

# Sustaining the Promise:

## Realizing the Potential of Workforce Intermediaries and Sector Projects

By Sarah Griffen

### EXECUTIVE SUMMARY

In the past decade, workforce development practitioners, policymakers, and funders have increasingly favored the development of workforce development projects managed by intermediaries. These projects, usually focused on one industry or sector, provide a wide range of education, training, and support services that help low-skilled adults succeed in the workforce.

Two principal characteristics distinguish intermediary and sector projects from the generation of workforce projects that preceded them. First, the new approach recognizes that short-term training programs do not address the complicated set of factors inhibiting low-skilled adults from earning family-sustaining wages. Second, workforce development practitioners increasingly recognize that focusing solely on the trainee ignores the essential role of the employer. The comprehensive, long-term, “dual customer” approach that the workforce intermediaries have adopted strives to bridge the gap between what business needs to remain competitive (demand) and where potential or existing workers are in terms of skills and abilities (supply).

Dozens of sector and intermediary projects have sprung up in the last decade, often seeded by substantial grants or contracts from a combination of public and private financing sources. Practitioners have experimented with various program models, tailored

their approaches to the needs of particular industries or groups of workers, and innovated to widen their funding bases. The accomplishments to date are both impressive and nascent. The scope and complexity of the projects, and the initial outcomes for participants, are impressive; they offer a wealth of accomplishments and findings that are enriching the workforce development field. At the same time, these projects have only just begun, given the long horizon of operations necessary for participants to achieve the goal of economic stability.

As the sector and intermediary field matures, and as the seed funding that launched many projects expires, a key question emerges: how can these projects be sustained so that they can fulfill the promise of meeting both worker and employer needs? This question embodies three principal types of sustainability challenge: *financing*, *infrastructure*, and *operations*.

*What is the long-term financing structure?* Until recently, the hypothesis was that employers would pay for training programs that demonstrated a return on their investments. Time has shown that employers will invest some money, but they rarely fully fund a sector project, even when successful outcomes and a positive return are demonstrated. As the field has recognized this, a variety of financing mechanisms has emerged, yet the challenge of long-term financing remains.

*What infrastructure is needed?* By their nature, sector and intermediary projects have multiple partners, track numerous outcomes, and meet the interests of multiple stakeholders. What systems and mechanisms do these projects need in order to remain relevant and effective?

*What are the operational challenges?* Again because of their complexity, operations can become inefficient or ineffective. The experience to date may shed some light on how to streamline projects while maintaining their efficacy.

Unless these issues are considered and the lessons applied to practice, policy, and funding streams, intermediary and sector projects may be short-lived. In a field whose effectiveness is already questioned, the loss of successful high-profile projects will only weaken its impact and public support.



Conversely, a key opportunity awaits. If we can learn from the practice on the ground, and build policy and funding based on those experiences, the workforce development field will be able to demonstrate the kinds of results that can lead to a stronger and more competitive national economy.

To delve into the three sustainability questions, *Sustaining the Promise* draws extensively on the experiences of leading sector projects and practitioners around the country, as well as the experience of the author, a sector project founder. Based on research and discussions conducted in 2007, a new picture of sustainability emerges. Rather than just a question of how to pay for intermediary and sector projects, sustainability lies in the ability of these projects to manage complex relationships and funding streams, meet multiple needs simultaneously, and stay ahead of the curve in their areas of expertise. Projects must develop highly sophisticated infrastructures, identify and maintain diverse funding (including but not exclusively from employers), and continually streamline and improve their operations.

This finding signifies key implications for policymakers, funders, and practitioners in how to support and expand sector projects in the long run. And it leads to a number of policy recommendations that many of the practitioners interviewed are confident will enable them to sustain the promise of sector projects for poor and working adults, and for the industries in which they work. These focus on financing intermediary activities, measuring and evaluating performance, and engaging employers.



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