

Worksystems Inc. regains credibility

Andrew McGough and his team improved operations at Worksystems, which steers federal funding to work force training programs.

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Photo by Cathy Cheney | Portland Business Journal

Andrew McGough bluntly assessed the troubled state Worksystems Inc. was in a few years ago.

He painted a picture of a nonprofit mired in an identity crisis, lacking a clear focus and defined role in its field of regional work force development. Did it exist to directly train workers, or to help steer funding to other work force training entities? Its mission was fuzzy, which created fallout.

“One of the things that was very clear to me was the community didn’t have a really good view of Worksystems,” said McGough, who joined the agency in 2003 and became executive director in 2005, replacing **Bob Vidos**. “Frankly, there was a lot of hostility toward the organization.”

Under McGough, Worksystems axed its direct training services in 2006. It currently concentrates on obtaining federal grants for work force training and distributing them to agencies in Multnomah and Washington counties, saving each agency from seeking funds on its own.

Worksystems total yearly expenditures, consisting primarily of funds going to other agencies, has held fairly steady at about \$21 million in recent years. The figure, however, hit \$27.2 million in fiscal year 2009-10 due to the availability of stimulus funds.

The steady expenditures are impressive, given the significant reduction in a traditional funding source. That source is known as “formula dollars” — federal funds allocated to states that then get funneled based on a specific formula to work force development agencies. When McGough became executive director, those funds comprised about 68 percent of Worksystems’ budget. Today, they account for 48 percent. The balance essentially is comprised of federal competitive grants that the organization has sought to fill the gaps.

At the same time, demand for work force training services increased markedly. At the end of 2006, about 6,000 people were enrolled in programs supported by Worksystems. In the current fiscal year that ends in June, that number will stand at more than 100,000, McGough said.

The fact that more people are being served is a result not only of a sour economy, but also of an effort by the state and Worksystems to increase access by better aligning services and resources. McGough stressed that while such work is far from glamorous, it is critical in an era of declining resources.

McGough said a major restructuring of the organization’s board after his hiring helped Worksystems focus on its mission.

The restructuring split the board into two entities, one with fiduciary and operational responsibility for the organization, the other with a strategic, regional focus.

A three-year strategic plan, issued in early 2006, helped Worksystems adhere to its key role of intermediary, in which it evaluates work force development needs, allocates funds to community service providers to improve worker skills and industry competitiveness, and monitors outcomes.

James Paulson is chairman of both Worksystems’ executive board and its strategic Workforce Investment Board — the latter a mix of local elected officials and business, education, labor, public agency and community-based organization leaders. He said McGough’s appointment as executive director and creation of the two boards were essential to helping Worksystems regain its footing.

The two boards enabled Worksystems and its partner organizations to “have more conversations around how we could build a better system and align services better,” Paulson said.

Worksystems’ stronger leadership in recent years isn’t going unnoticed, nor is an ethos of regional collaboration. **Lisa Nisenfeld**, executive director of the Southwest Washington Workforce Development Council, said nonprofit work force agencies in the region made a commitment to work together and share information, which hasn’t always been the case.

“We have a shared sense across the region on where we need to go in getting folks back to work and getting companies the workers they need,” Nisenfeld said.

A case in point, according to Nisenfeld and others, was a \$5 million federal grant Oregon landed in 2007 to take a regional approach to developing work force talent as an economic driver in 10 counties in Northwest Oregon and Southwest Washington. Worksystems was selected to

administer the grant, part of the Labor Department's Workforce Innovation in Regional Economic Development program. The grant also involved the Southwest Washington work force agency and the Workforce Investment Council of Clackamas County.

"The fact that we learned we get more in general by working together rather than competing has been an important lesson," Nisenfeld said.

For organizations like Worksystems, substantial challenges remain. **Eileen Drake**, an industry representative on Worksystems' board, said questions persist about how to increase jobs in an era when businesses are taking a cautious approach and funds for work force development are on the decline.

Worxsystems could cite its limited funding as an excuse to hunker down. But that's not the approach it's taking, said Drake, who also serves as vice president of administration and legal affairs with PCC Structural Inc.

She noted Worksystems is constantly reassessing, questioning whether it is accessing all available resources, and examining whether it is taking the most effective approach.

"I think that is the most you can ask of an organization these days – to rethink priorities and rethink how they can do more with shrinking resources," Drake said.