



EXECUTIVE SUMMARY

March 2000

San Francisco Works Toward an Employer-Led Approach to Welfare Reform and Workforce Development

Steven Bliss

San Francisco Works (SFWorks)—a collaboration among the Committee on Jobs (a coalition of San Francisco’s 35 largest businesses), the San Francisco Chamber of Commerce, and the United Way of the Bay Area—was established in 1997 to coordinate the San Francisco business community’s involvement in local welfare-to-work efforts. SFWorks initially set out to achieve two key objectives: (1) creating job training programs closely tied to real workforce needs, and with the participation of actual employers; and (2) helping welfare recipients obtain jobs with wages high enough to make entry-level work more financially attractive than welfare. SFWorks also planned to use performance-based payments (for job training services) as a way of motivating community-based organizations to run more efficient training programs.

Initial funding for SFWorks came primarily from the business community and private foundations. Several of San Francisco’s largest businesses—including Bank of America, Charles Schwab & Co., The Gap, Pacific Telesis, and Wells Fargo Bank—made three-year commitments for as much as \$250,000, while The Rockefeller Foundation, the James Irvine Foundation, the William and Flora Hewlett Foundation, the F.B. Heron Foundation, and the Cahill Foundation all provided major start-up funds. In light of this substantial level of support, SFWorks initially planned to avoid any reliance on public funds. This changed, however, when SFWorks decided to seek funds through the state Employment Training Panel (ETP) as a way of boosting the program’s ability to pay wages to participants during training. SFWorks’ initial contract with ETP totaled more than \$3 million. (As it turned out, SFWorks would ultimately receive only a small fraction of this amount, largely because of the general incompatibility between SFWorks’ program design and the strict stipulations attached to ETP funds.)

In March 1998, SFWorks launched its pilot phase of training, intended to test the initial program design. SFWorks contracted with five community-based organizations (CBOs) to provide a comprehensive range of job training services, from appraisal to placement and retention. SFWorks during the pilot phase expected (based on the CBOs’ program proposals and descriptions of their expertise) that CBOs would build on their own stated relationships with employers in designing training and creating job placements. For most of the CBOs involved in the pilot phase, these relationships did not materialize. The overall results of the pilot phase were somewhat disappointing, with 51 of 99 enrollees being placed in jobs. However, with the relative success of the two programs where CBOs did have relationships with employers, SFWorks learned to move forward with a more employer-driven set of training programs.

This shift in SFWorks’ basic approach was represented in SFWorks’ second cycle of training, which started in the fall of 1998. For most of these training programs, SFWorks actively brokered relationships between businesses and training organizations. The result was a set of industry- or company-specific trainings with direct connections to specific jobs in areas like banking, legal services, clerical/insurance, and health care. This second cycle of training faced a number of unique

obstacles. A custodial training program was discontinued when the placement relationship that SFWorks was brokering between the union hiring hall and employers did not materialize. (As a result, SFWorks had to step in to handle all job placements.) In addition, the University of California-San Francisco Medical Center, one of SFWorks' key employer partners, underwent a hiring freeze. The second cycle of training placed 60 of 115 enrollees in jobs. Although this overall placement rate was about equal to that of the pilot phase, retention figures for the second cycle of training exceeded those of the pilot. In addition, certain second-cycle training programs—such as the Legal Employment Action Program, which placed 12 of 23 enrollees (and 86 percent of program graduates) in full-time jobs—emerged as potential models for replication.

In May 1999, SFWorks began its third cycle of training and placement, which continued the basic program design developed for the second cycle and graduated more than 54 participants over four different training programs. At the same time, SFWorks has been working to address some of its persistent challenges—programs operating below full capacity, the need to increase overall program capacity, the need for more efficient data collection and tracking systems—and trying to establish a long-term strategy for the program. SFWorks intends to build program impact by creating training in new sectors (technology and telecommunications), expanding its target population to include General Assistance recipients in San Francisco, and providing technical assistance to welfare-to-work programs in other parts of the Bay Area.

SFWorks has also taken strides to work even more closely with public agencies (especially the San Francisco Department of Human Services) and to situate its work within broader workforce development efforts in San Francisco. The Department of Human Services will be providing direct funding for the next (that is, fourth) cycle of SFWorks training programs, a fact that positions SFWorks as a viable incubator of new job training programs. In addition, SFWorks now offers career advancement services that are available to low-skill, low-wage workers.

SFWorks' job training efforts merit attention because they illustrate broader lessons and themes concerning workforce development and business sector-led welfare-to-work programs. These are discussed in the following section.

KEY LESSONS

The evidence from SFWorks' first few years strongly suggests that there is substantial potential for closer business involvement in programs intended to move welfare recipients (and other low-income persons) into work. A number of lessons emerged from the SFWorks case study that, if adopted, might help public and private sector initiatives to more fully realize this potential and increase the impact of these efforts on the business community, the public employment and training systems, and the low-income population.

- **Private sector-led intermediaries that focus on employment of welfare recipients can be successful in engaging a variety of employers and private sector resources and in placing welfare recipients in employment.**

Discussion: The experience of SFWorks shows that the private sector can be a leader in developing programs that successfully place welfare recipients in jobs that meet employers' labor force needs. Although the size and scale of private sector-led initiatives such as SFWorks may not reach that of employment programs provided through public agencies (which have far greater resources), private sector initiatives can complement and influence public sector activities and more directly engage the broader employer community.

- **Private sector intermediaries can build relationships with employers by framing welfare-to-work efforts in business terms (such as the potentially high return on investment [ROI] of business involvement in workforce development) and can leverage**

these key relationships by gaining access to employer groups and private sector resources.

Discussion: SFWorks has created a sound model for attracting and working with business partners. SFWorks appeals to business partners by stressing bottom-line benefits like reduced recruitment and hiring costs, reduced employee turnover and increased employee¹ productivity, custom-trained applicants, tax credits, and so on. In addition, SFWorks' success in obtaining business partnerships has afforded the organization various opportunities to leverage these relationships and the resources that businesses bring to the program. For example, SFWorks utilized its relationship with Aon Risk Services to reach out to the insurance industry at large. Similarly, a partnership with the Bar Association of San Francisco has given SFWorks access to more than 40 law firms. At the same time, SFWorks' partnerships with businesses gave the program access to a wide range of resources: on-site training, equipment, facilities, and funds for underwriting paid internships.

- **There is a crucial distinction between “business-backed” and “employer-led” initiatives. Business-backed initiatives rely on the private sector for few commitments beyond financial backing; employer-led initiatives engage employers in all facets of employment training by seeking active participation and buy-in at various levels of companies’ organizational structures and by identifying advocates for the program within the businesses.**

Discussion: In redesigning its program approach after the pilot phase of training, SFWorks moved from being primarily business-backed (with general business support and resources made available) to being employer-led (with specific employers or groups of employers playing a role in shaping the curriculum to meet their specific labor force needs). The latter approach—often called the “sectoral approach” when it involves a cluster of employers in the same industry—appeared to have greater success in helping individuals find and hold full-time jobs. Further, the employer-led approach required a greater level of participation at both higher and lower levels in the employers’ hierarchy, so that individuals closer to specific labor force needs became involved in the program and, in turn, became program advocates inside the business.

- **Private sector welfare-to-work intermediaries can become an important route for identifying strengths and weaknesses in existing systems and service providers. Private sector intermediaries can also be an influential force in improving the system and increasing its capacity to serve disadvantaged populations well.**

Discussion: The enrollment, completion, placement, and retention data from SFWorks show that different service providers encountered different types of problems in moving a more disadvantaged welfare recipient population to work. As a result, the SFWorks program helped highlight the strengths and weaknesses of training providers. SFWorks also has been instrumental in identifying the difficulties in using state Employment Training Panel (ETP) funds for welfare training programs and has made employer-backed proposals to change the program so that it is more suitable for welfare-to-work efforts.

As the experience of SFWorks suggests, private sector initiatives can help to increase the potential and capacity of existing state and local systems by clarifying business goals and service expectations for service providers, providing regular feedback on the providers’

¹ In a satisfaction survey of SFWorks business partners (published in October 1999 by Berkeley-based BTW Consultants), 80 percent of SFWorks business partners reported that SFWorks graduates were either as productive as or more productive than other entry-level employees. In addition, 93 percent of SFWorks business partners said they would refer another business to SFWorks.

accomplishments and deficits, and becoming an advocate for change when rules or regulations present barriers to smooth program operation. At the same time, SFWorks' experience shows that private sector intermediaries should avoid becoming training agencies or program operators in order to maintain their overall influence, which could be reduced if such intermediaries become service providers themselves. Rather, these private sector intermediaries may best play a "brokering" role between the employer community and training agencies, cultivating relationships with employers and securing their commitment to working with training organizations, utilizing employers' expertise in developing training curricula, developing clear agreements with training organizations, and serving as unbiased proponents for change when needed.

- **Paid internships and mentoring are two potentially powerful motivating factors for welfare-to-work program participants.**

Discussion: Employers and others who had contact with SFWorks participants often highlighted the paid internship portion of the training and individual mentoring as keys to participants' success. The internship stage of training allows welfare-to-work participants to gain confidence, explore a new vocational culture, and place their hard-skills training in a real-world professional context. In addition, many of the businesses that partnered with SFWorks matched employee volunteer mentors with SFWorks participants as they went through the paid work experience and, later, got placed in full-time positions. Participants, employers, and SFWorks staff universally noted that mentors give SFWorks participants an approachable point of contact for asking questions, resolving conflicts, and airing concerns.