

*The Report of the Patrick/Murray Transition Team
Working Group on Workforce Development*

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Introduction

Workforce development policymaking and program planning and design traditionally have been designed to bolster the human capital skills of a state's residents, to enable them to gain access to both entry-level jobs and higher skilled positions, to improve the efficiency with which state and local labor markets operate by matching available workers with existing job openings, and to raise the productivity and wages of new labor force entrants and incumbent workers to combat problems of working poverty and to achieve more broadly based prosperity. The mission of workforce development policy needs to be based on a comprehensive understanding of current and projected labor market conditions in the state and the challenges facing Massachusetts workers and employers.

The first section of our report provides a discussion of six major labor market challenges facing the Commonwealth today and likely to prevail over the next five years in the absence of a concerted set of policy responses. Understanding the labor market and economic context in which workforce development programs will be operating is essential to the formulation of our eight principles for guiding the system at the state and local level under the Patrick/ Murray administration, including recommendations for bolstering the efficiency and effectiveness of the current workforce development system and measures of success to be achieved over the next four to five years.

The members of the Task Force on Workforce Development believe that a strengthened workforce development system is needed to address the core labor market challenges facing the Commonwealth and that the personal leadership and commitment of the Governor and Lieutenant Governor and key cabinet members will be critical to the success of the effort. The visibility of the Massachusetts workforce development system needs to be raised considerably, and its mission needs to be broadened to meet new and emerging challenges. Workforce development should be seen as an integral part of the state's economic development system, the system should be seen as being comprised of all educational and training institutions at the secondary and post-secondary level, the adult education network, community-based workforce organizations, and employers and unions involved in the training and education of workers as well as the 16 Workforce Investment Boards. Among the primary goals of the workforce development system over the remainder of this decade should be support of efforts to achieve

sustained, high level job creation and increased economic competitiveness. The guiding principle should be that of Leaving No Worker Behind by increasing the labor force attachment and employability of the state's working-age population and their ability to compete for higher skilled jobs in the economy, and achieving more broadly based prosperity for the state's workers and families.

The Primary Labor Market Challenges Facing the Massachusetts Workforce Development System in 2006 and Future Years

Create More Jobs

1. How can workforce development programs collaborate more fully with other agencies in the state, especially economic development and education, to contribute to job growth in the state? The workforce development system is dependent on job growth to place the individuals using its services in jobs. The low rate of job creation in the state since the end of the labor market boom in early 2001 places Massachusetts at or near the bottom of the state distribution of job growth rates, with the state ranking third lowest in the nation in job creation between early 2001 and the fall of 2006.

Problem: The number of formal payroll wage and salary jobs in Massachusetts in the early fall of 2006 was still more than 140,000 below its level in the first quarter of 2001, the historical high employment level for the state. Massachusetts has the third lowest rate of job creation in the nation since early 2001. Only Michigan, which was devastated by the deterioration in the economic fortunes of the nation's auto industry, and Louisiana, which was ravaged by Hurricane Katrina, have fared worse in job creation. The absence of net new jobs has increased the level of out-migration from the state over the past five years and increased underemployment and unemployment among resident workers. The absence of job growth has stifled labor force growth and reduced the future supply of well educated workers in the Commonwealth.

Challenge: How can the workforce development system in the state assist the economic development system in creating additional new job opportunities for state residents and filling available jobs being created by state businesses?

There are a variety of strategies that can be pursued to achieve the above objectives. First, local workforce development agencies (vocational/technical high schools, community colleges, CBO's, apprenticeship programs, and four year colleges) can provide upfront training and education to potential workers in firms seeking to locate or expand in Massachusetts. Second, these same organizations in cooperation with private sector firms can provide training to incumbent workers to upgrade their skills, raise their productivity increase wages, and promote job retention in the state. Third, existing workforce

development agencies can expand training in occupations in current shortage areas to help fill existing vacancies and increase employment in the state.

Increase the Quantity and Quality of Labor Force Participants

2. How can the workforce development system help reverse the recent decline in the state's labor force and improve both the quantity and quality of the state's current and future labor force? A combination of high levels of domestic out-migration and declining labor force attachment among a number of existing demographic subgroups has reduced the size of the resident labor force, holding down employment growth and increasing the number of unfilled job vacancies.

Problem: The total number of residents in the state's labor force has remained unchanged over the 2000-2005 period. While all other New England states experienced labor force growth of at least 4.5%, Massachusetts had the third lowest rate of growth in its labor force over the past five years.

From 2002 to 2005, the estimated number of persons in the state's resident labor force declined each year, the only state in the nation with such an unenviable record. More than 100,000 workers left Massachusetts between 2002 and 2005 to move to other states largely outside of New England, thereby reducing the available supply of workers in the state. Over the next five years, the aging of the state's workforce will lead to a rising level of retirements.

Challenge: How can the workforce development system boost the labor force attachment and employment of the members of the following key groups of residents?

- Teenagers, including high school students and out-of-school youth, especially those from central cities, low income families, race-ethnic minority groups, and dropouts. Members of this age group have experienced steep declines in their employment rates since 2000 and reduced their labor force attachment.
- Young adults 20-24 years old with no formal schooling beyond high school.
- Economically disadvantaged household heads.
- Adult males (25-64) with limited schooling (no high school diploma/ GED).
- Dislocated workers, especially those with limited schooling and those over 50 years of age, who often withdrew from the labor force after a period of unsuccessful job search.
- The state's adult disabled population, whose ranks are growing and are projected to grow at an above average rate over the coming decade due to the graying of our state's population,
- Immigrants with limited or deficient English-speaking and writing skills. The new immigrant population has prevented the state's population and labor force from declining considerably over the past six years, and it is projected to contribute all of the net change in the state's population over the coming decade. While our state does attract an above average fraction of new immigrants with college degrees, many of the new arrivals possess

either very limited or highly deficient English-speaking skills that constrain their ability to obtain access to higher skilled professional, managerial, and technical occupations in the state. Among immigrant women, limited English-speaking skills also sharply reduce their ability to actively participate in the labor force.

- Offenders need to be better re-integrated into the state's labor force to reduce recidivism and expand the pool of available workers.

Massachusetts unfortunately is no longer a national leader in the labor force participation rates of any major demographic or socioeconomic subgroup. For many groups of working-age adults, we rank in the bottom half of the state distribution of participation rates. By boosting the participation rates of each age and educational subgroup to match those of the top five to ten performing states in the country, we could dramatically expand the size of the resident labor force by anywhere from 200,000 to 300,000 workers. The state should establish a motto of No Potential Worker Left Behind and boost the ability of every working-age resident who wishes to work to make good on their desires, including those individuals currently not actively participating in the labor market.

Improve the Matching of Workers and Jobs

3. How can the workforce development system be restructured and expanded to address existing job vacancies, especially in those occupations meeting targeted skill and wage levels in a more timely and efficient manner?

Problem: The total number of available job vacancies in the state has risen over the past few years due to a combination of renewed job growth and a declining resident labor force. During 2005 there were nearly 74,000 job vacancies in the state with 16,000 of these in health care industries and 7,000 in professional and technical services industries. Preliminary evidence for the spring of 2006 suggests that there may have been more than 80,00 job openings in the state. Higher levels of vacancies represent unfilled labor demand. Filling these job vacancies from the ranks of the jobless could expand both the level of employment and real output in the state.

Challenge: The state and local workforce development system at all levels, including the use of funds recently made available under the Workforce Competitiveness Trust Fund and Connecting Activities, should work closely with the job vacancy unit in the Department of Workforce Development and the Commonwealth Corporation to guarantee that training at the local level is taking place in occupations with a suitable number of current and projected job openings to boost employment in shortage occupations. By more effectively matching jobseekers with available job openings, the number of employed residents on the payrolls of state employers can rise, thereby raising employment, real output, and earnings while simultaneously reducing unemployment.

- There is a need for state government to adequately support the existing job vacancy data collection system of the Massachusetts Department of Workforce Development and to improve existing information bases on the occupations and industries of the jobs obtained by clients of the workforce development system, including local WIA training programs, one stop career centers, welfare-to-work programs, community colleges, community-based organizations, adult basic education programs, and state registered apprenticeship programs.

Expand and More Efficiently Utilize Adult Basic Education Services

4. How can the adult basic education system and the workforce development system be better integrated to improve the efficiency of both systems? Available services under the state's adult basic education system should be expanded to meet the needs of less educated native-born adults for literacy / GED training and the needs of newer immigrants for English-as-a-Second language instruction and adult basic education. A Massachusetts Literacy Fund should be established by the Patrick/Murray administration, and legislation to permanently support these efforts should be passed. Stronger links between ABE/ESOL programs and the job market, job training programs, and community college programs should be established. There are several problems in this area.

Problems: Adults in Massachusetts without high school diplomas have very weak literacy and numeracy skills. They scored extremely poorly on the recent State Assessment of Adult Literacy with 48 per cent scoring below basic on the prose scale and 55 per cent below basic on the quantitative scale. Only 2 per cent of Massachusetts adults lacking a high school diploma were classified, as "proficient" on the prose scale and only 6 per cent were "proficient" on the quantitative scale. These adults with limited schooling, especially males, have experienced declining employment opportunities and steep drops in their real earnings since the late 1970s. They are considerably more likely to be poor / near poor, economically dependent, and disabled than their better-educated peers. Limited reading and math proficiencies also reduce the ability of high school dropouts to either gain access to job training programs or to successfully complete such programs when admitted.

The state has become increasingly dependent on new immigrants for its population and labor force growth over the past 15 years. The formal educational backgrounds and English-speaking proficiencies of these new immigrants are quite diverse. We attract an above average share of highly educated new immigrants, but a relatively high share (40%) of these new immigrants have very limited English-speaking skills that reduce their access to high skilled jobs and higher earnings' occupations.

Challenge: How can the state's workforce development system and adult basic education system work more closely together to serve a greater number of both native born adults without high school diplomas / limited literacy proficiencies and immigrants with limited schooling and English-speaking proficiencies?

How can the adult basic education system and the WIA system integrate their activities and services more closely to allow participants to move more smoothly across educational and training programs and improve employment and earnings prospects for the less educated native born and recent immigrants into the Commonwealth?

There is an important need to identify strategies for increasing the capacity utilization rates of adult basic education programs and the flexibility and timing of program services to reduce the long wait lists for programs. A strong need exists to encourage other educational agencies, workforce development programs, and employers to provide resources to expand ABL and ESOL services and to increase literacy training at the workplace to facilitate worker participation.

Restore More Broadly-Shared Prosperity Among the Commonwealth's Workers

5. How can the state's workforce development system be used to strengthen the earnings capacity of the state's low and middle income workers in the years ahead and to reduce the heightened degree of inequality in the earnings distribution?

Problem: The average (median) year-round worker in Massachusetts has experienced no gain in his real annual earnings over the past 15 years. Modest gains for women in earnings were offset by declines for men. The gaps between the annual earnings of the best and least educated workers have risen considerably in the state, and the overall degree of earnings inequality has widened substantially since the end of the 1980s. Massachusetts has become much less of a "Commonwealth" in recent years as a consequence of both rising earnings and income inequality.

Challenge: How can the state's workforce development system contribute to a restoration of more broadly-shared prosperity over the next five years? What role is there for both secondary and post-secondary educational programs, job training programs, and private employers and unions to boost the skills and knowledges of our current and future workers to enable more of them to gain access to higher paying jobs?

- How can the state's Workforce Training Fund, the Workforce Competitiveness Trust Fund innovative programs such as the Extended Care Career Ladders Initiative, and other training monies be used to increase the number of incumbent workers who can gain access to education and training opportunities to boost their occupational mobility and their future earnings? Impact evaluation of these programs are needed to guide the future funding decisions of state policymakers and program administrators.

- Funds for the ECCLI initiatives were recently cut by the Romney Administration, and the pool of monies being made available for the Competitiveness Trust Fund is falling below the \$1 for \$1 match for WTF funds that was initially proposed by the Workforce Solutions legislation. The Patrick/Murray administration should review these funding decisions immediately upon entering office.

Strengthen the Enforcement of Labor Standards in the Commonwealth

6. How can the state strengthen the enforcement of existing labor standards to protect Massachusetts workers' health, safety, and economic well-being on the job and collect tax revenues needed to fund critical state programs?

Problems

- Off the books employment appears to have grown rapidly in Massachusetts since 2000. Increasingly firms across a variety of industries treat workers who are unambiguously in employer-employee relationships as though they are independent consultants or subcontractors. Under the table, cash wage payments to day laborers in construction, landscaping and hospitality industries also have become much more common in recent years.
- The mis-classification of workers and under-reporting of wage and salaries result in a large loss in state tax revenues from income, unemployment insurance, and worker compensation taxes. Researchers at Harvard University had estimated that up to \$150 million in tax revenues was being lost simply as a result of worker mis-classification.
- Misclassification of workers across occupations on construction projects has become common by some employers in order to reduce wage payments to workers and to avoid or reduce workers' compensation insurance premiums.
- Active enforcement of wage and hour, safety and health, unemployment insurance, and other related labor market laws has been greatly diminished, reducing reported violations, fines, and other actions against violators.

Challenge: How can the Commonwealth reverse the deterioration in enforcement of fundamental labor standards in state labor markets that have undermined the institutional framework that provide the basis for a productive and safe place of work that meets wage and hours standards and provides core employee benefits?

Principle Number One: Provide Strong Executive Leadership for the State’s Workforce Development System, the Establishment of a Jobs Cabinet in the New Patrick/Murray Administration, and Strengthen Coordination among Workforce Development and Other Agencies at the State and Local Level

The strength and success of the state’s workforce development system in the future will be dependent on obtaining strong executive leadership from Governor Patrick/Lieutenant Governor Murray and key cabinet officers in the new administration. In addition, there must be considerably strengthened coordination and collaboration among key workforce development-related agencies at both the state and local levels in the near future to reduce overlap and fragmentation in the existing system and improve overall system performance. “Together we can” must serve as a motto for this collaborative effort.

To promote the visibility of the state and local workforce development systems and to signal the commitment of the administration to developing a comprehensive and effective workforce development system, Governor Patrick should take a strong leadership role on the State Workforce Investment Board. The Governor should maintain an active leadership role on the state board and restructure it to provide a much stronger role for private employers and labor representatives on this board, including vesting them with authority over the actual allocation of state workforce development monies. The state board would be charged with the responsibility for developing an overall workforce development strategy for the Commonwealth. This strategy would be built upon core principles of the Patrick/Murray administration, including more access and opportunity to jobs tied to increased economic growth. The Governor’s active involvement on the board would represent a major departure from recent practices and was believed by many professionals in the field and business representatives to be essential to maintaining a high level of commitment by other board members, especially members of the business community and organized labor.

At the same time, in order to streamline the planning, coordination, and delivery of workforce development services at the state level and to enhance the prestige of the workforce development system, it is recommended that the Governor form a Jobs Cabinet that would include the Secretaries and Commissioners of the Department of Labor and Workforce Development, Economic Development, Education, the Department of Health and Human

Services, Housing and Community Development, and the Department of Social Services. This Jobs Cabinet modeled on similar efforts in Pennsylvania and other states would be designed to coordinate state policies and service delivery among these diverse agencies to promote the workforce development agenda that cuts across a wide variety of state and local agencies. The local counterparts of each of these state department heads would be expected to be active participants on local Workforce Investment Boards across the state. The Governor and Lieutenant Governor's appearance before deliberations of the regional Workforce Investment Boards was also viewed as highly desirable to signal the importance of the state workforce development agenda to local administrators, elected officials, and WIB board members.

Measures of Victory

- The Governor assumes active leadership of the State Workforce Investment Board.
- The state WIB attracts and retains a larger number of employer and labor representatives who actively participate in board decisionmaking.
- The state WIB produces and implements a comprehensive and coordinated workforce development policy.
- The public's and employers' perception of the quality of the state and local workforce development system is improved.
- The Jobs Cabinet helps produce a larger set of workforce development programs involving multiple workforce agency funding and program operations.

Principle Number Two: Workforce Development Programs at the State and Local Level Will be More Closely Linked to Economic Development Efforts and Will Contribute to Future Job Growth and Retention in the State

Job creation is essential to the performance of the state and local workforce development system. In the absence of a sustained steady increase in the number of payroll jobs (and new firm formation), there will be few job opportunities available for the graduates of workforce development programs at all levels of the system. The steep payroll job losses in our state from early 2001 to the late winter of 2004 contributed in an important way to the high levels of out-migration of workers from the state and to depressed rates of labor force participation among teens, young adults with limited schooling, and economically disadvantaged adults.

The Task Force strongly recommends that workforce development be considered an integral part of economic development policymaking and operations at the state and local level. As one presenter noted, the SMART growth policies combined with workforce development would be “Wicked Smart Growth”.

The working group heard repeatedly from employers, labor leaders, and education and training organizations that the Commonwealth’s workforce development system should better organize its education and training efforts to respond to the skill requirements of employers. Skill shortages were highlighted in a number of occupational areas, including skilled blue collar occupations in the machine trades, power linesmen, advanced manufacturing technicians and crafts workers, as well as an array of nursing, allied health, and clinical lab technology positions in the health professions, and a variety of scientific, engineering and information technology professions. The economic prosperity of the state is increasingly dependent on our ability to produce a high quality workforce that has the skills and abilities needed by our business community to retain high quality jobs and to grow and prosper. Among the specific training areas in which occupational shortages were currently being experienced or were projected to do so in the near future due to the aging of the existing workforce and growing employment were the following.

Electrical power employers and unions representing their workers projected growing skill shortages in line worker occupations as a number of current line workers begin to retire and the need for workers rises. More than 800 job vacancies are expected to develop over the next five years in this area. The overhead electrical line worker training program is supported by NStar and Local 369 of the Utility Workers Union and is operated as a two year associate’s degree program at Bunker Hill Community College

A group of small manufacturers in the South Coast region have joined together with the local Work Force Investment Board to create a new skill upgrading program for workers in the machine trades using state funds won under a competitive bid. These companies provide matches to state funds to support the skills development of their workers.

Verizon has a wide range of skill needs in its technical and management occupations. This company has partnered with Middlesex Community College to create “The Next Step

Program” to provide skills upgrading to its workers. The program has now been expanded to other community colleges across the state.

High technology precision machining in Western Massachusetts has also experienced substantial skill shortage problems. In response the Regional Employment Board of Hamden County created a coalition of employers to work with the region’s network of vocational technical high schools to develop state of the art programs at the secondary level to respond to the skills deficit in the region. This coalition of employers has also started several evening courses for incumbent workers in such areas as blueprint reading, CNC programming and shop math.

The working group recommends that the Governor also provide support to a set of workforce development programs, that has become known as sectoral training initiatives and in the business community as 50/50 programs. They involve training for hospitals/other health care providers and for coalitions of manufacturing firms in the Greater New Bedford area, the Lower Merrimack Valley and Western Massachusetts. These are specific skills training efforts that provide a worker with skill training in occupational fields with documented skill shortages. Employers play a key role in these programs both by providing a 50 percent match in resources to the training program (hence the 50/50 reference) as well as participating in the development of the training curriculum. The outcomes of these programs are frequently quite positive with high rates of post-program employment access and substantial long term wage gains for participants.

Measures of Victory

- Workforce development and economic development agencies will be viewed as close partners over the next four years, with joint strategies and programs. A good start will be the joint participation by workforce development agencies in the Economic Development Summit proposed by the economic development working group in the early months of the new administration.
- The number of sectoral training strategies being implemented across the state over the next four years will be doubled.
- The number of graduates of workforce development programs placed in shortage occupations will increase over the next four years. Benchmark data is needed in this area before a numerical target can be set.

Principle Number Three: The State's Workforce Development System will Aim to Increase Both the Size and Quality of the Resident Labor Force Over the Next Four Years

The state's resident labor force has been stagnant over the past five years, with estimated annual declines in the size of the labor force from 2002 through 2005 and stagnation in 2006. High levels of out-migration of prime-aged, well educated workers and declining participation rates of key demographic and socioeconomic subgroups have been the key forces underlying the absence of any labor force growth in the state. A diverse array of Workforce Development strategies aimed at quite different demographic and socioeconomic groups will be needed to boost the overall labor force participation rate of state residents over the remainder of the current decade and expand opportunities for groups that have been left behind in the labor market.

Strategies for Improving Labor Force Attachment and Employability of Teens and Young Adults.

A) In-School Students, including those in Vocational/Technical Schools

- The best solution is for students to stay in high school through graduation, but well-designed efforts to increase the employment rates of teens still enrolled in school can contribute to their remaining in school, especially when these jobs involve some work-based learning and connections to school or work. There is a need to address the population at-risk of dropping out while they are still in middle school. We need to focus resources on communicating with students in the early grades what type of career paths there are and what types of training they will need to be able to be employed in those careers.

Many vocational schools have improved their reputation from the place where you go when you are a student who is academically challenged and not college bound to a place where you can continue your academic learning and develop vocational skills that will not only improve your future chances to be gainfully employed but also have the option of furthering your education.

- There is a need for the vocational/technical schools to be a recognized and connected part of the workforce development system not just the educational system. There are roughly 43,000 students enrolled in vocational education, accounting for nearly one-sixth of the high school population. Most of these schools have a waiting list. Vocational schools

combine academic and occupational knowledge and skills applied in the context of real work and life. The curriculums of vocational schools are employer demand driven. All vocational schools are required to have advisory board members for all of their course offerings. Thousands of employers are represented on the 28 vocational schools' advisory boards. This addresses a core problem of workforce development, the mismatch between the training presently available and the jobs that are available. One very common theme heard throughout the public hearings was the importance of public/private partnerships. Vocational schools consider those partnerships the foundation of their educational missions. The partnerships drive the curriculum, the budgetary process, and they measure the success rate as to whether these schools have served the students well. We heard in testimony, as well as in the media recently, that high school dropout rates at many schools are deplorable. However, that is not the case with many vocational schools. Diman Vocational Technical School's annual dropout rate was estimated to be 2.8% versus the dropout rate of 10% at the comprehensive large urban high school in Fall River, the third highest in the state. One important reason is that a vocational school bridges the gap between what is learned in the classroom to the work environment in addition to developing "soft skills" such as a work ethic and personal grooming that employers often find lacking in the general teenage population. This sentiment was also shared during the public meetings.

- There appears to be a need to provide financial support for authentic, performance based competency assessments of vocational technical school students. A consistent theme that we heard in the public meetings was that there seems to not be in place a comprehensive method of evaluating the workforce training presently being offered by hundreds of vendors. Vocational schools have been addressing this issue for several years by developing a comprehensive list of competencies (COP- Certificate of Occupational Proficiency) that a student must demonstrate through successful completion of both written and work performance standards. This new requirement will be phased in over the next few years. More funds are needed to complete this initiative. These competencies were developed with the assistance of national licensing and certificate programs as well as employers.

- There is a need to boost both in-school and summer employment rates of high school students, especially among low income and minority youth who are employed at only half the rates of their more affluent counterparts. Use of the Connecting Activities monies provided by the state legislature to hire career specialists to promote the hiring of students is a desirable step. The expansion of subsidized summer opportunities for students, especially economically disadvantaged youth, was also seen as important. Each state agency should set aside some monies for the hiring of teenagers during the summer months as a state commitment to the employment of teens. Some individuals proposed the use of state tax credits for firms that employ teenagers to encourage additional hiring of these youth.

Key Measures of Victory

- A 10 percentage point increase in the employment rate of high school students over the next five years.
- Increase graduation rates for high school students by expanding enrollments in school-to-career and vocational technical programs
- Successful completions of the COP exams by vocational technical students
- Continued positive placements of vocational/technical graduates in industry with salaries reflecting training and co-op experiences.
- Increased articulation agreements between local community colleges and vocational/technical schools that provide high school students with additional education/training.

B) Expanding Employment of Out-of-School, Jobless Young Adults Ages 16 to 24 Years Old

Young adults who have left high school without a diploma or who obtained a diploma but lack the key foundation skills for employment need well defined pathways to reconnect with education and employment as soon as they become ready and able to take advantage of such opportunities. There are approximately 90,000 young people in the state today who fit this description, of whom 46,000 were dropouts without GED's and another 44,000 who had a diploma but were jobless.

In most cases, the dropout youth need a full-time program that allows them to complete their secondary education and gain real job skills in a caring and supportive context with case management and a positive peer group. These programs should be linked to community colleges and employers. Ideally, they would provide training in life skills, leadership skills, civic engagement, and opportunities for community service.

Measures of Victory for Out-of-School Jobless Young Adults

- Within five years, reconnect 50% of the approximately 90,000 young dropouts and jobless out-of-school youth with a diploma/GED in the state to either jobs or educational opportunities.
- The Commonwealth will establish a central locus of responsibility for coordinating employment/education/training activities for out-of-school 16-24 year olds across the state and documenting positive schooling/employment outcomes.
- The Governor will use his influence to urge Mayors and town leaders to assign a locus of responsibility – local administrators or commissioners to take responsibility for identifying and reconnecting high school dropouts locally, encouraging and coordinating local efforts. Competitive funds can be provided for innovative, effective, and/or coordinates efforts at the local level to reconnect the youth to jobs or education with the cooperation of schools, community-based organizations, local unions, and employers.

C) Policies to Strengthen the Employment and Earnings of the Heads of Economically Disadvantaged Families

There has been no sustained progress in reducing the number of non-elderly families that are poor/near poor or low income in our state since the end of the 1980s. Labor force attachment and employment rates among the heads of poor/near poor families in our state have been quite low in recent years. In 2004, only 41% of the heads of these families were working in Massachusetts versus 49% of their peers across the country. Our state ranked 45th among the 50 states on this core employment measure.

There is a clear need for a more coordinated approach among workforce development agencies and the Department of Transitional Assistance to boost the employment rates and earnings of the heads of these economically disadvantaged and welfare dependent families and to

help lower the share of the state's families that are economically disadvantaged. A comprehensive and integrated set of education, training, job placement, and work support programs (child care, transportation) will be needed to achieve this objective.

Measure of Victory

- Reduce the incidence of poverty/near poverty problems among non-elderly Massachusetts families by at least 20 per cent over the next four years.
- Increase the employment rate among poor/near poor family heads to at least 50% over the next four years. The employment rate for this group should at least match the national average.

D) Policies to Boost the Employment Rates of the State's Disabled Population

There were early 510,000 adults (16-74 years old) in our state who reported a physical or mental disability of some type in 2004. Of this group, only 36 of every 100 were either working or actively looking for work, a participation rate that was 15th lowest among the 50 states. Due to very high unemployment rates (15-16%), only 30 of every 100 disabled adults in our state were working in 2003-2004, with employment rates of the disabled being strongly associated with their level of educational attainment. Problems of joblessness among the disabled are frequently linked to problems of poverty/near poverty. Nearly 30 per cent of all poor/near poor adults in Massachusetts in 2004 were disabled, and among those 50 and older nearly one-half of the poor/near poor population were also disabled.

Given the projected sharp rise in the number of older disabled adults (55-74) in the state over the next 10 years due to the graying of the post-World War II baby boom generation, there is a need for the state to significantly expand the level of workforce development services for the state's disabled population, ranging from disabled teens and young adults to disabled adults 55-74. Promoting the employability of the disabled would help boost the labor force of the state, reduce poverty/near poverty problems, and increase state and federal tax revenues.

Measures of Victory

- Raise the visibility of the state's disabled population as a key target group for workforce development services.

- Expand the number of disabled adults receiving services from One-Stop Career Centers, WIA and WTF job training programs, vocational rehabilitation agencies, and community colleges by at least 20 per cent over the next four years.
- Increase the employment rate of the disabled adult population by at least 5 percentage points or 26,000 over the next 5 years.

Principle Number Four: **Making Massachusetts a Learning Commonwealth and Establishing a Mass. Literacy Fund to Expand Adult Basic Education Services**

The Commonwealth should undertake an immediate, highly visible, comprehensive effort to address the basic skill deficits, educational deficits (lack of high school diplomas/GEDs), and English-speaking, reading and writing deficits of native-born and immigrant workers. The limited schooling and literacy/numeracy proficiencies of these persons reduce their employability, their access to training opportunities both on and off the job, their promotion potential, their ability to obtain high skilled jobs, and their weekly wages and annual earnings. This group of adults is being left further and further behind in the labor market and in civic involvement, and they reduce our state's economic competitiveness and productivity.

During the public hearings and numerous meetings with education, workforce development, employer, organized labor, and community based groups, one of the most frequently cited recommendations was to expand adult basic education and ESL services to adults and to sharply reduce the waiting lists and wait times for such critical services. In recent years, the state legislature has provided additional funds for an expansion of such services including provisions in the recently enacted Workforce Solutions Act. In addition to expanding the volume of existing ABE and ESL services, many of the individuals and groups providing testimony on this issue called for more workplace based literacy programs to tie instruction more closely to functional job requirements and to facilitate the ability of full-time workers to participate in such activities at or near the work site. Closer ties between ABE/ESL programs and the workforce development/community college system were also recommended to boost enrollments of ABE/ESL participants in such programs and to enhance their ability to secure employment.

The overall need for ABE and ESL services in the Commonwealth remains quite high. Recent estimates of the universe of need for such services by the Center for Labor Market Studies indicate that between 1.2 and 1.5 million non-elderly adults (18-65, not enrolled in school) either lack a high school diploma/GED, have limited to highly deficient English speaking skills, or limited reading comprehension/numeracy skills as measured by the recent State Assessment of Adult Literacy Skills in 2004. Findings of this assessment also need to be more widely disseminated to state and local policy makers and to key actors in the educational and workforce development systems across the Commonwealth. While official counts of ABE and ESL enrollments have risen in recent years, the numbers of enrollees barely keep pace with the annual flow of new entrants into the universe of need as measured by the annual number of new high school dropouts from public schools across the state and the arrival of new foreign immigrants with either limited educational attainment or deficient English-speaking abilities (31,000).

In order to make a substantive dent in the existing pool of individuals comprising the universe of need, a major expansion of opportunities for residents to improve their literacy/numeracy proficiencies, English-speaking and writing skills, and their basic educational credentials needs to be undertaken. The Governor/Lieutenant Governor can play a key leadership role in promoting the state as a Learning Commonwealth that provides lifelong opportunities to acquire the basic literacy, numeracy, and/or English-speaking proficiencies needed for success in the labor market, the educational world, and civic life. The state should establish a Mass Literacy Fund, doubling the current level of federal and state monies devoted to ABE/ELS services and the Governor should seek additional funding from private foundations and private businesses to achieve such an expansion of services. The Governor also should call on all key actors in this field, including public/ private post-secondary education and training institutions, vocational-technical high schools, private and public employers, labor unions, and citizens to contribute to this effort by volunteering space, equipment, instructors, teaching aides, and adult mentors to expand the delivery of adult basic education, literacy/numeracy training, and ESL to all residents desiring such services across the Commonwealth.

Key Measures of Victory

- A substantial increase in the number of out-of-school youth and adults receiving adult basic education and ESL services during a year, achieving at least a doubling in enrollments in such programs.
- A doubling to \$100 million of the existing federal/state budget for ABE and ESL services
- A major reduction if not the elimination of the waiting lists for such services in the state. Some representatives from the ABE network thought that a reduction in the wait lists might be an inappropriate measure of success since an enriched/expanded network of ABE/ESL services could attract many more applicants, thereby keeping wait lists high.
- The long run goal should be a substantive reduction in the universe of need for basic educational services (GED), adult basic education, and English as a Second Language services due to sustained improvements in the educational outcomes and literacy proficiencies of Massachusetts residents.

Principle Number Five: A More Efficient Matching of Available Jobseekers with Job Vacancies Should be achieved to Reduce Shortage Occupations and Expand Employment Opportunities for Residents

The state and local workforce development system should aim to improve existing matches between available job vacancies and unemployed/underemployed jobseekers. Over the past few years, the estimated number of job vacancies in the state has increased to over 80,000, with a high fraction of these jobs in the professional, managerial, technical and high level sales occupations and skilled production positions. Matching available jobseekers with these vacant positions would help boost overall employment levels, raise real output levels, and reduce unemployment and underemployment problems.

A number of the individuals and groups providing public testimony to the task force or position papers advocated for more training in shortage occupations and industries. Among the proposed strategies to achieve these desired objectives were an expansion of funds for local WIBS to provide more Individual Training Accounts for jobseekers in the One Stops, an increase in training efforts for out-of-school youth and adults in the state's vocational-technical schools in the evenings and weekends, an expansion of existing sectoral training strategies targeted at

critical industries or occupations at the local level, involving collaborations of firms and a wide array of workforce development agencies, and new career ladder initiatives such as the Extended Care Career Ladders Initiative in the health care industry. Upgrading of incumbent workers to fill more skilled positions in these firms is a desirable way to address current and impending occupational shortages in state and local labor markets. The newly enacted Workforce Solutions legislation also provides funding for a Workforce Competitiveness Trust Fund that could be aimed at in large part providing training in occupations in shortage. It is proposed that the funding levels for this program be increased to the maximum legislated level to provide a wider test of new initiatives in this area. Testimony provided to the Task Force cited a number of occupational areas in which training should be provided including professional nursing, clinical lab technologists, electrical power line men, and advanced manufacturing occupations in defense related industries.

The planning and design of training programs for occupational shortages is dependent upon timely and statically reliable data on current and projected job openings by occupation in the state and in local labor markets. In recent years, the Massachusetts Department of Workforce Development has provided funding for a semiannual statewide job vacancy survey that collects data on job openings by occupation and industry from a sample of nearly 6,000 employers. This information base has been and is being used to identify occupational areas in shortage that are suitable for training with public workforce development monies. The incoming administration should give serious consideration to providing a stable and expanded base of funding for the job vacancy unit that has operated on a financial shoestring. The number of firms in the vacancy sample should be expanded to allow more reliable estimates to be made of vacancies in individual occupations and industries and to produce more geographic data at the WIB service delivery area. There also is a need for a quicker turnaround of the job vacancy estimates from collection to dissemination to state and local workforce development agencies. Labor market research into the factors contributing to shortages in occupations and industries needs to be supported, and careful evaluation of the success of training programs in addressing these shortages should be conducted.

Key Measures of Victory

- A substantive increase in the number of state residents being trained and successfully placed in shortage occupations.
- A reduction in job vacancy rates in critical industries and occupations over the next four years as a result of improved matching of workers with available job openings.
- More available data on the short and long-run outcomes of these training investments and estimates of the social rate of return for these current training investments.

Principle Number Six: Strengthen the Capacity and Role of Community-based Organizations as a Key Part of the Workforce Delivery System

Community based organizations (CBOs), including Community Action Agencies, are important contributors to the state's workforce development system. These organizations in local communities, often staffed by people from the communities, provide a comprehensive array of services and opportunities. CBOs have a special understanding of specific community needs and strengths.

CBOs tend to provide personalized support over time, a case management approach, and a variety of services in addition to job training and ABE/ESOL, including resources such as child care, fuel assistance, and emergency assistance.

The role of these providers should be recognized in the composition of decision-making bodies related to the workforce development system and in funding decisions. The primary need is increased funding and a system for delivering those funds that is flexible enough to support a variety of program designs geared for different population groups and levels of need, with outcome targets appropriately geared to the level of need.

Key Measures of Victory

- (i) Local WIBs and Career Centers should compile and maintain a data base on community-based organizations in their service areas and initiate outreach to those agencies by visiting them and offering information and intake services to clients in their own sites.
- (ii) Community-based organizations with established ABE/ESOL or job training programs, including relationships with employers, should be encouraged to work with smaller or less-

experienced CBOs to upgrade their capacity. These capacity-building relationships should include program design and operation, administrative structures and practices, fund-raising, information systems and all aspects of organizational capacity.

- (iii) Ongoing collaborations among CBOS should be encouraged among agencies providing complementary services and resources, such as those operating an ESOL program, a GED program, a community health center, a job training program, a career center and a community college. Such groups would offer a continuum of services leading to occupational certificates and AA degrees, with multiple entry and exit points.

Principle Number Seven: Achieving Fuller Compliance by Employers with Labor Standards to Improve Wages and Working Conditions of Massachusetts Workers

The newly elected Governor must commit his administration to restoring economic justice for all workers in the Commonwealth of Massachusetts. He must call on every employer who does business in Massachusetts, including the Commonwealth and its municipalities, to strive for world class industrial relations with their employees and their unions. This pledge is essential to not only the Commonwealth's workers but also to its law-abiding employers.

In order to fulfill this commitment, it is vital that all appointees to posts that are entrusted with the preservation of our labor laws be fully dedicated to preserving the rights of workers in our Commonwealth. The state government must allocate appropriate resources to guarantee that these principles can be carried out.

The executive branch must ensure strict adherence to current wage and hour laws. It must make certain that all employers firmly and fully comply with lawful hiring practices especially as it pertains to the misclassification of workers as independent contractors and the exploitation of illegal immigrants. All agencies and departments must vigorously and proactively pursue employers who break these laws and work cooperatively with the Massachusetts Attorney General's office to enforce these laws. Meaningful penalties such as fines stop-work orders, and debarment, must be imposed when employers knowingly and willingly violate the laws.

Occupational health and safety is a fundamental component of Workforce Development in the Commonwealth. The Governor's office must be a champion of the occupational health and safety of all workers, including public employees. A safe workplace is obviously crucial for the

worker. It is just as necessary for the employer who wishes to be competitive by increasing productivity and reducing costs such as worker compensation claims.

Key Measures of Victory

- A substantive reduction in the number of violations of labor standards.
- A reduction in the number of deaths and injuries on the job.
- An increase in fines collected from violations of labor laws. Monies would be used to support new workforce development initiatives.

Principle Number Eight: Improve the ability of the entire workforce development system to systematically track the numbers/ characteristics of program enrollees, services provided to participants, and short and long-run program outcomes, and to evaluate program impacts and their cost-effectiveness.

Resource allocation decisions for workforce development monies at the state and local level are dependent on the availability of timely; statistically reliable, and uniform data across programs on their operations, services, and outcomes for individual participants and employers. Knowledge of the impacts of these human capital investments on the longer-term employment and earnings of participants and the competitiveness of businesses is crucial to identifying whether the investments are providing a worthwhile economic return to society.

There are a variety of improvements that can be made to the state's current management information systems and outcome measurement systems for workforce development programs. The recently appointed Workforce Accountability Task Force will also study some of these performance-measurement issues in the coming year. Among the key recommendations that we would offer are the following:

- Develop a centralized state reporting unit that will collect selected information from all workforce development programs on the numbers and characteristics of those served during a given year. Some key programs, including the Workforce Training Fund, do not collect micro-records on individuals served by incumbent worker training programs. A number of the individuals testifying at our public hearings and providing white papers noted the deficiencies in existing MIS systems in reporting information on the numbers of out-of-school youth, immigrants, high school dropouts, disabled, or older workers

(55+) served by particular workforce development programs. The state needs to be able to track yearly progress in serving both numbers and characteristics of youth and adults in our workforce development programs.

- Institute procedures to guarantee uniform reporting of enrollment, services, and outcomes from the one stop career centers and other workforce development programs across the state. The lack of uniformity in data collection and reporting substantially reduces the ability to use the existing information systems for comparing performance across centers.
- Support existing work to produce a common set of performance measures across programs, especially GED/ diploma attainment, placements into unsubsidized jobs, wages and earnings of jobs, apprenticeship training programs, other training programs, and post-secondary educational programs.
- Improve the quality of the collection of data on the occupational characteristics and industries of the jobs obtained by individuals exiting from the workforce development system at the local and state level. Knowledge of the numbers of job placements by detailed occupation and industry is essential to a determination of how well existing programs are addressing the job needs in occupational shortage areas and in “critical industries” at the local and state level.
- Increase substantially the use of unemployment insurance (UI) wage records of the Department of Revenue for tracking the short-term and long-run employment and earnings experiences of individuals terminating from workforce development programs. These UI wage records have been used to track post-program employment and earnings outcomes for graduates from WIA training programs, some one stop career centers, school-to-career programs, and adult basic education programs. The collection of accurate and complete information on the Social Security numbers of program enrollees is critical to the use of the UI wage records for accurate post-program reporting of labor market outcomes on individuals from all workforce development programs. The Department of Revenue and the Department of Career Services need to agree on policy guidelines and procedures for the use of wage record reports within the Workforce Development System.

- There is a critical need for improving our knowledge base on the economic impacts of workforce development programs in the Commonwealth. A few impact evaluations of job training programs for disadvantaged adults and for disabled workers have been conducted by the Commonwealth Corporation in recent years using a set of quasi-experimental evaluation designs. An outcome evaluation of the performance of the Workforce Training Fund is now being completed. There is a clear need for a more comprehensive set of impact evaluations of a wider array of workforce development programs in our state. Findings of these impact evaluations are needed to guide future investment decisions for workforce development programs at the state and local level. The Governor, the state legislature, local workforce investment administrators, and the tax paying public need to be informed of the economic worthwhileness of the investments that are being made in the workforce development system.