This tab contains the draft report of the Board’s Workforce Development System Review, as requested by Governor Gregoire. The draft is based on the discussion at the Board’s August 3-4 meeting.

At the September meeting, the Board will review the draft and discuss any desired changes. Following the meeting, the draft will be disseminated and the Board will hold forums around the state in order to present the draft to the public and obtain additional input. At the November meeting, the Board will take final action to approve a report to the Governor.

**Board Action Required:** Adoption of the Recommended Motion.
RECOMMENDED MOTION

WHEREAS, Governor Christine Gregoire requested that the Workforce Training and Education Coordinating Board conduct a review of the workforce development system in order to identify ways to better serve Washington employers and workers, and

WHEREAS, The Workforce Training and Education Coordinating Board has met with dozens of stakeholders, surveyed hundreds of students and staff, received information from independent consultants, learned of the best practices in other states, and studied the literature in an extensive search for ideas on how to do things better, and

WHEREAS, The Workforce Training and Education Coordinating Board seeks further input from stakeholders and the general public.

THEREFORE BE IT RESOLVED, That the Workforce Training and Education Coordinating Board approves the draft report, *Washington Works: Strengthening the Workforce for Washington's Future*, for purposes of public review and comment.
Washington Works

Strengthening the Workforce for Washington’s Future
A Report to Governor Christine Gregoire
Executive Summary

This report responds to your charge for the Workforce Training and Education Coordinating Board (Workforce Board) to review Washington’s workforce development system and recommend improvements that will enable the system to better serve the employers and citizens of our state. As you stated in your letter of March 14, 2006, your goal is to have the best workforce development system in the world.

Your international efforts have underscored the urgency of this assignment. As you noted, Washington companies and their workers must compete in a global marketplace. With ever heightening global competition, fueled by technological changes that make geographic distances less meaningful, Washington’s employers will not compete by attempting a low-road strategy of low-paid labor and inexpensive products. Other nations will be better at that. We must compete by having skilled workers who are more productive than workers of other nations. We must ceaselessly prepare our workers with higher levels of skills required to compete globally.

Your attention to how Washington learns underscores the same lesson. Workers’ knowledge and skills gained through education and training are more critical to whether companies, communities, and citizens will flourish than they have ever been. The appropriate levels of investment in higher education are necessary, but insufficient alone. To compete globally, our state must also greatly increase the skills of adult and youth workers who are not baccalaureate bound.

There is good news. The workforce system strategic plan High Skills, High Wages articulates well the multiple approaches that are key to preparation of the workforce of the future. Our integrated workforce system that includes the efforts of business, labor, seven state agencies, 12 regional Workforce Development Councils (WDC), and 34 community and technical colleges is regarded as a leading system among the states. Most importantly, the education and skill levels of Washington’s current workforce are high.

But this good news is insufficient to meet the global challenge you have emphasized. The annual employer’s survey conducted by the Workforce Board reveals workforce skill gaps that sap the competitiveness of companies. Over 51 percent of the employers that were hiring indicated difficulty finding qualified applicants. Put simply, though our annual output of newly-trained (or retrained) workers is impressive, we still have an unacceptable mismatch between the skills of our workers and the needs of our companies in the global economy.

At the same time, the workforce system is facing a demographic challenge. The aging of the baby boomer generation and declining birth rates means that employers are increasingly seeking workers from segments of the population that have previously been under-represented in the labor market—except in low-skill, low-wage positions. Employers are drawing upon recent immigrants, diverse populations, and people with disabilities in order to fill higher-skill jobs. This will create economic opportunity for many who have previously been left out of the economic mainstream, even as this demographic shift requires us to adjust and make certain that necessary education and training is available.
Thus, the fundamental challenge of this review is how to improve the performance of the system in putting workers on the high-skill path and making certain the skill gap is narrowed and ultimately closed.

There are continued significant advantages of a system that goes far beyond a single agency to integrate the efforts of business, labor, education, state agencies, and local government. The Washington system reaches far beyond those agencies involved in activities under the federal Workforce Investment Act (WIA). The Workforce Board and its partners bear the responsibility to gain the highest level of performance from the entire system in closing the skill gap and investing in presently under-skilled workers. This report’s recommendations are designed to guarantee that those responsibilities will be carried out at the highest possible level of efficiency and excellence, thus responding to the global challenge. The Workforce Board, its partners, and the system they comprise must become even more:

- **Sharply focused** - able to more easily and quickly respond to gubernatorial goals and deploy system resources to skill gap closing strategies.
- **Partnership driven** - eager at every level to form partnerships with business and labor to leverage government resources and make certain public investments respond to the specific needs of the workplace.
- ** Opportunistic** - willing to try promising new approaches.
- **Accountable** - not just within individual agencies but for the effectiveness of initiatives that cross agency lines.
- ** Fully integrated** - presenting itself as a seamless system to the companies and workers that seek its services.

The Workforce Board recommends improvements in eight aspects of the system. The recommendations are comprehensive, ranging from improvements in retail customer service to changes in state structure (for an overview of the current workforce development system and a description of study methods, please see Appendices A and B). In addition, these recommendations are interrelated, seeking to address any and all barriers to performance. We recommend:

1. **Increasing Coordination with Educational Systems**

The workforce system must be more formally tied with the Washington state’s other education structures through participation in the P-20 Education Council.

2. **Developing a New Partnership with Economic Development**

The system must be called upon to develop an all new set of practices regarding its partnership with economic development entities, including the Economic Development Commission; the Department of Community, Trade and Economic Development (CTED); Economic Development Councils; and other organizations. These practices must include the development of a clearer framework for collectively investing in selected economic clusters and the increased availability of targeted training resources to boost those clusters of opportunity.
3. **Focusing Local Efforts on State Goals**

A new approach to management accountability must be developed at the local level between the Employment Security Department (ESD) and the 12 locally-controlled WDCs. This approach must continue to respect local decision making flexibility while increasing the tools through which ESD guarantees WDC performance in addressing statewide goals.

4. **Strengthening the Local Workforce Partnership**

At the local level, the entities which provide “one-stop” services to those seeking jobs and/or training must be connected better on a daily basis to agencies that provide assistance to special needs clients such as the Division of Vocational Rehabilitation (DVR) of the Department of Social and Health Services (DSHS) and also with direct providers of training, including the 34 Community and Technical Colleges. This improved level of program integration must be secured through new agreements, including a possible new Executive Order and memorandums of understanding, that will formalize and expand present interagency arrangements. Improved program integration will keep those seeking job search or training assistance from falling through the cracks, expand the opportunity for joint case management, and assist in providing support services to increase work readiness.

5. **Expanding Performance Accountability for Integrated Services**

As integration of service delivery improves, so must the systems that measure the extent to which the skill gap is being closed. Measurement practices must be sorted out and better tied to management decision making process.

6. **Expanding Services to Youth at Risk**

This better integrated and more accountable local, regional, and state workforce system must increase its focus on the “seams”—the places where underskilled individuals fail to take advantage of the resources that are available. A waiver of federal WIA provisions must be sought to allow local WDCs to work with K-12 partners to develop additional student retention and dropout retrieval programs.

7. **Narrowing the Skill Gap by Responding to Underserved Populations**

This better integrated and more accountable local, regional, and state system must also focus more attention on multiple means of closing the skill gap at the adult level, including increasing the overall workforce education and training capacity of the system; providing new opportunities for underserved populations; and using system resources to increase the retention of enrolled trainees. The state must continue to expand the Opportunity Grant program. A waiver of federal WIA provisions should be sought to permit WDCs to sponsor training initiatives in conjunction with the State Board for Community and Technical Colleges (SBCTC) and Industry Skill Panels. The Workforce Board should broaden its strategic planning approval process to assist in sharpening the focus of WDCs on these goals.
8. Improving the Statewide Structure

The Workforce Board must strengthen its focus on the overall strategies being carried out by the system; the performance of participating agencies under those strategies; and the means through which that performance can be improved. Additional education and training efforts of selected agencies should be added to this performance measurement system. The Workforce Board should include representation from the local WDCs. The Workforce Board must more clearly delineate between its policy role and the program management activities of its partner agencies and should strengthen the role of the Interagency Committee to better support the work of these agencies.
Washington Works: Strengthening the Workforce for Washington’s Future

1. Increasing Coordination with Education Systems

The Workforce Board welcomes any and all opportunities to better connect with the other systems addressing the education and training needs of Washington’s citizens. The Governor and Workforce Board should seek stronger connection through these steps.

1.1 Establish a P-20 Education Council

The Workforce Board supports the creation of a P-20 Education Council and the representation of the Workforce Board’s Executive Director on the council. The council would help secure improved coordination and integration among education partners and increased accountability.

There are several policy and coordinating entities for education. These include the Department of Early Childhood Education; the Office of Superintendent of Public Instruction (OSPI); the State Board of Education; the State Board for Community and Technical Colleges (SBCTC); the Workforce Board; and the Higher Education Coordinating Board (HECB). A P-20 council would enable the development and implementation of shared strategies. The council would be a place where formal agreements could be reached among the partners, and partners, in turn, could be very visibly held accountable for carrying out the agreements. The agreements would especially be important for improving transition points between “silos”—making P-20 a more integrated system. Representation of the Workforce Board would be critical for ensuring that secondary and postsecondary career and technical education and other training programs are an important part of that integration.

1.2 Participate in Reconstituted Higher Education Coordinating Board

The Washington Learns process has considered changing the membership structure of the HECB by adding representation of other agencies and institutions to the citizen representation currently on the HECB. If such a change is made and the HECB continues responsibilities for all of higher education, the Workforce Board supports the inclusion of the Workforce Board on the reconstituted HECB. Such a change would be very useful, particularly given the assignment of the HECB to establish and maintain a comprehensive plan for all of higher education, not just baccalaureate, professional, and graduate programs.

Workforce training is a major part of higher education. Over 180,000 students attend community and technical college workforce education programs, over 28,000 students attend private career schools, and over 11,000 apprentices are in training each year. Including a representative of the Workforce Board on the HECB would make certain that a specific voice at the table would be focused on programs serving these students and the employers who hire them and help attend to barriers separating baccalaureate and sub-baccalaureate education. In addition, many of these students are funded by, and co-enrolled in, other workforce development programs, including WIA and vocational rehabilitation. Representation would also provide a linkage with workforce development programs that fund, but do not directly provide, postsecondary training.
2. Developing a New Partnership with Economic Development

Workforce investment is an indispensable economic development strategy in a global economy. Despite this, the connections between workforce and economic development programs have not been strong enough. To respond to this situation, the Governor should mandate that the Workforce Board, CTED, and the Economic Development Commission enter into an all new working agreement outlining in detail multiple functions which will be carried out in concert.

2.1 Appoint the director of Community, Trade, and Economic Development as an ex-officio participating official on the Workforce Board.

This appointment would enable the CTED director or her representative to advance economic development approaches within the context of workforce system decision-making. The director of DSHS presently serves in such an ex-officio capacity.

2.2 Appoint the executive director of the Workforce Board as an ex officio member of the Economic Development Commission.

Similar to the above recommendation, this appointment would facilitate interagency coordination at the Board, executive director, and staff level.

2.3 Direct the Workforce Board and Community, Trade, and Economic Development, in collaboration with Workforce Development Councils, Economic Development Councils, community and technical colleges, and local governments to develop and implement a plan to increase coordination at the regional level of workforce and economic development efforts.

At the regional level, WDCs, EDCs, community and technical colleges, and local government economic development offices all engage in economic development planning activities. While many areas (for example, Pierce County) have worked out constructive relationships among these entities, more can be done to ensure coordination across the state. Much of the desired coordination will take place within sectoral partnerships (see recommendation 2.4). Workforce and economic development leaders must take an all new look at boundaries and service delivery systems.

2.4 Direct Community, Trade, and Economic Development and the Workforce Board to develop a cluster-based strategy as a central organizing principle for their joint activities and as an important means to close skill gaps.

A cluster-based approach to workforce and economic development has two distinguishing features:

- It focuses on industry sectors that have demonstrated their competitive advantage in the market place as evidenced by an above average concentration of firms and employment.
- It encompasses not just the firms within the industry, but also inter-related firms outside the industry that are suppliers or customers of the industry and other organizations, such as training providers that support the industry.
Public investments in such clusters of opportunity are more likely to pay off than investments in other economic sectors, since clusters have already demonstrated their success in the market. CTED and the Economic Development Commission should work with the Workforce Board and its partners to create an all new framework for joint cluster investment. This framework will outline the means by which clusters are targeted and new cluster partnerships are organized and will identify funding streams that can be more intensively devoted to clusters (see recommendation 2.6). This approach will also align the business assistance efforts of WDCs and Economic Development Councils at the regional and local level with the cluster supporting training efforts of SBCTC.

2.5 Provide state general funds to support Industry Skill Panels

Industry Skill Panels are regional alliances of employers, labor, and education and training providers in key industry clusters. They work in conjunction with Centers for Excellence organized by SBCTC. The panels assess skill gaps in the industry and design and implement strategies to close those gaps. Washington was the first state in the nation to create a system of such panels and is often looked to as a model, as evidenced by the recent National Governors Association invitation to mentor other states in a Learning Network. Washington, however, has relied on funding from WIA dollars for research and demonstration projects. Skill Panels have been funded exclusively from this source for six years. Such regional skill alliances should become an inherent trait of the system. There are, however, no Skill Panels in many key economic clusters. Providing state general funds dollars would be a more appropriate funding source and would free up shrinking WIA Governor’s reserve (10 percent) funds for other gubernatorial initiatives.

2.6 Direct Community Trade and Economic Development, the Workforce Board, the State Board of Community and Technical Colleges, and Employment Security to coordinate grant processes wherever possible.

Workforce agencies and CTED operate a number of programs whereby grants are awarded to entities through a Request for Proposal (RFP) or similar process. As noted above, a new framework must be established to guide coordinated investment, especially to cluster-based initiatives. Examples of these grant programs include: Industry Skill Panels; Cluster Grants; High Demand Grants; Centers of Excellence; the Job Skills Program; and WIA Incumbent Worker Grants. More could be done to coordinate these efforts so they reinforce one another creating a synergetic effect. For example, the Workforce Board and SBCTC have coordinated grants for Industry Skill Panels and College Centers of Excellence by including overlapping RFP criteria, consistent timing of applications, and shared review committees.

2.7 Require the coordination of research activities of workforce and economic development agencies.

Workforce and economic development entities engage in research regarding the state’s economic clusters and needs. At times this research has taken insufficient advantage of the efforts of other agencies. The Workforce Board, CTED, SBCTC, and ESD should identify common research needs and activities in order to better coordinate these activities. Labor market information services of ESD should be better utilized by all workforce and economic development agencies
at the state and local level as a source of how the state’s economy is changing and where skill gaps may materialize in the future.

3. **Focusing Local Efforts on State Goals**

WorkSource, the state’s one-stop system for employment and related services operates within requirements established by the federal WIA. WIA requires each state to implement a one-stop system with access to 14 programs that receive federal funding. These programs include the three funding streams of WIA Title I (youth, adults, and dislocated workers) and the Employment Service.

WIA creates ambiguities in one-stop governance and accountability. ESD is the state administrative agency for WIA Title I and the Employment Service, among other programs, and ESD staff are the local staff of the Employment Service. Yet, WIA requires WIA Title I and Employment Service activities to be conducted through the one-stop system, the governance of which is largely local.

WIA assigns governance to each area of the state to a local board—called a WDC in Washington in partnership with the chief local elected official of the area. The WDC with the agreement of the chief local elected official designates who is the one-stop operator(s) in the local area and certifies one-stop centers that meet the WDCs criteria. (If both the House and Senate-passed bills reauthorizing WIA the responsibility for establishing certification criteria is moved to the state workforce board. In the House bill, the act of certifying centers is also moved to the state workforce board.) WIA also assigns WDCs the responsibility for oversight of the one-stop system.

Under WIA, the WDC must develop and enter into a Memorandum of Understanding (MOU) between the WDC and the one-stop partner programs concerning the operation of the one-stop delivery system in the local area. The MOU must specify the services to be provided through the one-stop system, how the costs of the services and the operating costs of the system are to be funded, and the methods for referral of individuals between the one-stop operator and the partner programs.

WIA allows the WDCs a great deal of flexibility in who may be selected as a one-stop operator. Options include the WDC itself, ESD, a community or technical college, another government agency, or a private entity. The WDC may conduct a competitive process to make the selection, or may reach an agreement with a consortium of three or more one-stop partners.

Given these federal requirements, questions naturally arise as to whom the one-stop staff are accountable. How does ESD, which is responsible directly to the Governor, manage the programs it administers in order to get the results the Governor wants when the Department is not the governing entity for WorkSource at the local level? In many instances, ESD’s local level Employment Service staff function both within the WDCs local management framework and that of their own state agency.

Both local level flexibility and accountability are important goals. It is within this context that the Workforce Board makes the following recommendations to improve coordination accountability for WorkSource services.
3.1 The Employment Security Department Senior Leadership Team and the Workforce Development Councils’ Directors should commit to an even stronger partnership in overseeing managing the WorkSource System.

The Commissioner of ESD should be seen as the Governor’s lead and WDC Directors should be seen as the local elected officials’ lead for directing and overseeing the WorkSource system. ESD senior leadership team and the WDC Directors should work together to ensure that one-stop operators receive clear direction that is well-aligned between both organizations.

3.2 The Employment Security Department should continue to be the lead organization for developing statewide WorkSource operational policies.

In exercising its leadership, ESD will use consultative mechanisms such as the WorkSource Executive Operational Committee (WEOC) to form, communicate, and enforce statewide WorkSource operational policies in unison with WDCs whenever possible. ESD will also regularly consult with partner agencies such as DSHS, SBCTC, and the Workforce Board. ESD’s role will include clarifying areas where statewide, the customers of the WorkSource system benefit from consistent and coordinated services, and monitoring to ensure that implementation occurs throughout the state.

3.3 Workforce Development Councils should continue to be the lead organizations for developing local WorkSource policies.

The WDCs should develop local WorkSource policies, consistent with statewide policies, and will consult with the ESD senior leadership team, department and partner agency representatives on WDCs to form, communicate, and enforce local WorkSource policies in unison with ESD whenever possible.

3.4 All staff within a WorkSource Center should function as part of a multi-agency team coordinated by the one-stop operator.

Each WorkSource center is administered by a one-stop operator. WIA requires WDCs to select the one-stop operator and provide local-level oversight for one-stop operators. The one-stop operator should ensure that the staff from multiple programs work together as part of a multi-agency team. All partner organizations should send clear messages to their staff in WorkSource centers that this is the expectation. Partner organizations should provide direction to their staff in WorkSource centers that is consistent with the WorkSource policies established by the one-stop operator, the WDC, and ESD.

3.5 The Employment Security Department and the Workforce Development Council Directors should work toward consolidated budgets for WorkSource centers that reflect all revenue available to the centers.

ESD and the WDCs will begin by piloting the concept of a consolidated budget, working in coordination with partner agencies. They will develop a model by which one-stop operators receive a consolidated budget allocation each year and are responsible for delivering specific results as defined by the WDC/ESD senior leadership team partnership, in consultation with partner agencies.
3.6 One-stop center results will be reported using a GMAP approach.

One-stop operators and ESD area directors will report WorkSource center results to the WDC Boards and the ESD senior leadership team using a GMAP approach.

4. Strengthening the Local Workforce Partnership

As stated above, WIA requires states to include 14 programs that receive federal funding as a part of their one-stop system. In addition to the three funding streams of WIA Title I and the Employment Service, these programs include vocational rehabilitation and federally funded (through the Perkins Act) postsecondary workforce education programs at the community and technical colleges. Under state law, Washington requires five additional programs, the largest of which are state-funded community and technical college workforce programs and WorkFirst. The state encourages six additional programs to be part of the system, including apprenticeship and private career schools.

Although WIA requires states to implement a one-stop system, it does not provide earmarked funding. As a result, WorkSource is largely funded by WIA Title I and Employment Service funds that would otherwise be available for direct service. Partner programs provide some resources proportional to their staff presence at WorkSource centers, but the vast majority of funds come from WIA Title I and Wagner-Peyser (the Employment Service operated by ESD).

In addition to securing funds, integrating services from such a large array of programs is a continuing challenge. Some other states have responded to this challenge by consolidating more programs than Washington has into a single agency. Washington has chosen instead a strategy of integrating multiple programs together through the WorkSource system.

As part of the review, the Workforce Board contracted with Social Policy Research (SPR) Associates of Oakland, California to investigate the extent to which partner program services are integrated in WorkSource. Overall, SPR reports that, “The news from our research is good. We did not find any evidence, from the detailed visits to the six comprehensive centers or the surveys of staff statewide, of disconnected, duplicative workforce development services that gave rise to the one-stop movement and the enactment of the Workforce Investment Act (WIA).” SPR found a number of features that helped integration at most sites: inter-program management and staff teams, cross training, and strong personal relationships. SPR’s report does, however, suggest certain areas where integration could be improved.

SPR found that “Vocational Rehabilitation, Adult Basic Education, Job Corps, and Senior Community Service, have very few staff located at the visited centers, a pattern that is common throughout the country.” A major barrier to the presence of more staff from these and other programs is financial constraints. In order to have more staff at the WorkSource centers, partner programs would need to contribute more money for WorkSource infrastructure and operations. The partner programs, however, have commitments to existing facilities in other locations. This challenge goes back to the underlying problem that while mandating a one-stop system, WIA does not provide funding for infrastructure or operations integration.
The Workforce Board makes the following recommendations to enhance local partnerships:

4.1 **Develop state directives and agreements on integration.**

The Workforce Board shall coordinate the development of statewide agreements on integration among partner agencies and programs. The agreements will indicate what partner agencies and programs will do to advance the integration of workforce development services. The agreements may take various forms depending on the nature of the issue being agreed to. Some agreements might best be included as part of a new Executive Order from the Governor. Others might best be included in a MOU among partners. Other agreements, still, might result in statutory or budgetary language. Some of the following recommendations would be appropriate to include in such agreements.

4.2 **Co-locate WorkSource on community and technical college campuses.**

One promising practice for increased program integration is emerging at North Seattle Community College where WorkSource staff are being located on the college campus with the support of state dollars. This co-location will help integrate the services of the college and WorkSource and is also addressing the lack of federal funds for one-stop infrastructure. The state should explore funding for the co-location of WorkSource staff on additional community and technical college campuses.

4.3 **Mandate increased use of common assessments.**

One of the reforms initiated by last year’s review of WorkFirst is the use of common assessments of participant needs and abilities, so that programs do not waste staff and/or participant time and other resources by duplicating information. Other workforce development programs should expand upon WorkFirst’s use of common assessments. The first step should be the common use of Comprehensive Adult Assessment System (CASAS) as the assessment instrument of adult basic skills. Within a year, ESD’s policies for WIA should include this requirement.

4.4 **Enhance management information system integration.**

The management information system for WorkSource is the Skills Knowledge and Information Exchange System or better known by the acronym SKIES. SKIES has helped to integrate ESD administered programs that are part of WorkSource, including WIA Title I, the Employment Service, Veterans, Trade Adjustment Assistance, and WorkFirst employment services. These programs use SKIES for reporting purposes. However, not all these and other programs available through WorkSource use SKIES for case-management purposes. In addition, WorkFirst staff must re-enter all data in the DSHS data base. Thus, while SKIES has gone a long way toward facilitating integration, there is more that could be done. In addition, the swipe card technology that WorkSource uses to record all customers who come in the door is not compatible with SKIES and will not provide the data on self-service participants that the Department of Labor is requesting for future reporting. ESD and the WDCs should complete an agreement on expanding SKIES usage.
4.5 Seek alignment of eligibility criteria for dislocated worker programs.

There are workforce development programs that serve very specific populations such as the Division of Vocational Rehabilitation (DVR) that serves people with disabilities where the eligibility criteria for participation is understandably unique. There are other programs, however, that serve very similar populations where the differences in eligibility requirements are not so understandable. A case in point are the programs that serve dislocated workers.

There are five major workforce development programs that serve dislocated workers: the Worker Retraining Program, the Training Benefits Program, the WIA Dislocated Worker Program, the Trade Adjustment Act, and Trade Adjustment Allowance. While the last three programs are controlled by federal eligibility requirements, the first two programs are state defined. The Workforce Board should coordinate an interagency staff group to examine the eligibility requirements of the dislocated worker programs and identify if the state can make changes to better align the requirements.

4.6 Co-locate Labor and Industries at WorkSource centers.

As defined by state statute and Executive Order, the Department of Labor and Industries (L&I) is not a part of the state workforce development system, with the exception of apprenticeship. Workers’ Compensation Vocational Rehabilitation, however, provides services to help get injured workers back into the labor force. Many of these services—assessments, counseling, job training, job search assistance—are the same types of services provided by many programs that are defined as part of the workforce development system. Recently, Pacific Mountain WorkSource and L&I announced plans to locate L&I vocational rehabilitation staff at the WorkSource center in Thurston County. This is an excellent initiative and should be expanded to at least two other sites in the state so that the concept can be pilot tested.

4.7 Establish Inter-agency workgroup on serving people with disabilities.

People with disabilities have been an underutilized human resource. As of 2004, 52 percent of people with disabilities were in the labor force compared to 83 percent of people without disabilities. With the aging of the baby boomer generation into retirement and the slowing growth of the labor force, Washington cannot afford to leave this valuable population under utilized.

There are two workforce programs that focus exclusively on serving people with disabilities—DVR at DSHS and the Department of Services for the Blind. In addition, the Workers Compensation program at L&I provides vocational services to injured workers. All workforce development programs, however, include people with disabilities among those whom they serve. As the Workforce Board’s research has consistently shown, the results of these programs tend to be lower for people with disabilities than for other program participants.

In order to improve results for people with disabilities, DVR at DSHS should be designated to form and coordinate an interagency workgroup that will develop new action steps.
4.8 Improve coordination of job development and refine referrals

One of the premises of the U.S. Department of Labor (DOL) programs is that they serve two customers: job seekers and employers. This is a change from the past when DOL programs were focused almost exclusively on job seekers. Consistent with this change, WorkSource centers have organized themselves to better serve business customers, generally adopting an account representative model with a single point of contact for each business customer. SPR reports that employers generally have high praise for these services, however, employers report, no notable increase in the quality of job applicants than in the past, and the Workforce Board research shows that employer satisfaction is correlated with the extent which WorkSource screens referrals.

SPR’s report explains that WorkSource job seeker staff have a natural tendency to advocate for their clients and may sometimes refer less than desirable job candidates to employers. At least one WorkSource center has addressed this situation by having the business team control all referrals, and the team provides specific training to job seekers on how to meet employer requirements. Another suggestion coming from the business community is that SKIES should record additional data of interest to employers, such as job titles and whether or not job seekers have obtained an industry certification.

When the WDCs were created by Executive Order in 1999, one of the assignments to them was to “Provide for a coordinated and responsive system of outreach to employers.” Despite this, reports from the field indicate that the situation continues of multiple government programs knocking on employer doors asking them to list job openings with them. In light of this, the WDCs should redouble their efforts to coordinate job development with employers.

4.9 Establish integration as a WorkSource certification criteria.

Under both the House and Senate-passed bills reauthorizing WIA the authority to set certification criteria for one-stop centers moves from the WDCs to the state Workforce Board. The Workforce Board should be directed to develop service integration as a major criteria for WorkSource certification. This authority will become an important new tool for the state to ensure that WorkSource integrates services from multiple programs.

4.10 Require use of plan approval authority to support integration

The Workforce Board has some additional tools that it can apply to help make sure that integration happens. The Workforce Board has the authority to recommend approval of the strategic plans of WDCs and the state Perkins plan. The Workforce Board also has the responsibility to review the operating plans of the state agencies represented on the Board. The Workforce Board must take advantage of these tools to make certain that the state continues to make progress on service integration through WorkSource.

5. Expanding Performance Accountability for Integrated Services

A long-standing issue in service integration has been the proliferation of performance measures for workforce development programs. Each program has its own measures, and seemingly
straightforward measures such as employment rate are defined and measured differently from one program to another.

This problem was recognized when the Workforce Board was created and its authorizing statutes directed the Workforce Board to establish consistent standards for evaluating results across workforce programs. The Governor and Legislature believed that the Workforce Board could neutrally and objectively perform this function since the Board does not operate programs, the major agencies that do operate programs are equally represented on the Board, and a majority of Board members are from the private sector, not the agencies being held accountable.

The Workforce Board proceeded through a long and elaborate consensus process among workforce programs to identify five state core measures. The measures pertain to training completion, employment rate, earnings level, participant satisfaction, and the satisfaction of employers who hire program participants. The measures are designed to inform policy makers and top program officials as to how well programs are achieving these fundamental results. In addition, the Workforce Board designed a measure of the state-wide skill gap—the difference between the supply of workers being trained each year and the number of job openings requiring skilled workers.

Recognizing the Workforce Board’s accomplishment in performance measurement, DOL asked the Board to lead the 50 states in the design of the next generation performance measurement system. The end product is “Integrated Performance Information (IPI) for Workforce Development: A Blueprint for States.” The IPI Blueprint includes recommended performance measures that are similar to but somewhat different than Washington’s core measures.

In order to construct valid and reliable measures of lasting results, and in order to design measures that could be applied in the same manner across programs, it is necessary to have lagged measures whereby the results are not known for a substantial time after service is completed (about one and a half years for employment and earnings). The state core measures, therefore, do not satisfy the need for consistent real-time measures that program managers can use to make changes to improve results on a monthly or quarterly basis.

DOL recently attempted to address the lack of consistency in performance measures across programs by designing and requiring its own version of “common measures” for DOL programs. Other federal agencies such as Education and Health and Human Services, however are not using the DOL measures. And the DOL measures do not fill the need for real-time measures.

ESD has instituted performance measures as part of the Governor’s Government Management, Accountability, and Performance (GMAP) initiative. ESD’s GMAP measures include real time measures of the results in filling employer job orders, plus additional lagged measures of employment and earnings.

Congress is currently considering legislation to reauthorize WIA (each house has passed a different bill), and in July, Congress passed a conference report to reauthorize Perkins. Among the many changes proposed and final, are changes to the performance measure requirements. Depending on how the conference on WIA turns out, the federal legislation may enable states to put in place the IPI measures. The federal legislation, however, will still not address the need for real-time measures.
In the end, the proliferation of performance measures has caused confusion and skepticism among program staff, and they continue to desire consistent real-time measures that can be applied across workforce development programs. This need for real-time measures of participant results (i.e., measures without a long lag between the end of service and reporting the result) is not acute for education programs since they do not change based upon the latest monthly or quarterly results. It is acute, however, for the WorkSource system.

Given all these considerations, the Workforce Board makes the following recommendations:

5.1 Following the reauthorization of WIA, the Workforce Board should join its partners in a full-scale review of the state core measures to determine if any changes are warranted.

The Workforce Board’s review should consider the federal requirements in WIA and Perkins, the IPI measures, and the goal of reducing the total number of performance measures for workforce development programs while maintaining valid, reliable, and consistent measures of lasting results.

5.2 The Employment Security Department and the Workforce Board should reexamine the relationship between the measurements that each requires from WorkSource to determine how this measurement scheme can be simplified.

5.3 The Workforce Board should examine the measure of the skills gap for possible enhancements, such as measuring the gaps in key economic clusters.

6. Expanding Services to Youth at Risk

While the primary focus of the Review is the adult workforce development system, the Governor and Workforce Board must also address what may well be the single biggest problem in our education and training system—the low rate of high school graduation. According to OSPI, only about 70 percent of ninth graders go on to graduate on time with their class. School dropouts and late completers flounder at a cost to themselves and to the workforce system and rarely develop the more advanced skills necessary for higher wages.

6.1 The Governor should apply to the U.S. Department of Labor for a waiver that would enable Workforce Development Councils to use WIA local youth formula funding for Dropout Prevention and Intervention projects.

During the past three years, the Governor has allocated funds from WIA 10 Percent Research and Demonstration funds for statewide activities to address the dropout problem through the innovative Dropout Prevention and Intervention (DPI) projects. DPI provides WIA funds to WDCs that obtain a commitment from one or more school districts to provide matching funds from Basic Education Act dollars.

Basic Education dollars are lost to a district when a student drops out and does not return to school. If a district can provide some of the Basic Education dollars for the student, matching WIA funds, and if there is a successful intervention to prevent a student from dropping out or retrieve a student who has dropped out, then the district, as well as the student, comes out ahead.
DPI uses the funds to provide a variety of counseling and other support services that address the issues, causing students to leave school. The projects involve partnerships of school districts with a range of community-based organizations that serve youth.

Funding for these critical projects must be increased significantly. To accomplish this purpose, the Workforce Board recommends that the Governor apply to the DOL for a waiver that would enable the WDCs to access formula dollars for youth DPI projections. DOL has granted other states’ requests to use local formula dollars for WIA 10 percent activities. In addition to opening up a larger funding source for DPI, this would free up WIA 10 percent funds for other gubernatorial initiatives.

### 6.2 Secondary and postsecondary career and technical education should take the next step in smoothing seams by creating articulation agreements for career pathways.

As shown by the recent Bill and Melinda Gates Foundation Report, “A Silent Epidemic: Perspectives of High School Dropouts,” the major reason why kids drop out of secondary school is they do not find it interesting. They are bored and unmotivated by school.

For many students, career and technical education (CTE) offers the best avenue to make school interesting. By directly connecting their education to future career aspirations and by placing academic content in the context of hands-on situations, CTE often motivates students who are bored by traditional academic courses.

A major source of support for secondary and postsecondary CTE (approximately $25 million per year) is the federal Perkins Act, administered in Washington by the Workforce Board. The Workforce Board will join SBCTC and OSPI in scrutinizing the newly reauthorized Perkins Act to identify any new ways that it can be used to address the dropout problem.

One of the important parts of Perkins is Tech Prep—programs that articulate two years of secondary CTE with two years or more of postsecondary training. Washington has made great progress in articulating secondary CTE courses with postsecondary CTE courses. The Governor must expect that more will be done to articulate career pathways. Career pathways include not only the vocational CTE course, but also the related coursework. So for example, the pathway for health care includes courses in the health field and related academic coursework, such as biology. The more the coursework for pathways is articulated with postsecondary, the more efficient student transitions between secondary and postsecondary training will be.

### 7. Postsecondary Training Access and Retention

As stated in the introduction, in order to compete in the global economy Washington must reach out to population segments that have been previously left behind and provide them and all Washingtonians with the skills required for the family-wage jobs of the future. To achieve this and close skill gaps, we must increase access in postsecondary training and improve retention rates once students are enrolled.

National research and the research commissioned by the Workforce Board for this review clearly show certain key factors to improving student access and retention: financial aid, support services, integration of basic and occupational skills training, the availability of certificated
programs; and access to good information about aid and support services. Each of these needs must be addressed.

7.1 The Governor should apply to the U.S. Department of Labor for a waiver that would allow WDCs to use some of their WIA adult formula funds in order to contract for customized training for low-wage incumbent workers in selected sectors.

DOL has granted states waivers that enable their local boards to contract for customized training for low-wage incumbent workers. This waiver creates a new tool for states to use for economic development that benefits both low-wage workers and their employers. It can be used to help attract or retain firms in-state. It can also be used to fund apprenticeship training. Requirements could be attached to the funding that would require wage increases to follow the training.

7.2 The state should expand the Opportunity Grant program so that financial assistance and support services are available to more low-income workforce education students at community and technical colleges and trainees in apprenticeship programs.

The Workforce Board conducted or contracted for five surveys for the review: surveys of the staff of community and technical colleges, the staff of WorkSource centers, students who have left a community or technical college workforce program without a credential, job seekers who register with WorkSource and lack postsecondary training, and secondary CTE students who did not go on to postsecondary education or training. All five surveys show that the number one issue for improving student access and retention is financial aid. The second most common set of issues are various forms of support services.

The 2006 Legislature created the Opportunity Grant program to provide tuition assistance and support services such as child care, transportation, counseling, and tutoring to workforce education students at community and technical colleges. This program should be expanded in order to improve access and retention for more workforce education students.

7.3 Cover tuition costs for the 13th year for workforce education students

Recent research by SBCTC shows the importance of at least one year of postsecondary training and a credential in order for students to be able to obtain a family-wage job. One-year and a credential is a tipping point to success.

By covering the cost of tuition for one year for workforce education students, the state would enable more Washingtonians to achieve this tipping point. Research also shows that the provision of financial aid has the greatest effect on enrollment for low-income individuals and first generation college students, so the proposal would provide the greatest benefit to those segments of the population who have not been part of the economic mainstream.

7.4 Make part-time students eligible for the State Need Grant.

Students taking less than six credits are not eligible for the State Need Grant. Many low-income adults, however, are unable to juggle six credits of classes on top of a low-wage job and family obligations. Low-income workers should be eligible for financial aid even if they are going to school part-time.
7.5 **Provide bridge money up front to low-income students**

Low-income individuals often need funds up front to pay tuition and other costs related to training. They can not afford to wait to be reimbursed. Tacoma-Pierce County WDCs innovative Career Coach program is an example of what can be done. Career Coach uses WIA funds to provide up front tuition and support services for low-income workers in the health care industry and health care employers later reimburse program costs.

7.6 **Provide WIA Title I resources to help student retention.**

WIA funds are frequently used to help low-income students stay in school through the provision of support services. WDCs should redouble their efforts to make sure that they are providing appropriate levels of WIA resources to assist low-income students stay in and complete postsecondary training.

7.7 **Fully utilize the Food Stamps Education and Training program.**

Another source of funds for access and retention services is the federal Food Stamps Education and Training 50/50 Program (FS E&T). FS E&T provides dollar-for-dollar matching funds for every non-federal workforce development dollar spent on any food stamp recipient. In Washington, DSHS is the designated administrative agency for the program. The Governor should mandate that participating agencies aggressively seek and utilize this relatively new source of funding.

The first Washington pilot project was implemented in King County and began on October 1, 2005, with a partnership of South Seattle Community College, Goodwill, Port JOBS, Seattle Jobs Initiative, YWCA, ESD, and DSHS Region 4. During the first six months, the pilot served 438 participants.

The project team and FS E&T pilot partners recommend a measured expansion of the pilot project, a two-stage process beginning October 1, 2006, and running until September 30, 2007. The state should then expand the use of FS E&T based upon the lessons learned from the pilot.

7.8 **Expand Integrated Basic and Skills Training (I-BEST) programs to all community and technical colleges**

Workforce Board and national research shows that for most adults, basic skills education by itself does not improve student earnings. If, however, adult basic skills students manage to also obtain occupational skills training, their results resemble the strong results that are typical of students in occupational skills programs. Most adult basic skills students, however, attend for a short time only and do not go on to other forms of postsecondary training.

In order to remedy this situation, SBCTC has developed the Integrated Basic and Skills Training (I-Best) program. I-Best combines basic and occupational skills training by having both types of instructors in the classroom.
7.9 Increase community and technical college efforts to develop more one-year certificated workforce education programs.

As stated above, SBCTC research shows that obtaining one year of postsecondary training and a credential is the tipping point to achieving economic independence. The national literature also shows that short-term programs are useful for access and completion for low-income workers who do not have the time for an associate degree or longer program. The surveys conducted for this review, however, reveal that a barrier to postsecondary access and completion is that there are not enough one-year certificated programs available. To remedy this situation, SBCTC should work with the colleges to develop more one-year certificated programs.

7.10 Develop a “Navigation 102” model of comprehensive guidance to pilot in community and technical colleges workforce education programs and WorkSource centers.

Another barrier to student access and retention is easy access to good information—information about career opportunities and the education and training programs that are available to achieve those opportunities; and information about financial aid—both traditional forms of student financial assistance and financial assistance and support services available through workforce development programs.

In order to improve student information, the postsecondary system must take a lesson from secondary education—the Navigation system of guidance—and work with WDCs to develop a Navigation 102 version for postsecondary education.

In conjunction with this, the co-location of WorkSource staff on community and technical college campuses (and college staff in WorkSource centers) would provide ready access to a Navigation 102 model, and make information about financial assistance and support services more accessible to low-income students.

7.11 The Higher Education Coordinating Board, State Board for Community and Technical Colleges, Employment Security Department, and the Workforce Development Councils should work together to develop a website that provides information about traditional and non-traditional student financial assistance, including support services.

A final step that would make information on financial assistance more available would be the creation of a one-stop website that would contain information about traditional and nontraditional student financial assistance—assistance available through workforce development programs.

8. State Structural Changes

As part of the review, the Workforce Board considered what if any structural changes should be made to Washington’s workforce development system. Some of the structural changes recommended by the Workforce Board have already been discussed; for example changes that will enable better linkages with economic development and changes that will improve management accountability for WorkSource.
The Workforce Board reviewed the steps taken by other states to make their workforce development systems more efficient and effective—best in class examples from six other states. Among these were examples of consolidating multiple workforce programs under single agencies. In Washington, we have already taken steps toward program consolidation that other states have only recently begun and that are still absent in other states. For example, Washington has located all DOL Employment and Training programs in a single agency—ESD. Washington has located the programs that actually provide (not just pay for) adult occupational skills training and basic skills instruction under SBCTC.

Washington has also undertaken steps to improve the coordination and integration of programs that are administered by different agencies. WorkSource was created to integrate services from over 14 different workforce development programs. In 1997, the last time the Workforce Board was charged with leading a review of the workforce development system and asked to consider whether programs should be consolidated, it concluded that, “While consolidation might streamline administration in the long-run, the Board believes that much of the purpose of such consolidation may be served by the implementation of a one-stop career center system. The Board believes that one-stop should first be given a chance to demonstrate its ability to improve the efficiency of employment-related services now administered by different agencies before resorting to the consolidation of employment-related services into a single agency.” The Workforce Board’s independent consultant found the current extent of integration achieved by WorkSource to be good.

For this review, the Workforce Board considered additional consolidation options. For example, the Bush Administration is proposing giving states the option of consolidating the three funding streams of WIA and the federal Wagner-Peyser funds for the Employment Service. Such consolidation, however, has historically led to reduced funding, and even if funding were not reduced, consolidation inevitably leads to funds being taken from one under-funded population and given to another.

The Workforce Board also considered options for moving the DVR to another agency, as is the case in some states. Seventy-five percent of DVR’s clients, however, have either developmental disabilities or mental health disabilities and benefit from DVR’s current location at DSHS where those other divisions are housed. Again, however, improvements can be made and as mentioned earlier, the Workforce Board recommends that DVR lead an interagency workgroup to improve services to people with disabilities.

A rationale underlying state efforts at program consolidation, coordination, and integration is to unite workforce development programs around common goals. When the Workforce Board was created in 1991, it was given the statutory assignment of developing a comprehensive plan for the system, including, “goals, objectives, and priorities for the state training system.” That plan, High Skills, High Wages: Washington’s Comprehensive Plan for Workforce Development, guides the system. The plan also identifies the goals for the system and the assignments that each agency has committed to carry out in order to achieve those goals. The 1991 enabling law also granted the Workforce Board the role of establishing standards for performance measurement and measuring the results of the workforce development system.

The Workforce Board was established as an independent entity that did not operate programs, helping it perform the role of a neutral coordinator of programs and evaluator of results. The Board was assigned to function at the strategic level, leaving the day-to-day, month-to-month
administrative decisions to the operating agencies. And most importantly, the Board was designed as a tri-partite partnership of business, labor, and government, with the business and labor customers of the system holding a super majority of the votes. These essential features of the Workforce Board still make sense and provide the best assurance that the system serves its customers.

In order build on these strengths, and to broaden the coordination of workforce development programs the Workforce Board offers the following recommendation:

8.1 The Governor should direct that the following workforce development programs be added to the planning and performance measurement responsibilities of the Workforce Board: WorkFirst, Workers Compensation Vocational Rehabilitation Benefits Program, and the Customized Training Program.

The definition of which programs are part of the workforce development system is set by state statute and Executive Order. Eighteen programs currently meet this definition. There are other programs, however that provide employment-related services. The largest of these are WorkFirst and Workers Compensation Vocational Rehabilitation. And there are other workforce programs that Legislature periodically creates without adding them to the definition of the system, even when they are very similar to programs that are defined as part of the system. A prime example of this is the newly created Customized Training Program at SBCTC.

The recommendation is to add these three programs to the Workforce Board’s responsibilities on an affiliate basis. This would enable the State Comprehensive Plan for Workforce Development to include these programs in the strategies that help coordinate the system. For example, if the plan laid out strategies pertaining to the Job Skills program and to WIA Incumbent Worker Training, both of which provide customized training for employers, it could also include the role of the Customized Training program, which is the other program that provides similar publicly funded training.

Adding these programs on an affiliate basis would also enable the reporting of these programs’ results in a manner that is consistent with how the Workforce Board measures the results for all other major workforce development programs. The idea, however, is not to add these programs to the Board’s responsibilities for program monitoring.

8.2 The Governor should appoint a WDC director to fill the vacant local representative position on the Workforce Board.

When Governor Locke reviewed the membership of the Workforce Board he identified some desirable changes. DOL, however, maintains that any change in a workforce board’s membership triggers the make-up required in WIA. In Washington, this would mean that the Board would have to expand from nine voting members, to approximately 35 members, and lose the tripartite business, labor, government partnership. As a result, Governor Locke’s Executive Order added two positions as non-voting participating officials—the Secretary of DSHS and a representative of local elected officials. The local representative position is currently vacant. The Board recommends that the Governor appoint a WDC director to fill this vacant position. This appointment would improve state-local coordination and reinforce the role of WDCs as the counterpart to the state Workforce Board at the local level.
Finally, to also improve coordination the Workforce Board recommends:

8.3 The Workforce Board should enhance the use of its Interagency Committee for program coordination.

The Workforce Board regularly convenes an Interagency Committee of program and business and labor representatives. Some of the individuals report to principles who serve on the Board. Others are representatives of workforce programs that do not have representation on the Board. The IC serves mainly as a vehicle for communicating Board agenda items to stakeholders, previewing issues that will be heard at Board meetings.

Other states make much more extensive use of similar bodies. They often serve as a place to coordinate activities of multiple programs. In line with this, the Workforce Board should create a new charter for the IC, directing it to advance program coordination on an on-going basis, and not merely serve as a tool for communicating Board issues.