Reinventing the Workforce System

This paper presents the Training and Employment Administrators of Missouri (TEAM) recommendations for reinventing the nation's workforce system that is supported with public funds. The recommendations have been endorsed by member representatives of the Workforce Investment Boards and organizations that administer the WIA Title I program in Missouri's 14 local workforce investment areas. The practical approach for improving the quality and effectiveness of employment and training service, builds on successes of the current system, addresses inefficiencies, and focuses on increasing direct services to customers.

What We Know

The Workforce Investment Act represents the nation's largest public investment in workforce development as a single program or funding stream.[1] When enacted in August 1998, the nation faced a 4.5% unemployment rate with 6.2 million looking for work. [2] The funding for nationwide implementation of the WIA program, PY2000 commencing in July 2000, was approximately $3.2 billion.[3] Fast forward 13 years. The nation's unemployment in August 2011 was 9.1% with a reported 14 million unemployed.[4] And this figure only reflects people out of work and actively seeking employment. It does not reflect the discouraged workers who have given up their search or individuals who have been cut from full-time to part-time employment. It is estimated that the true unemployment rate, if these individuals were included, is closer to 20%.[5] The national funding for the current program year is approximately $2.9 billion. The disparity in terms of funding levels and need are obvious.

The following provides a backdrop for TEAM's recommendations:

- The purpose of the nation's workforce system should be to provide employers with the skilled workforce they need to be competitive and grow and workers/job seekers with the skills they need to retain and obtain employment.

[1] GAO-11-92 Multiple Employment and Training Programs, January 2011, page 9.
[2] U.S. Department of Labor, Bureau of Labor Statistics, Archived News Releases, August 1998 http://www.bls.gov/news.release/history/empsit_090498.txt
[3] While WIA was enacted in 1998, there was a transition period. The program was not actually implemented nationwide until July 2000. Funding level of $3.2 billion is actual amount and has not be adjusted to reflect inflation.
[4] U.S. Department of Labor, Bureau of Labor Statistics, Archived News Releases, August 2011 http://www.bls.gov/news.release/archives/empsit_09022011.pdf
[5] Zukerman: Real Unemployment 20 Percent, October 15, 2011, http://www.newsmax.com/InsideCover/zuckerman-obama-unemployment-economy/2011/10/16/id/414650

- Reducing unnecessary bureaucracy can cut administrative costs. Any cost savings should be viewed as a way to increase the amount of resources available for direct services to customers as opposed to a rationale for decreased funding.
- Building on "what works" makes sense. Rather than dismantling and reconstructing a workforce delivery system, the most efficient approach during this time of extreme and increasing need for employment and training services is to improve the existing system as currently authorized through the Workforce Investment Act.
- The demand for workforce development services – be it job search assistance or training – exceeds the workforce system's current capacity. One stop centers are overwhelmed with the number of individuals requesting assistance in identifying job openings, preparing resumes and applications, obtaining training to develop marketable job skills, and acquiring credentials and certificates needed for high demand jobs.
- Given budget deficits, it is unrealistic to expect that Congress will increase workforce development investments to meet current demand.

Recommendations

- **Administrative efficiencies/cost saving measures can be achieved by streamlining processes and programs, eliminating unnecessary bureaucratic redundancies and waste, and aligning program delivery. These cost saving initiatives will increase the funds available for services provided directly to customers.**

    - Decrease costs, eliminate silos, and improve coordination of services by eliminating individual programs and funding streams; recognizing that WIA, Wagner Peyser, Trade Adjustment Assistance training, Veterans Employment and Training, and Unemployment Insurance provide similar business services and job seeker functions, provide a consolidated grant to states with funds formula allocated to local areas and administered through local Workforce Investment Boards; provide states the flexibility to additionally include local administration of the following under auspices of WIBs: Adult Education, Vocational Rehabilitation, Food Stamp Employment and Training, Temporary Assistance for Needy Families (employment/training).
    - Eliminate funding of discretionary grants and demonstration programs as currently authorized by Congress and/or overseen by the U.S. Department of Labor (USDOL); these types of programs are usually duplicative, not sustainable, and require additional administrative support; instead, provide local system the flexibility to utilize program funding to implement and sustain innovative program strategies.
    - Provide the majority of funds currently retained by USDOL for National Emergency Grants to the local delivery system for the provision of retraining and services to dislocated workers (formula allocated); reserve a limited amount of funds at the federal level for disaster NEGs awarded to states.
    - Reduce duplicative State and USDOL oversight and technical assistance functions; eliminate duplicity in terms of roles and functions at federal, regional, and state levels and clearly define (e.g., fiscal oversight, program reporting, and compliance monitoring); assess each level's "value add" to customer and determine appropriate functions accordingly.
    - Eliminate complex administrative and reporting requirements that divert resources to program administration and away for direct services to job seeker and business customers.

- **The State Workforce Investment Board's primary function should be the coordination of state resources and programs that contribute to the development of a skilled workforce. To insure that decisions regarding the investment of available funds are business-driven, the majority of Board members should be business representatives and the Board should be chaired by a representative of the private sector.**

- **Local Workforce Investment Boards (LWIBs) in cooperation with Chief Local Elected Officials (CLEOs) should continue to provide leadership and oversight to the workforce system within their communities. They are positioned to drive coordination/consolidation of programs and insure that the investment of public resources addresses employer needs, supports economic development, and prepares individuals for high demand jobs.**

    - Provide LWIBs in partnership with the CLEOs with the authority to oversee use of funds and alignment of consolidated programs; provide flexibility to LWIBs in determining how available funds will be distributed in serving targeted population groups and addressing labor market needs.
    - Provide LWIBs in partnership with CLEOs with authority to be innovative in addressing local workforce needs, improving service delivery, and engaging employers in workforce preparation.
    - Incentivize LWIBs to collaborate with partners and neighboring Boards to undertake initiatives that address/benefit the regional economy.
    - In cooperation with post secondary education and employers, charge LWIBs with facilitating the expansion of program offerings that prepare job seeker/worker customers for employment in currently available high demand jobs and development of strategies to address long term occupational skill shortages in targeted local industries.
    - Provide states with responsibility for maintaining statewide inventory of training providers; provide LWIBs flexibility in determining which training providers will be available for occupational training in local area based on completer cost, trainee employment outcomes, and local labor market data.
    - Maintain majority representation of business on the LWIB; encourage increased representation of economic development entities.
    - Maintain Youth Council as a separate entity to oversee funds available for youth programs and services.
    - Maintain separation of Board oversight and delivery of services.

- **Programs should be administered at the local level to assure that employer needs are addressed, workforce activities are linked to economic development activities, and job seeker/worker customers receive services and training that result in employment. Federal legislation should establish the framework for program design and delivery and standard requirements related to eligibility, allowable programs/services, reporting, and performance standards but otherwise allow flexibility in how programs are designed to address local needs and encourage local innovation.**

  - Specify all administrative and program requirements in the Act so as to limit USDOL and state issued regulations, policies, and procedural directives.
  - Maintain one-stop center delivery system that provides multiple points of access for business and job seeker customers within local areas; establish separate infrastructure funding stream that provides adequate support to maintain quality centers that offer current technology and expanded service options and resources.
  - Expand mandatory one-stop system partners to include Temporary Assistance to Needy Families and Community Colleges; recognize that physical co-location of partners is not necessary but instead require presence through electronic connectivity.
  - Rather than a compliance document, the local plan should be a strategic document focusing on processes related to providing services to employers and job seekers, connecting with economic development, working regionally to more efficiently utilizes and leverage funds, and implementing continuous improvement strategies; metrics included in plan should reflect how funds will be used to serve customers, (e.g., numbers of job seekers and businesses to be served, types of training and services to be provided, etc.), outcomes to be achieved, and return on investment benchmarks; local plans should be developed, approved by and submitted in partnership with CLEOs.
  - Allocate funds for adults and youth; provide some local flexibility in determining how adult funds are "split" to address needs of economically disadvantaged versus dislocated worker customers; require data based justification as part of local plan to support allocation of resources.
  - Increase emphasis on post-secondary education that results in the attainment of industry recognized certificates, associate's degrees and bachelor degrees.
  - Provide local access to national and state databases that support the identification of job seeker/workers in need of services; for example, as an increased number of veterans leave active duty and return to the civilian workforce, VA data would support aggressive outreach to veterans.
  - Maintain continuum of services available to economically disadvantaged adults and dislocated workers (core, intensive, training) but not sequential, tiered delivery structure; provide local systems flexibility in assessing customer need and developing service plan; provide flexibility in use of funds for paid internships, on-the-job training and work experience to increase likelihood of customer's employment in chosen/demand sector.
  - Maintain current services available to out-of-school and in-school youth; include emphasis on use of funds for provision of occupational skills and credentials, workforce readiness National Career Readiness Credential Plus, and work experience; expand in-school youth eligibility criteria to include receipt of free or reduced lunches.

- Recognizing the importance of addressing the needs of business customers, establish business services as a separate category of services; services should minimally include: identifying and disseminating information related to workforce, economic and community development needs, opportunities of the local economy; development and delivery of innovative workforce investment services and strategies (e.g., sectoral approaches, industry cluster analysis and initiatives, regional skills alliances, career ladder advancement, skills upgrading, skill standard development and certification, and apprenticeships); training, consulting and needs analysis, and brokering of services for area businesses; assistance in the aversion of layoffs and in managing workforce reductions; marketing of WIA business services, and other business services and strategies to better engage employers in workforce development activities.
- Encourage incumbent worker training that improves the competiveness of business and workers.

- **Accountability and transparency are important elements of any publically funded program and should provide the public and Congress with a clear understanding of how funds are being used and the information needed to evaluate the cost benefit of the public investment. Any collection of program performance information should be determined on a "what we need to know" basis.**

  - Establish reporting requirements that address true effectiveness of programs and quantify the return on investment of public resources; eliminate current reporting requirements that gather information unrelated to program performance or fiscal accountability.
  - Identify program performance indicators that can be easily understood and universally applied to all employment and job training related programs (WIA, TANF, Carl Perkins, discretionary grant programs, etc); consider that performance indicators should encourage serving hard-to-serve individuals and recognize challenges in doing so; establish performance indicator for business services.
  - Establish common definitions for all employment, education and job training programs (e.g., entered employment, job retention) thereby allowing consistent comparison and evaluation of performance across programs and cross matching of data.