INTRODUCTION

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To create a strong economy that works for everyone, we must invest in a robust, productive workforce. What should that investment look like? This book does not seek to prescribe a specific path forward for the workforce development space; however, it does aim to elevate promising approaches that focus on outcomes — approaches that strive to deliver better value for workers, training providers, employers, and governments.

Too often, actors in the workforce development space operate in silos. Workers, either on their own or with the support of training providers or governments, invest time and money into upskilling that may not lead to concrete, tangible jobs with meaningful wage increases. At the same time, employers invest their time and money into recruiting and retaining skilled talent from a talent pool that remains in too-short supply. Investments are made, but the gap between available skilled workers and available jobs remains.

The rapid pace of change in the 21st century threatens to exacerbate this gap. In-demand sectors and relevant jobs will change, as will the specific skills needed to fulfill them. More than ever, the workforce development space will need to be agile, ready to adjust and ensure workers do not gamble on a future that will soon be obsolete.

The chapters in this book profile outcomes-driven initiatives that seek to enhance opportunities for workers while addressing the talent demands of the evolving economy. By breaking down silos through coordination and shared accountability, these initiatives redistribute risk and put outcomes front and center.

One model that is regaining steam is actually older than the republic itself: apprenticeships. Apprenticeships tackle the disconnect between labor supply and labor demand by connecting the two sides directly, ensuring workers get the specific training employers seek. In **"Can Pay for Success Scale Apprenticeships in the U.S.?"**, authors John Colborn, Harry Leech, and Deniz Nemli of Apprenticeships for America look at how other advanced economies, along with some U.S. states, have set up outcomes-based public support to increase the number of private-sector apprenticeship opportunities.

Rural LISC's Julianne Dunn explores how apprenticeships can offer a practical solution for rural communities in **"Smoothing the Path to a Family-Sustaining Career: Supporting Apprenticeships in Rural America."** She shares how Rural LISC developed a ready-to-use apprenticeship toolkit to help stand up new programs in the Mississippi Delta, and outlines ways to adapt the model for other rural areas.

It's not always about bringing new workers in the door, but about helping employees upskill. AARP Foundation president Claire Casey speaks to this in **"A Promising Model of Financial Risk-Sharing: The AARP Foundation Upskilling Initiative."** The AARP program enabled small and medium-sized enterprises to upskill low-income older workers; they reimbursed businesses for the cost of training in exchange for a guaranteed wage increase for participating workers.

Intermediaries can help connect workers and jobs. Achieve Partners' Ryan Craig and Jeremy Bernard-Sasges make the case in **"The Hire-Train-Deploy Model: Rethinking Entry-Level Workforce Development in the Age of AI"** that the rise of artificial intelligence (AI) demands better on-the-job training options for entry-level workers, and that hire-train-deploy firms are well-positioned to facilitate that training and shoulder some of the inherent risk. In **"Building a Self-Sustaining Staffing Agency for the Social Sector,"** First Step Staffing CEO Amelia Nickerson shares how the nonprofit social enterprise provides formerly unhoused or incarcerated individuals with training and supportive wraparound services and helps place them in jobs.

Pooling capital into an outcomes fund is one way to pay for both wraparound supports and training opportunities in a way that shares risk among stakeholders. In **"Innovative Financing for Infrastructure and Energy Job Training,"** Brookings Metro senior fellow Xavier de Souza Briggs and Social Finance CEO Tracy Palandjian examine how this outcomes-based model – sometimes referred to in the workforce context as "talent finance" – could be used to finance training for middle-skill occupations in industries poised for growth.

Several other chapters highlight outcomes-based repayment solutions that stretch funding to train more workers through shared accountability for financing and results. Consider the ReNEW Fund, which Western Governors University (WGU) president Scott Pulsipher and Central Health's Jeannie Virden delineate in **"The ReNEW Fund: Building and Sustaining a Talent Pipeline for Nurses."** This initiative targets the high post-COVID rates of nursing turnover by helping WGU nursing students complete the last two years of their Bachelor of Science-Nursing (BSN) degree program; if they commit to a minimum term of employment with a participating employer that pays into the fund, graduates do not have to repay their loans.

Grow with Google founder Lisa Gevelber explains in **"The Google Career Certificates Fund: Investing in the Next Generation of Tech Workers"** how Google is using its role as a leader in the private sector to help disadvantaged workers receive necessary training for in-demand technology fields through zero-interest loans, as well as wraparound services to support them as they upskill. In **"Paying It Forward in New Jersey: Designing and Implementing a New Fund for Talent Development,"** Tara Colton, chief economic security officer at the New Jersey Economic Development Authority, explains how New Jersey leveraged a zero-interest loan model with income-based payment terms, living cost stipends throughout training, and other wraparound supports to bolster the talent pipeline for the state's critical sectors.

Solutions that blend public and private capital to address barriers to workforce development are a prime example of outcomes funds in practice. Sir Ronald Cohen's updated chapter on **"The Promise of Outcomes Funds for Economic Mobility"** lays the foundation for establishing such funds. The federal government has pursued a number of policies intended to align incentives with outcomes. Former House Speaker Paul Ryan offers a brief history of these policies in **"Buying Outcomes: Lessons from the Past."**

States are also taking an outcomes-based approach with an emphasis on shared accountability by tying some public payments to agreed-upon metrics for success. Connecticut's Office of Early Childhood (OEC) developed rate cards, which are a set of metrics laying out desired outcomes and specifying how providers can earn a payment for each achievement. As OEC Commissioner Beth Bye shares in **"Strengthening Families' Economic Wellbeing: Lessons from Connecticut's Outcomes Rate Card,"** this shift from outputs to outcomes transformed the conversation among government and service providers about how to best support families. Additional case studies for this model can be found in **"Governing for Results: Case Studies from Massachusetts"** and **"A Good Job at the End of Training: Rhode Island's Outcomes-Focused Approach to Workforce Development."** One common thread among many of the profiled models is the importance of building on demonstrated results. **"Employer Pay-for-Success: Taking the Risk Out of Workforce Partnerships in Philadelphia,"** authored by the Philadelphia Federal Reserve Bank's Ashley Putnam, Philadelphia Works' Tyrone Hampton, Jr., and Skills Initiative's Cait Garozzo, describes a partnership led by the Skills Initiative in which employers reimburse training costs for individuals they hire and retain through a pay-for-success partnership with employers in the Life Sciences industry. The partnership is expanding an earlier pay-for-success partnership Philadelphia Works piloted to include new employers in the biotech sector.

One place where we are seeing considerable innovation at the state level is in the technical and community college space. In **"Subsidizing Success, Not Enrollment: The Texas State Technical College Funding Model,"** senior vice chancellor Michael Bettersworth looks at the economic impact of this first-in-the-nation outcomes-based funding formula, which ties 100 percent of TSTC's state funding to the number of its students obtaining good-paying jobs. The initiative has focused TSTC on delivering programs of study that lead to significantly increased wages. **"FastForwardVA: Connecting Workers, Employers, and Skills,"** authored by Virginia Community College System (VCCS) chancellor David Doré, shows how VCCS's outcomes-based program enables adult learners to increase their income by obtaining "middle-skill" credentials in high-growth sectors. The program ties what students pay for these short-term non-degree credentials to their employment outcomes and links the colleges' state funding to student success. In **"Improving Outcomes (Measurement): A New Survey of Community College Success,"** the Richmond Federal Reserve Bank's Tom Barkin and Laura Ullrich highlight the crucial role of these institutions in closing the skilled trades gap and emphasize the importance of measuring their success with tailored metrics that reflect their student bodies and contributions.

Tackling non-skill barriers to training and work can be just as crucial as the training itself. If workers cannot secure child care or transportation, or if they are preoccupied with securing basic needs for their family, their focus and success in training programs is likely to be worse. In **"Paths to Providing Supports for Women's Participation in Workforce Development Programs,"** Kate Bahn provides an overview of wraparound support services that can be tailored to support specific workforce development participants' needs.

"Worker and Learner Perspectives: Insights from Participants in Outcomes-Based Training Programs," authored by the Atlanta Federal Reserve Bank's Tiffani M. Horton and Sarah Miller, supports such investments. They argue feedback from participants based on their first-hand lived experience can yield key insights that others might miss, making it essential to program improvement. One of their key takeaways? For most people, additional support – whether for childcare, reliable transportation, or simply access to resources in an emergency – is critical to successfully completing a training or upskilling program.

In her chapter **"Human Capital, Automation, and Artificial Intelligence: Post-COVID-19 Integration,"** Federal Reserve Bank of Chicago senior economist Kristen Broady makes the case for training programs to increase their focus on aspects of work that require human emotional intelligence.

The concept of iterative learning, where we learn from prior attempts, from lessons learned, and from demonstrated successes, is at the heart of this book. Meeting the workforce challenge is daunting, but innovation is underway. And crucially, this innovation, as you'll see throughout the book, is centered around outcomes: what works and what doesn't.

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