



COLLABORATING TO INNOVATE:
ACHIEVEMENTS AND CHALLENGES IN THE
NEW YORK CITY SECTORS INITIATIVE PLANNING PHASE

By Stacy Woodruff-Bolte and

Shayne Spaulding

Public/Private Ventures

August 2007



NEW YORK CITY
SECTORS INITIATIVE



This report was made possible through support from members of the New York City Workforce Innovation Fund, which includes: The Altman Foundation; The Clark Foundation; The Independence Community Foundation; The Ira W. De Camp Foundation; Deutsche Bank; Bernard F. and Alva B. Gimbel Foundation; J.P. Morgan Chase Bank; New York Community Trust; The Rockefeller Foundation; Tiger Foundation; and The United Way of New York City.

Public/Private Ventures is a national nonprofit organization that seeks to improve the effectiveness of social policies and programs. P/PV designs, tests and studies initiatives that increase supports, skills and opportunities of residents of low-income communities; works with policymakers to see that the lessons and evidence produced are reflected in policy; and provides training, technical assistance and learning opportunities to practitioners based on documented effective practices.

Board of Directors

Matthew McGuire, Chair
Vice President
Ariel Capital Management, Inc.

Siobhan Nicolau, Chair Emeritus
President
Hispanic Policy Development Project

Frederick A. Davie
President
Public/Private Ventures

Yvonne Chan
Principal
Vanghn Learning Center

Jed Emerson
Advisor on Blended Value Investing and Management

The Honorable Renée Cardwell Hughes
Judge, Court of Common Pleas
The First Judicial District,
Philadelphia, PA

Christine L. James-Brown
President and CEO
United Way International

Robert J. LaLonde
Professor
The University of Chicago

John A. Mayer, Jr.
Retired, Chief Financial Officer
J.P. Morgan & Co.

Maurice Lim Miller
Director
Family Independence Initiative

Anne Hodges Morgan
Consultant to Foundations

Marion Pines
Senior Fellow
Institute for Policy Studies
Johns Hopkins University

Clayton S. Rose
Retired, Head of Investment Banking
J.P. Morgan & Co.

Cay Stratton
Director
National Employment Panel
London, U.K.

Sudhir Venkatesh
Associate Professor
Columbia University

William Julius Wilson
Lewis P. and Linda L. Geysler University
Professor
Harvard University

Research Advisory Committee

Jacquelynne S. Eccles, Chair
University of Michigan

Ronald Ferguson
Kennedy School of Government

Robinson Hollister
Swarthmore College

Alan Krueger
Princeton University

Reed Larson
University of Illinois

Milbrey McLaughlin
Stanford University

Katherine S. Newman
Kennedy School of Government

Laurence Steinberg
Temple University

Tom Weisner
UCLA

Contents

INTRODUCTION 4

THE CONTEXT 6

- Workforce Intermediaries
- Funding Collaboratives

PUTTING THE PIECES IN PLACE 8

- What Sectors?
- What Funding Structure?

THE STRUCTURE OF THE INITIATIVE..... 9

- The Request for Proposals (RFP)
- The Application Process
- Proposal Review and Selection of Lead Agencies
- Planning Phase
- Finalizing the Contracts

ACHIEVEMENTS AND BENEFITS 13

- Workforce Innovation Fund
- New York City Department of Small Business Services (SBS)
- Funded Lead Agencies

CHALLENGES AND LESSONS LEARNED 17

QUESTIONS GOING FORWARD 20

CONCLUDING THOUGHTS 22

APPENDIX 23



Introduction

When it comes to employment programs for low-income people, the philanthropic and public sectors often work in isolation, with government agencies—particularly in large cities—tending to support programs that can operate at scale and place people quickly, and foundations supporting smaller or more innovative programs. While local government can certainly serve as a locus of creative programmatic development, federal and state policies often leave little room for local governments to innovate. Furthermore, scarce public dollars frequently limit the potential for experiments in program design, which are sometimes costly. The fact is, most municipalities do not support the kind of long-term training necessary to achieve family-sustaining wages for disadvantaged workers.

In 2004, the public and philanthropic entities that support workforce development in New York City formed a partnership aimed at collectively supporting innovation in the field. The New York City Department of Small Business Services (SBS) had recently taken over responsibility for the City’s Workforce Investment Act (WIA) funding for adult and dislocated worker programs; previously that funding had been administered by the Department of Employment (DOE), which was dissolved as the new mayoral administration sought to establish a demand-driven approach that would link workforce services more closely with economic development. The City’s private funders—represented by the

New York City Workforce Development Funders Group (WDFG), a consortium of approximately 30 philanthropies—were looking for a way to help foster innovation at the city level and widen their impact on disadvantaged New Yorkers. Together SBS and WDFG formed the Workforce Innovation Fund (WIF) to share expertise and learning and provide an avenue to merge resources to support common goals. Public/Private Ventures (P/PV) was approached to help shape the partnership and eventually was selected to oversee the project, provide technical assistance to the lead agencies and conduct an evaluation.

The first step for the WIF was to bring the parties together and establish a broad set of common goals. SBS and WDFG representatives identified the following priorities for WIF:

- Creating an opportunity to change the workforce system collaboratively;
- Facilitating a “smarter” or better-informed grant-making process; and
- Leveraging investments in workforce development.

The second step was to figure out what kind of innovation made sense. Across the country, some programs were experimenting with an approach to workforce development in which they trained disadvantaged participants

for specific industry sectors—work that was made possible through strong employer partnerships. Pioneers of this “sectoral” approach also envisioned impacting the systems that support low-wage workers, whether at the employer level or the policy level, through their intimate knowledge of and involvement in a particular industry. For several reasons, the sectoral model made sense for New York City. WIF’s private funders perceived that there were few strong sectoral programs already operating in the City. Sectoral models, which included career ladder strategies, also offered the potential of helping disadvantaged individuals who were at the bottom of the economic ladder get on a path to family-sustaining jobs. Meanwhile, SBS was interested in strategies that were responsive to employer needs and was looking for help building its WIA-funded customized training program. From both perspectives, an initiative built on the sectoral model appeared to be the right way to go. The New York City Sectors Initiative (NYCSI) was born, representing the first funded endeavor of WIF.

In adopting a sectoral approach, WIF was aiming to create a new model for workforce development in New York City, one that would be responsive both to employers and job seekers. But innovation and collaboration take time. After almost three years of start-up and planning, funding for two sectoral programs was awarded in March and October 2006. This report—the first of three P/PV reports on the NYCSI—looks at the Initiative’s initial start-up and planning phases from WIF’s formation in early 2004 through October 2006. Sources of data include WIF meeting minutes, notes from semi-annual interviews with key site and WIF stakeholders, and proposals and reports submitted by each of the funded lead agen-

cies. Using these data, P/PV draws lessons on how to build collaborative workforce projects aimed at meeting the needs of employers and job seekers.

The Context

At the same time that New York City’s public and private funders were starting to work together in innovative ways, other cities around the country were also implementing new approaches to the way workforce development programs were funded and designed. Two key trends are discussed below.

Workforce Intermediaries

In February 2003, with the support of the American Assembly—a national public affairs forum that addresses issues of public policy by commissioning and issuing research and publications and sponsoring meetings—practitioners, funders and researchers from around the country gathered in New York to discuss the role of “workforce intermediaries” in responding to employer demand and job seeker needs. Workforce intermediaries are defined as local partnerships that bring together employers and workers, public and private funding streams and other relevant partners to design and implement pathways to career advancement and family-supporting jobs for low-skilled workers. Many different types of organizations can act as intermediaries—including staffing agencies, employer associations and community colleges—whether or not they are working in a particular industry sector. The idea echoes the key elements of sectoral and career ladder programs, but envisions a broader approach to partnership, which includes the engagement of multiple partners, including public and private funders, to make the system more

responsive to both employer and job seeker customers.

Boston was one of the first localities to pursue this collaborative approach. In 2003, a group of private funders, the City of Boston and the Commonwealth of Massachusetts came together to address the increasingly wide skill gap that was believed to be contributing to unmet employer demands and the struggles of low-income job seekers through its SkillWorks Initiative. Three systems-change strategies were the focus of their efforts, specifically the creation of workforce intermediaries, strengthening the capacity of workforce organizations and advocating for effective public policies. Boston’s experience helped to inform New York’s efforts at various steps along the way.

Funding Collaboratives

An important part of the workforce intermediary concept was the idea that these entities bring together public and private funding streams to support their activities. The private funders working to spread the intermediary idea—Bob Giloth of the Annie E. Casey Foundation, John Colborn of the Ford Foundation and Betsy Bieman of the Rockefeller Foundation—considered the merging of public and private funds essential to these efforts because it was only through this level of collaboration that one could bring about systemic change and garner the dollars necessary to support programs led by workforce intermediaries.

In New York City, the funding community had already come together through the creation of the New York City Workforce Development Funders Group (WDFG) in 2000. While a primary purpose of the group was to offer a forum for private philanthropies to share ideas and strategies, it also provided a forum for joint grantmaking, even before the creation of WIF. Not long after its inception, WDFG members—concerned about the ability of youth-serving organizations to respond to the changes wrought under WIA—jointly funded two organizations to provide technical assistance and capacity building to youth-focused providers. While WDFG worked closely with DOE on these efforts, the partnership was informal and did not involve the merging of public and private funds. Not until 2004 did private funders come together with the public entity responsible for WIA adult programs to jointly support two lead agencies to design sectoral programs that could respond to the needs of employers and job seekers. While these efforts were not the product of the national work on intermediaries, they reflected the same principles. Once the WIF was formed and the NYCSI was launched, it became a part of a national peer learning group called Investing in Workforce Intermediaries—sponsored by the Ford Foundation, the Annie E. Casey Foundation and the Rockefeller Foundation—that focused on developing workforce intermediaries nationwide.

Putting the Pieces in Place

Before getting to the business of identifying organizations that it could fund to spearhead this effort, WIF first had to determine the overall shape of the Initiative and develop the governance and funding structure that would best support it.

What Sectors?

Underlying the sectoral approach is the notion that training programs should be developed where there is the greatest employer demand. This can mean focusing on sectors that are growing or sectors that are experiencing or expecting shortages of key workers. While the NYCSI was focused on being more responsive to employer demand, from SBS's perspective the Initiative was also about aligning workforce development and economic development, which—like public and private funders—had historically operated in isolation. WIF members explored a number of potential sectors but eventually agreed to focus on SBS's preexisting target industries of health care and aviation, which were also the focus of SBS's sister agency, the Economic Development Corporation. Aligning WIF's choice of sectors with the sectors targeted by both agencies allowed the private funders to connect with the City's policy choices.

What Funding Structure?

While the New York Community Trust was to act as the fiscal agent for the private foundation members of WIF, the group had to determine which entity was best positioned to manage contracts with the lead agencies it would fund. At the same time that the NYCSI was getting started, SBS was in the process of reviving the Workforce Development Corporation (WDC), a nonprofit subsidiary that SBS inherited from the now-defunct DOE when it took over its workforce funding. The WDC had been created in 1991 to house workforce development projects that did not fall neatly under other divisions at DOE. When SBS brought the WDC back to life in 2005, it hoped that it would permit more flexibility in the management of the City's workforce development funding. It was decided that, to have the most impact, the WDC should be the fiscal agent for the lead agencies participating in the NYCSI. Thus, the private funders, after allocating money to P/PV for the management of the project and the evaluation, were to transfer funds to the WDC, which would be responsible for managing the Initiative's contracts.

The Structure of the Initiative

Funding for social service programs typically requires interested service providers to respond to a single Request for Proposals (RFP). In this case, however, the WIF developed a two-phased approach—consisting of a planning phase and a demonstration phase—building off the model of Boston’s Skill-Works Initiative. It was believed that this structure would allow for innovation and ultimately result in stronger proposals for demonstration grants. According to the WIF’s design, the planning phase was to consist of a multistage application process to award \$30,000 planning grants that were to be used over a three-month period to allow the lead agencies to develop their proposals for the demonstration. In the end, both the planning phase and the contracting process took longer than anticipated.

Table 1, which provides a timeline for the start-up of the Initiative, will serve as a useful reference in the following sections of the report.

The Request for Proposals (RFP)

WIF members determined that the RFP for the NYCSI planning phase, issued in July 2004, should signal a new direction for the employment and training community—not only by the fact that grants would be awarded incrementally, but also by the content of the RFP itself, which looked different than the standard solicitation for proposals. The RFP represented a hybrid, incorporating elements from SBS’s RFP template and a typical private foundation RFP, as well as additional elements meant to force responding organizations to think about this approach to workforce development in new and innovative ways.

Table 1

Nov. 2003	Jan. to Jun. 2004	Jul. to Dec. 2004	Jan. to Jul. 2005	Aug. to Dec. 2005	Jan. to Mar. 2006	Apr. to Oct. 2006
Funders meet with SBS Commissioner Rob Walsh	Development of WIF and RFP	RFP issued Applicant conferences Proposals due Met Council and SUNY awarded planning grants	Planning phase for Met Council and SUNY Aviation Institute Awarded planning grant	Met Council awarded demo grant, begins contract negotiations, launches rad tech training SUNY asked to resubmit proposal SUNY awarded demo grant	SUNY begins contract negotiations Aviation Institute fails to submit proposal Met Council finalizes contract	SUNY finalizes contract

Some of these elements were drawn from lessons learned from the Boston SkillWorks Initiative. The RFP required evidence of a collaborative approach to workforce development, involving a lead agency, service and training providers and employer partners. Members of WIF devised “required” and “competitive” criteria for several of the elements in the RFP, providing responding organizations with a means to evaluate, and illustrate in the RFP itself, the strengths of their proposed collaborations.

The Application Process

To further convey to the provider community that this initiative represented a departure from business as usual, a multistage application process was developed—one that required the submission of letters of intent to apply for the planning grants and attendance at applicant conferences. In August 2004, 35 organizations (33 health care or biotech and two aviation) submitted letters of intent, including details such as the targeted sector and a list of potential collaborators. WIF then invited the applicants to conferences for both selected industry sectors. The purpose of the conferences was to describe the NYCSI to potential applicants, provide details and guidance on the planning phase proposal process and assemble a panel of employers from each industry sector. Representatives from 25 organizations attended the health care/biotech session, and representatives from six organizations attended the aviation session. Following the applicant conferences, lead organizations had seven weeks to respond to the RFP. Eight health care/biotech and two aviation planning grant proposals were submitted by the deadline of September 30, 2004.

Proposal Review and Selection of Lead Agencies

During Fall 2004, an eight-person review committee, consisting of private funders and SBS staff, reviewed and rated the proposals based on the required and competitive elements listed in the RFP. Each lead organization was then invited to present its planning phase proposal to the review committee and answer questions posed by the funders. Based on the proposal and presentation reviews, the committee selected five organizations as finalists.

The timelines for the health care/biotech and aviation lead agencies began to diverge at this point. WIF notified the health care/biotech applicants in November whether or not they would receive a planning grant; however, the review committee was dissatisfied with the quality of the proposals they had received to launch projects to train workers in the aviation sector. Focusing on what appeared to be the most promising proposal—from the Aviation Institute at York College—WIF went back and forth with the Institute to help it develop a quality proposal. Ultimately, a planning grant was awarded to the Aviation Institute in May 2005. The recipients of planning grants in the health care/biotech industry were the Metropolitan Council on Jewish Poverty (Met Council), which proposed training programs in several high-demand health care occupations; and the State University of New York Downstate Technology Center (SUNY-Downstate), which planned the creation of a pipeline of workers for New York’s nascent biotechnology sector.

Planning Phase

WIF originally conceptualized a late-November start to the three-month planning phase, but unanticipated City procurement issues delayed the awarding of the funds until

December. Consequently, WIF decided to push the official start of the health care/ biotech planning phase back to January 1, 2005. During the planning phase, lead agencies were asked to develop an implementation plan for the demonstration phase of the Initiative. Activities included:

- Conducting labor market analyses for the targeted occupations;
- Creating detailed descriptions of the services the lead organization would offer to employers and participants;
- Developing and documenting employer partnerships;
- Structuring an outcomes-tracking system; and
- Addressing key program and service issues.

For the selected lead agencies, the NYCSI represented brand-new territory. As one senior staff member from Met Council said when asked about the planning phase, “There was not one part of this that was not new to us in some fashion.”

Perhaps because of the intensive work required and because NYCSI represented a departure from business as usual for the participating lead agencies, it took organizations longer than three months to complete the planning phase—ultimately, it took between six (Met Council) and nine (SUNY-Downstate) months. WIF’s executive committee and P/PV staff met with the lead agencies nearly once a month to discuss issues relevant to the demonstration proposals they were developing. This included reviewing a concept paper written by Met Council on a proposed two-year training for radiological technicians (rad techs), an occupation it had identified as being in high demand through its planning phase research. The WIF also

used these regular meetings to push SUNY-Downstate on developing a career ladder program for the Hunter College biotechnology workshop, which would lead to the recruitment of a more disadvantaged student body, rather than simply expanding the existing workshop. WIF members ultimately determined that SUNY-Downstate’s proposal to build a pipeline of students from Medgar Evers College could not be accomplished within the timeframe of the demonstration and that the pipeline itself was not clear enough. At the request of WIF, SUNY-Downstate resubmitted a scaled-back proposal focused immediately on expanding the workshop with a goal of building a pipeline of more disadvantaged students.

The following proposals were approved for funding:

- Met Council was selected to receive a demonstration grant in Summer 2005 to support an effort to provide assessment, wraparound services and study-skills instruction in conjunction with technical training being provided in the following four occupations: rad tech, emergency medical technician, paramedic and medical office assistant. This \$1.56 million, three-year effort is being led by Sandra Greenstein, Director of Career Services.
- SUNY-Downstate was approved for \$857,742 in funding in Fall 2005 to expand the biotechnology workshop offered at Hunter College and create a biotechnology scholars community to interest students from the City University of New York (CUNY) two-year and four-year campuses in the field of biotechnology. The project is being led by Dr. Eva Cramer, from SUNY-Downstate, and Dr. Pat Rockwell, from Hunter College, with support from the Workforce Strategy Center.

The Aviation Institute failed to meet a February 1, 2006, deadline for submission of its demonstration grant proposal to WIF. Conversations with Aviation Institute staff suggest that it was unable to get employers to commit to participation in the project. Rather than needing entry-level workers, these employers were looking for an entity that could provide incumbent worker training. The Aviation Institute's work was further complicated by the fact that an entity already existed to help employers meet their recruitment needs; the Council on Airport Opportunities received money from airlines to help them with their hiring. The Aviation Institute attempted to build a partnership with the Council on Airport Opportunities but was unable to solidify the relationship within the required timeframe.

Finalizing the Contracts

Following approval of Met Council's and SUNY-Downstate's demonstration phase proposals, each lead agency engaged in a lengthy contracting period that delayed the official implementation dates for both sites. The innovative nature of the NYCSI required SBS to involve multiple agency divisions—including the workforce development, legal and fiscal departments—in the process of developing appropriate contracts. Lead agencies waited two to three months to receive draft contracts from SBS and then entered contract negotiation processes that lasted approximately six months for each site and involved several rounds of revisions and conversations to ensure that the contract accurately reflected the programs and practices of each entity involved.

Achievements and Benefits

The process of undergoing a lengthy planning phase was new to most key NYCSI stakeholders. Given the novelty of the broad, system-changing ideas behind NYCSI, a planning phase proved beneficial in several ways. While some achievements and benefits accrued universally across the Initiative, the following section will briefly examine major benefits of the planning phase for three groups: the Workforce Innovation Fund as a whole, the Department of Small Business Services and the funded lead agencies.

Workforce Innovation Fund

Knowing What You're Paying For

Most WIF members viewed the planning phase as a low-cost, limited investment in an in-depth exploration of specific industrial sectors. In the absence of the planning phase, WIF risked making larger investments based on inadequate information. One funder remarked, “Too little gets done without planning. You get what you pay for, and it is no way to do business, especially with dramatic changes in the labor market and client population.” During the planning phase, the Aviation Institute demonstrated to WIF that it did not possess the capacity or necessary connections to produce a viable proposal or demonstration program. The planning phase allowed the funders to avoid potentially wasting limited resources.

Taking Risks Instead of Playing It Safe

The planning phase allowed WIF to take risks in lieu of “playing it too safe.” Biotechnology was not a fully developed sector in New York City, and not much was going on in terms of workforce development in the aviation sector; WIF took a risk initially in selecting these industries for a sectoral demonstration. Following the submission of proposals, WIF members realized a severely limited number of organizations possessed the capacity necessary to contribute to a new model of workforce development in either sector. The planning phase provided WIF with the opportunity to test out the respective applicants. In the case of biotechnology, the planning phase and ensuing best-and-final-offer process revealed the sites’ limitations going into the demonstration phase, allowing for estimation of future risk and the opportunity to address weaknesses with technical assistance.

New York City’s health care industry, and the volume of related training programs, was significantly more developed. Most WIF members expressed the sentiment that Met Council’s initial proposal did not reflect the level of innovation members were looking for; but they remained interested, in part, because Met Council was not viewed as the safe and predictable bet. WIF members were interested in identifying new providers who were not the “usual suspects” in terms of service delivery. WIF took a risk in awarding a planning grant to Met Council, allowing the

lead agency to develop its wraparound service delivery model and explore its application in a variety of health care professions.

Aligning Demonstration Phase Goals to Reflect Planning Phase Outcomes

For WIF members, the planning phase provided an opportunity to further define common goals and procedures for the demonstration phase. One member stated, “We didn’t know what we wanted. It took us a while to get direction.” The planning phase allowed WIF to postpone making some implementation decisions until after it had more information about the selected lead agencies. It learned more about the labor market and the specific sectors from the lead agencies and, as a result, was in a better position to define the issues to be addressed during the demonstration phase.

[New York City Department of Small Business Services \(SBS\)](#)

Pushing the Boundaries of WIA

SBS’s oversight for adult workforce development provided the agency with access to a new federal funding stream, but there was a steep learning curve in understanding how to put WIA dollars to use. The WIF focus on innovation pushed SBS to explore WIA parameters with the lead agencies. For example, during the planning phase, SBS and the lead agencies worked to find creative approaches to the potentially daunting task of soliciting “match” contributions from employers. SBS determined the required employer match amount for each lead agency and engaged the site coordinators in a process of investigating possible forms the match could take. The lead agencies were advised to estimate the value of clinical rotations (at Met Council) and internships (at SUNY-Downstate); in both cases, the lead agencies and SBS discovered that these activities alone

would meet and exceed the employer match value required by WIA.

Using Private Dollars for Maximum Flexibility

As the lead agencies created and refined their demonstration proposals, SBS was able to shift the private funding around to ensure that it covered program elements not allowed under WIA or by SBS. Consequently, leveraging private dollars offered SBS an opportunity to support training programs that, in the end, had a higher payoff for participants. Without access to the private funding, SBS would not have approved Met Council’s rad tech program because the agency did not fund training programs in excess of six months in duration. Additionally, WIA prohibits use of its funds for a number of items such as the purchase of equipment and travel (for example, to industry conferences). Private funding also meant SBS could support the purchase of equipment needed to expand the number of seats in the Hunter College biotechnology workshop.

Making a Mark on Customized Training

SBS used experiences in the planning phase to inform the creation of its customized-training grant program for business customers and the related contracting process. NYCSI helped shape SBS’s thinking around target industries and the goal of livable wages and career pathways for participants. SBS also used NYCSI as a model for instituting a quarterly request for application (RFA) process, rather than reviewing applications on an ongoing basis, because it allowed for a more competitive assessment of proposals. During the NYCSI planning phase there were few interim reporting requirements for lead agencies, which were expected to complete only a demonstration proposal as the end product of their planning phase. Drawing on reflections about what interim products would have been

helpful for NYCSI, SBS established a set of concrete goals and desired outcomes for proposal submission and planning phases in future initiatives. One SBS staffer described several outcomes and products that are now expected of customized grant applicants, including:

- Demonstration of applying market research to the proposed intervention;
- Articulation of the organization’s strategy, program model, recruitment, placement and retention plans in detail;
- Discussion of available and anticipated resources and how the resources will be deployed; and
- Description of how connections to the industry and labor market should look.

The NYCSI proposal submission and planning phase aided in the creation of this detailed list of business-driven proposal criteria.

The demonstration phase contracts had to encompass the collective vision of the private funders, account for regulations and situations specific to the institutions involved as training and service providers and meet WIA and City procurement regulations. Not surprisingly, contracting periods for the demonstration took much longer than anticipated for both lead agencies. However, SBS emerged from the process with a revitalized WDC and templates for future customized training contracts. Since 2005, SBS has invested \$2.3 million in 26 projects to train 1,477 employees in seven sectors. While not fully attributable to the NYCSI, the Initiative certainly helped shape the customized training program and grant process.

Funded Lead Agencies

Laying the Foundation for Innovation

The planning phase provided lead agencies with a forum to explore (and prove their ability to undertake) innovative approaches to workforce development. Selecting the SUNY-Downstate site for the planning phase in itself represented an innovation in workforce development—involving a four-year institution with linkages to other four- and two-year colleges. The site was encouraged to explore the lower and middle sections of a pipeline to biotechnology jobs and ended up identifying current barriers to expanding the pipeline downward. For instance, the CUNY two-year colleges do not offer cell biology, one of the introductory-level prerequisite classes for the biotechnology workshop. The site proposed to work with a few CUNY two-year schools to include the cell biology class in the biology curriculum, facilitating an easier transition for future entry-level biotechnology workers. Met Council spent planning-phase time searching for training providers who were receptive to nontraditional and disadvantaged learners. The site’s comprehensive approach, which includes supportive services and attention to the development of basic skills and soft skills, helps reduce attrition in technical training programs, a particularly frustrating problem for training providers in high-demand occupations such as rad tech.

Engaging Employers and Responding to Their Needs

Both lead agencies approved for demonstration grants worked intensively to engage employers during the planning phase, calling on them to shape training and service offerings and make a commitment to supporting training efforts. Met Council assembled a planning phase work group involving health care employers, administered an employer

needs assessment survey, and consulted with a variety of health care employers to inform the lead agency's labor market research. Without the input supplied by Met Council's employer partners, the organization would likely have offered training programs that met with little demand, such as pharmacy technician and surgical technician training, and may not have pursued the rad tech training. The SUNY-Downstate team reached out to a variety of biotech employers in both corporate and academic research settings, requesting that they complete a survey and indicate whether or not they would consider providing internships to workshop participants. This survey and other employer feedback were used to inform decisions about purchasing new laboratory equipment and refining the Hunter workshop curriculum. Without the NYCSI planning phase, these employer-engagement activities probably could not have occurred at this scale; moving forward, they will certainly help the lead agencies develop informed, dual-customer service, training and placement programs.

Building Capacity to Undertake Sector Work

While successful strategies differ, sectoral work most often requires intimate knowledge of the sector; connections with a broad array of employers, service providers and other relevant players; and continued assessment of the needs of workers and employers in that sector. These activities naturally require time and money, but they also rely on organizational capacity. The SUNY-Downstate site represented one of the only entry-level biotechnology training providers in New York City, but it lacked experience in workforce development; the planning phase provided an intense crash course for Drs. Cramer and Rockwell, complementing their existing technical expertise and Dr. Cramer's efforts to raise millions of dollars for biotechnology in New York. For Met Council, which had been primarily participant-focused prior to NYCSI, the planning phase provided the

opportunity to build its capacity to engage and respond to employers, an essential element of sectoral strategies.

Challenges and Lessons Learned

While there were numerous achievements during the start-up of the NYCSI and planning phase, stakeholders encountered several challenges that led to delays in the anticipated timeline. First, the task of aligning goals for the Initiative occupied much time and effort during the start-up phase. Second, organizations submitting proposals, including those awarded planning grants, lacked the capacity to immediately serve as functioning workforce intermediaries. Third, the effort of creating and supporting workforce intermediaries was new to nearly everyone involved, with the extended contracting process as a prime example of charting new territory. Finally, staff turnover across the Initiative's stakeholders slowed the planning and contracting process, requiring time to bring new members up to speed and ensure continuation of institutional learning.

The Initiative's delays caused frustration for all, including foundation representatives and the boards to which they were accountable, SBS staff and funded lead agencies. At the root of these frustrations were differing and perhaps unrealistic expectations for the planning phase. Despite these frustrations, the experience of the planning phase—both its benefits and challenges—offer lessons on collaborative efforts to develop workforce intermediaries.

- *Implementing new programs that involve partnerships among multiple stakeholders requires intensive time and resources, which were not sufficiently planned for in the Initiative.*

All stakeholders interviewed in July 2006 expressed the sentiment that more time and funding would be required in order to produce a planning phase like the one envisioned in the RFP. Suggestions from funders and lead agencies about the appropriate length of a planning phase for an initiative of this sort ranged from six months to one year, which would have to be accompanied by a proportionate increase in planning phase funding. Furthermore, a key for future efforts will be setting realistic goals and managing the expectations of stakeholders, including foundation board members, around rapid start-up. One WIF investor stated, “The spirit of this project includes doing something that is not the same as usual and making a commitment to opening up new pathways for low-skilled workers; meeting these goals requires time.”

- *Program delays and changes should be an expected part of developing new and innovative programs involving multiple partners.*

In spite of the frustrations expressed around the extended length of the planning phase and the substantial changes made to demonstration proposals, most

NYCSI stakeholders acknowledge the inevitability of such occurrences when embarking on a novel endeavor. Delays allowed for learning and growth at the funded lead agencies. For instance, absent an extended planning phase, Met Council would not have pursued wrap-around service delivery for rad tech students under the banner of the Initiative. NYCSI now funds two demonstration lead agencies, each pursuing promising strategies for training and placing participants—many of whom have barriers to employment—in high-demand, high-growth occupations.

- *A sectoral planning phase should be structured as an iterative process.*

Instituting a planning phase was NYCSI's way of recognizing the time and resource investments required, but future planning phases would benefit from a more formalized, iterative process. Requiring submission and review of demonstration proposal components during the planning phase, such as the labor market research and work plan, would have allowed WIF members and P/PV to focus specifically on each element and push the lead agencies to refine and build strong proposals.

- *When piloting innovative program models, a smooth and efficient contract process requires that all relevant parties be fully engaged from the beginning.*

Contracting took longer than expected, delaying the start of the demonstration phase by months. Drafting a proposal based on the RFP and involving SBS's legal and fiscal departments during the lead agencies' planning phase could have expedited the process, as would have a fully functional WDC. Similarly, SUNY-Downstate could have engaged the many arms of the CUNY and SUNY system

that needed to sign off on the contract earlier in the process. However, given the number of subcontracts required for each demonstration lead agency, delays should have been anticipated with additional time built into the planned contracting period.

- *Innovative sectoral workforce development programs require a champion for change.*

Met Council's project coordinator, Sandra Greenstein, has been a champion for change in an organization supportive of her driving efforts. She has taken Met Council from being an organization that primarily focused on the job seeker to one that takes a dual customer approach. SUNY-Downstate, on the other hand, lacked a lead workforce development champion for change, contributing to their delays. While Workforce Strategy Center consultants provided the workforce development context, the project lacked a driving force to move the biotechnology workshop at Hunter College from being an education-focused effort to an employment-focused one. A new Workforce Strategy Center consultant recently stepped in to manage the project in the absence of a program coordinator and was able to achieve results in this capacity, illustrating the need for such leadership especially in a case involving two large academic institutions, SUNY-Downstate and CUNY's Hunter College.

- *The highest potential for effecting systemic change lies in working with large institutions such as SUNY, CUNY or hospitals; however, such institutions can be rigid and slow moving.*

The SUNY-Downstate site has proposed to build articulation agreements between various CUNY schools and Hunter Col-

lege in order to recruit and prepare non-traditional students for the workshop. One site member, however, noted the challenge of establishing and actually using the agreements, citing assessments from senior CUNY administrators of how fragmented the CUNY system is. Met Council invested substantial time and resources in locating the best educational partner for the rad tech training program, delaying the beginning of implementation by switching providers twice before making a solid match with Long Island College Hospital (LICH). Met Council experienced a lack of capacity with one training provider and recognized that a second provider could not move fast enough to accommodate Met Council's scheduling demands.

Questions Going Forward

An overriding objective of WIF and NYCSI was to create a new model for workforce development in New York City. At the start of this project, P/PV focused its evaluation on five key areas (for a list of research questions, see Appendix A):

- Creating a New Model for Workforce Development in New York City
- Involving Employers in Workforce Development While Addressing Their Needs
- Implementing Collaborative Models to Address the Needs of Job Seekers and Employers
- Understanding the Role of Two-Year and Four-Year Colleges in Serving Low-Income Individuals
- Evaluating Characteristics and Outcomes for Job Seekers and Workers

While the planning phase offers important lessons, it also suggests additional questions about this new model for workforce development:

- *How can organizations leading workforce development efforts get employers to become true partners in meeting the City's training needs?*

During the planning phase, lead agencies began to ask important questions, such as, “What do employers really need?” and “Which employers need it?” rather than “What kind of training program do we

want to run?” In the demonstration phase, lead agencies must illustrate how their training and service programs truly meet the needs of employers by producing well-trained participants; at that point, the question becomes: Can they move to more actively engaging employers and creating reciprocal relationships that go beyond the in-kind employer match being provided as a requirement of WIA? The ultimate question is whether it is possible to get employers to pay for training being provided by community-based organizations and other training providers.

- *To what extent can health care and biotech sectoral strategies succeed in serving the disadvantaged?*

The NYCSI lead agencies recruit a relatively higher “level” of participant, in terms of the skills, abilities and competencies required prior to program entry, due to the demanding nature of many of the training programs and targeted occupations. One question is whether there are a group of higher-skilled individuals who, with support, can break out of low-wage jobs, and how large is this pool. Furthermore, as both lead agencies are exploring ways to recruit participants who would not typically be targeted for their training programs, will their efforts to provide access be enough, or will additional bridging programs be needed to overcome education and skill gaps? Finally, what will be the next steps for these agen-

cies in thinking about creating pipelines of workers for the sectors in which they are training participants?

- *How is the concept of return on investment used to measure the value of this new model of workforce development?*

There are different views on how to calculate the value of training interventions. Funders often look at the cost of training per participant trained or placed to measure the value of training. Sectoral approaches, which may require more funding but result in family-sustaining careers for participants, suggest the use of a return-on-investment approach for evaluating training programs. For example, rad tech training requires a high unit cost due in part to the length of training and expensive equipment involved. However, trainees can earn wages exceeding \$50,000 upon placement in New York City. This suggests that, despite the higher cost of some demand-led or long-term training programs, a higher return on investment might be achieved through these efforts.

Concluding Thoughts

It is clear from the experience of the planning phase that public-private funding collaboratives require significant effort but can create a rich environment for leveraging funding and knowledge. The reflections and lessons documented in this report can serve to shape future funding collaborative initiatives in workforce development and other fields. These lessons should also inform the ongoing work of the WIF as it continues to serve a “research and development” function for New York City’s workforce, incubating new models for training and services that lead to family-sustaining jobs for workers. P/PV’s next report will explore further the questions highlighted by the planning phase, define the key elements of the NYCSI’s model for workforce development and assess its success in meeting the needs of job seekers and employers.

Appendix

Appendix A: P/PV Research Questions

Creating a New Model for Workforce Development in New York City

- ✦ What lessons can be derived about how the City can link workforce development to key economic and labor market trends?
- ✦ What elements distinguish this model from past initiatives?
- ✦ What are the benefits of the model and what challenges does it pose?
- ✦ How are lessons from this initiative applied to new efforts by the City and the NYC Workforce Development Funders Group?

Involving Employers in Workforce Development While Addressing Their Needs

- ✦ How can intermediary organizations involve employers in workforce development activities? What roles do employers play during the planning and implementation stages?
- ✦ What are the characteristics of employers who participate?
- ✦ What do employers perceive to be the benefits of participation? Which services offered by the sector programs do they take advantage of?

- ✦ Do employers track the costs of recruiting new entry-level workers and of training new and incumbent workers? If so, how does the cost of participation in the Initiative compare to the way they've done business in the past?

- ✦ How do employers meet the required matching funds, and what are the implications for expanding this model to other workforce development initiatives?

Implementing Collaborative Models to Address the Needs of Job Seekers and Employers

- ✦ How do the lead agencies go about developing their sector strategies? What partners do they involve, and what information do they use (e.g., labor market data, employer and other key informant interviews)?
- ✦ How do the lead agencies structure the collaboration? Which service providers and employers do they involve and why? What partners are essential in each sector?
- ✦ What services are offered to workers, job seekers and employers?
- ✦ What organizational or service delivery changes do providers make to adapt to the dual-customer approach of serving employers and low-income individuals?

Understanding the Role of Two-Year and Four-Year Colleges in Serving Low-Income Individuals

- ✦ What lessons can be derived from the two collaborations about how the City's colleges can better meet the workforce development needs of low-income residents?
- ✦ How do SUNY-Downstate and Hunter College create a pipeline into the biotechnology field, and what aspects of this model have the potential to be replicated in other fields?
- ✦ How does SUNY incorporate the goal of helping its students identify employment?
- ✦ What are the keys to successful partnerships between Met Council and the colleges to support low-income individuals in completing degree or certificate programs?
- ✦ What roles can community-based organizations and colleges play to address the barriers low-income, nontraditional students face to accessing and completing college programs?

Evaluating Characteristics and Outcomes for Job Seekers and Workers

- ✦ What are the characteristics of those who participate, including basic demographics, previous work and wage history, and potential barriers to obtaining well-paying jobs?
- ✦ What services do participants receive? How long do they participate? How many complete training and obtain any necessary certifications?
- ✦ How many graduates obtain training-related jobs? What wages do they earn, and what hours do they work? What benefits do their employers offer? How long after the completion of training do participants obtain jobs or receive promotions?

- ✦ What participant characteristics are associated with training completion and obtaining a training-related job?
- ✦ Are participants satisfied with the program and the jobs they obtain?