Targeting Workforce Dollars:
You Don’t Get What You Don’t Pay For

BY STEVEN L. DAWSON

Workforce dollars are precious—particularly those targeting low-income jobseekers. The woman of color with a fifth-grade reading level; the returning veteran; the out-of-school youth with no employment experience; the immigrant laborer without papers; the court-involved; the individual recovering from addiction—their challenges differ, but each is seeking the stability and respect that steady employment can provide.

Yet even as the demand for low-income employment services increases, workforce dollars are shrinking: Federal support for core workforce development programs has declined 20 percent since 2010.1

This paper argues for greater urgency, harder choices, and far greater care in designing workforce initiatives that attempt to achieve systemic change. Though we must always advocate for additional investments, current reality requires a rigorous type of battlefield triage to help us decide how best to invest our limited dollars.

Workforce interventions may not be matters of life or death, but they are life-changing. To deploy scarce resources responsibly, we must explicitly define our mission, our constituency, and how we assess program efficiency:

▶ Mission: The workforce community’s ultimate purpose should be to achieve sustained employment in a full-time position (part-time if preferred for family or access-to-education reasons). At minimum, this should be defined as maintaining stable employment at least one year beyond initial job placement.

Any lower standard misses the point: Workforce success is not graduation from a training program, or securing a certificate or degree, or initial placement in a job, or even employment at 90 days. Each of these may be an essential milestone, yet all are means, not ends. Short of documenting consistent, long-term employment, we cannot claim success.

Our job is to help low-income people achieve a degree of stability in their lives, and, if possible, an opportunity for mobility. Stable employment at one year should become a universal minimum standard that all direct workforce efforts must be measured by. Similarly, indirect investments such as capacity-building initiatives should be directed only toward programs that have proven their commitment to this stable employment goal.

▶ Constituency: Our core constituency includes those low-income individuals who can secure sustained employment—yet who could not do so without the assistance of targeted workforce resources. This does not mean “serve the most in need.” It means “serve the most in need who can benefit from targeted services.”

Realistically, many individuals face obstacles that are simply too great, at least at the current time, to secure sustained employment. Denying them workforce resources is a painful choice, but it is one that many programs make each day when they select, or choose not to select, their participants. In fact, one hallmark of an excellent workforce program is that it uses sophisticated outcome data as a management tool to recruit those candidates who—even though they have high employment barriers—are most likely to succeed. This discipline not only improves program outcomes, it is a service to the individual. Failure is not an empowering experience.

“On the opposite end of the triage spectrum, spending workforce dollars on those likely to succeed without the help of targeted resources is a similar waste. While intentional “creaming” is less prevalent than funders and policymakers fear, the greater challenge occurs when dollars targeted for low-income individuals are blended into programs that serve a broader population. In those programs—such as open-enrollment education initiatives—documenting whether a particular cohort of low-income individuals has achieved sustained employment is extremely difficult. Without explicit employment outcome accountability, funds expressly intended for low-income populations can easily be diluted or misdirected.

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In this time of shrinking resources, we have an even greater responsibility to assess whether the programs we lead and support are truly serving our core constituencies. Practitioners and funders must be able to track—by program—whether the targeted population is being served, and who among them is achieving sustainable employment.

Efficiency: To assess efficiency, each program must be able to document its cost-per-individual achieving sustainable employment—and these assessments must be differentiated by category of low-income person served. Disciplined tracking is essential to acknowledge that varying low-income populations have different rates of acceptable employment outcomes. The success rate for women of color with a 4th grade reading level will be different from court-involved youth with no employment history, which will in turn be different from that of returning veterans.

Assessing cost per individual is not easy. Yet the core challenge for every organization participating within a “career pathways” framework must be to document how each programmatic link is integrated within a chain of activities that eventually leads to sustainable employment.

To do so, we must measure the right things: Programs must be assessed not on cost per intervention, but on cost per sustainable employment outcome. If a $100,000 program enrolls 100 participants, graduates 80, places 50, and yet achieves sustainable employment at one year for only 10, then its true program efficiency is $10,000 per person.

At a minimum, practitioners and workforce funders must be able to answer three essential questions: Who is being served? What is their sustainable employment rate of success at one year? And what does each success cost? Only then can practitioners and funders usefully contrast competing models and programs.

Admittedly, these three core answers provide only the vital statistics—akin to pulse and blood pressure readings that no doctor’s visit ever ignores. To assess a program fully, additional and far more sophisticated variables are necessary, particularly as to the quality of the jobs secured (see Pinkerton Paper #1: Make Bad Jobs Better: Forging a “Better Jobs Strategy”).

We underestimate the essential role that information flow ... plays in any lasting change strategy.

The Workforce Data Quality Campaign to encourage “strategic data collection, management and usage.” Within the practice realm, the Workforce Benchmarking Network, housed at the Corporation for a Skilled Workforce, offers community-based organizations the ability to monitor and compare their outcome data, and “builds the field’s capacity to use that data.”

Both the Workforce Data Quality Campaign and the Workforce Benchmarking Network are essential building blocks within our workforce system’s infrastructure—and both should be provided long-term, stable support. Without them, no lasting strategies to strengthen our nation’s workforce system can be sustained.

The workforce development ecosystem includes a wide range of regional and local institutions—from public agencies and nonprofit intermediaries, to employer trade associations and community colleges. It is within these institutions that so many in the workforce community attempt to achieve systemic change. And it is here that the field will benefit by undertaking a far more disciplined approach when designing and vetting system-change initiatives.

To target scarce investment dollars—and to create the greatest likelihood of long-term change—any organization or funder contemplating a systemic workforce initiative should consider seven essential design elements. They must:
1. **Define success.** At a minimum, success must be defined in terms of maintaining stable employment for low-income individuals. Other intermediate milestones can and should be articulated, but a workforce systems-change initiative must always result in securing sustainable employment, at least at the one-year mark—or in building the capacity to help ensure that outcome.

2. **Define the targeted population.** Low-income jobseekers vary greatly in the types of barriers they face, the types of services they require, and the success rates that should be expected. Differentiating distinct target populations is necessary to learn: what happens to those individuals later within the system; how to better serve them; and how to compare the effectiveness of competing models.

3. **Design for the greatest likelihood of adoption.** It takes more than a good idea to change a complex system. To increase the likelihood that an innovation will be adopted within a complex system, the sociologist Everett Rogers developed a simple framework of “diffusability.” Compared to the current system, an innovation must not only be of greater value, it must also be: compatible with existing culture; easily understood; triable on a small scale; and clearly visible. The critical insight here is that innovations producing better results are necessary, but not sufficient—even if they have a high financial return on investment.

4. **Specify incentives.** To earn the sustained support of key decision makers—particularly after initial funding has ended—structural incentives are required. Since serving low-income populations effectively is almost always more expensive than the status quo, we must ask what structural funding mechanisms will be available to bear the likely added cost of intervention—increased user fees; increased legislative allocations; endowed scholarships?

And while financial incentives will likely be essential, other structured forms of encouragement can also be powerful. Mechanisms to ensure public acknowledgment, positive peer pressure and support, and performance rewards for line staff can all serve to encourage change in institutional behavior.

5. **Incentivize outcomes, not behavior.** A common error in system-change initiatives is to prescribe best practices, and then to financially reward fidelity to those behaviors. For example, our nation’s healthcare system, after decades of frustration, has come to the painful conclusion that paying healthcare providers for specific services, rather than rewarding them for quality of health outcomes, has only resulted in more costly amounts of poor-quality care.

Our workforce system, with far fewer dollars, cannot afford to make the same mistake. In designing systemic interventions, we should not reward specific activities but instead sustainable employment outcomes—with a sliding scale of greater rewards for those who successfully serve populations having greater employment barriers.

6. **Secure commitments upfront.** Design cannot stop at theory, nor assume good will. Securing specific commitments from key actors, contingent on agreed upon milestones, is essential at the very beginning of the initiative.

For example, it is not enough to presume that a state agency will fund a training innovation on a continuing basis. Preferable is an initial memorandum of understanding that states if certain outcomes are achieved at certain costs, then the agency will agree to fund the ongoing initiative. Similarly, it is not enough to presume participating employers will collect outcome data—even during the pilot phase, let alone over the long-term.

7. **Listen to the system, and then adapt.** To change systems, we need to understand that, indeed, systems change. Ironically, most systems-change initiatives fail to focus on the long view: Few incorporate the capacity to monitor the system over time, let alone the capacity to then adapt to inevitable change. Mechanisms must be designed to measure and respond constantly to employment outcomes—by program, explicitly for the targeted population—and this capacity must be built directly into the broader initiative’s infrastructure.

These criteria are not trivial. It is essential to acknowledge how truly challenging it is to design and implement an effective, lasting system-change initiative. Every proposed system-change effort—whether targeted toward a community college, an industry partnership, or a public agency—should address these seven essential design elements. With such limited workforce resources, we have a heightened responsibility to design and implement systemic initiatives as rigorously as possible—or we should not undertake them at all.

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Preferable is an upfront MOU that states the responsibilities of the employer in exchange for the benefits received.

SUCH COMPLEXITY is daunting, and suggests that we need the best minds from across our broad workforce community to design change initiatives equal to the task. Yet far too often, ideas are designed from within only one corner of our community: A workforce intermediary, or research house, or funder or public agency will craft a bold idea, yet craft it in isolation, at best consulting colleagues of their own kind. An initiative is then launched, leaving those in other corners of the field shaking their heads. “Why did they choose that group?” “Why did they re-test that strategy?” “... And why (continued on page 5)
Among the many institutions that form the workforce development ecosystem, none is so tempting to low-income advocates than the nation’s community colleges. And none is so difficult to change. Community colleges are tempting because they are ubiquitous, and serve a broad socio-economic population. If they can be shifted even slightly toward serving low-income participants more effectively, then the payoff could be widespread.

Yet community colleges are also a cautionary tale for how difficult systems change can be. The structural challenges are obvious: community colleges originated as educational institutions, not workforce institutions, and their program designs, incentives and information systems are aligned primarily toward educational outcomes—not employment outcomes.

Community colleges also vary widely in structure, funding streams, political support, accessibility and academic strategy. Innovations in one community college may not work in others—or even next door. And though they tend to serve a more diverse population than four-year colleges, community colleges were not designed for low-income populations with significant employment barriers.

All of which makes workforce initiatives in community colleges difficult—but not impossible. One impressive change effort is Arkansas’ Career Pathways Initiative (CPI), designed in 2005 by its leader Dr. Karon Rosa. To date, CPI has benefitted more than 30,000 low-income individuals at Arkansas’ 25 community and technical colleges. Fifty-two percent of all CPI low-income students have completed at least one higher-education academic certificate or degree—a rate twice as high as that of the state’s general community college population.

More important: a 2015 “rigorous phased evaluation” documented that CPI participants earned $3,100 more in the year following graduation than a matched pool of low-income individuals. Applying this paper’s seven design elements dramatizes why the CPI initiative has been so successful—and yet how challenging the task has been:

1. Define success. A stated goal of CPI is to “break the poverty cycle in Arkansas by reducing the number of Arkansas families living below the federal poverty line”—this an employment goal, not an education goal, and one targeted explicitly toward low-income individuals.

2. Define the population. The CPI is funded by Temporary Assistance to Needy Families (TANF), and participants are “low-income custodial caretakers.” The typical CPI participant is 31 years old, female (89%), and a single parent.

3. Design for adoption. As just one example, CPI provides personalized case management, tutoring and mentoring, with a flexible allocation of financial supports—from tuition assistance and book purchases to childcare support and gas cards. This flexibility facilitates matching the culture of the students to the culture of the institution.

4. Specify incentives. The originators of CPI, Dr. Rosa and her team, were experienced state education leaders with extensive relationships within the Arkansas political arena. They understood that employment outcomes, not educational outcomes, would be the primary incentive to generate continued political support.

5. Incentivize outcomes. Currently, the Arkansas Legislature is restructuring its community college reimbursement framework, with an emphasis on outcomes-based funding. The CPI performance funding model is now viewed as a framework to shape those new statewide funding mechanisms.

6. Secure commitments. A fundamental challenge in all community college reform efforts is the difficulty in securing employment data. From the beginning of the initiative, Dr. Rosa’s team secured detailed Memoranda of Understanding with key state agencies, generating exceptional depth of participant outcome analysis.

7. Listen and adapt. CPI has invested significant resources in tracking, surveying, and analyzing employment data. The Arkansas Research Center contracts with Metis Associates for on-going analysis, and the Winthrop Rockefeller, Ford and Annie E. Casey foundations are now investing in a longitudinal study of CPI participants.

Most impressive are the forethought and perseverance that the leadership of CPI has demonstrated over more than a decade. It is this level of sophistication and rigor that changing a system requires—whether the system is big or small, and whether attempting to shape a community college, a city agency, an industry partnership or a state regulatory body. Anything less, and our complex workforce systems will hardly take notice.
didn’t they talk with us?”

Our broad workforce community is itself a system. And such a system is only as effective as the quality and accuracy of its information. Yet our program metrics are at best fragmentary, and our workforce knowledge tends to pool within defended silos, rarely shared fully and honestly.

We require a completely new type of venue—one where we can speak frankly, across disparate workforce silos, where practitioners, funders, researchers and agencies can analyze the field together. Not in large groups where none can talk candidly, but in small, carefully assembled gatherings where recent designs can be honestly assessed, and new ideas thoughtfully vetted—benefitting from perspectives drawn from across the entire field.

Given the complexity of our workforce challenge, and the shrinking of our precious workforce resources, it is time for a far more sophisticated, more rigorous, and more honest process of design.

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This opinion brief is the third in a series on job-quality issues for The Pinkerton Papers. For reactions, disagreements, questions and competing strategies, go to the “Pinkerton Papers” tab at www.thepinkertonfoundation.org, or directly to the author at: StevenLDawson@outlook.com.

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3 See: http://www.thepinkertonfoundation.org/paper.


5 As Donella Meadows states somewhat hyperbolically, “I would guess that 99 percent of what goes wrong in systems goes wrong because of faulty or missing information.” Supra.

