



# WORKFORCE DEVELOPMENT



NATIONAL  
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of  
STATE  
LEGISLATURES

## A Primer for Policymakers

June 2007

### Workforce Development and the States

By Michelle Larson-Krieg

Workforce development is a complex and challenging area that offers significant opportunity for legislators to influence their state's competitiveness and overall economic well-being, to support working families, and to help individuals find employment that uses and enhances their skills and pays an adequate wage. Although several federal programs provide funding and policy guidelines for workforce development, states play a critical role in the delivery of workforce development services to individuals and employers. Each state will want to identify the goals that most effectively address the needs of its own workers and employers and implement the policy framework that will allow it to reach those objectives.

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The states' ability and freedom to develop and implement unique workforce development solutions offer an exciting opportunity to build on past successes and overcome any shortcomings, despite increased global competition, labor market changes, and other serious economic, social and demographic challenges. According to Harry Holzer, a former chief economist for the U.S. Department of Labor, "In general, state legislatures and governors are more practical than federal policymakers. They live closer to the consequences of their actions, and the scale they work on gives them license to innovate."<sup>1</sup>

By understanding the challenges faced by individuals, employers, industry groups, and public and private entities working to develop state and regional economies and workforces, legislators can more effectively communicate and cooperate with workforce development service providers, participants and stakeholders. Legislators also can foster more effective connections among the workforce development system, education, human services, and other support services to better leverage limited resources and work toward a common goal: developing a 21st century workforce.

#### LEGISLATIVE FOCUS

- ✓ What networks, bodies, or other organizations currently connect legislators, government agencies, educators, employers, labor, students, workforce professionals, training providers, and those involved in economic development?
- ✓ Do all stakeholders have a voice in decisions affecting your state's workforce development system?

Jobs  
education  
ADULTS  
literacy  
YOUTH  
ECONOMIC DEVELOPMENT  
FAMILIES  
training  
VETERANS  
work  
self-sufficiency

## Funding for Workforce Development

It is important for legislators to be aware of the complex funding streams that may be used for workforce development activities, the decreasing availability of federal funds, and the significant gaps that may exist between what federal funding will pay for and what workers and employers need.

### *Complex Funding Streams*

The East-West Gateway Coordinating Council in St. Louis, Missouri identified 12 federal agencies that provide funds for various workforce development programs. Among them are the Departments of Agriculture, Commerce, Education, Health and Human Services, Housing and Urban Development, Labor, Transportation, and Veterans Affairs.<sup>2</sup> Adding to this complexity, various state agencies often oversee or offer workforce development services. These programs may target specific populations or offer unique services, or the programs may not effectively coordinate their services.

New York's experience illustrates the workforce development funding complexities many states face. In 2005-2006, the state allocated just over \$1.2 billion for workforce development from 28 active funding streams. Of this funding, 60 percent came from federal sources: \$324,906,205 from Workforce Investment Act (WIA) programs and \$398,632,332 from all other agencies.<sup>3</sup>

New York contributed \$478,016,651, 40 percent of the total, to support a wide variety of workforce development programs housed within several state agencies. The programs include legislative initiatives for youth and adults; occupational training for workers on unemployment insurance; apprenticeship programs; the SUNY Educational Opportunity Center; employment preparation education; drop-out prevention; literacy programs; Parole Operations vocational training projects; the Empire State Development Corporation, which provides industry-specific training and an economic development fund; health and mental health programs; workforce development activities managed by the Office of Mental Retardation and Development Disabilities (more than 25 percent of the total state expenditure); and programs for older workers.<sup>4</sup>

### *Decreasing Federal Funds*

Diminishing federal funds are a pressing concern for states. From 1985 to 2003, federal funding for worker training programs decreased 33 percent in inflation-adjusted terms.<sup>5</sup> As Table 1 illustrates, funding for WIA programs decreased by \$125 million between 2001 and 2006.

	Adult	Dislocated Worker	Youth	Wagner-Peyser	TOTAL
<b>2001</b>	\$894,880,680	\$1,012,455,794	\$1,048,250,011	\$733,590,048	\$3,689,178,534
<b>2002</b>	894,086,613	1,111,887,828	1,052,616,938	733,980,859	3,792,574,240
<b>2003</b>	850,677,011	1,112,931,957	933,250,734	727,446,484	3,624,308,189
<b>2004</b>	853,522,591	1,141,060,362	938,292,773	723,183,589	3,656,061,319
<b>2005</b>	853,718,764	1,153,511,188	933,922,744	717,396,213	3,658,550,914
<b>2006</b>	830,393,204	1,152,102,680	893,913,559	687,497,106	3,563,908,555
<b>Increase/ Decrease</b>	<b>-\$64,487,476</b>	<b>\$139,646,886</b>	<b>-\$154,336,452</b>	<b>-\$46,092,942</b>	<b>-\$125,269,979</b>
<b>% Change, 2001-2006</b>	<b>-7.21%</b>	<b>13.79%</b>	<b>-14.72%</b>	<b>-6.28%</b>	<b>-3.40%</b>

**Source:** The Workforce Alliance, *TWA State-by-State Analysis of WIA Federal Funding Trends*, n.d.

In New York, decreased funding has meant that “direct service is becoming a luxury good, not an expectation.” Office closings mean that rural customers must drive further to access services and services may not be provided in a timely manner due to reductions in staff.<sup>6</sup>

### *Gaps in Workforce Development Funding*

Federal spending restrictions contribute in large part to the gap between what a workforce system can provide and what job seekers and employers need:

- Services that help employers hire appropriately skilled workers.
- Services that help workers obtain the training and supports they need to find employment that is meaningful and provides adequate compensation and upward mobility.
- Training for workers that allows them to advance in their careers.

First, only about 17 percent of available resources are spent on direct training for job seekers. Second, many of the funded services help people assess their current skills and find a job based on existing skills rather than providing them with new or updated skills.<sup>7</sup> Third, federal programs have largely ignored the needs of low-skilled incumbent workers who are unable to advance their careers without acquiring further occupational and workplace skills.<sup>8</sup>

WIA and Temporary Assistance for Needy Families (TANF) continue to provide major funding for state workforce development programs. Many state officials, service providers and service recipients are troubled by constraints on how federal funds may be spent and the bureaucratic requirements associated with them.

For example, WIA requires that state and local workforce investment boards concentrate their spending of limited adult program funds to serve low-income and welfare recipients. In addition, most of the training funds must be spent to move unemployed workers into jobs quickly, which leaves few resources to assist those who have jobs obtain the necessary skills to move on to “better” positions.<sup>9</sup>

The Arlington, Texas, Chamber of Commerce explains the gap between what federal funding can provide and what is needed from an employer’s point of view: “Funding is set up for entry-level workers, but [the] employers’ challenge is to move people up the ladder to create more entry-level jobs. Funding needs to be more flexible—dollars invested in incumbent workers make room for entry-level workers to be hired, so they benefit both.”<sup>10</sup>

*The most successful WIBs pursue both public and private funds. Creative funding provides the flexibility to offer services that are best suited to the needs of local communities.*

Federal funding issues have motivated local Workforce Investment Boards (WIBs) to aggressively pursue alternative sources of funding. The most successful boards pursue both public funds (e.g., Small Business Administration, USDOL competitive grants, and contributions from local elected officials) and private funds (e.g., foundation money and fee-based services).<sup>11</sup> One WIB has a three-tiered plan for WIA-free sustainability. The first and largest tier is memberships, sponsorships, industries, and city/county government. The second tier is grants and foundations. The third tier is fee-for-service, consulting and events.<sup>12</sup>

Creative funding provides the flexibility that enables WIBs to offer services that are best suited to the needs of local communities. One board used its WIA funding to attract TANF and school district funds to pay for a summer jobs program. Now, the foundation community is investing in the board’s youth initiatives. This board attracts money because investors know that their investments will be combined with other funding sources to provide more targeted services.<sup>13</sup>

Another example of effective leveraging is a local public school system in Georgia that paid for teacher salaries, testing, books and materials needed for WIA participants’ high school equivalency classes. In that same community, the local housing authority provided soft skills training for 600 of its clients using the workforce development system’s facilities.<sup>14</sup>

### LEGISLATIVE FOCUS

- ✓ How do current workforce development funding streams operate in your state?
- ✓ Are different funding streams managed by several different agencies? Do these agencies coordinate their spending and service offerings to better leverage scarce resources?
- ✓ Is additional or alternative funding available for workforce development from federal, state and nongovernmental sources?

### Workforce Investment Act: The One-Stop Center System

The Workforce Investment Act of 1998 provided the framework for a national workforce preparation and employment system. WIA required states to create “one-stop” service centers to provide easy access to employment and job training information and services.<sup>15</sup> WIA also created a system of state and local Workforce Investment Boards to design and manage training and employment programs at the state and local levels.<sup>16</sup>

WIA divides the nation into approximately 600 local workforce areas, each of which offers a one-stop center to provide customers with information about job openings; job search and placement assistance; skill and aptitude assessments; and information about a variety of employment-related services, including local education and training opportunities. One-stop centers also provide employers with a single point of contact to list available job openings, share information about the current and future skills that their workers need to develop, and obtain other services.<sup>17</sup>

State and local WIBs are responsible for selecting one-stop center operators, identifying eligible training providers, developing links to area employers, and overseeing the use of funds for employment and training activities.<sup>18</sup> The average local board consists of approximately 45 members. By law, private employers make up the majority of each WIB, and the chair must be elected from the private sector. Representatives of local government, education agencies, organized labor, economic development and community-based organizations, and social service agencies comprise the remaining members.<sup>19</sup>

It is important to note that entities other than those designated by the state as one-stop centers also may offer workforce development services, including nonprofit and community-based organizations. Often, these organizations will partner with the one-stop system to deliver workforce development services, become certified as eligible training providers, and serve special populations.<sup>20</sup>

### *The Importance of Collaboration*

Collaboration among various service providers is vital to the success of each local one-stop center. In fact, the Workforce Investment Act requires that recipients of funding from several federal sources partner to provide streamlined workforce development services. The local area also may include other appropriate federal, state or local government programs—as well as private sector initiatives—as partners in the one-stop system.<sup>21</sup>

Because it is impossible to address all state workforce development issues through the one-stop system alone, the Oregon Workforce Investment Board Strategic Plan formally recognizes that its workforce system includes all the following:

- Public sector education and training (K-adult);
- Nonprofit providers;
- Oregon Workforce Investment Board;
- Local Workforce Investment boards;
- Private, for-profit education and training providers;
- Private sector training (including public investments in skills upgrade training, convincing firms of the need for upgrade training, linking training within firms to bottom line results, etc.);
- Labor associations that provide training, including apprenticeship programs;
- Economic development and industry associations and partnerships; and
- Public-private partnerships.<sup>22</sup>

Iowa's successful one-stop system has put collaboration into practice by delivering statewide services in conjunction with several workforce development partners. Many of the state's full-service workforce development centers are shared by multiple workforce partners, including

nonprofit organizations, the Department of Human Services, Vocational Rehabilitation and community colleges.<sup>23</sup>

The partnership between Iowa Workforce Development (IWD) and the Employers Councils of Iowa (ECIs) is a model for collaboration between a government agency and a private sector organization. ECIs advise IWD and other policymakers about the full range of workforce issues and topics from an employer's perspective. The state-level ECI gathers and disseminates information about local council activities and represents the local councils at the state and federal levels. Local ECIs hold lunch and learn sessions, seminars, conferences, job fairs, legislative open houses and other employer-driven programs to address workforce issues. Some ECIs have broadened their mission to include scholarship awards and computer purchases.<sup>24</sup>

### *An Integrated Approach*

Experts agree that an integrated approach to education, workforce and economic development yields the best results for all three. Reflecting this view, the Department of Labor has proposed a rule calling for the workforce investment system to emphasize the linkage of resources devoted to employment, education and economic development in meeting the needs of businesses and workers for high-demand occupations in the 21st century.<sup>25</sup>

#### **LEGISLATIVE FOCUS**

- ✓ What workforce development programs currently exist in your state?
- ✓ How effectively do federal, state, local and private programs work together? Are programs duplicating each other's efforts or are they able to coordinate their efforts to maximize efficiency and impacts?

Failure to adopt an integrated approach can lead to a number of systemic problems, including:

- A wide variation in both the type and focus of local, regional and statewide programs;
- An inability to consistently make investments that ensure economic benefits;
- A disconnect between those who are growing businesses and creating jobs and those who are preparing individuals for and connecting them to the jobs and occupations that are part of the state's economy; and<sup>26</sup>
- Duplicated efforts and failure to capitalize on the strengths of and synergies among the actors in the workforce development system.

One important market-driven innovation has been a more comprehensive approach to local economic development that combines service provision and technical assistance to companies, especially in the area of human resources, with efforts to improve the skills and access of low-income workers to jobs with specific employers.<sup>27</sup> In addition, local WIBs often focus on providing services to companies and workers within designated sectors, many of which are high-tech or health industries where severe worker shortages exist.<sup>28</sup> These efforts build local partnerships among employers, worker and community groups, skills providers, and other

agencies to encourage better workforce preparation, more job training and better career ladders at firms, and, ultimately, better performance and advancement of workers in their jobs.<sup>29</sup>

## Workforce Development System Challenges and Opportunities

### *Meeting Employers' Needs*

Employers need workforce development services, even during an economic downturn, and are deeply concerned about workforce development over the long term. Evolving business practices, advancing technology, global competition, and changing workforce demographics all trigger this need.<sup>30</sup>

Although one-stop centers offer many potential benefits to employers, employers often are unaware of services available to them, and there is a perception that one-stop centers will not be able to help them find employees who have the skills they need. Moreover, employers who use one-stop services frequently express dissatisfaction with the services they receive. Employers want the WIB and one-stop staff to focus on them as customers; work to understand their needs; and devote time, energy and resources to meeting those needs.<sup>31</sup>

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Employer organizations identified three necessary changes to increase employers' use of and satisfaction with the public workforce development system.

- The system should provide targeted employer services, not just job listings or general skills training. Employers want personal relationships with one-stop staff and the ability to obtain customized services. They also want to work with one-stop staff to identify the skill requirements of available jobs; procure training and job retention services, obtain information about tax benefits for their companies and their employees; and redesign human resource practices to improve recruitment, retention and skill development.
- One-stop staff should take the time and make the effort to better understand their business customers. Too often, one-stop staff are focused on complying with rules and regulations rather than on providing good customer service to employers.
- One-stop services must respond to business needs. Service design should be customer-driven and entrepreneurial, for instance, by using an "account rep" approach to market services to employers and maintain ongoing relationships with them. Instead, service offerings usually reflect funding and regulatory constraints — both real and perceived.<sup>32</sup>

IWD is responding to employers' needs in several positive ways. At Iowa's One-Stop Centers, employers can recruit and screen potential employees and access business assistance, which includes job analysis, skills testing, and business regulatory information. Regional staff also work one-on-one with employers to help solve unique recruitment and staffing issues; identify employer issues in the workplace; arrange seminars and workshops; and provide current information about workforce trends. In 2006, staff worked with local management to develop and promote the on-line job order and direct links to business websites from IWD's website.<sup>33</sup>

Workforce Investment Boards face two challenges in meeting the needs of their business customers:

- As public agencies, WIBs are in the position of trying to satisfy everyone, whereas nongovernment organizations can more precisely target whom they wish to serve.<sup>34</sup>
- Under WIA legislation, WIBs must subcontract with third-parties to provide direct services.

Even though these subcontracts specifically state performance standards, they still are indirect. As such, it is not always possible to monitor how subcontractors deal with customers or if they consistently offer the expected level of customer service and satisfaction.<sup>35</sup>

### LEGISLATIVE FOCUS

- ✓ What does the business community say about your state's workforce development system? Does it address their needs and deliver services to them effectively?
- ✓ Do workforce professionals adopt an entrepreneurial or bureaucratic approach to their business customers?
- ✓ Are workforce development services effectively marketed to employers and industry groups?

To improve the connection between employers and the public workforce development system, the Connecticut Business and Industry Association (CBIA) has placed two full-time staff members in the Hartford One-Stop Career Center. These staff members leverage CBIA's access to employers and understanding of business needs on behalf of one-stop centers. They also introduce employers to one-stop offerings, encourage employers to submit their employment needs to the center, and bring employers to the center to identify needed worker competencies and skills. As part of this effort, CBIA serves as a sounding board for employer concerns about the one-stop's services, and it conveys information to the WIB about what employers need in terms of services, including training for prospective employees.<sup>36</sup>

### *Working with Institutions of Higher Education*

For many workforce development systems, close partnerships with institutions of higher education are highly beneficial. Kansas 1st is a comprehensive plan to link public postsecondary schools, and state and federally funded workforce training programs with business finance and incentive programs. Kansas 1st aims to transform the state's community, technical colleges and technical schools into valuable economic assets by using them to deliver more of the training needed by employers and job seekers.<sup>37</sup>

*For many workforce development systems, close partnerships with institutions of higher education are highly beneficial.*

Historically, Kansas has paid companies to do their own training or to hire an outside consultant to design and execute a training plan. The state found that similar training may have been designed and paid for multiple times. In addition, Kansas prefers that the money it spends for training support Kansas educational institutions instead of vendors that are selected by the companies. Kansas' long range plan is to move from a state

that provides grants for training to a state that invests in its educational infrastructure and guarantees qualified employees.<sup>38</sup>

In Oregon, all 17 community colleges are developing or improving links to high schools, job training, apprenticeships, human services, adult basic education programs and the Oregon university system. Through alternative education models, Oregonians have improved opportunities to attain post-secondary skills and credentials for high demand occupations tied to the needs of industry. In addition, the state's community colleges and universities are beginning to design modularized curricula and use alternative, multi-disciplinary, technology-based delivery systems to better respond to industry demands.<sup>39</sup>

Notwithstanding the many successful partnerships that exist between workforce development systems and institutions of higher education, partners may face challenges. Experts advise that curricula be tailored to meet the needs of business, courses be restructured to fit the lifestyles of nontraditional working students, and course offerings be made flexible to respond quickly to the changing needs of these constituents.<sup>40</sup> It may be difficult to convince educational institutions that the current course format or schedule used for regular students will not work and that their services must be tailored to meet the specific needs of system customers.<sup>41</sup> One California WIB found that community colleges in its area already were operating at full capacity and did not need WIA funds or participants.<sup>42</sup>

### LEGISLATIVE FOCUS

- ✓ How is higher education incorporated into workforce development services delivery? Do these institutions have sufficient resources to assume the responsibilities they have been given? Can higher education play a greater role?
- ✓ Are young people getting the skills they need to participate in and contribute to the state's economy?
- ✓ Are there industries that offer strategic opportunities for your state's economic development? Is there cooperation among government, industry and education to ensure a supply of trained workers for these industries?

### *Measuring Success*

One frequently cited failure of the public workforce system is its focus on program inputs—such as classroom time or website hits—and its inability to set ambitious goals related to job retention and advancement. Measuring inputs that are not necessarily correlated to strategic program goals often translates into a failure to provide meaningful outcomes for employers and those seeking employment or opportunities for career advancement.<sup>43</sup>

Employers judge programs not only in terms of their financial value, but also in terms of how easy they are to use and how applicable they are to organizational goals. In other words, some programs may have a high value, in theory, but are of little practical use to most organizations. Likewise, some programs may be both useful and valuable, but are extremely difficult to actually access and use because they are so encumbered by bureaucratic requirements.<sup>44</sup> Thus, effective performance measures should include how frequently employers access workforce

development system services, how easy the services are to use, and whether they meet the employer's needs.<sup>45</sup>

*The critical question is, “How effective are we at getting people trained and employed and ensuring that employers have access to a productive workforce, relative to the resources we have at our disposal?”*

Jim Collins, author of *Good to Great in the Social Sectors*, says that social sector performance should be assessed relative to mission. For workforce development, the critical question is, “How effective are we at getting people trained and employed and ensuring that employers have access to a productive workforce, relative to the resources we have at our disposal?” Collins advises that organizations hold themselves accountable for progress by rigorously assembling evidence—both quantitative and qualitative—to track their progress.<sup>46</sup>

Some measures used by successful WIBs include:

- Return on investment analyses;
- Regular review of the budget to look for connection to strategies and outputs;
- Establishing a minimum percentage of the budget for direct client services;
- Assessments of community impact;
- Meeting low overhead limits; and
- Analysis of the degree to which funds are leveraged and generated.<sup>47</sup>

Methodically analyzing the strengths, weaknesses, opportunities and threats is another way to get a clearer picture of the external environment in which a workforce development system is operating. This analysis also can highlight the system's challenges and opportunities for success.

### LEGISLATIVE FOCUS

- ✓ How is the effectiveness of your state's workforce development system measured? Does the criteria include cooperation with other agencies and stakeholders? Does it include customer satisfaction?
- ✓ Are the measures of success aligned with policy goals?

### *Encouraging Innovation*

The Southern Growth Policies Board is supported by memberships from 13 Southern states and the Commonwealth of Puerto Rico. Each year, the Southern Growth's Innovator Awards honor inventive programs that are improving the quality of life in the South. The 2007 Innovator Awards focus on initiatives that address workforce development challenges in the region.<sup>48</sup>

Each nominated initiative must be “truly unique or highly unusual, provide a proven track record or other reliable measures of future success,” and exhibit one or more of the following criteria representative of state-of-the-art ideas in workforce development:

- Demonstrate collaboration between or among regions (multi-state, multi-county);
- Create seamless links between education, welfare, workforce and economic development activities;
- Promote entrepreneurship;
- Encourage workplace innovations;

- Empower workers to take charge of their own careers and support lifetime learning;
- Promote collaboration and partnerships across sectors (public/private/nonprofit);
- Serve dislocated workers or nontraditional populations (immigrants, minorities, disabled);
- Engage workforce intermediaries (organizations that act as go-betweens for workers who are seeking employment and businesses that are seeking workers) to serve business and workforce development interests;
- Target high-growth, high-wage industries and/or support regional industry clusters; and
- Provide training, skills and certification programs that are portable across industries and state boundaries.<sup>49</sup>

One 2006 award winner was Puerto Rico's Industrial Biotechnology Learning Center (IBLC). The center is a public-private collaboration among the Puerto Rico Investment Company, the Industrial Biotechnology Program at University Puerto Rico (PPR)-Mayagüez, multinational biotechnology companies, and supply chain companies. Industry representatives and IBLC program directors identify the knowledge and skills that biotechnology workers need, then an interdisciplinary team of university faculty collaborate with industry subject matter experts to develop customized training.

IBLC's success has provided benefits to everyone involved:

- A state-of-the-art laboratory training facility was designed and built;
- Private industry is able to effectively train their workforce;
- University faculty have had the opportunity to develop their professional skills by gaining real world experience;
- The undergraduate curriculum has improved as courses are added and revised based on faculty experiences with industrial trainings; and
- High school and undergraduate students can now participate in specialized biotechnology short courses and workshops.<sup>50</sup>

## *Manufacturing*

The image that manufacturing is dying is at odds with the reality that manufacturing is changing, just as it has always done.<sup>51</sup> Computerization and globalization have changed manufacturing enormously. For example, technological developments within the automotive industry, such as computer-controlled lathes, automated assembly lines, and robotic quality control, have altered production so that significantly fewer—but more highly skilled—workers are needed to produce a fixed number of vehicles.<sup>52</sup>

Although the national trend has been a loss in manufacturing jobs, these losses have not been evenly distributed across the nation; several states have experienced growth in this sector. In spite of its overall decline, the manufacturing sector continues to create new jobs and to hire workers to replace those who retire or leave for other reasons.<sup>53</sup> Because people fail to recognize that opportunities still exist in manufacturing, many sector employers face a real problem in finding highly skilled tradesmen such as machinists and toolmakers.<sup>54</sup>

In Iowa, manufacturing accounted for more than 4,000 of the 15,600 nonfarm jobs the state gained during FY 2005 and comprised just over 15 percent of the state's nonfarm employment during that year.<sup>55</sup> In Oregon, manufacturing jobs increased seven-tenths of 1 percent in

2006, while they declined nationally by 1 percent. The state's key manufacturing industries—including high-tech manufacturing, transportation equipment, metals, food processing, wood and paper products—employ a workforce of more than 150,000 and have a payroll of approximately \$8 billion.<sup>56</sup>

States may want to try to save or even increase manufacturing jobs because they pay workers a living wage and provide higher tax revenues and greater economic benefits to the state than jobs in lower-wage industries. In Oregon, average manufacturing wages are more than one-third higher than the state average wage.<sup>57</sup> Manufacturing positions tend to have high employment multipliers, meaning that each job typically supports another one or more additional jobs.<sup>58</sup>

Oregon has developed a Manufacturing Workforce Strategy to keep the manufacturing jobs it has and to foster growth in the sector. The first phase of the strategy focuses on three areas.

- **Competitive Workplaces:** Support for the development of high-performance learning networks, consisting of a consortia of manufacturers with a desire to "cooperate to compete" by learning and sharing strategies of lean manufacturing and other innovation-rich management and production methods.
- **Productive Workers:** Ensuring that members of the current and future workforce have the skills employers need to function effectively in high-performance workplaces.
- **Manufacturing Communication:** Promoting 1) the importance of manufacturing to the state's economy; 2) the value of adopting high-performance work practices; and 3) opportunities for high-wage careers to potential workers.<sup>59</sup>

It is true that many low-wage manufacturing jobs are no longer available. The opportunity exists, however, for states to maintain and create many well-paid jobs in research, development, design, engineering, management and logistics.<sup>60</sup>

## State Legislators and Workforce Development

### *Working Effectively with the Workforce Development System*

*State policies and legislation can encourage or discourage high-performance WIBs.*

Legislators will want to work with their state's workforce development systems to keep the lines of communication open. WIB staff and members should communicate regularly with local elected officials to educate them about workforce issues, how the board is influencing those issues, and what support is needed from legislators.<sup>61</sup>

State policies and legislation can encourage or discourage high-performance WIBs. States can have a positive influence when they:

- Secure and award waivers to WIA program requirements that provide boards more flexibility.
- Empower boards with authority and additional resources that allow them to more easily sustain and integrate systems and services.
- Provide boards with flexible funding—particularly incumbent worker training funds—that they can mix with federal funding to provide training services to employers and industry consortia.

- Set high expectations for WIBs.
- Establish an award system based on doing good work as a board, not just meeting program performance standards.

States may have a negative influence when they:

- Focus on administrative priorities instead of on strategic priorities, which can drag WIBs into an administrative compliance focus.
- Mandate board membership composition. This can prevent the people who may contribute the most from becoming board members.
- Identify statewide industries to target as workforce development partners or service recipients. This can be contrary to local needs.
- Undermine the role of the board or give direction to one-stop programs that conflicts with the board's direction.<sup>62</sup>

To maximize their effectiveness, workforce development systems must do more than simply match workers and employers. To encourage further economic development and to provide more positive outcomes for workers and their families, workforce development systems should continue to support workers after they obtain employment. This continued support is especially critical for those with lower incomes.

### LEGISLATIVE FOCUS

- ✓ What legislative committee or committees currently provide oversight for workforce development? Would oversight be more effective if there were a single committee or if

## Conclusion

Workforce development offers state legislators an exciting opportunity to positively influence their state's competitiveness and overall economic well-being, to support working families, and to help individuals find employment that uses and enhances their skills and pays an adequate wage. Legislators will want to communicate with workforce development stakeholders to determine their needs and potential contributions, honestly assess the performance of their state's system, and develop awareness of how other states are meeting the workforce development challenge. Through these efforts, legislators can create more effective connections among stakeholders and better leverage the resources available for workforce development.

## LEGISLATIVE WORKFORCE DEVELOPMENT CHECKLIST

### LEGISLATIVE ROLE

- ✓ What networks, bodies, or other organizations currently connect legislators, government agencies, educators, employers, labor, students, workforce professionals, training providers, and those involved in economic development?
- ✓ Do all stakeholders have a voice in decisions affecting your state's workforce development system?

### FUNDING

- ✓ How do current workforce development funding streams operate in your state?
- ✓ Are different funding streams managed by several different agencies? Do these agencies coordinate their spending and service offerings to better leverage scarce resources?
- ✓ Is additional or alternative funding available for workforce development from federal, state and nongovernmental sources?

### SYSTEM EFFECTIVENESS

- ✓ What workforce development programs currently exist in your state?
- ✓ How effectively do federal, state, local and private programs work together? Are programs duplicating each other's efforts or are they able to coordinate their efforts to maximize efficiency and impacts?

### FOCUSING ON EMPLOYERS

- ✓ What does the business community say about your state's workforce development system? Does it address their needs and deliver services to them effectively?
- ✓ Do workforce professionals adopt an entrepreneurial or bureaucratic approach to their business customers?
- ✓ Are workforce development services effectively marketed to employers and industry groups?

### MAXIMIZING TRAINING

- ✓ How is higher education incorporated into workforce development services delivery? Do these institutions have sufficient resources to assume the responsibilities they have been given? Can higher education play a greater role?
- ✓ Are young people getting the skills they need to participate in and contribute to the state's economy?
- ✓ Are there industries that offer strategic opportunities for your state's economic development? Is there cooperation among government, industry and education to ensure a supply of trained workers for these industries?

### MEASURING SUCCESS

- ✓ How is the effectiveness of your state's workforce development system measured? Does the criteria include cooperation with other agencies and stakeholders? Does it include customer satisfaction?
- ✓ Are the measures of success aligned with policy goals?

### EFFECTIVE OVERSIGHT

- ✓ What legislative committee or committees currently provide oversight for workforce development? Would oversight be more effective if there were a single committee or if several committees worked together?

## Appendix. State Workforce Development Programs in Action

Although each state faces unique workforce development challenges, the experiences of other states can provide a useful point of reference for legislators who seek to improve their own states' systems. Florida, Michigan, New Mexico, Oregon and Utah profile different, yet effective, approaches to building a workforce for the 21<sup>st</sup> century.

Florida and Utah were among the first to integrate the various state agencies that provide workforce development service and to create delivery systems based on the federally mandated one-stop center model. The workforce development systems of both states share the challenge of operating in economies that are among the fastest growing in the country.

Florida's challenges include a steady flow of newcomers to the state, a large influx of immigrants, and an aging population. In addition, the state traditionally has depended heavily on tourism and service industries and seeks to diversify its economy. Florida's Legislature has played a key role in addressing these workforce challenges.

Like many other states, New Mexico struggles to increase high school completion rates and create adequately paying jobs that offer advancement opportunities. To capitalize on its strengths and address its weaknesses, the state recently introduced a targeted industry cluster model to focus efforts of government agencies, training providers, employers, job seekers and educators on specific economic development goals.

Both Michigan and Oregon face challenging economic environments. Michigan's economy has been hard hit by the loss of manufacturing jobs, and the state has fought to provide unemployed residents with retraining and other workforce development services. Oregon has experienced significant job composition shifts resulting from increased global competition and a shift from agriculture and forestry into health care and other services. Both states possess a strong workforce asset: Michigan has a large number of high-tech professionals, and Oregon has a well-educated workforce.

Utah's significant population growth and economic expansion have created a shortage of skilled workers. The Western Energy Training Center (WETC) is an example of an innovative solution to this problem. The center provides present and future employees with the skills and technical expertise that the energy industry requires. Utah also has joined forces with other energy industry employers and government entities from surrounding states to form the Rocky Mountain Energy Partners. This partnership addresses workforce, training and infrastructure issues to promote the success of the regional energy industry.

Economic factors and population trends, shifts in job composition, skills gaps, and changing workforce demographics each present unique challenges. The workforce development systems of Florida, Michigan, New Mexico, Oregon and Utah offer examples of effective ways to meet these challenges.

## Florida

### *Background*

From 2005 to 2006, Florida had the fastest job growth rate and lowest unemployment rate among the 10 most populous states. Florida also added more new jobs than any other state. At 3.3 percent, Florida's 2006 unemployment rate was below the national average of 4.7 percent.<sup>63</sup>

Florida's population is expected to increase by 3.8 million to 22.1 million between 2006 and 2016. The population is aging, and the proportion of minorities and immigrants is increasing. These demographic changes will significantly affect the state's workforce development system, including increased demand for health care and other services.<sup>64</sup>

All except two of Florida's major industry sectors added jobs from 2005 to 2006. The exceptions were manufacturing and information, which lost 1,400 and 700 jobs, respectively.<sup>65</sup> Professional and business services and trade, transportation and utilities accounted for 43 percent of the 243,300 new jobs created.<sup>66</sup>

Florida's economy traditionally had depended heavily on the tourism and service industries.<sup>67</sup> With the aim of diversification, a major component of Florida's economic development strategy is to increase the skills of the labor force to attract knowledge-based, high-wage businesses and industries.<sup>68</sup> Emerging technologies in Florida are biotechnology, digital media, simulation and modeling, optics and photonics, and security software.<sup>69</sup>

### *State Action*

Before 2000, Florida's workforce development system consisted of more than 270 state and local organizations responsible for planning and delivering workforce services. The system had neither meaningful performance standards nor an effective way to track participant information. Ineffectual marketing meant that many employers were unaware of the workforce development services available to them.<sup>70</sup>

The Florida Legislature passed the Workforce Innovation Act in May 2000. The act consolidated workforce development functions and administration under the Agency for Workforce Innovation (AWI) and combined all workforce related funding streams. Consensus among workforce professionals, economic development organizations, and business leaders on Florida's workforce development goals has given greater impetus to legislative efforts.<sup>71</sup>

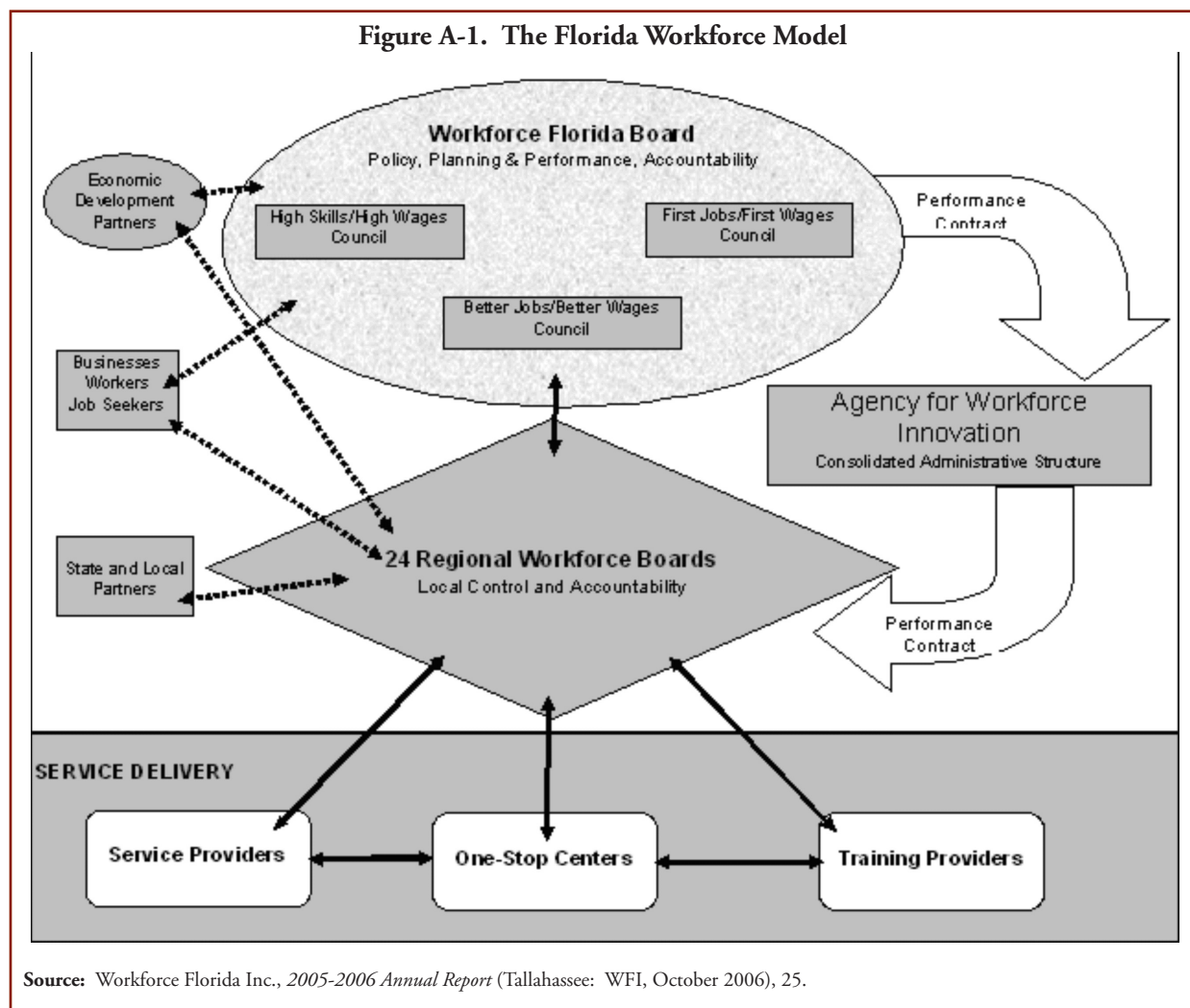
The Workforce Innovation Act provided the following:

- Funding for creative economic development initiatives and incentives;
- An emphasis on the needs of local businesses and the skills required to foster economic development in occupational forecasting;
- Increased funding for incumbent worker training,
- Authorization for Quick Response Training to provide supplemental skills upgrades;
- Integrated case management and cost allocation for shared services;
- Empowerment of one-stop system managers to independently improve workforce system service delivery to both employers and job seekers;

- Recognition of the connection between education and economic development; and
- Greater supports for working families through eligibility for education and training, child care, transportation and lump-sum cash assistance.<sup>72</sup>

The act also mandated that technology be used to improve system efficiency. This resulted in an integrated management information system that included common intake, case management, tracking and reporting. Further technological improvements included internet-based job matching and debit/smart cards for individual training accounts and other support services.<sup>73</sup>

As the Florida Workforce Model illustrates (figure A-1), Florida’s workforce system was designed to forge partnerships among economic development, workforce development and business. In addition, the performance-based contracts in place throughout the system increase the accountability of all partners to meet strategic and legislatively mandated goals.<sup>74</sup>



The governor appoints AWI's executive director and the agency operates under a performance-based contract with Workforce Florida Inc. (WFI), a nonprofit, public-private partnership. WFI's board is appointed by the governor, the speaker of the House of Representatives and the Senate president.<sup>75</sup>

WFI provides policy direction for and oversight of Florida's 24 regional workforce boards (RWBs), which contract directly with public and private schools, community colleges and private companies to provide services in more than 100 full service one-stop career centers throughout the state.<sup>76</sup> Citizens can access services at these centers, such as employer and employment assistance; employability skills workshops; referrals to education and training programs; veterans' assistance; the Job Corps program; Food Stamp Employment and Training Program; labor market information; disaster assistance; and unemployment compensation claims assistance.<sup>77</sup>

Although each RWB has performance contracts to provide accountability for the expenditure of federal and state funds, the choice of initiatives and program service delivery design each board implements are largely under the local board's control. Data collected from the RWBs on workforce program performance—including participant activities, services and expenditures—are entered into an automated management tracking system and available for review by WFI, the governor, the Legislature, the federal government and the public.<sup>78</sup>

An important Florida objective is to create a smaller, more effective and more efficient government.<sup>79</sup> To help accomplish this goal, AWI has a five-year workforce reduction plan. The plan is based upon the premise that direct service delivery is best provided by staff employed directly by the RWBs (or their contract providers), to the extent permitted by federal law. The commitment to direct service solidifies another key component of Florida's system, which is empowering regional workforce boards with local control.<sup>80</sup>

To maintain program continuity and integration, representatives from AWI and WFI meet regularly with representatives of their system partners to review, revise and implement policy; review data to determine progress toward workforce program goals; assess expenditure levels; and provide information and technical assistance as needed to regional boards, contractors, and other workforce service providers.<sup>81</sup>

Florida's workforce development system has achieved most legislative goals of the Workforce Innovation Act of 2000. The current system is more cohesive, provides greater accountability, and manages participant data more effectively. The majority business representation on state and regional workforce boards required by the act offers employers the opportunity to suggest policies that address their needs. Because employers are more involved in governance, they are more aware of the services provided and have better access to these services.<sup>82</sup>

### *Promising Programs*

Two Florida programs have been especially successful from an employer's perspective. The Quick Response Training program provides grants for customized skills training for new Florida businesses or existing companies that are expanding. Since its inception in 1993, the program has directed more than \$60 million into new skills development targeting about 100,000 workers.<sup>83</sup>

Started in 1999, the Incumbent Worker Training program reimburses existing Florida businesses for costs associated with upgrading the skills of their full-time employees. The program has directed about \$14 million to improving the skills of more than 65,000 workers at 593 businesses.<sup>84</sup>

Florida has aggressively pursued development of a strong biotechnology industry to create a source of high-skill, high-wage jobs.<sup>85</sup> Five community colleges have established biotechnology curriculum programs to train future biotechnology company employees. For example, the Santa Fe Community College trains students to perform biotechnician duties, which include making chemical reagents, operating scientific equipment, and performing biochemical analyses. Since 2000, the program has enrolled 166 students.<sup>86</sup>

## Michigan

### *Background*

Michigan's May 2007 unemployment rate was 7.2 percent, significantly higher than the national average of 4.5 percent.<sup>87</sup> Because Michigan's population is not growing and the current workforce is aging, the number of available workers from the in-state population is expected to remain constant through 2020.<sup>88</sup>

In 2004, the goods-producing sector generated 20 percent of Michigan's employment, well ahead of the national share. Although no new production jobs are being created, retiring workers will need to be replaced. New workers will be expected to have higher skill levels to maintain the increased levels of productivity.<sup>89</sup>

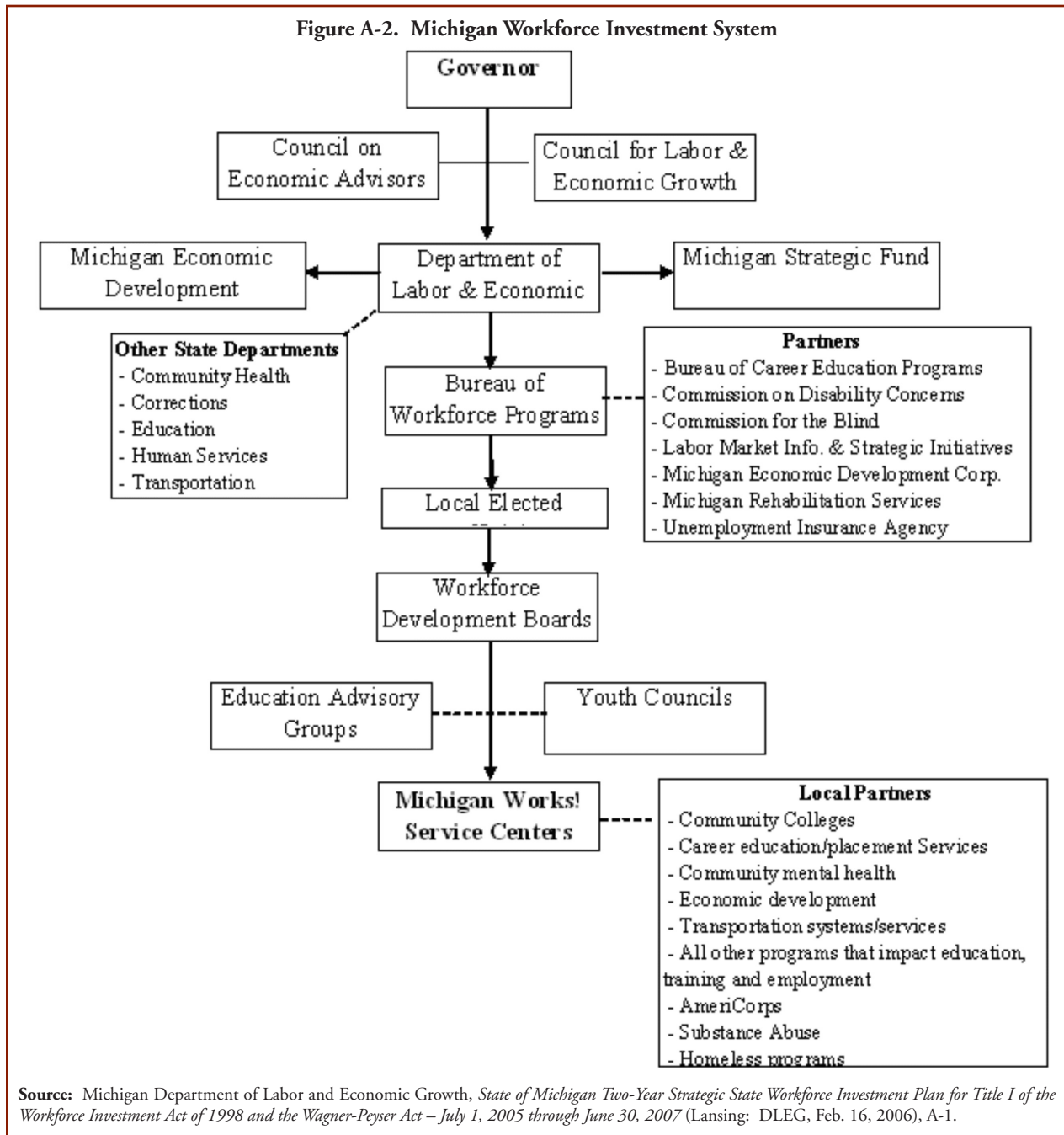
Even though Michigan's share of production jobs is steadily declining, the manufacturing sector remains critical because of the income it generates and the additional jobs it creates.<sup>90</sup> Michigan is home to roughly 70 percent of North American auto headquarters and 70 percent of U.S. automotive research and development.<sup>91</sup> These corporate headquarters and corporate and supplier-based research and development facilities generate significant nonproduction activity, which includes research and development, sales, finance, and management operations. In auto manufacturing, nonproduction activities typically amount to 35 percent to 45 percent of total employment and an even larger share of payroll.<sup>92</sup>

As manufacturing declines, other industries are projected to sizably increase their employment levels. Job growth is concentrated in medical, technical and educational services, business support and services; and the construction, recreation and trade sectors.<sup>93</sup> Although Michigan faces higher than average unemployment, critical labor shortages exist in health care and skilled trades.<sup>94</sup> This shift in job composition gives the state's workforce development system the opportunity to provide currently unemployed citizens with the skills and support they need to enter or re-enter the workforce.

### *State Action*

The state has taken several positive steps to address these difficult workforce development issues. Michigan formed the Department of Labor and Economic Growth (DLEG) based on input

from individuals representing education, local workforce development systems, human services, business and industry. As figure A-2 illustrates, the DLEG serves as the umbrella agency for all the state's job development, workforce development, and economic development.<sup>95</sup>



The DLEG structure was designed to allow Michigan to be more aggressive in job development, attraction and support. The new department puts all the state's job development tools in one place and coordinates their functions. By eliminating overlap and duplication of some functions and enhancing the power of others, the single new department aims to spend taxpayer dollars more efficiently.<sup>96</sup>

The Michigan Economic Development Corporation (MEDC) and the Michigan Strategic Fund are important components of the state's workforce development system. The MEDC assists businesses with expansion, relocation, site location assistance, job training grants, permits, and tax abatements. The Michigan Strategic Fund is responsible for overseeing the state's economic development strategies.<sup>97</sup>

102 Michigan Works! Service Centers (MWSCs) provide employers and job seekers with one-stop access to the state's major workforce development programs.<sup>98</sup> Staff-assisted services are divided into facilitated services and mediated services. Facilitated services are those in which trained staff provide as-needed assistance to customers with the information and tools available in MWSC Resource Rooms. Mediated services include job development, job search planning, job search workshops, assessment and testing services, career guidance, specific labor market information, and resume writing assistance and are targeted to those who most need them, including veterans, migrant and seasonal farm workers, and people with disabilities. However, Michigan requires that Michigan Works! staff provide mediated services to any job seekers and employers who need them.<sup>99</sup>

Beyond facilitated and mediated services, Michigan Works! also provides job seekers with intensive case management, mentoring, advocacy, referrals to shelter and housing, health care, child care, transportation, and job training and education.<sup>100</sup> Additional services to employers include interview facilities for recruitment efforts; information on customized training, labor markets, workplace accommodation and tax credits for new hires; and training incentives such as on-the-job training programs.<sup>101</sup>

### *Promising Programs*

Collaboration among state agencies is an important part of the DLEG mission. To this end, the department has formed strategic partnerships with several other agencies that play a role in the workforce development system.<sup>102</sup> The agency directors meet quarterly to coordinate and collaborate on finding solutions for human service workforce issues, eliminating duplication, working through barriers, and leveraging resources.<sup>103</sup>

Notable programs include Jobs, Education and Training (JET), the Michigan Regional Skills Alliances (MiRSAs) and the Michigan Opportunity Partnership. JET, a partnership between DLEG and DHS, demonstrates Michigan's commitment to collaboration. Through JET, these agencies cooperate to plan and deliver employment and training services. The elements of the partnership include:

- A collaborative process for assessing work and learning readiness.
- A single family plan that is shared and updated by DHS/JET.
- Extended post-employment support (e.g., crisis management, job advancement planning and emergency assistance) beyond 90 days to increase job retention rates.
- Linking employers to retention and advancement support.
- Expanding the definition of allowable education and training activities.

- Flexibility in the duration and scope of education and training activities that count toward work participation requirements.
- Targeting education and training resources and services to the high-priority economic development industry sectors and occupations.<sup>104</sup>

Michigan Regional Skills Alliances use Workforce Investment Act incentive funds to address local employer concerns about worker shortages, skill gaps, training mismatches, and other workforce challenges by working at a multi-firm, industry-based level. To complement the WIA funding and further the MiRSA initiative, recipients are required to provide cash or in-kind matching funds. The Charles Stewart Mott Foundation, a private philanthropy organization based in Flint, Mich., provides additional funding.<sup>105</sup>

The MI Opportunity Partnership is two-year-old collaboration among MWAs, employers in health care and the skilled trades, organized labor, higher education, and MiRSAs. The program connects displaced workers with current job openings and provides accelerated job training for high-growth careers in health care and the skilled trades. In the first two years, 48,500 Michigan residents have found jobs through the program.

A key component of the initiative is the Working for Jobs Today! pledge drive, an extensive outreach to employers to encourage them to pledge jobs that then can be filled by qualified job seekers. Employers can pledge jobs and search job seekers' resumes online through the newly enhanced Michigan Talent Bank.<sup>106</sup>

## New Mexico

### *Background*

New Mexico's seasonally adjusted unemployment rate was 4.4 percent in July 2006. The state's rate of job growth was 3.1 percent, with 25,000 new jobs added last year. New Mexico ranks eighth highest for job growth among the states.<sup>107</sup>

Job growth in New Mexico was broad-based, with all 13 industry groups expanding. However, the large government, health services, and professional and business services industries, along with the moderately sized construction industry, together added a total of 15,900—or two-thirds—of the new jobs.<sup>108</sup>

### *State Action*

New Mexico created the Office of Workforce Training and Development (OWTD) to administer the federal Workforce Investment Act of 1998 and to coordinate the state's various workforce development programs. Since its inception, OWTD has strived to eliminate barriers between programs, improve service delivery, and provide a seamless system for individuals who need improved skills training and for businesses that seek skilled workers.<sup>109</sup>

The State Board serves as the hub of the system and is responsible for developing and maintaining stakeholder relationships and coordinating workforce development efforts. Four Local Area Workforce Development Boards represent the central, southwestern, northern and eastern

areas of the state, with New Mexico's 35 one-stop centers located throughout each of the four regions.<sup>110</sup>

New Mexico identified areas where its workforce development system could be improved and adopted a four-pronged strategy to strengthen the system.

- 1) **Regionalization** – To restructure economic and workforce development efforts on a regional, not just local, basis;
- 2) **Integration** – To encourage employees to collaborate with others to use the resources of the entire system in serving customers and to ensure that services are delivered in a coordinated manner;
- 3) **Alignment** – To work cooperatively to address the economic and industry needs of the state's various regions; and
- 4) **Innovation** – To introduce a variety of creative solutions, ranging from technical systems to program design and service delivery.<sup>111</sup>

In 2005, the Governor's Workforce Coordination and Oversight Committee identified seven industries it felt were best suited to New Mexico's natural and human resources:

- Arts and Entertainment
- Business Services
- Communications and Information
- Energy and Environmental Technologies
- Engineering,
- Construction and Manufacturing
- Health and Biosciences
- Hospitality and Tourism<sup>112</sup>

These targeted industry clusters have focused the efforts of government agencies, training providers, and other system stakeholders on specific economic development goals. The entities incorporated into the plan include Youth and Family Services, State Colleges and Universities, Economic Development, Public Schools, Labor and Employment, Social Services and Workforce Training.<sup>113</sup> The targeted industry clusters also guide education and training program offerings in the state's Workforce Connection Centers; in community colleges, GED and adult literacy programs; and through TANF case managers.<sup>114</sup>

The targeted industry clusters are marketed to students and job seekers by highlighting growing businesses and industries that provide good career opportunities. The information provided indicates how much education is needed and describes the educational programs or "career pathways" available. Youth can follow a program of study beginning in middle school that leads to an industry credential, an associate's degree or a university degree. Adults can obtain the skills they need to start a career at the entry level and then return for additional training to help them move into higher level positions and wages.<sup>115</sup>

During the 2007 session, the Legislature passed House Bill 1280<sup>116</sup> to improve the effectiveness of the workforce service and delivery system. The law combines all functions and staff of the OWTD with all functions and staff of the New Mexico Department of Labor to create a new government agency, the New Mexico Workforce Solutions Department. Effective July 1, 2007, all OWTD and NMDOL employees will work for this new department. The New Mexico Workforce Solutions Department will continue the successful programs of the previous

agencies and concentrate heavily on aligning workforce training programs with the current and emerging needs of the business community and the New Mexico economy.<sup>117</sup>

### *Promising Programs*

To improve service delivery, New Mexico has implemented a statewide career readiness certificate, created the State Workforce Development Board Coordination Oversight Committee (an interagency committee that includes business representatives), and developed business plans in all four regions for one-stop service delivery. The state also has implemented systems to review and evaluate one-stop service delivery, and program and partner entities have increased their efforts to coordinate and collaborate with each other.<sup>118</sup>

OWTD worked extensively with other state agencies that provide workforce development services—the Division of Vocational Rehabilitation, the Economic Development Department, the State Department of Education, and others—to identify programs that had been isolated from the system. To bring these programs into the system, OWTD established communication and coordinating mechanisms.<sup>119</sup>

New Mexico state and local workforce development boards hope to accomplish the following:

- Facilitate the enhancement of the identified industry clusters;
- Assist with shared assessment of regional economic status and future opportunities;
- Create a data/information network, especially for rural communities;
- Connect community college and technology center partnerships to regional employer needs;
- Assist with shared assessment of employee skills and gaps in skills; and
- Create seamless training and education packages.<sup>120</sup>

#### **Educational Opportunity Puts Mother of Two on Path to a Meaningful Career**

Albuquerque native Renee Carlson is a 38-year-old mother of two. She dropped out of high school as a sophomore and left home when she was just 16. By the age of 23, she had two children. Ms. Carlson was arrested in January 2003 on several felony charges related to methamphetamine use and eventually was transferred into the DWI addiction treatment program.

While in the program, Ms. Carlson mentored other DWI program participants and started studying for her GED. She continued to work and study after her release from jail in August 2003. In June 2004, Ms. Carlson received her GED from the Albuquerque Technical Vocational Institute and is now pursuing an Associate's Degree.

In March 2005, an achievement coach at the Central New Mexico Community College (CNM) Center for Working Families (CWF) began working with Ms. Carlson, who embraced the opportunity to learn life skills, time management, commitments, budget management, and mentoring. She currently participates in work study and AmeriCorps at CNM, where she is responsible for helping others obtain their GEDs.

While supporting and mentoring other similarly-situated individuals, Ms. Carlson "realized the value of knowing community resources available to myself and peers." She said, "[T]hrough the support of my family, available community resources, lots of hard work, and the life-long tools that I've received from CWF ... I will continue to achieve my goals and live my dreams." She has not used drugs or alcohol in four years, and her goal is to become a Licensed Alcohol and Drug Addictions Counselor (LADAC) and work with adolescents.

**Source:** State of New Mexico Workforce Development Board, "Minutes of the State of New Mexico Workforce Development Board" (Santa Fe: WDB, Aug. 22, 2006).

## Oregon

### *Background*

Oregon has a steadily growing and well-educated population; the unemployment rate is above the national average. Of Oregonians age 25 and older, 85.1 percent possess a high school diploma, compared to 80.4 percent nationally.<sup>121</sup> Oregon's May 2007 unemployment rate was 5 percent, compared to the national rate of 4.5 percent.<sup>122</sup>

Major industries in Oregon include high technology and software, wood and paper products, food processing and agriculture, and transportation equipment. Health care is a major growth industry for the state, and 18 of the top 20 fastest growing occupations are related to health care.<sup>123</sup> Oregon's status as a small business state, where more than 90 percent of all businesses employ 20 or fewer people, creates unique opportunities and challenges for the state's workforce development system.<sup>124</sup>

### *State Action*

The Oregon Legislature implemented the Workforce Investment Act with significant changes that set it apart from most other states. ORS 660 *et seq.* mandated that Temporary Assistance to Needy Families (TANF) and Food Stamps be included in Oregon's one-stop system, known as WorkSource Oregon. Oregon's legislation also stressed the commitments of the WorkSource Oregon partners not only to co-location, but also to co-delivery of services and integration to streamline the process and better leverage resources.<sup>125</sup>

Four state agencies are directly responsible for the major workforce development programs: Oregon Employment Department (OED), Department of Community Colleges and Workforce Development (CCWD), Department of Human Services (DHS), and Oregon Department of Education (ODE).<sup>126</sup> The efforts of these agencies are coordinated by the Workforce Policy Cabinet (WPC), which is not housed in a fixed location; instead, it serves as a "virtual workforce agency."<sup>127</sup>

Oregon has brought together business and government leaders to encourage business input into strategic workforce planning. The Oregon Council for Knowledge and Economic Development (OCKED) is comprised of 15 members appointed by the governor and confirmed by the Senate. OCKED's mission is to promote knowledge-based economic development; to foster collaboration among leadership of public and private institutions of higher education, economic development and the private sector; and to act as an early warning system for threats and opportunities in these areas.<sup>128</sup>

The Oregon Economic and Community Development Department (OECDD) awards grants to educational institutions, unions and trade associations to help business associations, small groups of companies, and individual firms build training programs. By design, the training funds are matched by employers with both dollars and in-kind services. Examples of statewide partnerships include the Semiconductor Workforce Consortium, the Food Processors Workforce Committee, and the Oregon Metals Industry Council.<sup>129</sup>

Because Oregon has not used a statewide model for its one-stop system, some regions have not been as aggressive in building or maintaining relationships with key partners. Cost-sharing of workforce development services also has not been implemented in all regions.<sup>130</sup>

### *Promising Programs*

Launched in 2002, the Oregon Business Plan has provided the strategic framework for business and elected leaders to build a stronger, more competitive state economy. Each year, the group meets for the Economic Leadership Summit hosted by a bipartisan committee that includes U.S. senators from Oregon, the governor, the Senate president, and the House speaker.<sup>131</sup>

Key elements of the Oregon Business Plan include:

- Retaining existing jobs and businesses and helping businesses expand.
- Recruiting new businesses that align with Oregon's existing and emerging economic strengths and support the long-term sustainability of communities.
- Promoting collaboration between business and higher education to commercialize research and encourage entrepreneurship.
- Developing and implementing global competitiveness and market development strategies.
- Providing educational and training opportunities to prepare a qualified workforce.
- Providing the necessary infrastructure to promote economic development.
- Improving the state's business climate to encourage business activity.<sup>132</sup>

Oregon aggressively uses matching funds and other strategies to leverage workforce development resources. Employer Workforce Training Fund projects, for example, require a 100 percent match from the private sector as well as a capacity-building match and plans to become self-sustaining. One-stop centers frequently employ the efforts and expertise of their local partners, which may include faith- and community-based organizations, business organizations such as Chambers of Commerce, and local service organizations. The state also allows individuals to contribute to their own individual training accounts and uses regional and state economic development lottery funds for workforce training projects and systems.<sup>133</sup>

To improve businesses' awareness of and access to WorkSource Oregon, the Oregon Workforce Investment Board is implementing a marketing strategy that dovetails with the state's broader economic development strategy. Brand Oregon campaigns are public-private partnerships "designed to bring positive economic returns to Oregon businesses and the state's economy as a whole through coordinated communication and marketing efforts." Successes include the November 2004 Oregon Bounty campaign, which increased traffic at Oregon wineries by as much as 60 percent.<sup>134</sup>

**Successfully Serving Employers' Needs**

Ken Wise, owner of the Texaco/Chevron Xpress Lube in Newberg, recently lost some good employees and found himself falling further and further behind, despite his 70-hour work weeks. He needed to find good employees quickly.

Mr. Wise turned to WorkSource Oregon and the Newberg Employment Department Office. Within a very short time, he had identified qualified candidates and hired a qualified employee. Mr. Wise liked the speed and the convenience of working with WorkSource Oregon and the new iMatchSkills application. "I got a response within hours of sending an email. Boom!"

"The Employment Office is getting very streamlined. The local staff is very helpful - faxing things back and forth. I didn't have to take away time to go down to the Employment Office - you can do everything over phone or fax (or Internet) and it usually works out real well."

**Source:** WorkSource Oregon, Employer Success Stories, "Newberg Texaco: Getting What You Need in a Hurry" (Salem: WorkSource Oregon, 2007), [http://www.worksourceoregon.org/index.php?option=com\\_content&task=view&id=49&Itemid=9](http://www.worksourceoregon.org/index.php?option=com_content&task=view&id=49&Itemid=9).

**Utah**

*Background*

Utah's strong economic performance has made it one of the fastest growing state economies in the nation. Population growth, the booming energy market, and a strong industrial foundation have provided the basis for Utah's strong economy. Construction and professional and business services accounted for nearly 50 percent of all jobs created during 2006.<sup>135</sup>

As table A-1 illustrates, Utah's economic base is formed by several diverse industries.

In May 2007, unemployment in the state was 2.5 percent, compared to the national rate of 4.5 percent.<sup>136</sup> The combination of low unemployment and a growing economy found many industries in need of qualified workers.<sup>1375</sup>

Industry	Percentage of Utah Workforce Employed
Trade, transportation and utilities	20%
Government (local, state and federal)	18%
Professional and business services	13%
Education and health services	11%
Manufacturing	10%
Leisure and hospitality	9%
Construction	7%
Financial services	6%
Information and other services	6%

**Source:** Utah Department of Workforce Services, *Workforce Investment Act Title I Wagner Peyser PY 2007 – PY 2008 2nd 2-Years of the 5 Year Strategic Plan* (Salt Lake City: DWS, 2007), 14.

*State Action*

The State Council on Workforce Service serves as the State Workforce Investment Board (SWIB). The combination council/board provides policy guidance to the Department of Workforce Services (DWS). The council includes representatives of small and large businesses; four employee representatives of employees or labor; a state legislator; the superintendent of public instruction; the commissioner of higher education; two representatives of community-based organizations; a veterans' representative, and the executive directors of the Utah Office of Rehabilitation and the state Departments of Workforce Services, Human Services, Economic Development and Health.<sup>138</sup>

The Department of Workforce Services is responsible for workforce development service delivery, including the state's system of one-stop service centers. The DWS divisions are organized around the key customer services they provide:

- Unemployment Insurance (UI) serves unemployed people who are eligible for benefits and employers who pay UI taxes.
- Eligibility serves customers who are eligible for supportive services such as food stamps, financial assistance, Medicaid or child care.
- Employment Counseling helps customers who want to increase their income, overcome employment barriers, and/or receive training.
- Core Services assists job seekers who want to find a job (or a better job) and employers who need to fill a job opening by offering employment exchange services.<sup>139</sup>

Job seekers can access DWS services by visiting employment centers or by using DWS online services. The DWS website, [www.jobs.utah.gov](http://www.jobs.utah.gov), allows customers to enter their resumes, search for job openings, learn about careers, access economic information, apply for training services, file for unemployment insurance benefits, and find links that will take them to other useful resources. Employers can use the site to enter job orders and search for qualified job seekers, access economic and wage information, report and pay quarterly taxes, enter New Hire Registry information, and link to [business.utah.gov](http://business.utah.gov) to find useful information about starting and operating a successful business.<sup>140</sup>

Utah's Department of Workforce Service has used technology to promote efficiency and maintain a high level of customer service.<sup>141</sup> DWS Core Services completely redesigned the "Services to Employer" side of [jobs.utah.gov](http://jobs.utah.gov) to make the system more productive, accessible, efficient and user friendly. A significant increase in site use by employers indicates that the redesign was effective. Core Services will complete the redesign of "Services to Job Seekers" in 2007.<sup>142</sup>

Through Eligibility Services, DWS provides support services, including financial and child care assistance, food stamps and Medicaid, to eligible job seekers and their families.<sup>143</sup> During 2006, Eligibility staff developed and deployed a web-based tool for staff, customers, community partners and the public to provide information about DWS programs and processes.<sup>144</sup> These efforts were supported by the passage of House Bill 37 – Public Assistance Amendments,<sup>145</sup> which allowed semi-annual reporting for DWS Eligibility programs. Customers now complete fewer re-certifications and must report certain changes only at recertification.<sup>146</sup>

DWS uses strategically located business consultants and three specialized business service centers to provide direct services to the business community. The business consultants act as the focal point for business customers. Their services include assisting with posting job vacancy announcements on the on-line recruitment system; creating customized training for incumbent workers through educational partnerships; and providing customized training to supervisors, managers, and human resource representatives. They also serve as DWS liaisons through their local area Chambers of Commerce, economic development agencies, and employer committees.<sup>147</sup>

Currently, 87 percent of DWS' funding comes from federal assistance programs. An additional 12 percent comes from the state.<sup>148</sup> The concentration of federal funding has led the department to recognize the advisability of diversifying its funding sources. Utah is hopeful that its strong economy and the cooperative relationships that DWS has built with businesses and institutions of higher education will provide the desired opportunities.

### *Promising Programs*

In response to the statewide shortage of qualified workers, regional councils used the DWS labor market information that identifies skill shortages to formulate workforce development plans. Local industry, education and economic development leaders met to plan and implement solutions. The automotive industry roundtable was particularly effective because public and higher education partnered with industry representatives to align curriculum and ensure that future graduates have the skills industry employers need.<sup>149</sup>

After energy was identified as a key sector in the Utah economy, the Western Energy Training Center (WETC) was created to help current and future energy industry employees develop the skills and technical expertise needed by the industry. DWS has joined with energy industry representatives; workforce agencies; state economic developers; and educators from Montana, North Dakota, Wyoming and Colorado to form the Rocky Mountain Energy Partners. This group was formed to respond in a coordinated, regional way to workforce, training and infrastructure issues to take advantage of the area's energy resources.<sup>150</sup>

To provide workers with basic work readiness skills that are transferable across industries, the Salt Lake Tooele Applied Technology College and the Salt Lake Community College Skills Center developed the Ready to Work – Employment Survival Skills curriculum. This curriculum is available to other educational institutions throughout the state.<sup>151</sup>

Utah has the highest birth rate in the country, the youngest population in the country, and a higher than average ratio of school-age children to adults. The Office of Work and Family Life, a division of DWS, supports the state's young families by helping them provide stable homes and access quality child care and after school programs. The office also supports child care providers by providing professional development programs and grants.<sup>152</sup> Each year, it recognizes companies that effectively address employee work/life needs.<sup>153</sup>

The Transition to Adult Living (TAL) initiative focused on improving services for youth in foster care, those aging out of foster care, and those in the juvenile justice system. TAL depends on state and regional cooperation among DWS, the Department of Health, Juvenile Justice Services, Juvenile Courts, public housing and public education. These organizations created the "Just for Youth" website (<http://justforyouth.utah.gov>) to provide youth-oriented information about housing, education, employment, finances, health, parenting/child care, social services, and transportation.<sup>154</sup>

Utah's Women's Commission consists of an advisory board of professionals who volunteer their experience, time and effort to contribute to education outreach programs for teens. These programs focus on character building and life skills, resiliency training, academic achievement, and access to career and employment opportunities. The Women's Commission collaborates with DWS, the Division of Child and Family Services, Utah Domestic Violence Council, and the Office of Violence Against Women and Families.<sup>155</sup>

#### **Employers as Workforce Development System Partners**

L3 Communications is a Utah company that produces secure satellite communication systems and provides training and government services. Mr. John Hill, L3's vice president of human resources, has been a member of the Central Region Council for three years. He also is a member of the Executive Roundtable Committee and chairs the manufacturing and construction roundtable sessions.

The company uses DWS on-line services to recruit workers and listed nearly 500 jobs in 2006. They also participate in DWS-sponsored job and career fairs. By using DWS employment exchange services, L3 gains access to a large pool of job seekers, and DWS customers have the opportunity to obtain a good job that pays a livable wage.

L3 hired and trained four individuals through DWS' On-the-Job Training (OJT) program. Mr. Hill also has played an active role in informing other employers about the OJT program and encouraging them to participate.

Source: Utah State Workforce Investment Board and Utah Department of Workforce Services, 2006 Annual Report (Salt Lake City: DWS, 2006), 32.

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