Investing in Workforce Intermediaries

A Project of the Annie E. Casey, Rockefeller, and Ford Foundations

Funder Collaboratives:

A Philanthropic Strategy for Supporting Workforce Intermediaries

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Executive Summary

Across the country, funder collaboratives are pooling funds to foster the formation and expansion of workforce intermediaries and to advocate for policies that will sustain them. The power of these collaboratives comes not just from the funds they bring to programs but, even more crucially, from the alignment of civic leadership around a common vision for the community.

Jobs for the Future prepared *Funder Collaboratives* for Investing in Workforce Intermediaries, itself a collaboration of the Annie E. Casey, Rockefeller, and Ford foundations. Since 2004, the sponsoring foundations, working with JFF, have led a pilot effort to create a national support infrastructure for workforce intermediaries. In Baltimore, Boston, New York City, and the San Francisco Bay Area, funder collaboratives affiliated with this initiative are supporting local efforts to change how workforce development is delivered.

Why Collaborate?

The central reason funder collaboratives come together is to unleash the power that comes from jointly committing resources to address a problem so immediate—and so large—that few, if any, funders could tackle it alone. These collaborations, often joining private philanthropy and public-sector funders, address problems that are beyond the scale of any single organization to address effectively.

The urgency to upgrade the education and skills of workers is such a problem. This need has outstripped the capacity of the nation's public and private workforce development systems. In particular, lower-skilled, lower-paid workers too often find themselves lost in a confusing maze of resources and services that are hard to find, harder to piece together, and operate at cross purposes. Similarly, employers rarely have the knowledge, time, or patience to knit together the various educational, training, and support services they would need to train and promote their lowest-skilled, lowest-paid employees.

Yet as collaborative approaches to the workforce crisis illustrate, the scale and urgency of a challenge are not the only reasons funders come together. Funder collaboratives have a number of other advantages.

Clout: Pooled or aligned resources can catch the attention of an entire community—service providers, employers, policymakers. The alignment of resources sends a clear message to service providers that they should build their capacity to get on board if they want to survive.

Coordinated Strategic Vision: Funder collaboratives bring together disparate work cultures, leadership styles, and power structures—as well as financial resources—around a shared vision. The collaborative provides a forum for grant officers to get to know one another, building trust and cooperation. The development of a plan, with goals, operating and outcome principles, and key strategies, helps funders better structure their decisions and provide accountability, which can lead to continued and expanded investment.

Public Policy, Public Education, and Constituency Building: Funder collaboratives can provide support to research, pilot, and advocate for improving the alignment of public-sector resources that support services and link them around economic sufficiency for low-income families.

Flexible Funding: The philanthropic sector has the flexibility to support a wide range of activities that are consistent with the mission of each funder, with far fewer constraints of the sort that regulatory or categorical eligibility restrictions impose on how money may be spent by public funders. In the philanthropic sector, the approval and fund-disbursement processes are faster and more streamlined, and financial reporting is simpler. Thus, foundations that collaborate with public funders can be more agile than the public sector alone in responding to changing market needs.

Operating Support for Workforce Intermediaries: The most important functions played by workforce intermediaries (planning, organizing, and brokering multiple partners to create an efficient system for educating and training workers) are the hardest functions for them to finance. Funder collaboratives with a systems change agenda can invest in organizational capacity, evaluate and demonstrate the value of these infrastructure functions, and advocate for public policies that support infrastructure to carry out intermediary functions.

Planting Seeds: Funder collaboratives can support the formation of workforce intermediaries with planning grants and customized technical assistance to strengthen the model, and they can spread the risk of program development so that no one funder carries the burden of a slow start up or potential failure.

Building Capacity: The challenges that workforce intermediaries face, particularly as they grow, are many. What are the best management structures? How can they efficiently plan and pay for growth? How can they structure highly responsive employer and employee services? In addressing these and many other questions, solutions can be found through shared learning, training, and benchmarking. Funder collaboratives can integrate peer learning meetings and technical assistance to grantees as part of their strategies.

New Directions for Funders: Collaboration has potential to leave behind changed ideas about how to operate, ideas that can generate activity for many years. When the goal is improving the economic well-being of a community, an attractive feature of collaboration is the opportunity it provides for a funder to ease into a new investment portfolio.

Local Leadership: Traditionally, national foundations ask local funders to co-invest in national initiatives. In contrast, many of the new collaboratives ask national funders to join locally developed and designed initiatives. The locally led collaboratives in the Investing in Workforce Intermediaries initiative gain prestige and visibility for their goals when well-known national funders join as equal partners.

Results and Evaluation: Funder collaboratives can step back from the minutia of individual grant reporting to measure effectiveness on a larger scale of community impact and systems reform. These ways of thinking about and analyzing impact are familiar to foundations. Such an evaluation effort, integrated with local and state efforts, can tell the compelling story of workforce intermediaries.

The Structure of Funder Collaboratives

There is no single model for funder collaboratives. They range from loosely aligned groups that agree to support a common set of projects, to highly structured groups that pool their resources into “mutual funds” to carry out a detailed strategic plan.

The funder collaboratives supported by the Investing in Workforce Intermediaries project occupy a middle ground in the range of coordination models. With a focus on workforce development, they go beyond simple, short-term projects for sharing information or coordinating participant referrals, for example, but they are less than mergers or joint ventures that create a new entity. Regardless, they all share some or all of the following characteristics: durable, multi-year relationships; joint planning; written agreements; moderate level of shared resources, perhaps with pooled grant dollars; targeted investments; and shared administrative costs (e.g., for staff, space, and grant management). All have evolved gradually, adding members, formalizing investment priorities, and developing accountability standards.

All four funder groups have hired national consulting firms in workforce development to provide technical assistance to their initiatives, and three have also hired an independent staff person to manage the local initiative.

In each collaboration, financial management is a core function. To varying degrees, the collaboratives have aligned their investments through structures ranging from the blended the funding of public and private funds (in Boston), to the alignment of individual grantmaking decisions (in Baltimore).

What Makes a Strong Funder Collaborative

Jobs for the Future’s work with funder collaboratives and workforce intermediary initiatives has led to conclusions about the characteristics and functions that make a strong and effective funder collaborative.

- Include participants that have the power, resources, and civic influence to propose, support, and drive change.
- Be able to access net new funding to invest in an intermediary initiative, primarily from a local funder base.
- Develop a vision that keeps projects moving ahead, despite challenges and setbacks.
- Agree on internal decision-making procedures for the award of funds and for setting initiative goals.
- Agree on operating and outcome principles, design the program and investments around those principles, and support systems changes to meet those principles.
- Take into account the absence in many communities of existing intermediary capacity.
- Once a set of operating principles is established, manage performance.
- Build a partner-like relationship with funded workforce intermediaries to reinforce their understanding of the initiative’s system improvement goals and learn from grantees’ challenges and successes.
- Capitalize on local strengths to respond to local conditions.

Introduction

In response to a looming crisis stoked by funding reductions, a growing skills gap, and the changing demographics of the American workforce, key stakeholders in several communities have come together to rethink how workforce development is delivered. They are seeking a new approach to meeting the skill needs of our country—one that can cut across institutional skill-delivery silos and narrow, categorical funding sources, provide comprehensive education and skill enhancement services throughout an individual's life, and promote rapid skill development and job advancement.

Workforce intermediaries are an important component of such a system. As "organizer" of the local labor market, they serve workers and employers in much the same way that community development corporations have promoted housing and commercial development in poor communities since the 1950s. They plan, convene, broker, and organize the various critical components of labor market services. They create opportunities for workers—including low-skilled workers—to advance their education and skills and succeed in family-supporting jobs and careers. And they help employers find, retain, and advance the skilled workforces they need to compete.

Across the country, funder collaboratives have been forming to pool funds for fostering the formation and expansion of these new labor market institutions and to advocate for policies that will sustain them. The power of these collaboratives comes not just from the funds they bring to programs but, even more crucially, from the alignment of civic leadership around a common vision for the community.

Jobs for the Future prepared this paper for Investing in Workforce Intermediaries, itself a collaboration of the Annie E. Casey, Rockefeller, and Ford foundations. Since 2004, the sponsoring foundations, working with JFF, have led a pilot effort to create a national support infrastructure for workforce intermediaries. The initiative supports and highlights promising demonstrations in order to inform policies and practices that support workforce intermediaries in communities and states and at the national level. It rallies philanthropy, business, and the public sector to make a highly focused, targeted effort to address the skills challenges facing our communities and our nation. The lessons and accomplishments of this pilot effort are forming the basis for a large-scale, national initiative to seed infrastructure and generate local support for workforce intermediaries.

Four funder collaboratives affiliated with Investing in Workforce Intermediaries are supporting local initiatives:[1]

- In Baltimore, a loosely aligned group of private and public funders are collaborating to improve the city's economic health by developing a workforce system that prepares residents for skilled positions with employers who are experiencing critical workforce shortages. The Baltimore Workforce Intermediary Project is nurturing intermediaries in health care, construction, and biotechnology (see box, page 6).
- In Boston, investments from 15 foundations and public funding sources are blended into a single fund to improve the capacity of the workforce development system to meet the needs of job seekers, incumbent workers, and employers. The Boston Funders Group has invested in SkillWorks, which supports six workforce intermediaries, builds provider capacity, and promotes public policies to remove barriers to institutionalizing the improved service designs (see box, page 10).
- In New York City, a consortium of foundations and corporate philanthropies pools philanthropic resources to address a range of workforce development issues. Through the Workforce Innovation Fund, the funders are collaborating with the New York City Department of Small Business Services, which manages the city's adult and dislocated workers services under the Workforce Investment Act (see box, page 7).
- In the San Francisco Bay Area, a public/private partnership of 12 foundations and California's Employment Development Department seeks to strengthen the workforce development infrastructure supporting the local economy. The Bay Area Workforce Funding Collaborative is focusing on health care and life sciences, two of the region's fastest-growing industries (see box, page 3).

Why Collaborate?
The Value of Funder Collaboratives for Workforce Intermediaries

Why collaborate? Collaborative decision making can be burdensome, requiring compromise, extra meetings, and more time and energy than going it alone. Yet among funders with common interests, networks are proliferating, on issues ranging from health care reform to community development (LaFrance et al. 2004). Some of these networks are primarily learning groups: the members share knowledge about a particular topic, and they learn more about the community in which they work and about other grantmakers with similar interests. Other networks, those we term funder collaboratives, come together to commit resources to a joint project. And their activities underscore the central reason to collaborate: *it unleashes the power that comes from jointly committing resources to address a problem so immediate—and so large—that few, if any, funders could tackle it alone*. These collaborations, often joining private philanthropy and public-sector funders, come together to address problems that are beyond the scale of any single organization to address effectively.

The urgency to upgrade the education and skills of workers is such a problem. This need has outstripped the capacity of our public and private workforce development systems. In particular, lower-skilled, lower-paid workers too often find themselves lost in a confusing maze of resources and services that are hard to find, harder to piece together, and operate at cross purposes. Similarly, employers rarely have the knowledge, time, or patience to knit together the various educational, training, and support services they would need to train and promote their lowest-skilled, lowest-paid employees.

Yet as collaborative approaches to the workforce crisis illustrate, the scale and urgency of a challenge are not the only reasons funders come together. Funder collaboratives bring a number of advantages to this effort in areas ranging from their potential clout, to their capacity to evaluate progress and document results.

Clout

As the Boston Foundation's Bermudez describes it, the Boston Funders Group is based on the premise that "by pooling our resources, private philanthropy could create an impact of sufficient scale to leverage systems reform" (Bermudez 2003). Before the launch of SkillWorks in Boston, the amount that local private philanthropies were spending on workforce programs was greater than that available to the city through the Workforce Investment Act, but the foundations' scattered and uncoordinated programs were largely invisible. A public official even told the Boston funders that their investments were so insignificant that they were "not players" in the workforce development arena.

Thus, a significant advantage of a funder collaborative is clout. Pooled or aligned resources can catch the attention of an entire community—service providers, employers, policymakers. As a grantee of the funder collaborative in Boston says, "The fact that the mayor and the other major funders are all promoting this agenda makes it easier for me to talk to employers about it." The alignment of resources sends a clear message to service providers that they should build their capacity to get on board if they want to flourish.

Coordinated Strategic Vision

Funder collaboratives facilitate a "strategic approach to problem solving or a system of action that yields results that cannot be achieved by acting alone," according to Ralph Smith, senior vice president of the Annie E. Casey Foundation (Smith 2003). This is a significant benefit of funder collaboratives: they bring together disparate work cultures, leadership styles, and power structures—as well as financial resources—around a shared vision.

Community foundations, public-sector funders, regional foundations, and corporate foundations often develop investment strategies based on needs analyses that do not take into account their colleagues' investment strategies. The strategic planning process of a workforce intermediary funder collaborative enables foundations to see where other resources are being allocated and to guide their investment strategies to key areas that need to be strengthened. For example, foundations with a strong interest in the problems of homelessness can nurture linkages among adult literacy, skill training programs, homeless shelter asset development, and self-reliance programs to address the income/asset development needs of low-income residents holistically.

Each of the Investing in Workforce Intermediaries collaboratives helps funders to align not only their workforce development efforts but their community development, asset development, and related investments as well around a common vision and goal. Such alignment occurs when two factors come into play:

- The collaborative provides a forum for grant officers to get to know one another, building trust and cooperation.
- The development of a plan, with goals, operating and outcome principles, and key strategies, helps funders better structure their decisions and provide accountability, which can lead to continued and expanded investment.

Whether through a single pool of funds, as in Boston, or through coordinated investments by different funders in various components, as in Baltimore, a funder collaborative helps to coordinate and maximize investments in the overall workforce intermediary initiative. In Boston and San Francisco, the plans encompass regional workforce development systems, while in Baltimore and New York, the plans are project-specific. As Patricia Jenny (2006) of the New York City Community Trust points out, variation like this is necessary: the process of bringing a collaborative together must meet individual funders where they are, forging an initiative that addresses the particular funding priorities of each.

**PROFILE:
Bay Area Workforce Funder Collaborative**

Launched in 2004, the Bay Area Workforce Funding Collaborative is a public/private partnership of 12 foundations and California's Employment Development Department. The BAWFC's goal is to strengthen the workforce development infrastructure supporting the San Francisco Bay Area economy.

Foundations participating in the first BAWFC grant cycle are the San Francisco Foundation, the Walter and Elise Haas Fund, the Evelyn and Walter Haas, Jr. Fund, the William and Flora Hewlett Foundation, the Richard and Rhoda Goldman Fund, the Annie E. Casey Foundation, the Walter S. Johnson Foundation, the Gordon and Betty Moore Foundation, the California Wellness Foundation, the Levi Strauss Foundation, the Koret Foundation, the William Randolph Hearst Foundation, the California Endowment, and the Women's Foundation of California. For the second grant cycle, beginning in 2006, the Y & H Soda Foundation; Kaiser Permanente Foundation, Health Plan Inc.; and Catholic Healthcare West joined the BAWFC. These foundations, employers, and the state have come together to stimulate the creation of innovative workforce development partnerships. The San Francisco Foundation, which chairs and staffs the BAWFC, manages a philanthropic mutual fund; the California Employment Development Department manages the aligned public-sector WIA grants. Under the BAWFC, foundation grants leverage state resources, employer commitments, and educational dollars.

The collaborative is focusing initially on health care and life sciences, two of the region's fastest-growing industries, each with a large demand for new workers. Through grantmaking to help bridge the gap between employer needs and workforce capabilities, the BAWFC is promoting advancement opportunities for—and the economic stability of—low-skill workers, while fostering further economic growth in key industry sectors.

The collaborative pursues six strategies in order to meet the needs of employers and the goal of improving economic security for low-income people in the Bay Area:

- Align and increase private and public resource systems to support all of the following five strategies;
- Understand the unmet skill needs of Bay Area employers with sound and current labor market information—that is, target economic sectors and occupations with sufficient growth, ease of entry, mobility and wages;
- Provide adequate support services to job seekers: career counseling, job placement, retention, and other services that are aligned with the sector strategy;
- Increase the skills of low-income residents, immigrants, dislocated workers, and others by providing specialized skills training and job placement services for the targeted industries;
- Provide streamlined and improved services through greater coordination among employers, workforce investment boards, educators, training providers, community colleges, labor, service providers, job developers and other stakeholders in the region;
- Provide learning opportunities to inform programs, interventions and ongoing course corrections.

In New York City, home to many large national and corporate foundations, the philanthropic sector was interested in helping the public system adopt innovations in service design that their colleagues in other cities had been supporting. Members of the workforce development funders group met with the city's commissioners and the mayor's office to explore strategies to improve the cohesion and outcomes of the local workforce development infrastructure. Together, they designed the New York City Sector Initiative as a means of moving away from piecemeal grantmaking and toward an approach that would meet the needs of both the city's employers and its low-income residents.

Public Policy, Public Education, and Constituency Building

Workforce intermediary functions are woefully undercapitalized, but so, too, are education, training, and support services, such as transportation, affordable housing, and child care. Funder collaboratives can provide important support to research, pilot, and advocate for better alignment of public-sector resources that support these services and link them around economic sufficiency for low-income families.

Despite the economic challenges facing communities, states, and the nation, the need to build the skills and education of the workforce seldom rises to the level of a political priority. This has to change. Workforce intermediary funder collaboratives can commit resources to ongoing efforts to raise public awareness of the urgency of the issue, raise the profile of promising solutions like workforce intermediaries, and build a constituency for public and private action on these issues. These activities may include engaging businesses to drive support for the effort through education, dialogue and active engagement; engaging political leadership; raising the visibility of effective workforce partnerships; and emphasizing the need to create a coherent skill development system as an essential element of economic policy at the state and local levels.

When the Bay Area Workforce Funding Collaborative approached the state government to co-invest in its regional workforce partnership initiative, the Governor's Workforce Board was impressed—so impressed that it decided to partner with the collaborative to research the potential to replicate the workforce partnership model across California.

In Boston, SkillWorks funds a public education campaign through its public policy component, with a media strategy to reach out to newspaper editorial boards. The initiative places newspaper "names and faces" stories featuring the impact of workforce development services on local businesses and residents. SkillWorks also organized a televised forum on workforce development, with all of the 2006 Massachusetts candidates for governor participating. These activities have yielded fruit: the funder collaborative's investments in public policy led to the incorporation of the intermediary design into two Massachusetts economic stimulus acts. These legislative victories have brought more than $30 million in new state investment to workforce development and created a Workforce Accountability Task Force to explore ways to better align public spending on workforce development services.

Flexible Funding

The philanthropic sector has the flexibility to support a wide range of activities that are consistent with the mission of each funder, with far fewer constraints of the sort that regulatory or categorical eligibility restrictions impose on how money may be spent by public funders. In the philanthropic sector, the approval and fund-disbursement processes are faster and more streamlined, and financial reporting is simpler. All of these conditions enable foundations to be more agile than the public sector in responding to changing labor market needs.

In this way, funder collaboratives—especially those involving both private and public funders—can shape an initiative that has the potential to make the complex workforce development system operate more efficiently and effectively. Although some public funds can be used for a variety of diverse purposes to improve workforce development systems, they still come with limits; philanthropic dollars are especially helpful in supporting capacity building, communicating the value of workforce development, promoting public policy changes, supporting new program designs, taking the long view, and filling the gaps among public programs' allowable activities.

The ability of private philanthropy to bring a point of view not constrained by narrow goals of public funding is especially important in workforce development, says Melinda Marble, director of the Paul and Phyllis Fireman Fund, a Boston-area family foundation. Shifting policy priorities and categorical funding make it difficult for the public sector to support a stable, focused, and agile comprehensive workforce development system (Marable 2003). Dan Singleton, deputy director of the Mayor's Office of Jobs and Community Services in Boston, observes that "philanthropies can take risks in a way that public programs, accountable to government agencies and ultimately to the taxpayers, cannot" (Singleton 2003).

For promoting workforce intermediaries, the ability to provide flexible funding is a primary advantage of a funder collaborative—that is, funds from multiple sources can be used in a number of ways to launch and support an initiative that is more comprehensive than would be possible with a single funding source. The collaboratives in Boston, Baltimore, New York City, and San Francisco have launched long-range initiatives to substantially improve the way workforce services are designed and delivered. With local variations, they do this by investing in existing, sector-based workforce intermediaries, seeding the development of new workforce intermediaries, supporting capacity-building, providing technical assistance, raising the visibility of workforce development, advocating for public policies that will sustain successful models, and ensuring accountability through data tracking and evaluation.

Flexible funding can also expand the geographic range of many funders. The collaboratives discussed here all have a geographic focus, most often a metropolitan labor market area. Most of their members are local, in part because "networking" benefits from the ability to get together and build relationships. In addition, community foundations, which are the core members of these collaboratives, often have geographic restrictions on their grantmaking. In such cases, participation on a funder collaborative can increase the reach of their investments in high-priority issues, enabling them to cross geographic boundaries—for example, to improve the functioning of a workforce development system throughout a regional labor market or a state.

Collaboratives, with diverse membership, can align their resources so that each member contributes only to the piece of the agenda that is allowable within its own charter. For example, Boston's funder collaborative adopted public policy advocacy as part of its overall strategy. The public-sector funders could not contribute to this component, so their investments are restricted to other components, such as pilot programs and capacity building. Some member philanthropies cannot engage in any form of legislative advocacy, but they can support the research, marketing, and community organizing activities of advocacy. Other foundations can send staff to meet with legislators to discuss the scope of the problem and the initiative's core principles as part of a public education strategy. Together, through the synergies of the collaborative, the whole winds up being greater than the sum of the parts.

Operating Support for Workforce Intermediaries

The most important functions played by workforce intermediaries (planning, organizing, and brokering multiple partners to create an efficient system for education and training workers) are the hardest functions for them to finance. Most of the limited workforce development resources that are available target placement or training services; they include few, if any, resources to support the intermediary function. Funder collaboratives can also invest in a number of other elements: organizational capacity; evaluate and demonstrate the value of these infrastructure functions; and advocate for public policies that support infrastructure to carry out intermediary functions. Each of these can take place separately, but linked together they form the components of a systems change agenda.

For example, in Baltimore, the funder collaborative drove the formation of new, independent workforce intermediaries to coordinate the disparate projects in health care, construction, and biotechnology into coherent strategies to advance worker skills and meet employer needs. In Boston, the request for proposals for workforce intermediaries explicitly stipulated that their budgets include partnership management, database management, and employer engagement.

Planting Seeds

Traditional approaches to creating a program start with a set of guidelines, followed by the release an RFP and the selection of the best proposals. This approach builds on existing strengths but does not necessarily bring models to scale or replicate effective models. It is hard to change a system unless new programs can be formed. Funder collaboratives can support the formation of new workforce intermediaries with planning grants and customized technical assistance to strengthen the model, and they can spread the risk of program development so that no one funder carries the burden of a slow start up or a potential failure.

The New York City Sector Initiative provides planning grants that allow intermediaries to identify employer and service provider partners and to understand employer needs before implementing full demonstration projects. SkillWorks also provides planning grants that allow partnerships to develop governance systems, recruit new members, map industry career ladders, and analyze the capacity of the local delivery system to meet worker and employer needs in an industry sector. In Baltimore, the Workforce Investment Board issued an RFP with funding from two private foundations to create a new pre-apprenticeship program to address the needs of the construction industry.

Collaboration in workforce development also offers a way to reduce the risk associated with innovation and to distribute the costs of a variety of essential, early activities such as preliminary research, resident canvassing, resource mapping, strategic planning, and facilitating the organization of local groups into networks (Hopkins 2005). Funder collaboratives are an efficient approach to developing and sharing the strategic information needed to develop dynamic strategies.

Building Capacity

The challenges that workforce intermediaries face, particularly as they grow, are many. What are the best management structures? How can they efficiently plan and pay for growth? How can they structure highly responsive employer and employee services? In addressing these and many other questions, solutions can be found through shared learning, training, and benchmarking. The funder collaboratives in the workforce intermediary pilot sites integrate peer learning meetings and technical assistance to grantees as part of their strategy.

The New York initiative provides its funded workforce intermediaries with technical assistance from both Public/Private Ventures and the Small Business Services Department. SkillWorks and the Bay Area Workforce Funding Collaborative both convene their grantees for quarterly peer learning meetings. SkillWorks also provides a technical assistance liaison to its workforce intermediaries and provides them with small technical assistance grants to strengthen their operating procedures or plan for long-term sustainability.

PROFILE: The Baltimore Workforce Intermediary Project

The Baltimore Workforce Intermediary Project is a loosely aligned group of private and public funders supporting sector-based workforce intermediaries. The funders are collaborating to improve the city's economic health by developing a workforce system that prepares residents for skilled positions with employers who are experiencing critical workforce shortages. By creating a climate of collaboration among public and private stakeholders, the ultimate goal is to improve the city's approach to workforce development. The collaborating funders support the formation and expansion of intermediaries that coordinate financial resources and service providers in key sectors to help low-income residents find and keep jobs with employers who need skilled workers.

The project is the work of seven regional and national foundations in conjunction with the Baltimore Workforce Investment Board and the Mayor's Office of Employment Development. The foundation partners, all members of the Association of Baltimore Area Grantmakers' Workforce Committee, are the Aaron Straus & Lillie Straus Foundation, the Abell Foundation, the Annie E. Casey Foundation, the Goldseker Foundation, Open Society Institute-Baltimore, the Thalheimer Foundation, and the Weinberg Foundation.

Together with key educational institutions and nonprofit organizations, the public and private funders form project-specific steering committees to plan and implement strategically aligned investments. These committees help the intermediaries they support with selecting sectors to target, analyzing the skills and competencies needed by employers in an industry sector, facilitating the development of curricula and program designs by service providers, and raising program support funding by aligning grants from multiple sources.

The Baltimore funder collaborative is nurturing intermediaries in three sectors: health care, construction, and biotechnology. The Baltimore Alliance for Careers in Healthcare is the first intermediary to form through the efforts of the collaborative. Parallel initiatives in construction and biotechnology are being strengthened by selected funds within the collaborative.

To begin to align performance measures, the funders have also developed a multi-sector data network. They seek to track the outcomes of programs across many service providers, documenting the improved outcomes that intermediaries provide for both employers and low-income individuals across several neighborhoods.

New Directions for Funders

Ralph Hamilton (2002), in a paper commissioned by the Funders' Network for Smart Growth and Livable Communities, notes that collaboration is well suited for breaking out of traditional categories in workforce development to introduce a new context for grantmaking. Collaborating has potential to leave behind changed ideas about how to operate, ideas that can generate activity for many years.

When the goal is improving the economic well-being of a community, an attractive feature of collaboration is the opportunity it provides for a funder to ease into a new workforce development investment portfolio. Workforce development can seem arcane to funders who have not worked in the field but who understand its relevance to their strategic goals of community development or fighting childhood poverty. Carol Lamont of the San Francisco Foundation explains that foundations see collaboratives as a learning opportunity in which they build on the capacity and expertise of others to make wiser investments (Lamont 2006). Amanda Feinstein of the Walter & Elise Haas Fund notes that participation in the Bay Area Workforce Funding Collaborative has provided an opportunity to make a safe foray into a new investment area, as well as to achieve greater impact through leveraging a larger pool of money (Feinstein 2006).

At the same time, the process itself of developing and implementing collaborative goals provides grantmakers with the opportunity to grow their professional networks and improve their professional knowledge. This benefit is particularly significant for small funders. Patricia Jenny of the New York Community Trust and chair of the New York City Workforce Funders Group notes that funders in a particular field need a way to keep current on emerging local issues and national trends (Jenny 2006). The potential for fragmentation, duplication of effort, and ineffective strategies is exacerbated when many funders launch disparate projects that nibble away at the edges of big societal problems—high unemployment, domestic violence, homelessness, poverty, illiteracy. Collaboration offers a way to align resources around a common vision and set of strategies to achieve a significant and lasting impact.

PROFILE:
New York City Workforce Innovation Fund

The New York City Workforce Innovations Fund is a consortium of foundations and corporate philanthropies that have pooled resources to address a range of workforce development issues. One vehicle for doing that is the New York City Sectors Initiative, which seeks to create a new model of workforce development that links workforce development services to economic development strategies and investments.

The initiative began in 2004, when the Workforce Innovations Fund approached the New York City Department of Small Business Services, which manages the city's adult and dislocated workers services under the Workforce Investment Act. The funders suggested developing customized training initiatives by jointly investing in sectoral employment initiatives and intermediaries. SBS joined the Workforce Innovation Fund, which is comprised of SBS and the Altman Foundation, the Clark Foundation, the Ira W. De Camp Foundation, Deutsche Bank, the Bernard F. and Alva B. Gimbel Foundation, Independence Community Foundation, JP Morgan Chase, the New York Community Trust, the Rockefeller Foundation, the Tiger Foundation, and United Way of New York City. These investors have made a collective commitment to the Workforce Innovation Fund of $500,000 in private funds and up to $850,000 in public funds annually. Grantmaking is done on a consensus basis.

Currently, the Workforce Innovation Fund supports the New York City Sectors Initiative, which serves as a model for other sectoral and intermediary strategies of the Department of Small Business Services to foster intermediary capacity in key economic sectors. By helping workforce development policymakers, practitioners, and employers gain an understanding of business hiring practices and internal pipelines, the initiative aims to create more employment and advancement opportunities for New York City residents while meeting the needs of employers.

As suggested by its name, the initiative's central approach is to support efforts in particular sectors or industries. Sectoral programs address the needs of low-income workers and job seekers by providing customized skills training, addressing economic self-sufficiency, and creating opportunities for long-term advancement. And by meeting the needs of the industry's employers—for example, by providing incumbent worker training—the funders believe that such programs can engage and create true partnerships with employers.

Local Leadership

The collaboratives in Boston, Baltimore, New York, and San Francisco all include one or more national foundations as members: in some, the national partners are active participants in planning and oversight, while in others their primary role is more passive, as a co-investor. Either way, the new collaboratives are reversing an historical pattern in which national foundations ask local foundations to co-invest in national initiatives. In contrast, many of the new collaboratives ask national funders to join locally developed and designed initiatives. Locally led collaboratives in the workforce intermediary initiative report that they gain prestige and visibility for their goals when well-known national funders join as equal partners.

All four collaboratives also involve public-sector funders, which is part of their strategy to redesign local workforce delivery systems. In many minds, that phrase—"workforce delivery system"—evokes an image of only the publicly funded system: One-Stop Career Centers, welfare-to-work programs, community college training, workforce literacy programs. But an extensive array of training, literacy, and job search programs, most often operated by community-based organizations, forms what might be considered a parallel system, and private philanthropy also gives support to many of these efforts. Moreover, employers are the largest purchasers of workforce training resources—outstripping public sector and philanthropy combined.

However, as an analysis of Boston's workforce system highlighted, these delivery systems are often disjointed, with little crossover between publicly and privately funded programs. By joining a collaborative, public and private funders take steps to integrate the functioning of the *whole* workforce delivery system.

Results and Evaluation

Funder collaboratives can step back from the minutia of individual grant reporting to measure effectiveness on a larger scale of community impact and systems reform through a multi-part initiative. These ways of thinking about and analyzing impact are familiar to foundations. Such an evaluation effort, integrated with local and state efforts, can tell the compelling story of workforce intermediaries.

Demonstrating clear and valuable results has long been a challenge for workforce development, but it is necessary if investment in this area is to rise to the level needed to meet the needs of employers and residents. Significantly increasing the level of private and public investment in workforce intermediaries will require strong return-on-investment evidence.

All four funder collaboratives are conducting evaluations of the systems impact of their initiatives. Baltimore has taken this a step further and is developing a performance management database that will be useable for cross-program comparisons of projects supported by multiple funders. The Bay Area is using its evaluation process as a means of engaging grantees in strategic thinking about measuring systems impact.

The Structure of Funder Collaboratives

There is no single model for funder collaboratives. They range from loosely aligned groups that agree to support a common set of projects, to highly structured groups that pool their resources into "mutual funds" to carry out a detailed strategic plan.

In 2003, Grantmakers for Effective Organizations surveyed 182 funder networks about their origins and structures. GEO learned that most have a geographic focus, half have fewer than 25 members, and most have few or no staff members (Grantmakers for Effective Organizations 2004). Collaborations between community and corporate foundations emerge, seemingly naturally, when program officers find that they share a common goal.

As issues and initiatives grow, some funder collaboratives invite both national and local funders to participate. The addition of regional and national foundations to a local network can widen exposure to a range of strategies, especially when the national funder actively participates in the collaborative's planning and discussion.

Similarly, but less frequently, funder collaboratives bring together both public and private funders. The regulatory restrictions on public funding create a different grant-making culture than that of the philanthropic community, but joining the two in a collaborative adds to the potential to make a sustainable impact on systems.

Funder collaboratives have formed around a number of local and national initiatives, from addressing homelessness to strengthening the management capacity of community-based organizations. One of the better known is Living Cities, a partnership of financial institutions, national foundations, and federal agencies that invests capital, time, and organizational leadership to advance urban neighborhoods. Living Cities is a joint venture, a permanent new organization that has its own board of directors and staff, formed by the investors to make grants, conduct research, and provide services.[2]

The funder collaboratives described in this paper occupy a middle ground in the range of coordination models. With a focus on workforce development, they go beyond simple, short-term projects for sharing information or coordinating participant referrals, for example, but they are less than mergers or joint ventures that create a new entity. Regardless, they all share some or all of the following characteristics: durable, multi-year relationships; joint planning; written agreements; moderate level of shared resources, perhaps with pooled grant dollars; targeted investments; and shared administrative costs (e.g., for staff, space, and grant management). All have evolved gradually, adding members, formalizing investment priorities, and developing accountability standards.

Governance

The funder collaboratives in Investing in Workforce Intermediaries range from highly structured agreements among co-investors to loosely structured alignments for co-investment. In several cities, private funders, public-sector leaders, research organizations, workforce boards, employers, advocacy groups, service providers, and other key stakeholders have joined together in steering committees to provide support for existing and new workforce intermediaries. Sometimes, though, the steering committee consists exclusively of funders who collaborate in a variety of ways, from coordinating grant-making based on agreed-upon principles, priorities, and strategies, up to and including blending their funding for targeted investments.

In Boston, the SkillWorks Funders Group is highly organized and formally structured. The group meets every two months to develop strategy and decide on investments. Each investor maintains control over the disposition of its funds through its participation on the funders group, which approves spending plans and grants. Each member of the funders group has one vote on all decisions, regardless of the size of its investment. Three standing committees oversee investments: Public Policy; Workforce Partnerships; and Capacity Building. Ad hoc committees respond to topics as they emerge. Currently, there are ad hoc committees for communications and evaluation.

The Bay Area Workforce Funding Collaborative is also highly organized and structured. A steering committee comprised of four lead foundations meets regularly to coordinate the collaborative, review the progress of grantee workforce intermediaries, and make operational decisions. The San Francisco Foundation manages a philanthropic mutual fund. A funding panel comprised of all investors develops grant recommendations that are considered independently by the California Employment Development Department and the full BAWFC. A policy task force develops recommendations regarding sustaining the system improvements developed through the workforce intermediaries. An evaluation committee oversees and provides guidance to the collaborative's evaluators.

The New York City Workforce Innovation Fund is a sub-committee of the New York City Funders Group, a regional collaboration of corporate philanthropy, national foundations, and community foundations. However, the funds are not pooled, and not every member invests in every project. The funders group meets quarterly to review the progress of grantees and to plan for next steps to achieve their long-term goal of strengthening the infrastructure of the city's workforce development system. Sub-groups of investors meet as needed to make decisions at all phases of the project.

A relatively new initiative, the Baltimore Workforce Intermediary Project has not yet completed a formal plan outlining its governance structure, including investment principles and design strategy. Together with key educational institutions and nonprofit organizations, the funders form a loosely organized steering committee to plan strategically aligned investments. Individual funders conduct independent grantmaking to support the collaborative's strategy.

PROFILE:
SkillWorks: Partners for a Productive Workforce

SkillWorks is a collaborative effort of public and philanthropic funders concerned with the capacity of the Boston-area workforce development system to meet the needs of job seekers, incumbent workers, and employers. This five-year initiative seeks to:

- Help low-income individuals in Boston attain family-supporting jobs with adequate benefits and opportunities to build assets;
- Provide accessible pathways to advancement for low-income job seekers and low-wage workers, particularly those in Greater Boston;
- Increase the resources available for education and training services;
- Address the human resource needs of employers, particularly employers in growth sectors, so that they can be more productive and more competitive; and
- Support long-term changes to Massachusetts' workforce development system to meet the goals of the initiative on an ongoing basis.

The SkillWorks Funders Group blends investments from 15 foundations and public sources of workforce development funding into single, public/private grants to service providers. SkillWorks funders are the City of Boston's Neighborhood Jobs Trust; the Commonwealth of Massachusetts Department of Workforce Development; the Boston Foundation; the Bank of America Charitable Gift Fund and Frank W. and Carl S. Adams Memorial Fund, Bank of America, N.A., Trustee; Boston 2004; the Annie E. Casey Foundation; the Jesse B. Cox Charitable Trust; the William Randolph Hearst Foundations; the Hyams Foundation; the Robert Wood Johnson Foundation; the John Merck Fund; the Rockefeller Foundation; the Paul and Phyllis Fireman Foundation; the State Street Foundation; and United Way of Massachusetts Bay.

The funders have allocated over $14 million to the initiative. Over five years, $1.5 million will be invested in public policy advocacy, $2.8 million in capacity building, and $6.15 million in intermediaries. The balance supports evaluation, program management, and a contingency fund for technical assistance.

SkillWorks is designed around the premise that system improvement requires a three-pronged approach, in which each component interacts with the others in mutually reinforcing ways:

- Supporting intermediaries, called "Workforce Partnerships," that demonstrate improved service designs through both planning and implementation grants;
- Promoting public policy advocacy that removes the barriers to institutionalizing the improved service designs; and
- Fostering capacity building that helps the delivery system implement the improved service delivery.

None of the funder collaboratives in the national initiative is incorporated as a 501(c)(3) organization, nor do any have by-laws. They see their roles as temporary alliances that have come together to address a particular problem, rather than as permanent institutions that require a separate administrative structure.

Staffing

Kris Palmer of the William and Flora Hewlett Foundation, a family foundation in Menlo Park, California, points out that a funder collaborative is a good way to outsource the administrative costs of operating a workforce partnership initiative (Palmer 2006). All four funder groups described here have hired national consulting firms in workforce development to provide technical assistance to their initiatives. The collaboratives in Boston, New York, and San Francisco have also hired independent staff to manage their local initiatives.

The New York City Funders Group, a longstanding collaborative with many interests, has a dedicated staff person who supports the overall group. The Workforce Innovation Fund, a subgroup of the New York City Funders Group, retains Public/Private Ventures to assist the city's Small Business Services Department and the Funders Group in preparing requests for proposals, monitoring grantees, and collecting evaluation data. The Small Business Development Department has assigned a senior staff person as liaison to the funders group and manager of the city's sector initiative.

SkillWorks is staffed by a full-time director, and it contracts with Jobs for the Future for technical assistance and Abt Associates and Mount Auburn Associates for evaluation. It retains additional consultants as needed for capacity building and special projects. In its first years, SkillWorks hired separate consultants to manage each of the initiative's components, seeking to take advantage of different areas of technical expertise available in the area. The collaborative decided to hire a full-time director to better integrate its components and provide a single spokesperson for the initiative.

The Bay Area Workforce Funding Collaborative contracted with the National Economic Development and Law Center to provide the first year's support and guidance in management, including planning, development, and operations. Now a full-time project coordinator and a half-time program assistant manage the collaborative's increasingly complex grant awards. NEDLC continues to provide technical assistance on policy innovations and strategies to support the growth of workforce intermediaries. The collaborative also contracts with Abt Associates and BTW Consultants to design and conduct a multi-year project evaluation.

Financial Management

According to Grantmakers for Effective Organizations, only about one-third of funder networks coordinate their funds or manage a pooled grantmaking fund, and fewer than one-fifth conduct joint fundraising (LaFrance et al. 2004). In the workforce partnership initiatives, these financial activities are core funder collaborative functions. To varying degrees, the collaboratives have aligned their investments through structures ranging from the blended funding of public and private funds in Boston, to the alignment of individual grantmaking decisions in Baltimore.

Blended Funding: The Boston Foundation's Angel Bermudez, who chairs the SkillWorks funder collaborative, has described his ideal vision of the blended funding model: each funder makes a pledge to the overall initiative, to be allocated as needed to grants, research, management, evaluation, or other activities (Bermudez 2003). In reality, however, many of the contributors to the funders group have restrictions on where their funds can be spent or on the activities that they can support.[3] The funders group assumes the responsibility of keeping track of these restrictions, rather than passing them on to the grant recipients.

The SkillWorks Funders Group blends investments from 15 foundations and public sources of workforce development funding into single public/private grants to service providers, providing a model for simplified, coordinated program support. Their financial contributions are managed following a "mutual fund" model, as is the case with the Bay Area Workforce Funding Collaborative and the New York City Workforce Innovation Fund.

In the Bay Area, the California Employment Development Department collaborated with several foundations on the design of a request for proposals that both public and private funders use to solicit, review, and prioritize the grant requests. A number of private funders have not invested in the mutual fund but make aligned grants to support selected projects. The Employment Development Department does not put funds directly into the philanthropic funding pool; it makes separate grants to programs selected through the aligned solicitation.

In New York City, individual foundations have been reluctant to become involved with the special grant management requirements that come with receiving public funds. Instead of pooling public and private funds at one of the foundations, as in Boston, or awarding separate public and private grants as in the Bay Area, the NYC Small Business Development Department created the Workforce Development Corporation to receive funds from both public and private sources and then make grants. Unlike Boston, the New York Workforce Innovation Fund consists entirely of unrestricted philanthropic awards to the Workforce Development Corporation.

Aligned Funding: Investments by the Baltimore funder collaborative are more loosely aligned than those in the other three cities. There is no multi-year goal for allocations and fundraising, as in Boston, nor is there joint grantmaking, as in San Francisco and New York City. Instead, seven funders, drawn from philanthropy and the city's Workforce Investment Board, meet as an informal steering committee to discuss the community's workforce development needs and how each member can contribute to achieving their shared vision. In turn, each funder follows its own grantmaking procedures to solicit proposals for workforce intermediaries and support the actual training and support services of the workforce intermediaries.

This approach may lose some of the potential resources and influence of a more deliberate effort to organize key stakeholders to systematically identify priority areas for system improvement and coordinated investment. It is harder to "tell the story" of a loosely aligned project, because it has not announced its intentions with a formal goals statement or the release of an RFP. Nor has it substantially raised the visibility of the issues the funders care about within either the workforce development network or the community-at-large.

Nevertheless, aligning funding is an effective way to bring together investors who may have limited experience with collaboration or whose boards are hesitant to relinquish the autonomy required for blended funding collaborations. In areas with limited experience of funder collaboration, an aligned funding strategy may be easier to accomplish than blended funding.

The Challenges

There are several challenges to forming and maintaining a funder collaborative for workforce development. (The Appendix explores the way the these issues arose in the formation of the Boston Funders Group and SkillWorks.)

Varying capacities to collaborate: The ability of funders to join a collaborative depends on a number of local conditions, including the number of local funders, the number that engage in workforce development issues, their history of collaboration, the presence of a leader to help recruit and coordinate funders, and the extent of resources at their disposal.

Developing trust and cooperation among funders: Depending on these same conditions, relationship building takes time (though not always a long time). Sometimes the process of developing a formal plan can foster relationships, and sometimes planning cannot begin until some relationship-building has occurred. Regular "no strings attached" meetings to discuss common concerns are a good way to start the process.

The expenses of collaboration: Funder collaboratives need time over and above the normal grantmaking process to maintain relationships and facilitate ongoing strategic planning among multiple organizations. Each of the funder collaboratives discussed here involves substantial non-financial investments on the part of one or more funders to recruit co-investors, manage the grants, and report to members on how their investments are being spent in accordance with their grant restrictions.

Keeping the collaborative engaged and focused on long-term goals: Managing expectations and maintaining open communications is an important function in the success of the funder collaborative. As with any group, individual members can lose interest if they get little recognition. On occasion, members may try to skew the initiative in a direction that makes other members uncomfortable or that threatens to derail it.

Fundraising: Asking for money succeeds best when conducted peer-to-peer. In Boston, New York, and San Francisco, the collaborative chairs have spent considerable time networking with other funders to discuss the initiative and explore overlaps among prospective investors' priorities. In San Francisco, for example, some foundations with limited experience in workforce development joined the collaborative because its focus on health care overlapped with their investment priorities.

Public/Private Co-investment: In Boston, both the city and the state WIA administration transfer funds to the SkillWorks "mutual fund" in the form of fixed unit price contracts, with deliverables based on the implementation of the initiative design. With this approach, once the contract payment terms or deliverables are met, the Boston Foundation, as fiscal agent, can reduce the financial tracking or reporting responsibilities associated with managing public funds. This process is more like the grantmaking process of foundations than the usual cost reimbursement public contract would be. The value to the public funders is that they only make payments for success.[4]

In contrast, the San Francisco Foundation, which chairs the Bay Area Workforce Funding Collaborative, cannot manage Workforce Investment Act funds, so the philanthropic collaborative worked with the state to align their grantmaking. Each sector awards its own contracts to projects, using a collaborative review process that reduces the likelihood of duplication of effort and increases the support for more holistic program approaches.

In New York City, the Small Business Development Department looked to the philanthropic funder group to supplement and reinforce public-sector support for sectoral workforce intermediaries. The New York City Community Trust, as fiscal agent, receives funds from other foundations and makes awards to the nonprofit Workforce Development Corporation for the sector initiative. The Small Business Development Department also makes a grant to the Workforce Development Corporation, which then releases an RFP and awards contracts to individual projects in the sector initiative, using funds from both philanthropic and public-sector sources.

Accountability: Managing the investments of multiple funders is complicated. In Boston, New York, and San Francisco, a large community foundation (the Boston Foundation, New York City Community Trust, and the San Francisco Foundation) serves both as chair of the funder collaborative and as fiscal agent for the initiative funds. Their legal status as 501(c)(3) nonprofit organizations makes them eligible to receive grants from both private foundations and public agencies. As fiscal agents, the foundations are, in effect, the recipients of grants from the other investors.

The fiscal agent writes proposals to other funders to trigger their grants to the collaborative. Each funder receives written reports on the progress of an initiative, in accordance with that funder's reporting expectations as stipulated in its grant award letter. Funders also receive regular updates at funders meetings from the staff or consultants responsible for managing activities, and they receive written progress reports from the grantees. Restricted grants from each of the funders are tracked by the fiscal agent, which provides financial reports to the funders on a regular basis.

In the aligned investment approach used in Baltimore, the delegation of accountability to another organization is not an issue, because each grantor follows its own reporting and tracking procedures. The drawback of this approach is that there is no natural vehicle for the co-investors to track the joint impact of their individual grant awards.

What Makes a Strong Funder Collaborative for Workforce Intermediaries

The city and regional collaboratives in the Investing in Workforce Intermediaries project have launched and provide multi-year support to initiatives with goals that go beyond supporting quality programs. In each case, the collaborative aims to change systems and, when the initiative is over, leave behind improved practices, new sets of relationships, strengthened delivery networks, and policies that sustain the work.

Jobs for the Future's work with funder collaboratives and workforce intermediary initiatives has led to conclusions about the characteristics and functions that make a strong and effective funder collaborative.

Include participants that have the power, resources, and civic influence to propose, support, and drive change. Managing a workforce intermediary initiative involves improvements in the local workforce development system, in addition to the creation and support of intermediaries.

Be able to access net new funding to invest in an intermediary initiative, primarily from a local funder base. This has been crucial to the roll out of the initiatives in Baltimore, Boston, New York, and San Francisco. With new money, the initiative overcomes anxiety on the part of service providers and stakeholders that they may lose support for their longstanding core projects. Without new money, it is difficult to repackage existing resources to support the formation of new intermediaries and build credibility.

Develop a vision that keeps projects moving ahead, despite challenges and setbacks. It can be useful for one or more individuals on the steering committee to take the key leadership role, particularly in the early stages, to recruit new members, negotiate the shared vision, and push the agenda forward. While staffing is important, particularly as a project matures and gets more complex, staffing does not substitute for leadership.

Agree on internal decision-making procedures for the award of funds and for setting initiative goals. This ranges from Boston's "one funder, one vote" rule, with subcommittee oversight of each component of the initiative, to Baltimore's loosely structured agreement among seven funders to independently award grants for parts of the intermediary's work plan.

Agree on operating and outcome principles, design the program and investments around those principles, and support systems changes to meet those principles. Examples of principles include a commitment to a dual customer focus (employers and job seekers), a commitment to advancing workers to family-sustaining wages, and a commitment to serving residents at different socioeconomic and educational levels. Examples of designs include SkillWorks' three-pronged approach and Baltimore's intermediary formation and data systems development.

Take into account the absence in many communities of existing intermediary capacity. Few local service providers may have deep knowledge of both an industry and the needs of low-income individuals, nor do providers necessarily have the entrepreneurial ability to broker multiple resources and work collaboratively with employers. The initiative design should provide ways to build intermediary capacity—for example, through planning grants or technical assistance such as the New York Workforce Innovation Fund's start-up planning grants linked to technical assistance in intermediary formation.

Once a set of operating principles is established, manage performance. A funder collaborative must be in a position to hold any of the organizations it invests in accountable for results that align with its operating principles, even if these principles may be refined over time.

Build a partner-like relationship with funded workforce intermediaries to reinforce their understanding of the initiative's system improvement goals and learn from grantees' challenges and successes. While accountability is crucial, so, too, is strengthening all parties' commitment to the initiative. This can be achieved by bringing funders and grantees together periodically for peer learning meetings or strategic planning retreats or by inviting grantees to participate on special working groups with funders.

Capitalize on local strengths to respond to local conditions. These funder collaboratives and workforce intermediariy initiatives share some common characteristics. But each also builds on prior relationships and the assets of the local system to design a strategy that can take root and sustain itself long after the infusion of funds from a funding collaborative.

APPENDIX
Collaborative Formation: The SkillWorks Example

Funders that are just beginning to think about forming a collaborative to launch a workforce intermediary initiative may look at the four collaboratives described in this paper and see paragons of organization and planning. It is important to recognize that when they first started meeting, few had clear ideas of what they wanted to do or how to organize themselves to do it. The story of the early days of SkillWorks is a case in point.

The SkillWorks funder collaborative started gradually and evolved over time. While workforce development was not a major focus of investment for Boston's foundations, there was a widespread recognition that the issue connected to their core philanthropic missions to aid low-income individuals and communities. Over 40 community and corporate foundations had been making grants to community agencies for literacy, youth programs, occupational training, or building computer labs. Nevertheless, frustration with the complexity of the workforce system was leading some foundations to reconsider their investments in workforce development. Commented Henry Allen, then of the Hyams Foundation, "There was a sense that these were all worthy causes but that our small grants were having limited impact" (Allen 2003).

When Angel Bermudez, head of community organizing and economic development at the Boston Foundation, invited colleagues from several local philanthropies to a workforce development meeting in 2000, he was building on earlier philanthropic collaborations in the city. In the early 1990s local foundations had collaborated on "Futures Search for Jobs and Income," a job-creation and retention project that evolved into a multi-year career ladder project led by Fleet Bank Charitable Assets Division. A few years later, local funders had collaborated with the Mayor's Office of Jobs and Community Services to fund a multi-year literacy project, "English for New Bostonians." The Boston Foundation had made grants to the Boston Private Industry Council for school-to-career programs, setting a precedent for philanthropic collaboration with the public sector.

Within a few months of the initial meeting convened by Bermudez, the impact of the transition to the Workforce Investment Act on low-income communities and the workforce system provided an impetus for the formation of another working group, which began to meet regularly in fall 2000. At the same time, local philanthropic leaders were aware that Boston had been passed over by national foundations for some of their large-scale investments in workforce development in the previous decade, such as Annie E. Casey's Jobs Initiative. They were very interested in changing that situation when they learned that Boston was under consideration by two national foundations for separate projects. The Annie E. Casey Foundation was planning its Making Connections initiative, a place-based economic development strategy that was considering Boston—and twenty-one other cities—as potential sites. At the same time, the Rockefeller Foundation was looking for cities to participate in a capacity-building initiative targeted at community-based organizations. Each of these initiatives required local funding partners for a city to participate.

The Boston Foundation took advantage of the opportunity to convene local funders, using a small planning grant from the Casey Foundation to analyze the leverage points in the local system and keep the dialogue alive on the nature of the problem and how local funders could jointly address it. This listening-and-learning process had several outcomes. The most significant was that the city's philanthropic leaders came to see that their individual investments in workforce development, when combined, were greater than the WIA funds available for the City of Boston. As Gloria Mwase, then of the Casey Foundation, pointed out, when the funders realized that "WIA regulations driving the system was like the tail wagging the dog," they were energized by the conviction that their joint investment could achieve real change in the system (Mwase 2003). This knowledge kept them coming back to the table to work through their differences in what came to be known as the Funders Working Group.

Each of the early members of the group brought their own perspectives to the discussion. The Casey Foundation was interested in a neighborhood-based organizing effort to connect low-income families to economic opportunity. The Rockefeller Foundation was interested in strengthening community-based organizations to become more strategic and better focused on the workforce services they provided their constituents. The Fireman Foundation One Family Campaign was focused on the issues of homeless women. The Hyams Foundation was interested in policy reforms to strengthen community-based responses to the problems of poverty. It took nearly two years—and steadfast leadership from the chair—for the working group to build an understanding of each of the member's priorities and devise a plan that would satisfy them all.

Some of the early members of the working group decided not to continue to participate, whether because a joint venture was not of interest, they were committed to special projects of their own, their budgets were too small, or they did not make grants for workforce development.

There were other significant challenges to maintaining the momentum of the funders working group. A lengthy research process before the initiative design was finalized began to impinge on the Rockefeller Foundation's timeline. Rather than risk losing an important partner, three of the local foundations committed matching funds to the Rockefeller project a year before the rest of the initiative was ready.

Another challenge was the economic downturn that began in 2001, which significantly affected the foundations' investment portfolios. Rather than making new funds available, the partners would be asking their trustees to redirect existing funds for this initiative. This made fundraising much more challenging than had been anticipated when the funders first began meeting.

A willingness to compromise has been critical to the development of the initiative. Trust developed as the funders evolved their vision and goals during the research and learning phase, and this was fundamental to their ability to shape acceptable alternatives to meet the needs of other members of the working group.

Notes

[1] A fifth project, for the state of Pennsylvania, is not a funders collaborative. The Pennsylvania Department of Labor and Industry, the Pennsylvania Workforce Investment Board, and the Keystone Research Center have partnered to fund industry-based workforce intermediaries throughout the state.

[2] For more information, see: www.livingcities.org.

[3] For example, no funds from the public sector are used for public policy advocacy in order to prevent any appearance of conflict of interest. And some funders make explicit distributions of their pledges. The total budget and the budget for each component are built around these funder restrictions, with unrestricted pledges distributed across components to meet the initiative's planned investment goals. A vote of the full funders group is required to expand the budget of any component or activity, so that no individual funder can arbitrarily increase or change the investment plan with a restricted or targeted pledge.

[4] The SkillWorks Funders Group considered alternatives to the public-private partnership in the mutual fund, because the barriers to making the transfer seemed formidable. These alternatives included having three funding streams separately managed, asking the Mayor's Office of Jobs and Community Services to manage the state WIA grant as well as the city award, asking the Boston Private Industry Council (the local Workforce Investment Board) to manage the city's and the state's awards, and asking a large nonprofit familiar with public contracting procedures to manage the city and the state awards. In each option, management costs would have risen; the Boston Foundation, the fiscal agent, takes no administrative fee for serving in this capacity. All parties believe that separate funding streams would dilute the cohesion and impact of the initiative and add to the very administrative burden on service providers that the initiative wants to reduce. These considerations contributed to a strong motivation on the part of both the public funders and the foundations to find an acceptable compromise.

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Investing in Workforce Intermediaries is a collaborative effort of the Annie E. Casey and Ford Foundations. The funders, working with Jobs for the Future, have launched Investing in Workforce Intermediaries to seed a national support infrastructure for workforce intermediaries. The funders have invested in five cities and one state: Austin, Baltimore, Boston, New York City, Pennsylvania, and San Francisco.

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