

September 14, 2009

## **21st Century Workforce System**

### **Concept Paper**

The Texas Association of Workforce Boards (TAWB) is comprised of local Board chairs and administrators that provide a unified voice for a quality workforce system in Texas. TAWB serves as a forum for discussion of public policy, promotion of innovation through a business-driven system and development of members' capacity for high performance and strong accountability. Our collective experience and expertise in the workforce system includes oversight, evaluation and management of local systems; leading regional transformations; engaging education, economic development and business in effective partnerships and forecasting and preparing current and future workers for tomorrow's economy. We believe strongly in an employer-driven workforce system, and that the system should be viewed, funded and measured as primarily an economic development, rather than a social service system. From this perspective, we offer the following model for the 21<sup>st</sup> century workforce system as well as recommendations for the reauthorization of the Workforce Investment Act (WIA).

#### ***Workforce Board Structure***

We support strong, regionally-based business-led workforce boards appointed by local elected officials. We believe a strategically effective board is a policy-making body that is comprised primarily of business members. We offer the following recommendations:

- Continue to require a majority of business membership, but raise the minimum business representation to 70%. Clarify the definition of "business" to include non-profit employers who represent major sectors of regional economies and retired or semi-retired business members or consultants who have substantial experience with workforce issues.
- Allow local boards to determine their total size by negotiation with regional partners.
- Permit boards to add additional public sector members *solely at the board's discretion*, providing the business representatives' 70% majority is maintained and the additional members represent value to the region's strategic direction. Boards currently include additional public and private sector individuals on their taskforces and workgroups. This means of obtaining added community input should be recognized and encouraged.
- Prohibit states from enacting laws and policies that conflict with or further restrict the federal requirements on board membership or who qualifies as a business member by appropriate federal pre-emption provisions.
- Require that local elected officials in the area served by the board nominate members of the board and allow the board to set policies governing terms of members.
- Prohibit state governments from exercising any veto or approval role over who is nominated and serves on a local board.

## **Workforce Board Purpose and Metrics**

Many workforce boards in other states are hardly distinguishable from the old private industry councils under the Job Training Partnership Act. In some cases this is due to poor leadership, but more often it is due to state policies that drive boards to operational behaviors and priorities, and U.S. Department of Labor-defined program outcomes that serve as disincentives to changing policy and practice.

TAWB believes that local workforce boards have the capacity to be agents of change to grow regional economies. The table below contrasts the existing board paradigm with our recommendations for a new paradigm that would be incorporated in the language of the reauthorized Act.

Existing Paradigm	New Paradigm
Contract for training for a tiny percentage of job seekers.	Align systems and change regional practices to build a talent pipeline that impacts skill development for a large percentage of career seekers. Increase resources for training current and dislocated workers, especially those with lower skills, who are most in danger of losing employment. Expand availability of resources for pre-employment/employability training and adult basic education, recognizing that basic skills are foundational for learning technical skills, and for the disabled, whose potential is largely untapped in today's economy.
Find jobs for job seekers.	While retaining the job matching function, develop skills to fill skill gaps critical to the regional economy (i.e., provide skills to job seekers that meet industry needs and provide skills to incumbent workers to allow them better jobs consistent with industry needs). Align more closely with economic development partners to provide workers to meet needs of existing employers and those targeted for expansion or recruitment. The federal common measures are eliminated as they did little to further a system that is employer-driven and geared toward economic development.
Measure board success as a job placement agency would: interview to hire ratios; fill-rates for job orders; penetration rates; job placements; average wage at hire; etc.	Measure board success as a strategic board would, for example: resolution of critical skill gaps; reduction of poverty; retention of jobs; increase in asset building; improved alignment and efficiency of systems; increase in number of jobs and GDP; and return on investment. Measures are outcome-driven rather than process-driven, and should reflect an economic development activity rather than a social service activity. This will permit boards credit for the services and benefits boards perform for the universe of customers, not just the targeted ones.
Equate board success to one-stop success.	Define success separately for boards. Oversight of the one-stop system would be but one component of board success. Board success is based on strategic progress measures that are locally defined.

Equate boards with a single funding source – WIA – so that they are perceived as a “program board.”	Create a separate funding stream for boards that does not share a name with a single service program in the one-stop; take funds “off the top” of each federal partner program <i>before</i> it is allocated to states to create the neutral funding base.
Tie board resources to training and supports for specific individuals, thus limiting the overall impact on the economy.	Permit boards to use funds broadly for planning, convening, researching, and communicating, thus expanding impact and affecting significantly more individuals, yet always with a focus of meeting current and future business needs through training of individuals, investments in development of new training programs and partnerships with education and economic development.

## ***Funding***

TAWB supports the investment of the current administration in the local workforce system and appreciates the availability of additional resources to assist in the recovery of the American economy. Advancement and maintenance of a responsive 21<sup>st</sup> century workforce system requires a new approach to funding. Again, the funding should be viewed as for an economic development system rather than a social service system.

We offer the following recommendations:

- Establish a single federal workforce funding stream that includes current US Department of Labor funds, such as WIA, Trade Adjustment and Wagner-Peyser, Health and Human Service Commission funds, such as SNAP and TANF and Department of Education funds for adult literacy, education and ESL programs. Require that 90% of the funding be distributed to the local workforce boards. Provide local boards the flexibility to identify in their plans how they will distribute resources across these population groups consistent with their strategic priorities and labor market needs.
- Establish a separate infrastructure and system support funding stream that allows adequate support to maintain a network of quality one-stop centers/access points with current technology, expanded service options and an array of high quality resources.
- Provide an adequate amount of flexible funding for boards to incent regional transformations and collaborative work with partners and neighboring boards.
- Establish measures that follow this funding that are performance-driven, rather than process-driven. The measures should drive system performance, rather than the process measures driving the system as we currently have. These new measures can include resolution of critical skill gaps; reduction of poverty; retention of jobs; increase in asset building; improved alignment and efficiency of systems; increase in number of employers, jobs and GDP; and return on investment. These measures should be appropriate for an economic development effort rather than a social service activity. We should be mindful that the business volunteers we ask to serve on the local boards did not sign up to operate local welfare programs.

## ***Partnerships***

Under the current system, there is a mandated list of partners with whom the board must enter into a Memorandum of Understanding, regardless of whether the partner is an appropriate fit for the board's strategies. The current list of mandated partners is focused on one-stop center partners who predominantly serve job-seekers rather than employers. We recognize that these partnerships may be of value and should be encouraged at the one-stop center level rather than at the board level. TAWB believes that local boards should have the flexibility to determine which partners are appropriate and justify their decisions in their strategic plans. "Partnerships" do not develop from a mandate. They develop from shared goals and interests that lead to a voluntary agreement to share information, energies, and resources.

## ***One-Stop Centers***

The requirements for one-stop centers contained in the Workforce Investment Act (WIA) pre-date new technologies that allow for a wider array of access options, such as through webcams, interactive TV, podcasts and Internet cafes. Influenced by the language of WIA, many states have defined one-stops based on bricks and mortar and the physical presence of as many agencies as can fit in the building. To better serve the public, workforce boards need greater flexibility in determining how and where services are delivered. Further, additional infrastructure funds are needed not only for new technology tools and upgrades, but to upgrade facilities that in some instances look little different from a 1950's unemployment office.

## ***Customer Service***

Employer customers should be the primary customer of the workforce system. Greater engagement of business at the Board level, true flexibility in designing a system of services and strategies and meet business needs and the application of technology and current leading edge business practices will increase the responsiveness, innovation and utilization of the system for employer customers.

A 21<sup>st</sup> century model would have a uniform system of eligibility for all workforce programs. Individuals would provide a minimal amount of common information and income or other eligibility requirements would be uniform across all programs. The current system encompasses an array of income guidelines based on standards set by separate federal agencies, which creates confusion for customers, additional work for staff and a plethora of unnecessary policies and policy interpretations. Establishing a uniform eligibility system would improve efficiencies for customers and staff, allow investment of resources in services that benefit customers and promote higher utilization of the public workforce system.

WIA reauthorization should include additional funding for technology infrastructure and development of applications that allow customers to access services at their convenience. Job-seeker customers should be able to create, search and retrieve individual portfolios containing resumes, certifications, assessment results and other key data. Employer customers should be able to manage workforce transactions on-line and should be able to easily connect with applicants, view applicant files (with permission) and conduct interviews on-line. Customers should be able to obtain assistance during non-work hours from trained, professional staff via on-line chat or toll-free telephone services.

## ***Data Collection and Reporting***

There are too many wheels being invented from state to state regarding data collection and reporting. Moreover, substantial federal program dollars are being expended in the states for reporting to the states. Data should be collected and reported for tracking and management purposes by the local boards and the state and local agencies that oversee them, and not just for state or federal reporting purposes. Measures that look like process-measures should not be developed or continued because the information for them is relatively easy to get or available. The current data collection requirements for the workforce system are beyond that needed to serve the customer, and in fact, can be a deterrent to employers and job seekers alike. We recommend requiring all federal agencies providing workforce funds to local areas agree upon and establish common data collection and requirements and elements that are the least burdensome and costly in order to meet stated goals for that information. Any such data collection and reporting requirements should be designed with the concepts of local control with appropriate accountability, and an employer-driven system.