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THE WORKFORCE SOLUTIONS GROUP

THE WORKFORCE ACCOUNTABILITY TASKFORCE A REFORM AGENDA

If Massachusetts is to remain economically vibrant, the workforce development system requires dramatic improvement. Today, we have 150,293 workers unemployed¹ even as we have 92,639² jobs vacant. Without an effective and aligned workforce system, the mismatch between employer needs and worker skills demonstrated by these figures cannot be remedied.

While many elements of the system are effective, the challenges are considerable:

- Funds are spread across 12 state agencies;
- System-wide goals and strategy are unclear;
- Programs and services are not aligned.

With the appointment of the Workforce Accountability Taskforce, we have a mandate to make workforce work, to assess the system in its entirety and to make it accountable, effective, efficient, aligned and strategic.

As the driving force behind the creation of the Taskforce, the Workforce Solutions Group, a SkillWorks funded workforce reform coalition of business, labor, educators and activists, is uniquely positioned to advocate in the Taskforce for broad systems change.

The Workforce Solutions Group Executive Team, consisting of the Crittenton Women's Union, the Mass. Workforce Board Association, the Mass. AFL-CIO and the Mass. Communities Action Network, believes that this Taskforce represents the best opportunity to truly reform our workforce system, and we are committed to ensuring that it makes recommendations to the governor and the legislature that are concrete, ambitious and will genuinely improve the fragmented system. This paper articulates a vision of what those recommendations should look like.

THE GOAL: A SYSTEM FOR WORKERS AND EMPLOYERS

1 United States, Bureau of Labor Statistics, Local Area Unemployment Statistics (seasonally adjusted), September 2007, <<http://data.bls.gov/cgi-bin/surveymost?la+25>>.

2 Massachusetts, Division of Unemployment Assistance, Job Vacancy Survey, 4th Quarter 2006, <<http://lmi2.detma.org/Lmi/pdf/JobVac2006Q4.pdf>>.

The workforce system should have two primary goals:

- Helping people gain the skills they need to get a job paying a self-sufficiency wage;
- Providing employers with an adequate supply of workers who have the skills to fill their critical vacancies.

OBJECTIVES

In order to achieve these goals, reforms in a number of areas are required. Below, WSG articulates critical areas for reform and offers concrete proposals to reach them.

1. Increasing Accountability: How do we ensure that every element of the workforce system is helping to achieve at least one of the two goals?

Statute: *“It shall be the responsibility of the department of workforce development, through the Commonwealth Corporation, in consultation with the workforce accountability task force to evaluate existing, and develop additional, performance standards for workforce and job-training programs receiving state funding in the areas of employment, skill, education, business and customer satisfaction impact for the agencies of the commonwealth that provide workforce development resources, education or training programs as defined by the task force.”*

Reforms

- **Specific metrics:** If it is not measured, it won’t be done. The taskforce must identify ways to measure the success of each element of the workforce system and hold individual programs/providers responsible for meeting goals through **performance-based contracting**. Metrics should reflect the requirement that the system serve both workers and employers and should include: employment and wage gains, skill and educational gains, return on investment, reduced employee turnover and vacancy rates as well as other employer measures, success at reaching out to hard to serve populations and customer satisfaction, among others. Metrics need to track both inputs and outputs to prevent creaming.

For example, obtaining hourly wage information is critical to evaluating “wage replacement” for dislocated workers. Dislocated workers often need to work two or more jobs to replace income from a lost, manufacturing job. Weekly income data does not account for workers working well over 40 hours just to keep up.

- **Data Sharing:** The Department of Revenue and all other state agencies must be required to share all relevant data with the Department of Workforce Development while protecting privacy. If this requires legislative authorization, the Taskforce should recommend such measures to the Legislature.

Data sharing systems should facilitate tracking of training recipients over a long period of time (24-36 months), in order to analyze the true progress of individuals. The Florida Education and Training Placement Information Program³ and the Washington State Workforce Training and Education Coordinating Board⁴ are good models to evaluate for possible implementation in Massachusetts. Establishing a comprehensive data sharing system will take time, but it must be the goal.

- Job Quality Standards: The Commonwealth should invest its limited public dollars in training workers for good jobs and that jobs that put workers on a career ladder to a good job. Job quality standards will ensure that our system rewards and supports employers and workers and guarantee that public dollars are spent in the public interest.

While other states, such as, Idaho have adopted a flat salary floor, mandating that employers pay workers at least \$12 an hour in order to receive funding under some training programs,⁵ WSG supports an approach that does not shut out workers in low-wage industries from training programs. WSG proposes identifying the prevailing wage in eligible industries and only providing “dual customer” services to employers that pay this prevailing wage and, as per the definition of a “good job” provided by a UMass Boston study, offer health insurance and some form of retirement plan.⁶

- Recapture: When the Commonwealth dispenses workforce development funds to an agency or a business, it is entering into an agreement, an agreement that must be honored. Therefore, the organization or employer receiving state dollars for workforce development is obligated to provide high quality education or training (as qualified by the state established performance standards) that is in accordance with the goals of the workforce system. Funding recipients who fail to keep their side of the agreement, should, as a matter of fairness to the many excellent employers and programs, be required to return the funding to the state so it can be reinvested in programs that work.

According to the W.E. Upjohn Institute study commissioned by Commonwealth Corporation, about 10% of recipients of Workforce Training Fund investments leave the state or close their business.⁷ While recovering funds from companies that go out of business is improbable, a simple contractual provision requiring grantees to pay back the Commonwealth if they leave the state would ensure that businesses cannot “take the money and run” without delivering on their promise to Massachusetts.

³ “Florida Education and Training Placement Information Program,” 19 November 2007 <<http://www.fldoe.org/fetpip/>>.

⁴ Washington Workforce and Training Coordinating Board” 19 November 2007 <<http://www.wtb.wa.gov/>>

⁵ Idaho, Work Force Training Program Increases Emphasis on Better Wage, (Boise: Idaho Department of Labor, May 16, 2006) <<http://cl.idaho.gov/news/PressReleases/tabid/294/ctl/PressRelease/mid/1047/ItemID/1743/Default.aspx>>.

⁶ Randy Albelda and Heather Boushey, “Bridging the Gaps: A Picture of How Work Supports Work in 10 States,” Center for Economic and Policy Research, Washington, DC and the Center for Social Policy, University of Massachusetts, Boston, October 2007. <<http://www.bridgingthegaps.org/publications/nationalreport.pdf>>.

⁷ Kevin M. Hollenbeck, The Benefits of the Workforce Training Fund, (Boston: Commonwealth Corporation Research Brief, Volume 4, Issue 8, April 2007) <<http://www.commcorp.org/researchandevaluation/pdf/ResearchBrief4-08.pdf>>.

- Transparency: Accountability without transparency is impossible. Therefore, the Commonwealth should issue a **statewide report card** on all workforce programs in the state and publish a **searchable statewide database** listing all available programs and workforce service providers.

2. *Making Investments Strategic: Ensuring that workforce development is an integral part of the state’s economic development strategy.*

Statute: “Lack of skills may include, but shall not be limited to, being less than proficient in English, mathematics, reading, writing, science and technology, or such other skills as Massachusetts employers may identify. The task force shall develop recommendations that include maximizing the skills gained, the number of people served, and the quality of outcomes achieved through the workforce development system;”

Reforms

- Establish Permanent \$21 Million Workforce Competitiveness Trust Fund (WCTF): Historically, the state has made periodic investments in sectoral initiatives (BEST I-III, WCTF), but it has never made these programs a regular budget item. As a result, infrastructure must be recreated with each new initiative and good programs have no way to maintain themselves. Making an annual budget line item of \$21 million for these sectoral initiatives via the WCTF will ensure that there is a steady pipeline of workers into critical industries.
- Using the Workforce Competitiveness Trust Fund to Avoid Creating New Silos: Whenever the Commonwealth invests significant public dollars for infrastructure or tax credits for an industry, such as life sciences, workforce programs should be coordinated by the Workforce Competitiveness Trust Fund rather than by creating new boards or workforce programs in other organizations. This will avoid redundancy, ensure a comprehensive link between economic development and workforce development and make understanding the forces that drive individual industries a priority.
- Sectoral Investment of Workforce Training Fund: At present the state’s Workforce Training Fund (WTF) does not target critical industry sectors and is not necessarily focused on the advancement of workers. A portion of the Workforce Training Fund should be used to support training in key sectors. In addition, the Workforce Training Fund should support a broader array of applications from employers and intermediaries, in addition to individual companies, in order to provide the broad spectrum of services companies need for their workers, including not only specific job skills, but foundational skills such as communication, ABE and ESOL.

In addition, since health care and education are the Commonwealth's two largest industries, any effort to use the WTF strategically, would require a plan to open the Workforce Training Fund to these types of self-insured employers who currently do not pay into it and cannot apply for grants.

- Governor's Discretionary Dollars Should Fund Incumbent Worker Training: The Governor is allowed to use 15% of federal Workforce Investment Act funding at his discretion. In recent history, this funding has gone to support the workforce system's infrastructure. The Massachusetts Workforce Investment Board (MWIB) should undertake a transparent process that will identify critical workforce issues that should be targeted with these funds and make recommendations to the Governor. The Governor should choose to invest 10% of the total WIA funding (2/3 of his discretionary dollars) to fund innovative incumbent worker training programs that focus on sectors that are critical to the state's economic development strategy. Using those targeted resources to make innovative investments will leverage other partners' financial commitments.
 - Connection to Regional Economic Development Strategy: Local Workforce Boards (WIBs) should be supported in their work with regional economic development authorities and businesses to craft a workforce strategy that fits with a region's economic development strategy. Workforce development is a key tool for business recruitment and retention. The Commonwealth's workforce may be the most important reason that businesses locate and stay in Massachusetts.
 - Define and Support Critical Industries: The Massachusetts WIB should identify critical industry sectors in the Commonwealth where vacancies exist and career ladders to self-sufficiency can be built, while recognizing that regional priorities may vary. For each critical industry in the state, the MWIB should identify key trade organizations and labor groups and bring them together, to "drive the system," review existing data regarding the current state of its workforce, identify training needs, and establish a set of strategic priorities and performance measures for Massachusetts' education, higher education, and workforce development systems. These measures will serve as indicators of success in solving the industry's worker shortages. The healthcare and travel and tourism committees within the Workforce Competitiveness Trust Fund Advisory Committee are examples of what has been done already.
3. ***Connect Critical Needs Groups to the Workforce: Youth, adults with limited English proficiency and basic education challenges, workers with disabilities, women, and minorities need particular assistance in linking to the workforce.***

Statute: *“The following groups shall be specifically targeted for assistance: adult workers with no post-secondary education; adult immigrants who seek to learn English; adults without a high school diploma; displaced workers; older workers; individuals not currently connected to the workforce; and youths between the ages of 16 and 21 who have either dropped out of school or are at risk of dropping out, or who are academically at-risk of not completing the requirements for high school graduation.”*

Reforms

All workforce development programs should be required to track the number of people they serve in each critical needs group.

- Youth

Nationally, the teen labor market has weakened considerably since 2000.

- The national teen employment rate during the first eight months of this year is on track to become the lowest since 1948 when the national Current Population Survey (CPS) employment series began.
- The employment rate of the nation’s teens last summer was the lowest it has been in the last 60 years.
- Employment rates of teens have declined considerably for the youngest teens (16-17), men, blacks and low-income teens.

There is no question based upon the data that there is a positive economic and schooling effect on in-school employment. Specifically:

- Youth who work in the summers of their high school years are more likely to work in their senior year.
- Those youth who work more in their senior year are more likely to be working in the fall after graduation and in the spring of the year after graduation. These results hold true for those youth who were enrolled in college as well as for the non-enrolled, for men as well as for women, and for blacks, Hispanics and whites.
- Those youth who work in the summer immediately following graduation are more likely to be working in the fall and spring after graduation.
- Three to four years after high school graduation, the single best predictor of the quarterly earnings of Boston Public Schools high school graduates was their quarters of employment during their junior and senior years of high school.

The P-21 model adopted by the Commonwealth should be supported and expanded to include dropout intervention and prevention, connecting activities support in all Massachusetts high schools and summer youth employment in all workforce regions. The Commonwealth should work to expand federal support under the Workforce Investment Act or other legislation in response to the growing national crisis. The Commonwealth should continue expansion

of at-risk youth funding and restore the school-to-career connecting activities line item...

- Adults With Limited English Proficiency and Basic Education Challenges
The Adult Basic Education (ABE) and English for Speakers of Other Languages (ESOL) system is underfunded, has a wait list of 20,000 and needs to be seamlessly aligned with the efforts of job training providers and post-secondary educational institutions.

The provision of workplace-based education is particularly poorly funded, receiving only \$1,660,000 of the \$43,161,751 spent on ABE and ESOL, or less than 4% of the total allotment. Meanwhile, 68% of ABE students want to get a job or a better job.⁸ Low levels of literacy and English skills create significant barriers for workers and families in the Commonwealth. This is an economic issue and we need to address how these programs increase family economic self-sufficiency. Clearly, it is imperative that we increase the funds available for both workplace-based and community-based ABE/ESOL, and have a consistently released RFP for workplace-based education.⁹ Moreover, we need a strategy for workplace-based education that both understands and supports the complexity of providing services under a workplace-based model.

We propose a three-step process to increase the number of slots available for both workplace-based and community-based ABE and ESOL services.

1. Track economic data for ABE and ESOL participants, including “tracking individual outcomes from school to career” and “qualifying the direct result of obtaining a given credential.”¹⁰ Currently, wage data is not tracked unless a student lists getting a job/better job as a main reason for entering a program. Economic results should be measured over time through the use of wage record matching, and they should supplement, not replace, existing metrics that measure educational attainment and literacy proficiency.¹¹
2. Conduct a needs assessment to determine the potential demand for workplace-based services by workers and employers and set a target for the resources needed to address that demand.
3. Choose one of two options for increasing the capacity of the system to provide workplace-based ABE/ESOL.

8 Scott E. Bodfish, Massachusetts, Student Satisfaction Survey (Malden: Adult and Community Learning Services, Massachusetts Department of Education).

9 Roberta Soolman, “Challenges in Providing ABE/ESOL Services to Adults that are Difficult to Serve: Testimony to the ABE/ESOL Sub-Committee of the State Workforce Investment Board” (Boston: October 12, 2007).

10 Secretary of Labor and Workforce Development Suzanne Bump, “Remarks to Massachusetts Coalition for Adult Education,” (Marlborough: October 25, 2007).

11 Julie Strawn, Polices to Promote Adult Education and Postsecondary Alignment, (New York: National Commission on Adult Literacy, September 28, 2007).

- a. Create a one system, two tracks approach within the Department of Education (DOE), wherein a consistent RFP for workplace based education is issued, the capacity to provide workplace-based services is expanded¹² and DOE is obliged to build towards providing the number of workplace-based education slots determined by the needs assessment.
- b. If increasing its capacity to provide workplace-based education proves a distraction that decreases the quality of services or is simply not feasible, only workplace-based ABE/ESOL should be moved to the Department of Workforce Development (DWD) and/or a separate, new line item for workplace-based education should be created under DWD.

- Workers with Disabilities

Workers with disabilities face unique employment challenges, which are reflected in their 16% unemployment rate. Massachusetts ranks 38th in the nation and last in New England in the employment rate for residents with disabilities.¹³

Vocational rehabilitation has proven results at both connecting people with disabilities to the workforce and increasing their wages. For instance, workers participating in a vocational rehabilitation program saw their wages rise by an average of \$3,383 in their first year after case closure. Moreover, vocational rehabilitation programs increase employment rates among people with disabilities by more than 12 percentage points within three years of case closure.¹⁴

If Massachusetts could climb to become one of the top five states in terms of employment rate for people with disabilities, it would add an estimated 65,000 people to the labor force.¹⁵

- Minorities

Workers of color face significantly greater rates of underemployment than white workers. According to the Massachusetts Budget and Policy Center, in 2006, African-American workers faced an underemployment rate twice that of white workers and Hispanic workers faced an underemployment rate more than two and one-half times that of white workers.¹⁶

12 Soolman.

13 Ishwar Khatiwada, Joseph McLaughlin, Andrew Sum, Paulo Tobar, and Sheila Palma, Working With Disabilities, (Boston: Commonwealth Corporation Research Brief, Volume 4, Issue 5, June 2006) <<http://www.commcorp.org/researchandevaluation/pdf/ResearchBrief4-05.pdf>>.

14 Johan Uvin, Devrim Karaaslanli, Gene White, Vocational Rehabilitation Pays Off, (Boston: Commonwealth Corporation Research Brief, Volume 2, Issue 12, March 2005) <<http://www.commcorp.org/researchandevaluation/pdf/ResearchBrief2-12.pdf>>.

15 Khatiwada.

16 The State of Working Massachusetts 2007: A Growing Economy; A Growing Divide, (Boston: Massachusetts Budget and Policy Center, September, 2007).

Moreover, African-American families are 9.8 percentage points more likely, Hispanic families are 11 percentage points more likely, and Asian families are 3.4 percentage points more likely to be poor or near poor than white families.¹⁷

Sectoral initiatives, such as Focus:HOPE, a machinist training program in Detroit, have a proven history of increasing workplace diversity.¹⁸ In another example, after just two years of participation in the Wisconsin Regional Training Partnership, a company north of Milwaukee, went from hiring their first 12 African American employees to becoming more than 12% African-American.¹⁹

- Women

While both women and men benefit from sectoral initiatives, the benefit received by women fails to close the existing wage gap. While women may increase their wages by a greater absolute number when participating in sectoral initiatives, “Even after two years of successful education and training and the resulting wage gains, the average female participant [in six sectoral initiatives studied by the Aspen Institute] was still earning less than the average male participant who had yet to do his first hour of training.”²⁰

There are a number of ways to address these disparities:

- Building career ladders in traditionally female-dominated jobs.
- Requiring sectoral initiatives in male dominated industries to present plans for engaging women in the industry.
- Focusing sectoral initiatives on industries with career ladders to self-sufficiency.
- Targeting already unionized industries and occupations for sectoral initiatives. Sectoral initiatives formed in conjunction with unions, significantly increase earnings. Research demonstrates that union membership raises women’s weekly wages by 38.2% and men’s by 26%.²¹

- The Working Poor

Non-federal dollars spent on education and training for food stamp recipients who do not receive Temporary Assistance for Needy Families (TANF) are eligible for a 50% reimbursement from the federal government under the Food Stamp Employment and Training (FSET) Program. WSG won authorization for this program in the Economic Stimulus Bill of 2005. In its first year,

17 Ishwar Khatiwada, Andrew Sum, Jacqui Motroni, Sheila Palma, Poverty and the Workforce, (Boston: Commonwealth Corporation Research Brief, Volume 4, Issue 10, June 2007) <<http://www.commcorp.org/researchandevaluation/pdf/ResearchBrief4-10.pdf>>.

18 Sunny Schwarz and Johan Uvin, Benefits of a Sector Based Approach, (Boston: Commonwealth Corporation Research Brief, Volume 2, Issue 3, August 2004) <<http://www.commcorp.org/researchandevaluation/pdf/ResearchBrief2-03.pdf>>

19 Laura Dresser, Scott Rogers, Joel Zdrzil, Wisconsin Regional Training Partnership, <<http://www.ssc.wisc.edu/~wright/dresser.pdf>>.

20 Susan Crandall and Surabhi Jain, New Directions in Workforce Development: Do they Lead to New Gains for Women?, (Boston: Crittenton Women’s Union, 2007).

21 Heidi Hartmann, Katherine Allen, and Christine Owens, Equal Pay for Working Families: National and State Data on the Pay Gap and its Costs, (Washington: AFL-CIO and the Institute for Women’s Policy Research, 1999).

seven pilot programs, have submitted almost \$1.6 million in reimbursable expenses. Thus far, an additional 20 organizations have expressed interest in participating in the second year. Expanding this program, run by UMass Medical School for the Department of Transitional Assistance (DTA), will increase funding for programs to serve working poor families without requiring any additional state expenditure.

4. *Building an Aligned System: There needs to be an actual workforce system that guides workers with continuity from education, to training, to careers.*

Statute: *“The task force shall develop recommendations that include...evaluating and analyzing current local and state policies for the governance and coordination of workforce development agencies and programs in Massachusetts and making recommendations for improving coordination, oversight, performance standards, streamlining bureaucracy and maximizing resources.”*

Reforms

- **Consolidate Workforce Funding Streams**
Currently, workforce funds flow through 12 different state agencies. This is inefficient and confusing to both workers and employers. The Taskforce should examine all funding streams and offer specific recommendations for how the number of agencies administering workforce funds can be reduced and how administrative costs can be decreased.
- **Make the One-Stops Truly One-Stop:** The One-Stop Career Centers are the gateway to the workforce system. We need to better understand the costs of services at each of the One-Stops, and the evaluation required by the Economic Stimulus Bill should be completed.

Greater Boston Legal Services has documented instances wherein clients lacking English language skills had no option other than to attend mandatory English only orientation sessions. We should ensure that workers with limited English proficiency have access to the services of the One-Stop Career Centers by improving translation services and having more publications translated into languages other than English.

In addition, while the One-Stops generally serve unemployed workers very well, underemployed workers could be better served with evening or weekend hours. While resources are scarce, rotating one-stop services one evening or weekend a week, would dramatically improve their ability to serve underemployed workers.

- **Fill Gaps in the Education and Training Pipeline**
As students and workers move along the education and training pipeline, there are numerous leaks and clogs where they can get stuck or simply slip out of

the system. The Taskforce needs to address these alignment issues and ensure a smoother flow from program to program.

Some obvious pipeline issues present clear solutions:

- *Educational Rewards Grant Program*
Workers attending school part-time are ineligible for most state and federal financial aid. This program, originating in the Reach Higher Initiative, provides grants of up to \$3,000 for tuition and living expenses for working adults seeking to go to school part-time, thereby filling a major gap in the education financing structure. Thus far, the program has been funded one time as part of the 2005 Economic Stimulus Act at \$1.5 million. It needs to be made permanent and be marketed more effectively.
- *Community College Remediation*
Thirty-seven percent of public school graduates enrolling in a community college, state college or the University of Massachusetts had to take at least one remedial course as of 2005.²²

Interviews with students at Bunker Hill Community College, conducted by the Crittenton Women's Union suggest that a large percentage of students in remediation use up their Pell grants before commencing college level work, leaving them financially unable to continue. This issue requires further research, and if born out, a strategy to fill the financing gap for students requiring remediation must be conceived.

- Support and refine the Governor's "Readiness Project"
Governor Patrick's proposal to increase access to community college is a bold plan to reconfigure our educational system to the realities of the 21st century. However, its success is dependent upon its ability to not only dramatically increase access to community college, but to make workforce development a priority and address the challenges of remediation. The Taskforce should recommend linking the Readiness Project to existing efforts to prepare youth and adults for community college and the workforce. It should also recommend that community colleges tailor their industry recognized credential offerings to the needs of both employers and students.

Moreover, investments must go hand in hand with accountability. Community colleges must increase both their graduation rates and their certificate completion rates.

²² Marcella Bombardieri, "Many Hub Graduates Struggle in College, Remedial Classes Often Necessary, Study Finds," Boston Globe, 19 January, 2007.

EXPECTED OUTCOMES

- 1. The Taskforce report should be a comprehensive set of recommendations that can be made into law or regulation by the Legislature and Governor.**
- 2. The Taskforce report should offer recommendations for both immediate reforms and long-term, data-driven changes and should be incorporated into the ongoing work of the Massachusetts WIB.**
- 3. Among the Taskforce's most important duties is presenting a governance reform plan.**

The economic future of our Commonwealth depends on our ability to maintain and expand the skilled workforce that will fuel economic growth. By making strategic investments in a true workforce system, by building a continuum of education and training that guides workers from school to career, by demanding accountability and by working collaboratively, we can ensure that our workforce remains our competitive advantage.