



DATE: November 24, 2009

TO: Washington Workforce Development System

FROM: Amy Smith-Rubeck
State Board for Community & Technical Colleges
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Workforce Training and Education Coordinating Board

RE: Release of the draft system review

Attached please find a copy of the draft workforce development system review and recommended solutions. **Public comment on the draft report and recommended solutions will be accepted through close of business on Monday, December 7, 2009. Comments should be submitted to: WorkforceStudy@ESD.WA.GOV.**

The attached document is the initial draft by the principals assigned to conduct this study. It includes input from many system stakeholders who attended focus group discussions or completed the online survey. The volume of comments and suggestions greatly exceeded our expectations. The review team is truly grateful for the thoughtful and sincere suggestions offered by many stakeholders to improve Washington's workforce development system.

Following the closure of the public comment period on December 7, the review team and principals will consider the comments received for inclusion in the final report. The report will be sent to the Governor on Tuesday, December 15, 2009.

**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**

Introduction

On August 11, 2009, Governor Gregoire directed Karen Lee, Commissioner of the Employment Security Department (ESD), and Charlie Earl, Executive Director of the State Board for Community and Technical Colleges (SBCTC), in collaboration with Eleni Papadakis, Executive Director of the Workforce Training and Education Coordinating Board (Workforce Board), to conduct a review of the state's workforce development system.

In her memorandum, the Governor sites the need to ensure that “our workforce development system continues to respond as efficiently and effectively as possible to immediate and long-term needs of our citizens and employers.” The influx of federal funds, progress implementing recommendations for system improvements in the 2007 Washington Works report, and the need for continuous improvement are sited as primary reasons to clarify roles and responsibilities of system partners. The full statement by the Governor is included as Appendix 1.

This report is intended to meet that directive. It includes significant contributions from the Workforce Board, SBCTC and ESD staff, as well as key comments and ideas from local Workforce Development Board members and partners and other stakeholders of the system.

Why review the workforce development system?

Washington's seasonally adjusted unemployment rate increased to an estimated 9.3 percent in October 2009. There were 120,000 fewer jobs in the state than the previous October, a 4.1 percent decrease. Employers in Washington continue to shed jobs.

That 9.3 percent unemployment rate translates into nearly 311,000 Washingtonians (not seasonally adjusted) who are unemployed and looking for work. It does not include tens of thousands who would like a job but have quit looking and those who are underemployed (e.g., working fewer hours than they'd like).

Partly as a result of the record unemployment in the state, college enrollment rates are at an all-time high. Many colleges have wait lists because classes are full. Clearly, the economy has had a drastic effect on millions of American families. It also has challenged the workforce development system — including 18 programs focused on preparing individuals for jobs that do not require a four-year degree — to meet the new demand for services.

“WorkSource” is the primary portal to Washington's workforce development system for job seekers and employers. During the month of October 2009 alone, nearly 80,000 job-seekers entered Washington's WorkSource system seeking services that include referrals to training or to job openings; skill assessments and career counseling; and access to income support. How can we position the system to meet this demand?

The high demand has reinforced that Washington's workforce development system must be flexible to meet the needs of our dynamic state economy. In contrast, in the introduction of Executive Order 99-02, signed by former Governor Gary Locke in 1999, economic conditions were described: "skill shortages are hampering our state's economic growth," and later, "unemployment has reached peacetime lows in Washington State." The full text of the Executive Order is included as Appendix 2. The state has weathered an entire recession since then and is now in the throes of another. Economic conditions will continue to change significantly over time – and the system designed to help job-seekers find jobs, enter training and advance their careers, while also filling employers' demand for skilled labor, must be able to respond to such ups and downs.

In the context of significant federal support

In February 2009, President Obama signed historic legislation designed to stimulate the American economy through the American Recovery and Reinvestment Act. The Recovery Act provided some \$65 million to Washington in federal funds to help pay for workforce development services. This roughly doubled the federal support the state receives to provide job-search and retraining assistance. These funds have helped to shore up the system during a time of unprecedented demands, yet they are one-time dollars.

To help support unemployed workers, Congress has extended unemployment compensation. Taken together, Recovery Act dollars and unemployment-insurance extensions provide significant funding to enhance public labor-exchange activities, to increase capacity for training so that unemployed workers who can't find work might use this time to enhance their skills, and to provide unemployed workers an income stipend while weathering the recession.

It is in this context that Governor Gregoire directed workforce development leaders to "clarify roles and responsibilities of critical parts of the workforce development system," to ensure that the system can meet customers' needs now and in the future, as well as efficiently and effectively use state and federal funds.

The need for continuous improvement

Similar system reviews have been conducted in the past. In 2006, Governor Gregoire charged the Workforce Board with reviewing Washington's workforce development system and recommending improvements with the goal of creating "the best workforce development system in the world." Significant progress has been made implementing those recommendations for system improvements, but more work must be done. In many areas, recommendations have been implemented. In others, the work has not been completed. A key portion of the review embodied in this report will be to document progress toward implementing the recommendations contained in *Washington Works*.

However, our charge is slightly different. The Governor's recent directive is to focus on "clarifying roles and responsibilities" in order to "creat[e] a truly single system that is uniformly supported by business and labor." In other words, while many system improvements have been identified, our work is to clarify who is responsible for serving

citizens across the entire system and to “ensure we’re focused on providing them with the direct training and services they need.”

This review is undertaken with a significant advantage over many other states: namely, Washington is recognized as a national leader in workforce development. One remarkable advantage is the unique tripartite Workforce Board structure that enhances its ability to actively guide the system. Its equal representation of business, labor, and government, is an exemplary method to affect state policy. It truly is a model for the nation. To continue to position Washington as a leader, it is necessary to step back, review the current system, identify progress and challenges, and clarify roles and responsibilities of system partners to take Washington to the next level of service. Truly, our goal is to create the best workforce development system in the world.

Scope

The “workforce development system” has many parts and partners. For purposes of this report, we have limited our review to the Employment Security Department, the Workforce Board, Workforce Development Councils, and the Community and Technical College system. This study will build on prior efforts for improvement and provide recommendations that will enhance services. Efforts will be focused particularly on the system’s ability to respond to changing economic conditions, to rapidly and effectively deploy discretionary and other funds, and to establish operational standards and consistency.

The review did not examine the membership structure or independence of the current State Workforce Board, the number of workforce development areas, membership structure of local councils or the community college system.

This body of this report is divided into the following sections:

1. Methodology
2. Background: System description and authority
3. What we learned
4. Problems and Solutions

Methodology

The review team used several approaches to gather information to meet the Governor’s charge. Methods to inform the development of clear, concise problem statements and recommended solutions included focus groups, an online survey, research of applicable laws and statutes, a brief literature review that touched on best practices of other states, past assessments of Washington’s system, and progress and challenges identified by the agencies involved.

Stakeholder contributions

Ideas and comments from stakeholders were gathered through 11 focus groups and an online survey. In addition, many people provided written responses. The review team

solicited responses to 12 questions categorized under three groups: strategic direction, education and training, and operations.

To provide an informed response to the questions, the team identified and invited a comprehensive list of individuals, associations, local providers, regulatory agency representatives, advocacy organizations and practitioners to participate in focus groups. These focus groups were conducted throughout the state from September to November 2009. The full list of focus groups and invited participants is included as Appendix 3.

Each group was asked the same 12 questions during a two-hour facilitated meeting. The full set of questions is included in Appendix 4. These same questions were put into an online survey to allow interested stakeholders who could not participate in a focus group to provide responses.

Research

To gain a thorough understanding of the framework of laws and regulations within which the workforce development system operates, staff reviewed applicable laws. Performance measures that apply to federal Workforce Investment Act (WIA) programs and the process used to establish and apply them also were researched. Finally, staff conducted a brief literature review of case studies of other states to learn more about how other states have addressed some of the issues Washington's workforce development system currently faces.

Staff assessment

Staff from each of the three participating agencies provided an assessment of progress that has been made since the passage of WIA and the challenges facing Washington's workforce development system. Staff used the recommendations provided in *Washington Works* and the progress that has been made to date as the basis for much of their assessment of the system.

Recommended solutions of the principals

After taking this information into account, the recommended solutions are presented by the principals charged by the Governor with conducting this review. It does not reflect a combined consensus of the stakeholders who participated nor the majority opinion of any stakeholder group. The principals considered many varied and often conflicting comments and opinions on the current functioning of the workforce development system and ideas on how to make it more effective. This document identifies several key problem areas and presents their solutions aimed at improvement.

Background: System Description and Authority

One-stop system: WorkSource

WorkSource is Washington's one-stop delivery system, as required in the federal Workforce Investment Act (WIA). Launched in 2000, it is designed to provide basic employment services, such as labor market information, career counseling and job-search assistance, as well as information about and access to a wide array of "development" programs, including courses at community and technical colleges, private career schools and other training providers.

Currently, more than 1,000 Employment Security Department staff and hundreds of partner staff provide services to employers and roughly 300,000 job seekers annually at more than 80 WorkSource centers and affiliates across the state. Since 2000, more programs have been brought under one roof in more places, allowing clients easier and more coordinated access to a variety of resources.

All individuals legally entitled to work in the United States and all employers are eligible for WorkSource services. Some programs are targeted to particular populations, such as unemployment insurance claimants, dislocated workers, migrant seasonal farm workers, veterans and people with disabilities.

WIA and state policy require that WorkSource include specific programs. Those include the following.

WorkSource programs required by the Workforce Investment Act

- WIA Title I-B Youth, Adult and Dislocated-Worker programs.
- Public Labor-Exchange Services funded under the Wagner-Peyser Act.
- Veterans' workforce programs.
- Trade Adjustment Assistance and North American Free Trade Agreement programs.
- Local Veterans Employment Representatives/Disabled-Veterans Outreach program.
- State unemployment compensation programs.
- WIA Title II Adult Education and Literacy Programs, including English-as-a-second-language programs.
- Post-secondary career and technical education programs funded under the Carl D. Perkins Career and Technical Education Act.
- Senior Community Service Employment Program funded under Title V of the Older Americans Act.
- Vocational rehabilitation programs authorized under parts A and B of Title I of the Rehabilitation Act.

WorkSource programs required by the state

- Claimant Placement Program.
- Post-secondary career and technical education programs.
- Worker Retraining Program.
- WorkFirst (welfare-to-work).

Other programs encouraged to be part of WorkSource

- Apprenticeship programs.
- AmeriCorps/Washington State Service Corps.
- Tech-prep consortia.
- Private career schools.
- Other programs identified by the WorkSource-area partnerships.

WorkSource centers are distributed across the state in 12 workforce development areas. Funding for programs varies depending on population and other factors identified in the federal funding formulas. The map (to be inserted) illustrates the geographic distribution of the WorkSource centers and affiliates, funding allocation, and FTEs.

Description of partners

Within each WorkSource office, there are many entities working in partnership to provide services to a wide variety of clients. However, as stated above, this review is limited to four actors: the Workforce Training and Education Coordinating Board, local Workforce Development Councils, the Employment Security Department, and the Community College system. To provide context for this system review, this chapter summarizes those partners in the workforce development system.

For a more-detailed description of the partners in the WorkSource system, including a chart depicting the flow of federal Workforce Investment Act (WIA) funding through the partners, refer to Appendix 5.

Workforce Board

The state Workforce Board assesses the state training system as a whole and its ability to meet the demands of the economy by evaluating programs and providing policy analysis and strategic planning. The Workforce Board serves in an advisory role to the Governor and Legislature. It serves as the state workforce investment board under WIA and the state board for career and technical education under the Carl Perkins Act; it also licenses/regulates more than 250 private career schools in Washington. The board establishes the state plan for workforce development, currently *High Skills, High Wages 2008-2018*.

Local Workforce Development Councils

Local workforce development councils (WDCs) serve a similar coordinating and strategic function at the local level, consistent with strategic planning by the state Workforce Board. The WDCs also serve as the local workforce investment boards (WIB) under WIA. As the local WIBs, the WDCs select and oversee the operators of the one-stop centers throughout Washington. Workforce Development Councils are organized in several ways. The various structures are illustrated in diagrams in Appendix 5.

Employment Security Department

The mission of the Employment Security Department is to help Washington’s workers and employers succeed in the global economy by delivering superior employment services, timely benefits, and a fair and stable unemployment-insurance system. Employment Security carries this out by supporting workers during times of unemployment, connecting job seekers with employers who have job openings, and providing business and individuals with the information and tools they need to adapt to a changing economy.

The Employment Security Department serves two distinct roles in the Washington workforce development system: grant administrator for federal workforce investment funding and operational partner in the Washington one-stop delivery system.

- The WorkSource Standards and Integration (WSI) Division within the department serves as the federal grant administrator. In this role, the WSI Division develops and continuously improves the one-stop system by developing statewide operational policies, setting standards and providing technical assistance. The division ensures that its operational policies align with *High Skills, High Wages* and monitors compliance with the WIA, Wagner-Peyser and Trade acts.
- The Employment and Career Development (ECD) Division within the department serves as a one-stop partner and provides Wagner-Peyser, Trade Act, veterans and WorkFirst job-search services at WorkSource centers across the state.

The Community and Technical College System

Most students who graduate from Washington’s high schools will enroll in some form of post-secondary education or training. The largest number of graduates will attend the state’s community and technical colleges. Washington has 34 community and technical colleges distributed throughout the state. Training is offered at more than 600 sites, including multiple extension sites, technology centers, business centers and state prisons.

The State Board for Community and Technical Colleges, a nine-member board appointed by the Governor, oversees the community and technical college system. Within this structure, the colleges provide “workforce education, training and retraining programs at community and technical colleges that will help students learn the full range of basic, pre-college, technical and academic skills they need to get high-wage jobs and adapt to future career requirements in Washington’s changing economy.”

Underlying law, rule and Governor’s direction

To understand the capacity of the Legislature and the Governor to redefine system roles and responsibilities, it is necessary to examine the federal and state legal and regulatory framework that governs the workforce development system. Also, this section provides a basic understanding of the framework within which roles and responsibilities have been assigned in Washington State through the executive order and a decade of practice. Additional information is included in Appendix 6.

The description of the law included in this report is not exhaustive. Rather, it focuses only on the statutory roles and responsibilities of system partners that are related to this review.

The federal Workforce Investment Act (WIA) provides structure and funding for state and local assistance to adults, dislocated workers and youths. It provides for a one-stop service-delivery system to be established in each state to provide public access to a wide range of workforce programs. The act reserves significant discretion for states to determine how these activities are to be carried out and provides the capacity to tailor efforts to the local economy and to meet local needs. It also requires ongoing performance measurement, with targets negotiated between the state and local governments. Finally, the act provides for coordination with adult education and literacy, job-matching and other activities through the Wagner-Peyser Act and for vocational rehabilitation.

Generally, the Workforce Investment Act provides that governors are responsible for submitting five-year plans and for assuring the performance of their state as a whole. Governors are assisted by a state workforce investment board in tasks such as developing the plan, developing a one-stop system and assessing performance. The law charges the states with additional responsibilities, such as rapid response to economic dislocation (mass layoffs) and responsibility for providing technological infrastructure for the one-stop system.

The statute also allows for sub-state local planning and activities. It specifies that chief local elected officials are responsible for submitting local plans and for assuring local performance. They also serve as the fiscal agent for funds passed through the state grant administrator. They appoint local boards whose responsibilities include developing a local plan, designating one-stop operators, developing memoranda of understanding and managing budgets.

In addition to federal law, regulations and guidance described above, the Washington State legislature has also passed laws that apply to and help define the workforce development system in Washington.

The legislature's responsibilities under the statute include approving or recommending changes to the state comprehensive plan by concurrent resolution.

The Legislature provided a range of responsibilities for the state's workforce system to the Workforce Board in its enabling statute. Among these responsibilities are:

- Reviewing and making recommendations on the budgets of the operating agencies to OFM and the Legislature regarding their consistency with the comprehensive plan.
- Establishing minimum standards for program evaluation for the operating agencies of the state training system.
- Submitting a state comprehensive plan for workforce training and education every two years. NOTE: This responsibility was amended in 2009 to be a ten year plan updated every four years.

The operating agencies under the Workforce Board enabling statute are the Employment Security Department, the State Board for Community and Technical Colleges, and the Superintendent of Public Instruction.

Finally, specific roles and responsibilities were assigned in Washington State by former Governor Gary Locke through Executive Order 99-02. Refer to Appendix 2 for the full text.

What we learned

Common themes in responses

The following information provides a summary of common themes that emerged from each group's dialogue and the responses from the online survey for the targeted core aspects of *Strategic Direction, Education and Training* and *Operations*. It should be noted that, while staff have done their best to capture common themes, there were many comments that were either outside the scope of this review or were not consistently expressed. While the following accurately reflects opinions expressed, they are captured without judgment as to their precision. Ultimately, this represents the best efforts of staff to fully and accurately capture and synthesize hours of conversations and online responses.

Strategic direction

State and local partners are responsible for strategically positioning the workforce development system to respond to a changing environment. This work depends on the system's ability to make sense of available data and information, determine a purpose and direction, and put a strategy into action to achieve it. The common themes that arose from the collected feedback reflect this understanding.

Customer-focused for job seekers and employers. Feedback from participants was clear: job seekers *and* employers need to be the core focus of the system. On the job-seeker side, a broader perspective must be adopted that transcends a WIA-centric customer focus to serving all customers that come through the door. In general, employers do not see the full value and benefits of the system. The system should do a better job of communicating its value and services.

Data-driven and local labor market information. Though the system is rich with data at the state and local levels, it needs to improve its ability to develop common labor market and/or other data information that will allow the system to anticipate and meet workforce needs rather than reacting after the needs arise. Relevant and reliable labor market information is essential to identifying the training needs for current high-demand occupations while ensuring a training pipeline for lesser demand-driven occupations that need skilled workers as well.

Existing literature and reports from the state are helpful in informing workforce development, but it needs to be more widely disseminated to reach all parts of the system and used in a more consistent manner across the system. Further, client and front-line

staff feedback should be used more to assess progress and respond to immediate concerns. Policy reports are often found to be too sluggish to effectively respond to emerging issues. In addition, several participants suggested that management research and operations experts could be used to inform the administration of such a complex system. Finally, it is difficult to compare from state to state because the labor market information provided is so geographically based.

Roles and responsibilities. Over all, clearer roles and responsibilities need to be established for strategic, administrative and operational aspects. This will enable system partners to act confidently and fully contribute to an effective workforce development system. This is of particular importance in distinguishing between administrative and service-provider functions. Responses from focus groups and the online surveys clearly showed that system leadership is fractured and there is duplication and inefficiency. Re-alignment at the state level, if it took place at all, was inadequate under WIA. Responsibilities across system entities were described as duplicative and not clearly delineated.

Comments were consistent that the system is “absurdly complicated” and “cumbersome and complicated to navigate.” One participant said, “If it is difficult for me to understand the system, chances are it’s hard for the people we serve.” Finally, the local one-stop delivery system could succeed or fail based on the local personalities’ ability to work together, rather than successfully operating independently of any personality.

Coordination and collaboration among partners. Strategic planning must occur at each level of the system with a common agenda, priorities and goals. Between community and technical colleges and WorkSource offices, staff should improve coordination and communication about the expected service and knowledge that each offers. Further, there is a great need for collaboration between the state’s workforce development and economic development systems to improve the state’s overall competitiveness. Each level – state and local – has its strengths and weaknesses. It is difficult to take a broad perspective with a local vantage point. At the same time, the state can’t do everything from above. Strategic planning must happen at each level and is inherently different.

Local responsiveness. Local leadership, activities, input, and systems are important in positioning the workforce development system to respond to changes. Local leaders are best positioned to convene primary partners (such as the community and technical colleges, community-based organizations, business and labor) around a common agenda, priorities and goals and to serve as the local conduit for meeting customer needs. There should be more equal balance at the local level among business, labor and government to guide the system. Local stakeholders commonly articulated that there should be clearer, more comprehensively informed state objectives that the local areas are given the flexibility to reach, both in terms of funding and approach. When deciding what is required of local partners, the state should articulate clear, concise objectives and not focus on inputs.

K-12 engagement. Although the K-12 system or representatives were not actively involved in this review process, its importance to the overall efforts of the workforce development system is recognized. Of particular importance is the role the K-12 system plays in developing basic skills so that students are prepared to go to work if they don't choose to continue an academic career. Other vital aspects include its role in counseling students for future life pursuits and preparing them academically and technically to be successful for whatever path they choose. Participants suggested there was a disconnect between K-12 and future workforce needs. The K-12 system seems to demonstrate a bias toward all students getting a four-year degree but there are other opportunities available to and pursued by students.

Education and training

The ability to offer a broad range of educational and training opportunities is pivotal to developing the best-trained and educated work force in the world and increasing our competitiveness as a state. To compete in the global economy, we need to prepare our state's workers for jobs that are in demand by business and labor and to develop the next generation of skilled laborers, mechanics and technicians. The following themes are from responses regarding education and training questions.

Strengthen key partnerships for training. Community and technical college training capacities can be vastly improved by tightening the connection and communication between them, Workforce Development Councils and employers. The local WorkSource and Community and Technical Colleges need to be viewed as part of an integrated system that does a better job of anticipating needs and building training accordingly. Further, adult basic education should be integrated with skills training.

The Community and Technical Colleges are generally well used, though frustrations arise when they are unable to meet a highly specific training need. The private career colleges play a significant part in providing training services for the workforce development system and can be better used to provide additional capacity to the system. Furthermore, existing off-site apprenticeship training programs and state-of-the-art training facilities are under-used and can be leveraged accordingly.

Increasing flexibility to access training and apply life experience. Participants stressed the importance of training in the workforce development system. Direct funding for training is critical; however, it must be flexible enough to provide short- and long-term training options. Many participants expressed support for apprenticeships as a great alternative to formal training and something that should continue to be emphasized, and they called for improved articulation between college and apprenticeship programs. Training needs to be tied to career ladders, and more connections to the four-year colleges are needed. The rigidity for entering and exiting training makes it difficult for workers dealing with a sudden dislocation to get into training. Finally, workers who have been displaced or laid off have skills that could be transferable to a new career or qualify for college credit with the right counseling. Students should receive credit for prior learning as well. Educational institutions must do a better job in establishing articulation agreements between apprenticeships, two- year and four-year institutions, and the public

and private college systems. Customers report being discouraged from training and steered to job searches, regardless of their expressed desire to pursue training.

Service duplication and staff expertise/knowledge for maximum service. As was briefly mentioned above, staff at public and private colleges and WorkSource staff need to be more knowledgeable to better assess customer needs, to provide all possible options and to recommend proper guidance. Improved consistency is needed to avoid duplicating services and to ensure that customers don't fall through the cracks. The colleges need to be prepared to assist and meet the needs of the high volume of non-traditional students being referred from WorkSource. Developing more-comprehensive assessment tools would aid in pointing customers to the proper services.

Funding alignment. Funding could be better aligned with intended outcomes. With regard to WIA, it is difficult to secure funds for training. In general, regulations connected to funding for students should be loosened to allow them to tap multiple sources. With declining and inconsistent funding, building infrastructure becomes an even greater challenge, increasing the need for coordination among partners, for tapping capacity outside WorkSource and for leveraging non-traditional funding sources.

Innovation/co-location. Co-locating WorkSource at the Community and Technical Colleges has been successful and should be expanded. Apprenticeships also have been successful. Furthermore, new models for providing training services should be expanded. Examples include workplace-based, Web-based learning, I-BEST, co-location, stackable degrees, compressed programs, improved transferability and articulation of credits and experience. Training cohorts make sense during times of high unemployment when demand for training exceeds capacity; but generally, "individual training accounts" are a more efficient and flexible use of limited resources.

WIA 10%. Stakeholders appreciate being able to provide input for the use of the federal "WIA 10%" that are invested at the discretion of the Governor. Many expressed support using the WIA 10% allocation as a reward for high performance and emergent local needs.

Operations

Consistency in frontline services, assessment and best practices. A more consistent level of expertise is needed among counselors across the WorkSource system, especially in the area of assessments. Because of the volume of customers, it is necessary to identify people who don't need a lot of help and to quickly shepherd them to a new job. But knowing what a customer needs assumes that customers are assessed. Customers who walk into separate offices will get different advice based on the knowledge of the staff members with whom they interact and the services offered in the offices they visit. To assure consistent service, the system needs more cross-training, best-practice standards for service delivery, and streamlined outcome measures and management. However, some types of consistency may be difficult to achieve as a result of diverse customer needs across the state. Consistently high-quality service to business customers is critical.

The first impression of WorkSource affects a customer's decision to continue seeking service. Every interaction with the system should be done in a professional manner so the individuals being served don't "fall through the cracks." This begins for many with the unemployment-insurance telecenter and extends through WorkSource offices to training providers. This should be a consistent practice in all offices. Front-line staff must have greater knowledge of the system, program availability and how to connect customers to the services for which they are eligible. Employees need to be better cross-trained to assure a consistent level of service.

A baseline of funding for core services must be determined, and those services must be prioritized. More-stable funding from year to year would ensure greater consistency in service delivery and assessments. In addition, staff must have greater professional development opportunities so they can continue to improve. Good staff are key to the success of the system.

Accountability and outcome measures. A common set of outcome measures would help in serving customers more consistently. However, those outcome measures should be supplemented by customer feedback. Quantitative measures must be paired with measures that describe quality. Participants expressed frustration with the plethora of measures and with the time and resources that go into tracking and reporting. Outcome measures were viewed as more productive than activity measures. Many expressed that management decisions should be carried out at the local level while the state provides direction. Others were surprised to learn that common definitions of services, assessments and staff expectations were not shared across programs – even when located in the same office. Local flexibility is needed, yet there is a negative effect on customers if different partners must duplicate efforts because they do not use the same language.

Vulnerable populations. The subject-area expertise of local community-based organizations helps serve vulnerable populations. Improving services to vulnerable populations should continue to be emphasized. As resources shrink, these hardest-to-serve people will have greater difficulty getting access to limited training and job-referral services.

Staff Review of Progress and Challenges

In addition to ideas and information collected through focus groups and the online survey, participating agency staff also collected evaluative documents and identified significant progress that has been achieved and challenges that still exist since the passage of the Workforce Investment Act (WIA). Following is a list of major accomplishments and on-going challenges, as well as reference to key existing documents that measure progress and work left to do.

Progress

A summary of major accomplishments in the workforce development system is listed below, in no particular order.

WorkSource established

Washington has transferred from the Job Training Partnership Act (JTPA) system that was focused on serving three distinct customer groups (disadvantaged youths, disadvantaged adults and dislocated workers) to a new system that emphasizes one-stop employment and training services, core services to a universal customer base, strategic planning, and serving employers in addition to job seekers. WIA added these functions while maintaining funding and services for the three customer groups that were the focus of JTPA. Making the policy and administrative shifts to this new system was a major undertaking.

Many customized programs have been established within the framework of WorkSource, including Industry Skill Panels, I-BEST and a centralized information-management system. For a list of highlights, refer to Appendix 7.

WorkSource program evaluation

Several statewide evaluations of WorkSource indicate that programs are effective in preparing participants for work and increasing their earnings. Three notable evaluations are *Workforce Training Results: 2008*, *WorkSource Customer Satisfaction Survey (2008)* and *WorkSource Impact Report (2009)*.

Workforce Training Results: 2008 evaluated participants who left the WIA Title I programs during 2005-06 and found that employment and real earnings results substantially increased for all three populations served: youths, adults and dislocated workers. Moreover, the three WIA Title I programs had by far the largest increases in employment and earnings results among the 11 state workforce development programs evaluated by the Workforce Board.

Also in 2008, approximately 2,400 WorkSource job seekers and 2,000 employers responded to customer-satisfaction surveys. Approximately 2,000 WIA Title I registrants also were surveyed. The survey responses indicated high levels of satisfaction among both employers and individuals.

Finally, the WorkSource Impact Report found that unemployment-insurance claimants who received WorkSource job-search services had both an increased likelihood of employment and increased earnings compared to claimants who received no WorkSource services of any kind. The executive summary of this study is contained in Appendix 8.

Refer to Appendix 9 for a more detailed summary of the results of WIA.

Washington Works

Perhaps the most complete set of recommendations for improving the workforce development system in Washington was contained in *Washington Works*, a report by the Workforce Training and Education Coordinating Board. Since 2007, significant efforts have been made to improve the Washington workforce development system in accordance with the goals identified in this series of 48 recommendations. Many of those

recommendations for system improvements and efficiencies have been accomplished. However, some are still not yet in place. The full progress report is included as Appendix 10.

Washington's workforce compact

One notable accomplishment by WorkSource partners was the development and adoption of *Washington's Workforce Compact* in September 2007. The full document is available as Appendix 11. Signed by all nine voting members of the state Workforce Board, the compact is an agreement on general roles and responsibilities for partners in the workforce development system. It signifies a commitment by those partners to expand efforts to coordinate services to meet customer needs, stating "If we collaborate effectively in servicing our customers, the product of our efforts can be much greater than the sum of our individual efforts."

Challenges

While the past decade has yielded significant progress, more improvement is needed in several areas. Many of these areas still needing improvement are indicated as recommendations lacking progress in *Washington Works*. Others, including diminishing funding to co-locate staff, lack of funds to meet record demands for training during the recession, limited funds integrating infrastructure, and insufficient outreach to business are ongoing issues that also must be addressed for the continued success of WorkSource. Several challenges are highlighted below and a more extensive list is contained in Appendix 12.

Co-location of education and one-stop system resources

In the 2003 state capital budget, the Washington State Legislature called for "SBCTC to conduct a study, with input from an advisory committee, on the feasibility and benefits of establishing one-stop satellite offices co-locating the [Employment Security Department] and the Department of Social and Health Services (DSHS) on community college campuses." The legislature's intent was to improve service delivery to shared clients/students of the three agencies. The study demonstrated the value of co-location and recommended developing a pilot project at North Seattle Community College. Specifically, the study found that co-location would improve services to clients and their employment outcomes, while making better use of tax dollars. (Employability Co-location Feasibility Study, SBCTC, December 2004)

Unfortunately, lack of funding continues to create a significant barrier to achieving the vision of co-located education and employment services. In recent years, primary support for funding co-located services has come from community colleges that are able to pull together limited local resources. However, providing co-located services continues to be extremely limited and is inconsistent across the state.

Recession-related demand

As a result of the record unemployment rates in the state, college enrollment rates are at an all-time high. This increased student demand has taxed an educational system that has been subjected to significant funding reductions due to the decline in state revenue.

Declining revenue forecasts since the state budget was adopted in April 2009 predict continued funding reductions to the state's educational institutions.

Limited funding to integrate office space

Although WIA requires states to implement a one-stop system, it does not provide earmarked funding for buildings. As a result, WorkSource centers are largely funded by WIA Title I and Employment Service funds that otherwise would be available for direct service. Partner programs provide some resources proportional to their staff presence at WorkSource centers.

Need for more-integrated outreach to businesses

Recognizing the need for a greater supply of jobs that match the skills of WorkSource clients, Employment Security spent a portion of its Recovery Act money to hire 14 new employees across the state to contact businesses, identify potential job opportunities for WorkSource clients and lay the foundation for future collaboration. These staff could be better coordinated with business outreach staff working for WDCs. Employment Security's WorkSource Standards & Integration (WSI) Division will lead the development of a policy to coordinate employer outreach.

Performance measures

Washington has developed an extremely exhaustive system of performance measurement. Depending on the program, measures are established by the federal government, the Workforce Board, Employment Security's WSI Division and local boards, or all of those entities combined. The challenges these complex measures pose to service providers should not be understated. State and federal outcome performance measures at the statewide and workforce development area levels have multiple reporting periods. Most of the WIA measures have a significant delay, as they are intended to measure outcomes, sometimes as long as 18 months after the participant has exited a program.

In addition to the federal measures, the state has adopted measures, known as Washington Workforce Core Measures, which are designed to measure the extent to which programs are achieving the ultimate goals of providing skill development and living-wage jobs to Washington workers. They are:

- (1) **Employment** in quarter three after exit.
- (2) Median annualized **earnings** in quarter three after exit.
- (3) Percent of exiters receiving **credentials** during participation and up through quarter three after exit.
- (4) Percentage of **employers who reported satisfaction** with employees who completed the program.
- (5) Percentage of former **participants who reported satisfaction** with the program.

In addition, the Governor's Government Management Accountability and Performance (GMAP) system has been used to establish a structure to report regular, real-time operations measures, which are being used to manage Employment Security's

WorkSource staff. However, these do not apply to Workforce Development Council staff, though many WDCs do something similar.

For detail regarding the current performance measures, refer to Appendix 13.

In sum, the proliferation and inconsistency of performance measures has caused confusion among program staff. There is also a need for consistent, real-time measures that can be applied across workforce development programs to help managers at the local and state levels respond quickly to operational issues.

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.