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**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 144
DECEMBER 7, 2009**

WORKFORCE SYSTEM REVIEW

In August, Governor Gregoire asked the Employment Security Department's Commissioner Karen Lee and the State Board for Community and Technical Colleges Director Charlie Earl, with the participation of the Workforce Training and Education Coordinating Board Executive Director Eleni Papadakis, to conduct a review of the workforce development system. The Governor's letter is included in this tab along with the draft review. A brief staff analysis of the review's recommendations is also provided.

At the special board meeting, the Board will discuss the draft review and may, or may not, take action to provide comments on the draft.

Board Action Required: Discussion and Possible Action.

Possible Motion

WHEREAS, Governor Gregoire requested that Employment Security Department Commissioner Karen Lee and State Board for Community and Technical Colleges Director Charlie Earl, with the participation of the Workforce Training and Education Coordinating Board Executive Director Eleni Papadakis, conduct a review of the workforce development system;

WHEREAS, The draft of the review has been considered by the Workforce Board; and,

WHEREAS, A central statutory function of the Workforce Board is to provide advice to the Governor concerning the workforce development system;

THEREFORE, BE IT RESOLVED, That the Workforce Training and Education Coordinating Board offers the following comments regarding the draft review.

Brief Analysis of the Draft Workforce System Review

This brief analysis, prepared by Workforce Board staff, highlights some of the major points in the draft review that may be contentious for stakeholders. Pro and con arguments are presented. There are many other points in the draft review that are important and likely to be agreeable to virtually all stakeholders.

Overall:

The draft review offers recommendations to improve the efficiency of the Workforce Investment Act (WIA) system. Many of the recommendations are based on feedback during focus groups of stakeholders. Focus group participants frequently commented that the system's current roles and responsibilities are unclear to those who work in the system, and that the system would operate better for customers if there were some minimum standards that were established system-wide.

In 2006, the Workforce Board conducted a review of the workforce development system and produced "Washington Works" with several dozen recommendations. Since that time, progress has been made on most of the recommendations, and action has been completed on many. The latest evaluations of WIA Title I and III (the Employment Service) show strong and improving results for customers—both individuals and employers as measured by customer satisfaction surveys and employment and earnings (at least until the recession began). The latest news from Washington, D.C. is that Congress is expected to take up WIA reauthorization early next year.

It can be argued that a period of deep unemployment is not the best time to shake up the functioning of a system that has been producing good results for customers (even if it is difficult to manage), and that a new executive order may be necessary once WIA is reauthorized. On the other hand, many of those who work in the system believe that changes now would improve the ability of the system to serve customers during these difficult times.

Review Recommendations Highlights

Performance Measures, Standards, and Consequences

3.2 Employment Security will establish Operational Performance Measures and Standards

Pro: Statewide minimum standards are important for system efficiency, customer service, and executive management. The Employment Security Department as the state grant administrator has this authority.

Con: Local Workforce Development Councils (WDCs) are in a better position to devise measures that make sense for management. WDCs as the local grant administrators have this authority.

3.3 Sanctions for Poor Performance

Pro: Currently, there are few tools available for the statewide management of WIA. There are consequences for poor performance only once a local area has extraordinarily poor results, and the only consequence—decertifying a local board—is too severe to be

used in most cases. Employment Security needs additional tools as the state grant administrator to manage the system.

Con: WIA does not explicitly authorize state sanctions for poor performance other than for poor results as measured by the measures in WIA. WDCs are in a better position than the state to manage day-to-day performance.

3.4 Additional Certification Criteria: Employment Security will recommend to the Governor additional certification criteria for WDC boards. (The Governor must certify WDC boards every two years. The Workforce Board currently advises the Governor regarding membership criteria and whether or not WDCs satisfy the criteria.)

Pro: Currently, there are too few tools available for the statewide management of WIA. The Governor and Employment Security need additional tools to manage the system.

Con: WIA authorizes the Governor to certify and decertify local boards based only on their membership and meeting the targets on the performance measures specified in the Act. In the past, the Workforce Board has read WIA as not permitting other types of criteria.

Additional Consequences for Poor Performance: Employment Security will identify WDCs where providing direct service or operating one-stop centers hinder their ability to meet their other obligations. (Under WIA, either the Governor or chief local elected official can preclude local boards from providing direct service or operating one-stop centers.)

Pro: This would provide another management tool for the Governor and Employment Security and help ensure that WDCs focus on their strategic functions. WIA anticipated that local boards would generally not provide direct service or operate one-stop centers, but would instead focus on strategic planning and evaluating results.

Con: The Workforce Board has twice taken up the issue of whether or not the Governor should as a general rule permit WDCs to provide direct service or operate one-stop centers and both times came down on the side of favoring local flexibility to meet local needs.

Executive Order

4.1

“Under the Workforce Investment Act, it [the Workforce Board] should not operate programs.”

Pro: Under state statutes, the core functions of the Workforce Board are strategic planning, needs assessment, evaluation, and providing policy advice to the Governor and Legislature. Not operating programs enables the Board to conduct these functions in a neutral, objective manner. WIA anticipates that the state workforce investment board will provide similar functions under WIA.

Con: This language might be read as precluding the Board from managing Industry Skill Panels or the Career Bridge web site. These are tasks the Board performs well and that are authorized by state statute. State statutes also direct the Workforce Board to provide for coordination of the workforce development system. Activities that serve functions across multiple programs are best performed by a coordinating board. Federal grant opportunities sometimes require administration by the state workforce board. Private grant opportunities to operate programs are sometimes available to the state workforce board; for example, Lifelong Learning Accounts (LiLA). A prohibition on operating programs might, therefore, prevent the state from receiving federal or private dollars.

Reassigns the development of the State WIA Plan from the Workforce Board to Employment Security

Pro: While WIA and the current executive order assigns this function to the Workforce Board, in practice Employment Security prepares 90 percent of the WIA plan. Reassigning this function in a new executive order will help clarify roles and responsibilities. Many of the other tasks that WIA assigns the state workforce board are delegated to Employment Security; e.g., labor market statistics, so this is not unusual. The Workforce Board would still review the state WIA plan for consistency with *High Skills, High Wages*, the state's strategic plan for workforce development, and recommend to the Governor whether or not the WIA plan should be approved.

Con: WIA assigns this function to the state workforce board. Required pieces of the state WIA plan overlap with pieces of the state comprehensive plan for workforce development as required by state statute to be performed by the Workforce Board.

Reassigns the Negotiation of WIA Performance Targets from the Workforce Board to Employment Security: The Workforce Board will set "strategic goals" for the targets, but Employment Security will handle the actual negotiations with the Department of Labor and the WDCs.

Pro: Giving Employment Security the role of negotiating targets would help clarify the management role of Employment Security, and the strategic role of the Workforce Board. The negotiations on targets would take place within the parameters of the strategic direction set by the Workforce Board.

Con: The term, "strategic goals" is not clear. The Workforce Board has successfully negotiated targets since the beginning of WIA 10 years ago and has established mathematical regression formulas for this purpose that the Department of Labor has shared with other states as a model.

Consistent Services

6.1 Employment Security should continue to develop Operational Standards:

Pros and Cons: Similar to 3.2 above.