

Private Investment in Workforce Training

How Knowledge of the Local Workforce System Improves Efficiency

Kelly S. Mikelson

Efficient investment of private funds in workforce training requires [knowledge of the local workforce system](#) and public investments.

Knowledge increases [leveraging](#) and [flexibility](#). Knowledge [prevents duplication](#) and [helps fill gaps](#) in training and workforce services.

Knowledge may be gathered from [master community workforce plans](#), [labor market information](#), and [coordination and collaboration](#) with workforce entities.

To remain competitive in the 21st century, we must invest in our workers to give them the training and skills needed to succeed in an increasingly global economy. Federal, state, and local workforce training programs are a crucial part of this effort. But preparing a skilled workforce depends on both public and private investments in training, including from employers, philanthropy, foundations, unions, and intermediaries. Investing private funds efficiently requires knowledge of how states and localities are using federal, state, and local funding sources to fund job training.

This fact sheet is based on our full report *Public Funding for Job Training at the State and Local Level: An Examination of Massachusetts, Texas, and Washington*. Our full report aims to inform state and local workforce development entities, including local workforce development boards and training providers, to help in their funding and training decisionmaking.

WHY IS KNOWING THE WORKFORCE SYSTEM IMPORTANT?

[To Leverage Public Training Investments](#). Public or private workforce development entities may use current or future funding to leverage additional funding from one or more other sources. This means bolstering one funding stream with others. Leveraging may be used as a requirement for receiving private funding, such as by requiring matching funds.

The Manufacturing Advancement Center Workforce Innovation Collaborative is a statewide employer-led workforce training initiative in Massachusetts. It became an integral part of the workforce system by collaborating with training providers, educational entities, economic developers, and industry associations. The collaborative has effectively leveraged its private training investments with a publicly funded grant for nearly \$750,000 to develop an industry-recognized certification program and an applied manufacturing career pathway with multiple entry and exits points for entry-level and middle-skill workers.

[To Increase Flexibility through Braiding and Blending](#). Allowing training providers to braid and blend funding streams can increase the flexibility of public workforce investments. Braiding occurs when private and public funds are pooled and outcomes are reported separately by funding source. Blending is more flexible because pooled funds may be used to support any part of a program and outcomes are reported in aggregate.

In Massachusetts, SkillWorks serves lower-income and lower-skill Boston residents with both public and private funding and so has a flexible pool of workforce development dollars that are not government regulated. Private workforce investors may invest in SkillWorks to reach workers with many barriers to employment or those underserved by the public workforce system, such as youth or undocumented workers.

To Prevent Duplication and Fill Gaps. Private funders will increase their impact and reduce duplication by becoming knowledgeable about local initiatives, unmet needs, and planned future initiatives. To reduce duplication of services and improve the efficiency of client intake, Washington is in the early stages of developing a common intake process for individuals who enter the public workforce development system. Private investors could benefit from any common intake processes that are developed and could be instrumental in funding initiatives in other states to develop a common process.

HOW IS KNOWLEDGE OF THE WORKFORCE SYSTEM OBTAINED?

Private workforce investors may become knowledgeable about state and local workforce systems by obtaining labor market information (LMI) and master community workforce plans and by coordinating and collaborating with public and private funders. Each state has an LMI division that tracks labor force statistics, employment, unemployment, and industry information at the state, city, and county levels. Private funders seeking to invest could request LMI from local providers that is tailored by region, locality, industry, or target group.

Like many areas, the Austin workforce development board, in conjunction with community-based organizations, training providers, and employers, recently developed the Austin Metro Area Master Community Workforce Plan as a framework to spur collaboration and coordination in developing strategies to meet the skill needs for the projected 60,000 new middle-skill job openings. Continued coordination and collaboration with state and local workforce entities—both funders and providers—are the most productive ways to learn about where and how their private investments may contribute most effectively and efficiently to local workforce initiatives.

ADDITIONAL READING ON WORKFORCE TRAINING

Public Funding for Job Training at the State and Local Level: An Examination of Massachusetts, Texas, and Washington
Kelly S. Mikelson and Ian Hecker <https://urbn.is/2H18KVp>

“How three states are supplementing federal funds for workforce development”

Kelly S. Mikelson <https://urbn.is/2JymNTf>

ABOUT THE AUTHOR

Kelly S. Mikelson

KMikelson@urban.org

Dr. Mikelson is a senior research associate in the Income and Benefits Policy Center at the Urban Institute. Her research focuses on low-income workers, workforce development issues, and evaluating education and training programs.