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## **California Workforce Association Policy Recommendations For Advancing Wired & California Innovation Corridor Projects**

### **Background**

The California Workforce Association is a non-profit membership organization that develops public policy strategies and builds local capacity to address critical workforce issues. CWA represents California's 50 Workforce Investment Boards, over 200 One-Stop Career Centers and other workforce development partners throughout the State.

Early in 2006 the U.S. Department of Labor launched a new initiative titled WIRED, or Workforce Innovation in Regional Economic Development. The initiative's purpose is to support innovative approaches to workforce and economic development that catalyze the creation of high skill, high wage opportunities for American workers within the context of regional economies.

One of two WIRED projects in California is the California Innovation Corridor (CIC), directed and organized on behalf of the State by the California Space Authority. The goal of the CIC is to encourage growth in innovation and to support California's competitiveness in the emerging global economy through entrepreneurship development, industrial rejuvenation, and talent development.

CWA's role in WIRED and the California Innovation Corridor is to facilitate WIB engagement in "transformative" or "innovative" practices, for implementing demand-driven strategies for worker skills and talent development responsive to 21<sup>st</sup> Century labor markets.

Toward that end, through a benchmarking survey of WIBs in California and other interactions with state and local partners, CWA has identified several barriers that impede the implementation of the WIRED agenda at the local level. In response, CWA proposes several policy recommendations that, if implemented, would improve opportunity for WIB leadership in demand-driven strategies and advance strategic investment in workforce talent development.

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## **Barriers & Recommendations**

**Issue #1: Performance Measures.** There is a significant disconnect between Workforce Investment Act (WIA) performance measures—that is, incentives and sanctions relative to WIB investment of WIA funds—and both the nation-wide priorities of WIRED and its implementation in California through the California Innovation Corridor. At the national level, WIRED promotes the transformation and system change priorities of the Department of Labor, and through the California Innovation Corridor, promotes a focus on entrepreneurship and industrial rejuvenation through smart supply chain management. Neither DOL's nor the state's goals for WIRED are aligned with WIA performance measurements, which are still tied to job-seeker outcomes.

Local WIBs have a long history of designing programs and services that are accountable to “traditional” performance measures, such as job placement and retention. Although a shift to sector-based demand driven system design will ultimately lead to better attainment of traditional performance measures, research shows that process measures are useful and important in driving behavioral change. In addition, within the traditional measures, there are disincentives to provide entrepreneurial training, as becoming self-employed does not “count” as a job placement.

As long as traditional performance measures remain in place, and in the absence of new measures that focus on WIRED goals, many WIBs will not see the value in changing focus and performing very different kinds of work.

### **Recommendations:**

**Federal:** DOL explore new ways of negotiating performance, such as ways to weight common measures to have less impact. This would be to encourage states to add additional standards that focus on system change, business services, convening and brokering services, and functions that are associated with intermediary work.

**State:** California Workforce Investment Board (CWIB) explore setting alternate performance measures to support innovative strategies, business services, support for entrepreneurs, etc. and provide incentives for achieving and exceeding standards with new measures. Provide support for local WIBs to develop performance standards that reflect the demands of the region.

**Local:** Set local standards that reflect the local WIB's strategies.

**Issue #2: Demand-driven Design.** While WIA improves upon past legislation in promoting demand-driven strategies that recognize the important role of business as the customer, WIA is largely silent on the role, local authority and responsibility in responding to business needs.

Although the majority of WIBs in California have redesigned their services to focus on business as primary customer, the scope and reach of these services vary widely around the State.

One of the key features of the California Innovation Corridor's WIRED strategies is working with entrepreneurs. It has been difficult to make the connection for WIBs to this aspect of the WIRED work. There is very little perceived value for WIBs in working with entrepreneurs and start up companies. The role a WIB could and should play is unclear.

#### **Recommendations:**

**Federal:** Amend WIA to define and more explicitly promote services to business in WIA, including recruitment and staffing services, training and development, information and resources, and outplacement and business retention services. Encourage coordination with economic development, linkage of local employers with One-Stops, brokering services for businesses, and regional skills alliances led by Local Workforce Investment Boards.

Department of Labor provide policy guidance on the Local WIB's role in support of entrepreneurs. Provide waiver authority and/or incentives for local WIBs to broker services for individuals wanting to start their own businesses.

**State:** Add language in State law that further codifies the role of WIBs in California, and the business services activities permitted through WIA and encouraged through State statute. CWIB provide resources for capacity building and training for business services.

**Local:** Ensure that business services are being delivered to key industries. Develop strong working relationships with industry associations associated with innovative businesses and with Small Business Development Centers, and work out roles for working with entrepreneurs.

**Issue #3: Role of the WIB.** The Workforce Investment Act describes the role of WIBs throughout the legislation, but does not sufficiently specify the role that the WIRED initiatives envision, nor the role of workforce intermediary, which most successful WIBs have become. WIB success in working with K-12, Community Colleges, Four-Year Colleges and Universities, organized labor, Chambers of

Commerce, economic development agencies and other regional planning and strategy boards is constrained by a lack of clear policy direction and of dedicated strategic planning resources. Clarity of purpose and financial support will be essential to catalyze transformative WIB engagement with all of these institutions.

**Recommendations:**

**Federal:** Amend WIA to establish a new, separate subtitle, dedicated to defining and advancing the leadership roles of WIBs in strategic planning and to fund them based on defined strategies for exercising policy leadership and innovation, particularly with respect to their roles as:

- Conveners, drawing together public and private workforce and economic development resources;
- Brokers, working collaboratively for regional advantage;
- Developers and Interpreters of Workforce Intelligence, interpreting labor market information, staying current with new skills and strategies to reach new opportunities;
- Community Voice, educating partners and stakeholders about the current and future workforce crisis and the skills needed for worker and business competitiveness.

This separate subtitle and funding would clarify for WIBs and partner organizations that one of the WIBs' primary functions is regional strategic planning, direct engagement with business and leadership as defined above.

The proposed new subtitle and funding for strategic planning will result in greater coordination of existing public and private sector resources and more targeted investment in industry sectors which suffer critical skills shortages and which represent the greatest opportunity for employment in high wage jobs.

**State:** Provide funding for WIBs to engage in regional strategic planning. Provide incentives for WIBs to design and develop projects with other key stakeholders. Develop language for State legislation that lays out the role of the State and local WIBs. Provide capacity building resources for technical assistance and peer support to develop stronger WIBs.

**Local:** Review and revise local plans toward further articulating roles in service as workforce intermediaries, in coordinating public and private investment in target industry sectors and in regional strategic planning.

**Issue #4: Access to Resources.** California WIBs are dramatically under-funded relative to the resources necessary for effectively investing in skills and talent development. Such investment is essential to fill the pipeline of workers responsive to 21<sup>st</sup> Century opportunity and demand.

**Recommendations:** Improve Local Workforce Investment Board access to resources; improve WIB connectivity to solutions responsive to the nation's workforce crisis in creating and maintaining a ready, willing and able workforce.

**Federal:**

HIB Visa Funds and Sectoral Strategies: Establish a new, separately funded subtitle under Title I of the Workforce Investment Act, reserved for investing in sectoral partnerships dedicated to help local industries grow and re-tool their workforces for the future. Funded through HIB visa fees, Local Areas may access this resource only by establishing a local industry plan, requiring co-investment by local business and industry.

WIA Funding Formulas: Adjust the Workforce Investment Act state allotment formulas consistent with GAO recommendations, eliminating threshold measures that lead to unpredictable and inequitable fund distribution, and replacing them with factors more reliable for delivering funds to eligible client populations and regions with demonstrable need.

Trade Adjustment Act: Reauthorize the Trade Adjustment Act, expanding the definition of trade-impacted workers such that accommodates the new global economy and labor market forces in a broader range of industries and occupations; increases funds for case management services; and improves upon worker opportunity to access training by requiring coordination between the Trade Adjustment Act program and WIA.

**State:** Ensure that WIA funding is dedicated to WIBs. Phase out the practice of providing WIA funding to other State agencies, all of which have dramatically higher funding. Phase in policies that require all Governor's discretionary funding to go to and/or through WIBs, so that WIBs can be supported in their role as local system builder.

**Local:** Develop partnerships with industry sectors suffering critical skills shortages and which offer career ladders to jobs with quality wages and benefits; develop and implement strategic plans to increase access to public and private sector resources for improving the pipeline of skilled workers.