


10

A GRAND CHALLENGE TO REINVENT WORKFORCE DEVELOPMENT

/ DR. ANGELA JACKSON /

When Tracy Bledsoe’s children reached school age, she decided to reenter the workforce. “I submitted probably over 100 applications, and no one would call me back,” Bledsoe recalled in a recent webinar. When she finally did get an interview, the interviewer told her that her previous workforce experiences did not matter in the current job market. “I [felt] crushed, doubting myself and thinking I didn’t have anything to offer.”

At a neighbor’s suggestion, Bledsoe went to her local American Job Center, one of more than 500 workforce development boards in the U.S. that provide free help

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to job seekers. She began taking workshops to develop her interviewing and workplace skills; then she began volunteering at the center to help other people develop their own skills. Today, Bledsoe is a business services specialist with Goodwill Industries of Upstate/Midlands South Carolina and an expert on workforce development. “I wanted to help people,” she said. “I wanted to make a difference and feel worthy.”

THE OPPORTUNITY DIVIDE

Job seekers today face one of the most challenging workplaces in generations. Even before the COVID-19 pandemic hit at the beginning of 2020, 5 million young adults in the U.S. were disconnected from stable career pathways, while 7.6 million jobs went unfilled.¹ Millions more Americans have not been trained effectively for the 21st century workforce, especially in the fastest-growing sectors of the economy. Today, 44 million Americans lack the skills, credentials, and networks they need to earn enough income to support themselves and their families.² Many have no way of accessing the information, skill

¹ Martha Ross and Nicole Bateman, “Millions of Young Adults Have Entered the Workforce with No More Than a High School Diploma,” Brookings, January 31, 2018, www.brookings.edu/blog/the-avenue/2018/01/31/millions-of-young-adults-have-entered-the-workforce-with-no-more-than-a-high-school-diploma.

² Michelle R. Weise, Andrew Hanson, Allison Salisbury, and Kathy Qu, *On-Ramps to Good Jobs* (Strada Institute for the Future of Work and Entangled Solutions, 2019), www.stradaeducation.org/report/on-ramps-to-good-jobs.

building resources, credentials, and networks that enable success in today's economy.

This mismatch between the needs of the workplace and the skills of U.S. workers has contributed to a substantial decline in economic mobility. In 1980, more than 90% of Americans earned more money and enjoyed higher standards of living than their parents or guardians. Since then, that percentage has dropped to 50%.³ The American dream of economic and social advancement feels unachievable for far too many people.

Many factors have contributed to this decline in economic mobility, but a major factor is the influence of family income on educational outcomes. Only 12% of students from the bottom 40% of households by income who were born in the 1980s earned a bachelor's degree by age 25, compared with 60% of students born in the top 20% of the income distribution.⁴ Social and economic forces limit access to opportunity for large segments of the population.

Ongoing changes in the workplace will widen this opportunity divide. As many as half of all jobs could be lost to automation in the coming years.⁵ The jobs that are being lost have been disproportionately occupied by those who have not earned a postsecondary degree, compounding downward pressures on incomes.

COVID-19 has made all these trends worse. In the first four months of the economic disaster caused by the pandemic,

more than 50 million Americans filed unemployment claims.⁶ This spike in job losses will eventually turn around, but the impact on the labor market is likely to increase inequality and accelerate automation. Early data shows that 86% of layoffs due to COVID-19 have hit workers making less than \$40,000.⁷

The systemic inequities built into our economic and workforce systems disproportionately impact people of color. Communities of color have long endured employment discrimination, occupational segregation, and economic exploitation. Job losses to automation, for example, most significantly affect individuals with lower education levels, and people who identify as African American/Black or Hispanic/Latinx are less likely than their peers to achieve more than a high school education in the U.S. Moreover, people of color have suffered from proportionately more disease and death from the pandemic, and they have lost their jobs at higher rates than other population groups. The economic and social intersections of race, gender, age, education, and geography place people of color at especially high risk for job loss and reduced economic mobility.

THE FUTURE OF WORK GRAND CHALLENGE

We cannot wait years to design and test new solutions to prepare workers for living-wage jobs in the labor markets of today and tomorrow. Employers need faster and more agile ways of training people in the skills and behaviors that predict performance in the workplace. At the same time,

³ Raj Chetty, David Grusky, Maximilian Hell, Nathaniel Hendren, Robert Manduca, and Jimmy Narang, "The Fading American Dream: Trends in Absolute Income Mobility Since 1940," (NBER Working Paper No. 22910, Cambridge, MA: National Bureau of Economic Research, 2016), www.equality-of-opportunity.org/papers/abs_mobility_paper.pdf.

⁴ Fabian T. Pfeffer, "Growing Wealth Gaps in Education," *Demography* 55, nos. 1033–1068 (2018).

⁵ Mark Muro, Robert Maxim, and Jacob Whiton, *Automation and Artificial Intelligence: How Machines Are Affecting People and Places* (Washington, DC: Metropolitan Policy Program at Brookings, 2019), www.brookings.edu/research/automation-and-artificial-intelligence-how-machines-affect-people-and-places.

⁶ Jack Kelly, "Nearly 50 Million Americans Have Filed for Unemployment—Here's What's Really Happening," *Forbes*, July 9, 2020, www.forbes.com/sites/jackkelly/2020/07/09/nearly-50-million-americans-have-filed-for-unemployment-heres-whats-really-happening.

⁷ Jeanna Smialek, "Poor Americans Hit Hardest by Job Losses Amid Lockdowns, Fed Says," *The New York Times*, May 14, 2020, www.nytimes.com/2020/05/14/business/economy/coronavirus-jobless-unemployment.html.

*The **immediate goal** of the Future of Work Grand Challenge is to train and place 25,000 workers displaced by automation and COVID-19 into living-wage, high-growth jobs.*

*The **ultimate goal** is to support 12 million Americans in the workforce and ignite a movement that will fundamentally reshape workforce development and the economy of the future.*

employees need faster and more agile training solutions that they can access directly or via independent workforce preparation organizations. To optimize limited resources and time, training solutions need to be more flexible and accessible offline, in addition to online. These solutions need to be affordable, especially for those who depend heavily on training and essential supports like transportation and child care benefits to succeed in living-wage jobs. Employers, entrepreneurs, and policymakers must prioritize the people most affected by workplace challenges to design solutions that work for everyone.

To meet the immediate need for change, New Profit—a venture philanthropy organization that has backed more than 130 social entrepreneurs with funding and strategic support over the last 20 years to advance equity and opportunity in America—has been seeking new ways to leverage philanthropic giving and connect it to workplace outcomes. In collaboration with the XPRIZE Foundation and MIT Solve, New Profit launched a Grand Challenge designed to generate and identify innovative solutions that will have a substantial effect on workforce development. The immediate goal of the Future of Work Grand Challenge is to train and place 25,000 workers displaced by automation and COVID-19 into living-

wage, high-growth jobs. The ultimate goal is to support 12 million Americans in the workforce and ignite a movement that will fundamentally reshape workforce development and the economy of the future.

New Profit and its partners launched the Grand Challenge to incentivize innovators from around the world to create solutions for displaced workers to find and keep good jobs. The Challenge is designed to help the most displaced workers train for, find, and retain living-wage jobs while cutting standard training times by more than 50%. Our strategy is differentiated in large part by engaging directly with workers across the lifecycle of the competition, from design to execution to solution selection. New Profit's hypothesis is that employers, employees, researchers, technologists, and funders are misaligned, which creates labor market failures that constrain the ability of workers to learn new skills at scale at a low cost. This is despite the growing appreciation for the importance of accelerated learning programs and career wraparound supports to worker success. New Profit sees the Grand Challenge as a more leveraged philanthropic strategy than grants to slow-to-scale nonprofits or high-risk investments in startup companies.

The Grand Challenge competition format has the potential to deliver impact for a fraction of the cost of alternatives. In traditional philanthropy, a grant is based on a program plan and is typically made before outcomes occur. With the Grand Challenge, solution providers do not receive grants until they have successfully trained workers. To be considered for prize funding, each proposed solution is required to show that it has successfully trained and placed 500 workers in living-wage jobs. This pilot field testing allows proposed solutions to be compared on a level playing field under similar conditions.

The most promising solutions generated by the Grand Challenge are being tested by six workforce development boards across the country:

- [Capital Workforce Partners](#), a Hartford, Conn. nonprofit that helps individuals overcome barriers to employment and works to close the skills gap in the local labor market to meet employers' hiring needs
- [Hampton Roads Workforce Council](#), a Southeastern Virginia service provider that develops strategic workforce development solutions to help qualified workers identify job openings and training opportunities
- [MassHire Central Region Workforce Board](#), a Worcester, Mass. organization that provides career development services to meet the needs of diverse employers and job seekers in more than 40 communities
- [San Diego Workforce Partnership](#), an agency that funds and delivers programs that empower job seekers to meet the current and future workforce needs of employers in San Diego County, Calif.
- [West Michigan Works!](#), in partnership with [Michigan Works! Southwest](#) and [Michigan Works! Berrien, Cass, Van Buren](#), which engages with employers, educators, and community organizations to launch workforce development efforts that meet the region's talent needs
- [Workforce Solutions Greater Dallas](#), a provider of competitive solutions that help employers find quality workers and connect people with quality jobs

These six workforce development boards, which collectively serve more than 200,000 workers who have been displaced by the COVID-19 pandemic, are piloting approximately 20 solutions across their regions. Pilot projects will be designed to demonstrate the effectiveness of Grand Challenge winner

technologies in large-scale, real-world use cases. Solutions that deliver the best labor market outcomes using methods that are highly repeatable and financially sustainable will be eligible for scale-up investments and support, with a third-party independent partner evaluating outcomes.

Competitions have historically produced large impacts relative to investments. A well-known example is the \$10 million Ansari XPRIZE, which led to \$120 million in investment by competing teams and the launch of what is now a \$3 billion private space industry. The Future of Work Grand Challenge is expected to multiply the value of the initial research and evaluation by a factor of 10 to 20. A typical foundation grant is unable to have this type of reach.

A Grand Challenge approach offers several other benefits. First, it can surface many potential solutions to large and complex problems, and the energy generated in the process can motivate people to implement and disseminate these solutions. Second, it can draw national attention to the problem being addressed. Third, it can incentivize and capitalize solutions that work for the families and workers most affected by centuries of unfair policies and practices.

At New Profit, we see the value in incorporating complementary approaches to tackle workforce challenges, which is why we created an unprecedented collaboration between two former competitors in the social change prize space. XPRIZE, a nonprofit that designs and conducts large-scale competitions, is focusing on new and dramatic solutions that will enable Americans to retrain quickly and efficiently.⁸ MIT Solve, an initiative of the Massachusetts Institute of Technology to foster social innovation, finds

⁸ "Work Reimagined," XPRIZE Foundation, accessed February 19, 2021, <https://rapidreskilling.xprize.org/prizes/rapidreskilling>.

best-in-class training programs from around the world that enable workers to secure and keep good jobs.⁹

The Grand Challenge is supported by major funding from Walmart.org and Strada Education Network. They are joined by additional funders, including Accenture, The Annie E. Casey Foundation, Comcast, Imaginable Futures, JPMorgan Chase & Co., Morgridge Family Foundation, [and more](#).

AN EMPHASIS ON PEOPLE OF COLOR

New Profit believes it is critical to invest in entrepreneurs of color who are proximate to the problems to be solved. To create the strongest possible innovator pool, the Grand Challenge included a targeted recruitment campaign to generate applications from Black, Latinx, and Indigenous entrepreneurs and those most impacted by underlying workforce development problems. Workshops are helping innovators form diverse teams and build prototypes, while also helping existing teams form and refine solutions that meet the objectives of the Challenge. Our goal is to field more than 500 applicants, with 40% or more proposals submitted by teams led by entrepreneurs of color. Teams are selected based on potential impact, feasibility, scalability, innovation, leadership, and equity orientation.

We at New Profit believe that the equity-centered approach to the Grand Challenge is what makes it completely different and relevant, and most importantly, gives it the best chance of achieving real impact. We created a partnership profile centered on workers and leaders of color, leveraging our history of investments in leaders of color. We then articulated this value proposition to key funders and innovators to obtain their feedback and ultimate agreement. I conducted informational interviews with 38 potential partners—17

employers, 7 funders, 2 research partners, and 12 thought leaders—representing ethnically and racially diverse technologists, low-income students, and workers. These interviews helped to build awareness of the Challenge in communities of color and assisted with targeted outreach to organizations like Black Women Talk Tech, LTX Fest, and The Plug. In addition, I interviewed organizations serving low-income and entry-level workers of color and leading African American and Latinx workforce technology investors, and established partnerships with leading organizations that advocate for diversity in technology, including Smarter in the City, Silicon Harlem, Digital Diversity Network, Black Battery Recharge, and Harlem Capital. As a result of these efforts, the partner networks and expert advisors for the Grand Challenge grew to include diverse partners across race, class, and socioeconomic backgrounds.

We have further driven resources and support to African American, Latinx, and Indigenous entrepreneurs by establishing partnerships with accelerators that identify, develop, and promote underrepresented entrepreneurs, such as Black Women Talk Tech, The Plug, and Camelback Ventures. We connected the most promising innovators with accomplished mentors of color, nurturing teams that are closest to the experiences of disinvested workers. To generate the strongest innovator pool, we prioritized entrepreneurs of color who create accelerated learning technologies designed to benefit workers whose jobs are vulnerable. In doing so, we are not only raising awareness of future work challenges but are doing so in the context of the populations most affected by these challenges.

We have leveraged data, findings, and recommendations to broker new partnerships between the solutions and teams that deliver the highest returns on investment. We are publishing findings through media channels established in the first year of the Grand Challenge, and we are working

⁹ “Reimagining Pathways to Employment in the US Challenge,” MIT Solve, accessed February 19, 2021, <https://solve.mit.edu/challenges/reimaginingpathways>.

with legislators at the state and federal levels to lobby for new policies within economic recovery efforts that incentivize and support solutions for a more equitable and inclusive workforce of the future.

To ensure accountability and coordination, we established a central team of key leaders to ensure that diverse voices are heard and problems are quickly and efficiently resolved. New Profit, XPRIZE, and MIT Solve have decades of combined experience achieving social impact through multiple and diverse partners. If solutions developed by the Grand Challenge can deliver well-trained applicants faster and more efficiently than existing or alternative methods, we expect that the cost savings on recruitment and retention and the revenue increases associated with higher productivity will spread these innovations rapidly throughout the economy.

The Grand Challenge, which is being led by a team of entrepreneurs, investors, designers, employers, and labor market experts, has three especially innovative dimensions.

1. A focus on outcomes

Historically, the workforce training market has relied heavily on approaches backed by limited, if any, research. By focusing on employment outcomes and working with workforce boards, the Grand Challenge will bring a new rigor to determinations of success and result in far better leverage of philanthropic dollars.

Strong outcomes thinking needs to play a central role in identifying the ideas that are most valuable and bringing them to scale. In addition to providing instant credibility to the validated solutions, this orientation provides the context for a rigorous social experiment by combining a large number of operating units, centrally managed

operating procedures, and a wealth of historical and current data about employee training, supervision, performance, and experiences. Since our workforce board partners work with a high volume of job seekers, they can design trial validations to compare job seekers who receive or do not receive a particular solution. This would then eliminate many influences that might confound the results of the competition and greatly increase the credibility of a successful solution for employers. Another benefit of working with workforce boards is the possibility of testing solutions in multiple work contexts and sectors (e.g., hospitality, health care, and information technology).

By conducting the Grand Challenge in collaboration with workforce boards, our solution designers can examine variation in outcomes using the workforce boards' data management systems. By thoughtfully analyzing a solution's impact, we will receive targeted information to improve each solution and make it more broadly applicable.

The partnership with workforce boards increases the likelihood that successful solutions will achieve large-scale adoption. Once a well-designed trial demonstrates the value of the solution, workforce boards will have considerable self-interest to incorporate it into their organizations, resulting in a scale that most nonprofit innovations never achieve.

2. The involvement of workforce development boards

Another innovative feature of the Grand Challenge is the close involvement of workforce development boards funded by the U.S. Department of Labor. Millions of displaced workers interact with workforce development boards each year—in part because workers who apply for unemployment insurance often are connected with regional workforce boards—and in the wake of COVID-19, the number of workers served by workforce boards has grown substantially.



The Grand Challenge will help modernize workforce development board practices and add accountability goals to their efforts to train people for living-wage jobs.

By facilitating connections among workers, employers, and third-party vocational training providers, these boards have significant influence over workforce systems, especially if they have the tools to maximize workers' potential instead of simply getting people back into low-skilled and low-paying jobs.

In the past, workforce boards have often struggled to provide the job placement support their job seekers require. Most do not have convenient or consistent methods to maintain risk capital in their budgets. Many have been training people for occupations that do not offer living wages, upward mobility, or growth trajectories. This leaves valuable insights isolated, novel training solutions without prospects for widespread adoption, and costly efforts duplicated. Most importantly, it puts workers' economic opportunity at risk.

The Grand Challenge will help modernize workforce board practices and add accountability goals to their efforts to train people for living-wage jobs. Partnering with MIT Solve and XPRIZE will ignite rapid innovation and experimentation, sizably increase venture and philanthropic capital to create a new workforce training market, and produce lessons learned that boards can apply toward the job seekers they serve. The result will be new data, research, and outcomes related to training completion, job placement, wage increases, employment retention, return on investment, and

more. Key performance indicators and return on investment calculations will facilitate the sharing and publication of aggregate outcomes data from workforce board partners.

Since the beginning of the COVID-19 pandemic, many workforce development boards have taken their services online. To increase the likelihood of success, we have focused on solutions that can be delivered remotely, so that teams can deploy their training and job placement support anytime and anywhere, while aligning training to meet the needs of local employers.

At the conclusion of the project, our partners are planning to develop a "how-to" guide detailing critical aspects of leveraging technologies to modernize and scale workforce services. The guide will provide strategic advice on scaling strategies and a roadmap for dissemination across the 538 workforce development boards in the U.S. It will coordinate learnings and outcomes from the active pilot programs and develop a web-based playbook. This playbook will include aspects of identifying, selecting, piloting, and scaling technology innovations used to support various services, including reskilling, upskilling, connection to jobs, and other services accessed via the public workforce system. In addition, New Profit is leveraging its policy arm, America Forward, and key members among its coalition of 100-plus social entrepreneur-led organizations on nonpartisan state and federal policy engagement based on Challenge outcomes.

3. The XPERTS worker advisory board

The third major innovation in the Grand Challenge is the establishment of a worker advisory board known as the XPERTS Cohort. Accenture and Goodwill Industries are engaging 50 frontline workers to elevate the voices of those most impacted by the future of work and unlock

MEET THE XPERTS: COHORT 1 AT A GLANCE

31
XPERTs

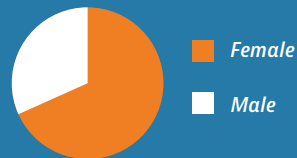
AGES 21-68
58% are between the ages of
30-49 (largest age group
for the cohort)

18
Industries

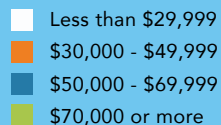
65%
of XPERTs
identify as
Black or
Hispanic/
Latinx

The XPERTs
come from
23 cities,
across
11 states

Gender Identity



Income



The **#1 reason** XPERTs
joined the board is
to help others;
the **#2 reason** is to learn
new skills to help find /
improve employment

42%
of XPERTs were significantly
impacted by COVID-19
(laid off, furloughed, income
reduced, more responsibili-
ties at work, etc.)

Education

61%
Less than a Bachelor's Degree
26%
Bachelor's Degree
13%
Master's Degree

solutions that would otherwise remain inaccessible. The involvement of people like worker advisory board member, Tracy Bledsoe, can help ensure that solutions effectively address the needs of communities and workers. In this way, the Grand Challenge can leverage participatory worker-centered practices to ensure that winning solutions effectively address the needs of underinvested communities and workers.

About two-thirds of the XPERTs identify as Black or Hispanic, and about 60% have less than a bachelor's degree (see figure). They are working directly with solution prototype teams to strengthen the efficacy and impact of proposed solutions while also providing counsel to judges to shape selection decisions. The XPERTs Cohort is meant to integrate frontline workers into future of work solutions, prioritize worker voices, and benefit the XPERTs by connecting them to professional development support and building their technical skills. The XPERTs are not simply engaged in the work—they are integrated into it.

A PROPORTIONAL RESPONSE

Employers struggle to fill millions of living-wage jobs each year due to a lack of qualified applications for those roles. Meanwhile, millions of workers lack the access and opportunities to build skills they need to thrive. Workforce development must change to satisfy employer demands for qualified talent while centering on the needs of workers. New ideas are essential if workforce development is to become dramatically more effective and scalable, especially in serving populations and communities that have been underserved in the past.

The nation needs a response proportional to the crisis it is facing. The Grand Challenge is that response. By bringing together entrepreneurs, workers, employers, policymakers,

Original illustration created by Accenture

and workforce leaders, the Grand Challenge will ignite rapid experimentation, spur innovation, and begin to rebuild an economy and a society that works for everyone.



Dr. Angela Jackson is a managing partner at New Profit, a venture philanthropy organization. She recently launched the Future of Work Grand Challenge, an initiative to rapidly reskill 25,000 displaced workers into living-wage jobs in the next 24 months. Dr. Jackson is the former founding executive director of the Global Language Project.



This chapter came from the book *Workforce Realigned: How New Partnerships are Advancing Economic Mobility*.

Learn more at workforcerealigned.org