. The core premise is that a trust-based approach, in which the donor empowers the grantee to pursue the objectives of their grant without excessive obligations to report on progress, will yield stronger results for all parties.

But Alex Johnston, president and founder at Building Impact Partners, notes that engaging in trust-based philanthropy is easier said than done. “If I’m one person writing checks, and I embrace trust-based philanthropy, I can just do that. But if I’m a program officer at a family foundation, run by a board of trustees, it’s much more complex.”

> “Funders can play critical roles in opening doors and accessing political and social capital. They can help make sure we’re at tables we couldn’t access on our own.”

Johnston observes that provider organizations seeking grant funds too often take an all-or-nothing approach to philanthropic support. “People are holding out for the donor who will get behind them and back their vision to the hilt,” Johnston says. “They come to see the possibilities as getting a donor who buys into their vision on their terms, or else just serving as hired help forced to consider take-it-or-leave-it grants.” Particularly when engaging with institutions where staff might be sympathetic to trust-based approaches but unwilling or unable to fully embrace the model, this dichotomy winds up undercutting providers’ ability to engage funders collaboratively.

RECOMMENDATION 2-1

Funders with aligned objectives should look to collaborate on grant-making and standardize processes when doing so will serve their goals.

There are different levels and forms of funder collaboration. One common model is a pooled fund, in which a number of local organizations contribute a portion of their philanthropic budgets into a shared pot from which grants are made. Amanda Cage, CEO of the National Fund for Workforce Solutions (NFWS), describes this as "the path of least resistance," in which the contributing funders typically delegate the process of managing requests for proposals and subsequent full applications. "It's been relatively successful, but it doesn't fundamentally change each individual institution's practice."

To a real extent, the format and even funding level matters less than the larger dynamic of the partnering organizations. This has been the lesson of the Baltimore Workforce Funders Collaborative (BWFC), a partnership founded in 2006 currently comprising 12 organizations including philanthropies, corporations, and city and county agencies. The BWFC has worked closely with national entities such as NFWS, itself launched in 2007 by the Ford, Hitachi, Annie E. Casey, and Harry and Jeanette Weinberg Foundations, along with the U.S. Department of Labor.

The BWFC has strategically leveraged millions of dollars in philanthropic and public resources, and largely has used it to build shared infrastructure. The strategic priorities of the BWFC include creating more equitable access to good jobs, increasing the number of good jobs, and supporting equitable and impactful workforce funder practice.

The road to comprehensive collaboration of this kind was not a short one. "Collaboration is a lot about building trust," says Marci Hunn, senior program director at the Baltimore-based Weinberg Foundation and co-chair of the BWFC. Hunn cites one project, a comprehensive partnership with the Baltimore City Mayor's Office of Employment Development and the Jacob France Institute at the University of Baltimore to study wage-record data, which has been ongoing since 2018. "We're making great headway because of current leadership and the effort put into learning the longitudinal outcomes of sector-based training providers. Having a common reporting system is incredibly important to better understanding the outcomes of program participants."

Funders can complement their alignment of goals by aligning some of their processes. Both locally and nationally, efforts are underway by groups of funders to streamline aspects of the grant-making process, from informing organizations about grant opportunities to the application itself and subsequent reporting requirements. One example is JustFund, a platform launched in 2017 that offers a common grant application with two core components: a standard application with basic fields and filters, and a customizable section in which funders can add specific questions. As of March 2023, JustFund had helped facilitate over $200 million in grants awarded, working with more than 1,000 funding partners.

JustFund also offers a database of funding opportunities that provider organizations can use to search for potential fits. While the value is tied to how many grant-making and grant-seeking organizations are utilizing the platform, the premise makes strong sense. "Obviously, having a consistent submission, selection, and reporting process would be incredibly valuable for organizations," says Marty Schwartz, CEO of Vehicles for Change.

Or, as NFWS's Amanda Cage puts it, "If universities can create a common application, how is it that foundations can't?"

> "Having a consistent submission, selection, and reporting process would be incredibly valuable for provider organizations."

RECOMMENDATION 2-2

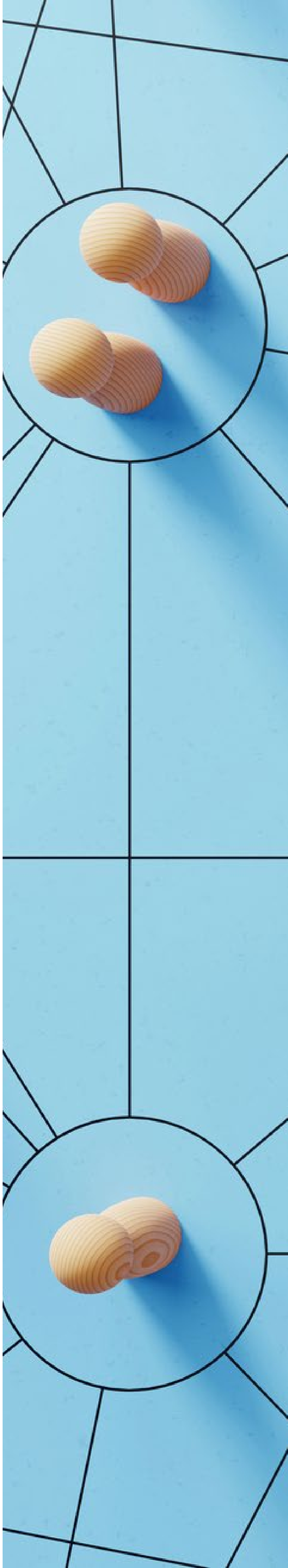
Providers and funders alike should embrace a "rational partnership" approach to philanthropic engagements grounded in transparency and collaborative spirit.

From a provider perspective, the appeal of "trust-based philanthropy" is clear: support with few or no strings attached, including minimal to no reporting requirements. But the vast majority of institutional funders reject this model of grant-making, whether from a sense of fiduciary responsibility to donors, concern that the approach de-emphasizes meaningful metrics, or other reasons.

For that matter, many providers perceive value in being held accountable. "It makes us better," says NPower CEO Bertina Ceccarelli. "It's not that we wouldn't track results if we didn't have that kind of funding. But it builds in a sense of urgency within the organization that is actually helpful as we grow."

A different approach would explicitly recognize the power dynamic between donors and providers, and in doing so neutralize it by grounding engagements in self-interest as well as shared objectives. Centering each prospective partner's larger goals and values–priorities that preceded the collaboration, and that will endure beyond its conclusion–actually serves that shared interest. Philanthropic advisor Alex Johnston suggests three core principles for partnerships, in which each party: 1) declares its own overriding interests; 2) does no harm to the counterparty's overriding interests; and 3) helps the counterparty advance its interests whenever possible.[14]

The Task Force believes that this approach holds real promise to leverage several key tactics and practices of trust-based philanthropy, including flexibility around metrics and strategies in light of new learning over the course of a project. To be clear, the CEOs hold no illusions as to how quickly this approach might become the norm–nor that providers will reject the siren song of no-strings support, or that institutional funders accustomed to exercising complete control will happily cede it. But a model of collaboration based in candor and transparency holds real promise to boost efficiency and improve outcomes.



14 Alex Johnston, *"Partnership Brokering: what to do when #coalitionsfail,"* *Meaningful Giving, Nov. 17, 2020.*

Conclusion

High quality providers like the six Task Force members bring a unique perspective on both the strengths and shortcomings of the philanthropic and public subsystems within workforce development. Their practices and innovations should help inform the larger direction of policy, and help shape what both sets of funders deem worthy of scaling and replication.

Task Force members look forward to engaging with all stakeholders, individually and as a group, to advance the ideas put forward in this brief. As the economy continues to evolve in ways that prioritize the very skills and experiences that these providers have shown themselves expert at delivering, the six CEOs are excited and energized to take the next steps in this important work.

Appendix 1

Task Force Members

Accelerate America

A partnership of Propel America with National Louis University, Accelerate America develops flexible pathways to both immediate in-demand jobs and a bachelor's degree from a four-year institution. Participants receive career training, coaching, and support to become Medical Assistants within six months of starting the program, all while earning college credit toward degrees.

Task Force representation: *Chad Rountree (CEO, Propel America), Thackston Lundy (Vice President of Workforce Pathways, National Louis University)*

Climb Hire

Overview: Founded in 2019, Climb Hire serves low-income and un- or under-employed working adults looking to break into new careers in fields including technology. The organization provides technical and essential skills that employers demand, as well as a community and network to help "Climbers" build social capital.

Task Force representation: *Nitzan Pelman (CEO and Founder)*

Craft Education System

Overview: Craft supports professional apprenticeships and "apprenticeship degrees" in fields such as teaching and nursing, by tracking data and helping to connect learners to degree opportunities through higher education institutions, as well as with employers. Its core innovation is in determining how authentic work tasks performed by classroom paraprofessionals correlate to academic activities, and ultimately credit and degrees.

Task Force representation: *Mallory Dwinal-Palisch (CEO and Founder)*

NPower

Overview: NPower provides young adults and military veterans with technology and digital skills training, helping them access jobs and connect to career paths in IT. Serving a population of overwhelmingly low-income BIPOC participants, NPower has delivered a program graduation rate of 80 percent, with average wage gains of 420 percent for program completers.

Task Force representation: *Bertina Ceccarelli (CEO)*

Upwardly Global

Overview: Upwardly Global is the country's foremost provider of employment services for immigrants, refugees, and asylees with professional backgrounds. Serving nearly 6,000 new arrivals each year, Upwardly Global makes job matches in high-demand sectors such as technology, healthcare, and finance, with participants earning an average starting salary of nearly $68,000 per year.

Task Force representation: *Jina Krause-Vilmar (CEO), Lily Bukshpan (Director of Institutional Giving)*

Vehicles for Change

Overview: Vehicles for Change (VFC) supports economically struggling families by repairing and providing donated cars to help them access jobs, childcare, doctor's appointments and more. The organization has awarded nearly 7,000 cars to low-income families since 1999, with a 2011 study finding that 75 percent of those served got better jobs or increased their earnings by an average of $7,000 within a year. VFC also trains individuals with barriers to employment as mechanics to help prepare cars for families.

Task Force representation: *Martin Schwartz (CEO), Davine Snead (Vice President of Development)*

Appendix 2
About This Brief

The CEO Task Force convened for two full virtual meetings in July and September of 2023. Before, between, and after those meetings, Task Force members shared their thoughts through one-on-one conversations and written exchanges. Additionally, staff to the project interviewed the following subject matter experts, whose knowledge and insights greatly informed this brief:

- **Chike Aguh**, *Burnes Center for Social Change, Northeastern University*
- **Amanda Cage**, *National Fund for Workforce Solutions*
- **Marci Hunn**, *Harry & Jeanette Weinberg Foundation*
- **Alex Johnston**, *Building Impact Partners*
- **Loh-Sze Leung**, *Workforce Matters*
- **Faith Savaiano**, *Federation of American Scientists*
- **Katie Spiker**, *National Skills Coalition*
- **Kathy Stack**, *KB Stack Consulting*

The authors are grateful for their contributions.

This brief was written by **David Jason Fischer** of Altior Policy Solutions and **Stacy Woodruff** of The Woodruff Group, and edited and directed by **Adam Goldfarb** and **Jessica Seliger**, who led the Opportunity Engines program at Schmidt Futures.