

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 145
JANUARY 28, 2010**

REVIEW OF THE WORKFORCE DEVELOPMENT SYSTEM

At the January meeting, the Board will continue to discuss the Review of the workforce development system. The Board will be updated on the workplan for the Review and state and local presenters will provide information on themes frequently mentioned during the focus groups: WorkSource service policies and accountability. The presenters will help educate Board members about what is happening in these areas, helping inform the Board in preparation for possible action regarding the Review at the March meeting. There will be three parts to the presentations.

I. Process to complete the Review.

On December 10, 2009, the Governor requested additional outreach and extended the deadline for the Review to March 31, 2010. (See attached letter.) Review staff will share the workplan for additional outreach and other next steps.

II. State information on service policies and accountability

Representatives from the Employment Security Department (ESD) and the State Board for Community and Technical Colleges (SBCTC) will share information on these two topics. ESD will focus on WorkSource, while SBCTC will focus on how policies and accountability work in the college system.

III. Workforce Development Council information on service policies and accountability for WorkSource

Representatives from Workforce Development Councils will share information on these two topics.

“Service Policies” refers to minimum requirements for program operation. Presenters are asked to address the following questions:

- In general terms, what types of policies have been established or are in development?
- How have policies been used to ensure accountability?
- What are the challenges and opportunities in establishing policies?

“Accountability” refers to holding programs responsible for meeting expectations. Presenters are asked to address the following questions:

- What are the accountability mechanisms for WorkSource (or community and technical colleges)?
- What exists now as rewards or consequences for meeting or not meeting expectations?

- How has accountability enabled system improvement?
- What are the challenges and opportunities for accountability?

A copy of the recommendation section of the draft Review is included in this tab.

No Board Action is Required. For discussion only.

CHRISTINE O. GREGOIRE
Governor



STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

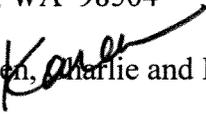
P.O. Box 40002 • Olympia, Washington 98504-0002 • (360) 753-6780 • www.governor.wa.gov

December 10, 2009

Karen Lee, Commissioner
Washington State Employment
Security Department
P.O. Box 9046
Olympia, WA 98507

Charlie Earl, Executive Director
Washington State Board for Community
and Technical Colleges
P.O. Box 42495
Olympia, WA 98504

Marty Brown, Interim Chair
Workforce Training and Education
Coordinating Board
P.O. Box 43105
Olympia, WA 98504

Dear Karen,  Charlie and Marty:

Thank you for your work reviewing the workforce development system. I look forward to a completed report after interested stakeholders have had an opportunity for a thorough review.

As you know, I have been contacted by several local elected officials requesting additional time to provide comment. In addition, the state Workforce Training and Education Coordinating Board adopted a resolution making a similar request. After many conversations with all involved, I am willing to delay the final report and recommendations until March 31, 2010.

In the intervening period, we must continue to provide the highest quality job search and training services to as many citizens as possible. The delay in the delivery of your report and recommendations should not postpone services to clients and employers who have suffered because of this economic downturn.

To accomplish this and provide stakeholders additional time and opportunity to comment on the report, I ask each of you to do the following:

1. Meet with local elected officials, local board members and chairs, business and labor representatives, and others who are interesting in ensuring that the final report reflects an understanding of their concerns. I expect the final report to reflect your best advice based upon this information.



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2. Continue to take steps to improve services to all citizens who enter WorkSource by developing and implementing policies including minimum standards that are measurable. I also ask that you ensure consistency of, and accountability for, service across the state so that all citizens receive the full services for which they are eligible and may benefit.
3. Pursue efforts to increase flexibility so students may take full advantage of educational opportunities during this economic downturn. This includes efforts to improve the current methods of granting credit for prior learning as efficiently as possible when seeking training in new-demand occupations.
4. Expand the connection between the workforce development system and the apprenticeship community. This will ensure that all students who would benefit from this approach to learning, and all businesses that might expand their trained workforce through apprenticeships, may continue to do so.
5. Continue your efforts to reduce the amount of time it takes to determine eligibility for training benefits and commissioner-approved training so that income support is available to help students as early in their training as possible.

I remain committed to improving our workforce development system and I believe the current economic downturn is an important time to examine our services. Please continue your review and our service to customers so that we maintain and improve our world-class workforce development system.

Sincerely,



Christine O. Gregoire
Governor

**Washington's Workforce
Development System:
A Review of Critical Components, as Directed by
Governor Gregoire**

November 2009

**Prepared by the Employment Security Department, the State Board for
Community and Technical Colleges, and the Workforce Training and
Education Coordinating Board**

Literature Review and National Best Practices

To understand how other states have dealt with the issues facing Washington's workforce development system, research on best practices and a literature review was conducted. That review reveals that there is no single right way to organize workforce development programs. Structures reflect the organizational culture of the states, and structure often changes as states attempt to solve practical problems. However, states consistently focused on finding an effective solution to address a few key areas, including ensuring that programs at the state level were aligned to maximize effectiveness and focusing on integration at the local level. Another clear lesson is that implementing the Workforce Investment Act through an effective, coordinated and integrated workforce system is not a one-time project, but requires ongoing attention and regular review.

While this review was not exhaustive, it did provide additional information to take into account when identifying problems and solutions to address those. State-to-state comparisons appear to be especially useful when reviewing a single program or issue rather than addressing the best way to structure an entire system. Additional detail and a full list of the literature reviewed are available as Appendix 14.

Problem Statements and Solutions

The previous sections have attempted to familiarize the reader with the current structure of the workforce development system in Washington State and information the authors have taken into account to identify the following problems and recommended solutions. We have reviewed the partners and programs that make up the workforce development system in Washington, their underlying legal authorities, themes arising from focus groups, successes accomplished and challenges yet to be addressed over the past decade, and finally a brief review of other states' practices.

The following list of problems and recommended solutions fall generally into three categories: actions requested of the Governor, actions expected to be undertaken within current authority, and actions recommended for congressional action. The Governor is respectfully requested to adopt a new Executive Order to define roles and responsibilities for the workforce development system. The bulk of activities are expected to be

undertaken within current authority. Finally, there are three requests of Congress to consider during WIA reauthorization: dedicate funding for infrastructure to make it possible for more partners to co-locate in the WorkSource offices, increase funding available to be used as incentives to drive local activities and flexibility for expenditure, and adopt integrated measures derived from the Integrated Performance Information Project (IPI).

These recommended solutions are notably directed to address problems internal to the system. They may, therefore, strike the average reader as “inside baseball.” However, if acted upon, these changes will position the system to better serve the citizens of Washington as they look for work, seek to increase their earnings through career development and training, or grow their businesses.

It should be noted that Washington’s WorkSource system has a national reputation for innovation and effective service. Since WIA (PL 105-220) was enacted in 1998, significant progress has been made to successfully integrate programs in the WorkSource System. Outcomes for customers have consistently been above targets, and are higher overall than under the former system. Washington has much to be proud of. Much more is captured in “Washington Works” and other sections of this report. These successes are not forgotten, but are not included in the following problems identified with the current system.

Problem 1: The number of people needing assistance is far larger than the system’s ability to serve, especially those needing specialized assistance.

Solution 1.1: Partners should commit to a broader, more coordinated approach to serve clients, regardless of program affiliation, in order to maximize use of available resources. All efficiencies must be pursued, including the joint use of resources. Co-enrollment of customers is encouraged across the entire system as partners work together to fully integrate services to reach all clients.

Solution 1.2: Local boards should coordinate with all local partners to maximize service capacity. Boards should be more visible within the community and connected to specific needs to serve special populations within their community. As part of ongoing oversight of operations, local boards should focus broadly on service to all clients entering a WorkSource center.

Solution 1.3: New tools and technology systems should be brought to WorkSource to improve client interactions with staff and to increase staff’s ability to serve more clients.

Problem 2: Too few clients receive the benefits of training.

Solution 2.1: The State Board for Community and Technical Colleges will continue efforts to encourage open enrollment and the use of innovative educational methods to deliver training to eligible students. These efforts should include, but not be limited to: modularization of courses, on-line learning, program articulation and the granting of credit for prior learning.

Solution 2.2: WorkSource partners should develop working relationships with apprenticeship programs in their local areas and explore methods for increasing referrals to apprenticeship for clients who could benefit from such a program. WorkSource partners also will explore ways to partner with apprenticeship programs that have under-used facilities.

Solution 2.3: The Employment Security Department will coordinate an educational effort with partners to better inform WorkSource staff about the broad range of programs that may benefit their clients. Washingtonians should be provided with unbiased information regarding all of their training options, and staff should encourage individuals to enter appropriate training.

Solution 2.4: Efforts should be made to increase the flexibility for spending WIA funds similar to the Recovery Act, which allowed funds to be used to meet the needs of individual eligible recipients and to ensure adequate training capacity.

Solution 2.5: The process for qualifying as an “eligible training provider” should be simplified. The Workforce Board will continuously improve the process for determining eligibility.

Solution 2.6: Eligibility determinations for Commissioner Approved Training and Training Benefits must be made more quickly. The Employment Security Department will improve its process and timeliness for approval so that income support provided by these programs is available to support eligible clients during their training.

Problem 3: The current performance management system makes it difficult to manage operationally and is excessively complex and confusing to system partners.

- **The multiplicity of measures, including state, federal and operational measures, appears to drive activities in different and, at times, conflicting directions.**
- **There is a lack of accountability for achieving results identified in operational and strategic planning.**
- **Consequences are not imposed for lack of effectiveness.**

Solution 3.1: To simplify reporting requirements, there should be one set of outcome measures to identify the success of WIA programs in meeting workforce training and employment needs.

The Workforce Board is currently preparing a waiver request to use the U.S. Department of Labor common measures rather than WIA core measures. In addition, the Workforce Board should advise the Governor whether or not to pursue a waiver to report the state core measures in place of these common measures.

Solution 3.2: To ensure activities in local offices achieve the outcome measures decided on in 3.1, operational standards and measures will be developed by the WSI Division. Such operational standards and measures should be designed to steer the system to meet the outcome measures identified above. Together, these system outcome measures and operational standards and measures create a complete and coordinated package of performance.

Local boards continue to have the responsibility for meeting local workforce training and employment needs while ensuring local activities meet operational standards and measures, and are consistent with and supportive of achieving state-level outcome measures.

Local boards will continue to have opportunity to weigh in on the development of operational standards and measures as well as a process to ensure that measures applied in the local area match local conditions.

The WSI Division will monitor local areas and one-stop operations to ensure compliance with established operational standards and outcome measures.

Solution 3.3: To enhance accountability, incentives and sanctions should be established for operational performance.

Monetary incentives to drive strong performance and coordination should be developed by the WSI Division and may include the use of WIA 10% funds, as determined by the Governor, and other incentives provided for in law.

Federal law identifies de-certification of local boards as the consequence for failing to meet some measures. Washington should use progressive intermediate corrective actions before taking action to de-certify a local board. The WSI Division will develop interim sanctions so that accountability is more transparent and escalates, but is predictable and allows for corrective action.

Solution 3.4 To enhance the state's ability to impose consequences due to lack of performance, the WSI Division will recommend for the Governor's adoption additional criteria for the certification of local boards. If adopted by the Governor these would be in addition to the membership criteria identified by the Workforce Board and adopted by the Governor.

The overall effectiveness and leadership provided by local boards should be reviewed according to such criteria. If a board is found to be ineffective, this review also will include examining board activities to determine if activities such as providing direct service or operating as the one-stop operator hinders the board's ability to meet its obligations.

Solution 3.5 WIA should use a system of common measures, linking data across programs and evaluations, consistent with the Integrated Performance Information (IPI).

Problem 4: There is considerable confusion of the roles and responsibilities of system partners at the state and local levels. There is a lack of understanding of the Workforce Investment Act by many partners.

As grant administrator, the Employment Security Department has not adequately educated partners and, where appropriate, defined roles and responsibilities under the law.

Solution 4.1: It is recommended that the Governor replace the current Workforce Development System Executive Order (99-02) with a new Executive Order that clarifies roles and responsibilities. The following division of responsibilities will improve the ability of separate entities at the state and local levels to function as a system. Roles and responsibilities are recommended to reflect the following:

- **Workforce Board** - The state Workforce Board assesses the state training system as a whole and its ability to meet the demands of employers and workers and encourage economic development through program evaluation, policy analysis and strategic planning. The Workforce Board develops and submits a state plan for workforce development, currently *High Skills, High Wages, 2008 to 2018*, and reviews plans of operating agencies for consistency. The Workforce Board will assist the Governor in determining an appropriate set of outcome measures and strategic goals to be used to assess the effectiveness of the system in meeting the needs of individual and business customers. It will continually improve its ability to evaluate

outcomes. Under the Workforce Investment Act, it should not operate programs.

- **Local Workforce Boards** (workforce development councils) - Local Workforce Boards serve a similar coordinating and strategic function at the local level, consistent with strategic planning by the state Workforce Board. In addition, the local boards designate one-stop operators, determine operator responsibilities, prioritize the use of local investments and provide oversight of the one-stops within their areas. The Workforce Investment Act (29 USC 2832) states that local boards may provide only core services or be certified as a one-stop operator with the agreement of the chief local elected official and the Governor. The implementation of WIA in Washington may allow these activities, contingent upon performance.
- **Employment Security Department** - The Governor delegates the operational authority defined in WIA, including grant administration, to the Employment Security Department. Consistent with guidance on strategic goals from the Workforce Board, the department will negotiate performance measures and targets with the U.S. Department of Labor and local Workforce Development Councils. If the department departs from the Workforce Board guidance in their negotiations, they will report to the Workforce Board. The department will assist the Governor to prepare and submit the state unified plan required under the Workforce Investment Act. The department will ensure that policies align with *High Skills, High Wages* and comply with the WIA, Wagner-Peyser and Trade acts. In this capacity, the department will guide the implementation of these programs through statewide operational policy development, standards setting, performance monitoring and technical assistance.

In addition, the department acts as a required one-stop partner throughout the state by providing services under programs such as Wagner-Peyser, Trade Act, veterans and WorkFirst services at WorkSource centers, and provides labor market information and research.

Solution 4.2: To support the transition to these clarified roles and responsibilities, the Commissioner of Employment Security will take the lead, in collaboration with the Workforce Board, to educate system participants.

On an ongoing basis, Employment Security will educate stakeholders about the programs for which it functions as grant administrator.

These efforts will include but not be limited to:

- Establishing greater coordination with local board members and chairs to create clear expectations and review performance and to increase two-way communication;
- Improving communication about the responsibilities of Employment Security as the federal grant administrator; and
- Providing technical assistance.

Solution 4.3: On an ongoing basis, the Workforce Board will take the lead to increase communication about its role as the statewide strategic planning body, and especially its role to encourage competitiveness through economic development.

These efforts will include but not be limited to:

- Increasing outreach to system partners, especially K-12, higher education and economic development partners;
- Disseminating more broadly research and findings to better inform local planning.
- Reinforcing the strategic planning role of the local workforce development council.

Solution 4.4 Local boards should increase outreach and coordination efforts with local partners, especially those involved with economic development, to improve the state's competitive position and more closely reflect local priorities for job development and training.

Problem 5: Planning efforts should be simplified to improve coordination so that more customers may be served.

Solution 5.1: To simplify local planning, one unified plan should be submitted to the state by each local area.

The Workforce Board will review these plans for consistency with state strategic planning goals and direction.

The Employment Security Department will prepare planning instructions and approve these plans.

Plans that are not consistent with the Workforce Board's state strategic plan and the Employment Security Department's operational planning instructions should not be approved.

The local Workforce Development Councils should include in their strategy plan a catalogue of local workforce development resources, including financial, educational, and social services related to employment and training.

Solution 5.2: To improve coordination for strategic and operational planning, increased participation is necessary by all system partners.

To effectively meet its role as the strategic and coordinating entity at the local level, the local boards should broaden their outreach to local partners, especially those involved with economic development activities.

Local community college leadership is strongly encouraged to actively participate in local workforce development strategic planning to ensure effective representation in the development of these plans.

Solution 5.3: The process for determining the use of the WIA 10% money should be streamlined and should provide the Governor with the flexibility necessary to respond to emergent needs throughout the year.

Each funding year, after receiving the Governor's priorities, the Workforce Board will consult with the workforce system partners and may make formal recommendations for the balance of the WIA 10% funds.

Solution 5.4: Employment Security should begin leading the exploration of developing a common management information system for all WorkSource partner programs to eventually replace the SKIES system. While that is underway, Employment Security and the State Board for Community and Technical Colleges should link data in order to track employment service registrants' participation at community and technical colleges.

Problem 6: Customer experiences vary widely from office to office, yet each interaction with WorkSource reflects on the entire system. WorkSource offices provide different levels of service and access to different sets of programs in different offices. There are no minimum service standards across the state.

Solution 6.1: Employment Security's WSI Division should continue to develop operational standards and policies to ensure consistency in the quality of service provided and the services available in each WorkSource office.

Solution 6.2: Employment Security's WSI Division should establish a policy calling for the local boards to use common assessments. This will be done in collaboration with local educational partners.

Solution 6.3: WIA should provide funding for infrastructure in order to encourage full participation by all federally mandated one-stop delivery-system partners and to meet facility standards that are consistent statewide.

Solution 6.4: In their local plan, workforce development councils should address how they will improve staff cross-training so that customers will be presented with the full array of options for which they are eligible, and services are better coordinated for the customer.

Problem 7: Applicable labor market information and research is not fully used in decision-making at the individual, local or state levels.

Solution 7.1: Labor market information will be updated more regularly to ensure it is as relevant as possible.

Solution 7.2: Relevant research and labor market information will be broadly disseminated to assist local workforce development councils in their strategic planning function. Additionally, it will be provided to community colleges and labor-exchange staff so that referrals to training and curriculum development can take full advantage of the best, most up-to-date, relevant information available.

Conclusion

This report was written in response to direction from Governor Gregoire to conduct a review of Washington's workforce development system. Staff gathered ideas and information from practitioners and stakeholders through 11 focus groups and an online survey. More than 300 people provided comments or participated. While not every comment or suggestion is reflected in the final recommendations for system improvements, many are incorporated. All helped to provide context and enhance our understanding of the system.

Times have changed since the 1999 Executive Order that established the current governance structure. The needs of businesses and job seekers also have changed. Businesses report difficulty finding workers with the skills they need – including basics such as appropriate dress and timeliness. Near-record numbers of workers are unemployed. Some simply want to find a job, while some need to upgrade their skills. Unfortunately, there are wait lists to get into many college classes. Those who are fortunate enough to be eligible to receive unemployment benefits while attending training must use up precious weeks of benefits while they wait for their class to start or for an opening so they can begin upgrading their skills.

Seven key problems were identified that inhibit the system's ability to provide "a truly single system" to meet Washingtonians' needs. Solutions were developed for each of the problems. While these solutions are directed at changes to the "back of the house," we ultimately believe that unemployed workers, those seeking or waiting for training, and employers having difficulty finding skilled workers will reap the benefits. Though not all participants may agree with these solutions, they do reflect the best thinking of the

Commissioner of Employment Security and the Executive Director of the State Board for Community and Technical Colleges and were based upon their understanding of the system, constituent and stakeholder feedback obtained over the last several months, and their strong desire to make Washington's workforce development system the best in the world.