

# THE CATAPULT PAPERS



ESSAYS ON THE FUTURE OF WORKFORCE DEVELOPMENT



## ABOUT THE BOSTON FOUNDATION

The Boston Foundation, Greater Boston's community foundation, brings people and resources together to solve Boston's big problems. Established in 1915, it is one of the largest community foundations in the nation—with net assets of \$1.3 billion. In 2018, the Foundation received \$203 million in new funds and the Foundation and its donors paid \$129 million in grants to nonprofit organizations. The Foundation works in close partnership with its donors, with more than 1,000 separate charitable funds established for the general benefit of the community or for special purposes. It also serves as a major civic leader, think tank and advocacy organization, commissioning research into the most critical issues of our time and helping to shape public policy designed to advance opportunity for everyone in Greater Boston. The Philanthropic Initiative (TPI), a consulting unit of the Foundation, designs and implements customized philanthropic strategies for families, foundations and corporations around the globe.

## ABOUT JVS

Jewish Vocational Service in Boston (JVS) was founded in 1938 during the Great Depression to assist Jewish immigrants struggling to enter the American workforce and support their families. Today, JVS is among the oldest and largest providers of adult education and workforce development services in Greater Boston, serving a diverse clientele representing over 90 nations, and speaking 50 languages, and helping people secure financial independence through educational and employment services. With over 75 years of demonstrated excellence in workforce development, JVS has a reputation for continuous innovation, building person-centered and performance-based models to improve outcomes and increase programmatic effectiveness.

## ABOUT CATAPULT

Catapult is a project of the Boston Foundation in partnership with SkillWorks, a nationally recognized workforce funder collaborative within the Foundation. Catapult invests in the exponential growth of Greater Boston's most effective, market-driven training and education organizations in partnership with the region's most savvy businesses. Its goal is to help build a robust, "next generation" workforce development solution that can launch our untapped talent into new opportunities at a much faster, more sustained rate while also supporting and leveraging the long-term success of individuals and their employers via advancement, retention and strong employment practices. Catapult is driven by the knowledge that our current labor market's unprecedented tension between the high demand to fill jobs and the low supply of workers ready to fill those jobs requires bold new approaches.

## ABOUT THE AUTHORS

### Jerry Rubin

Jerry Rubin is President and CEO of Jewish Vocational Service, Boston. He is responsible for the overall direction and management of the organization. He recently marked his tenth year at JVS, leading the agency through its growth from a \$7 million organization to its current budget of \$15 million.

Prior to joining JVS, Rubin was Vice President of Building Economic Opportunities at Jobs for the Future. Rubin founded and was Executive Director of the Greater Boston Manufacturing Partnership, a training and consulting organization, and the Coalition for a Better Acre, a community development corporation based in Lowell, Massachusetts. Rubin also spent 10 years in the city administration of Mayor Raymond L. Flynn, leading several housing, economic development and workforce development initiatives.

He was recently named a member of the Boston Federal Reserve Bank's Community Development Advisory Council and serves as a Trustee of the Economic Empowerment Trust Fund of the Commonwealth of Massachusetts. In 2015, Rubin was appointed by Governor Charlie Baker to serve on the Task Force on the Economic Opportunity for Populations Facing Chronically High Rates of Unemployment, and has served on the Massachusetts Workforce Investment Board.

Jerry Rubin holds a bachelor's degree in government from Clark University and a master's in city planning from the Massachusetts Institute of Technology.

### Rouguiatou Diallo

Rouguiatou Diallo is the Chief of Staff of Resilient Coders, a workforce development organization that aims to build economic resiliency in Boston's black and brown low-income communities by providing access to software engineering opportunities through training, placement and support for young adults of color. Her role includes defining, implementing and tracking the organization's progress toward its strategic goals.

Prior to joining the Resilient Coders team, Diallo worked as an analyst for the management consulting firm McKinsey & Company, focusing on performance management and impact assessment in the public and social sectors. She has lived and worked in Paris, Montreal, Brussels and now Boston, always with a commitment to tackling socio-economic inequality. She holds a political science degree from McGill University.

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# PREFACE

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In recent years, there has been a lively national conversation about the future of work—especially about how to prepare for its swiftly changing nature and its evolving workforce needs. Step one is to realize that the future is now.

The trifecta of today’s unprecedented tight labor market joined with the anticipated attrition of retiring Baby Boomers and historic economic growth has created a supply-and-demand tension, with increasing challenges for employers seeking skilled workers and frustration for workers unprepared to fill the new open jobs. If we don’t act now, in this ideal climate, we will waste an enormous opportunity both to advance economic equity and sustain our region’s buoyant economic health.

What we need is a “next generation” solution that will connect untapped talent with job opportunities at an accelerated rate, while propelling the long-term success of workers through advancement, retention and sound employment practices.

In response to this environment, the Boston Foundation and SkillWorks, a nationally recognized workforce funder collaborative, are launching Catapult, a new approach to workforce development that will be extremely beneficial to employers while supporting long-term economic mobility for job seekers and employees. Catapult redesigns and redefines the workforce development system to capitalize on our most successful training models and education providers. The goal is to provide workers with the skills they need to compete in today’s labor market while creating a seamless, effective way for employers to identify the talent that is emerging from traditional and nontraditional workforce development pipelines.

The good news is that we are not starting from scratch. Greater Boston is uniquely fortunate to serve as home to sophisticated and proven training and education providers. One example is Jewish Vocational Service. For the past decade, JVS has developed and refined its formula for achieving positive results for both of the constituencies it serves: job seekers and employers. In this series of essays, the *Catapult Papers*, JVS President and CEO Jerry Rubin illustrates how we can bring Catapult’s approach to scale for the benefit of Boston and other cities across America.

Through Catapult, we will invest in the development of employer-responsive training providers that are equipped to adapt to the ever-changing workforce market and ready to prepare a diverse population for jobs and advancement. We will be proactive in our approach by taking advantage of the numerous opportunities we see today, while anticipating future challenges and readying ourselves and our partners to respond to the untold workforce opportunities that will emerge tomorrow and well into the future.



Paul S. Grogan  
President & CEO  
The Boston Foundation

# EXECUTIVE SUMMARY

We are experiencing one of the strongest and most sustained periods of economic growth in American history—accompanied by unprecedented levels of income inequality. With historically tight job markets, employers are desperate for talent. They are now willing to consider previously untapped sources of labor and new approaches to recruitment and retention. In doing so, they are not only offering greater economic opportunity to lower-income individuals, they are creating a competitive business advantage for themselves. In order to meet these historic challenges and opportunities, we need a very different approach to workforce development, a new kind of workforce organization, which we call “Next Gen Workforce Organizations,” and accompanying investment by philanthropy and government that can make Next Gen workforce development a reality.

## The Essays

Essay #1 calls for and describes this new, “Next Gen” model for workforce organizations.

The second essay addresses the importance of scale for Next Gen workforce organizations, the challenges of scaling, and issues that Next Gen workforce organizations and the broader field need to consider as they scale up their work.

Essay #3 describes why and how Next Gen workforce organizations should leverage job market conditions to improve job quality for workers and improve employer competitiveness.

The last essay explains and illustrates how Next Generation workforce organizations can help employers access the “untapped workforce” in our current tight labor market conditions. Essay #4 also draws on the experiences of Resilient Coders, a workforce intermediary helping to connect young adults of color to coding opportunities in the Boston-area technology sector.

## The Findings

Reflecting on the innovative and field-proven practices of JVS Boston’s own transition to a Next Gen workforce organization—rooted in decades of field research, experimentation, evaluation, failure and success—we believe that workforce development organizations must now seize the moment to incorporate four key features:

### 1. BECOME MARKET RESPONSIVE

- ◆ **Adapt to be market-responsive organizations** that have a strong customer-service culture and deliver high-quality services to employers, while meeting their mission of providing opportunity to lower-income, lower-skill constituents.
- ◆ **Get paid by employers** for their valuable services.
- ◆ **Tap untapped sources of labor**, including immigrants, opportunity youth, the chronically unemployed, disabled individuals and others by matching those workers’ talents to employer needs, and effectively preparing them to succeed in the workplace.

### 2. GO BEYOND “JUST ANY JOB”

- ◆ **Focus on job quality.**
- ◆ **Create a flexible definition** of job quality.
- ◆ **Be selective about employer partners** based on job quality.
- ◆ **Negotiate terms of employment** for clients—focusing on improved wages, benefits, hours, schedules and other key features that workers want and “employers of choice” must provide in this tight job market.
- ◆ **Get “under the tent”** and go beyond training with employer partners, to help ensure successful recruitment, retention and advancement of employees.

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### 3. KNOW THE TERRITORY

- **Know and be known and valued by major employers** in key industries in their region.
- **Know and be known and valued by key stakeholders** in their region.

### 4. BE BOLD AND GO BIG

- **Change policy and systems** at the state and federal level to better enable workforce organizations to help both employers and workers.
- **Go for scale.** With historically tight labor markets and stubbornly wide opportunity gaps, Next Gen workforce organizations have a once-in-a-generation opportunity to thoughtfully explore how to expand their services and impact.

These reflections will allow us and others to sharpen strategies and practices in response to unprecedented economic growth and income inequality.

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## ESSAY ONE

# Next Generation Workforce Development Organizations for Our Times: How JVS Is Re-Tooling for a New Economy

BY  
**JERRY RUBIN**

*This essay calls for and describes a new, or “Next Generation,” model for workforce organizations. The essay is based on the innovative and field-proven practices of JVS Boston’s transition to a “Next Gen” workforce organization, which is rooted in decades of field research, experimentation, evaluation, failure and success.*

# OUR HISTORIC MOMENT

**W**e are experiencing one of the strongest and most sustained periods of economic growth and one of the highest levels of income inequality in American history. Over the past 12 months, the Boston area, like many major metropolitan areas, has experienced the double-edged sword of rapid growth:

- A Boston-area medical research organization found itself unable to fill open positions in its IT department, directly inhibiting its ability to take on new contracts.
- Across town, a rapidly growing fast casual restaurant put new store growth plans on hold for lack of qualified and reliable workers.
- Shahid is a 28-year-old Moroccan immigrant to the Boston area. He completed high school and one year of college in Morocco and worked part time as an IT technician for a transportation company before he emigrated to the United States. He is currently driving for Uber and Lyft, and hoping to attend community college.
- Maria emigrated from El Salvador to the United States eight years ago. Since her arrival she has been working in “back of the house” part-time positions in fast food, and speaks very little English.

This is Boston’s economy—white hot, innovating and expanding, and leaving thousands behind. Boston’s tale of two economies is stymieing business growth and limiting economic opportunity for individuals. Though perhaps more extreme than other locales, Boston’s challenge is not unique. Rapid job growth, tepid wage growth, low birth rates and shrinking immigration are beginning to choke economic growth and constrain equitable economic opportunity in

major metropolitan areas throughout the nation.

The causes of this state of affairs are many, and are hotly debated, but there is one central dynamic that is indisputable. The labor market, left to its own devices, is failing to adequately match job demand with untapped talent.

Little serious attention has been paid to this challenge in decades. The federal government has shrunk its investment in workforce development and career education year after year, leaving cash-strapped states and localities to fill the void. Our federal workforce system, funded under the Workforce Innovation and Opportunity Act, is an anemic collection of pilot projects, understaffed career centers that too often must focus more on compliance than on job seeker needs, and guiding strategies that have seen little innovation or rigorously tested results in decades. Community colleges, perhaps the most important and effective answer to the job demand/skills gap, struggle to meet the needs of their rapidly diversifying student bodies. They have limited resources and bureaucracies that hinder innovation and rapid response.

We are well past due to address the mismatch of job demand and job skills. Additionally, we must confront the challenge of economic growth and increasing inequality. In 2004 innovators in the workforce development field described a new type of labor market institution, called a “workforce intermediary” that sat between workers and employers and played an organizing role in regional labor markets, identifying employer and worker needs, designing new solutions, finding and aggregating resources, and brokering or delivering quality services.<sup>1</sup> Despite the deep recession in the early years of this practice, some of these organizations, including my own, still operate,

but many struggle with few consistent and flexible funding streams, and most were built for a very different economy.

Fourteen years later, long-time workforce development practitioner and theorist Steven L. Dawson issued a series of essays in response to the extreme challenges and opportunities of historically tight labor markets.<sup>2</sup> Dawson and others, like Boston Foundation CEO Paul Grogan, sounded the alarm and argued that these times require redesigned institutions, new investment and a very different approach to workforce development in order to address skills shortages and income inequality, and meet the challenge and opportunities of this moment in history. Dawson titled his most recent essay “Now or Never” and issued “a call to action” for the field. Grogan noted cleverly that “a tight labor market is a terrible thing to waste.”<sup>3</sup>

What follows is a response to that call for action and an argument for a “Next Gen” workforce development organization that is consciously designed to respond to the challenges and opportunities of this economic moment. Using “under the tent” examples, drawn from JVS’s hard-won lessons learned, this paper will describe four key features that comprise a Next Gen workforce organization:

1. Being market responsive;
2. Understanding that all jobs are not the same;
3. Knowing your own backyard; and
4. Going bold and going big.

## **Being Market Responsive: How JVS Learned to Play the Market**

Two years ago, major hospitals in Boston would not consider hiring graduates of JVS’s Nurse’s Aide Training Program to fill their patient care technician vacancies. Today they will and do. Two years ago, the

major hospitals would not consider hiring graduates of JVS’s Pharmacy Technician Training Program to fill their pharmacy technician vacancies. Today they will and do. Next Gen workforce organizations have the opportunity to be genuine brokers between underutilized pools of workers and understaffed employers, allowing them to closely align their mission with a sustainable business model—but only if they provide high-quality, customer-responsive service.

Throughout its modern history, workforce development has been largely a human-service endeavor built in the context of the anti-poverty drive of the early and mid-1960s. While there has consistently been accompanying rhetoric about the important role of employers, for the most part, in practice, employers were a means to an end, and the primary focus was on the supply side of the labor-market equation.

The downsides of this approach for workforce development, which in substantial ways still dominates the field, are twofold. It limits success for workers, and even when it is successful, it is not sustainable and scalable. Employers make hiring decisions based on their business needs, and rarely their social responsibility. Hiring managers are looking for dependable employees who can get the job done. If an organization can deliver that solution for them, great. If not, someone else will. If hiring is done primarily on the basis of social responsibility, and workers are not adequately prepared or matched well to appropriate openings, it is rarely sustained or scaled.

That said, in a very fundamental way, there is a symbiotic relationship between employer and labor interests. Companies need hard-working, talented labor in order to grow and thrive, and workers need jobs. Of course, the interests of employers and labor are not always so neatly aligned, as employers seek to reduce labor costs, and workers seek to maximize their

earnings. And without doubt, the last three decades have seen a significant tilt toward employer power over worker power in this ongoing negotiation.

But within the labor market is a sweet spot, where the interests of employers and workers do align, and it is in this sweet spot that truly effective workforce development succeeds. In times of tight labor markets such as the current period, this alignment is most pronounced, providing opportunities for Next Gen workforce organizations to offer genuine value in the labor market, for both employers and workers.

In tight labor markets employers will change their practices and consider alternate sources of workers, and workforce solutions that they would never consider in periods of high unemployment. At JVS, we have seen very specific examples of this dynamic over the past two years as employers have begun hiring job seekers from more diverse communities, raising wages and improving benefits in order to attract and retain a more stable workforce.

### **WHY EMPLOYERS ARE PAYING FOR JVS'S SERVICES**

The best indication that a workforce development organization is providing real value is payment for service. One of the great challenges of public and nonprofit service delivery is that there is no market mechanism to incentivize quality. That is not to say that traditional nonprofit and public service delivery organizations cannot or do not deliver quality services, but there is no substitute for a genuine market to drive quality services and results. When customers have options, and exercise them, quality often follows.

For more than a decade, JVS has been providing workforce development services for more than 20 employers annually on a fee-for-service basis. This work has until recently focused on increasing the education and skills of *incumbent* workers. Employers

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contract with JVS to deliver a wide range of services such as English language, computer, college readiness, job skill-specific training, and coaching for their employees. This line of business, which generates nearly \$2 million annually, led the organization to develop a team of highly skilled instructors, coaches and project managers who are deeply embedded with employers, respond rapidly to changing employer needs, deliver high quality services, and fix problems when they arise. The revenues are critically important for our scale and sustainability.

Over the past two years, as the job market has tightened, several of JVS's employer partners have begun to look to the organization as a source of *new* workers, and now pay us to recruit, train, place and retain new employees for them. This exciting development, which is a function of the change in the job market, would not have happened without long-standing and trusted relationships with our employer partners. These new business avenues also strengthen JVS's ability to negotiate better terms of employment, thus opening up important opportunities for the workers we serve, who are now considered for positions that would not have been an option just a few years ago.

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## HOW JVS BUILT A MARKET-RESPONSIVE ORGANIZATION

Next Gen workforce development organizations require a market-responsive organizational culture to be successful. The leadership and staff of the workforce organization must truly believe that employers are not simply a means to an end, and that the organization exists to overcome challenges and build on opportunities for both employers and workers. While this sounds simple, it is not.

Traditional workforce development organizations, while committed in rhetoric to employer engagement, rarely have the organizational culture required to be market-responsive. Decades of systems and services designed with a human service, anti-poverty framework, and constrained by compliance-oriented public funding regulations, have led to the dominance of non-market responsive cultures in the workforce development field. Many workforce development organizations' staff still consider employers with a degree of suspicion, and speak of employers as owing something their clients and communities. Breaking out of this mold requires a focus on building a different type of culture within Next Gen workforce development organizations. Changing culture requires constant attention to internal messaging, performance incentives, hiring and training.

More than a decade ago, when JVS launched its Business Services division, which provides fee-for-service workforce development services for businesses, the organization made a conscious decision to create a division separate from its traditional client-focused services, and recruited staff with experience in industry training, management and entrepreneurial skills. Over the past decade, as JVS has expanded its Business Services division, we have consciously and carefully incorporated the market-responsive culture of that department into other departments of the organization.

This past year, as employer demand for fee-for-service recruitment, training and placement services grew, JVS Business Services staff teamed up with staff managing our more traditional training and placement programs to co-design and deliver customized programs for employers. The program design and delivery process allowed both teams to learn from each other and improve our responsiveness to both employers and job seekers. Making this transition has not been without its challenges, as staff bring different experience, practices and guiding principles to the table. And, this work takes time, patience and resources as we make progress in changing organizational culture.

Specifically, JVS created a Business Relationships Specialist (BRS) position in every department in the organization. This effort has been several years in the making, with a number of missteps and false starts along the way. The BRS team now meets regularly to coordinate marketing, service delivery, and communication with key employers. This year the BRS team created an "Employer Engagement Guide," which details how we build deeper relationships with key employer partners over time, using case studies and problem-solving exercises. In the coming year, the guide will be the primary focus of all staff training so that we can strengthen our employer engagement and market-responsive culture throughout the organization.

## Not Just Any Old Job

### HOW JVS IS USING THE HOT JOB MARKET TO DRIVE JOB QUALITY

Tight labor markets and rising inequality are generating increased attention on job quality for workers, and important new opportunities have opened for the workforce development field to promote improved job quality. Our experience has

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helped JVS identify four pathways toward higher job quality that Next Gen workforce development organizations can take: Be selective about employers, negotiate the terms of employment, provide opportunities to pursue career advancement, and get “under the tent.”

### **JVS IS BECOMING MORE SELECTIVE ABOUT EMPLOYER PARTNERS**

About two years ago, we began noticing that at JVS graduations, more employers were in the room than graduates. At our occasional industry sector jobs fairs, we found ourselves running out of room to accommodate all the employers who wanted to participate. The solution to this problem seems obvious, and while the details are a bit challenging, the effort is certainly worthwhile. By becoming more selective about which companies we work closely with, based on the quality of their jobs, we can both manage demand and help our clients.

Becoming more selective about which employer relationships to invest in most actively requires two steps. First, we must develop a definition of job quality. But defining job quality is more complex than it might appear, since one employee’s definition is not the same as another’s. For example, some may value predictable and flexible hours more than wages. Similarly, one employer in a particular industry does not face the same constraints and opportunities as another. Acute healthcare organizations, for example, typically have more wage flexibility than long-term care organizations. At JVS we are developing a dynamic definition of job quality that can account for different worker priorities and employer contexts.

A clear and adjustable definition of job quality can be used to develop a screening tool that ranks employers to determine how much to invest in the relationship. JVS’s employer engagement tool defines a

## IMPROVING JOB QUALITY THROUGH GENUINE EMPLOYER PARTNERSHIPS ... IS BEST DONE IN THE CONTEXT OF HELPING EMPLOYERS IMPROVE THEIR ABILITY TO RECRUIT AND RETAIN WORKERS.

progression of deeper relationships with our employer partners and how to achieve them. This, combined with a flexible job quality definition, will be the basis of our job quality screening tool. Many steps remain in this effort, as countervailing pressures to provide services to all employers still exist, and will need to be reconciled.

### **WE NOW NEGOTIATE THE TERMS OF EMPLOYMENT**

Improving job quality through genuine employer partnerships is not a matter of preaching about the importance of job quality, or hectoring a company about how it should run its business. It is best done in the context of helping employers improve their ability to recruit and retain workers, and thus give them an edge over the competition. Next Gen workforce organizations should enter this work cautiously and with a good dose of humility, as it takes a great deal of credibility to be sought out for business advice by your employer partner. Some recent experiences suggest a way forward. In two cases, with two very different employers, we were able to move the employer to set higher wages and better schedules by suggesting that only with these changes would we attract and recruit the quality of employees that they were seeking.

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## **WE EMPHASIZE OPPORTUNITIES FOR CAREER ADVANCEMENT**

Most workforce development services involve discrete education, training and placement programs that are designed to prepare a worker for a specific job. Yet the labor market is not static, and employees often aspire to move up as they improve their skills and look for more challenging and better quality positions either within their current company or with another company. Employers often aspire to create opportunities to retain their employees by presenting them with more challenging tasks and positions once they have achieved mastery of a specific set of tasks.

JVS has been building a comprehensive continuum of worker advancement services for over a decade, and in the current labor market, this is an important model for a Next Gen workforce development organization. One key element of this continuum is that JVS provides both pre-employment services and incumbent worker services, so that individuals who are hired by our employer partners can continue to take advantage of employer-sponsored skill and career advancement classes and coaching.

Several of these partnerships have developed into fully articulated career ladder programs. One example is Hebrew SeniorLife (HSL), the largest long-term care organization in the Boston area. Over the past decade, HSL has hired graduates of JVS's nursing assistant training program, who then have the opportunity to learn additional English, computer and other skills on-site through an incumbent worker training program. As part of a career ladder initiative, HSL created a "Senior CNA" position for highly trained nursing assistants to become managers of key departments, taking on training, supervisory, activity planning, and family relations responsibilities. HSL also created a program with JVS and a local community college to transition nursing assistants into becoming Licensed Practical Nurses.

Other elements of JVS's pre-employment services are designed to help workers "ladder up" as their life circumstances and interests allow. Individuals with limited English speaking ability can take an English for Employment class, get a starter job in the service sector, return to JVS to take certification training programs to attain a better job, and eventually prepare for a college-level certification. Because many higher-level training and education programs require a high school diploma, JVS students can earn this through our adult diploma program. They can dually enroll in our college bridge program when they are approaching graduation, earning college credits toward career pathway certificates and degrees even before completing high school. Creating a fully comprehensive continuum is challenging given how siloed public and private funding remains, but by braiding together multiple sources of funding, it is possible to achieve this goal.

## **WE ARE "GETTING UNDER THE TENT"**

Traditional workforce development puts most of its energy into training and placement. Next Gen workforce organizations that have credibility and meaningful employer relationships can move beyond this role to provide more sophisticated expertise and knowledge about how companies can effectively recruit, retain and advance their employees. Last year, we began working with a Boston-based fast-casual employer, with corporate headquarters in New York. We heard from Boston employees that one corporate-wide policy required a late closing well after midnight, which in Boston meant well after mass transit shut down for the night. We suggested to the employer that they should consider appealing to the corporate office to have an earlier closing time in Boston, so that employees can get home, and to reflect the fact that Bostonians don't have the late night social hours more

## NEXT GEN WORKFORCE ORGANIZATIONS MUST HAVE TWO LEVELS OF DEEP KNOWLEDGE AND RELATIONSHIPS TO BE MEANINGFUL REGIONAL PLAYERS.

common to New York City patrons. The change was made, and recruitment and retention improved.

Through our Workforce Needs Assessment tool, JVS staff can provide employers with insights from their employees that can dramatically help their human resource challenges and improve their bottom lines. Going a step further, JVS is exploring a partnership with HR professionals to add new capacity to our workforce development tool kit, and we have partnered with a local manufacturing organization to add our English language classes to their lean manufacturing services. Either through direct services, or creative alliances and partnerships, a sophisticated Next Gen workforce development organization can expand the value proposition for employers while raising job quality for workers.

### Know Your Own Backyard

#### JVS KNOWS BOSTON AND BOSTON KNOWS JVS

With few exceptions, most workforce development organizations are local, situated in cities, neighborhoods or regions. This is a potential strength, since labor markets are at their heart regional markets. Yet it is the rare workforce development organization that is a leader in its regional labor market. Next Gen workforce development organizations have an opportunity to change that, and become a genuine force within their regional economy.

Next Gen workforce organizations must have two levels of deep knowledge and relationships to be meaningful regional players. They must know and be known in the industry or industries that they work in, and they must know and be known in their region. Focusing on industry sectors has been a popular strategy in the workforce development field for several decades. Though there are notable exceptions, too many sectoral initiatives lack the knowledge and value-based relationships necessary to making sustainable and scalable improvements in job quality, and meeting employer and worker needs in a region.

JVS has employer partnerships in the Boston area that are well over a decade old, and the institutions that we engage with have “exchanged” employees, shared strategies and built genuine trust to address one another’s challenges and opportunities, developing a mature infrastructure of services, resources and best practices.

Regional knowledge is another key element. Regional knowledge requires meaningful engagement with regional business associations, other educational institutions such as community and four-year colleges, community and ethnic organizations, and labor associations, to name a few. Regional knowledge also requires political engagement with local, regional and state leaders who drive both policy changes and resource decisions that can lead regional strategies and help scale effective services. JVS has invested significant time in building relationships with key city, state and regional elected officials and policy makers, through a range of activities from site visits and graduations to engagement in broader policy development efforts and direct lobbying.

Meaningful regional knowledge, engagement and leadership also should include a sophisticated communications strategy. Typically, nonprofit communication is designed to raise the profile of the

# NEXT GEN WORKFORCE ORGANIZATIONS MUST STEP OUT AND ENGAGE ON A BIGGER STAGE, USING THEIR EXPERIENCE AND KNOWLEDGE BY CHANGING POLICY, CHANGING SYSTEMS AND CHANGING PRACTICE THROUGHOUT THE FIELD.

organization above the noise to help drive resources in its direction. This is a laudable and smart goal, but a Next Gen workforce organization can also deploy a strong communications strategy to change policy and practice in its region. One example is to raise up both employer and provider practices that improve job quality, in order to “change the narrative” and demonstrate that employers can and should utilize job quality strategies to improve their competitiveness. JVS has begun to do this through our twice annual “Economic Opportunity Forums” co-sponsored by the Greater Boston Chamber of Commerce and featuring well-known employers and their employees who are using creative strategies to improve job quality.

## Be Bold and Go Big

### HOW JVS STEPPED ONTO A BIGGER STAGE

Most workforce development organizations, JVS included, have focused on service delivery, and typically have avoided efforts to expand their impact and scale through a bigger stage, too often leaving this work to policy organizations that have precious little practical experience delivering services. Not always, but frequently this results in policies and systems that bear little resemblance to what actual workers and employers need to succeed, or that set ambitious visions without the context and humility that on-the-ground practice provides.

With the unique opportunity and challenge we have before us in this moment, Next Gen workforce organizations must step out and engage on a bigger stage, using their experience and knowledge by changing policy, changing systems and changing practice throughout the field.

### CHANGING POLICY

There are a multitude of federal and local policies that either restrict or enable workforce development organizations to help employers and workers, and focusing on one or more policy issues consumes substantial time and resources. The challenge is to identify specific policies that are likely to be changed with regional engagement, will have a substantial impact on regional workers and employers, and provide the opportunity to improve service delivery effectiveness through additional efficiencies, resources or both. A recent example: JVS has engaged in federal policy for work requirements for individuals receiving public assistance. JVS is partnering with the state welfare department in Massachusetts to deliver employment services to individuals receiving foods stamps so that they don't lose their benefits and can attain employment or better jobs. Through our affiliation with the National Skills Coalition, JVS has been testifying before Congress, working closely with USDA administrators, and positioning Massachusetts (and JVS) to deliver more effective services.

### CHANGING SYSTEMS

Systems change is a very challenging undertaking, as systems are often calcified and have multiple interest groups and service providers that will resist change, even if those changes are in the interests of consumers. As with policy engagement, engaging in systems change needs to be done with a strategic focus that can benefit workers and employers, and simultaneously

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improve direct service delivery through efficiencies, additional resources or both. A recent example: JVS's Pay For Success/Social Impact Bond (PFS) project, which provides a very different model of adult education service delivery than is typical under the traditional Adult Basic Education system. The vast majority of adult education students enroll in classes in order to improve their skills (often English language) in order to get a job or a better job. But traditional adult education is designed primarily to support increased language acquisition and education as measured through learning gains, and employment skills and employment are very much a secondary goal.

JVS's PFS project, which combines adult education and employment services to serve nearly 2,000 individuals, also has a systems-change component. We are demonstrating to the Commonwealth of Massachusetts that delivering adult education very differently will significantly benefit workers, employers and the Commonwealth. We are also urging the Commonwealth to evaluate adult education very differently, using administrative wage-earning data as the ultimate judge of success, and only paying for clearly demonstrated success. This systems-change effort, though a major and long-term lift, has already led to significant positive outcomes for workers and employers, and has great promise to transform the adult education system in Massachusetts and perhaps in other states.

### **CHANGING PRACTICE**

Improving workforce development practices and capacity is the third element of a bold public engagement strategy. It is very clear that this is a unique moment for the workforce development field, but the ability of the field to respond to this moment is limited, and there is little learning and capacity development infrastructure to help respond. For example, if Next Gen workforce organizations hope

to build an organizational culture and staff capacity to sell valuable services to employers, they need to learn the methods and skills of for-profit service vendors, including marketing, sales and customer service, integrating those skills into a mission-based organization. "Getting under the tent" means much more than pontificating about what employers should and shouldn't do. It requires extensive and sophisticated human resources management knowledge and tools so that Next Gen workforce organizations can provide real value for employers and their employees.

The workforce development field suffers from a lack of a sophisticated learning community that can advance market-responsive practice. There are few forums for practitioners to share and learn Next Gen techniques and practices, and those that do exist are often stuck in old school practices. Such a forum would need to incorporate both private sector and nonprofit practitioners, tools and methods.

# CONCLUSION AND NEXT STEPS

**T**his economic moment, with historically low unemployment and greater leverage for low-wage workers, will not last forever. A downward economic cycle will eventually recur. It is imperative that the workforce field act now, both to take full advantage of our tight labor market, and to build strong practices, employer partnerships and innovative models that can be sustained beyond the inevitable downturn. Our current set of circumstances presents extraordinary opportunities not only for workforce practitioners, but also for those who are interested in investing in and supporting this timely and important work. For too long, public and private investment in workforce development has been limited, sporadic and quixotic. Pilots are the typical approach, with ambitions of scale stated in rhetoric, but rarely in expandable, sustainable financing. Now we have an exceptional opening to leverage the financial resources and equity opportunities that employers have and may be willing to tap to ensure their competitive success. But these opportunities will remain untapped unless the workforce field takes the leap to Next Gen practices, and that leap won't happen without meaningful change, investment and support.

Workforce organizations will be able to make this leap when they are committed to learning and changing, are well resourced and embrace the four features described in this paper: being market responsive, understanding that all jobs are not the same, knowing their own backyard, and going bold and big. These changes are not easy, and workforce organizations willing to make this leap will benefit greatly from a community of learning, practice and support. JVS is committed to helping build a Next Gen workforce community. We are excited to join with partners in the business community, philanthropy and, of course, practitioners to undertake a range of

high-leverage activities such as sharing practices, models, operational elements and policy change through activities like establishing on-site learning academies, writing practice-focused publications, and advocacy.

As we experience one of the strongest and most sustained periods of economic growth and some of the highest levels of income inequality in American history, we find ourselves with a rare opportunity to step up and make a lasting impact. If not now, when?

## ENDNOTES

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# THE CATAPULT PAPERS

ESSAYS ON THE FUTURE OF WORKFORCE DEVELOPMENT

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## ESSAY TWO

# Scaling Up: Lessons from the Front Lines

BY  
**JERRY RUBIN**

*This essay addresses the importance of scale for Next Gen workforce organizations, the challenges of scaling, and issues that the Next Gen workforce organizations and the broader field need to consider as they scale up their work.*

# SCALING UP: LESSONS FROM THE FRONT LINES

**W**ith historically tight labor markets and stubbornly wide opportunity gaps, Next Gen workforce organizations have an important opportunity—even imperative—to seriously explore how to expand their services. Yet for much of the human service industry, and certainly most of the workforce development field, serious scaling remains something of a holy grail. Foundation and government requests for proposals typically include a section requiring the applicant to describe how its project or model will be sustained and achieve scale, with little to no guidance or additional resources to help bring that to fruition. Much of the in-depth analysis of scaling, like the recent report by the Wallace Foundation,<sup>1</sup> tends to focus on business models rather than the operational elements and specific strategies that are needed to achieve significant expansion. While public and private funders desperately want it, they don't often address what it takes to deliver high quality services at scale, and the calls for it risk becoming empty rhetoric.

This essay explores operational and strategic elements that make it possible for Next Gen workforce organizations to achieve scale. The lessons and conclusions here are drawn from a decade of steady growth in service delivery at JVS and an intensive period of growth over the past two years resulting from participating in the nation's first workforce development Pay For Success/Social Impact Bond project.<sup>2</sup> This essay briefly addresses the range of relevant strategies and examines in more detail six key components of successful scaling for Next Gen workforce organizations: Building an Organizational Culture, Building Staff Capacity, Financing, Technology Utilization, Strategic Partnerships, and Policy and Systems Change.

## Scaling Strategies

It is important to distinguish between impact and scale. Scaling refers to increasing the quantity of services: more individuals served, more locations reached, etc. Organizations that seek to increase the scale of their services, including JVS, typically do this in order to increase their impact. That said, there are many ways to increase impact, and enlarging the size of service delivery is only one. Other ways are to deepen the services delivered to existing clients and customers, or to improve the effectiveness of services. In fact, one could argue—and examples abound in nonprofit, for-profit and public sectors—that increasing scale can actually reduce impact if it is not accompanied by quality control.

There are many ways to increase scale including through replication, expanding service delivery in a particular place, or expanding services with specific customers or client bases. Replication of workforce development services in multiple geographic locations, which has received a lot of attention and resources in the recent past, has a very mixed track record, with the Center for Employment and Training (CET) effort being the best known failure, and more recent efforts like Year Up showing real promise. Other approaches have received less attention and resources.

In 2012, JVS developed a business plan to expand our impact. While some of our new strategies involved deepening our impact with our existing client base, more significantly our plan called for expanding the number of individuals who could and would receive our services.

Our scaling strategy has had two primary dimensions. One is to scale through employer partnerships. JVS has partnered with more than 20 employers, some for more than 10 years, to deliver fee-for-service workforce development services to their incumbent workers and in more recent cases to recruit

and train new employees. Most of our employer partners are major Massachusetts and Boston employers, and while we have added new employers over time, our primary focus has been to deepen and expand our work with our existing employer partners. To that end, JVS now provides workforce development services to nearly 2,000 employees across these employer partners.

JVS's second approach is to expand services in specific communities, including our home city, Boston, and nearby cities in Massachusetts. These "Gateway Cities" are part of a set of 26 cities smaller than Boston, but of a significant size, all of which have large low-income and immigrant populations, and have limited service resources and delivery infrastructure. Our plan was to partner with established and effective organizations in these cities that wanted to deliver workforce development services but lacked the experience, resources or models to be successful. Our primary challenge was how to finance this expansion—or so we thought.

In 2014 the Commonwealth of Massachusetts initiated a Pay For Success (PFS)/Social Impact Bond project to reduce waiting lists for adult education services and deliver those services in a manner that would increase employment outcomes and/or post-secondary attainment for participants. JVS partnered with Social Finance, a financial intermediary with extensive PFS experience, and was selected for the initiative. After two years of intensive work on the part of JVS, Social Finance and the Commonwealth of Massachusetts, we raised \$12.4 million from 40 investors for what became known as the *Massachusetts Pathways Project*. The project will ultimately serve more than 2,000 individuals in Boston and five Gateway Cities over three years. These 2,000 individuals represent approximately a 10x scaling of these services by JVS over that time frame.

## Six Key Components for Increasing Scale

### I. ORGANIZATIONAL CULTURE

Undertaking a major scaling effort first and foremost requires that an organization build a culture that is able to contemplate and then execute something so new and challenging. Many nonprofit organizations are comfortable with their current scale and organizational focus, and their culture reflects a largely status-quo approach. Significant scaling requires an organizational culture that is committed to growth, understands the challenges it requires, is willing to take risks, and perhaps most importantly, encourages innovation and continuous improvement throughout the organization.

Achieving greater scale requires that an organization have the leadership, staff and board with the ambition, imagination and skills to envision big change, and the ability to successfully implement it. Staff leadership is critically important to build and nurture a great organizational culture, to push and support innovation, and to lead excellent operational implementation. A board that has the ambition, expertise and culture of organizational ownership is also necessary.

Building an organizational culture that believes in and successfully executes scale requires three key behaviors by leadership: communication of vision, transparency, and commitment to innovation and continuous improvement.

#### Communication

Communicating clearly and regularly about the benefits to the organization and its clients and customers of the scaling effort is critically important. The benefits must be real and demonstrable, and then communicated clearly so that staff fully understand and are excited by the possibilities. JVS has built

ACHIEVING GREATER SCALE REQUIRES THAT AN ORGANIZATION HAVE THE LEADERSHIP, STAFF AND BOARD WITH THE AMBITION, IMAGINATION AND SKILLS TO ENVISION BIG CHANGE, AND THE ABILITY TO SUCCESSFULLY IMPLEMENT IT.

communication about both of our big scaling efforts—with employer partners and through PFS—into bi-annual staff retreats, brown bag sessions, internal communications, board meetings and external communications.

### **Transparency**

Scaling has real risks, and these must also be shared with complete transparency. The PFS project had many high-stakes, high-risk moments, including a change in state administration, a change in federal administration and refugee/immigrant policy, and a complete change in the labor market, as unemployment dropped from 8 percent to below 4 percent. In order to ensure that the project moved forward, JVS put at risk \$1.5 million of its own funds as the closing of the financing was delayed, only to experience the surprise election of Donald Trump and the near shutdown of the U.S. refugee program, an important constituency of the project. It was critically important that key board members and organizational leaders were kept current on these risks, what the upside was, and how we were managing the risk. The decisions on how to proceed in the face of risk were made with complete transparency and consensus.

### **Innovation and Continuous Improvement**

Organizational commitment to innovation and continuous improvement is critically important to ensure that scaled services will be successful. As programs are scaled, they are very unlikely to proceed exactly as planned and will require constant change and improvement. Organizations need to understand that this is the reality of scaling so that both board and staff are not caught by surprise, are willing and able to make and analyze mistakes, make rapid adjustments, and try nearly anything to succeed. JVS has supported this culture through continuous improvement (CI) training, structured and regular continuous improvement projects throughout the organization, celebration of CI and innovation, and even the creation of an annual Innovation Small Grant Fund competition for all staff.

## **2. STAFF CAPACITY**

Beyond the creation and support of organizational culture that can support and execute scale, organizations need strong and specific staff capacity to deliver expanded high quality services.

Going to scale raises the bar on performance to a level that few nonprofit organizations have experienced, and that has serious implications for overall staff capacity. While many nonprofits have operated performance contracts through public agencies, typical outcome measurements are process outcomes, and data is largely self-reported. Large scale projects, particularly those involving some kind of pay-for-performance model, may involve investors who are taking serious financial risk, and therefore require true outcome measures such as wage gains, determined and verified by a third-party evaluator, often utilizing sophisticated results measurements such as random control trials.

## SOPHISTICATED HUMAN RESOURCE MANAGEMENT SKILLS ARE NECESSARY TO RECRUIT, TRAIN, RETAIN AND DEVELOP THE STAFF TALENT NECESSARY TO OPERATE AT A BIGGER SCALE.

This level of performance requirements leaves little room for slippage and an organization will quickly find itself out of a major contract and with a seriously marred reputation should it falter. From a staff capacity and operations perspective, what might have been quarterly or monthly outcomes data analysis becomes weekly or even daily. Even with a high performance organization, there is a palpable shift to a “no fail option” culture, which is both empowering and potentially exhausting for staff. Not all staff will be comfortable with a changing organizational culture that puts even greater emphasis on measurement and results, and ongoing communication and support is critically important.

Beyond ambition, innovation and overall operational competence, significant scaling requires several specific staff capacities:

- ➔ **Program design skills** allow an organization to turn an outcome goal and a program delivery idea into an executable service delivery model. This is akin to the Design for Manufacturability role in the manufacturing sector, which sits between product design and the actual production process. Playing this role successfully requires extensive field experience and years of making mistakes and learning.
- ➔ **Operations management skills** are necessary to put the program design or model into action in the field on a much larger scale than has been done before. Even more critical is the ability to change and adapt the model as one encounters changed environments, surprises and failures—which will happen. In addition to extensive program and staff supervisory experience, necessary operations management skills at this level include strong teamwork capabilities, as the new scale will likely cut across departments. And, since the new scale also will likely involve multiple partners,

partnership building and management know-how will also be required.

- ➔ **High level financial management skills** are also critical. Scaled financing requires financial planning, analysis, modeling, and management that many non-profit organizations have not encountered. Adding 20 percent growth to an organizational budget in one year, as our PFS project did, requires careful cash flow management, sophisticated budgeting and modeling, and increased daily operational accounting capacity.
- ➔ **Sophisticated human resource management skills** are necessary to recruit, train, retain and develop the staff talent necessary to operate at a bigger scale. The JVS Pay For Success project required us to hire 50 new instructors and coaches in a six month period, in the face of a near full-employment job market. Prior to undertaking this project, we had one ¾ time HR manager with limited HR experience plus a contracted recruiter. We now have an experienced and skilled HR VP, a full-time recruiter using an online applicant tracking system to manage our staff growth, and have outsourced payroll and benefits functions in order to manage our new size efficiently. Careful recruiting, screening and training are required, and managing turnover, particularly in a high-growth, high-pressure environment, has

to be done well and under time pressure. Since most of our new staff were delivering service in remote locations, we had to be careful to screen for autonomous work skills, and carefully stage staffing to take advantage of existing trained staff to start new programming, and then fill in behind them with new hires who could be mentored over time.

### 3. FINANCING

A major barrier to increasing the scale of workforce development services is financing. Scaled service delivery, even with great efficiencies and technology utilization, still requires capital for staffing, infrastructure and program elements such as support services and paid work experience to dramatically boost program effectiveness. Securing financing to sustain service delivery—let alone scale it—is a major challenge.

Philanthropic funding for workforce development is limited to a few national foundations, a few local foundations and a limited number of high net worth individuals who are significantly concentrated in major metropolitan areas. Even more problematic is that most philanthropic funders invest most significantly in program innovation, and rarely in long-term program support or organizational capacity development.<sup>3</sup> It is not unusual for philanthropic funders to implement a funding strategy that assumes that after seeding an innovative workforce development model to demonstrate success, the public sector will take responsibility for sustaining and scaling the service. This is a fallacy.

After decades of declining funding, federal investment in workforce development is at a historic low, and with a few exceptions, state funding—often limited by budget constraints or lack of will—has not made up the difference. For the most part, public

## WITH LITTLE EVIDENCE OF CHANGE LIKELY IN THE FUTURE, TRADITIONAL PUBLIC FUNDING OF WORKFORCE DEVELOPMENT IS NO LONGER A PROMISING SOLUTION FOR SCALE.

contracts do not cover the full cost of direct service delivery, rarely cover organizational overhead, and almost never cover organizational capacity development. With little evidence of change likely in the future, traditional public funding of workforce development is no longer a promising solution for scale.

If philanthropy has the resources and the will to engage in scaling, there are two important principles to consider. First, philanthropy should invest in what works over the long haul. If service delivery models have clearly demonstrated success, rather than move on to the next new model and assume some other funding source will enable scaling—which is highly unlikely—philanthropy should double down and help the organization sustain, scale and continue to improve its service model. A second principle to consider is investing in the organizational capacity needed to scale proven service delivery models. Investing in the kinds of operational capacity described in this paper will help ensure that a Next Gen workforce organization will both be successful and be more likely to attract other financing.

That said, there are two promising avenues for financing scale, one private and one a public-private hybrid. First, employer financing of workforce development is a highly underutilized but very promising resource for Next Gen workforce development organizations. JVS has been paid by its employer partners for workforce development services for more than a decade. Revenues from these

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contracted services—mostly for incumbent worker education, training and coaching—are almost \$2 million annually. Over the past two years, as the Massachusetts labor market has achieved near full-employment levels, employers have begun paying JVS to find, recruit, train and retain new employees. This growing business has enormous potential for scale, as it is limited only by market demand and the ability of JVS, or any Next Gen workforce organization, to deliver high-quality services. Employer financing of workforce development of course requires extremely responsive and robust service delivery, a topic addressed in the first paper in this series.

Second is the growth of non-traditional financing such as Pay For Success/Social Impact Bond (PFS) financing that blends public and private capital. The PFS financing model involves a public entity, typically state or local government, issuing debt that is purchased by private investors. The investors' funds are made available to a service provider to expand services. Investors are re-paid with a market return by the issuing public entity if and only if the service delivery outcomes are successful. In the case of JVS's PFS project, the 40 investors will be repaid based on successful wage gains for participating clients, determined by administrative wage data and independent evaluation. The benefit to the Commonwealth of Massachusetts in the short term is to try a new service delivery model at scale without financial risk, and in the long term reap the benefits of increased tax revenues. PFS financing is a very young and unproven model, but it is one of several new public financing models that open up novel ways of raising significant capital for effective human service delivery.

#### 4. TECHNOLOGY

Significant scaling of service delivery requires careful and intentional investment in and utilization

## SIGNIFICANT SCALING OF SERVICE DELIVERY REQUIRES CAREFUL AND INTENTIONAL INVESTMENT IN AND UTILIZATION OF TECHNOLOGY.

of technology, both at the level of organizational operation and of service delivery. There are three primary operational areas that can help successful scaling with appropriate technology investments: internal operational systems, data management and direct service delivery. JVS has invested significantly in the first two areas, and recently began a multi-year planning and investment effort to improve technology utilization in direct service delivery. Internal operational systems can benefit from technology investments at all levels of the organization. JVS spent two years moving to an outsourced IT service in order to improve our ability to manage rapid technology changes and reduce costs. We also invested in cloud-based technology and recently implemented an online applicant tracking system for our Human Resources department.

Scaling service delivery requires sophisticated data management and analysis capacity. When JVS began the PFS project we had been using the *Efforts to Outcomes* database package for nearly a decade and were comparatively advanced users. Undertaking the PFS project required far more sophisticated and better quality data collection, data manipulation and analysis than we had ever done before, such as integrating the use and analysis of public administrative data sources. In the year before service delivery began, we created a new position, Manager of Data Quality and Utilization, and hired an experienced individual from private industry as well as a more junior but highly-skilled individual with nearly 10 years of experience in a similar nonprofit organization.

As JVS has expanded into new employer sites and new communities, the need to move beyond our traditional classroom-based teaching and in-person coaching has become even more apparent. To that end we are working with a technology strategy consultant who is helping us explore high-impact technology investment options such as a Learning Management System that can connect all teaching staff regardless of location, online course development tools to create hybrid teaching and learning models, and more effective client management systems.

## 5. STRATEGIC PARTNERSHIPS

The for-profit sector has long achieved growth through sophisticated strategic partnerships. The nonprofit sector is less adept at this work, with organizations often choosing to emphasize their own models and service delivery rather than partnerships. In many cases this behavior is encouraged by philanthropy, which is often more likely to invest in new organizations in a community than to invest in existing organizations and encourage partnership and collaboration.

As Next Gen workforce organizations achieve significant scale, strategic partnerships should be seriously considered as an efficient alternative to providing all elements of service delivery. Over the last several years, JVS has successfully pursued strategic partnerships with low-income housing, child care, healthcare and other social service organizations that can connect their clients to JVS services and provide services for JVS clients.

Under the PFS project, JVS needed to expand rapidly into five new communities. Instead of creating a branded JVS presence in each community, which would have created political challenges for an “outsider” organization and required enormous infrastructure investment, we partnered with

## STRATEGIC PARTNERSHIPS DO REQUIRE TIME, STAFF EXPERTISE IN MANAGING THEM AND, IN SOME CASES, SPECIFIC DOLLARS TO SUPPORT SUB-CONTRACTED WORK.

strong community organizations in each new city to provide a range of outreach, recruitment and facilities under sub-contracts. These organizations included community health centers, community development corporations and ethnic service organizations.

Managing these partnerships with the high stakes under PFS has not always been easy, and some partnerships have been terminated. However, scaling the project so quickly would not have been possible without these strategic partnerships. It is important to note that strategic partnerships do require time, staff expertise in managing them and, in some cases, specific dollars to support sub-contracted work. Funders and investors should acknowledge the value and pay for the true cost of effective strategic partnerships.

## 6. POLICY AND SYSTEMS CHANGE

One other strategy for maximizing impact and achieving scale is policy and systems change. Changing big public systems is not easy and requires time, resources and skills, but it can have a big pay-off—both in the form of scaled financing and more efficient service delivery. JVS has had experience with two types of policy and systems change work that are relevant for Next Gen workforce organizations.

First, the federal government’s SNAP-ET program (foods stamps, employment and training) is one of the largest sources of workforce development funding in the federal budget, yet it is underutilized. SNAP-ET provides 50 percent matching funds for any non-federal spending that provides workforce

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development services for food stamp–eligible individuals. And, there is no maximum limit for how much SNAP-ET funds a state can draw down from the federal government. Massachusetts, like many states, had created a SNAP-ET program that was so conservative from a compliance perspective that it was largely nonfunctional. JVS, along with other service provider and advocacy allies, worked closely with staff at the U.S. Department of Agriculture to help the Commonwealth re-design its SNAP-ET program so that it works, and now brings more than \$2 million annually to Massachusetts for workforce development services. We believe that with further work, the Commonwealth could quadruple these resources directed toward workforce development organizations. There are also other areas of underutilized funding sources that could be leveraged through advocacy and systems changes.

A second example of public policy and systems change work is embedded in the Pay For Success project. Through the PFS project, JVS is not only substantially expanding service delivery, but also advocating for the Commonwealth to change the way it delivers and pays for adult education services.

The Commonwealth’s Adult Education line item is more than \$30 million annually, yet because of outdated program design and administrative regulations, the dollars are not utilized effectively as a workforce development resource. The PFS program design blends English language and jobs skills training, includes intensive employer-facing job development, and is paid for based on demonstrated wage gains rather than traditional learning gains outcome measurements. JVS is using the PFS project to influence the state administration to transition the current adult education to one more focused on employment outcomes. If we are successful, the effort will open up substantial resources for workforce development and allow service providers to deliver more efficient and effective services.

# LOOKING AHEAD

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**A**s the job market continues to tighten, and employers are compelled to probe the “un-tapped” labor force in order to fill vacancies, Next Gen workforce organizations will have important opportunities to expand their services, meet employer demand and serve far more clients. Rarely has the idea of scale in the workforce development field been more meaningful. That said, Next Gen workforce organizations must change their cultures, build their internal operational capacity, and increase the efficiency and replicability of their services or they will miss this historic opportunity.

The nation’s historically tight labor market provides investors in the workforce development field a unique opportunity to move the scaling discussion beyond platitudes by investing in the capacity and service models of high performing Next Gen workforce organizations. Achieving scale requires major philanthropic and public resources invested consistently over time, at least until a significant portion of the budget can be supported by fee-for-service revenues. This may in turn require funders and investors to make hard choices: funding fewer organizations for far longer periods of time. There are few meaningful alternatives.

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# THE CATAPULT PAPERS

ESSAYS ON THE FUTURE OF WORKFORCE DEVELOPMENT

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## ESSAY THREE

# Not Just Any Job: How Next Generation Workforce Organizations Can Help Improve Job Quality for Workers and Competitiveness for Employers

BY

**JERRY RUBIN**

*This essay calls for and describes how Next Gen workforce organizations can leverage job market conditions to improve job quality for workers and improve employer competitiveness.*

## WHY TALK ABOUT JOB QUALITY?

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**F**or the three decades following the Second World War, American workers could count on steadily rising standards of living, fueled by consistent robust economic growth and public and private policies that supported shared prosperity. Beginning in the 1970s, those trends, which propelled millions of Americans into the middle class, began to change dramatically, and in the four decades since, American workers have seen their wages stagnate and their standards of living steadily decline. As the nation began recovering from the Great Recession, the most significant economic decline since the Great Depression, and new job creation expanded, wages and job quality more broadly continued to lag far behind economic growth and declining unemployment. Despite robust job growth over the past two years, wages continue to fall behind what most economists have expected.<sup>1</sup>

That said, in many regions of the country, including my own in Massachusetts, wages and broader job quality have shown significant improvement amid historically low unemployment rates. This change has been so profound that JVS employer partners are having great difficulty finding and retaining workers, and are pursuing a wide range of strategies to make their continued growth feasible. Current tight labor markets are creating a “once in a generation” opportunity for workforce development organizations, when the interests of employers, who are desperate to secure talent, and the interests of workers and the “untapped workforce,” who have been left out of earlier periods of economic growth, are aligned.<sup>2</sup> In this period, while broader policy efforts to improve job quality will continue to be critically important, extremely tight labor markets create an opportunity for market-driven job quality improvement fueled by changing employer practices, high-quality workforce development services, and highly effective Next Gen workforce development organizations.

# CHANGING OUR FRAMEWORK AND NARRATIVE

**T**o successfully leverage the current market opportunity, Next Gen workforce organizations will need to adopt a new narrative and operating framework. Most importantly, we will need to move to a framework in which we recognize the common interests of employers and workers in a tight labor market. Employers need to recruit and retain workers if they are to continue to operate and grow. In a full employment economy, employers that can change their policies directly influencing job quality to allow them to tap the untapped workforce will be the most successful. They will be “employers of choice.” Employers who do not will find themselves left behind.

From the workers’ perspective, job seekers who can position themselves most effectively to be hired by employers of choice—by improving their job-related and job search skills as well as by making the right connections—will find employment, and see higher wages, better hours and overall better job experiences.

In this changing landscape, both employers and workers may find navigating the new reality challenging. Employers may not find it easy to change job quality policies that position themselves as “employers of choice” and allow them to tap the untapped workforce. Workers may not find it easy to understand the exact skills employers of choice are looking for, attain those skills, and get a foot in the door with those employers of choice. Therefore, this intermediary role—helping employers become “employers of choice” and helping workers become “employees of choice”—is precisely the role of Next Gen workforce organizations in this historic moment.

The narrative that will need to accompany this role for Next Gen workforce organizations cannot be a scold, in which we stand on a soapbox and tell employers that they should improve job quality.

We need to adopt a consultative and strategic partnership perspective, in which we work closely with employers to develop and implement policies that will make them employers of choice and improve their competitiveness. Of course, that requires that Next Gen workforce organizations have something to say, and have the skills, knowledge and relationships with employers to be given the opportunity to provide genuinely valuable assistance, and then effectively deliver that help. The remainder of this paper addresses four important strategies that Next Gen workforce organizations can adopt to become effective intermediaries between employers of choice and employees of choice:

1. Crafting a Dynamic Definition of Job Quality
2. Applying a Dynamic Definition of Job Quality
3. Next Gen Job Training
4. Moving Beyond Job Training

## **Crafting a Dynamic Definition of Job Quality**

Before we can effectively help employers and workers take full advantage of job quality opportunities, we need to clearly define what we mean by “job quality.” Most of us think about job quality primarily in terms of pay, and perhaps benefits, but it is far more complex than that. At JVS, we surveyed our own employees about what they valued most about a job, and we asked them to survey their clients. The results were fascinating, and complex. One employee’s definition of what makes a great job is not the same as another’s. For example, some may value predictable and flexible hours more than wages. Others may put a premium on proximity to home, while others may place more value on the culture of the company or how they are engaged, valued and empowered. And, as workers attain higher quality jobs, their priorities change.

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From our surveys, we identified five common factors that our clients consider for their own definition of job quality: salary, stable scheduling, benefits, supportive managers and career ladder opportunities, in that order. And, we identified that as the basic foundation of job quality—wages and benefits—improves, workers then prioritize more aspirational elements such as career ladders, organizational mission and company values.

Employers' definition of job quality also varies significantly from one industry to another and even one employer to another within the same industry. Employers in one industry do not face the same constraints and opportunities as an employer in another industry. Acute healthcare organizations, for example, tend to have more wage flexibility than most long-term care organizations, which are more captive of public reimbursement policies. Fixed-shift organizations may have less scheduling flexibility than others.

At JVS we are developing a dynamic definition of job quality that can account for different worker priorities and employer contexts. That said, our goal is to create a flexible and practical definition that incorporates some basic values and strategies that will help employers in any industry be employers of choice. JVS is beginning to develop a job quality benchmarking tool based on data derived from our large client data base, JVS coaches' extensive experiences with clients and employers, and self-reported data from employers.

An excellent framework for defining job quality is the hierarchy of job design components developed by workforce development consultant Steven Dawson.<sup>3</sup> The National Fund for Workforce Solutions has assembled a comprehensive set of resources to help develop and implement job quality strategies (<https://nationalfund.org/job-quality-resource->

WE IDENTIFIED THAT AS THE BASIC FOUNDATION OF JOB QUALITY—WAGES AND BENEFITS—IMPROVES, WORKERS THEN PRIORITIZE MORE ASPIRATIONAL ELEMENTS SUCH AS CAREER LADDERS, ORGANIZATIONAL MISSION AND COMPANY VALUES.

center/). Other frameworks and tools have been or are being developed by workforce development and related organizations and may be helpful for Next Gen workforce organizations and employers as they develop their own flexible and practical definitions of job quality.<sup>4</sup>

### **Applying a Dynamic Definition of Job Quality**

A flexible and practical definition of job quality can be used by Next Gen workforce organizations to help determine how to prioritize employers and how much to invest in the relationships. All organizations have limited resources, and in a tight job market, we have the luxury to be more selective about how and with whom we deploy those resources. This has some very practical implications as the job market continues to heat up. Beginning two years ago, JVS began seeing more employers show up for graduations and job fairs than graduates. Simply on the basis of space constraints, we can only accept a fixed number of employers and quickly realized that “first come first served” was perhaps not the most strategic approach to use. Also, our staff have limited time, and while we might not walk away from employers, we are now

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prioritizing which companies we will work with most intensively.

With these constraints and opportunities in mind, the JVS team developed an Employer Engagement Guide that defines four phases of deeper relationships with employer partners and how to achieve them. Our job quality benchmarking tool is being overlaid on the Employer Engagement Guide in order to strategically deploy resources and determine which employers to more deeply engage.

The tight job market is giving us important opportunities to use these tools in real time. Recently, our team was approached by a long-term care organization to explore creating a Talent Pipeline recruitment and training program (explained further below) for them. We had received information from graduates of our Certified Nursing Assistant (CNA) program who had worked there, as well as their JVS coach, suggesting that the company's pay was comparatively low, and that there were internal challenges around supportive management. After analysis of our data base, we determined that the company's pay rate was \$2.50 below the average hourly earnings of our CNA graduates. With that information in hand, JVS's staff consulted with the company and explained that we would not be able to successfully recruit and train for them with their current pay level and delicately brought up internal management challenges. The company will continue trying to recruit on its own and is considering purchasing coaching services from JVS to supplement its retention efforts. JVS staff made several recommendations to improve retention, including managerial training and conducting a Workforce Needs Analysis (WNA) for company leaders to assess where challenging education and skills gaps exist with their current staff and also to explore staff-generated ideas for operational improvements. Of course, our hope is

that the company ultimately considers changing its policies for the benefit of its employees and so that we can effectively help its managers recruit and retain employees.

## Next Gen Job Training

Job training is the traditional bread and butter of the workforce development field. In this very tight labor market we have an opportunity to transition to new models of job training that more effectively tap market forces, better serve lower-income and lower-skill workers with higher quality jobs, better serve employers, and are far more sustainable and scalable than traditional approaches.

### **TURNING JOB TRAINING UPSIDE DOWN: THE TALENT PIPELINE MODEL**

When workers are hard to find, employers are willing to pursue approaches to recruiting talent that they would not consider in a softer job market. JVS is experiencing this dynamic and is acting quickly to take advantage of the opportunity by re-designing our traditional job training programs into a new "Talent Pipeline" model. Traditional job training programs train job seekers and then introduce them to prospective employers, and training costs are paid by public sources like the Workforce Investment and Innovation Act, or by philanthropy. In the Talent Pipeline model, trainees are either pre-hired at a training wage or promised a position upon graduation by an employer partner who pays for their training on a per-trainee basis. The employer partner also provides JVS with real-time skill and hiring requirements for curriculum development, and our staff shadow the roles they are recruiting for and conduct in-depth interviews with HR and hiring managers. JVS recruits and screens to the company's specifications and narrows the field of candidates to a small cohort.

## WHEN WORKERS ARE HARD TO FIND, EMPLOYERS ARE WILLING TO PURSUE APPROACHES TO RECRUITING TALENT THAT THEY WOULD NOT CONSIDER IN A SOFTER JOB MARKET.

Utilizing JVS staff recommendations, the employer partner makes the final selection of candidates who will go through training to be hired upon successful completion, or be hired at a training wage during training. This is a critical feature as both the risk and rewards are shared by both the employer and JVS.

Traditional training programs typically start from the supply side, focusing primarily on key questions such as: Who are the job seekers? What are their skills and gaps? How do we fill those gaps and make them employable? Under this new model, we start from the demand, or employer perspective: What are the vacancy rates for this position? What skills does this employer need to hire for? What skills do typical applicants lack? Why do some hires fail while other hires succeed? How much is the employer paying to secure this talent by other means? What is the cost to the employer when unable to fill critical positions? How fast can we recruit and train job seekers to be prepared for these roles?

### Improving Job Quality

The Talent Pipeline model is an important tool for improving job quality. For example, in order to attract high quality applicants and impact retention, a large healthcare organization piloting the Talent Pipeline model with JVS for nursing assistants agreed to offer program applicants higher wages, full time hours, predictable schedules, and benefits packages. In this pilot current graduates were guaranteed stable

schedules, full-time hours and \$15.45 per hour. For comparison, in our traditional nursing assistant training program, only 55% of initial hires are full-time, and the average wage is \$15.09 per hour. The combination of a higher hourly rate and full-time employment has increased weekly earnings for graduates significantly.

In a second Talent Pipeline pilot focusing on pharmacy technicians, three participating hospitals have also committed to full-time jobs and wages for all successful graduates starting at \$16.30, \$17, and \$22 per hour, and those at the lower end are reconsidering how to compete with those at the higher end. For comparison, only 71 percent of other employed graduates of our traditional pharmacy technician training program start full-time, and they earn on average \$15.08 per hour. As a result of negotiating these higher wages from the three hospitals, a participating retail pharmacy employer recently agreed to increase starting wages for JVS graduates from \$12 per hour to \$15 per hour in retail stores and \$19 per hour in their specialty pharmacies.

### Generating Revenue

The Talent Pipeline model generates revenue from employers to support the services. Without the Talent Pipeline model, JVS's ability to expand our job training and placement services is largely constrained by limited public and private funding. Now our success in recruiting and training high-quality candidates for employers should lead to substantial growth, limited only by employer hiring demands and our own capacity. And, while we can be confident that the current tight job market will not last forever, our goal is to establish ourselves as a proven, high-quality source of talent that will be in demand, regardless of the ups and downs of the job market.

### TAPPING THE UN-TAPPED LABOR MARKET

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Another advantage of tight job markets and Next Gen job training strategies is that they allow us to secure good jobs for individuals who might not have been considered by employers of choice in a softer job market. Two years ago, JVS's traditional pharmacy technician program graduates were hired exclusively by retail pharmacies, which have different hiring requirements than their hospital counterparts. Hospitals were not interested in considering our candidates. This year, not only are three of the largest hospitals in Boston hiring our pharmacy technician graduates, but they are paying us to recruit and train them. The same dynamic has happened with nursing assistants, as major Boston hospitals are hiring our graduates for the first time, and are seeking proposals from JVS to create Talent Pipeline programs for them. We are now beginning to plan for migrating this new model to other traditional training programs in retail banking and hospitality/food service because employer investment means better outcomes for both employers and workers.

Admittedly, while a tight job market creates opportunities for the un-tapped workforce, engaging with employers on a fee-for-service basis through the Talent Pipeline model runs the risk of having some employers setting higher hiring standards than employers we've worked with in our traditional job training programs. If this situation is not managed carefully it could in some cases actually result in providing fewer opportunities for candidates with more barriers to employment. We are managing this challenge in two ways. First, as we have engaged with new employers of choice, we continue to work with our traditional employers so that we can ensure that a wide range of graduates can be placed. And, we leverage our relationship with a range of employers to influence them to gradually increase the attractiveness of their jobs in order to compete with employers of

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STRATEGY.

choice for workers. For example, in our Pharmacy Technician Training Program we continue to work with retail employer partners, who have more flexible hiring standards, as well as hospital partners with tighter hiring standards, and work to influence both to raise the quality of their jobs.

The Talent Pipeline model also gives us the opportunity to work closely with employers we have built trust and credibility with to consider a wider range of candidates whom we stand behind, giving us the opportunity to leverage our trusted relationship with them to change hiring standards that were not essential to good job execution but were habitually applied. Recently, we convinced a hospital partner, who hired us to recruit for a very difficult-to-fill position, to reduce the required English language skills for the position, increase the hourly wage, and consider dropping the requirement for a high school diploma.

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An additional concern is that the program staff of traditional workforce organizations, with deep experience and cultures rooted in client-focused and human service-oriented approaches, are likely to struggle as they make the transition to a more employer-led, market based workforce development strategy. As JVS has begun to transition our traditional job training programs to incorporate the Talent Pipeline model, we have encountered several kinds of internal organizational challenges that other organizations are likely to face as well. The first is a very fundamental tension about our mission and strategies. Some of our colleagues have fully embraced the idea that rooting our work more deeply with our employer partners is necessary to most effectively serve our clients. Others are more skeptical, raising legitimate concerns that we may move away from harder-to-serve clients or put less emphasis on protecting the interests of our clients when they don't coincide precisely with the interests of our employer partners.

The second is concern over autonomy and control. In traditional job training programs, instructors and coaches are the masters of their universe: Classes are typically held in our own facility, curriculum and coaching methodologies are developed by JVS, and students are selected by our staff. Talent Pipeline programs can be held, at least in part, at the workplace, with its own set of rules and culture that our instructors and coaches need to abide, curriculum is developed jointly, candidates are selected by the employer, and results are developed and impact is measured by a paying customer. This dynamic can understandably be very challenging to instructors and coaches making the transition.

Lastly, paying customers have very high expectations, and particularly when you are forging a new market, high quality delivery is critically

## INCREASING JOB QUALITY FOR WORKERS AND EMPLOYERS REQUIRES THAT NEXT GEN WORKFORCE ORGANIZATIONS PROVIDE A CONTINUUM OF TRAINING AND SUPPORTS

important. This dynamic places a great deal of pressure on staff who may feel like they are under a microscope, and are being judged by new standards of performance. All three of these internal challenges are manageable if they are acknowledged and addressed sensitively and effectively, but they are significant challenges nonetheless.

### **LADDERING UP: PROVIDING A CONTINUUM OF TRAINING**

Increasing job quality for workers and employers requires that Next Gen workforce organizations provide a continuum of training and supports that allow workers to increase their skills, move into higher level jobs, and earn more over time. From the employer perspective, a continuum of training is a key component of an effective retention strategy, and employers of choice understand that retaining and developing internal talent is a cost-effective approach.

Most workforce development services involve discrete education, training and placement programs that are designed to prepare a worker for a specific job. But this does not reflect the real dynamics of the job market, the aspirations of workers and the needs of employers.

JVS has been building a comprehensive continuum of worker advancement services for over a decade through deep, long-term and trusted employer relationships. In today's labor market, this approach is an important element of a Next Gen

workforce development and job quality strategy. One key component of this continuum is that JVS provides both pre-employment services and incumbent worker services, so that individuals who are hired by our employer partners can take advantage of employer-sponsored skill and career advancement classes and coaching.

Several of these partnerships have developed into fully articulated career ladder programs. One example is Hebrew SeniorLife (HSL), the largest long-term care organization in the Boston area. Over the past decade, HSL has hired graduates of JVS's Nursing Assistant Training Program, who then have the opportunity to learn additional English, computer and other skills on-site through an incumbent worker training program. As part of a career ladder initiative, HSL created a "Senior PCA" position for highly trained nursing assistants to assume a leadership role on their floors, taking on training, mentoring, activity planning and family relations responsibilities. HSL also created a program with JVS and a local community college to transition nursing assistants to Licensed Practical Nurses. In another example, Children's Hospital has created career ladder opportunities to allow Environmental Services employees to have training opportunities and coaching that prepares them for administrative and other higher-level positions within the hospital.

Other elements of JVS's services are designed to help workers "ladder up" on their own as their life circumstances and interests allow. Individuals with limited English speaking ability can take an English for Employment class, get a starter job in the service sector, return to JVS to take certification training programs to attain a better job, and eventually prepare for a college-level certification. For example, graduates of JVS's CNA certificate program often return after several years working in long-term care to enroll

in our Bridges to College program to prepare for a nursing degree.

Because many higher-level training and education programs require a high school diploma, JVS students can earn a diploma through our adult diploma program. They can dually enroll in our Bridges to College program when they are approaching graduation, earning college credits toward career pathway certificates and degrees even before they graduate from high school. Creating a fully comprehensive continuum is challenging given how siloed public and private funding remains, but by braiding together multiple sources of funding, it is possible.

## **Moving Beyond Job Training**

As employers seek to become employers of choice and compete for a limited pool of talent, they are considering a wide range of practices that make their company more engaging for employees and more productive and profitable. Creating a great workplace goes far beyond skills training, which is the traditional bailiwick of workforce development organizations. It includes a wide range of human resource policies and practices that support employees, creating career ladder opportunities, re-designing jobs to take fuller advantage of employees' talents and creativity while supporting productivity improvement, changing enterprise practices through more transparent sharing of financial information or even sharing profits and creating employee stock ownership opportunities. Next Gen workforce organizations, which have credibility and meaningful employer relationships, can move beyond their traditional role to provide more sophisticated expertise and knowledge about how companies can effectively recruit, retain and advance their employees, while increasing their profitability. By doing so, they will have an important opportunity to affect job quality.

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Not all employer policy changes are complicated or require sophisticated human resource or job re-design knowledge. In an early Talent Pipeline pilot project, we convinced an employer partner to offer participants guaranteed full-time positions, with predictable and fixed schedules at specific locations, which are not the typical conditions for long-term care workers. Another employer partner is working with JVS to re-design physically demanding jobs so that older nursing assistants, with many years of experience, can continue to work for the company.

In order to move beyond one-off insights like those described above, JVS developed a Workforce Needs Analysis tool through which JVS staff can provide employers with insights from their employees that can inform employers about employee challenges, skill gaps and aspirations, and ultimately improve their bottom lines. There is a growing body of tools and methodologies linking job quality to enterprise competitiveness, and Next Gen workforce organizations should consider learning from them and using the tools. Zeynep Ton's Good Jobs Institute at MIT Sloan is regularly generating new research and ideas for improving job quality and competitiveness, and Ton's book *The Good Jobs Strategy* is an excellent primer.<sup>5</sup>

EITHER THROUGH DIRECT SERVICES, OR CREATIVE ALLIANCES AND PARTNERSHIPS, A SOPHISTICATED NEXT GEN WORKFORCE DEVELOPMENT ORGANIZATION CAN EXPAND THE VALUE PROPOSITION FOR EMPLOYERS WHILE RAISING JOB QUALITY FOR WORKERS.

Next Gen workforce organizations don't need to develop this expertise or do this work alone. JVS is partnering with HR professionals to add new capacity to our workforce development tool kit, and we have partnered with a local manufacturing organization to add our English language classes to their lean manufacturing services. Either through direct services, or creative alliances and partnerships, a sophisticated Next Gen workforce development organization can expand the value proposition for employers while raising job quality for workers.

# NOW IS THE TIME

**N**ext Gen workforce organizations and the workforce development field more broadly cannot solve the job quality conundrum alone. But, under the current labor market conditions, Next Gen workforce organizations can take full advantage of this historic moment to substantially expand their impact, deliver better quality jobs for their clients, and deliver better results for their employer partners.

This will require crafting and applying a dynamic definition of job quality, offering a Next Gen, market-driven version of job training, and going well beyond job training to help companies more effectively recruit and retain talent while increasing productivity and profitability. The field would probably benefit from a learning community to refine and test these strategies. And, when labor market conditions eventually change, which they will, Next Gen workforce organizations will have positioned themselves with institutionalized systems and practices that will have lasting impact despite market fluctuations.

## ENDNOTES

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# THE CATAPULT PAPERS

ESSAYS ON THE FUTURE OF WORKFORCE DEVELOPMENT

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## ESSAY FOUR

# Tapping the Untapped Workforce: How Next Generation Workforce Development Organizations Can Help Employers Recruit and Retain the Talent They Need

BY

**JERRY RUBIN** AND **ROUGUIATOU DIALLO**

*This essay calls for and describes how Next Generation workforce organizations can help employers access the “untapped workforce” in our current tight labor market conditions. The essay is based on the innovative and field-proven practices of JVS Boston’s transition to a “Next Gen” workforce organization and also draws on the experiences of Resilient Coders, a workforce intermediary that is helping to connect young adults of color to coding opportunities in the Boston-area technology sector.*

# HELP WANTED

**W**e are experiencing the tightest job market in decades. Many major metropolitan areas, Boston included, have unemployment rates under 3.5 percent, becoming what many economists consider full-employment economies. Employers are feeling the pressure and are having increasing difficulty recruiting, hiring and retaining talent. While still largely anecdotal, Boston-area employers are experiencing business growth constraints driven by hiring challenges, and new store locations, restaurants and even research labs are being delayed because of limited hiring options.

While many employers are responding to these labor market conditions simply by poaching from each other, some are beginning to improve job quality (see Catapult Paper #3) and change their recruitment and hiring practices, including looking to organizations like workforce intermediaries to assist them. In some cases employers have responded by adjusting their hiring requirements and expanding the pool of people they will consider to fill openings. Recent research suggests that employers are reducing their reliance on credentials and even moving away from using credentials as proxies for skills.<sup>1</sup>

The current tight job market is generating improvements for workers and job seekers in two ways. Job quality is increasing, and job seekers who might not have been previously considered for open positions—what we’re calling the untapped workforce—are now being considered. This dynamic presents an enormous opportunity for Next Gen workforce organizations and the individuals they serve.

## The Untapped Workforce

In a near full-employment labor market, who makes up the untapped workforce? Our definition of the untapped workforce includes individuals who are not

working and those who are substantially underemployed. The untapped workforce includes many individuals and populations that employers have ignored, particularly in periods of higher unemployment, as well as individuals who have opted out of the workforce. Anecdotal evidence suggests that the underemployed segment of the untapped workforce has similar characteristics to the unemployed segment.

According to one recent data analysis by the Brookings Institute, “The adult out-of-work population (age 25–64) is disproportionately composed of people with low levels of education, limited work experience, limited English proficiency, and other well-recognized barriers to employment.”<sup>2</sup> While solid data is surprisingly scant, evidence suggests that the untapped workforce consists significantly of four major groups:

- ▶ Adults with limited English language ability and education (immigrants). Of the total adult out-of-work population, Brookings estimates that the largest grouping, or 38 percent of the total, are English language learners or immigrants.
- ▶ Young adults with minimal prior job experience. Numerous labor market analyses have highlighted the historically low labor market attachment levels of young adults, particularly those between 16 and 24 years of age, both during the Great Recession, and during the recovery.<sup>3</sup> The causes of this phenomenon are hotly debated, but there is little doubt that young adults, whom some call “opportunity youth,” are a significant component of the untapped workforce.
- ▶ Individuals with disabilities. Unemployment among individuals with disabilities is historically more than double unemployment among the general population.

- Long-term unemployed adults. This group can overlap with some of the above but includes adults who have experienced chronic unemployment due to barriers such as criminal justice experience, drug dependencies, having young dependents, etc.

This paper highlights the strategies and operational elements that Next Gen workforce organizations will need to adopt in order to successfully take advantage of this labor market both for their clients that make up the untapped workforce and their employer partners. It also examines in more detail the strategies and operational elements they will need to adopt in order to successfully tap two of the largest components of the untapped workforce: immigrants and young adults.

In our hyper-competitive hiring environment, Next Gen workforce organizations have the opportunity to leverage their connections with the workforce that employers and traditional staffing organizations don't typically have and connect this untapped potential talent pool with increasingly desperate employers. If Next Gen workforce organizations are to be successful in taking advantage of this market environment and securing their connections to the untapped workforce they will need to adopt five key strategies and operational elements:

1. Adopt a "talent pipeline" strategy and culture.
2. Effectively recruit and screen promising candidates from key segments of the untapped workforce in close cooperation with employer partners.
3. Work closely with employer partners to identify specific job skills and competencies required of new hires in place of proxy certifications and traditionally stated job requirements.

4. Create training, placement and retention models that can effectively and efficiently prepare recruits from the untapped workforce to succeed in their new positions.
5. Make "bad" jobs better jobs.

### **I. ADOPT A "TALENT PIPELINE" STRATEGY AND CULTURE**

Traditional workforce development practice is dominated by two approaches that are baked into the culture to the detriment of effectively tapping the untapped workforce. First, traditional workforce development too often begins with a liability perspective relative to clients and a charity perspective relative to employer partners. This perspective, reflected in language, marketing materials and deeply held staff beliefs, presumes that clients face major barriers to employment success that need to be overcome and that employers should sympathetically assist in that process by hiring clients. Next Gen workforce organizations need to change this perspective so that they truly believe and clearly state the belief that their clients represent talent that employers desperately need in order to succeed in the marketplace.

Secondly, traditional workforce development puts the employer at the end of the process. Next Gen workforce organizations need to place employers at the beginning of the process. Traditional workforce development models recruit clients, provide some type of training, and then place graduates in jobs. A "talent pipeline" approach starts with the employer, who will help identify hard-to-fill positions, work closely with the organization to identify specific job skill requirements rather than proxy hiring screens (such as automatically requiring a bachelor's degree), help screen promising candidates, commit to hiring successful candidates or hire them during training,

# NEXT GEN WORKFORCE ORGANIZATIONS NEED TO TRULY BELIEVE AND CLEARLY STATE THE BELIEF THAT THEIR CLIENTS REPRESENT TALENT THAT EMPLOYERS DESPERATELY NEED IN ORDER TO SUCCEED IN THE MARKETPLACE.

and work closely with the organization to implement effective retention strategies.

Perhaps most important, employer partners will need to pay for this service, because it is valuable, it requires financial resources, and payment will ensure full engagement and quality service delivery from all parties. JVS's recent experience suggests that if high quality services are provided, particularly in a labor market such as we have now, employers will pay for Next Gen workforce organizations to reach into the untapped workforce, screen candidates, prepare them, place them in open positions and support them after placement. (See Catapult Paper #1 and Catapult Paper #3 for more detail).

## **2. EFFECTIVELY RECRUIT AND SCREEN PROMISING CANDIDATES FROM THE UNTAPPED WORKFORCE**

In this tight job market the most valuable asset that Next Gen workforce organizations have is their access to communities that make up the untapped workforce. During the recent recession and periods of softer job markets in general, employers found themselves awash in highly qualified and often over-qualified candidates, and traditional hiring patterns that favor white, more highly educated candidates dominated. In a tight job market, employers and traditional

staffing organizations that don't have relationships and networks in communities that make up the untapped workforce are unlikely to be able to establish those networks and relationships quickly, but Next Gen workforce organizations already have those connections and thus a huge opportunity, if they are able to leverage it well.

Effectively connecting with the untapped workforce requires Next Gen workforce organizations to adopt several key tactics. First, they need to be able to effectively and efficiently identify and engage clients that they already have some contact with. This may be more challenging than one might imagine. At JVS, we typically recruit for individual programs, and are not yet able to effectively recruit candidates who are not a good fit for one program but who may be a good fit for another. This internal inefficiency is the legacy of a siloed culture and inadequate technology, but it will have to change if we want to respond effectively to employer demand. This challenge is not uncommon, particularly for larger organizations.

Secondly, Next Gen workforce organizations will need to improve the efficiency and effectiveness of their partnerships with organizations that have deep connections into communities that make up the untapped workforce. Typically, partnerships of this type rely on word of mouth, personal relationships, and primitive if any technology solutions. Several steps need to take place to improve these potential pipelines of talent.

Next Gen workforce organizations must make much more transparent their program requirements in order to meet employer partner specifications so that community based partners can match the right candidates with the right opportunity. Next Gen workforce organizations will need to improve systems for clear information flow and referrals, including using technology solutions to improve

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efficiency. In our experience, grass-roots community-based organizations (CBO), which may have the best channels into untapped labor markets, often lack the sophisticated systems and staff capacity to effectively recruit, screen and refer appropriate candidates to a Next Gen workforce organization like JVS. Helping to build this capacity, paying for the referral service and holding the CBOs accountable for the results is critically important to achieving success. Investors, whether public or private, must be willing to spend the resources that are needed to create these effective partnerships and efficient pipelines of untapped talent.

### **3. WORK CLOSELY WITH EMPLOYER PARTNERS**

In soft labor markets, employers and their human resource departments may focus as much on narrowing the pool of potential candidates as on finding the right talent to fill their openings. We know this from direct experience. During the Great Recession, new online candidate screening technologies exploded as employers were flooded with job applicants. Required credentials, often serving as proxies for required skills, proliferated.<sup>4</sup> As the job market continues to tighten, employers are beginning to re-consider these approaches as increasing numbers of job openings remain unfilled for longer periods of time.

Next Gen workforce organizations are presented with an important opportunity in this environment, as employers are open to but struggle with how to effectively identify actual job skill requirements so that sufficient candidates can be recruited and trained. For Next Gen workforce development organizations to successfully meet employer hiring needs and tap the untapped workforce, they will have to apply their extensive experience understanding

EMPLOYERS ARE BEGINNING TO RE-CONSIDER APPROACHES AS INCREASING NUMBERS OF JOB OPENINGS REMAIN UNFILLED FOR LONGER PERIODS OF TIME.

specific job requirements and translate those requirements into both candidate screening and training curriculum.

The opportunities for this important work abound, and will likely continue to grow in the coming years. JVS has had several recent experiences in which employers have hired us to recruit and train employees for them and were willing to adjust some long-standing hiring requirements. In one case, a major hospital that experienced significant challenges recruiting for a position with relatively high English language competency requirements was willing to reduce the required English level when they were shown that the job did not actually require the level that was set. Once the actual job requirements were clearly understood and documented, through extensive job shadowing, JVS was able to use the information to develop an effective candidate recruitment profile and an appropriate training curriculum to maximize success in moving promising candidates to the required skill level in the available time and under the available budget.

In another case in which JVS is playing a contracted recruitment and training role, a major Boston employer was willing to change its current policy and consider hiring individuals who did not already have direct experience in their field, relying instead on demonstrated transferable skills. As in the first example, extensive job shadowing allowed us to understand and document the actual required job skills, which were then used both to identify

candidates with transferable skills, and to develop an appropriate training curriculum.

This type of service, which has very high value both for employers and clients, is expensive and requires experienced staff. Public and private investors who are seriously interested in leveraging this job market on behalf of the untapped workforce should commit to investing in this capacity for Next Gen workforce organizations.

#### **4. CREATE EFFECTIVE TRAINING, PLACEMENT AND RETENTION MODELS**

This fourth strategy is perhaps where traditional workforce development has the most experience and capacity, as the vast majority of the work in this field has concentrated on training and placement. However, in a tight job market, when Next Gen workforce organizations put employers at the front end in the Talent Pipeline model (see Catapult Paper #3 for more detail), traditional training models will also need to change. First, Talent Pipeline training programs will need to be based on a careful and sophisticated analysis of job requirements and the technical and softer skills that are required for a candidate to be successful. This requires that Next Gen workforce staff spend significant time at the workplace, observing and talking with current employees and managerial staff, and fully understanding actual work processes. Employer partners will need to commit the time and attention to make this possible.

Secondly, effective programs may be even more effective if they are delivered on site at the employer location. This allows for real time interactions between students and current employees and supervisors, and makes it possible to introduce the third critical element of work experience. Effective training models should, whenever possible, incorporate a work experience element, whether an internship or a longer-term

PUBLIC AND PRIVATE INVESTORS WHO ARE SERIOUSLY INTERESTED IN LEVERAGING THIS JOB MARKET ON BEHALF OF THE UNTAPPED WORKFORCE SHOULD COMMIT TO INVESTING IN THIS CAPACITY FOR NEXT GEN WORKFORCE ORGANIZATIONS.

apprenticeship model, if financial resources allow it.<sup>5</sup>

Finally, effective programs should include both an instructional and job coaching/job development component. JVS typically pairs skills training students with a coach, who faces both the student and the employer, to effectively match the right individuals with the right job openings, and to be available for retention support after the initial hire. Post-placement retention services are critically important, as employers will want to measure both how quickly they fill open positions, and their retention rate, when they calculate the value of the service.

#### **5. MAKE “BAD” JOBS BETTER JOBS**

In a tight job market, perhaps the most effective way of tapping the untapped workforce is to improve the quality of jobs that are hard to fill (see Catapult Paper #3). Several barriers discourage potential workers from applying for jobs that do not make economic sense for them. With rising housing costs in major metropolitan areas like Boston, low-income individuals have been forced to live further away from the largest concentrations of jobs, making their commutes expensive and time consuming and impacting their job value calculus. The “cliff effect” that many public benefits like housing and

child care subsidies pose to low-income individuals substantially impacts the job value calculus, since they may lose more money in benefits than they can gain in job earnings as their income rises.

The most obvious and immediately effective changes in job quality are for employers to raise wages, improve benefits and offer predictable and guaranteed schedules. As employers find it increasingly challenging to hire the employees they need, Next Gen workforce organizations have an important opportunity to help promote better job quality in order to draw on the untapped workforce and help fill hard-to-fill positions for their employer partners. JVS has successfully worked with several employers implementing our Talent Pipeline model to make improvements in wages, benefits and schedules in order to improve recruitment and hiring results.

## **Immigrants and Young Adults: Tapping the Largest Elements of the Untapped Workforce**

### **LEVERAGING THE UNTAPPED IMMIGRANT WORKFORCE**

Immigrant workers are the largest single component of the untapped workforce. Immigrants make up nearly 17 percent of the U.S. workforce. In some regions, as in Boston, that number is much higher, or nearly 30 percent of the workforce.<sup>6</sup> Immigrant workers face similar barriers to other sub-segments of the untapped workforce, but they face some unique barriers as well. Obviously, English language proficiency is one major unique barrier. Nearly 40 percent of immigrants have low English language proficiency. Immigrants also tend to have lower than average educational attainment; 26 percent of immigrants nationwide have less than a high school diploma, compared with 5 percent of native-born workers. Twenty-one percent of immigrant workers

have some postsecondary education compared with 36 percent of native-born workers, and often their postsecondary degrees are from their native country and have limited applicability in the U.S. job market.<sup>7</sup>

In some regions of the country with shrinking native-born birth rates, like New England, immigrants have been the only source of labor force growth over the past three decades. Population and labor market data, as well as personal experience in key sectors such as healthcare, hospitality and retail tell a clear story that employers are highly dependent upon immigrants to fill vacancies and this dependency is growing.

The unique and common barriers to job success for immigrants and their preponderance in the untapped labor force suggest several important strategies for Next Gen workforce development organizations. First and foremost, particularly in regions with a high percentage of immigrants in the workforce, Next Gen workforce organizations that are not already working with this population should seriously consider it. Those that are considering undertaking this work and those already working with immigrants will need to incorporate three important strategies and operational elements into their service delivery in order to be successful.

First, in keeping with the Talent Pipeline framework, Next Gen workforce development organizations should fully understand and leverage the multilingual aptitude of many immigrants and know how valuable that is in the marketplace. In JVS's Retail Banking training program, for example, the typical student speaks two languages, and many speak three or more languages. Given the enormous diversity of retail banking customers, our graduates are very attractive to employers, and this asset is highlighted and marketed to employer partners.

Secondly, English language speaking and writing skills should be fully integrated into job-specific skills

training programs and other employment services. For too long, due largely to siloed federal funding streams, English language services (ESOL) have been delivered separately from employment services. This is in spite of the data that clearly demonstrates that most ESOL students want to improve their job and earnings prospects and that employers require some level of English language proficiency.

This integration should take place on multiple levels. Curricula should fully integrate English language learning with general and specific job skills, so that the English that students are learning is contextualized with general employability skills and draws from specific industry materials and language when focusing on specific job skills. Services should be fully integrated as well, so that English language learners have access to individualized coaching, in which the coaches face the student and prepare them for securing a job, and face the employer and act in a staffing role.

Finally, Next Gen workforce organizations need to understand and deliver services that recognize that not all immigrants are the same. The preponderance of traditional workforce development services for immigrants tends to focus on lower-level service jobs. Yet, a significant percentage of immigrant workers arrive in the U.S. with extensive work experience and education from their native country. The immigrant workforce ranges in skill level from very low (no English language competency and native language illiteracy) to very high (advanced degrees from the native country).

Next Gen workforce organizations should aspire to offer a continuum of services that “ladder up” and provide education and skills development and employment in lower-skill service sector positions up to education and skills development for those that can attain “knowledge economy” positions, but are likely

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now underemployed in the service sector. Services should be structured so that immigrant students can start as high as is practical and realistically attainable and have the opportunity to engage in higher level services as they are able in order to move into higher quality jobs and greater earnings.

At JVS, we offer four tiers of progressively higher level education and training services for our immigrant clients: English for Employment, which focuses on a first job for a new arrival; English for Advancement, which helps immigrants with some U.S. work experience move into higher quality jobs; Vocational English, which integrates English language skills with job-specific training and certifications; and Bridges to College, which prepares more highly educated or experienced immigrants for jobs in STEM and other professional fields. With this type of approach, Next Gen workforce organizations will also be much more likely to meet the multiple requirements of their employer partners.

### **LEVERAGING THE UNTAPPED YOUNG ADULT WORKFORCE**

When we first enter the job market, we are primarily sorted based on our education level. Which degrees have we obtained? From which schools? What were our grades? And yet, among people between ages 18 and 24, 7 percent have not completed high school, 22 percent only have a high school diploma, and 11 percent have some college experience but no degree. Altogether, that means 40 percent of young people are not in school and do not have a college degree—

## CENTRAL TO THE WORK OF NEXT GEN WORKFORCE ORGANIZATIONS SERVING YOUNG ADULTS IS THIS CORE QUESTION: HOW CAN WE ASSIST EMPLOYERS IN HIRING FOR POTENTIAL RATHER THAN PEDIGREE?

which is too significant a portion of young adults with little-to-no access to good jobs. Indeed, among 23- and 24-year-olds with a high-school diploma or less, only 60 percent are employed. And the trend is only increasing, as “jobs requiring a graduate degree are expected to grow twice as fast as those requiring only a high school diploma or less.”<sup>8</sup>

Two solutions present themselves. First, increase access to and success in postsecondary education. Second, create alternative pathways to employment. Boston-based Resilient Coders, which trains young people of color as software engineers, decided to follow the second path, believing college completion in itself fails to appropriately address the racial wealth gap. For even if black and Latino students graduated from college at the same rate as white students, the median wealth gap would be reduced by only 1–3 percent.<sup>9</sup>

Resilient Coders also believes our education system tends to rely too strongly on testing and fails to account for the tacit advantages granted those who already hold privilege. These practices, which align along class, gender and racial lines, carry into the labor market. When only 60 percent of young adults succeed within our current system, it becomes essential to focus on how to serve the remaining 40 percent. Central to the work of Next Gen workforce organizations serving young adults is this core question: How can we assist employers in hiring for potential rather than pedigree? We believe the answer is by developing strategies to detect potential, communicate it to employers, and then to help employers activate that potential.

Identifying potential requires that we understand and remove barriers faced by young adults, and that we create an environment that brings to light their often overlooked talents. At a time when academic success is increasingly correlated with affluence rather

than ability, organizations that propose alternative pipelines to employment must overhaul the way they assess talent and skills in the populations they serve.<sup>10</sup> For example, Next Gen workforce organizations should re-evaluate their overreliance on testing as a way to determine ability, given the ever mounting evidence that tests tend to penalize women and racial minorities.<sup>11</sup> Instead, we must develop a deep understanding of the aptitudes necessary to be successful in a particular field—and then recruit and train for those aptitudes.

For example, Resilient Coders has found that for software engineers the capacity for quick and consistent learning is crucial in an industry where the technology is constantly evolving. This is why Resilient Coders’ intensive coding “bootcamps” do not test students on how well they have retained the content of lessons. Instead they evaluate the students’ capacity to deliver projects that integrate new concepts, frameworks and knowledge throughout the program. In addition, Resilient Coders couples new quality-assessment techniques with barrier-removal strategies, such as adequate stipends that allow low-income young adults to fully immerse themselves in their learning, as well as strong partnerships with community based organizations to provide efficient wraparound services.

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Even after generating a qualified talent pool, the challenge remains to communicate graduates' potential to employers whose traditional hiring and on-boarding processes are still geared toward attracting, evaluating and grooming talent from university-to-employment pipelines. The role of Next Gen workforce development organizations here is twofold: First, to articulate a new narrative about young people, shifting from charity to investment, from risk to promise. Resilient Coders graduates have not simply completed a 14-week bootcamp; instead, we emphasize how much they were able to learn in such a short amount of time. Employers are presented with the following insight: If Resilient Coders' students can grow this much in 14 weeks, imagine where they will be in a year.

Second, at a time when human capital represents a significant competitive advantage in business, grooming a young and diverse pool of talent becomes a strategic imperative for companies.<sup>12</sup> This has introduced Resilient Coders to a new role: acting as expert consultants to companies on how to adapt their hiring practices to engage non-traditional talent pools. As noted earlier, a historically tight labor market now offers the ideal conditions to build that expertise and establish Next Gen workforce organizations as leaders in human capital development and retention, which in turn requires developing the capacity to analyze the employment needs of a company, its culture and the demands of the job.

Beyond placement, Next Gen workforce development organizations also have the responsibility to fully unlock the potential of their talent. Therefore, Resilient Coders does not separate hiring from on-boarding since so much of the learning happens on the job. While the 14-week bootcamp serves to demonstrate its graduates' potential, Resilient Coders' on-boarding services allow them

to deliver on that promise. Historically, on-boarding services have taken the form of individual case management, where a staff member facilitates the development of the newly placed graduate on the job based on a learning plan that enunciates clear milestones and is jointly designed with the graduate's manager. However, this approach is hard to scale.

For this reason, Resilient Coders is now piloting a hybrid online and in-person bootcamp model with employers who wish to hire and on-board more than five employees at a time. For two weeks, a few graduates of the Resilient Coders bootcamps undergo a training program that prepares them specifically for an entry-level job at a target company. The curriculum is developed in collaboration with the employer and delivered by its Managing Director of Engineering. This enables current and future employees to work side by side and for the employer to develop mentorship capabilities within its teams. Creating a model that accompanies graduates on the first few months in their new job while at the same time orienting employers in how best to develop young professionals of color—all in a sustainable manner—is crucial to building a complete employment pipeline.

## WHAT'S NEXT?

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**A**lmost every day we see headlines that hint at economic storm clouds on the horizon. While many economists say that we are due for a correction and perhaps another recession is around the corner, it is difficult to know what lies ahead. Though most demographic data suggests that tight labor markets are in our future for some time to come, this super-charged job market will not last forever. Does that mean that the opportunity for Next Gen workforce organizations and untapped workers is a fleeting one? Absolutely not.

As reiterated in this series, a full employment economy is a rare moment that should not be wasted by Next Gen workforce organizations as they seek to refine and expand their role and open up opportunities for their clients. But, the more important opportunity is to use this moment to change the rules of the game, now and for the future. For far too long, workforce development has been tangential to the real action in the economy and job market. Millions of talented Americans, with the desire and need to advance their job, career and economic opportunities, have been either fully locked out, or dramatically underutilized.

Next Gen workforce organizations have the opportunity in this moment to prove their relevance by tapping the untapped workforce that employers need so desperately, by helping employers embrace new strategies to recruit, retain and advance workers, and by helping employers improve their overall competitiveness. If we can demonstrate this value now, we will be well positioned to have a meaningful and valued seat at the table for years to come. And, more importantly, if we can help change how employers think about and tap untapped workers, as talent that they can't succeed without, we can help move the needle on inequality and economic opportunity.

The challenge of drawing upon the untapped workforce also presents important public policy opportunities that Next Gen workforce organizations may want to consider engaging in, as they have a great deal to add to those debates. One obvious area is immigration policy. Upcoming federal actions such as ending Temporary Protected Status will significantly impact labor supply in key sectors such as healthcare, which rely on immigrant workers. Proposed changes in "Public Charge" regulations, designed to eliminate access to public benefits for documented immigrant workers, will likely further diminish the immigrant workforce. Proposed changes at the federal level for public benefit work requirements and at both the federal and state levels to address the "cliff effect" of public benefits could also significantly impact the untapped workforce.

These are audacious goals, and our window may be small. Next Gen workforce organizations should feel an acute sense of urgency, and a compulsion to step up our game.

Our partners and investors should feel the same sense of urgency. Investing in organizational capacity, developing new recruitment and training models, building effective pipelines from CBOs to Next Gen workforce organizations, and changing public policy will require substantial resources and long-term commitment from the philanthropic community and the public sector. Next Gen workforce organizations will require equity-like capital at a scale and level of "patience" appropriate to meet the challenge and need. The opportunity to make a real difference and the risks of missing the moment are too great to let it pass us by.

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