

A REPORT FROM THE FIELD:

**WORKFORCE STAKEHOLDERS
ON THE
LOCAL IMPACT OF FEDERAL POLICIES**

December 2001

EXECUTIVE SUMMARY

This *Report from the Field* is the product of meetings and conversations conducted by the Workforce Alliance with a wide range of local workforce development stakeholders: business leaders, training providers, (including community-based organizations, union affiliates, and community colleges), and public- and private-sector agencies that connect employers and workers through local workforce development systems.

These local leaders were asked how their efforts to develop workers for skilled occupations in their city / region were or were not being supported by current federal welfare, workforce and higher education policies: including the *Temporary Assistance for Needy Families (TANF)* welfare program, the *Workforce Investment Act (WIA)*, and financial aid for workers under the *Higher Education Act (HEA)*. The Alliance also sought recommendations for improvements to these national policies, so they might become more useful at the local level.

TODAY’S LABOR MARKET: NEW AND RAPIDLY EVOLVING CHALLENGES

Surveyed employers, trainers and intermediaries all recounted the growing challenges they face in keeping pace with local industry demands, changes in skills requirements, and the widening skills gaps between the baseline abilities of currently available workers and what is now required to succeed even in entry-level jobs. All of this has made workforce development a far more difficult task than it was even a decade ago.

There were many interviewed practitioners who had developed effective strategies for addressing these new challenges: e.g., fostering new partnerships within specific industries to pursue long-term strategies addressing both worker and business needs, or combining occupational and basic skills training so new workers can get “good first jobs.” Unfortunately, employers and trainers noted that the level of investment and the length of time required to implement such strategies were increasingly difficult to support under current federal welfare and workforce programs. Federal investments in skills seemed to be declining—even in the face of mounting demand for skilled workers, the impending expiration of welfare benefits for adults not yet attached to the workforce, and the growing number of layoffs that have raised the demand for training services.

IMMEDIATE STEPS TOWARD A MORE EFFECTIVE SYSTEM

The surveyed local leaders felt they could rise to these market challenges—if they were able to build upon some of their already tested skills-based strategies. However, that would require some immediate changes within current federal workforce, welfare and higher education policies. Respondents had a number of suggestions for such policy changes, including:

Increase the federal investment in skills. Federal spending on skills training under welfare, workforce and higher education programs must increase if stakeholders are to have any chance of closing the skills gaps in their local economies, and of making local businesses more competitive in the global market. This was a recurring theme throughout all of the Alliance’s discussions with leaders from both the private and public sectors.

Free up more resources for training by decreasing restrictions and unfunded mandates. Respondents noted that even under current funding levels, there are “new” resources that could be allocated to worker training—if the federal government would only relax some current program restrictions, and make reporting and performance requirements more equitable across different types of workers. For example, the training of low-income job-seekers has become particularly costly when compared to services offered to other workers, because new federal mandates have required these training providers to shift an inordinate amount of dollars away from training delivery in order to pay for new administrative and reporting expenses—resulting in a *de facto* reduction in training dollars available for poor adults. Similarly, certain elements of WIA implementation (e.g., new One-Stop Career Centers, new labor market information systems, new reporting systems) have consumed a great deal of resources that had previously been devoted to training under prior federal workforce development programs.

Support alternative “labor market intermediaries.” As a supplement to One-Stop Centers, which are supposed to serve a wide range of workers and businesses across all of a region’s industries, some discussants noted the potential they saw for federal investments in *industry-specific* labor-market intermediaries developed by employers and trainers in those sectors. Only recently has the federal government considered supporting the development of such initiatives.

Improve federal supports for employer investments in training. New private resources could be leveraged for the development of American workers, particularly those on the lower rungs of the labor market. However, leveraging these investments will require more effective federal incentives than those currently offered to employers. Current incentives typically focus on time-limited tax-credits for the initial hire of particular types of job-seekers, rather than leveraging ongoing employer investments in training and upgrading for a range of workers.

Set higher standards for system performance that focus on worker self-sufficiency. Surveyed employers, trainers and public officials identified a common interest in workers gaining enough skills to both increase their value to local employers and improve their ability to support themselves and their families. Respondents emphasized that worker “self-sufficiency” should be a primary goal of all federal welfare, workforce and higher education programs, as opposed to shorter-term goals like caseload reduction or initial workforce entry.

Don’t exclude certain job-seekers from skill-based strategies. Similarly, respondents expressed concerns about the strict “work first” mandates under federal welfare reform

that have categorically excluded many low-income workers from any sort of occupational training—even when such training was connected to a real employer and a real job. Participants also noted that federal programs, such as Pell Grants and other financial aid, were not structured to meet the needs of many working parents who want to access additional education and training in order to raise their household incomes.

Allow local innovation and effective practices to flourish. Trainers and local officials also expressed frustration with federal dictates requiring or prohibiting certain workforce development strategies and systems. Rather than being able to focus their energies on expanding already proven local strategies, such federal requirements force local leaders to expend their energy trying to make these federal directives fit local conditions. Stakeholders generally applauded federal programs’ new emphasis on “performance”—particularly around worker retention and earnings gains—as a step in the right direction, but these practitioners noted they would rather be rewarded for the achievement of such *outcomes*, rather than for their ability to implement federally dictated *strategies or systems* that may not ultimately serve local businesses or workers.

Offer more federal guidance in some areas of implementation. At the same time, in those cases in which there are federal requirements—or, conversely, in which there are options for local innovation within existing federal programs—federal officials need to be more proactive in informing local leaders about what their options are.

Be patient as locals figure this out. Finally, if workforce policies like WIA are truly “devolutionary,” then federal officials should affirm, rather than penalize, local planners who take the time to analyze their local markets thoroughly and develop comprehensive plans that will meet local needs over the long-term. Current justifications by some in Washington for cutting workforce development funding – including that the funds are being spent too slowly – seem to be driven more by an emphasis on spending federal dollars *quickly*, than on spending them *well*.

CREATING A “CONTINUUM” OF ONGOING WORKFORCE DEVELOPMENT

Most of the above recommendations called for changes that could be undertaken immediately by national policymakers within the structure of current federal welfare, workforce and higher education policies.

However, surveyed trainers, employers and intermediaries observed that the creation of a *comprehensive national workforce development strategy*—one that seamlessly supports the continued advancement of all workers’ skills and productivity in response to changing global market demands—will require a larger restructuring of existing systems with increased integration across a number of federal agencies (e.g., DOL; HHS; Education, and HUD). While respondents did not propose a framework for such macro-structural change, local practitioners did feel they would have much to offer to a national discussion about such issues with federal policymakers.

ACKNOWLEDGEMENTS

This *Report from the Field* is the product of meetings, interviews and written comments solicited over the winter and spring of 2001 from local workforce development stakeholders across 17 states. Those discussions yielded a wealth of material, the details of which are only touched upon in this document. The Workforce Alliance plans to release some of this additional data, and to include the perspectives of other “local experts” from across the country in future reports.

The Alliance particularly wants to thank the local organizations that sponsored meetings of workforce development stakeholders in their respective cities, including: the *Chicago Jobs Council* and the *John D. and Catherine T. MacArthur Foundation* (Chicago, IL); the *Boston Workforce Development Coalition*, the *Massachusetts Workforce Alliance*, and the *Boston Foundation* (Boston, MA); the *Affirmative Options Coalition* (Minneapolis/St. Paul, MN); the *New York City Employment and Training Coalition* and the *New York Community Trust* (New York, NY); the *Good Faith Fund* (Pine Bluff, AR); and the *Greater Cleveland Growth Association* and *WIRE-Net* (Cleveland, OH).

The Workforce Alliance also gratefully acknowledges the following individuals who contributed their time and valuable input to this report. Their listing as a contributor does not imply their formal endorsement of the contents of this document.

Arkansas

Arkansas Department of Human Services, *Steve Stillwell*
Arkansas Dept. of Workforce Education, Adult Education Section, *Emily Barrier*
Arkansas Department of Workforce Education, *Steve Franks*
Arkansas Workforce Investment Board, *Linda Beene*
Good Faith Fund, *Angela Duran, Amy Horst, Mike Leach & Penny Penrose*
Industry Partners, *Tipi Word*
Riceland Food, Inc., *Leo Gingras*

Arizona

Primavera Services, *Karin Uhlich*

California

SF Works, *Theresa Feeley*
Working Partnerships USA, *Van Parrish*

Georgia

Atlanta Urban League, *John Bray*

Illinois

Chicago Jobs Council, *Rose Karasti, Whitney Smith & Bob Wordlaw*

Chicago Manufacturing Institute (CMI), *Ric Gudell*
Chicago Workforce Board, *Linda Kaiser*
City Colleges of Chicago, *Nancy Bellew*
Council for Adult Experiential Learning, *Judith Kossy*
I.C. Stars, *Leslie Beller*
Jane Addams Resource Corporation, *Margaret Haywood*
John D. and Catherine T. MacArthur Foundation, *Debra Schwartz & Spruiell White*
North Lawndale Employment Network, *Brenda Palms-Barber*
STRIVE, *Sylvia Benson & Ericka Dudley*
STRIVE- National, *Rob Carmona & Steve Redfield*
University of Illinois at Chicago's Great Cities Institute, *Davis Jenkins*
World Business Chicago, *Paul O'Connor*

Indiana

Training, Inc. National Association, *Martha Miles*

Massachusetts

Annie E. Casey Foundation- Boston, *Gloria Cross Mwase*
Boston Foundation, *Angel Bermudez & Michelle Pearson Riley*
Boston Private Industry Council, *Rebekah Lashman*
Boston Workforce Development Coalition, *Joseph Andrews & Valina Jackson*
CEDAC, *Mike Gondek*
EDIC, *Jack Clark*
Greater Boston YMCA Training, Inc., *Elsa Bengel*
Hyams Foundation, *Henry Allen & Cathy Chao*
Jamaica Plain Neighborhood Development Corp., *Sarah Griffen*
Jobs for the Future, *Jerry Rubin*
Judith Lorei, consultant
Mass AFL-CIO, *Harneen Chernow*
Mass Extended Care Federation, *Carolyn Blanks*
Massachusetts Workforce Alliance, *Geoff Beane*
Mellon Bank, *Sarah Allen*
Metro SouthWest Workforce Investment Board, *Sylvia Beville*
Mt. Auburn Associates, *Peter Kwass*
Women's Educational and Industrial Union, *Laura Russell*

Minnesota

Abbott-Northwestern Hospital, *Mary Rosenthal*
Affirmative Options Coalition, *Jason Walsh*
Dakota County Workforce Services, *Helen Dahlberg*
Employment Action Center, *Debbie Atterberry*
Governors Workforce Council, *Luke Weisberg*
Greater Minneapolis Chamber of Commerce, *Denise Stephens*
HIRED, *Jane Samargia*
Minnesota JOBS NOW Coalition, *Kristine Jacobs*
Project for Pride In Living, *Jim Scheibel*
Quality Career Services (UAW), *Joe Crowe*
Teamsters Service Bureau, *Jean Dunn*

New Hampshire

New Hampshire Community Loan Fund, *Paul Bradley & Rebecca Hutchinson*

Quality Care Partners, *Jeanne Karr & Walter Phinney*

New Jersey

Training Inc., *Essex County College, Mitra Choudhury & Elvy Viera*,

New York

Bernard F. and Alva B. Gimbel Foundation, *Leslie Gimbel*
Brooklyn Chamber of Commerce, *Mark Kessler, Zenoba Marion & Mike Rosenthal*
Center for an Urban Future, *Neil Kleiman*
Chase Manhattan, *Greg King*
Church Ave Merchants and Business Association, *Kathy Masters*
CUNY, *John Mogulescu*
Cooperative Home Care Associates, *Faith Wiggins*
Deutsche Bank, *Mike Hickey*
Garment Industry Development Corporation, *Linda Dworak*
Goodwill Industries, *Roop Persaud*
Bret Halverson, consultant
LaGuardia Community College, *Judy McGaughey*
Liz Claiborne Foundation, *Melanie Lyons*
Marriott Corp., *George Nitm*
New York Association of Training and Employment Professionals, *John Twomey*
New York City Employment and Training Coalition, *Ann Marie Dusek & Bonnie Potter*
New York City Partnership, *Linda Nelson*
New York City Workforce Investment Board, *Stuart Saft*
New York Community Trust, *Pat Jenny*
Opportunity for a Better Tomorrow, *Sister Mary Franciscus*
Paraprofessional Healthcare Institute, *Steve Dawson*
Public / Private Ventures, *Sheila Maguire*
Queens Overall Economic Development Corporation, *Marie Nahikian*
Rockefeller Foundation, *Betsy Biemann*
STRIVE, *Rob Carmona*
Tiger Foundation, *Megan Coles*
United Way, *Lizette Nieves*
Women's Housing and Economic Development Corporation, *Nancy Bieberman*
YWCA-New York City, *Rae Linefsky*

Ohio

CAMP, Inc., *Fatima Weathers*,
Carter Exterminating, *John Carter*
Center for Employment Training, *Mary LaPorte*
Cleveland Foundation, *Jay Talbot*
Cleveland Metropolitan Housing Authority, *Cynthia Beard & Joyce Daniels*
Cleveland Municipal School District, *Jacqueline DuPree*
Cleveland Works, *Ed Francis*
Cuyahoga Community College, *Susan Muha*
Cuyahoga County Commissioners Office, *Bette Meyer*
Cuyahoga County Workforce Development, *Don Singer*
Federation for Community Planning, *John Corlett & David Ellis*
Greater Cleveland Growth Association, *Dan Berry, George Coulter, Earnest Johnson*
IMRglobal-ORION, *Lou Primozik*
Jan Bullard, consultant
KnowledgeWorks Foundation, *Brett Visger*

Precision Metalforming Association, *Charlie Brinkman*
Salvation Army, *Phil Mason*
Shorebank Enterprise Group, *Yvonne Jeans*
Staffing Solutions Enterprises, *Carmella Calta*
Summers Rubber Company, *Mike Summers*
Towards Employment, *Walter Ginn*
United Labor Agency, *Dave Megenhardt*
United Way Services, *Deborah Beckwith*
Vocational Guidance Services, *Mick Latkovich*
WIRE-Net, *John Colm & Joan Cook*
Zagar, Inc., *Will Hanigan*,

Oregon

Mt. Hood Community College, *Kim Freeman*

Pennsylvania

Keystone Research Center, *Steve Herzenberg*
PhAME, *Antonio Gallardo*
Philadelphia Workforce Development Corporation, *Patrick Clancey*
Regional Workforce Partnership, *Fred Dedrick*
Universal Center for Employment Training, *Lovell Harmon*
Women's Association for Women's Alternatives, *Eduardo Garcia & Carol Goertzel*

Texas

Project QUEST, *Mary Pena*

Washington

Seattle Office of Economic Development, *Mark McDermott*
Shoreline Community College, *Holly Moore*

Wisconsin

Wisconsin Regional Training Partnership, *Eric Parker*



The Workforce Alliance produced this report with the generous financial support of the **Annie E. Casey Foundation**, the **Ford Foundation**, the **John D. and Catherine T. MacArthur Foundation**, and the **Charles Stewart Mott Foundation**.

INTRODUCTION

The Workforce Alliance is an emerging network of local workforce development stakeholders—business leaders, training providers, and public- and private-sector intermediaries—focused on improving national policies that could help all Americans gain the necessary skills to advance in the labor market, better support their families, and bring real value to local businesses.

During the winter and spring of 2001, the Alliance began talking to representatives of these various stakeholder groups in cities across the country to assess how they feel about the current state of federal welfare, workforce and higher education policies, and to solicit practical ideas for improving federal initiatives like the Temporary Assistance for Need Families (TANF) program, the Workforce Investment Act (WIA), and the Higher Education Act (HEA).

This report summarizes the many concerns raised in these discussions. While emphasis varied from city to city and among the different stakeholder groups, the themes that emerged proved remarkably consistent from conversation to conversation. The following document reviews these themes, and provides some recommendations from these experts in the field about how federal policies could be enhanced to better support local workforce development efforts.

TODAY'S LABOR MARKET: NEW AND RAPIDLY EVOLVING CHALLENGES

Workforce development stakeholders throughout the surveyed cities talked repeatedly about the immense new challenges they are now confronting. Employers are seeking more highly-skilled workers to fill even entry-level positions, while, particularly in urban areas, the supply of skilled workers is declining. Developing the skills of entry-level workers has become more essential, yet far more complicated, than it was even ten years ago.

The “new economy”

Both training providers and employers reported grappling with rapid and widespread changes in today's labor market. Job categories are evolving constantly: many exist today that didn't exist even five years ago, and many more will emerge in the coming five years and beyond. Once created, jobs continue to evolve and increase in skills requirements. As a result, the skills required to succeed in today's economy are greater than ever at all levels of the job market.

Surveyed manufacturing employers in Cleveland, for example, talked to the Alliance at length about how few low-skill jobs currently exist in their shops as compared to a decade ago. For these employers, “entry-level” now means having a year or more of job-specific skills training. Hence, these businesses are experiencing widespread shortages of skilled labor not only for entry-level positions, but at every other level beyond that, since there are few people skilled enough to promote.

In other industries, there is a large pool of truly low-skill jobs accessible to less experienced workers, like those transitioning off of public assistance. However, most of these jobs offer low pay and few benefits. Moreover, even those employers in these lower-paying industries who want to help entry-level workers to advance to better paying jobs are at a loss as to how to do so. For example, surveyed healthcare employers in St. Paul, New York City and Boston related that they are struggling with connecting their paraprofessional workers to the next rung in the healthcare career ladder, which has traditionally been a nursing position that requires a post-secondary degree. These employers are trying to create intermediate rungs on career-ladders, reachable by current entry-level employees with basic skills too limited to enroll in a college program. However, that ladder-building will require a significant, long-term investment that many in their industry will not be able to make without significant public support. A case in point is the state of Massachusetts, which has initiated a pilot demonstration to help nursing homes to create career ladders for their direct care workers. If this program is to have a long-term and widespread impact, more federal support for its efforts still is needed.

The new economy poses a range of unprecedented challenges for America's workers. Lower-income workers must continuously upgrade their skills to remain qualified for

living-wage jobs. In addition, new entrants to the labor force face a dim economic future if they lack the skills to gain access to a “good first job” that offers benefits and career potential. Training providers in many of the cities surveyed have developed strategies to help workers to rise to these challenges, but inadequate public funding has failed to keep pace with the costs of providing the necessary services to help clients to bridge the widening skills gap.

The changing face of America’s workforce

Beyond the changes in the demand for skilled labor, many cities have also seen shifts in the supply of workers. In a number of the surveyed cities with growing immigrant workforces—including New York City, Boston and Chicago—employers and training providers both noted the difficulty of placing these workers in local industries, most of which have English literacy and language requirements for their workers. The Queens Overall Economic Development Corporation in New York City reported that local employers have identified as their most desperate business need workers with “English proficiency,”—ahead of their need for workers with stable transportation or computer skills.

As a result, trainers and employers in these cities noted that, along with greater demand for occupational training services to meet changing job requirements, there was a growing need for accompanying Adult Basic Education (ABE) and English as Second Language (ESL) services to qualify immigrant workers for entry into local industries. In spite of this pressing demand, education and training providers reported that few federal funds were available for such basic skills services—particularly not from the systems supporting workforce preparation. One striking example of this lack of coordination between job training and basic skills programs was in Arkansas, where stakeholders reported that local Adult Education agencies—though mandated “partners” in the local WIA system—were not reimbursed for services provided to WIA clients.

The Alliance heard from training providers who have attempted, at least in the short term, to plug some of these gaps in federal funding with their own meager resources. In New York City, training providers felt compelled to create small literacy programs, because otherwise their clients would not have sufficient basic skills to stay employed. Unfortunately, such services could be offered by providers only episodically because they lacked a source of public funding. Several of the New York programs reported that they would not be able to sustain such unfunded programs much longer.

In addition to basic skills and English proficiency issues, training providers in Arkansas noted that a huge percentage of their “hard-to-serve” clients are individuals dealing with substance abuse, domestic violence and other major challenges. Unaddressed, these barriers will thwart clients’ efforts to succeed in employment. Yet few funds from workforce development systems are available to programs to assist individuals with these problems.

The need for better connections between trainers and employers

In the past, worker advancement occurred fairly naturally within a company or industry once an individual gained an entry-level job. Now there are fewer single-firm ladders, and advancement often occurs through job changes to other companies or even other industries. As a consequence, workforce development practitioners find that they must focus a greater portion of their attention and services on assisting workers to gain the skills that they need to switch jobs or industries in pursuit of advancement, rather than simply preparing them effectively for their first job with an employer who will then provide the opportunity for career growth. Employers, likewise are challenged by the current labor market, and seek greater assistance from workforce development organizations to create new connections by which to bring skilled workers to their firms.

These labor market challenges have required trainers and industry leaders to work closely together to forge effective partnerships that meet the needs of employers, workers and trainers. However, some surveyed workforce development practitioners expressed concern that in some cases the development and effective management of these industry-specific collaborations have been inhibited by new One-Stop Career Centers, which sometimes interfere with the operation of these successful partnerships.

For example, the mandated use of One-Stops for the recruitment and screening of eligible WIA training recipients has meant that in some areas the *existing* systems of community-based worker outreach—developed over time between trainers and employers within local industries—can no longer be used. Some industries have developed strategies to work around this constraint, but often this entails two screening processes (one by the trainers/employers, the other by the One-Stops) before a client can actually enter employer-connected training.

This has proven a particular frustration to employers, whose needs for workers are often more specific and time-sensitive than can be accommodated by a One-Stop that is attempting to serve all employers in all local industries. At the same time, some local areas did report that their One Stop Centers had allowed local industries to take the lead in developing and managing recruitment systems, attempting to provide support only in the areas best served by the One-Stop, such as public benefit management.

New challenges posed by an economic downturn

Local stakeholders surveyed by the Alliance expressed growing concern about what the impending economic downturn will mean for local workforce development efforts, particularly since they had heard of no plan from the Bush Administration to increase funding for workforce preparation as a response to the recession.

Leaders in both Minneapolis/St. Paul and New York City, for example, noted that current TANF recipients, as well as workers newly off the rolls, now face a dual challenge:

- As the job market slackens, those with limited skills who were able to attach themselves to the workforce temporarily are now suffering from the “last hired, first fired” phenomenon, and are presently competing with better-skilled dislocated workers for available jobs. As a result, some former TANF recipients are coming back onto the welfare rolls and will require a greater investment in their skills development before they’ll be able to re-enter the increasingly competitive job market with any prospects for success.
- At the same time, TANF recipients with the greatest barriers to employment are approaching their five-year lifetime limits on cash assistance, even as their immediate prospects for gainful employment are fading. States like New York and Minnesota were considering granting short-term extensions of welfare assistance for such individuals, but a longer-term solution would require a new level of federal investment in the skills development of these TANF clients to help them to become more employable.

Longer-term, higher-investment strategies needed

In summary, the lower-cost, shorter-term services most typically funded with current TANF and WIA resources seem to be falling short of meeting the needs of local businesses and local workers in the cities surveyed by the Alliance. In particular, small- and medium-sized employers with limited resources for workforce development are finding it difficult to bring workers up to the skills levels required in order for their businesses to be competitive, and for workers to be retained. Despite the call for more comprehensive strategies that combine occupational training and basic skills development, service providers feel that they are unable to respond to these demands because the WIA and TANF systems in their cities are focused primarily on funding brief, one-time-only training, when resources for skills training are made available at all.

For example, Boston respondents reported that it costs almost \$11,000 to prepare a job-seeker for an entry-level metalworking job that pays \$10 to \$15 an hour and provides access to a career ladder. However, the per-trainee resources made available to Boston training providers under TANF or WIA are less than one quarter that amount—a funding gap too large to be made up by most local metalworking shops. There are even fewer prospects for a metalworker’s longer-term progression to self-sufficiency, which would require the equivalent of an Associate’s degree—a level of education and training unsupportable with current funding under either federal program.

RESPONDING TO THE CHALLENGES:
IMMEDIATE STEPS TOWARD A MORE EFFECTIVE SYSTEM

Though these market changes present unprecedented challenges in contemporary workforce development, the trainers, employers and public intermediaries surveyed by the Alliance seemed confident in their ability to meet the skills needs of local businesses and local workers. However, these practitioners felt that their prospects for success would be much improved by some changes in current federal workforce, welfare, and higher education policies.

The following are some recommendations offered by the “field” to national policymakers to bring federal policies in line with the needs and experiences of local workforce practitioners. Most of the following are immediate reforms that could be implemented within the structure of current federal education and training policies.

The federal investment in workforce skills should be increased

The need to increase funding was a clear and strong message emanating from all of the local discussions, spurred by the rapidly growing gap between the demand for skilled workers and the available and qualified labor supply. As entry-level requirements continue to rise, it will take more time, money and expertise to help available workers (including people on public assistance, new immigrants, and adults with inadequate basic skills) to become market-ready. Local employers, trainers and intermediaries hope federal officials will recognize these increasing costs, and will respond accordingly with greater investments in America’s workforce.

Events subsequent to this series of focus group meetings, including a deepening recession accelerated by the fall-out from the September 11th attacks, have reinforced this call from the field for greater federal investments in workforce development. Mounting layoffs have affected not only longstanding employees, many of whom will be forced to leave their current occupations for positions in industries for which they lack the vocational skills, but they have also affected recently-employed TANF recipients who are losing their positions due to the slackening economy. In both cases, there is a great need and opportunity to use this “downtime” in the economy as “training time” for workers so that they can then be prepared to re-enter the labor market, particularly in industries that continue to suffer from shortages of skilled workers even during this downturn.

Federal funds also need to be used more effectively

While an increase in federal appropriations is critical, there is also a great deal that can be done to use existing federal allocations for workforce preparation more effectively. For example, the surveyed practitioners largely agreed with the motivation behind WIA’s heightened emphasis on performance: the nation should be expecting more of its workforce development system, and investing its public dollars in proven strategies to

help low-income adults enter and advance within skilled occupations. To that end, many of those interviewed by the Alliance were very interested in sharing with federal policymakers their practical “lessons learned”, in the hope that such locally successful models could inform the standards by which we more generally assess “smart” investments of federal workforce dollars.

However, many of those same respondents also identified aspects of current federal policy that seem to run counter to the general goal of increasing system performance and efficiency.

Uneven reporting requirements

One frequently cited example was the amount of federal dollars consumed by training providers and local public agencies just for the growing administration and paperwork costs of implementing federally-funded programs, particularly those serving the lowest-income job-seekers, including TANF recipients. Trainers noted that the weekly reporting requirements for those among them who train and place welfare recipients into jobs far exceeded what was required of trainers serving other populations, such as dislocated workers. Some trainers believed that these requirements were symptomatic of public skepticism towards this group of workers. So costly were these administrative burdens that some of the best practitioners surveyed were considering opting out of federal workforce investment and welfare-to-work programs, or have already done so.

Leaders in both the Twin Cities and Chicago made a recommendation echoed by their peers elsewhere: federal programs should be more equitable in their treatment of all workers, regardless of their income or public assistance history, and should relax the arduous micro-management (e.g., weekly client tracking, cost accounting, repeated submission of pay-stubs) of trainers and employers working with job-seekers on the lower rungs of the labor market.

One-Stop Career Centers

Another commonly cited example of the diversion of federal training dollars to new non-training activities was WIA’s mandated One-Stop Career Centers.

Many of those interviewed by the Alliance supported some of the motivations behind the original One-Stop concept: e.g., to provide ready sources of labor market information for job-seekers; to establish “universal access” to the public workforce development system; to better coordinate service delivery among federally funded local agencies; and to serve as an intermediary tissue that connected trainers, employers and potential workers. However, the federally designed structure of the One-Stop has in many cities worked at cross-purposes to those original motivations. Even in the best circumstances, the creation of One-Stops and associated information systems is consuming a large portion of federal resources that those cities had previously devoted to actual worker training and placement.

For example, respondents in Chicago noted that their local One-Stops have been useful as new sources of information for job-seekers who want to learn about training providers and the local job market. However, Chicago One-Stops, as originally configured, were far less effective in delivering recruitment and screening services that put workers into training programs or jobs—an experience confirmed by respondents in other cities as well. TWA heard repeated stories about prospective workers, who had been identified through existing recruitment and screening networks developed by trainers and employers, who were “lost” once they were sent to the local One-Stop by a cooperating training provider or employer who planned to have the worker returned to them. As a result, in Chicago, the local Workforce Investment Board (WIB) moved eventually toward reviving the use of existing community-based networks as worker entry and screening vehicles rather than exclusively using the new One-Stops Centers. This “no wrong door” approach significantly increased the efficiency of the Chicago WIA system.

Another common concern was the inability of One-Stops to equitably serve all local job-seekers, including TANF recipients, dislocated professionals, and displaced homemakers—a feat that many practitioners saw as virtually impossible, given the growing complexity of both the supply and demand sides of their local labor markets. For instance, some interviewed businesses expressed frustration that they were unable to get from One-Stops the specific worker / trainee referrals suited to their particular needs. At the same time, many local leaders were concerned that the least skilled, harder-to-serve workers entering One-Stops were often getting less attention—and fewer opportunities to develop employment plans that included training—than were better-skilled job-seekers.

Another significant challenge facing local One-Stops and their sponsoring WIBS related to how to bridge efforts among local partner agencies effectively. In Arkansas, stakeholders from both the public and private sectors noted that the local Perkins, Adult Education and Rehabilitation, WIA and TANF programs encompassed three big bureaucracies with very different institutional cultures that have not meshed well, and whose cooperation has been inhibited by competition for resources. Likewise, respondents in Philadelphia expressed frustration with the inability of local leaders to establish enough accountability across all mandated partner agencies to achieve real cooperation and coordination. In most cities, this has only further limited One-Stops’ abilities to quickly and nimbly respond to ever-changing, industry-specific demands for different types of skilled labor.

Given the limitations of the One-Stop model, it has been troubling to local trainers and employers that the creation of these new Centers has come at the expense of local WIA dollars that might otherwise have been used to deliver training to local workers. For example, Boston leaders reported that such infrastructure costs will leave only enough money to train 300 people in the city during WIA’s first year of implementation – a significant drop in training availability relative to past years under the Job Training Partnership Act (JTPA). As business leaders in Cleveland observed, such a *de facto*

reduction in federal training dollars at the very time that the economy is desperate for skilled workers seems ill-advised.

Support alternative “labor market intermediaries”

While geographically-defined workforce intermediaries like One-Stops received mixed reviews, respondents gave high marks to U.S. Department of Labor (USDOL) demonstration programs that support the creation of *industry-specific intermediaries*, such as Regional Skills Alliances, or sectoral initiatives.

Experience in the field has shown that such intermediaries have often proven successful in building real connections between trainers and employers and broadening entry and advancement opportunities for a range of workers within a particular local industry. Leaders in Wisconsin noted the achievements of the Wisconsin Regional Training Partnership, which started as a joint project of labor, community and business leaders in the manufacturing industry, and now has expanded to other sectors, and serves as an effective complement to local One-Stops.

Unfortunately, many such long-standing sectoral initiatives have been developed largely without federal funds, relying instead on more limited philanthropic (and some business) dollars. The Alliance was told by several leaders that they would prefer to see more of the federal government’s workforce infrastructure investment go towards the expansion and replication of such initiatives, so long as such investments did not come at the expense of federally-funded training services.

Federal supports for new employer investments in training are also needed

Several practitioners noted their successes in working with particular industries (e.g., the Information Technology sector in Chicago, the clerical and other sectors in the Twin Cities) to leverage employer resources to help fund some of their pre-employment and incumbent training programs for entry-level workers. Many noted, however, that there was far more that could be done by the federal government to encourage such private investment in the training of entry-level workers.

Local training providers and even some employers noted that current federal tax credits geared toward helping new workers (e.g., the “Work Opportunity” and “Welfare-to-Work” Tax Credits) focus too much on employer *hiring* practices, as opposed to employer investments in worker *retention* and *advancement*. Respondent impressions seemed to confirm other research: that tax credits focused on hiring have done little to encourage employers to make hires that would not have been made anyway. Leaders in Chicago, in particular, noted that a federal training credit would be a much more useful tool.

Business leaders in Cleveland added that the creation of tax credits that are user-friendly to employers—particularly smaller businesses with limited human resource management capacities—has been a challenge. Some of these local lessons learned by trainers and employers in the use (or non-use) of current workforce tax credits could be useful to national leaders as they consider new federal tax initiatives.

Set higher standards for system performance that measure worker “self-sufficiency”

Employers, training providers and many local public officials who spoke to the Alliance were in clear agreement on this issue: It’s not enough simply to have people working. If low-wage workers are not able to continue improving their skills, they are not likely ever to earn enough to adequately support their families, or to become valuable enough to their employers to warrant further private investment in their human capital.

Unfortunately, the current standards for performance under federal welfare and workforce programs do little to support strategies that aim for this higher level of achievement. Local TANF performance is assessed primarily by caseload reduction. Local WIA performance, though it does look at employment retention and earnings gains, is assessed only according to 6- to 12-month horizons that are typically too short to implement any real advancement strategies for local workers. The attainment of a post-secondary degree—still one of the best determinants of future economic success—is an optional “credential” that can count toward local WIA performance, but there is little in WIA’s current funding structure to encourage the use of such dollars to help low-income workers to complete a college degree. Indeed, community colleges in many of the cities surveyed by the Alliance reported accessing little, if any, WIA support for their education and training programs for lower-skilled workers—largely because WIA training dollars are not adequate, and the associated reporting requirements are too costly.

Getting “good first jobs”

Local experiences reported to the Alliance seem to confirm recent research findings¹: TANF recipients’ future success in the labor market is often associated with whether they can access a “good first job” with stable employment and a viable career path. Unfortunately, many “good first jobs” are higher-skilled, higher paying positions that often require more training than is typically available to TANF recipients under current welfare guidelines. Other “good first jobs” can be found in lower-wage industries with employers committed to working with local partners to improve these jobs and to create real opportunities for worker upgrading and advancement. But again, federal funding levels and performance timelines do not typically support such long-term strategies, even if they are industry- or employer-led.

¹ Julie Strawn and Karin Martinson (2000): *Steady Work and Better Jobs: How to Help Low-Income Parents Sustain Employment and Advance in the Workplace* (Manpower Demonstration Research Corporation).

Measures of performance need to be broader and longer-term

Surveyed leaders felt that current welfare and workforce systems should adjust their definitions of success, and make a commitment to give all hard-working adults the opportunity to acquire additional skills and to advance in the labor market until they can adequately support their families. However, as pointed out by local respondents, such a reorientation of the system will require a comparable adjustment in how federal programs measure the performance of states, cities, and local service providers. If self-sufficiency is the goal, then performance measures like those under WIA need to be longer in term, with incremental benchmarks that confirm progress toward this larger goal.

Don't exclude certain job-seekers from skill-based strategies

It seems both fair and rational that all workers should be able to access appropriate training and employment services to improve their prospects in the labor market. Presumably, this was the ideal behind the “universal access” goals identified by WIA. Yet respondents noted repeated instances of uneven treatment of different types of job-seekers within federally supported training programs.

Welfare recipients and other low-income job-seekers

Much of this criticism emanates from the spillover effects of welfare reform’s “work first” prescriptions for TANF recipients which often lead to training either being delayed until after employment or denied altogether. Surveyed trainers and employers took issue with this categorical treatment of such job-seekers—not simply on the grounds of fairness, but also because such arbitrary limitations on who can receive training fly in the face of locally identified needs for skilled workers within the job market.

Respondents provided the Alliance with a number of examples in which strategies for moving welfare recipients into skilled jobs—developed and implemented through partnerships between local trainers and employers—were suddenly sidelined by arbitrary federal instructions (or local interpretations of federal policies) about who could or could not receive such skills training.

- In Boston, an employer-sponsored training program in financial services—specifically designed to create career ladders for new workers within the sector—included a requirement that all participants complete their GED prior to the final stages of occupational training. However, because of a welfare-to-work prohibition on using funds to serve individuals with a GED, those trainees who earned their diploma were then found to be no longer eligible for further occupational training and were nearly pulled from the remainder of the program.
- In New York City, an employer-based training program within the home care industry—geared specifically to prepare welfare recipients for full-time jobs with

benefits and above-industry-average wages—found that trainees were being pulled from the training program mid-course by the city’s welfare agency so that they could report to a “work first” workfare assignment for six months, even though those trainees were only a couple weeks from a guaranteed job with a private-sector employer.

Low-wage incumbent workers

Another employer-connected program within Chicago’s manufacturing sector conveyed similar frustrations with categorical exclusions of certain workers from a federally funded incumbent worker training initiative. Rather than being able to serve all of the low-wage workers on factory floor, as desired by both the workers and the employer, the exacting federal prescriptions regarding who could or could not receive training, based on characteristics independent of a worker’s job status or skill level, made it impossible for the employer to use the trainer’s services. The training provider a—nationally recognized model in the industry—eventually pulled out of the federal program altogether.

Respondents also noted that some federal supports for incumbent worker training implicitly excluded certain job-seekers due to their income, workplace status, or particular occupation. For example, leaders in New York, Boston and the Twin Cities noted that many low-wage workers could not access off-site training except during work hours, but that there were no federal supports available to reimburse lost wages or to cover employer costs for paying for help to fill in for the missing worker (a necessity in workplaces like nursing homes which are chronically short-staffed).

Finally, leaders in several cities called for changes in the minimum credit requirements for working adults who want to use federal Pell Grants to support post-secondary vocational training. Currently, those grants—and college financial aid in general—are geared more to the schedules of individuals who do not have to juggle coursework with full-time work and family responsibilities. With credit load requirements for some financial aid as high as nine credits a semester, such rules effectively exclude many low-income working adults from the using such vital federal resources for skills upgrading.

Allow local innovation and effective practices to flourish

Closely related to federal exclusions of certain prospective trainees, local leaders also expressed concern about federal dictates prescribing strategies they could or could not use to prepare or advance workers in local industries.

For example, federal restrictions on how much pre-employment skills training (vs. job readiness training or post-employment services) could be offered to entry-level workers have compelled a number of innovative and highly-regarded training providers to opt out of federal training programs altogether. While these well-known programs have been able—at least for a time—to use foundation dollars to fill funding gaps created by these

recent shifts in federal policy, it is not clear how long they will be able to sustain that support. Further, this lack of federal support will limit these programs' prospects for local expansion or replication in other cities—a loss for the nation's workforce development system as a whole.

One size does not fit all

“Work first” rules were not the only example offered by respondents of federal mandates that did not match the needs of local workers or businesses. WIA's requirement that the majority of local training services be funded through “Individual Training Accounts,” or vouchers, has caused consternation in a number of urban areas where vouchers are not likely to work. For example, in New York City the majority of training services for low-income adults have been provided by a diverse network of community-based organizations that corresponds to the variety of ethnic, linguistic, and geographic communities that comprise the metropolitan area. Experiences in other cities have indicated that CBOs are typically not able to make use of vouchers due to cash flow and other institutional limitations. Hence, New York is currently choosing between implementing a voucher system that could effectively de-fund a large portion of its workforce development infrastructure, and maintaining a contract system for these CBOs that could incur the censure of federal WIA regulators.

Stakeholders in other cities echoed this observation: national policymakers cannot mandate specific systems or strategies for local workforce development service delivery with the expectation that those systems will be equally applicable in rural districts, small cities, and large metropolitan areas.

Reward outcomes without dictating strategies

Overall, respondents felt that federal requirements should focus primarily on rewarding *outcomes*—preferably those related to job retention, wage advancement, and progress toward self-sufficiency, as well as the reduction of skills shortages in local demand industries. However, they felt that it should be left to employers, training providers and local officials to figure out how to best achieve those outcomes.

Local leaders did recognize that it is necessary for federal authorities to set priorities for the system as a whole. In discussing this balance between state/local and federal control, Boston respondents noted that the usual vehicle for maximizing local flexibility under federal programs—federal block grants to states, as had originally been proposed under WIA—raised concerns about potentially leaving behind harder-to-serve job-seekers if there were not some federal protections in place. These leaders suggested that it would be appropriate for federal programs to “tell us *who* to serve, but not necessarily *how* to serve them,” so long as workers were entering and advancing within the labor market.

As one of the surveyed Chicago business representatives noted, it is time for federal policymakers to live up to their rhetoric about “devolution.” If federal workforce and

welfare programs are supposed to be planned and implemented locally, then the federal government should not be imposing so many prescriptions about how training can or cannot be used in the development of local workers.

Better federal guidance needed in some areas

While practitioners wanted greater flexibility in determining local workforce development strategies, they also acknowledged that state and city officials sometimes do not take advantage of the flexibility that already exists within welfare and workforce statutes.

For example, as a representative of a California business organization noted, federal welfare regulations allow states to use TANF funds for a variety of employment-related services (e.g., training, Individual Development Accounts, childcare, transportation) for individuals earning up to 200% of poverty. However, California has declined to take advantage of any of these options, in part because there has not been enough clear guidance and encouragement from the federal government to exercise those options. Indeed, many states are inclined to follow the safest route with federal regulators, rather than promote local innovative approaches that might violate some unknown federal parameters. Similarly, Arkansas leaders confirmed that local TANF implementation has been fraught with conflicting information about how funds can be spent, and an absence of clear guidance regarding what is “permitted” and “required.”

Most respondents also cited continuing confusion and disagreement at the state / local level about how WIA is supposed to be implemented. In some instances, such confusion has frustrated local business involvement. In Arkansas, some employers left the local WIB when, after repeated WIB meetings, members failed to resolve even fundamental rules questions.

Hence, while respondents felt strongly that there needed to be fewer restrictions on how federal programs are implemented locally, they also agreed that when there *are* federal rules, it is important that there be clear information and guidance regarding their parameters. In some cases, particularly where there is flexibility in federal programs, such clarity can serve to increase local innovation.

Be patient as locals figure this out

The issue of flexibility was also raised by several local public officials and business participants on local WIBs concerning the “mixed messages” they’ve heard from Washington about expected WIA planning and analysis. Presumably, WIBs were supposed to lead a complete and thorough assessment of local workforce development needs, and then implement a range of new systems to better meet those needs. Yet, private-sector WIB members felt that they had been given few tools and even less time

with which to address such complex matters. Their roles were often limited to approving plans and memoranda developed by other WIB members or staff, usually to meet an impending federal deadline. This has contributed to the fall-off in business participation on local WIBs in several of the cities surveyed by the Alliance.

As one Cleveland business leader explained, the federal emphasis seems to be more on “spending [WIA dollars] *quickly*, as opposed to spending [them] *well*.” Indeed, such local leaders were frustrated that currently proposed federal budget cuts for WIA have been justified by some officials in Washington based on the perception that WIA dollars are not being spent quickly enough—a conclusion that does not appreciate the real work that needs to be done if the goals of WIA are to be achieved locally.

LARGER STRUCTURAL ISSUES:

CREATING A WORKFORCE DEVELOPMENT CONTINUUM

Most of the preceding recommendations involved initiatives that could be undertaken by national policymakers within the current structure of federal workforce, welfare and higher education policies.

That said, there was another more general, overriding concern that permeated several of the local stakeholder discussions sponsored by the Alliance. This set of issues related to the need for an overall national workforce preparation system that bridged the current “silos” of welfare, workforce and education dollars, putting emerging and incumbent workers on a long-term continuum of skill acquisition, advancement and lifelong learning.

Leaders in Chicago noted that some of the categorical distinctions between different “types” of under-skilled workers made long-term advancement along career ladders an extremely difficult proposition. Current funding structures require an extraordinary administrative capacity on the part of local training providers or intermediaries to help workers to bundle so many different types of funding at every stage of their prospective career development. Respondents in New York and Cleveland proposed that a corresponding continuum of reporting systems would be necessary, such that all workers were tracked and judged according to the same set of performance measures.

Such coordination across the nation’s workforce development infrastructure will require a significant restructuring and integration of activities currently spread across several federal agencies, (e.g., Department of Labor, Department of Health and Human Services, Department of Education), and broad-based support from Administration and Congressional officials to take a more comprehensive view of workforce preparation in this country. The trainers, employers and local intermediaries surveyed by the Workforce Alliance would welcome the opportunity to start that discussion with national policymakers, as a first step towards building a world-class workforce development system that better meets the needs of local workers and businesses.

CONCLUSION

This *Report from the Field* illustrates the remarkable consistency in the themes expressed by workforce development stakeholders across the country regarding the “field’s” perspective on current federal welfare, workforce, and higher education programs. The Alliance will continue to sponsor such discussions with other local workforce stakeholders—including employers, community-based organizations, unions, community colleges, and local public officials—in local areas throughout the country, to confirm and refine this Report’s conclusions.

More importantly, the Alliance intends to broker direct discussions between these local stakeholders and federal officials, so that a Field-to-Washington dialogue might identify additional avenues through which we can improve our nation’s workforce development policies—based on the real-world knowledge and effective practices developed in local communities across the country.

Based on these discussions to date, there are four main policy themes that the workforce development field wants to explore further with national policymakers:

- The need for a **greater federal investment**—or a different means for prioritizing current federal expenditures—in the skills development of America’s workers
- **Equalizing access to training and education** across all types of job-seekers—so that all workers, at any point in their careers, can develop their skills and improve their prospects for advancement
- **Re-defining what counts for performance** under current welfare and workforce policies, such that workers’ achievement of true self-sufficiency is their ultimate goal, with a correlative adjustment in the time-lines and funding levels to make achievement of such a long-term goal possible
- **Increasing state/local flexibility** to implement the specific workforce development strategies best suited to the needs of local businesses and local families, while at the same time maintaining federal goals of equity across job-seekers and continual advancement in the workforce.

The Workforce Alliance, in consultation with local stakeholders, has developed a national policy platform that identifies specific options for achieving such principles under current federal policy. That companion document is available for review on the Workforce Alliance’s website: www.workforcealliance.org.