Introduction

Investing in Systems for Employment Opportunity

Stuart Andreason and Alexander Ruder

As the economy has changed over the past several decades, many different organizations have developed programs to support workers, help businesses enhance productivity and solve human resource challenges, reemploy workers who have lost their jobs, and move people from precarious positions on public support to positions of employment and self-sufficiency, among many other unique and targeted approaches to supporting employment and economic opportunity. Collectively, this array of programs and policies makes up the workforce development system, and more broadly a system that supports employment opportunity. While many of the programs have been incredibly effective, businesses and job seekers report challenges in understanding and navigating the workforce development system. And, with many smaller organizations involved in the system, it is constantly evolving and changing; the sustainability of programs and policies also presents a challenge. Policies that support these efforts need to be updated and made more modern, given the quickly changing economy and labor market (Van Horn, Edwards, and Greene 2015).

Chapters in this volume discuss promising practices in workforce development and policies and actions that elected officials can take to expand upon those successes. Central to these efforts is building stronger partnerships across regional workforce organizations and creating a foundation for stronger collective impact. Strong partnerships are likely better positioned to organize services that workers need to be available and ready to work, no matter their skill level—services like transportation, housing, and child care, to name a few. In addition to policy and coordination, there are a number of changes to programmatic systems that could enhance the scope and scale of workforce development programs—particularly in financing, technology, and credentialing.

Financial investment in workforce development presents a number of important considerations. New financial tools and models for contracting services in workforce development can structure funding toward paying for outcomes rather than outputs. Ultimately, workforce development programs need to ensure they are creating opportunities for job seekers and developing productive workers for firms—and there should be little dogma in the interventions that accomplish these goals. New financial tools can help organizations move toward this funding strategy and potentially engage new investors in workforce development. These models may help attract socially minded investors who are seeking returns and social benefits for communities of investment. This is an underutilized source of capital. These models also likely can help grant-making organizations and governments focus their giving on programs that are creating greater social benefits.

Technology is changing the way workforce partners build data systems to evaluate programs, deliver training, and inform stakeholders about various aspects of the labor market. Technology enhances the reach of workforce development programs to more people and helps expose workers and businesses to new ideas and models. Similarly, technological advances in data collection, data sharing across workforce system partners, and research capacity can help organizations evaluate the effectiveness of workforce development programs.

Technology is not just allowing workforce partners to build data systems for evaluation and accountability, but also to use it as a learning tool—to expand workforce programs to broader audiences, often in remote areas, and deliver new learning content quickly and efficiently. To support these new systems, organizations need to ensure equitable access to broadband Internet for individuals and businesses. As technology becomes more ubiquitous in learning environments, communities without fast and reliable broadband Internet will disadvantage businesses, learners, and community members. The infrastructure that supports technological utilization is critical.

Related to new technology, several organizations have invested considerable effort to build systems that improve transparency of the large credentialing marketplace. Many educational institutions have looked for ways to offer credentials that serve as strong signals for skills demanded by the labor market. However, with the rapid growth in the number of credentials, employers and students may struggle to determine the value of a given credential. The purpose of these new credentialing systems is to allow businesses and students to access comparable information about various credentials, from badges to doctoral degrees. With this information, employers can more clearly assess the skills of applicants, and students can make more informed decisions when choosing among different credential programs.

Employment opportunity reaches beyond skill development. There are critical parts of the infrastructure that will create a stronger and broader workforce system, including not only new financial models, technology, and credentialing systems, but also connections to services that support individuals through training and various stages of employment. As noted above, these services include many housing, community, and human services. The concept of "spatial mismatch" refers to the extent to which these supportive services, job training, and employment are located away from the areas where individuals live. How the broader workforce systems address the impact of this spatial mismatch on workforce outcomes is a major concern. Providing workers with ways to access these services is a part of addressing the workforce needs of workers, employers, and the community.

Finally, the workforce development field has long emphasized the need for strong partnerships at the local and regional level. Today, rapid economic and technical change create an even greater need for diverse stakeholders to collaborate. Collaborative partnerships that extend across geographic and institutional boundaries form the foundation of a workforce system that can respond to rapid shifts in workforce demand, establish shared strategic priorities, and frame workforce development as a model of lifelong learning. This collaborative approach enables workforce partners to address more efficiently the systems-level opportunities discussed in this volume.

SCALING AND SUSTAINING PROGRAMS

While the model for measuring costs and benefits of workforce programs may be very different across communities or even among partnerships in the same community, it is critical to understand and evaluate how these programs may affect longer-term community goals, including economic growth. Evaluation requires different perspectives on how to understand the interventions—it is not adequate to measure social service costs alone. Workforce development must be considered an investment in worker opportunity, business competitive advantage, economic development, or other community-defined goals for programs to reach the scale or maintain the sustainability necessary to reach those goals. These considerations are critical in striving for broad systems to create opportunity for workers and employers.

Scale and sustainability have long been a challenge for workforce development programs. Many successful programs serve several hundred people a year, and, while this is not to diminish their success, their scale could be much greater with increased partnerships and financial investment. It is critical to explore how these models may align with programs of significant scale already in operation, such as the federal workforce development system and educational system, potentially aided by technology and finance.

The workforce development community increasingly understands the types of policies and programs that create opportunities for workers and employers, but it is essential to expand these effective programs. A first step is to develop ways to assess the quality and effectiveness of programs and communicate them to outside partners. Throughout the book, you will see how different organizations, partnerships, and communities have developed an investment framework to make these assessments. They aim to instruct how this might happen in your organization, partnership, or community, but they do not include the full range of possibilities. There is room for continued innovation in driving financial investment and new partners to workforce development. We hope this volume will help spark new ideas that continue to grow these partnerships.

BUILDING AN INVESTING FRAMEWORK

The term *investment* is used in this book in a number of different ways. In one sense, it means actual financial investment in workforce development programs—the act of expanding programs requires additional monetary resources—but this is far from the only type of investment. Workforce development programs need partners that are invested in the success of the program, which includes businesses and economic development organizations as well as community development and social support organizations. Community organizations also can help address existing labor market disparities and challenges that are not completely skill based. It is also critical that future evaluations of workforce programs include cost-benefit analyses that show the benefits to workers, businesses, and society.

Investing in America's Workforce: Improving Outcomes for Workers and Employers offers research, best practices, and resources for workforce development practitioners from more than 100 contributing authors. The book aims to reframe workforce development efforts as investments that can result in better economic outcomes for individuals, businesses, and regions. In the three volumes, we focus discussions of investments on three areas: 1) investing in workers, 2) investing in work, and 3) investing in systems for employment opportunity. Within each volume are discrete sections made up of chapters that identify specific workforce development programs and policies that provide positive returns to society, to employers, and to job seekers.

Investing in Workers, the first volume, means regarding all job seekers—and particularly disadvantaged workers—as opportunities and assets rather than deficits. Workers left out of the recovery, such as the long-term unemployed or chronically unemployed youth, are important sources of new talent in a tight labor market. These workers also bring new and different perspectives at any point of the business cycle and can help drive innovation. Seeing these workers as opportunities to build new ideas and competitive advantage is important; it is also important for workers who are mired in poverty. It is vital to invest in core literacy and technical skills so these workers can create wealth and build assets. Several chapters in Volume 1 explore both skill development and supporting workers who have particular barriers to work and economic opportunity.

Investing in Work, the second volume, explores the extent to which firms are able to address human resource challenges and difficulties for their workers by investing in the jobs, fringe benefits, and structure of employment that workers encounter with employers. Many firms have found that offering enhanced quality of work and benefits helps attract more productive workers, boosts the productivity of current workers, and produces other tangible benefits, such as reduced turnover. Investments in work structure also include considering how changes to the employee-employer relationship help build wealth, such as through different models of employee ownership of firms and planned succession of ownership. Finally, investing in work includes place-based and job creation efforts. Volume 2 explores these issues broadly and specifically in rural areas in an effort to better align workforce development and economic development efforts. Considering both the supply of and demand for labor likely will improve the effectiveness of both efforts.

Investing in Systems for Employment Opportunity, the third volume, explores the different ways organizations and policymakers deliver training and support worker and business productivity. The stakeholders involved in these efforts are multiple and varied, including governmental entities, businesses, philanthropies, and nonprofits. Finding ways to coordinate across these different sectors for collective impact is critical. In addition, several important factors and trends could influence the strategies of these programs, individually or collectively. Innovations in technology may change the type of work people do and the products firms create, while also providing a new and different delivery system for training. Access to these technologies is also vital, since many communities are not well connected. New finance models may help attract new players and investors in workforce development and help drive investments toward the most effective interventions. Aligning efforts and aiding them with new innovations and business models could significantly increase the scale and scope of workforce development programs.

As you read this book, we hope you find information that helps you advance initiatives, policies, and worker and employer opportunities in your community or state. Please reach out to the authors and editors if you wish to learn more. We hope that you will see the need to understand workforce development as an investment, and that you discover strategies that will help you make progress in your own organization or in your efforts on workforce policy. We believe this mind-set and further engagement and investment in the workforce development system are necessary to expand opportunity for workers and employers and to promote economic growth in the country.

Reference

Van Horn, Carl, Tammy Edwards, and Todd Greene, eds. 2015. *Transforming Workforce Development Policies for the 21st Century.* Kalamazoo, MI: W.E. Upjohn Institute for Employment Research.