

MAY 2023

CREATING AN EQUITABLE, RESILIENT WORKFORCE SYSTEM

New Ideas for the Workforce Innovation and Opportunity Act

BY BROOKE DERENZIS

JEANNINE LAPRAD

NAKEISHA RICKS-PETTYJOHN

RODERICK TAYLOR



EXECUTIVE SUMMARY

Every day, in communities across our nation, workers seek out job opportunities to ensure their families can thrive. People in jobs that require skills training build our roads and bridges, care for us when we are sick, move food and essential goods across the country, keep our utilities running, and so much more. And the businesses that hire them create jobs in our communities and grow local economies. Indeed, the largest portion of jobs in the U.S. require training beyond high school but not a four-year degree.¹ Yet as a nation, we've failed to invest in high-quality, inclusive skills training that supports the careers of working people, the sustainability of local businesses, and an economy where everybody can thrive.

The undervaluing of jobs that require skills training is apparent in funding declines for the Workforce Innovation and Opportunity Act (WIOA) over the past two decades. WIOA – the primary law that establishes the structure, programs, and funding for our nation's workforce system – is intended to be our nation's main vehicle for workforce training. Yet Congress has never appropriated full funding to WIOA nor has it invested in critical workforce strategies that are key to advancing working people's careers, supporting small businesses' talent needs, or promoting racial equity and pathways to quality jobs. With this minimal investment comes modest labor market results, particularly for people who have faced structural economic challenges.² This underinvestment also impedes racial equity since workers of color are disproportionately enrolled in WIOA-funded programs,³ our nation's most under-resourced public workforce system.

To contribute to an inclusive economy, we need to turn WIOA from an underfunded system to one that is adequately resourced to deliver high-quality skills training that supports the assets and aspirations of working people, helps small businesses who hire locally and invest in their workers, and advances racial equity and pathways to quality jobs. This discussion brief lays out a set of ideas that taken together, can improve WIOA in this way. Specifically, NSC calls for three types of reforms:

- **Invest in programs that provide equitable high-quality skills training, economic supports, and pathways to quality jobs** by guaranteeing training for more workers, developing a national network of high-performing industry/sector partnerships and career pathways, supporting digital skills training, and expanding Integrated Education and Training (IET) models.
- **Provide accountability for our workforce system to contribute to an inclusive economy** by requiring WIOA state and local plans and boards to incorporate racial equity goals and workers' voices and by expanding outcome measures, disaggregating data, and supporting evaluation and data systems.
- **Strengthen the delivery of equity-advancing WIOA career services** through funding career navigation services, training frontline workers who deliver them, and piloting service delivery partnerships with culturally responsive, equity-focused service providers.

THE CASE FOR CREATING AN EQUITABLE, RESILIENT WORKFORCE SYSTEM THROUGH WIOA

WORKING PEOPLE AND SMALL BUSINESSES NEED WIOA TO SUPPORT AN INCLUSIVE 21ST CENTURY ECONOMY.

Three years ago, the COVID-19 pandemic shocked the labor market, setting into motion a national reckoning with the way we work. More than fifty-one million people filed for unemployment during the first four months of the pandemic,⁴ and record numbers of workers left their jobs in 2021, likely influenced by factors such as job quality, changing attitudes toward work, and family care obligations.⁵ Many small businesses, which provided nearly half of all private sector jobs prior to the pandemic,⁶ had to choose between shuttering or shifting in-person operations. And a decade of planned technological changes swept through many workplaces and industries in less than a year.

The COVID-19 crisis also shined a light on longstanding structural inequities in our labor market along lines of race, gender, immigration, and education, illustrating that economic shifts are likely to affect people of color, women, people without a college degree the most. Even now, at a time of near record-low unemployment rates and higher wages, racial and ethnic disparities remain. As of April 2023, Black and Hispanic or Latino⁷ unemployment rates stand at 4.7 percent and 4.4 percent respectively, compared to the white unemployment rate of 3.1 percent.⁸



Skills training policies can contribute to an inclusive economy by creating equitable pathways to quality jobs. Quality jobs seek diversity in recruitment and hiring, provide good wages and benefits, ensure a safe, fair, healthy, and accessible workplace with a predictable schedule, provide opportunities to build skills and advance within a career, ensure that workers have a meaningful voice, and foster diversity, equity and inclusion so that all workers feel respected and empowered.⁹

In addition, median earnings of white workers at \$57,800 are twenty-four percent and thirty-three percent higher than median earnings of \$46,600 of Black workers and \$43,500 of Hispanic or Latino workers, respectively.¹⁰

As we emerge from the greatest economic crisis our nation has experienced in a century, the need to do things differently is clear. We need a national **workforce system that supports an inclusive economy** – one where workers and businesses who are most impacted by economic shifts, as well as workers who face structural barriers of discrimination or lack of opportunity, are empowered to equitably participate in – and benefit from – a growing economy.

Skills training policies can contribute to an inclusive economy by creating equitable pathways to quality jobs for workers; helping small, local businesses meet their talent needs through inclusive training, hiring, and worker advancement strategies; and combatting structural racism that exists in the workforce system.

Of course, skills training is not the only ingredient in an inclusive economy where all people have the opportunity to thrive. Poor job quality, racial discrimination, a lack of pathways to citizenship, and other factors limit the ability of workers to achieve their aspirations and fully contribute to the economy. Our nation's skills training policies must work in tandem with other policies designed to address these challenges, while also being part of the solution.

To maximize how skills training policies contribute to an inclusive economy, we must change the legislation that governs our nation's workforce system. We must change WIOA.

As Congress considers the reauthorization of WIOA, it should change WIOA from a low-resource program to one that is adequately resourced to:

- Support the assets and aspirations of working people by making meaningful investments in high-quality skills training and economic supports;
- Engage small, local businesses in hiring new workers and continuing to invest in those workers to support career advancement, economic mobility, and the long-term viability of local industries; and
- Promote racial equity in the workforce and pathways to quality jobs.



THE PUBLIC WORKFORCE SYSTEM'S PROGRAMS AND STRUCTURES UNDER WIOA

WIOA is landmark legislation that establishes the structure, programs, and funding for our nation's public workforce system. It was adopted in 2014 with overwhelming bipartisan support.

- **Title I of WIOA**, administered by the U.S. Department of Labor, provides career services and training to adults, dislocated workers, and young people. Training and career services are to be prioritized for public assistance recipients, other low-income people, and people with basic skill needs.
- **Title II of WIOA**, administered by the U.S. Department of Education, provides adult basic education and GED programs to assist eligible adults (sixteen and older) in improving basic skills, completing secondary education, and transitioning to postsecondary education programs. Title II also promotes partnerships to assist immigrants with preparation for citizenship through Integrated English Literacy and Civics Education services.
- **Title III of WIOA**, administered by the U.S. Department of Labor, provides employment services and career counseling to workers. Employment Services also provides resources to support the professional development of state agency staff and technical assistance of One Stop Partners. Title III does not authorize the use of individual services such as training or supportive services for workers.
- **Title IV of WIOA**, administered by the U.S. Department of Education, provides training and career services for adults and youth with disabilities to ensure competitive integrated employment opportunities and placement.

WIOA provides for a system of state and local workforce development boards with requirements on membership. WIOA charges workforce boards with numerous responsibilities, including developing workforce plans, identifying eligible providers of training services, coordinating workforce investment activities, and negotiating performance targets.

WIOA also provides for a one-stop delivery system of "American Job Centers" that are intended to serve as the main point of entry to the public workforce development system and provide free services to job seekers for a variety of career and employment-related needs.

BACKGROUND: WIOA CREATED NEW OPPORTUNITIES FOR WORKERS AND BUSINESSES, BUT IT CAN DO BETTER.

Workforce policy before WIOA had a "work-first" focus

As the economy has changed, so has federal workforce development policy. In the 1990s, economic growth and low unemployment rates drove federal workforce development policy toward a "work-first" focus – prioritizing quick job placement over skills training for careers.¹¹ This included new restrictions and rules under welfare reform that deeply curtailed access to training and provisions in the 1998 Workforce Investment Act (WIA) that made training a last resort. This work-first focus was also informed by racist narratives about work, including tropes like the "welfare queen."¹² Work-first provisions in WIA led to a major underinvestment in skills training. The underinvestment pushed people into any job instead of providing education and training pathways to a good career. Ultimately, this hurt a broad range of working people with a disproportionate impact of people of color. It also hurt small businesses looking to connect to training programs to hire and upskill local workers. Instead of connecting businesses with workers who received industry-relevant training, WIA's work-first approach left many employers unaware of how to engage the workforce system.¹³

WIOA included new provisions intended to better meet the needs of working people and businesses

In July 2014, Congress passed the Workforce Innovation and Opportunity Act (WIOA) with overwhelming bipartisan support, replacing WIA. When WIOA passed, it kept the overall structure of WIA (see text box). But it included significant changes intended to increase the provision of high-quality skills training, particularly for people facing structural economic challenges, and to better support small and mid-sized businesses in partnering with training programs. Among those changes, it called for states to use new strategies to promote economic opportunity through the public workforce system by:

- Defining and requiring skills training strategies like industry/sector partnerships, career pathways, and work-based learning that have demonstrated positive labor market outcomes for people with low incomes;¹⁴
- Eliminating rules that put job search and general career preparation ahead of skills training;

- Prioritizing services for people with low incomes, people receiving public assistance, and people with basic skill needs;
- Coordinating state plans to align workforce, education, and human services programs across funding streams with common performance measures to support alignment on outcomes; and
- Requiring performance targets to be adjusted by statistical models that account for participants' characteristics – including certain barriers to employment – and local economic circumstances.

WIOA must do more to meet the moment.

While WIOA made a number of important legislative changes intended to shift the public workforce system from a work-first orientation to one more focused on skills training and careers, it did not come with the increased, dedicated investments needed to support state and local leaders in making this transition.

In fact, despite WIOA's changes, overall WIOA funding has declined in real terms since its passage in 2014. In fiscal year 2014, total Title I WIOA formula grants (including Adult, Dislocated Worker, and Youth) were roughly \$3.3 billion in real dollars. In fiscal year 2023, the same programs are funded at \$2.9 billion, a 12 percent cut from 2014. In 2001, WIA (WIOA's predecessor) was funded at roughly \$5.9 billion in real dollars, which means funding has been cut in half since 2001.¹⁵ As a result, WIOA's training programs yield only modest outcomes for working people.¹⁶

This underinvestment in WIOA both reflects and perpetuates the undervaluing of essential work of people in jobs that require skills training:

- First, WIOA does not have nearly enough funding to support every person who wants to train for a new or better job. Even though the proportion of participants receiving training increased when WIA was reauthorized as WIOA, only thirty-one percent of people exiting WIOA adult and dislocated worker programs in Program Year (PY) 2021²⁰ received training – a likely reflection of significant underinvestment.²¹ Indeed, the majority of WIOA funding for training and employment services goes to career services like outreach, job search, career counseling, and referrals,²² likely because when funds are limited, these services are the most cost effective ones to provide to a large number of people.
- Second, WIOA does not have enough funding to provide adequate supportive services, such as childcare and transportation, that are critical for many workers to participate in skills training. While WIOA technically can be used to fund supportive services, it rarely does so because the system is so underfunded. Indeed, less than 15 percent of 2021 WIOA exiters²³ received supportive services.²⁴
- Third, while WIOA codified proven skills training strategies like industry/sector partnerships, career pathways, apprenticeship, and IET programs, it does not provide dedicated and sustainable funding for local leaders to implement and maintain these strategies.



WIOA SHOULD SUPPORT YOUNG PEOPLE'S EDUCATION AND TRAINING

In addition to supporting adults, WIOA should be a vehicle for supporting young people's education, training and career aspirations. Many young people are experiencing a disconnection from education and work as a result of systemic barriers. There are over four million young people¹⁷ between the ages of 16-24 who are not working and not in school. Among these young people, there are equity gaps: Black, Indigenous, and Latino young people experience higher rates of disconnection from school and work than white and Asian young people; young people living in rural areas experience higher rates of disconnection than their counterparts in urban and suburban areas.¹⁸ While not specifically focused on the WIOA Title I youth program, NSC's proposals can expand opportunity for young people to reconnect to school and work through WIOA. Indeed, NSC's proposals are aligned with National Youth Employment Coalition's call for WIOA reauthorization to center racial equity, support trauma-informed practices, and prioritize those most in need of services.¹⁹



- Finally, while WIOA emphasized important systems changes to expand access to services for people facing structural economic barriers, it did not provide dedicated funding to invest in the technology and people who are essential to changing how services are delivered and fully realizing systems changes.²⁵ Without such systems changes, WIOA's ability to target services to those most in need is limited. Fewer than half (forty-seven percent) of participants in WIOA adult and dislocated worker programs had low incomes,²⁶ even though the law requires people with low incomes to receive priority for career and training services.

The underinvestment in WIOA also reflects structural racism in our nation's workforce policies. Black and Hispanic or Latino people are disproportionately enrolled in under-resourced WIOA programs that were not designed to support their needs, career goals or economic advancement. Over the past five years, Black workers who received

WIOA services have had close to the highest employment rates and close to the lowest earnings.²⁷ As researchers at the Joint Center for Political and Economic Studies posit, "the persistence of racial earnings gaps despite higher employment rates for Black workers who receive WIOA services may be symptomatic of WIOA's focus on compliance and placements over job quality and racial equity."²⁸

In order to support working people and small businesses, an improved WIOA must have adequate resources that can be used to invest differently in high-quality skills training and supportive services; proven skills training strategies; and data, technology and people who are critical to delivering effective and equitable services. A better WIOA must also address structural racism and retool its strategies to intentionally advance equity for people of color. In doing so, WIOA can work better for everyone, including those who face structural barriers on the basis of class, gender, sexual orientation, age, and ability.

PROPOSALS FOR CHANGING WIOA TO SUPPORT AN INCLUSIVE 21ST CENTURY ECONOMY

NSC offers a set of proposals for changing WIOA to support an inclusive 21st century economy. Taken together, these proposals are intended to turn WIOA into an adequately resourced program capable of delivering high-quality skills training that supports the assets and aspirations of working people; helps small businesses who hire locally and invest in their workers; and promotes racial equity and pathways to quality jobs. Specifically, NSC proposes the following reforms:

Invest in programs to provide equitable high-quality skills training, economic supports, and pathways to quality jobs

- Guarantee high-quality skills training for qualifying workers through new Skills Training Grants;
- Create a new 21st Century Sector Partnerships Grant Program to develop a national network of high-performing industry/sector partnerships and implement career pathways that advance workforce equity and job quality; and
- Provide Digital Skills at Work grants and expand IET programs that build digital, literacy, numeracy, and language skills in the context of occupational education or training.

Provide accountability for our workforce system to contribute to an inclusive economy

- Expand outcome measures, disaggregate data, and invest in evaluation and data systems to promote high-quality skills training, racial equity and quality jobs; and
- Require WIOA state and local plans and boards to incorporate racial equity goals that include workers' voices.

Strengthen the delivery of equity-advancing career services to better meet the needs of working people and people of color in particular.



NATIONAL SKILLS COALITION'S PROPOSALS REFLECT THE EXPERIENCES OF OUR PARTNERS

In Fall 2021, NSC and a set of national partners convened a series of listening sessions with stakeholders from across the country to inform a set of recommendations to guide the implementation of potential federal recovery investments in workforce training. NSC convened fifteen listening sessions with over 160 stakeholders representing approximately 140 organizations from forty states as well as several tribal nations. Participants represented a wide range of perspectives – workforce boards, community-based workforce training providers, workforce advocacy coalitions and organizations, community colleges, businesses and chambers of commerce, funders, unions, and labor management partnerships. Across all sessions, stakeholders generously shared their experiences, ideas, and insights on how to implement workforce investments, policies, partnerships, and practices in ways that address inequities and support an inclusive workforce. NSC has centered key themes from these sessions in the WIOA policy proposals reflected in this paper, including:

- Continue to prioritize investments in the communities and workers most impacted by the economic effects of the pandemic and structural racism.
- Center the voices, experiences, and expertise of people with lived experience in shaping policies and programs.
- Align programs and resources that support the whole person in training for a career or advancing in their existing one.
- Change what we're measuring to gauge progress toward closing disparities and advancing equity in program access and outcomes.
- Support industry partnerships that work with businesses, worker organizations, and training providers to promote quality jobs, workforce diversity, and inclusion.
- Increase digital access and learning for all working people at home and on the job in ways that support equitable upskilling.
- Increase support for frontline workforce development professionals to strengthen cultural awareness and sensitivity and advance equity.



GUARANTEE HIGH-QUALITY SKILLS TRAINING FOR QUALIFYING WORKERS THROUGH NEW SKILLS TRAINING GRANTS

High-quality skills training programs include occupational skills training for high-wage industries or sectors that result in an industry-recognized credential; economic supports; career coaching; and other supportive services. Evaluations show that programs with these elements generate substantial earnings gains for workers because they succeed in connecting people to higher-wage jobs than the jobs workers had prior to training.²⁹

Yet too few people can access high-quality skills training programs because they can't afford the full costs of training. That includes the cost of training itself (tuition and fees), but also critical supports like equipment, supplies, childcare, and transportation. Financial barriers to training are an issue not just for people who are out of work and looking for a new job, but also for workers in lower-wage jobs who want to upgrade their skills to move into a better job and advance their careers.³⁰ Such challenges are more likely to impact workers of color who may have fewer resources for training due to racial wealth and earnings gaps.³¹ WIOA needs to be reformed so that everyone who wants to participate in high-quality skills training can afford to do so.

When WIOA funding is used for training, it is primarily issued in the form of individual training accounts. Workers deemed eligible for job training services receive individual training accounts that they can use to pay for training with a provider selected from a list of eligible training providers kept by the state.

Recent research from the Harvard Project on Workforce shows that individual training accounts are not funded or designed to deliver high-quality skills training to large numbers of workers.³² They estimate that WIOA funds individual training accounts for roughly 220,000 people; by contrast, roughly six million people receive Pell grants each year. Additionally, individual training accounts are not funded at a level that allows WIOA participants to access high-quality skills training programs. The average cost of training for WIOA participants who received an individual training account was \$1,854 – significantly lower than the total costs of high-quality sector-based skills training programs. Such underinvestment likely causes high-performing training providers to limit their participation in WIOA. This lack of investment – combined with inadequate program quality assurance, limited career advising, and limited information about program performance – result in mixed outcomes from WIOA-funded training.³³

To significantly shift the cycle of low investment and modest performance, NSC recommends expanding access



WIOA SKILLS TRAINING GRANTS WOULD COMPLEMENT PELL GRANTS FOR SHORT-TERM TRAINING

The bipartisan JOBS Act has been reintroduced in the 118th Congress. If passed, the law would expand Pell Grants to eligible students enrolled in high-quality short-term training programs at community and technical colleges. The Skills Training Grants NSC is proposing would be complementary to the JOBS Act.

Skills Training Grants would allow more workers, including those who may not be eligible for Pell grants, to receive skills training with a broader set of nonprofit program providers like community-based organizations, labor-management partnerships, and apprenticeship programs while also providing workers with resources for supportive services like transportation and supplies.

Skills Training Grants would also give workers flexible options for training at various stages of their career. For example, a worker might use a Skills Training Grant to pursue training at the start of their career, which in turn could prepare them for future education or training at an institution of higher education.

Finally, Skills Training Grants would have quality assurance standards like those in the JOBS Act. This would help ensure that both grants drive toward the same goal of delivering high-quality training across workforce and postsecondary systems in order to support working people's careers and economic mobility.

to high-quality skills training and supportive services by making any worker with income under a certain level eligible for a Skills Training Grant.³⁴ Skills Training Grants would replace WIOA's existing individual training accounts. Programs eligible for such grants should be required to meet quality assurance standards. *To maximize the efficacy and equity impacts of these grants, this proposal should be pursued in tandem with other proposals that NSC is putting forward for consideration.*

Allow Skills Training Grants to pay for high-quality skills training and supportive services. Such an account would provide any eligible worker up to \$10,000 in public funds to pursue occupational skills training (including registered apprenticeship) that:

- Is aligned with industry skills requirements, is part of a career pathway, and results in an industry-recognized credential, as determined by an industry/sector partnership;
- Is offered by a nonprofit training provider that participates in an industry/sector partnership, including community and technical colleges, community-based organizations, and labor-management partnerships;
- Demonstrates increased job placement and wages for participants;

- Meets cost containment requirements; and
- Is capable of providing required data to meet quality assurance standards and report on WIOA outcomes measures.

In addition to covering training tuition and fees, funds should be able to be used to cover supportive services such as equipment, supplies, exam costs and other expenses associated with training such as childcare and transportation.

Design eligibility to be broadly inclusive of workers with lower incomes. Eligibility should be based on income so that access to Skills Training Grants is directed to those workers who otherwise may not be able to afford training. To reduce administrative barriers, people who are already receiving means-tested public benefits from programs like Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) should automatically qualify for a Skills Training Grant.

By not setting eligibility requirements for people other than income, training can be broadly accessed by workers with low incomes who have different needs. For example, Skills Training Grants would be available to workers without jobs, dislocated workers who recently experienced a lay-off, and incumbent workers in low-wage jobs looking to advance in



their careers, as well as to people who have faced barriers accessing skills training due to circumstances such as involvement with the justice system or immigration status. Income requirements should be set so as not to exclude dislocated workers and incumbent workers in need of training. While anyone who meets the income requirement should be eligible for a Skills Training Grants, any performance targets should be different for adults, dislocated workers, youth, and incumbent workers, and should account for differences in the characteristics of people being served and differences among local providers.

Have states certify and share outcomes on training programs that meet quality assurance criteria for Skills Training Grants.

States should certify training programs that meet the aforementioned criteria, as eligible providers for Skills Training Grants. To the extent that sample sizes allow, states should also be required to collect data that disaggregates employment and wage outcomes for participants of training programs by race and ethnicity to ensure that participants of color are being served equitably across and within eligible training programs. States should also report on these disaggregated outcomes in more easily accessible ways.

 **STATE EXAMPLE: QUALITY ASSURANCE**

Several states have been working with NSC to reimagine their Eligible Training Provider approval processes to bolster quality assurance and transparency to inform consumer choice. The New Jersey Department of Labor and Workforce Development, along with the Heldrich Center for Workforce Development at Rutgers University, developed a model to assess which training providers and their programs are achieving equitable outcomes, utilizing a set of criteria associated with labor market demand; employment and wage outcomes; education outcomes; financial impact; and equity. New Jersey requires institutions offering workforce training programs to submit data to the state in order to stay on the state's ETPL and remain eligible for certain state and federal workforce funding.³⁵ This information is included in the New Jersey Training Explorer that informs the public on the effectiveness of these programs by giving the consumer the ability to compare training providers by employment outcomes and the starting salary after graduation.

CREATE A NEW 21ST CENTURY SECTOR PARTNERSHIP GRANT PROGRAM TO DEVELOP A NATIONAL NETWORK OF HIGH-PERFORMING INDUSTRY/SECTOR PARTNERSHIPS AND IMPLEMENT CAREER PATHWAYS THAT ADVANCE WORKFORCE EQUITY AND JOB QUALITY.

Industry/sector partnerships and career pathways are proven strategies for improving labor market outcomes and economic mobility for working people, and in particular people with low incomes and people of color.³⁶ In addition to supporting people who are looking for their first job in a new industry, they can support incumbent workers who are looking for opportunities to advance their careers. They are also a critical resource for small businesses that partner with other organizations to develop inclusive training, hiring, and career advancement strategies, and to adjust skills standards and practices to meet changing industry and technological changes.

Approaching training, hiring, and career advancement on an industry-specific basis is key to efforts to advance racial equity and job quality. There are differences in pay, benefits, working conditions, and learning and career advancement opportunities across industries and even among jobs within the same industry. People of color and women are overrepresented in industries that tend to have a larger number of lower-quality jobs, such as health care and hospitality, and are underrepresented in industries with higher-quality jobs, such as construction and manufacturing. These differences are not coincidental. Work that has usually been performed by people of color and women has been devalued and left out of worker protection laws while at the same time, racial and gender discrimination created and reinforced occupational segregation within and across industries.³⁷

Industry/sector partnerships and career pathways can help change that. Industry/sector partnerships bring together local businesses, unions and worker organizations, community colleges, training providers, and community organizations, to develop local and industry-specific workforce strategies. They can inform training and career pathways, broker apprenticeship and work-based learning, validate industry-specific credentials, inform industry practices, and shape hiring and worker advancement strategies. Since industry partnerships intentionally design training, hiring, and advancement opportunities between workers and employers within a particular sector, they can be used to disrupt occupational segregation, mitigate bias in hiring and advancement practices, and connect workers of color to quality jobs, *if* they are equity focused.

Meanwhile, career pathways combine adult education, occupational skills training, career counseling, and other supportive services, often within the context of a specific industry sector or occupational field, to support workers in achieving their training and career goals. While not always the case, workers often pursue career pathways training as the move between employers within the same industry over time. As such, career pathways strategies developed in tandem with multi-firm industry/sector partnerships can provide a systemic approach to expanding training opportunities that can increase economic mobility for large numbers of workers in a sector.

In 2014, WIOA advanced workforce policy by defining and codifying industry/sector partnerships and career pathways as required workforce strategies. However, WIOA does not provide dedicated, sustainable funding for these strategies nor does it provide technical assistance and performance requirements to ensure that industry/sector partnerships are positioned to develop and implement career pathways that advance greater workforce equity and job quality across firms within their sector.

We cannot assume that just because industry/sector partnerships and career pathways were codified in WIOA, that they will be developed and implemented without funding and support. Nor should we assume that they will center the needs of workers of color, disrupt occupational segregation, connect to quality jobs, and address small business needs unless they are designed and supported to do so. Accordingly, **NSC recommends creating a national 21st Century Sector Partnerships Grant Program within WIOA** with program components described below.

Provide dedicated federal funding, technical assistance, and performance measures to support the development and maintenance of equity-advancing industry partnerships and career pathways. A national program of at least \$2 billion annually should provide grants and technical assistance, with ongoing maintenance grants conditioned on racial equity and job quality performance measures.

Planning grants should be given to support the functions of forming industry/sector partnerships and career pathways. These functions include:

- Quantitative and qualitative research on specific industry characteristics, such as the demand for jobs, the quality of jobs, the composition of the workforce, patterns of occupational segregation, and skill needs among workers and firms;
- Outreach, relationship-building, and convening to cultivate partnership among stakeholders; and



- Design of industry-specific career pathways, registered apprenticeship and work-based learning programs, and other hiring, and advancement strategies that increase workers' access to quality jobs, reduce occupational segregation, and produce positive and equitable labor market outcomes for workers of color and small businesses.

Implementation and maintenance grants should be awarded to partnerships to:

- Implement career pathways, supportive services, and other related training, hiring, and advancement strategies and services for new and incumbent workers;
- Support the establishment of registered apprenticeship and work-based learning programs, as well as upskilling programs with employer partners, and assist in the creation of programs to diversify apprenticeship pipelines; and
- Support continuous research and partnership convening to continuously improve strategies, adjust hiring and employer practices, and troubleshoot industry-specific challenges.

The national program should also fund technical assistance to support industry partnerships and career pathways in adopting equity-advancing practices at both the planning and implementation stage. Finally, the program should set specific performance targets and accountability measures for industry partnerships and career pathways that demonstrate that they close key equity gaps in employment and earnings, and result in increased job quality, career

advancement, employer engagement, and reduced occupational segregation among both race and gender lines.

Be more explicit about racial equity and job quality in the context of industry/sector partnerships and career pathways. WIOA should expand its requirements of industry/sector partnerships to include representatives from worker-led organizations, community-based organizations, and culturally responsive service providers.³⁸ Both industry partnerships and career pathways under WIOA should have goals of preparing and connecting workers to quality jobs and remedying patterns of occupational segregation along racial and gender lines.

Ensure that partnerships that qualify for funding are focused on addressing job quality and racial equity and inclusion in a range of industries/sectors. Criteria for which partnerships qualify for funding should be inclusive of those that focus on industries or sectors with higher wage occupations, but not limited to that. Criteria should also include factors that ensure a range of workers and businesses have equitable access to training resources. Such criteria could include: substantial job opportunities associated with the industry sector, the persistence of occupational segregation of people of color and women in jobs in the sector that require disruption, the demand for training and upskilling for workers to meet technology and other business needs, career advancement opportunities for workers with transferrable skills, and the impact of working with businesses in a sector where training related investments can help improve job quality and more equitable hiring and advancement.

PROVIDE DIGITAL SKILLS AT WORK GRANTS AND EXPAND IET PROGRAMS THAT BUILD DIGITAL, LITERACY, NUMERACY, AND LANGUAGE SKILLS IN THE CONTEXT OF OCCUPATIONAL EDUCATION OR TRAINING.

Digital skills are essential to success in today's workforce. Fully ninety-two percent of jobs now require digital skills. Every industry needs digital skills. Across all industries, the percentage of job postings requiring digital skills ranges from seventy-seven percent to ninety-nine percent. Moreover, jobs that require more digital skills pay a higher median hourly wage.³⁹

Yet many workers have not had sufficient opportunities to build such skills, resulting in one-third of workers not having the foundational digital skills necessary to enter and thrive in today's jobs. This digital skill divide disproportionately impacts workers of color, people with low incomes, and rural residents due to historic underinvestment and structural inequities.⁴⁰

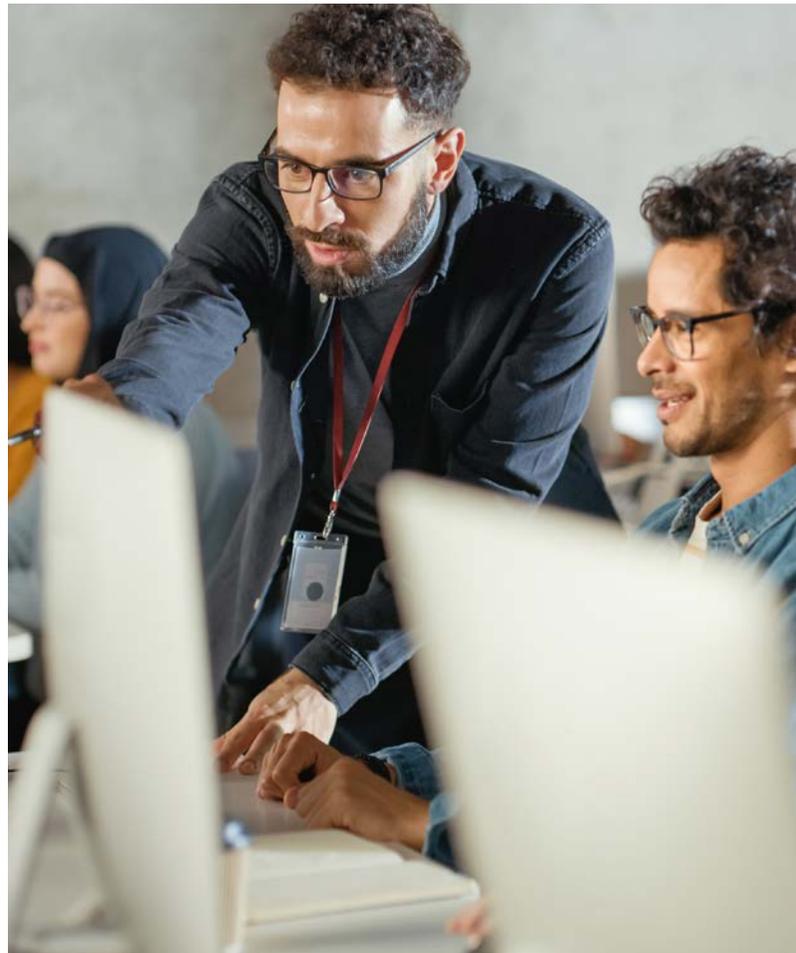
WIOA must be reformed and better funded to reflect our new digital reality and to focus on digital skills as a core component of occupational skills training. In 2021, the federal government made a major investment in digital skills and equity through the Bipartisan Infrastructure Law, which included the \$2.75 billion Digital Equity Act.⁴¹ States are currently in the process of developing digital equity plans to guide federal investments. A reformed and better funded WIOA can make sure that this once-in-a-generation investment is leveraged in the future to support workers and businesses in adapting to continuous digital advancements across industries.

The digital skill divide also often compounds challenges already faced by workers with literacy, numeracy, and English language skills needs. Black and Latino adults are more likely to have foundational literacy and numeracy skill needs compared to white adults. This is a reflection of our nation's longstanding history of unequal systems of K-12 education. In particular, it's a reflection of underinvestment in neighborhood K-12 schools in communities of color combined with exclusionary policies in housing and economic development.⁴² Immigrants and adult English learners are also more likely to have foundational literacy, numeracy, and digital skill needs, pointing to the need for adult education programs to be accessible to immigrants.⁴³

Changes to WIOA must also address these inequities. Currently, Title II of WIOA, the Adult Education and Family Literacy Act – the program charged with supporting people

with traditional literacy, numeracy, and English language skills – is badly under-resourced. Moreover, WIOA Title II does not focus on digital skill building as a core component of adult education.

Finally, WIOA must do more to support Integrated Education and Training (IET) models that teach literacy, numeracy, digital skills, and English language skills in the context of training for a specific occupation. IET models are effective in part because they teach foundational skills in a meaningful context that has immediate application in the workplace; enable credential attainment; and can directly increase earning power. Recent research confirms that IET models have positive outcomes for underrepresented workers.⁴⁴ While WIOA defined and allowed IET as a Title II activity, it does little to invest in the capacity and delivery of these programs by already under-resourced adult education providers, including those in corrections facilities. As a result, less than five percent of WIOA Title II participants have been enrolled in IET programs nationally,⁴⁵ and states and local partners have struggled to take this approach to scale.





NSC recommends providing Digital Skills at Work Grants and expanding investments in IET programs that build digital, literacy, numeracy, and language skills in the context of occupational education or training.

Provide Digital Skills at Work Grants. WIOA should provide formula funds and competitive grants to states to administer to eligible entities for digital upskilling and reskilling grants. These grants should be used to both upskill workers who are already on the job and provide needed digital skills for workers without jobs who are training for new careers. These grants should be aligned with both WIOA state plans as well as state digital equity plans, and states and local areas should provide reports based on WIOA performance metrics and additional measures as laid out in state digital equity plans.

Expand IET models in adult education. WIOA should double Title II formula grants for the Adult Education and Family Literacy Act while also requiring states to invest a minimum percentage of their Title II state formula grants in jumpstarting or expanding IET models that also incorporate digital skill building. An increase in WIOA Title II funds in these ways is especially important for immigrant inclusion, as eligibility for Title II programs are not restricted based on immigration status. Given the wide variety of organization types among adult education providers (including nonprofit organizations, community colleges, school districts, public libraries, and more), a portion of Title II state and national leadership funds should be devoted to technical assistance

for IET. This will ensure that all providers can access the professional development and other supports necessary to launch and sustain effective IET programs.

Given that the United States has one of the highest incarceration rates in the world,⁴⁶ Congress should also increase the amount of Title II dollars that states are allowed to make available to corrections education programs, from twenty percent to twenty-five percent, in order to support the expansion of IET models in jails, prisons, and correctional institutions. Doing so would support education and training opportunities for incarcerated adults who disproportionately have lower levels of educational attainment and foundational skill needs.⁴⁷ The U.S. Department of Education is currently piloting the Integrated Education and Training in Corrections project to develop and enhance IET programs in prisons and jails in six states, which will offer best practices to more states to adopt and expand similar programs.⁴⁸ By allowing more Title II funds to be used in this way, WIOA could expand education and training opportunities for incarcerated people. Research indicates that vocational training, adult foundational education, adult secondary education, and postsecondary education are all correlated with higher employment and wages, as well as lower recidivism rates.⁴⁹ Removing barriers to corrections education and training can help mitigate the effects of mass incarceration on employment, an issue that disproportionately impacts Black and Latino people due to over-policing and bias.⁵⁰

REQUIRE WIOA STATE AND LOCAL PLANS AND BOARDS TO INCORPORATE RACIAL EQUITY AND WORKERS' VOICES

WIOA will be most effective if it is implemented by state and local areas with intention and accountability toward contributing to an inclusive economy. WIOA establishes a framework for states to create a state workforce plan that sets forth the state's vision, goals, strategies, and operational plans for developing a skilled workforce, informed by an analysis of economic conditions and workforce needs. It also charges state workforce development boards to assist governors in the development and oversight of such plans. State plans must address all WIOA programs but can also incorporate plans for the implementation of federal programs, including TANF, Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) and Career and Technical Education (CTE). As such, WIOA state plans give leaders the opportunity to coordinate the resources and efforts of a range of programs that provide education, training, and supportive services toward a common vision.⁵¹

State workforce plans can be a lever for state leaders to set a vision for a workforce system that contributes to an inclusive economy, and to establish goals and strategies in support of it. Such plans are the strongest when they are informed by workers, small businesses, communities, and practitioners that have firsthand experience with the workforce needs at hand. However, state leaders have significant discretion over whether state plans truly function as a strategic playbook for advancing an inclusive economy that benefits working people and small businesses or as a compliance document that sits on a shelf.

Decisions about how to develop and use plans come not just from governors but also from the state workforce boards. Under WIOA, the workforce boards that govern state and local plans and programs must represent business, labor, local education and training providers, and local government, economic, and community development agencies. The majority of members must be business representatives and at least twenty percent must represent the workforce.

To maximize state plans and boards as levers for developing a workforce system that contributes to an inclusive economy, NSC recommends requiring **WIOA state and local plans and boards to incorporate racial equity goals that include workers' voices.**

Require WIOA state and local plans to incorporate racial equity goals and strategies. WIOA should require all state and local WIOA plans to identify racial disparities in training, employment, and earnings and set racial equity goals



STATE EXAMPLE: INCORPORATING RACIAL EQUITY GOALS

Colorado's Workforce Development Council created the 2020 Colorado Talent Equity Agenda to address the disparities in educating, training, hiring, and promoting Colorado's workforce, including a definition of racial equity in workforce development and five areas for sustained investment and action: 1) career navigation and advancement, 2) closing the digital divide, 3) postsecondary credential attainment, 4) unemployment, and 5) equitable hiring, compensation, and promotion.⁵²

and strategies intended to specifically eliminate disparities. WIOA should also require the strategic portion of all state plans to address how WIOA partner programs – TANF, SNAP E&T, and CTE – will contribute to meeting these goals and strategies. WIOA should ensure adequate federal rigor in reviewing and approving these plans.

By requiring plans to be specific about racial equity goals and strategies in this way, WIOA can support states and local areas in moving from a “compliance-focused” mindset to an “equity-oriented” one where strategies are designed to be more inclusive, accessible, and holistic. By coordinating the programs and resources of multiple agencies around common goals and strategies, WIOA plans can support practitioners in collaborating and designing programs that meet people where they are, help them see a longer-term path to economic mobility, and support them during transition points in career pathways.

Require more worker and community representation on state and local workforce boards. To center equity, policies should be made in partnership with the people and organizations who will be most impacted by them. Accordingly, WIOA should require workforce boards to have a higher percentage of organizations representing workers, including organizations that have demonstrated experience in advancing positive and equitable workforce outcomes for people of color.⁵³ It should also require the racial/ethnic composition of boards to reflect the racial/ethnic composition of the state or local area as a means of ensuring that community members of color are represented in governance and decision-making. Finally, WIOA should encourage workforce boards to utilize insights and experiences of people receiving WIOA services in their decision-making through mechanisms such as WIOA participant advisory committees or focus groups.

EXPAND OUTCOME MEASURES, DISAGGREGATE DATA, AND INVEST IN EVALUATION AND DATA SYSTEMS TO PROMOTE HIGH-QUALITY SKILLS TRAINING, RACIAL EQUITY AND QUALITY JOBS.

Meaningful outcomes measures and data are critical to assessing how well WIOA is resulting in high-quality skills training that supports working people, helps small businesses with talent needs, and advances racial equity and pathways to quality jobs. To support workers facing structural economic challenges, the long-term success of skills training programs should be measured not by an individual's first job, but by how a worker's career pathway is developed over time. Data disaggregated by race, ethnicity and other demographics are also key to ensuring equitable access and outcomes of workforce programs and are important for disrupting occupational segregation. With access to high-quality information on program participation and outcomes, practitioners, policymakers, and the public can assess and address the efficacy of programs and actively work to eliminate racial disparities in access and outcomes.

There is an opportunity to build on current WIOA measures and data systems to provide such information.⁵⁴ WIOA currently measures short-term employment and earnings outcomes for workers at six and twelve months after exit. These short-term outcomes do not sufficiently capture how people progress from entry-level jobs, experience wage and skill advancement with an employer, and continue their education to progress along a quality career pathway. Such a focus on short-term outcomes can perpetuate a work-first orientation to services that lead to low-wage, low-quality jobs. Moreover, while WIOA does require states to report data for *participants* by race, ethnicity, gender, and age, these reports do not generally show *outcomes* disaggregated by race and ethnicity or gender at the program level, masking what could be useful information for federal and state administrators and policymakers looking to advance equity. States will need support to build better data infrastructure and evaluate what works.

To measure how WIOA is contributing to an inclusive economy, **NSC recommends expanding outcome measures, disaggregating data, and investing in evaluation and data systems.**

Expand outcome metrics and reporting to assess the quality of skills training programs and measure economic mobility along a career pathway. To measure if workforce programs are leading to long-term economic gains for workers and businesses, WIOA performance

indicators should be expanded to include measures on the following elements:

- Quality credential attainment;
- Employment and wage outcomes for at least two years beyond program completion;
- Occupation-specific job placement; and
- Measures on job quality, such as hourly wages and hours worked.

There should be some flexibility in setting targets for these metrics so that they are tailored to suit the population being served, do not incentivize creaming or selectively working with people deemed most likely to find employment, and are adjusted for local economic conditions.

Disaggregate WIOA participant and outcomes data to identify disparities and report progress toward closing equity gaps. WIOA should disaggregate all training performance outcomes by race, ethnicity, gender, and other important demographic or socioeconomic factors like English language proficiency, income, and geography, in order effectively evaluate progress toward racial equity goals and the efficacy of the public workforce system for workers of color. WIOA should require reporting and disclosure of state workforce performance data by race



STATE EXAMPLE: DISAGGREGATING DATA

Minnesota has disaggregated performance data on workforce programs by race, ethnicity, gender, geography, age, education, and housing status and reports it through a public dashboard located on its Department of Employment and Economic Development website.⁵⁵ The dashboard not only tracks data by race and ethnicity, but also by specific immigrant subgroups prevalent within the state, including Hmong and Somali immigrants. Outcomes include short-, mid-, and long-term employment retention for participants who completed training or not, and attained a credential or not, as well as pre- and post-wage comparisons. This reporting is codified in state statute used by all local workforce development areas and community-based organizations who administer federal and state-funded workforce training programs. Program data is linked to administrative wage records to produce employment, wage, and industry outcomes.

and other demographic characteristics, including requiring the U.S. Department of Labor publishing this information at least annually. State reports should contain disaggregated participant information by race, ethnicity, gender, English language proficiency, income, and geographic region, including a comparison of participants who completed training and attained a credential, and those who did not, in order to successfully evaluate the effectiveness of skills training programs in connecting people to high quality training, meeting the needs of businesses, and making progress towards closing equity gaps.

Utilize WIOA funds for impact and implementation research and evaluations. The federal government, at one time, operated with a planned research and evaluation agenda designed to tackle timely questions to improve funding priorities, programs, and outcomes. As funding has shrunk, so has the federal investment in workforce evaluation. WIOA already requires that grantees participate in evaluations conducted by the U.S. Department of Labor. However, without proper funding for those evaluations, the workforce system cannot build the evidence base needed to improve outcomes. Utilizing WIOA funds for evaluations could help local, state, and federal workforce officials learn and improve, and could target taxpayer dollars to interventions that have shown the most impact. As part of this investment, emphasis should be placed on qualitative research as much as quantitative. Qualitative data are also necessary elements for interpreting data analysis associated with all of these outcome measures discussed above. Without qualitative context, presenting data alone doesn't tell the full story and risks leading to further disparities or harm. Reporting requirements could include feedback surveys or assessments of participant experiences related to the services/program supported by federal and state funding⁵⁶ They could also encourage or require sharing participant stories about the value of the experience received as a result of the funding.

Invest in data systems to track and report on expanded measures and disaggregated outcomes and ensure equitable access to administrative data. Right now, local practitioners across the country report a widespread lack of access to administrative records on the employment and wage outcomes for the people they serve. Practitioners cannot fully assess what is working well (or not working) at a local level when outcomes of skills training participants aren't available, especially disaggregated by race and ethnicity.⁵⁷ WIOA should provide necessary support to states to build capacity to collect these data and be able to analyze and report on it in meaningful ways. This includes funding



the development of Statewide Longitudinal Data Systems (SLDS), so that states can combine administrative data from across agencies to better understand what is working and for whom in their communities. The U.S. Department of Labor has supported the development of SLDS through its Workforce Data Quality Initiative grants (six million in FY 2020), and WIOA provides the opportunity to expand funding for this important work. By investing in and supporting the development of SLDS, WIOA should also encourage states to link SLDS across regions to allow for tracking outcomes across state lines to account for migration and people that work and live in multiple states. Policymakers should also allocate additional funding for technical assistance and administrative support to states to help providers comply with new data reporting requirements, continually evaluate programs, address labor market disparities, and direct more funds toward proven workforce activities over time.



STRENGTHEN THE DELIVERY OF EQUITY-ADVANCING CAREER SERVICES TO BETTER MEET THE NEEDS OF WORKING PEOPLE AND PEOPLE OF COLOR IN PARTICULAR.

Career coaching and navigation are key to supporting working people in achieving their career goals, and promoting racial equity in the workforce. As such, they also help small businesses looking to develop an inclusive talent ecosystem. There is an emerging base of evidence about the benefits of using coaching and navigation to promote diversity equity and inclusion and economic mobility, along with the acknowledgment that providing these services equitably requires close attention.⁵⁸

Under WIOA, career services are used to determine people's eligibility for programs, conduct outreach and intake, assess skill levels and supportive service needs, provide career counseling, information on the labor market, and information on training options, and provide referrals to other WIOA partner programs.

Career services and the frontline workforce development professionals who deliver them are essential to making the workforce system work. Most people who access WIOA services rely on support from people providing career services to make decisions about training and jobs. Yet there is no dedicated funding in WIOA for professional development and career coaches in job centers are underpaid.⁵⁹

Moreover, although workers of color are over-represented in WIOA programs, a color-blind, work-first orientation often still shapes how WIOA services are delivered on the front lines of the workforce development system. A 2016 survey by Race Forward found that staff from American Job Centers tended to have a "color-blind outlook," with only twenty-four percent responding that they observed racial disparities while preparing clients of color for jobs.⁶⁰ Without bringing an intentional racial equity focus to frontline workforce service delivery at American Job Centers, the workforce system risks the continuation of bias that can reinforce inequities and occupational segregation, such as steering people into certain types of services or training based on racial or gender bias, or ignoring the challenges of racism and discrimination that workers of color face in the labor market. Moreover, local workforce development centers are sometimes unclear about rules for serving immigrants given the array of immigration statuses and potential language barriers that they encounter. Despite these challenges, WIOA does not require or fund equity-focused professional development for frontline workforce development staff.

If we are truly going to advance racial equity within the workforce system, we must change the way that training services are designed and delivered on the front lines of the workforce development system. This means increasing

support for frontline workforce development professionals to provide equity-advancing career navigation and services that include:

- Taking an asset-based approach to providing services that centers the whole person and assumes employability and motivation;
- Using assessments to determine strengths and service needs rather than to screen out participants;
- Understanding the impact that trauma and structural barriers can have on workers' behavior and performance;
- Building knowledge and understanding of racism and discrimination in the workplace in order to support WIOA participants who experience it;
- Identifying and eliminating exclusionary policies, rules, and practices;
- Designing and delivering culturally sensitive, inclusive, and equitable programming; and
- Providing targeted services for workers of color, designed to help with longer-term retention and advancement.

Lessons from a diverse group of experts reinforce the value of making coaching and navigation services more accessible to WIOA participants, while also increasing the diversity among coaches, navigators, and other program staff, training program staff on cultural competency, making program environments welcoming, incorporating trauma informed approaches and including client voice when designing programs and services.⁶¹

Local workforce programs can also sharpen the delivery of racially equitable services by:

- Intentionally aligning programs and resources that support the whole person in accessing training that connects to quality jobs;
- Prioritizing relationships with employers that offer wages and benefits above the industry standard; and
- Developing intentional partnerships with organizations that take a race conscious approach, deliver culturally and linguistically competent services, and provide reliability and trust with communities of color.⁶²

When partners in different programs align around a goal that centers workers' needs, it not only reduces redundancy and frustration for frontline staff, but also provides additional operational capacity for organizations with

limited staffing. Partnerships should be pursued not just with other governmental entities but also with organizations that have deep knowledge of and roots in the communities they serve. Unfortunately, these organizations are often asked to partner without resources or funding, and smaller organizations may not have the administrative and financial infrastructure to comply with public funding requirements, which can perpetuate underinvestment in these organizations.⁶³



NSC RECOMMENDS THAT WIOA ADDRESS THESE NEEDS BY STRENGTHENING THE DELIVERY OF EQUITY-ADVANCING CAREER SERVICES TO BETTER MEET THE NEEDS OF WORKING PEOPLE, AND PEOPLE OF COLOR IN PARTICULAR.

Utilize WIOA to expand career navigators and provide training for frontline workers to provide equity-advancing career services. WIOA could increase career navigators at American Job Centers and provide training for frontline workforce board and American Job Center staff to deliver equity-advancing career services. WIOA could also require at least one staff person at an American Job Center to be trained as a benefits navigator, capable of assisting workers in accessing a range of public programs and benefits (e.g., training, food, cash, housing, transportation assistance) so that programs and resources are aligned to support the whole person.

Create a pilot program to strengthen services delivered through partnerships between local workforce boards and organizations with a track record of delivering culturally and linguistically competent services. Such a program would be focused on piloting new outreach and service delivery approaches and would complement but not duplicate the efforts of industry/sector partnerships. The State of California's Breaking Barriers to Employment Initiative provides a state-level example for how this policy could be structured at the federal level. It provides grants to partnerships between workforce development boards and community-based organizations to design and provide services for people with structural barriers to employment. An initial evaluation of the program found that funded programs exceeded enrollment goals, served barriered workers as intended, and identified key strategies for meeting participants' needs.⁶⁴ The evaluation also recommended that grants be accompanied by targeted technical assistance.



STATE EXAMPLE: FOCUS ON EQUITY

The Illinois Workforce Innovation Board (IWIB) created an Equity Task Force to develop recommendations for reducing inequities in Illinois' workforce and education systems.⁶⁵ In addition to its recommendations to the IWIB, the Equity Task Force also identified opportunities for local workforce boards, recognizing the critical role local workforce system leaders and practitioners play in advancing equity. Three of the six recommendations relate to strengthening the delivery of equity-advancing career services including: 1) Diversifying workforce system leadership and staff and providing systemwide training on equity, cultural competence, and cultural awareness and humility for those served by the system; 2) Providing funding to, and partnering with, organizations providing culturally specific services with a track record of success in serving target populations; and 3) Prioritizing workforce services that include supportive services. The recommendations also included specific actions such as: providing capacity building and training for staff on how to identify implicit bias and remove it from their counseling, with the goal of helping customers of all sexes/gender identities and races access good jobs with family-sustaining wages and career pathways; providing training to center operators on local policies/practices that can negatively impact equity and on alternative policies and practices that are culturally responsive and account for implicit bias; helping culturally responsive community-based organizations qualify for the Eligible Training Provider List (ETPL); and encouraging local workforce boards to include input of impacted groups in decisions about the design and delivery of employment programming and policies guiding local workforce systems and to adopt a human-centered approach to designing services.

ACKNOWLEDGEMENTS

This report was made possible by generous support from the Bill & Melinda Gates Foundation. The findings and conclusions contained within are those of National Skills Coalition and do not necessarily reflect the positions or policies of the Bill & Melinda Gates Foundation.

In addition, National Skills Coalition thanks the numerous people in its network who provided input on federal workforce policies by participating in listening sessions and its partners who provided feedback on the ideas proposed in this brief.

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