

**THE JOBS INITIATIVE'S
REVISED NATIONAL INVESTOR
OUTCOMES OUTLINE**

**AN APPROACH TO
SYSTEMS REFORM**

**Prepared for the
Annie E. Casey Foundation's
Management Committee**

**Marcia E. Kingslow
September 1998**

KINGSLOW ASSOCIATES

1642 East 56th Street
Suite 407
Chicago, IL 60637
(312) 493-1055
(312) 493-0855 Fax

TABLE OF CONTENTS

INTRODUCTION	1
GIVENS	2
INITIAL GIVENS	2
MODIFICATIONS TO THE INITIAL GIVENS	3
ASSUMPTIONS	5
ORIGINAL ASSUMPTIONS	5
SYSTEM REFORM ASSUMPTIONS AND MODIFICATIONS	7
EVOLVING ASSUMPTION	8
CORE STRATEGY ASSUMPTIONS	11
CRITERIA FOR ASSESSING STRATEGIES	13
CHALLENGES	13
CONCLUSIONS	15

INTRODUCTION

The Annie E. Casey Foundation's Jobs Initiative is an eight-year, \$30 million demonstration to develop innovative approaches that connect disadvantaged job seekers in targeted neighborhoods to regional labor markets. Operating in six cities (Denver, Milwaukee, New Orleans, Philadelphia, St. Louis, and Seattle), the Jobs Initiative's focus is on creating quality jobs that provide livable wages, benefits and upgrade opportunities, and reforming the public and private systems that support both job seekers and employers.

Consistent with AECF's premise that effective programs and positive outcomes for disadvantaged children and families require comprehensive systems reform on multiple levels – organizationally, legislatively, and fiscally – the Jobs Initiative has endorsed systems change as an important and essential component of its work. In the next several years, the Jobs Initiative will face its most serious challenge: how to formulate, initiate, and effectively advocate for changes in regional workforce systems that create better connections between young adults and good jobs – changes necessary to reach any sort of scale in terms of the number of job seeking adults served and depth in terms of the quality of life resulting from job seekers' participation in the labor market. On a conceptual level, this presents a number of challenges associated with translating the lessons that the Jobs Initiative has experienced to date into an effective set of system reform strategies. On a practical level, it involves formulating this new reform agenda and configuring the requisite players, while continuing to focus on implementing jobs projects and improving their quality and outcomes.

An essential tool for processing these considerations is the *National Investor's Outcomes Outline (NIOO)*, the primary roadmap the sites have used to guide the development of their Strategic Investment Plans (SIP). The NIOO translates the Initiative's conceptual framework into a set of operational guidelines that have been used during the Planning and Capacity Building phases. It offers a set of *givens*, or conditions and parameters, which the sites are expected to follow as they develop their jobs strategies and projects. The NIOO also includes a set of *assumptions* about the customers (or stakeholders) who will ultimately benefit from the Initiative, and the products and outcomes that will result from the work.

As the Jobs Initiative moves toward the Full Implementation phase, the SIPs will require modifications to accommodate the systems reform activity. AECF staff and advisors, with input from the sites, are currently in the final stages of revising the NIOO to include a broader set of criteria for guiding the systems reform component than was originally developed. This paper has been developed as an internal document to inform the Management Committee about the conceptual considerations and challenges that are shaping the design of the systems reform component. The design process draws on the practical lessons and experiences from the Initiative's Planning and Capacity Building phases, and acknowledges broader changes in the economic and policy environments that affect labor market access for disadvantaged job seekers.

This paper begins with an overview of the *givens* that have guided the Planning and Capacity Building phases of the Initiative. That section is followed by an overview of the initial thinking that shaped the systems reform component, and how the evolution of this thinking has resulted in modifications to the Jobs Initiative's *givens*. A similar approach is taken in examining the *assumptions*: an overview of the assumptions developed for the initial phases of the Initiative is first provided, followed by a discussion of how these assumptions have been modified to facilitate the Implementation phase and the systems reform component. The section is organized according to the Initiative's primary *customer groups*: the development intermediaries, job seekers, employers, and policymakers. The sections addressing *givens* and *assumptions* are followed by a discussion of the *strategy* considerations associated with implementing systems reforms projects in public and private systems. The paper closes with a discussion of the major challenges, both conceptual and operational, that the Jobs Initiative faces as it moves toward system reform.

GIVENS

INITIAL GIVENS

The Jobs Initiative is guided by a number of *givens* that are meant to be applied at all stages of the Initiative. They address the time frame, financing and use of funds, as well as conditions and behaviors related to the development intermediaries.

The essential objective of the Jobs Initiative is to improve the way urban labor markets work for low-income, inner city residents. The Initiative is designed as an eight-year effort that proceeds according to four critical phases: the Application Process; the Planning Period; Capacity Building, the current phase; and Full Implementation. The Foundation invested \$204,000 per site to enable each site to carry out the activities of the 17-month Planning Phase. Each site was required to produce a \$180,000 match. For the remaining 6½ years of the Initiative, the Foundation is investing up to \$700,000 per year per site, providing that the site is accomplishing the agreed upon outcomes. During this period, each site is required to produce a 50 percent annual match in flexible dollars, or up to \$350,000 per year for each year of the Capacity Building and Full Implementation phases.

The development intermediaries are the lead organizations responsible for implementing the local jobs initiatives in each site. They are the *direct customers* of AECF and the recipients of all AECF grants. The development intermediaries are expected to operate their initiatives in a lean manner, with the bulk of investments going to activities related to jobs projects and systems reform that conform to the specified *givens*. No more than five percent of AECF funds is to be budgeted for administrative overhead costs.

The original set of *givens* was designed to provide a sense of boundaries for the Initiative. They very clearly stated what the Initiative is and what it is not. Unlike many community development initiatives, the Jobs Initiative is not place-based. Rather, it is designed to strengthen the relationships between inner city neighborhoods and jobs within the context of *regional* economies and labor markets. The Jobs Initiative also puts an emphasis on the role of employers,

capitalizing on their need for increased labor to leverage opportunities for inner city job seekers. Because the emphasis is on connecting the Jobs Initiative to broader economic objectives, it does not support discrete projects in the areas of real estate development, physical improvement projects, commercial revitalization, or microenterprise development. Small business development is an allowable activity as long as it is part of a larger jobs strategy that produces good jobs in a relatively short period of time.

The original givens also stated that the Jobs Initiative was not to be narrowly defined in terms of welfare reform or workforce development. It is instead intended to cut across disadvantaged population groups and existing systems. The de-emphasis of welfare reform grew out of the Initiative's original focus on young male job seekers and the objective of keeping their needs from being overshadowed by the employment needs of female welfare recipients. As discussed below, however, this given has been modified to reflect welfare reform policy changes that occurred after the Jobs Initiative was already underway.

The givens specify that Jobs Initiative funds are to leverage public and private resources at both the policy and jobs project levels. However, the development of jobs projects is seen as a means, not an end. Rather than simply replicating jobs projects, the Initiative sees projects as important vehicles for learning and necessary steps for creating long term systems reform. AEFCF funds are considered temporary and should only represent a portion of funding for any jobs project.

A set of givens was developed to address allowable funding activities for each specific phase of the Initiative. During the Planning phase, many of the permissible uses focused on building the capacity of the primary institutions involved. This included planning, organizational and operational development for the development intermediaries and community organizations, and technical knowledge building about job creation and workforce development. Funds were also used to support the overall planning process, including data collection, feasibility analyses, impact community assessments, regional economic analyses, and plan preparation. The Jobs Initiative sites also used funds to participate in relevant conferences and coalitions, including those sponsored by the Foundation.

During the Capacity Building phase, emphasis has been placed on refining many of the capacity building, community outreach, and knowledge building activities begun in the Planning phase, but doing so through the lens of specific projects, prototypes and activities. Funds may be used as start-up seed capital for jobs projects, operational support for jobs projects, and equity financing and guarantees for loan funds supporting job creation. Funds have also supported the development of management information systems and communications activities.

MODIFICATIONS TO THE INITIAL GIVENS

Based on key lessons emerging from the experiences of the Jobs Initiative sites, the original NIOO has been modified and expanded in several areas. Revisions to the givens distinguish the Jobs Initiative as a two-pronged approach to improving access to regional labor markets for job seekers from low-income neighborhood by: (1) investing in jobs projects as a

means of learning about labor market barriers and ways to address those barriers; and (2) investing in a systems reform agenda that can institutionalize effective policies and practices related to improving the way urban labor markets work for disadvantaged inner-city job seekers. Revisions further underscore the distinction between activities of the Capacity Building phase, which focus on concrete jobs projects and prototypes, and those of the Implementation phase, which focus on institutional change, using the lessons of the Capacity Building phase to inform this process.

Although the sites have been required to fully engage in site specific and cross-site evaluations, *self-assessment* has taken an increasingly important role in the Jobs Initiatives. On the one hand, self-assessment is a given implicit in the *outcomes planning* method employed by the Initiative, which stresses, among other things, the design and use of data systems that can promote continuous improvement of practices, strategies, and outcomes. Self-assessment is also implicit in the *theory of change* methodology used by the Jobs Initiative evaluators, which includes opportunities for the sites to assess their activities against interim measures of progress and change.

The givens guiding the Capacity Building phase have been expanded to explicitly acknowledge the importance of supporting job creation efforts aimed at the very hard-to-employ population. Additionally, projects related to welfare reform have been determined to be allowable uses of funds. The rationale for these, as well as other changes, is discussed in the subsequent section about the Jobs Initiative's assumptions. Additionally, the use of Capacity Building funds has been expanded to include support of the Jobs Policy Network, the primary instrument for developing a jobs policy agenda and a key actor in the systems reform component. Finally, the givens state that Jobs Initiative funds should be used for no more than three years in support of any one jobs project.

New givens have been developed to guide the Implementation phase, including those related to the use of funds, the development intermediary, and the impact community and target population.

GIVENS RELATED TO THE USE OF FUNDS. Central to the ability of the sites to carry out the systems reform anticipated during the Implementation phase is the need for revisions to the Strategic Investment Plan (SIP). The givens have been expanded to include a range of new planning activities designed to help the sites develop a "vision" of the reformed system by connecting the lessons of the jobs projects and prototypes undertaken during the Capacity Building phase to a systems reform agenda. These planning activities include a number of exercises designed to help the site map the systems that affect labor market opportunities for central city job seekers, such as analyzing key actors and stakeholders, the flow of resources, and existing and potential partnerships and alliances. The sites are expected to develop *strategies* that will to influence customer behavior in favor of the reform agenda, using reform targets, milestones, and outcomes as the tools to assess change. They are also expected to develop self-assessment procedures to augment the strategic assessment tools employed to gauge the process and progress toward systems change.

GIVENS RELATED TO THE DEVELOPMENT INTERMEDIARIES. During the Implementation phase, the roles and responsibilities of the development intermediaries will shift away from their current focus on the management of jobs projects toward activities that translate the lessons emerging from these projects into tangible systems reform strategies. Key responsibilities will include coordinating the planning process required to revise the SIP for the Implementation phase, securing local matching funds and leveraging additional support, managing AECF investments, and engaging and sustaining the active involvement of civic stakeholders needed to implement the systems reform agenda.

GIVENS RELATED TO THE IMPACT COMMUNITY. The original NIOO specified that impact community residents must make up at least 50 percent of those being served by Jobs Initiative projects and prototypes. The Implementation phase will place less emphasis on operating jobs projects and prototypes and more emphasis on using the lessons of the jobs projects and prototypes to bring effective policies and practices to scale on a regional basis. The local jobs initiatives will continue to use the impact community as the focus in testing jobs projects and prototypes, and are expected to remain committed to improving employment and earnings outcomes for disadvantaged job seekers, particularly men of color. However, the givens have been modified to reflect the Foundation's expectation that the outcomes resulting from the systems reform agenda will occur at the local, citywide, and regional levels.

ASSUMPTIONS

This section examines the *assumptions* that underlie the Jobs Initiative and how they have been refined in relation to the systems reform work. The first part examines assumptions in the original NIOO. They are organized according to specific customers. *Direct Customer Assumptions* are those related to the six development intermediaries responsible for carrying out the local jobs initiatives. *End User Assumptions* relate to what is understood about three groups: (1) residents seeking good jobs, (2) employers seeking job-ready workers, and (3) policymakers connected to the public and private systems that comprise the regional labor market. The second part of this section examines how these assumptions have changed during the Capacity Building phase to reflect the move toward systems reform. It begins with a discussion of the broad conceptual shifts and is followed by specific changes related to each customer group. Also included is a discussion about *Core Strategy Assumptions* – approaches sites will take to implement jobs projects that inform systems change and the products resulting from this work.

ORIGINAL ASSUMPTIONS

DIRECT CUSTOMER ASSUMPTIONS. The development intermediaries are the lead organizations responsible for carrying out the local jobs initiatives. The Foundation developed an array of assumptions about them that related to their ability to manage the multiple charges implicit in this role. The development intermediaries are assumed to have a deep commitment to creating jobs and connecting residents, particularly economically disadvantaged people of color, with family supporting jobs that offer career potential. They are also committed to developing and maintaining cooperative relations with community residents and community organizations.

The development intermediaries are expected to have good knowledge of and working relationships with key businesses, government agencies and neighborhood leaders in their regions, and to coordinate the efforts of these leaders to carry out the Jobs Initiative. Moreover, they have the experience and expertise to involve key actors in an open and effective planning process that leads to a revised Strategic Investment Plan. To this end, they are expected to develop their capacity to collect, manage and analyze data, and be entrepreneurial in their approach to planning, design and implementation – searching out and seizing opportunities that become available that will lead to improved job access and job creation for the target populations. The development intermediaries will have the capacity to balance this entrepreneurial approach with techniques designed to facilitate broad collaborative participation. Finally, they are committed to achieving demonstrable results by establishing clear outcomes in their revised SIPs. They are expected to track progress toward achieving those outcomes by devising milestones, targets and other measurement strategies. The development intermediary will require from their partners and implementing agencies the same degree of commitment to results and accountability as the Foundation expects of the intermediaries.

END USER ASSUMPTIONS: RESIDENTS SEEKING JOBS. The assumptions related to residents of low income neighborhoods address their aspirations and needs, as well as the conditions required to successfully enter and be retained in the labor market. It is held that community residents need and want good jobs that have career potential and provide family supporting wages and benefits. These residents include those who have little or no work experience, those who are unemployed and have exhausted their unemployment benefits, and those who are underemployed in jobs that do not offer family supporting wages, benefits, or the potential for career advancement. The residents served by the Jobs Initiative will need both the soft skills to acquire and retain entry-level positions and the technical and educational skills required for career advancement. Many of the residents seeking to acquire and retain good jobs require substantial assistance in such areas as: access to information about jobs; transportation assistance to suburban jobs; childcare assistance; and a range of formal and informal community-based supports. Finally, young minority men have particular needs with respect to employment and will require unique approaches to support them in finding and retaining good jobs.

END USER ASSUMPTIONS: EMPLOYERS. The assumptions about employers recognize the relationship between labor supply and preparedness and productive expansion. The assumptions also acknowledge the barriers certain workers face in obtaining employment, as well opportunities that exist in certain industry sectors. Within a city or region, employers have a need for and a willingness to hire and retain job ready and productive workers. They are interested in hiring employees who possess both basic skills and technical skills needed to be productive workers, but who also demonstrate responsibility, self-reliance, initiative, and the ability to work well with others. In order to retain productive workers and reduce turnover costs, employers have the willingness and capacity to pay family-supporting wages and offer opportunities for career advancement.

At the same time, however, many employers are skeptical of subsidized job training programs and may be reluctant to hire graduates of these programs. It is also acknowledged that many employers, particularly those in the suburbs, may be wary of hiring young minority males

from inner city neighborhoods. Working with training providers that provide skilled, job-ready employees will help employers get past these biases. Additional job opportunities may be found among human service sector employers. These employers have the potential to provide jobs and career opportunities to low income residents in their own communities. Minority-owned firms are assumed to be another source of job opportunities. They tend to hire minority employees, yet often lack access to the business capital, markets, and technical assistance needed to make their businesses more productive.

END USER ASSUMPTIONS: POLICYMAKERS. One of the early assumptions about the systems reform component was that the reforms were to be targeted to public systems. This thinking evolved to recognize that inner city job seekers confront systemic barriers to labor markets that are comprised of both public and private systems. As discussed in a subsequent section of this paper, the assumptions about policymakers have been substantially amended. Preliminary assumptions about public policymakers viewed them as individuals who are interested in trying out new approaches to connecting low-income job seekers to employers seeking job-ready employees, and to retaining job seekers in these jobs. Policymakers are interested in workforce development approaches that accomplish results at lower per placement and retention costs and leverage private sector investments. It is assumed that policymakers will be key actors in efforts aimed at translating the lessons of the Jobs Initiative into systems reforms, particularly given their control over financial and administrative resources. The primary point of interaction in this exercise is assumed to be between policymakers and the Jobs Policy Network. The role of policymakers – public and private – in making available resources that can sustain Jobs Initiative projects beyond AECF's investments is seen as critical.

SYSTEM REFORM ASSUMPTIONS AND MODIFICATIONS

Although best practice projects provide important lessons, alone they are simply not sufficient vehicles for stimulating sustained and widespread social improvements. The Jobs Initiative's original emphasis on systems reform is derived from a longstanding AECF belief that changing systems is the only plausible way to reach scale in terms of the number of families and children whose lives are changed from social interventions. A number of overarching assumptions have helped shape the direction of the Jobs Initiative's systems reform component in this regard.

Most of the initial assumptions about systems reform related to changing public systems. Implementing jobs projects was seen as a first stage investment that builds credibility and yields learning and reform. However, AECF's early examination of effective jobs projects revealed that most of them exist in spite of public systems – that they are the result of entrepreneurs piecing together public and private funding without specific guidance or direction from these systems. AECF's decision to select diverse site conveners grew out of the recognition that the public sector is not necessarily the source of innovation and reform, and that a diverse array of stakeholders (including community foundations, community development corporations and employers, for example) are involved in many model jobs projects. These examples underscored the importance of engaging the broader community, or *civic infrastructure*, in efforts aimed at systems reform. The emphasis on using AECF funds as seed capital and to leverage other capital

is meant to ensure that sites engage systems and other stakeholders and do not use AECF dollars to shield themselves.

The Jobs Initiative pushes the envelope of conventional project design and system goals in a number of other ways. The primary focus is on outcomes that connect residents of low income communities to family supporting jobs – jobs that offer livable wages and benefits, enable employees to be retained in the labor market for extended periods of time, and offer opportunities for advancement. It is also understood that, unlike conventional jobs projects, the Jobs Initiative's systems approach focuses on regional labor markets and engaging employers, thus keeping cross-cutting investments and economic development on the agenda.

EVOLVING ASSUMPTIONS

The experiences of the local jobs initiative sites have yielded a number of important lessons that have informed AECF as it reconsiders and expands many of the initial assumptions related to systems reform. There are the rudiments of a Jobs Initiative policy agenda across all of the sites. Each site emphasizes the importance of good jobs, benefits, and positive outcomes related to retention and advancement. The importance of regional workforce planning is underscored in varying degrees. All of the sites have embraced sectoral development, reflecting the importance of connecting to and influencing economic development policy. Incumbent worker training is another critical component of an effective jobs programs.

The importance of certain stakeholders has been underscored in the revised assumptions. The evolving view of systems places more emphasis on the role of employers than did the original NIOO, especially in the context of the regional labor market. This includes companies in the private sector. Other economic interests of employers, such as those related to turnover and productivity, have yet to be fully tapped. Unions and industry/trade associations are also recognized as important players. Similarly, the role of community colleges has become pivotal to any reform agenda, particularly given the range of programs they offer and the resources under their control. Community-based workforce providers and other community organizations constitute another important part of the system, although it is recognized that many of them operate at a low level of capacity and quality. While few of the sites have linked their jobs investments with human service reform, the importance of human services to post placement success and advancement has become an integral aspects of the definition of good jobs.

The assumptions having to do with welfare reform have also been modified. It was initially determined that the Jobs Initiative should not be narrowly construed as welfare reform. However, during the site selection process, the policy environment shifted. Welfare reform system changes, along with changes in workforce development, have become pervasive, making a considerable amount of money available and crowding the market with competing ideas. It became increasingly important to the Jobs Initiative that sites be allowed to develop state level partnerships and reasonable points of intersection with welfare reform activities. Additionally, labor shortages created by the long economic boom have made many employers more receptive to hiring welfare recipients and hard-to-employ job seekers, further supporting changes to the assumptions.

During the Capacity Building phase, the sites have been much more engaged with systems than was initially anticipated. The implementation of jobs projects has produced a number of public and private system changes that have involved private industry councils, employer networks, community colleges, funding streams, and more. For example, Seattle has used the Jobs Initiative as a framework for a comprehensive municipal response to welfare changes. St. Louis has designed several of their projects in conjunction with the State of Missouri. Denver has developed incentives for employers to think about change and tools to modify internal labor market functioning. Philadelphia has already set up a jobs policy network, which is taking on a variety of policy issues and involving a range of stakeholders.

Regarding the creation of the Jobs Policy Network (JPN), the initial assumption was that the sites may need another organizational framework for initiating and implementing a systems reform agenda. There was little to suggest that the systems AECF is interested in affecting will voluntarily change on their own or in response to the specific outcomes produced by jobs projects. It was assumed that both internal and external strategies would be required to affect change. The jobs policy network was also seen as a way to bring in advocacy interests that may be more provocative and controversial, while affording the development intermediaries the freedom to continue their investment work.

In order to engage the wide range of stakeholders needed to implement jobs policy and other reforms that are not of a project nature, the JPN is, to some extent, seen as functioning at arms length from the Jobs Initiative and the operation of jobs projects. In practice, some sites have created the JPN as a separate arm from the development intermediary. In other sites, the development intermediary is handling both Jobs Initiative projects and JPN activities. Recognizing that there are these two roles, the challenge is to allow for the necessary degree of segmentation while developing the ongoing feedback mechanisms required to translate and transfer project learning and policy changes.

The organizational structure under which systems reform occurs and the relationships between the development intermediaries and the job policy networks are also linked to broader considerations about power. Policy reform in and of itself is provocative because it challenges both political and economic power. Within the context of the Jobs Initiative it is especially complex because of the multiple race, class, and gender lenses required to advocate and affect meaningful change. Issues related to economic power, such as investment/disinvestment in low income communities and how economic productivity and growth are shared, add to the complexity. Some of the controversy experienced by the Milwaukee site, for example, has occurred because of the involvement of labor organizations and the site's support of living wage ordinances. Several sites have explicitly opted not to engage unions and community organizing coalitions. In some cases, the sites have named their governance groups as the policy network. It is not clear, however, that these de facto arrangements enable the sites to effectively address issues of power and resource distribution.

Although AECF did not offer a prescription for what the jobs policy network should look like, a number of new assumptions were made about the Implementation phase activities of the direct customer and each end user group.

DEVELOPMENT INTERMEDIARIES. Based on experience during the Capacity Building phase, AECF assumes that its intermediaries understand the importance of developing a strong group of site leaders, including key advisors, consultants and staff, to implement the Initiative. Each site is expected to develop site leadership teams that are diverse in race and ethnicity and reflect the needs and aspirations of the residents of the impact communities. Site leadership teams should be equipped to address the depth and breadth of economic development and workforce strategies, planning, policy, and operations. They should also have the experience and capacity to manage AECF funds and to direct those funds in an effective, efficient, and fiscally responsible manner to agencies and organizations that are participating in systems reform efforts and operating jobs projects. The development intermediaries understand that site leadership will change over time. Attention should therefore be given to developing new leadership that will sustain the Initiatives over the long run.

The development intermediaries are also expected to have the capacity to organize a Jobs Policy Network consisting of policymakers of relevant private and public systems, and to do so no later than April 1, 2000. The development intermediaries should have the capacity and the willingness to reach out to and include in the JPN the broad group of stakeholders who comprise the workforce systems. These stakeholders should be drawn from the public and private sectors, and have the power to make changes in their own systems and the ability to influence the behavior of other stakeholders and systems. It is anticipated that the JPN will develop and institutionalize a jobs policy reform agenda. The development intermediary is expected to administratively and substantively support the work of the JPN, such as organizing regular meetings, producing policy papers, and educating relevant stakeholders in the public and private workforce systems.

RESIDENTS SEEKING GOOD JOBS. During the Capacity Building phase, sites were encouraged to start with the more job ready population, and over time build a pipeline for the hard-to-employ segments of their target populations. In taking the effective practices and systems reform policies to scale during Full Implementation, the Jobs Initiative sites should be prepared to address the needs of a more diverse and hard-to-employ population of job seekers, including teens involved in school-to-work programs, long-term welfare recipients, men emerging from the criminal justice system, residents with very limited literacy and numeracy skills, and residents with substance abuse problems.

EMPLOYERS. The assumptions regarding employers have been modified to emphasize the importance of creating networks of employers that can help advance the job access and jobs policy objectives of the Initiatives. Based on positive experiences that occurred during the Capacity Building phase, each site is expected to have cultivated a group of trusting and trusted employers as partners of the Jobs Initiative. It is assumed that these employers will be willing to take more risks related to hiring, providing on-the-job training, and supporting continuing education for their employees. They will be willing to share their lessons with other employers and actively participate in the Jobs Policy Network. It is anticipated that employers within specific industry sectors will take an active role in working with each other and with training providers to improve their recruitment, training, and career advancement policies and procedures.

POLICYMAKERS. There are multiple systems that affect the way urban and regional labor markets work. These include public policy, private sector employers, education and training providers, and unions. Policy makers are sometimes prone to seizing a new idea and expanding upon it before its effectiveness has been demonstrated. It is, therefore, important to integrate them into a structure, such as a jobs policy network, that will expose them to tested approaches and connect them to other system components of the labor market so that their decisions are better informed. This is particularly important since policy makers – public and private – control the financial resources that can sustain Jobs Initiative jobs projects beyond AECF investments. In the context of federal devolution, it also becomes a vehicle for regional policy makers to build stronger connections to state level policymakers and, thereby, help achieve their program targets.

It is also recognized that policymakers operate within a political context in which they can be pulled in many directions in a short period of time. Policymakers in many sites are pulling their systems – and being pulled themselves – toward "work first" approaches to welfare reform. Many chief policymakers and middle level managers would be receptive to approaches to welfare reform that provide alternatives to strict "work first" models as long as these approaches do not lead to direct conflict with the public "work first" rhetoric.

CORE STRATEGY ASSUMPTIONS

The *core strategy* of the Jobs Initiative is the approach that will be used to develop and implement jobs projects and reform the public and private jobs systems at each site. As a new overarching approach, the core strategy is anticipated to leverage resources in ways that yield improved system performance. During the Capacity Building phase of the Initiative, sites are using jobs projects and prototypes as the primary vehicle for discovering the nature of the systemic reforms needed to connect inner city residents to good jobs in the regional labor market. The initial assumptions developed to guide activities related to effective jobs projects stressed the importance of retaining job seekers in livable wage jobs, with benefits and advancement opportunities, for at least one year. The assumptions also underscored the importance of engaging the broad civic infrastructure and key decision makers, while at the same time building and sustaining diversity at the leadership and staff levels. The sites have had to find the appropriate balance between broad, collaborative participation and an entrepreneurial approach in which innovation is encouraged and decisions made in a timely manner.

In the Full Implementation phase, the *core product* of the Jobs Initiative will focus more on strategies related to reforming systems and less on individual products and prototypes. However, it will be critical during this phase to achieve and maintain a balance and level of continuity between the learning emanating from jobs projects and how they inform system changes. The core strategies and product plans will offer a rationale and plan for Implementation phase investments, as captured in the revised Strategic Investment Plans to be submitted by the sites to AECF by December, 2000. Core products in this phase will be developed according to four strategic categories – projects and prototypes, sectoral interventions, public systems, and private systems.

1. PROJECTS AND PROTOTYPES: RELEVANT LEARNING. Jobs projects and prototypes are expected to provide lessons for systems reform by demonstrating effective ways to connect low-income residents to labor markets and to promote job retention and career advancement. It is anticipated that these projects and prototypes will provide a new and necessary set of learning for systems reform that earlier jobs projects and prototypes did not address, and that these activities will occur in two primary categories: (a) developing strategies for hard-to-employ populations, and (b) leveraging significant job creation outcomes. Making the connection between economic development and workforce development more explicit will involve an increased focus on such approaches as demand side strategies, creating social purpose enterprises, creating jobs by using human services sector resources, and investing in minority-owned business.

2. SECTORAL INTERVENTIONS. It is also anticipated that Implementation phase projects and prototypes will yield sectoral intervention strategies that are designed to have broader impacts of urban and regional labor market. Sectoral strategies seek to promote long-term systemic change by targeting an occupation or cluster of occupations within an industry and intervening to improve employment options for low-income job seekers and employees. Sectoral strategies do not simply focus on training and placement in specific industries and occupations. They instead seek to cultivate valued actors within a sub-system of public, private, and non-profit institutions. Interventions are designed to provide value within the sector by increasing the productivity of sector firms, enhancing the ability of the sector to compete in the regional economy, and ultimately improving the position and contributions of employees in the sector.

3. PUBLIC POLICY INVESTMENTS. Investments in public policy cross multiple systems, including workforce development, welfare reform, school-to-work, and human services supports. Based on a typology developed by the Center for Community Change, the Jobs Initiative targets three tiers of policy reform. *Operational Policies* are addressed by local jobs initiative sites through the operation of jobs projects and prototypes that influence and steer systems toward reform. The second tier, *Policies and Regulations Relating to Targeted Strategies*, might include first source agreements, agreements with state welfare agencies to work with segments of the TANF population, regional transportation policies, or the development of sector-wide skills standards. Several Jobs Initiative sites are already doing work in these areas. In many cases, these first and second tier strategies serve as the building blocks for more comprehensive systems reform targets.

Comprehensive Systems Reform, the third tier, is a more comprehensive set of policy reforms that might include school-to-work, promoting the continuous and sustained public and private investment needed to produce a workforce prepared for the needs of the global economy, and creating a coordinated workforce system to replace fragmented public systems. It is anticipated that the Full Implementation phase of the Initiative will focus more on second and third tier reforms.

Funds may be used for policy reform investments in such categories as policy education, community organizing, evaluations of systems performance, and return on investment analyses. Funds may also be used to analyze federal, state and local resources, develop strategic targets to

improve workforce systems, and develop benchmarking and MIS systems that will enable systems to set and track milestones and targets.

4. PRIVATE SECTOR INTERVENTIONS. Strategies aimed at developing and strengthening employer associations, such as Chambers of Commerce and sector-specific trade associations, are also anticipated. Specific areas of focus may include work-based training, anti-discriminatory policies and procedures, incumbent worker training, and return on investment and employee turnover analyses.

CRITERIA FOR ASSESSING STRATEGIES

During Full Implementation, a different set of criteria – related to scale, outcomes, and sustainability – will be used to assess proposed strategies.

SCALE OF THE RESULTS. The overall purpose of the Jobs Initiative has not been to mount jobs projects as an end, but rather to use jobs projects as a means of achieving systems reform. During the Capacity Building phase, for example, jobs projects may employ 100 residents per year and may only serve particular target groups. In Full Implementation, interventions should achieve a scale that reaches thousands of residents and serves all population groups.

OUTCOMES OF THE INTERVENTION. Outcomes for jobs projects have been relatively simple in their definition: placement in a family supporting job and retention in that job or the overall labor market for at least one year. By their nature, outcomes related to systems reform will be systemic. This may include, for example, improving the placement rate for residents emerging from the community college system, increasing placements and retention through a government supported one-stop, or increasing by a certain percentage the hiring of economically disadvantaged minority residents within a particular company.

SUSTAINABILITY OF OUTCOMES. Questions about the sustainability of jobs projects have been raised during the Capacity Building phase. With regard to systems reform, issues of sustainability emphasize: (1) how to move from a jobs project focus to a policy orientation; and (2) how to build more permanent public and private support for effective policies and practices to connect low-income residents to good jobs. In some cases, for example, it may make sense to discontinue a small-scale jobs project in order to develop a larger scale policy intervention that will be sustained in the long run.

CHALLENGES

This is an opportune time for AECF, the sites, and the Jobs Initiative as a whole to be focusing on labor market reforms. Both regionally and nationally, there is considerable public and private sector interest in strategies and reforms that concomitantly address the critical needs of job seekers from low-income communities and those of employers in need of well-prepared workers. The overall challenge is to combine effectiveness with provocative analysis and

recommendations for action. A number of specific conceptual and operational challenges also warrant attention.

A key challenge of the Implementation phase is for the sites to develop systems reform theories that are powerful enough to leverage large scale and sustainable changes. This means that they cannot be esoteric or disconnected from other players, and that they must pay attention to market mechanisms and financing strategies. Doing so may require different capacities than those needed to initiate projects and prototypes. Refining the vision of what good workforce and economic development systems that function effectively for low income neighborhoods look like is critical.

Sites are challenged to develop responsive strategies to address issues related to race and ethnicity within the context of both the Jobs Initiative and the regional labor market. The issues of community wealth sharing and pervasive, long run problems related to wage differences and the bipolar distribution of income pose additional challenges. These issues raise questions about the effectiveness or appropriateness of the role of unions in this system, as well as the role of community-based organizations.

The Jobs Initiative is in an advantageous position to communicate a set of national policy priorities, as evidenced by the results of recent policy meetings and workgroups it has convened to address national workforce legislation. At the site level, however, the recently passed Workforce Investment Act presents a number of challenges to the local jobs initiatives as they attempt to develop projects and systems strategies that comport with and/or complement the legislation. The sites have to develop ways to achieve the Jobs Initiative's objective of promoting job seekers' long-term development and labor market participation while operating in the short-term focused "work first" environment. They will also have to develop effective ways of influencing the agendas of state and local workforce investment boards, which are responsible for strategic plans. The importance of sites developing strong partnerships with private sector employers is further underscored by the dominant position business and industry holds in the composition of the workforce investment boards.

Welfare reform also presents a number of considerations. Two-year time limits will adversely affect many people in low-income neighborhoods. What does the Jobs Initiative have to say about the prospects of welfare-to-work? Should it be prepared to offer alternatives? Additionally, given the crowded institutional environment within which welfare reform is operating, how do the Jobs Initiative sites pick partners and allies who share their commitments to certain outcomes. Determining the Jobs Initiative's desired position and role in this work is paramount.

On an operational level, the Jobs Initiative sites face a number of challenges as they move into the systems reform phase. They must create and sustain public-private coalitions that believe labor market reform is essential for regional economic and community development. They must take the lessons learned from projects and prototypes and extend them to the fundamental redesign of existing public and private systems. They must create new institutional arrangements, such as start-ups, joint ventures and overhauls, that allow them to build and sustain the civic will

and systems design capacity to enact new designs and innovations. And they must create or gain access to long-term financing sources. The sites will also need to develop credible, understandable, and measurable strategies and targets for systems reform, as well as engage in some sort of self-assessment process, to ensure that the investments being made are yielding productive results.

In their updated SIPs, the sites are expected to provide AECF with plausible strategies for creating the conditions necessary to address these challenges and overcome barriers to effective system design. They are expected to begin with a theory or hypothesis of systems reform, in which they identify the key leverage points they intend to use (such as performance standards, community-based control, economic incentives) and describe the path(s) they intend to follow.

Finally, AECF is about to embark upon a major multi-year initiative designed to demonstrate that improved neighborhood conditions can contribute to family well being and improved outcomes for children. Referred to as the Neighborhood Transformation/Family Development Initiative (NT/FD), it includes several strategies designed to enhance the economic opportunities available to residents of low income neighborhoods. In addition to strategies aimed at building assets at both the family and neighborhood levels and expanding economic transactions in neighborhoods, NT/FD emphasizes the importance of labor market attachment for adults and youth. Challenges for AECF and the local jobs initiatives will be to: (1) develop effective ways to translate the lessons emerging from jobs projects and systems reform activities to the economic opportunity component of NT/FD; and (2) determine the extent to which, if any, NT/FD's economic opportunity work informs the Jobs Initiative.

CONCLUSIONS

The basic intent in revising the National Investor Outcome Outline is to expand upon the original theory of the Jobs Initiative by developing: a more defined sense of acceptable system reform investments; an incremental approach to phasing in activity; and a statement of the key elements of a revised SIP that focuses on systems reform. This paper attempts to capture AECF's thinking about systems reform, how it has evolved during the past three years, and the challenges that are faced. It sets forth the guiding ideas and parameters for how AECF will invest in the next phase of the Jobs Initiative's work, and presents a framework to guide AECF and the sites in the areas of budgeting, planning and, ultimately, revising Strategic Investment Plans.