



A Delaware
Workforce
System for the
21st Century



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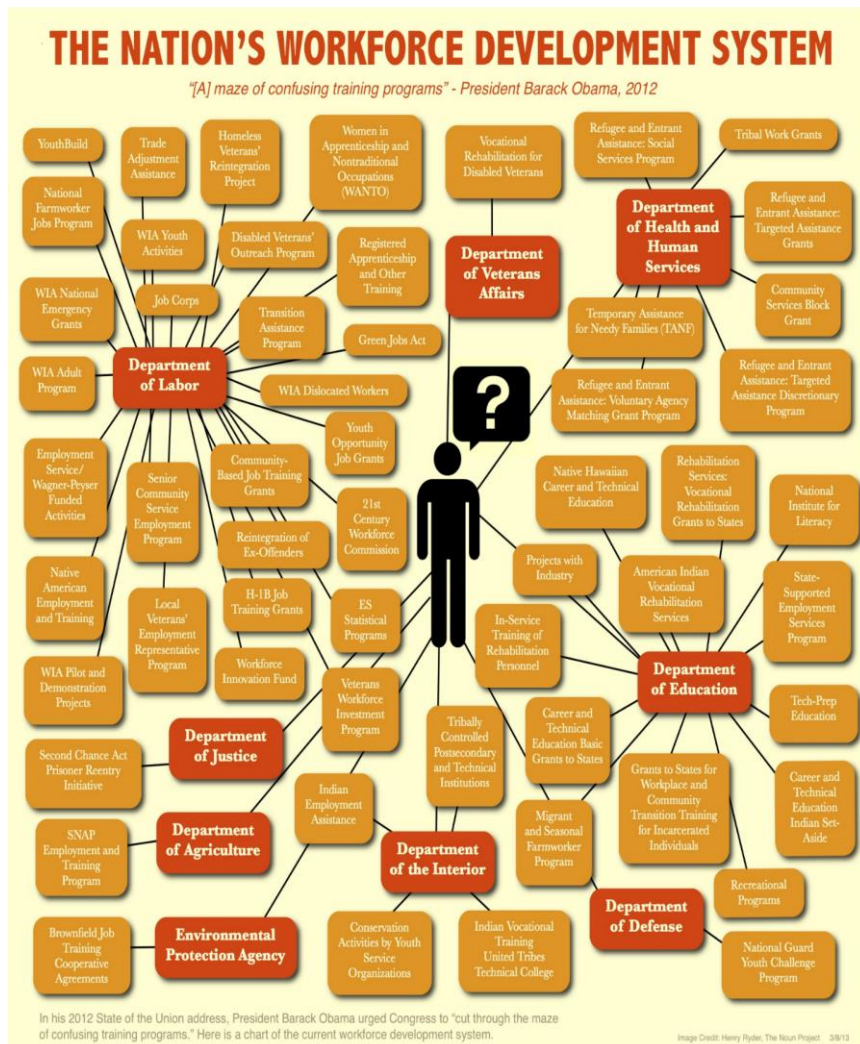
1. OVERVIEW

In an age of information, human capital drives economies, and America's system for developing its human capital is not delivering. Ultimately, we need to reform our workforce development system because, if we want our children to be able to earn the incomes we in America have come to expect, then as will be discussed further, they will need the more advanced skills that the well-paying jobs of the future demand. From the federal government to local community action agencies, there is general consensus from policy makers, service providers and educators that America's workforce development system needs to be made more demand-driven, more efficient, and better focused on preparing individuals for jobs that are in-demand.

While there is no one-size-fits-all solution for every situation or community, most experts believe that what we need, is an integrated system driven by business and employers. More specifically, we need a system defined by the interaction of education, workforce and economic development where employers can expect that graduates of education and training programs have the skills and credentials they need and are ready to work.

The current workforce development system is a maze of disparate programs and requirements. The Government Accountability Office (GAO) has identified 47 federal employment and training programs administered by different agencies. This maze of programs is, at the very least, antiquated and inefficient, at most, costly and wasteful. States and localities are forced to spend more time searching for resources and preparing reports than administering services to clients.

The following chart illustrates the complex web of federal programs and funding sources available for state and local workforce development programs.



The large number of overlapping programs and unnecessary bureaucracy are easily demonstrated on a state level. In 2012, Delaware received 99 grants from the US Department of Labor totaling \$26 million – the Delaware Department of Labor received \$24.1 million and the Department of Health and Human Services received \$1.9 million. Federal funding from at least 13 different programs within the US DOL alone, include:²

- State Unemployment Insurance and Employment Service Operation
- Trade Adjustment Assistance
- WIA Youth Services Grants
- WIA Dislocated Worker Formula Grants
- Wagner-Peyser
- Senior Community Services

- WIA Adult
- Job Corps
- Local Veterans' Employment Representative Program
- Disabled Veteran Outreach Program
- Temporary Labor Certification for Foreign Workers
- Work Opportunity Tax Credit Program (WOTC)
- Veteran Employment and Training

In addition, like other states, Delaware utilized funding from the eight other federal agencies – illustrated in the chart above – that provide funding for workforce-related programs. It also employed funding for workforce development from other major sources such as Temporary Assistance to Needy Families³ and Community Services Block Grants.

The number of funding streams coming into a single state, coupled with an antiquated and confusing web of programs, prevents states across the country from developing and implementing a coordinated, consistent and meaningful workforce system. The multitude of programs, funding streams and requirements is exacerbated by federal structures that do not allow states and local providers to utilize data to adapt to a changing environment or develop programs to fit specific needs.

The central workforce program requiring immediate reform is the Workforce Investment Act of 1998 (WIA), which replaced the Job Training Partnership Act. WIA was created with the intent to streamline programs, decrease bureaucracy, and promote coordination and functionality, but, a quarter-century later, it is not keeping pace with our changing economic and workforce demands. WIA's web of programs, funding streams and arduous requirements fail to give states and local governments the ability to respond to their own unique needs and capabilities. This is evident in three ways: first, in the process required simply to utilize WIA funds; second, in the prescribed nature of the funding; and third, in the number of federal waivers that states have requested and been granted.

First, the bureaucracy to administer the WIA program is not sustainable or efficient. This is made clear by 313-page federal statute and the “summary” workbook outlining the requirements for 2012 Statewide Workforce Plans.⁴ Far too much time and resources are used simply to comply with the federal mandates. Second, the WIA program micromanages a state's ability to utilize funds. This includes, but is not limited to, specified funding allotments for youth, dislocated and adult programs, employer

contribution amounts, training, and performance standards and measurements. Third, the WIA waiver system illustrates the inefficient application of the program. According to a 2010 summary by the US Department of Labor, 49 states and Guam, the Commonwealth of Northern Marianas Islands, the Virgin Islands, Puerto Rico, and the District of Columbia have all submitted and been approved for waiver requests.⁵ Virtually everything in WIA has been waived in a piecemeal approach for every state. While states appreciate the increased flexibility afforded by waivers, according to a 2012 report by Mathematica Policy Research, they present a number of challenges, as well, including:

1. Lengthy waiver application process;
2. Uncertainty about waiver renewal;
3. Dependency on a waiver that may end;
4. Narrowing scope of acceptable waivers; and
5. Tension between flexibility and DOL implementation guidance.⁶

These challenges decrease efficiency and increase uncertainty for both the state government and the state's business community.

The country needs a more coherent system. Delaware needs to pilot a truly single-source system on a statewide basis under one coherent "all-encompassing waiver." To give states and local administrators the flexibility to be responsive to specific economic situations and community needs.

Such a waiver would provide for a totally restructured workforce system that learns from the lessons of 25 years of WIA implementation successes and challenges by consolidating funding and programs, streamlining the delivery system, and positioning the state to meet the demands of a 21st Century economy. Delaware's serving as a "test model" can help Congress and the entire country to ascertain what needs to be done – and can be done – to make WIA work as efficiently as possible and thereby help move forward the long-stalled debate over reauthorizing it properly for another decade.

Delaware is the perfect state for this demonstration. It is small but possesses a diverse labor market ranging from a major urban financial services and manufacturing center to

rural economies. It has a single statewide Workforce Investment Board (WIB), allowing for easier and quicker policy coordination and implementation than in any other state, and the state is famous for the ease with which government, business and labor are able to communicate and act quickly and decisively when jobs are at stake. In addition, Delaware has emerged as a national leader in continuous educational improvement – earning the top spot in Race to the Top – and boasts a state leadership able and determined to create the best possible workforce system in the nation.

Delaware engaged **Public Works** to help the state build a cutting-edge workforce system, one that streamlines and improves services, provides true “one-stop shopping,” and employs regional and industry-driven economic development strategies. **Public Works** believes this goal is achievable and recommends that it be built around four cornerstone strategies:

- **Support industry-driven education and training programs** and connect workforce systems with the state’s economic development strategy, aligning efforts to support employment with existing and planned economic development activities and goals, and incorporating substantial employer engagement to build trust and demonstrate the value of a state workforce system.
- **Offer continual opportunities for career advancement by connecting the state workforce system to the education system** – coordinating with community colleges for jobs skills training and integrating the state’s higher education and K-12 systems.
- **Develop deep community connections and broaden the system’s focus and client base.** Older approaches conceive of the workforce system as an adjunct to the welfare system, with priority on placing low-skilled, unemployed people in the first low-wage or temporary job possible (maintaining status quo) – instead of a means to promote economic growth for states and communities and career- and income-growth for their workers at all ability levels.
- **Create a more flexible, integrated and comprehensive system** that focuses more on innovation than compliance.

The nation needs fundamental change in its workforce delivery system to meet the challenges and demands of the 21st Century. This will require significant restructuring of federal and state programs to create a more comprehensive, innovative and efficient

system. It can also help lead to an improved – and reauthorized – WIA. Delaware is the perfect state to serve as a laboratory and model for such reform in a timely fashion.

1.1. The Workforce Challenge, Nationally and in Delaware

Around the world, and across the country, the demand for skilled workers is increasing. The days when workers could earn comfortable middle class incomes working on an assembly line without any college education are mainly in the past. As we have moved from an industrial economy to a world that is increasingly knowledge-based, the skill-set required for workers to earn middle class American incomes has become increasingly knowledge-based, as well. Perhaps the most famous example is the fact that an automobile today has more computing power aboard than a desk-top computer of a decade ago or even a space capsule of a generation ago – and, as a result, a car mechanic often requires post-secondary technical skills that would have been unthinkable in the “auto shop” of decades past. The workforce demands of the next few decades will only move more in this direction. As previously mentioned, if we want our children to be able to earn the incomes we in America have come to expect, they will need the more advanced skills that the well-paying jobs of the future will demand.

We not only *want* this for our state and its future workers: We *need* it. As Governor Markell wrote nearly a decade ago as State Treasurer in the report *Delaware: Facing Forward*,

There is really only one way for Delaware and its citizens to produce the bulk of the increased amounts of money that will be needed to meet the demands the state will experience in the next few decades – and that is, simply, to dramatically increase our earnings capability. Ultimately, the best way to meet new demands without increased taxes is to increase incomes, and, thereby, the taxes they generate under existing tax rates.

For any state, a comprehensive human-capital investment strategy is the best vehicle to raise incomes across-the-board. The strength of the future workforce will determine, in large measure, the state’s economic health. A well-educated, skilled, and productive workforce will allow the state to attract and retain high growth companies and industries to fuel the economy.

Jobs of the future are shifting toward a need for some post-secondary education, but not necessarily a four-year degree. According to a report published by Georgetown University through a collaboration of workforce and education researchers – The Center of Education and the Workforce, The National Research Center for Career and Technical Education, and The Career and Education Association – by 2018, 29 percent of jobs will require middle skills.⁷ Jobs requiring only a high school diploma will decrease to 37 percent, down from 72 percent in 1973 and 41 percent in 2007.

However, while most parents aspire to see their children go on to college, and a bachelor's degree or better does guarantee access to all career clusters,⁸ in truth we will not need every worker to receive four or more years of post-secondary education. We *will* need the majority of workers to receive *some* post-secondary education.

In Delaware, as is the case nationally, a significant portion of new jobs will require some post-secondary education.

Right now, Delaware is not positioned to supply the level of skilled workforce that the global economy will demand – 42 percent of Delawareans have only a high school diploma or less. Currently:

- 30 percent have a bachelor's, graduate, or professional degree.
- 28 percent have an associate degree or attended college but not earned a credential.
- 31 percent have a high school diploma or equivalent.
- 11 percent have less than high school.⁹

And the unemployment rate in 2011 for adults without a high school diploma in Delaware was almost double (12 percent) compared to about 7 percent for the total population.¹⁰

Why is there such high unemployment among people with less than a high school diploma when there are so many jobs for which they are qualified? Very simply, in the current economy, people with higher educational attainment also compete for many of those jobs.

Since most jobs requiring a high school degree or less are in low-wage occupations, those with a high school degree or less are less likely than postsecondary degree holders to be members of the middle class. In 1970, 60 percent of high school graduates were in the middle class; by 2007, the share had fallen to 45 percent.¹¹ And

since this group of high school or less potential job seekers now includes 42 percent of Delaware's adult population, the state faces challenges in building and keeping a healthy middle class. Ultimately the goal should be, not just to fill the jobs as they exist today but also to assist people to migrate up the educational attainment scale so they can move up the wage scale.

In sum, to generate the incomes we want the next generation of Delawareans to achieve – to pay for the services and infrastructure Delaware will need in coming years as it ages, grows, and diversifies – to compete globally in a changing and advancing 21st Century Economy – to do *all* these things and meet all these goals, we will need a better-trained, better-educated, more highly-skilled workforce. And we need to start producing it today.

1.2. Delaware Workforce Policy to Date

While there are a number of initiatives being developed by DOL, the state has not yet taken comprehensive action to address these challenges. Delaware has not instituted many of the policies considered national best-practices in raising worker skills and providing more highly-skilled workers¹² – particularly in the area of addressing the so-called middle-skills job market (those requiring some post-secondary but not college-degree-level education) – that we know to be the area of greatest need.

Although these challenges are significant, Delaware has an opportunity to address them and has a good foundation to build upon in doing so. The Delaware Department of Labor (DOL) has begun moving in the right direction.

Last year, DOL piloted an initiative for targeted training by setting aside some federal money that could be used for such purposes. In two instances, employers came to DOL with job openings in specialized fields for which they could not find sufficient applicants. DOL worked with the employers to identify the training needed, worked with DelTech and even specialized training programs in a neighboring state (the only place the training was available), provided funds to place job-seekers in the training, and was able to place over 1,000 people completing training into jobs.

In January, DOL's Education & Training division launched a re-write of the Job-Link system that will improve the way job-seekers create resumes for aiding in job searches. Every registrant will be able to develop a professional resume that clearly outlines experience in terms that are meaningful to employers. The next phase of development will be to implement a new search engine for employers to use to find

qualified applicants for job openings. Employers will be able to search on key words that will display resumes of job-seekers with the skills and/or experience required. This connection between job-seekers and employers will be easy, fast, focused and direct to save time and effort in matching people and employers.

Once the source of last resort for employers and workers alike, Delaware's state government workforce system is making great strides in creating a highly-skilled and ready-to-work workforce. The Department of Labor (DOL) is working diligently to make its programs more effective, to improve fiscal oversight, to enhance information technology, and to improve its services. Over the past three years, the Department has implemented a number of initiatives to improve efficiencies and customer service in each of its divisions – the Division of Unemployment Insurance, the Division of Employment and Training, Division of Vocational Rehabilitation, the Office of Labor Market Information, and the Division of Industrial Affairs.

The agency has also undertaken development of a sector strategy. A sector strategy fosters industry-driven partnerships among education, training, economic development, community-based, labor management and other organizations to work to jointly to solve the workforce challenges of a critical industry.¹³ Delaware's sector strategy will be linked to its career ladder system, resume builder initiative, and certificate program. In fact, together with the Department of Education (DOE) and the Delaware Economic Development Office (DEDO), the agency will have in place by Fall 2013 a pilot program to implement these policies. This pilot represents a collaboration between the state government and Delaware State to administer National Career Readiness Certification to individuals currently in the DOL system while building recognition of and support for the certificate system within the business community. The pilot will also utilize the career ladder system and resume builder initiative to help individuals find jobs. The state and its leaders have made significant progress to date.

However, while Delaware's work to date is significant and incorporates many of the cornerstones of an ideal workforce system, there is still more that needs to be done in order for Delaware to serve as a model of state government-led workforce development. To be a leader, Delaware needs to take its efforts to the next level. How? **Public Works** has interviewed leadership from each of the departments, staff from Delaware's one-stop centers, and members of the business community, and conducted independent research. It appears that, even with the innovative steps DOL has taken under Secretary John McMahon, improvements are still needed to:

- Develop even better working relationships between the business community, DOL and DEDO that are beneficial for growing business. These critical relationships are the most significant tools that states can have in their tool kit for bringing new business into the state or expanding existing businesses.
- Foster cross-agency understanding and coordination of workforce funding sources and efforts. Thanks to the personal knowledge, commitment and cooperation of the relevant agency Secretaries, the constituent elements of Delaware's state workforce system work together frequently to meet the state's business growth and workforce development needs. The state lags behind others, however, in institutionalizing such efforts through on-going, cross-agency programs (examples of which are discussed below in Section 3).
- Build business community confidence in state workforce programs. Unfortunately, the Delaware business community still does not see DOL as a viable source of help in finding trained and job-ready workers.

To address these issues and to meet current and future workforce demands, **Delaware needs a system that is truly unified, coordinated, and comprehensive.** It needs to build on the progress the state has already made while filling the remaining gaps to:

- Become even more demand-driven,
- Produce the workers that employers need,
- Create an efficient and responsive governance structure that facilitates integration and cooperation of state agencies, and
- Streamline funding to ensure efficiency and accountability.

2. CREATE A DEMAND-DRIVEN SYSTEM: FOCUS ON WHAT EMPLOYERS NEED TO GROW THEIR BUSINESS

A successful workforce development system must be demand-driven and recognize that the customer of the workforce system is the employer. Essentially, employers are the “buyers” of the workforce system’s “products.” Developing a skilled workforce as defined by employers ensure that the system is producing the employees that business needs and has a ripple effect throughout the entire system. When there is a focus on employers’ needs, all resources, programs, organizations, skills development, and education and training systems contribute to the supply of labor needed to grow and attract the businesses the state will, and wants to, have in the future, maximizing

economic growth, job growth, incomes and employment. As the Brookings Institute concludes:

Findings from recent experimental evaluations of programs operated by states and nonprofit organizations, and careful studies of community colleges suggest that employment-focused programs, often developed in cooperation and collaboration with employer or industry partners, have been tremendously successful, producing returns for workers that far exceed the social cost of the programs.

Brookings provides two recommendations to guide policy makers in developing more effective worker training programs in general:

- **Training funds should be directed to evidence-backed programs and to workers who can benefit from those programs.** Recent research has identified some training programs as particularly effective at getting Americans to work, or back to work at higher wages. The available evidence suggests that the most effective programs closely match the type and intensity of training to the needs and circumstances of the workers. The lessons learned from these successful programs can help inform future choices on how to allocate training funding.
- **Training programs should directly engage employer and industry partners, or actively guide students to career-specific training.** Successful training programs often rely on input from or partnerships with employers and industry partners in order to direct trainees to invest in courses and fields of study relevant to available jobs. Without this type of collaboration, newly trained or retrained workers may find themselves without the skills needed by industry, skills that are required for long-lasting labor market success.¹⁴

Delaware already has a number of components needed to make a demand-driven system work for employers. The initiatives of the WIB and DOL around career ladders, resume building, and matching job seekers and employers are all elements of a comprehensive tool kit. Other initiatives being developed, such as the Delaware WorkKeys® Credentialing Pilot, will add to the tools the state has to address employer needs and to help to create an ideal workforce system. These will be part of the comprehensive model system design submitted to the federal government.

The following recommendations highlight how these initiatives, plus some additional activities, can position the state for additional growth.

Recommendations

1. **Establish a middle-skills agenda.** The demand for a skilled workforce is increasing. As we move from an industrial to an increasingly knowledge-based economy, the skills required for workers to earn a middle class income has become increasingly knowledge-based as well. Organizations across all industries are projecting that future jobs at all levels will require more skills, education and credentials/certifications, with varying degrees of magnitude. The largest difference between current education and skills levels and projected future requirements lie in skilled labor and administrative/secretarial positions.¹⁵ As Delaware knows well, the automobile manufacturing industry has more to do with computers than traditional assembly-line work.

Although the U.S. Bureau of Labor Statistics does not publish estimates of job openings by skill category, combining government data on education and training requirements leads labor market experts to estimate that as many as 25 million, or 47 percent, of all new job openings from 2010 to 2020 will fall into the middle-skills range.¹⁶ These are jobs that pay middle-class earnings and require more than a high school diploma but less than a four-year college degree, such as an associate's degree, a certification, completion of an apprenticeship program, or significant on-the-job, employer provided training – the so-called middle skills jobs. Middle skills jobs encompass a wide variety of occupations and occupational groups and often include: plumbers, electricians, healthcare workers/technicians, legal assistants, machinists, firefighters, clerical workers, engineering technicians, police officers, and green technology jobs.¹⁷ To further support the demand and call to action for a middle-skills agenda, the Brookings Institute reports that demand will remain high and likely unfilled because of the limited supply of middle skilled workers.¹⁸

To be more specific, the Delaware Office of Labor Management Information estimates that over 50 percent of the new job projections for 2020 are in four of 16 career clusters: Marketing, Sales & Service; Hospitality & Tourism; Business Management & Administration; and Health Science.¹⁹ And of these four clusters, all but Hospitality & Tourism rank in the top seven for career clusters that will require at least some post-secondary education.²⁰ In other words, as is the case

nationally, a significant portion of new jobs in Delaware over the next few years will require some post-secondary education.

At the same time, 2011 census data published by the Lumina Foundation shows that, amongst Delaware's current workforce:²¹

- 30% have a bachelor's, graduate, or professional degree.
- 28% have an associate degree or attended college but not earned a credential.
- 31% have a high school diploma or equivalent.
- 11% have less than high school.

In 2011, the State of Oregon set a goal of 40-40-20 that is, 40 percent of the population will have a bachelor's degree or more, 40 percent will have an associate degree or some post-secondary education and credential; and 20 percent will have a high school diploma or equivalent. Oregon also identified 10 critical elements to the strategy and proposed a framework and discipline to format decision making about allocating educational resources to ensure success by 2025.²² Delaware, should establish a similar goal of 40-50-10 to help drive collective action for reform to help individuals move up the educational attainment and wage ladder. That is, 40 percent of the population will have a bachelor's degree or more; 50 percent will have an associate degree or some post-secondary education and credential; and 10 percent will have a high school diploma or equivalent.

To achieve these goals, the state should establish a "middle-skills agenda" that includes:

- Providing a range of career exploration activities for students, including work-based learning, dual enrollment programs, and expanded apprenticeship opportunities.²³
- Conducting an analysis comparing the industries or career opportunities with the highest level of demand in the state with the programs offered at local institutions of higher education.²⁴
- Reviewing contracts with current providers to ensure that training is meeting employer needs.

- Develop a comprehensive program to help Delaware families to manage the cost of higher education. The state should consider creating a user-friendly website to provide students and families with helpful information about the states' institutions, including college pricing, graduation rates, and popular majors; create an online calculator that would allow students and families to estimate the annual and total cost of a college education; increase access to need-based aid and support services for low-income students; provide colleges and universities that keep prices low with additional need-based grant aid incentives; and encourage institutions to use innovative methods to rein in price increases.
- Focus more workforce programs on STEM education. STEM-related workforce skill development is increasingly important in high-growth, technology-driven occupations. The state should engage with the business community to ensure that DelTech is meeting its STEM-skill needs as well as target policies and funding to reward STEM course-completion.
- Provide incentives for institutions of higher education to work with their economic development and business communities and focus on providing those certifications or degrees that meet the needs of students, maximize potential for student and programmatic success, have a significant return on investment, and are aligned to high-demand and/or high-growth industries. The exact means for doing so are addressed in more detail in Section 4's discussion of system restructuring.
- Identify job seekers coming to the One Stops who would be candidates for targeted training and education and match them to training opportunities.
- Better align employment and economic data collection with today's realities. For example, the U.S. Census Bureau's educational attainment categories do not include individuals who have earned a certificate but rather jump from "some college" to "associate degree." The lack of data about such an important population certainly affects, and limits, accurate analyses and projections.

- Conduct a public campaign to notify individuals and students about high-demand industries and fields.

2. **Expand the sector strategies initiatives and establish Centers of**

Excellence. State sector strategies are mechanisms that leading states use to promote and support the development of industries that are known to be increasing in the state. Rather than pro-actively “picking winners,” such approaches allow states to react to current demand by focusing their resources on ensuring that a properly-trained workforce exists to meet the needs of those industries that the state already knows to be growing and in need of workers.

The sector approach began in the 1980’s with community-based organizations and foundation supporters who were attempting to design a different approach to improve economic opportunities for low-income individuals by tailoring efforts to specific industries.²⁵ Federal funding eventually contributed to the growth in sector strategies when in 2001 the Department of Labor launched its Sector Employment Demonstration Project.²⁶ Since then, sector strategies are being developed in a majority of states as a means to better connect employer’s needs for skilled workers and job seekers.²⁷ It is estimated that 1,000 sector partnerships are operating across the country.²⁸

Sector strategies allow states to:

- Address the needs of employers by focusing intensively on the workforce needs of a specific industry sector over a sustained period, often concentrating on a specific occupation or set of occupations within that industry;
- Address the needs of workers by creating formal career paths to good jobs, reducing barriers to employment, and sustaining or increasing middle-class jobs;
- Bolster regional economic competitiveness by engaging economic development experts in workforce issues and aligning education, economic, and workforce development planning;
- Engage a broader array of key stakeholders through partnerships organized by workforce intermediaries; and

- Promote systemic change that achieves ongoing benefits for the industry, workers, and community.²⁹

The Delaware Department of Labor is currently working on initiatives to develop an Information Technology sector strategy and retail business sector. States with a history of successful sector strategies have taken these strategies, however, to another level of importance with resources and branding activities. In addition, successful states have aligned sectors with those emphasized in education and economic development to ensure that resources and incentives are coordinated with workforce training.

Recognizing that maintaining competitiveness in key industries requires a vast array of integrated and aligned resources, bellwether states are raising the level of importance of sector strategies and organizing approaches around Centers of Excellence that:

- Serve as an intermediary/liaison to business, industry, and the State's workforce delivery system.
- Broker information and resources related to the targeted industry.
- Translate industry research into best practices.
- Provide a system for coaching and mentoring to assist in building seamless educational and work-related systems.
- Provide a clear education and career pathway for students and job-seekers to obtain a job in the industry and to advance to higher wage jobs.
- Develop industry and labor partnerships to better understand the ever-changing workforce issue facing the targeted industry, including the effects of globalization.

3. **Establish an Information Technology Center of Excellence.** As discussed in the foregoing recommendation, regardless of whether a state adopts the "business cluster" model of proactively targeting and supporting certain business sectors, leading workforce states recognize the need to ensure the flow of properly-prepared workers for the businesses and industries that the state already has and is currently attracting. In Delaware, the prime sectors in which the current Administration has identified such workforce supply challenges are Information Technology and retail/customer service. Delaware's IT sector is

more established than its retail/customer service initiative. The state should establish an Information Technology Center of Excellence by:

- Requesting that the WIB establish an IT Center of Excellence planning subcommittee that is charged with the development of the center and that will become the IT Center of Excellence Work Group that acts as the oversight board for the center. The Work Group should consist primarily of employers in the industry, state agencies related to economic development and workforce, tech school representatives, providers and labor organization representatives.
- Committing state funds (\$100,000) to establish and operate the center as the focal point for the IT industry.
- Committing state staff to support the work group and to carry out the center's initiatives in supporting employers and connecting them to the workforce system.

4. More fully establish and integrate a retail/customer service sector initiative.

There is a great deal of potential for both business and job seekers in the retail sector because it is not only one of the largest workforce sectors, it is also diverse and serves as an entry point to the labor force – for both younger workers and workers facing unemployment. As such, Delaware's focus on retail and customer service should be commended because there are plenty of career growth opportunities within the retail sector and a deeper more skilled labor pool within this sector can provide a more overall competitive labor pool.

There are nearly 14.8 million people employed in retail trade in 2011 – about 10 percent of the US labor force, with cashiers and retail salespeople making up the most common occupations.³⁰ The retail trade sector is the nation's largest employer in which retail jobs are often a critical entry, or "gateway", into the labor force and provides workers with foundational skills in customer service, punctuality, and responsibility.³¹

However, to further DOL's initiative and more fully establish and integrate a retail/customer service sector we recommend the following:

- Establish a Center of Excellence for the retail sector housed at DelTech to bring together industry leaders and training providers to develop and

design skill standards and credentials pertinent to the retail sector in Delaware.

- Develop soft skills credentials. Many employers, those within the retail sector, and outside the retail sector, want employees that possess soft skills, i.e. show up on time, work as a team, etc. Creating a soft skills credential in partnership with top retailers within the State can serve as a career readiness credential for many job seekers across multiple applications.
- Increase utilization of National Retail Federation (NRF) certificates. Delaware should identify a potential college or university partner and work with the NRF to increase the availability and utilization of their credentials for job seekers wanting employment in the retail sector. The National Retail Foundation has identified skill standards and credentials for customer service, sales, and retail management and offers industry recognized credentials in customer service, sales, and retail management.
 - *Customer service and sales skill standards.* NRF Foundation has developed two certificates. The National Professional Certification in Customer Service covers four critical work functions identified by NRF. They include: learn about products or services, assess customer needs, educate customer, meet customer needs and provide ongoing support. The National Professional Certification in Sales covers three work functions. Those include: prepare for selling, gain customer commitment and close the sale, develop and implement a sales follow-up plan.
 - *Retail management.* The National Professional Certification in Retail Management is designed to cover the following work domains: selling and service, merchandising, operations, human services, administration and financial accountability.
- Establish clear career ladders and lattices. The retail trade industry is a dynamic field with diverse career ladders, a wide range of employee benefits, and on-the-job training that is increasingly driven by high-end technology that requires advanced skills. The state and employers will

need to better utilize community colleges and universities to recruit job candidates and train incumbent workers to upgrade their skills for career advancement.

- Focus on recruitment and retention. Retail trade employers struggle to attract and retain the best and brightest employees because of the misperception that jobs are low-wage and lack growth potential. In reality, today's retail trade careers are more than just cashier and sales associate positions; they encompass information technology, marketing, communications, loss prevention, finance, and merchandise sourcing.

5. Complete plans for the Skills Bank initiative in conjunction with the resume project. Delaware's current resume project and skills bank initiatives complement each other with an end-result that put Delaware at the cutting edge of innovation and employers are able to clearly articulate their job skills requirements. When complete, Delaware will only be the second state in the nation to employ a functional skills bank that will give DOL the capacity to match job seekers' skills with business driven job requirements more effectively. The combination of these projects will also help DOL to identify training gaps and help focus resources in a more targeted effort. The resume project is moving forward successfully. For the Skills Bank portion of the initiative, the remaining steps required are for DOL to:

- Identify five to ten employers in a particular industry sector who are willing to work with DOL on several skill assessment exercises designed to pinpoint job descriptions and skill requirements.
- Conduct focus group meetings with human resource staff and/or supervisors or line staff actually doing the work to detail the skills requirements for each job title.
- Analyze the results to match the skills standards with job seekers and determine gaps in training and education.
- Publish a set of skills standards by job title for use throughout the education, economic development and workforce systems.

- Expand the pool of job titles and skills identification throughout the system, based on experience.
6. **Improve employer services and outreach strategies.** DOL is currently working to improve its industry intelligence but there is a recognized disconnect between the business service team and other areas of the agency. To be most efficient and to ensure that the “customer” is being served there needs to be better integration and consultation with the business services team, DOL should develop systems of accountability to foster long-term customer relationships, and create materials and strategies to expand its customer base.
7. **Encourage higher utilization by the business community of Delaware’s state government workforce services by creating a familiar and consistent brand that can easily identify the product, inspire consumer confidence, and communicate value.** As previously mentioned, Delaware is moving in the right direction to create an ideal workforce system. However, to utilize workforce as an economic development tool, Delaware needs to tell its story better, more efficiently and across multiple mediums, including traditional print and broadcast as well as social media. Moreover, to fully achieve the level of integration and collaboration discussed in the previous section, every partner must commit to participating in and building an effective and sustainable system. The brand must inform customers about the services and products available as well as the integrated and seamlessly delivered services. Currently, there are a number of individual initiatives being developed; however, there is no framework under which these initiatives can be marketed to employers. State leaders and the business community have both mentioned to **Public Works** the need for consistent and clear branding for both DEDO and DOL. A statewide branding effort will increase visibility of services and help to assure that employers utilize the services provided by the state. This includes:
- Building off of existing initiatives such as DEDO’s ***Right Place, Right Size***. This initiative has the elements of a successful branding effort – consistent message, specified set of actions, identification of results/ success stories, and market targeting. Both economic development and workforce should use this or a similar branding campaign, so that businesses are aware of both DELO and DOL’s capabilities.

- Improving web, social media, and app interface to provide business and job seekers with a comprehensive location for skills, skill clusters, education, certifications, and experience and work activities that are required by employers.

Social media should be used to tell Delaware's story. Like business, government needs to market its brand locally, nationally, and internationally. Social media is an ideal tool to relay key and consistent messaging, initiatives, announcement and updates.

Platform	Next Steps	Content Ideas	Frequency
Website	Re-architect, redesign and redevelop the website to reflect branding, consistency and collaboration.	Ensure content is new, up-to-date and catered for all audiences	As often as possible, and link social media to the website
Linked In	Develop Delaware's voice	Develop a group, build a network, update with job postings, major announcements, etc.	As often as possible, 2-3 updates a month
YouTube	Upload videos and success stories for business and job seekers	Marketing videos, speeches, ground breakings	1-2 videos per month
Facebook	Encourage agencies to utilize existing or create new Facebook pages and to link to other agencies	Continue to amplify happenings and key message (DEDO seems to do the best at utilizing Facebook)	2-4 posts per week
Twitter	Develop and use hashtags for agencies and issues	Key messaging, initiatives, jobs fairs, events, announcements	Daily

- 8. Support small businesses with a special emphasis on financing, growth and development.** Delaware should piggy-back on existing DEDO programs such as the Delaware Access Program, various entrepreneurial initiatives and Small Business Credit Initiative to link with small business workforce needs. DOL and DEDO should work together to support small business needs specifically because they are often in particular need of state services because many may not be able to invest in employee training or risk the possibility that competitors will recruit workers after training. Working together to leverage resources, DEDO and DOL can form a small business alliance to spread the cost and return on investment across a group of small employers in an industry and can:

- Organize groups of small employers in targeted industries to identify training needs.
- Identify existing training programs available to offer small employers.
- Create industry-specific training programs, as needed through fees assessed to employers for such purposes.

3. PRODUCE THE WORKERS THAT EMPLOYERS NEED

3.1. Ensuring World-Class Worker Preparation at All Levels

Being responsive to business requires that the state produce workers that employers need and ensuring that job-seekers have a full range of assistance in order to meet these demands including entry-level training, middle skills development, ongoing career management support, and long-term career planning and education.

3.2. Tying Workforce Preparation to the Education System

Education is of course inextricably linked to a successful demand driven workforce delivery system. Delaware is taking significant steps to change the “business as usual” approach to education. The Department of Education has been aggressive in implementing Common Core Standards, a quality data system that tracks a student throughout his/her student life, aligning high school graduation requirements with college-and career ready expectations, and developing college and career-ready assessment systems.³² According to the Data Quality Campaign, Delaware is one of 36 states that have in place all 10 of the elements recommended as the start of a robust P-12 longitudinal data system and 8 of the 10 fundamental actions recommended to change the culture around how data is used to inform decisions on improving the system.³³

This is a major undertaking that positions Delaware to move even further – that is, recognizing that college- and career-readiness should be tracked beyond K-12 so that real, certifiable data and outcomes can be matched to educational goals in the educational system. The next step is for the state to widen its lens in defining success and to build a more finely articulated career pathway system.

Recommendations

Education systems that are successful in preparing students for jobs are able to bring businesses into the system and put students into business settings. Better utilizing

work-based learning has proven to be the best way for the majority of young people to prepare for the world of work.

The connection between education and career success must be strong and clearly articulated. And the economic growth of a state will depend, not only on this connection, but also on its ability to help increase skills and provide opportunities for citizens to take advantage of new economy jobs. To produce the workers that employers need, the state should:

1. **Include a focus on soft-skills in school curriculum.** The Delaware Department of Education adopted the Common Core State Standards (CCSS) with the intention of improving college- and career-readiness. In addition, DOE is redefining its assessment system to include a series of assessments that will allow students, parents and educators to understand how well a student is meeting certain benchmarks toward career or college readiness throughout their K-12 education. One component of this “ladder of assessments” should be a soft skills assessment. Including soft skills broadens the vision for a systematic effort to address both hard and soft skills.

Businesses tell us that meeting academic standards are not sufficient. The America’s Promise Alliance’s 2006 Every Child, Every Promise report found that 40 percent of employers said that the high school students they hire lack enough of the soft skills they need even for entry-level positions.³⁴ Moreover, a 2007 survey conducted by OfficeTeam, HR.com, and International Association of Administrative Professionals found that 67 percent of HR managers would hire an applicant with strong soft skills whose technical skills were lacking.³⁵ The ability to succeed in these core areas directly impacts students’ employability at all levels in an organization or industry.

In addition to these important skills, however, it is critical that Delaware’s Standards of Learning (SOL) incorporate measures of students’ skills in career-centered “employability skills” – including problem-solving, analysis, self-discipline, organizational skills, and the ability to work on a team. Employability skills include all the interpersonal and professional skills that enable people to successfully manage, work with, and communicate with others in the workplace. From being a team player, to possessing integrity and a strong work ethic, the cultivation of these soft skills are crucial for success in the job market.

By adopting career-focused curricula (that includes soft-skills), such as the one developed by 21st Century Schools, Delaware can provide K-12 students with interactive, thematic, project-based units for teaching students important, career-focused skills. In this program, for example, students can begin learning financial literacy as early as first grade.³⁶ In another program, *The Leader in Me*, adapted from Stephen Covey's *7 Habits of Highly Effective People*, teachers and school leaders are trained in how to model and embed the seven habits in their classroom instruction.³⁷ The seven habits include being proactive, beginning with the end in mind, having the ability to prioritize, thinking cooperatively rather than competitively, discovering new solutions through teamwork and open-mindedness, and learning how to maintain balance in one's life.³⁸ Both of these programs provide successful models for integrating soft skills into K-12 classrooms.

In addition to implementing career-focused curricula, students' progress in soft skills should be assessed and measured as regularly as the core abilities of literacy, numeracy, history, and applied sciences. In Georgia, state legislation now enables high school students to earn a certificate in soft skills through their schools. The bill grew out of the complaints of employers who felt that many of the youths applying for jobs were not prepared for the expectations of the workplace. The certificate, which assesses students on workplace skills such as punctuality, communication skills, intellectual skills, attitude, and even attire, has garnered the support of business leaders, educators, and government officials. To establish education and testing systems that include soft-skills, Delaware should:

- Charge DOE with the responsibility of defining soft-skills and requirements in conjunction with DOL, DEDO and employers. DEDO currently has a soft skills training module on its website that can be used as a starting point for conversations however, asking DOE to be responsible will ensure that skills are tied to Common Core Standards.
- Charge the DOE with defining skills and definitions in conjunction with business leaders and other state agencies involved.
- Develop consistent curriculum, testing and certification
- Create a pilot project that rewards business for participation and provides professional development for educators, possible programs include:
 - Sponsoring Career and Technical Student Organizations in a Related Field.

- Support Career Exploration – speak to classes, assemblies, and career fairs as early as middle-school years.
- On-Site Field Trips – tours of local businesses that begin in middle school.
- Job Shadowing – offer students a day at the “office.”
- Mentoring – interacting one-on-one with students through existing organizations that provide mentoring.
- Parent/Child Presentations – Influencing soft skills development across generations.
- Co-Ops – College-level apprenticeships and internships.
- Externships for Educators.
- Ensure students leave school “certified” to enter the workforce.

2. **Incorporate career-readiness credentialing systems into high school requirements.**

The Educational Policy Improvement Center is currently developing a formative assessment system for 20 New York City empowerment zone schools that utilizes this collection of evidence model and focuses on skills such as: reasoning, argumentation, and proof; interpretation; precision and accuracy; problem solving; and research.³⁹

Delaware has already implemented universal SAT testing for 11th graders. Early assessment, however, can start as early as 8th grade. Tests, such as the ACT EXPLORE exam, which measures 8th grade students’ skill levels in Math, Reading, English, and Science, also helps students plan ahead by identifying career interests and the skills needed to pursue certain careers. Similarly, the ACT PLAN exam, taken in 10th grade, measures students’ current academic development, and enables students to explore career or training options so they can make plans for their remaining high school and post-graduation years. The Early Assessment Program, developed by the California State University, in collaboration with the Department of Education and State Board of Education, uses college admissions placement standards in math and English and is required of all 11th-grade students in California. A similar system would be useful in Delaware’s high schools.

Another option for early assessment is the WorkKeys® exam, which has helped high school students, as well as those in post-graduation years, build the skills necessary to increase their competitiveness in the workplace and develop successful career pathways. Adoption of Workkeys® testing at the high school

level would also support DOL's current NCRC efforts and create a meaningful statewide certificate program.

Georgia, Illinois, Kentucky, Louisiana, Mississippi and North Carolina are developing integrated career pathways that combine basic skill instruction with career and technical training, called *Accelerating Opportunities*, and building on Washington State's I-BEST (Integrated Basic Education and Skills Training) model.⁴⁰ I-BEST is a collaboration between the technical and ESL instructors to work on curricula that integrates basic skills competencies with those of the technical program. The eight elements of every *Accelerating Opportunities* initiative include:

- Utilizing a two-part process of combining Adult Basic Education or ESL training with a one-year, college level certificate in an articulated educational pathways, linked to career pathways.
- Evidence of strong local demand for the selected pathways, including the presence on the Workforce Investment Board demand list for the local area or other local data demonstrating robust demand;
- Acceleration strategies, including contextualized learning and the use of hybrid (online and classroom-based) course designs;
- Evidence-based dual enrollment strategies, including paired courses and I-BEST or I-BEST-like approaches.⁴¹
- Comprehensive academic and social student supports (e.g., tutoring, child care, transportation, access to public benefits, subsidized jobs);
- Achievement of marketable, stackable, credit-bearing certificates and degrees and college readiness, with an explicit goal of bypassing developmental education;
- Award of some college-level professional-technical credits, which must be transcribed the quarter or semester in which they are earned; and
- Partnerships with Workforce Investment Boards and/or employers.⁴²

3.3. Providing World-Class Training for Adult Workers

In addition to providing young people the educational foundation they eventually will need to succeed in the workplace, creating a strategy for effective continuous learning will form a central part of the comprehensive model Delaware assembles and presents in its waiver application. These elements of an ideal workforce system are being addressed already in Delaware's current strategic plan and efforts for reform and will include:

- **Lifelong learning for incumbent workers** through the state's post-secondary institutions and on the job training opportunities,
- **Entry-level programs for low-skilled workers,**
- **Addressing the special needs of today's new long-term unemployed** – for which Delaware DOL was recently awarded a multi-year grant,
- **Quick-start programs for relocating firms,** and
- **Provision of high-quality training programs** for all workers.

In addition, customized job training programs should be evidence-backed, engage employers and industry partners, actively guide students to career specific training, and create a comprehensive, on-going, cross-agency effort to provide training to meet specific needs. One specific best model practice that Delaware can use as example is Louisiana's LED FastStart Program:

- Louisiana's LED FastStart program has been voted the top state workforce development program in America by *Business Facilities*, a trade publication, for four consecutive years and was noted in the *Economist* in 2011.⁴³ LED FastStart was launched in 2008 to help companies recruit and train workers. It is available at no cost to any manufacturing, corporate headquarters, warehouse and distribution, research and development or other strategic facility that commits to creating at least 15 new jobs, or any service-related operation that commits to creating at least 50 new jobs.⁴⁴

The Delaware Economic Development Office provides similar services to existing business through DEDO's workforce professionals, however, what makes LED FastStart unique is its single point of entry, marketing, and singular focus on helping business start and expand in Louisiana.

LED FastStart markets itself as a single-source, world-class, workforce solutions provider that works with businesses to anticipate and address the company's workforce needs early in the startup or expansion process.

The Louisiana FastStart Process involves:

- Project Evaluation: The business development team and an internal workforce initiatives training specialist, in consultation with the business, examines a company's operations, review and document processes.
- Workforce Solutions Plan to develop timelines, draft workforce training plan and recommend media, classes and activities needed for successful launch of operations.
- Material Development, including an instructional system design plan, as well as performance-based pre- and post-employment classes for your organization.
- Pre-Employment Identification, providing courses to screened candidates, including classroom and job simulation exercises.
- Course Delivery wherever and whenever needed to provide the best experience for each company, as well as job candidates and newly-hired team members.
- Evaluation & Feedback for continuous improvements.
- Louisiana FastStart also offers customized training, core skills training and other training programs.⁴⁵

Recommendations

To further produce the workers that employer's need **Public Works** recommends that Delaware:

1. **Work with DelTech to redesign programs to enable low-skilled adults to acquire the skills necessary to succeed in postsecondary education and attain credentials.**

Michigan, Kentucky, North Carolina and Washington are states being recognized for their efforts to enable low skilled adults attain credentials by employing "The Break Through Model," an initiative of Jobs for the Future and the National Council on Workforce Education that promotes and strengthens the efforts of community colleges to help low-skilled adults prepare for and succeed in occupational and technical degree programs. Counteracting high attrition rates in Adult Basic Education and developmental education, "Breaking Through" colleges create effective pathways through precollege and degree-level programs that raise college completion rates. According to Jobs for the Future, this initiative proves that low-skilled adults can advance through remediation and

earn credentials while saving time and money.⁴⁶ It does this by changing the delivery methods and content through the innovative use of assessment tools, restructured curricula, targeted instruction, contextualization, and other strategies so that students can meet their goals faster, restructure both precollege and college-level instruction to connect course content with the workplace and to connect students with actual employers and workplaces and reorganizes college programs and link them with external programs to provide students with a better understanding of how they can move into and through college, and to provide clear pathways that enable them to do so.⁴⁷

4. CREATE AN EFFICIENT AND RESPONSIVE GOVERNANCE STRUCTURE

4.1. Embodying the Mindset that Workforce is Economic Development

State leaders are increasingly realizing that the fundamental purpose of workforce is not only about helping people find jobs – it is about economic growth, job growth, creating the jobs that will advance the state and its citizens for the future economy. A state's system of training is an increasingly critical factor in its economic competitiveness. Businesses make decisions about growing or locating in a state based on the availability of a talent pool that is trained and ready to work. The 21st Century economy requires a structural alignment of workforce and economic development that:

- Recognizes that workforce development is economic development.
- Engages employers beyond workforce boards.
- Focuses workforce boards on talent development and innovation, adapting to changing business climates and creating new economic opportunities.
- Focuses resources on industry sectors and how resources can be leveraged to meet industry needs.

A report from the National Governor's Association published in April 2013 notes that a complete policy framework shift is needed:

The current approach to economic security in the United States was designed for a different set of economic realities. It is not sufficiently focused on creating and supporting a workforce of individuals who will be employed in higher-skilled occupations and change jobs frequently

during their working life. Today's approach rests on a New Deal foundation built in the 1930s....

Today, structural economic change is much more the norm. This requires a redesign of the approach to economic security to foster a more resilient workforce. Such a workforce would be able to build on its assets, preempt problems, rebound from setbacks, and take risks.

Research and experience in the field show that the most important assets for economic resilience in this challenging time are workers' skills and adaptability, income and savings, health and wellness, and mutual support and social networks. The goal for public policy is to support individual workers in all four areas.⁴⁸

It should be noted that "workers' skills and adaptability" are mentioned as the first critical asset required for economic growth. States that will win the economic development race are those that have an effective organizational model that supports the changes taking place in the economy. And the most fundamental change in the workforce system must be a total redesign and re-structuring of organizations responsible for workforce and economic development – putting them together into one demand-driven system, that is, a system based on a clear understanding and focus on what businesses need to grow or locate in a state.

Delaware Labor Secretary John McMahon has been instrumental in moving the Department's mentality into the 21st Century. But Delaware's current system and structure are based on the 1930's model – a traditional workforce structure that is disconnected from economic development except for in a "reactive" mode. More crucially, while DOL and DEDO work collaboratively on individual programs, when an employer need is identified, or to plan an initiative, they do not work together on a daily basis as a cohesive, forward-thinking system designed to plan and implement an economic development strategy for the state. Delaware needs for *workforce* development to become a full-fledged element of the state's *economic* development.

Wisconsin recognized the importance of changing the mindset and crafted a *BE BOLD 2* plan. In its plan, Wisconsin aligned talent development with economic development, provided real time job and career information, and emphasized the need to promote, market and brand its efforts. The program is being recognized nationally for formally aligning the efforts of the Department of Labor, Department of Education and Economic

development and creating the Governor's Talent Development and Acquisition Council (Talent Council), housed at the Wisconsin Economic Development Corporation.⁴⁹

Recommendations

Coordination of workforce development policies with economic development including investment, trade, technology and macroeconomic policies is needed to effectively integrate workforce development policies into a cohesive development strategy. Building skills, competences and capabilities is a long-term process and forward-looking strategy is required to ensure the ability to provide skilled labor for the future. Encouraging cooperation between different state agencies, educational providers and business is essential for effective information exchange and forecasting workforce needs.⁵⁰

Therefore, as the National Governors Association noted over a decade ago, effective workforce education systems have a governance and accountability structure that “combines resources of many programs, engages the private sector, and focuses on meaningful outcomes.” States identified as leaders in development of coherent systems have taken a varied approach based on unique needs and institutional histories without their own states, but these leading states have generally taken one of two approaches to workforce education governance and service delivery:

- Integrate all or most workforce education programs into a single agency (e.g., Utah, which combined five state agencies into one Department of Workforce Services, or Michigan, which recently consolidated both workforce development and economic development programs into a single agency, the Michigan Department of Labor and Economic Growth), or
- Create a central office or authority to oversee strategic planning, coordination and collaboration of workforce-related programs that remain in one or more state agencies (e.g., Pennsylvania or Texas).

In either scenario, the objective is the integration of workforce and economic development efforts, planning, and funding into one unified bureaucracy. **Public Works** believes that Delaware should establish a Department of Economic & Workforce Competitiveness to ensure that workforce and economic development staff, programs, and leadership work together every day, in a continuous fashion, and with unitary policy direction. This recommendation has been consistently advanced by others who have looked at how best to promote workforce governance in Delaware, from Governor Tom Carper and the Minner Commission two decades ago to current WIB Chair Gary Stockbridge and DOL Secretary John McMahon in recent years.

Such a unified department should be formed from the combination of the current Department of Economic Development and the Department of Labor workforce-related units: Employment & Training, Unemployment Insurance, Vocational Rehabilitation, Labor Market Information, and the Workforce Board.

The Department of Labor would retain responsibility for oversight and regulation related to occupational safety, workers' compensation, labor law enforcement, discrimination complaints, and any other business and worker protection activities. This would require:

- Submitting legislation either as part of the budget process or as a separate initiative that outlines the purpose, goals, objectives, authority and duties of the new department.
- Requiring the Office of Management & Budget to work out the transition of human resources, budgets, finances, pensions, civil service, office locations, and any other detail required for a smooth transition of state staff, programs and service delivery without interruption.
- Designing a new staffing model that reconciles DEDO's tradition of exemption from the merit personnel system in order to function more like a business with the inclusion of personnel and positions currently with DOL and under the merit system.
- Market the new department with special emphasis on letting businesses know the new approach and services available.

Short of a total reorganization of DOL and DEDO, however, Delaware can take steps to better integrate the planning and execution of workforce and economic development in several ways:

- 1. Reconstituting the Workforce Investment Board.** Changing how workforce policy and programs are designed and delivered must go beyond the traditional Workforce Investment Board – whose primary purpose is to meet federal WIA requirements. Beyond the fact that employers do not see the workforce system as particularly valuable, they do not see these types of government boards as able to respond to changing labor market needs. New technologies, new skills and new training are needed for rapidly emerging new growth industries – and

employers need to see the workforce system as the primary resource for getting skilled job seekers. The system must improve employer engagement and recruit employers that are active participants in developing a quality workforce system.

Delaware's WIB and its leadership have been focused and involved in doing all they can to create a system responsive to both employer and job seeker needs. In fact, several initiatives like the Career Ladders effort are direct responses to the WIB's strategic planning process and the leadership of the board, including the Secretary and Chair. The WIB, however, is constrained by federal and state requirements that are out of step with the new vision for the economy and workforce systems. The Executive Order establishing the Delaware WIB was crafted in 2000 and significant changes in the economy and workforce systems have happened since that time. The WIB Executive Order should be updated to reflect the principles of aligning workforce development and economic development, lifelong learning in a P-20 system, and being demand driven. In addition, the EO allows for too many members "shall not exceed fifty-three voting members,"⁵¹ this is not efficient nor reflective of the focused work needing to be done by a WIB. Second, the Secretaries of Economic Development and Education need to be named explicitly as members in the Executive Order. Third, the current subcommittees: Performance Measures, Proposal Review and Certification, Youth Council, Public Relations, and Financial Oversight⁵² should be reconstituted into three sub-groups to provide a more specific focus on the three levels of skill training – entry-level, mid-career, and high-skill:

- **A First Jobs/First Wages Council** focused on youth and young adults to promote successful entry into the workforce through education and job experience.
- **A Better Jobs/Better Wages Council** charged with finding new ways to help low-wage and public assistance recipients, not only to transition from welfare to work, but also for low-wage earners to achieve skills to advance to jobs with higher wages.
- **The High Skill/High Wages Council** focuses on developing ways to attract employers that will create high wage jobs and connecting education and training efforts to ensure a skilled labor pool is available to fill the jobs.

This division moves away from targeting specific groups based on how federal funds are targeted (adults, youth, veterans, ex-offenders, people with disabilities, older workers, etc. and into a system that will foster ideas and innovation based on outcomes – getting a first job, moving up the wage scale, creating high-skilled jobs.

2. **Requiring personal participation by the Secretaries of Labor, Economic Development, Health & Human Resources, and Education on the Workforce Investment Board.**
3. **Encouraging cross-departmental development of the state's sector strategy, credentialing programs, development of a middle-skills agenda and lifelong learning efforts.**
4. **Creating benchmarked performance measures to gauge success across all three government agencies in meeting workforce needs.**

5. STREAMLINE FUNDING TO ENSURE EFFICIENCY AND ACCOUNTABILITY

5.1. Consolidating All Federal Funding and Reporting Requirements

Delaware, like all states around the country, receives federal funds from multiple federal sources that specify exactly how funding must be used for target groups and/or particular services and with an accompanying set of complex and confusing reporting requirements. Assessing what funds are available and for what services in a state system quickly reveals that each agency – labor, education, human services, economic development – have different definitions of terms, different reporting requirements, and different goals and objectives. The major funding sources for workforce programs, including education and training programs related to workforce, include:

- Workforce Investment Act (WIA) Title I Adult
- WIA Youth
- WIA Dislocated Worker
- Job Corp
- WIA Title II Adult Education
- Trade Adjustment Assistance (TAA)

- National Emergency Grants (NEG)
- Rapid Response
- WIA Veterans
- Wagner-Peyser
- Vocational Rehabilitation
- Community and Technical College
- Adult Education
- Trade Adjustment Act Community College and Career Training
- Temporary Assistance for Needy Families (TANF) work-related program funding
- Supplemental Nutrition Assistance Program (SNAP) work-related program funding
- Community Services Block Grant work-related program funding
- Department of Justice Reentry programs
- Department of Commerce for employment-related economic assistance programs

The 19 sources of federal funds listed above go to at least five different Delaware state government departments – Labor, Education (including the community college system), Health & Social Services, Corrections, and Economic Development. In addition to these, the U.S. House of Representatives’ Committee on Education and Workforce identified 56 separate federal employment and training programs administered by nine federal departments.⁵³ This complex system of funding and the restrictions put on states to reserve a certain percentage of funds to specifically target individuals with unique barriers to finding employment, including at-risk youth, completely stymies a state’s ability to target funds to state priorities, use funds in a more coordinated system and adjust funding to meet changing economic conditions and business requirements.

And each of these sources of funds has different reporting requirements. There is no single definition of a unit of service, no shared set of interim and outcome measures, no agreed upon cost-allocation methods for services funded by multiple sources, no consistent standards of quality measurement, and no data sharing protocols to allow departments to share information while still able to protect participants’ privacy. Currently, no one agency or group has the authority or is charged with the responsibility to resolve data issues that are critical to the success of a streamlined workforce system and policy, legal and technical issues must be addressed in order to establish such a system.

Recommendations

1. **Develop a comprehensive federal waiver request** to allow, at a minimum, Delaware to pool all of the Department of Labor multiple funding sources, TANF work program funding, Wagner-Peyser, Department of Justice Reentry work programs, and Department of Commerce work-related programs into a single funding source that will allow the state to target resources where needed, not just based on federal requirements. The Department of Education funding would remain separate. Pooling funds and limiting the number of restrictions from all sources except education will establish a more streamlined and flexible workforce and economic development system that will then have funding in only two categories – labor and education. Delaware can then develop priorities for funding based on state needs, not categorical requirements established at the federal level.

Delaware labor and workforce leaders already understand the value of simplifying funding streams. Currently the Delaware Employment and Training Division (DET) is working under an approved waiver that allows the department to transfer up to 50 percent of a program-year funding (up from 20 percent permitted) between adult employment and training and dislocated worker activities. This is an excellent first start; however, it is limited in its scope. The waiver recommendation suggested here will allow the department to **consolidate all funding** and realize **complete flexibility** in the system.

- Each state department involved (DOL, DEDO, DHHS, DOC) will need to develop a waiver request that will address the component of the overall request related to their respective departments. The Delaware Department of Labor should be the lead agency in producing the waiver request concerning its own programs, and also overseeing creation of the overall document that brings together the requests from each agency and coordinating any policy and program-design expertise utilized in the process. The US DOL waiver request will require:
 - Identification of statutes and regulations to be waived.
 - Statement of goals and expected outcomes.
 - Description of the individuals affected.
 - Description of a monitoring plan to track implementation.
 - Identification of how and what public comment was received.

- A plan must be developed for introducing the request to and garnering support from the state delegation in Washington. This will include:
 - Developing briefing materials to lay out the problem and solution being requested succinctly and clearly.
 - Developing a schedule and sequence for meeting and distributing materials.
 - Identifying specifically what is requested of the delegation to move the request forward.

- The Department of Labor and Department of Education should enter into a Memorandum of Agreement that identifies workforce funding, training to be provided based on employers' needs and economic development initiatives, and how the departments will work together to share information and track outcomes. DOL and DOE must be aligned to ensure that the career readiness standards being adopted through the Common Core Standards are realized consistently and throughout the workforce delivery system. The MOU should:
 - Have a statement of agreed upon goals and objectives for the system.
 - Provide a detailed description of services being provided.
 - Identify what resources each system is contributing.
 - Identify agreed upon performance measures.
 - Establish referral protocols.
 - Establish how customer data will be shared.

Formalizing the relationship between these two major departments provides an opportunity to better define goals and how each will contribute to the state's economic development and job growth plan.

2. **Develop a Pay for Success Initiative to take advantage of new funding opportunities and mechanisms to develop innovative public-private partnerships.** The Pay for Success (PFS) model is a new way of financing social services to help governments target limited dollars to achieve a positive, measurable outcome. Under the PFS model, a government agency works with a consortium of brokers, investors, and providers to design programs with a specific outcome achieved in a specific timeframe (job seeker obtains employment and is employed six months or a year after services provided; reduction in recidivism that reduces corrections costs;

youth who drop out of school who obtain a high school diploma or GED; TANF recipients becoming employed and remaining employed for six months). The financial capital to cover the operating costs and to pay for services to achieve the outcome are provided by independent investors. In return for accepting the risks of funding the project, the investors may expect a return on investment if the project is successful, and conversely, recognize that payment of the committed funds by the government agency is contingent on the validated achievement of results. Investors are paid only after the interventions generate results that save taxpayer money. This model shifts the burden of investment from government to private investors, effectively creating a social investment market where the government only pays for results.⁵⁴

In 2012, the federal Department of Labor, Employment and Training Agency, made available \$20 million in grants to states and local governments to fund pilot programs with the Pay for Success model. The President's 2014 budget includes \$185 million to greatly expand the model in the areas of job training, education, criminal justice, housing and disability services. The Department of Treasury is also earmarking \$300 million for an incentive fund to help states and local governments implement Pay for Success with philanthropies, nonprofits, and other nongovernmental organizations.⁵⁵ These funds are used to offset some of the cost of start-up, IT development and evaluation. Initiatives can be set up with investors assuming this cost if no government money is available.

This model is one of the most significant, innovative and cutting-edge funding opportunities, supported by the federal government, in recent history.

Delaware can take advantage of this model by:

- Tracking when federal ETA or other related federal agencies issue a Request for Proposals for grants to fund start-up costs
- Developing an initiative, apart from federal funding, using the model as part of the state's request for flexibility in funding as described above. Specifically, the State can reduce its TANF expenditures by moving individuals off TANF and into the workforce through successful training and education programs, and then use those freed-up TANF resources for additional investment in the workforce system – funding the entire

effort through pay-for-performance. To develop such a program, the State will need to:

- Define desired outcomes in specific terms in order to calculate return on investment.
 - Identify the services and interventions required to achieve the defined outcomes. This could be TANF recipients employed six or nine months out; One Stop job seeker off of UI and employed six or nine months out, etc.
 - Identify service providers to deliver the interventions. These are the non-profits in the system, however, targeted to those that are willing to focus on the goals as established for the Pay for Success model.
 - Identify an independent evaluator to monitor progress, suggest modifications to approach if needed, and to determine if outcomes are achieved. The evaluator provides an independent and objective determination of whether or not the criteria have been met in order to the investors to get the return on their investments. The evaluator essentially certifies that people are employed at the time intervals agreed upon.
3. **Convene an Accountability Workgroup, led by the Department of Education**, as part of the waiver request that will be responsible for addressing the policy, legal and technical issues presented in establishing a consolidated and streamlined reporting system. The Department of Education should lead this initiative because it is the logical agency to build upon what it is already doing through the Longitudinal Data System initiative being developed with a \$4.2 million federal grant awarded in June 2012, which is also already being expanded to include community college and technical schools in the state.

The current disconnected operational and information technology systems:

- Hinders the state's ability to develop common definitions for measures and events across programs since each system defines items differently.

- Does not identify and cross-match which participants are included in each agency or program.
- Does not connect UI wage data sufficiently to track progress of unemployed finding jobs or needed training.
- Is hampered by barriers posed by the Family Educational Rights and Privacy Act that defines what and how educational data can be shared.
- Lacks an integrated computer system to support data mining and tracking individuals across systems.

The Accountability Workgroup should build on the DOE's current initiative to establish a comprehensive tracking system and go beyond K-12, as well as to develop a common set of definitions, accountability and performance measures across systems. The group should establish ways to track and measures:

- Labor market results: Do people get jobs? What are they paid? What is the percentage of participants employed during the second or fourth quarters after exiting the program?
- Skill gains: To what extent do education levels increase? What percentage of consumers exiting the program has completed a certificate, degree diploma, licensure, or industry-recognized credential?
- Results for employers: Are we meeting the needs of employers? What percentage of employers return for service after one year? What percentage of all employers are served in one year?
- Return on investment: What is the return on investment?

The State of Delaware has a waiver allowing DET to replace 17 federally-required performance measures with nine measures: Adult Entered Employment, Adult Retention, Adult Average Earnings, Dislocated Worker Entered Employment, Dislocated Worker Retention, Dislocated Worker Average Earnings, Youth Placement in Employment and Education, Youth Attainment of a Degree or Certificate, and Youth Literacy and Numeracy

Gains. This initiative to expand and consolidate performance measures across systems can build on this foundation.

5.2. Better Leveraging State-Based Funding

More can be done to take maximum advantage of the funds over which the state has control – if the state knows what funds are being used in the array of workforce programs across departments. As noted above, there are at least five different state agencies (that include state appropriations) with funds targeted for workforce programs. In addition, in a recent review done for another state, with only about 60 percent of the providers responding to the question, a state workforce agency was able to identify almost \$1 million in private funds in the system that were unknown to state leaders until the data was collected.

Recommendations

1. **Identify all federal, state and private funds currently available in the state that are used for workforce-related programs.** Several states have undertaken an initiative to identify all workforce-related funding sources in order to have a better understanding of funds, sources, populations served, and restrictions. Having a detailed understanding of the resources available is the first step in finding ways to consolidate and better leverage funds for innovation. This will require:
 - Collecting detailed information from each department on level of funding, sources of funds (federal or state), targeted populations, restrictions on use of funds, number served, providers, and how accessed.
 - Surveying providers to identify private funds received for workforce-related programs.
 - Analyzing and sorting the data to help inform decision-makers on what resources are actually available in the system, how resources should be shifted if needed, areas of unmet need, cost per participant per service, etc.
2. **Commit staff resources in the Department of Labor to identify and apply for grants** directly available to the department and to help non-profits apply for grant opportunities. The state can take advantage of millions of dollars in grant opportunities available each year. Competitive grants this year from federal DOL alone for states or non-profits amounted to \$671 million nationally:
 - Make It in America Challenge: \$40 million

- Trade Adjustment Assistance
 - Community College & Career Training: \$474 million
- H-1B Technical Skills Program: TBD
- Disability Employment Initiative: \$18 million
- Workforce Innovation: TBD
- Face Forward – Serving Juvenile Offenders: \$26 million
- Youth Build: \$75 million
- Strategic Targeting Female Ex-offenders: \$12 million
- Training to Work – Adult Reentry: \$20 million
- Workforce Data Quality Initiative: \$6 million

If Delaware were successful in obtaining even 0.05 percent of these funds, it would have over \$3 million in new funds available in the system – a significant return on the investment for one or two staff salary(ies).

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