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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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.

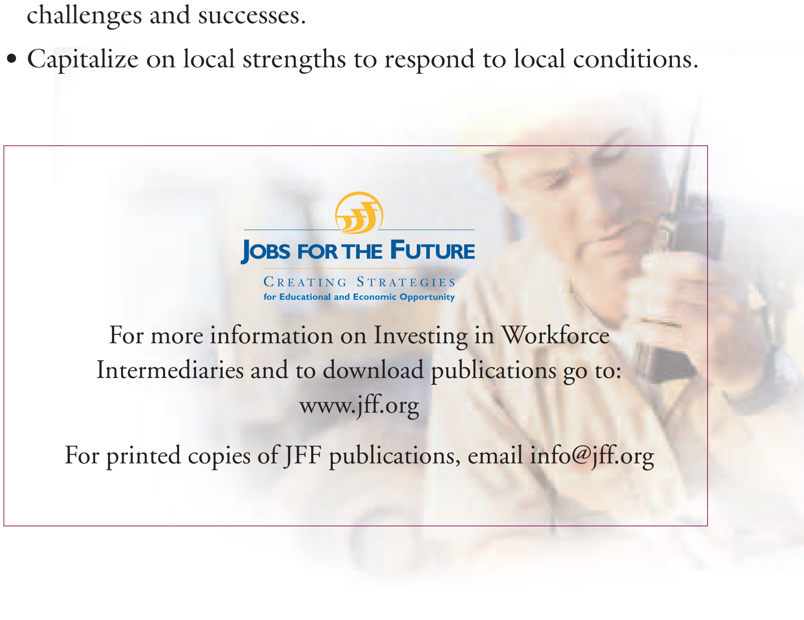
All four funder groups have hired national consulting firms in workforce development to provide technical assistance to their initiatives, and three have also hired an independent staff person to manage the local initiative.

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.



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