



Business Leaders United
for Workforce Partnerships

Policies that Work

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MAY 2016

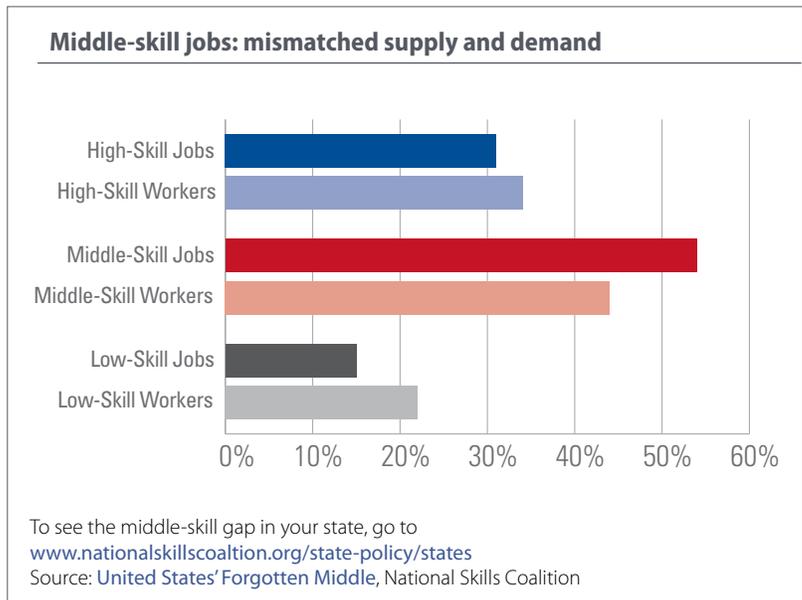
The Workforce Innovation and Opportunity Act

Recent improvements in America’s economic health are welcome signs of resilience, but a stubborn problem persists: the mismatch between the skills employers require, and the skills that many American workers bring to the table. The nation’s newly revised education and training law, the Workforce Innovation and Opportunity Act, aims to address this skill gap. The statute offers unprecedented opportunities for business leaders to influence decisions in their own communities—decisions that could have bottom-line financial benefits for their companies. This brief explains the current landscape and recommends steps small- and mid-size companies can take now to ensure the new law realizes its potential.

An imperative for skilled workers

In today’s dynamic economy, companies face an unrelenting demand for skilled workers, especially for middle-skill jobs—those which require education or training beyond high school, but not a four-year degree.

Middle-skill positions make up an estimated 54 percent of America’s labor market, but only 44 percent of workers are trained to this level. As a result, employers in key industries can’t find enough adequately trained workers to fill these jobs. Without concerted efforts, this skill gap will persist, impeding business growth, and slowing the state and local economies on which companies and their employees depend.



The newly overhauled **Workforce Innovation and Opportunity Act** (WIOA) offers a promising and timely chance to address the skill gap head-on, and could deliver special help and influence to small- and mid-size companies.

WIOA and employers: a changing landscape

Congress passed WIOA with overwhelming bipartisan support in both houses, and President Obama signed it into law in July, 2014. As the main federal law governing the nation's public workforce system, it is set up to serve the interests of "dual customers": America's employers in need of skilled workers, and job seekers in need of first-rate education and training so they can succeed in today's workplace.¹ With an annual price tag of just under \$3 billion, WIOA is one of the largest single sources of funding and investment in skills training nationwide, helping some 20 million people annually pursue new opportunities and good jobs.

Companies concerned about a skilled workforce and eager to shape WIOA's implementation in their communities have the chance to do so *right now*. While the law went into effect on July 1, 2015, and states have already submitted their proposed plans of action, there will be ongoing opportunities to shape how those plans are carried out for the foreseeable future.

A better law and new opportunities

WIOA includes critical improvements for employers and others who understand that smart workforce investment decisions can only be made when businesses themselves are deeply engaged.

A focus on sector partnerships

Sector partnerships provide a variety of supports for a group of employers in an industry whose businesses share common workforce needs.

Since the early days of the Workforce Investment Act (which preceded WIOA), employers have been encouraged to serve on state and local workforce boards, which oversee implementation of the law. WIOA continues this practice, but brings an even greater voice to local companies by making **sector partnerships** a required component of the workforce system. Sector partnerships, also known as industry partnerships, bring together

multiple employers with other local partners to address the skill needs of a particular industry.² These partnerships can be especially valuable for small businesses that don't have big training budgets and don't hire enough people to influence local training programs or college curriculum decisions. Organizing multiple firms, small and large, within the same regional industry allows a range of businesses to identify common skills they *all* need to thrive.³ In a welcome change, WIOA now requires all *states* to support sector partnerships. Similarly, *local* workforce boards must implement these partnerships as one of their community's workforce strategies.

An emphasis on credentials and accountability

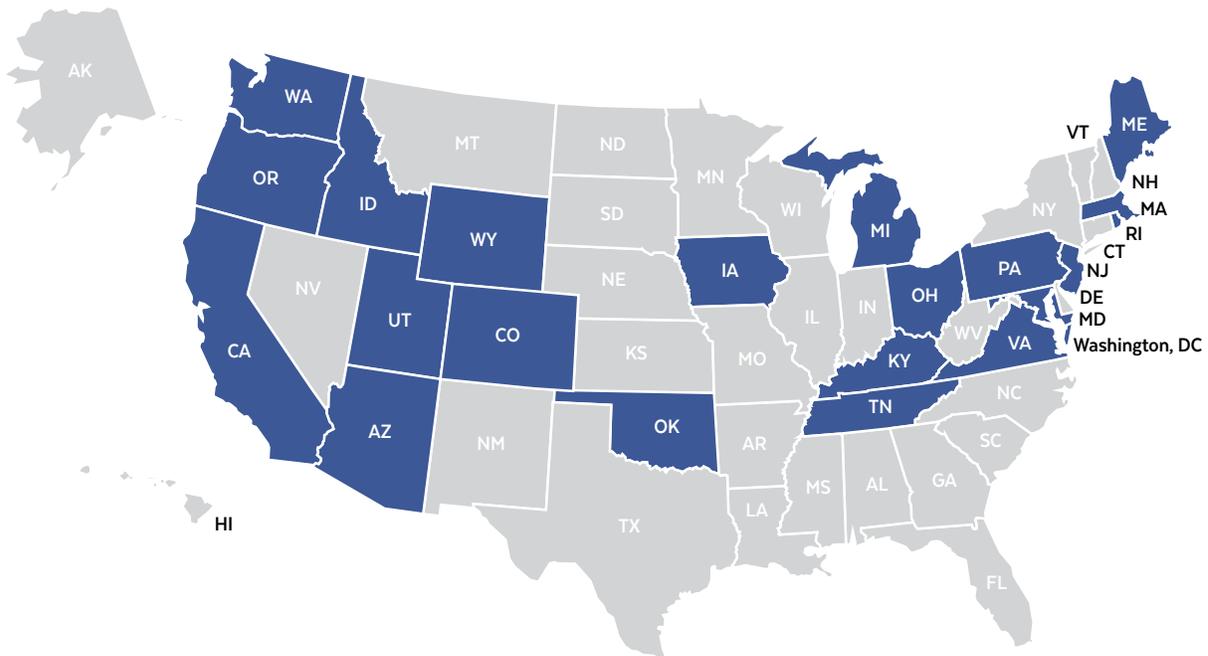
WIOA includes new goals and performance measures to emphasize skills training that leads to an industry-recognized, postsecondary credential that is valued by employers.

In another demand-driven change, the law puts a new focus on skills training that leads to an industry-recognized, postsecondary credential valued by employers. New goals and performance measures are built into the law to track progress on this front. Employers can help ensure greater accountability from their states and communities, which are now required to track and share more data to demonstrate that the workforce is being effectively trained for local jobs. In addition, the new law establishes a new performance measure on states' and local areas' effectiveness in serving employers.

Support for "upskilling" employees

While attracting new employees is an imperative for most businesses, so too is equipping current workers with the strongest skills and competencies. Toward that end, WIOA allows local areas to use funds to provide a variety of incumbent worker training, and it adds new support for employers to offer customized, on-the-job training by reimbursing companies for up to 75 percent of each eligible employee's wages. In other words, employers may now recoup more of their investment for providing approved training that benefits their workers and their own bottom line. Business Leaders United will publish a *Policies that Work* brief on these and other work-based learning opportunities later this year.

Table 1. Does Your State Have a Policy Supporting Sector Partnerships?



Source: Skills in the States: Sector Partnership Policy, National Skills Coalition

RECOMMENDATIONS FOR ACTION

Adoption of the WIOA offers an exciting moment of opportunity for employers who care about education and skills in their local community and beyond. As the law is implemented in the months ahead, engaged business leaders have a real chance to shape the conversation about priorities, funding and resources. The following are a few basic steps employers may take now to ensure that WIOA realizes its potential and works for businesses and workers alike.

1. Advocate for effective sector partnerships

Are your state and local leaders supporting strong sector partnerships to benefit employers like you? As state boards begin to implement WIOA, they are required to support sector partnerships at the local level. National Skills Coalition conducted a comprehensive review of sector partnership policies in all 50 states. It found that 21 states already have policies in place to support local sector partnerships—offering a great foundation on which to build or expand their efforts. For the 29 states with no such policies or infrastructure to date, there are solid opportunities to develop new state level policies that support local sector partnerships. At the local level, there are opportunities for employers to ensure the effective development and growth of sector partnerships.



At the state level, ask your state workforce board or members of your state legislature:

- Does your state have a sector partnership policy? (See Table 1.)
- What are they doing to support effective sector partnerships at the local level?
- Are they dedicating new resources to this purpose? From WIOA? From other state funding streams?
- If not, ask them to commit to a plan to develop or expand a statewide sector partnership policy and funding.



BLU Point of View

"UnityPoint Health has helped advocate for state support for sector partnerships, securing investments that effectively address our industry's needs for a skilled workforce. A win-win for the bottom-line of our company, and Iowa's workforce."

Joyce McDanel, Vice President of Human Resources and Education, UnityPoint Health, Des Moines



At the community level, ask your local workforce board:

- ✓ What are they doing to implement strong sector partnerships in your community? The National Fund for Workforce Solutions has concluded that the most effective sector partnerships share key characteristics. (See Table 2.)
- ✓ Are employers leading the work of these sector partnerships?
- ✓ If not, ask them to commit to a plan to build or improve local sector partnerships.



Liza Smitherman, Vice President of Professional Development, Jostin Construction Inc., Cincinnati

BLU Point of View

“Working to build a high quality sector partnership in my community has added hiring and training capacity to our mid-sized, family-owned company. Together, we work as a team to address the evolving skill needs of my company, and my industry.”

Table 2. Is Your Community Implementing Effective Sector Partnerships?

National Fund for Workforce Solutions’ local funding collaboratives have organized more than 200 industry partnerships. The most effective ones, they conclude, often share key characteristics.⁴ They:

- **Develop and maintain employer leadership.** Employer members actively and consistently participate in directing their work, and guide the design and implementation of training and other support services.
- **Produce excellent outcomes for individuals and employers.** For employers, impacts relate to their key workforce challenges and may include higher productivity and lower turnover. For individuals, outcomes can be measured in job placements, credentials awarded, wage gains and more.
- **Promote career advancement.** The partnership lays out strategies to support advancement for workers – especially lower-skilled ones — including education, training, tuition assistance and more.
- **Support industry-recognized credentials.** Partners identify and pursue credentials relevant to the sector, and encourage education and training providers to support these programs.
- **Clearly communicate key information to stakeholders.** They solicit critical industry intelligence from employers—on skills gaps, education and training needs, and industry forecasts, for instance—and convey those desired skills and competencies to the education and training partners.
- **Operate with knowledgeable staff.** Staff brings expertise to advance the partnership’s goals, including a demonstrated ability to engage and work with employers, and is entrepreneurial, flexible and responsive to changing labor force demands.
- **Rely on employer-to-employer engagement.** And while excellent staff is critical, there’s nothing more effective as peer-to-peer recruitment and engagement. Employers have the most credibility with fellow employers, and those willing to reach out to their peers are most successful in bringing them into a meaningful partnership.

2. Advocate for results and accountability around the skills you need

Are more local workers getting trained or receiving credentials? Under WIOA, state and local workforce officials are required to track and provide this information.



At the state level, ask your state workforce board for real results:

- ✓ Does your state provide a scorecard that clearly shows employers, students, and workers the performance of each training program?
- ✓ Does your state produce supply/demand reports showing how the supply of newly credentialed workers compares to the number of workers that companies demand?



At the local level, ask your workforce officials for similar accountability:

- ✓ Are they training greater numbers of people in your community?
- ✓ Are they training enough people for your industry and your occupations in particular?
- ✓ Is the training provided adequately preparing people for skilled jobs in your community?



BLU Point of View

“Employers have a stake in workforce development because we are the group that is going to supply jobs to the graduates. But the private sector is about results: we need to see the value

proposition. We need to see the data.”

Jay Moon, President and CEO of the Mississippi Manufacturers Association and Chair of the Mississippi Workforce Investment Board.

CONCLUSION

The nation’s new workforce development law can go a long way in closing our nation’s middle-skill gap, yielding benefits for local companies, particularly small- and mid-size firms that are the engine of local economies. The new WIOA calls for greater state and local support for sector partnerships as well as a greater accountability. Local businesses—a key customer of the workforce system—will need to be a part of the law’s local implementation to ensure it realizes its potential to close local skill gaps and foster economic growth. To learn more about how to advocate for employer-focused solutions to your skill needs, please contact Business Leaders United for Workforce Partnerships (BLU) at info@businessleader-sunited.org

ENDNOTES

- ¹ WIOA Overview and Fact Sheet, U.S. Department of Labor.
- ² *Sector Partnership Policy: Skills in the States*, National Skills Coalition, August 2015.
- ³ *Platform to Close America’s Skills Gap*, Business Leaders United for Workforce Partnerships.
- ⁴ *Characteristics of a High-Performing Industry Partnership*, National Fund for Workforce Solutions, May 2014.
- ⁵ *How Many More Skilled Workers do we Need? Using Supply and Demand Reports for State Workforce Planning*, National Skills Coalition, June 2014.



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 @BLU4WP

Business Leaders United for Workforce Partnerships (BLU) is the national voice of small and medium sized employers who are concerned about filling skilled positions at their companies and want to develop public-private partnerships in their communities to better meet their skilled workforce needs.