

**POLICY PROPOSALS TO ADVANCE WORKFORCE SYSTEMS ALIGNMENT AND INNOVATION:  
DEPARTMENT OF LABOR RECOMMENDATIONS**

**Summary/Overview:** This briefing highlights policy proposals for the Department of Labor (DOL) to pursue in the first year of the Biden-Harris Administration focused on the following key goals:

- **Breakdown silos, pursue a holistic system:** Our workforce development system too often functions as a patchwork of disconnected workforce boards, community colleges, human service agencies, providers, and job-training programs. We need a strategy that is more connected and integrated.
- **Prioritize proximity and human-centered design:** Our system must respond to the evolving needs of the families, communities and learners it is built to serve. This means reforming how we deploy resources and make decisions, with input from the end users of the programs, in order to ensure programs meet the actual needs of learners, employers, and communities.
- **Build strategic sector partnerships, career pathways, and support services to unlock high-quality living wage jobs:** Our system should prioritize lifelong learning and upskilling, focus on high-growth sectors where jobs are most in demand, and provide support services learners need to succeed.
- **Pursue breakthrough innovation to address inequities:** Our workforce development system needs the monetary resources, infrastructure, and support to meet the urgent challenges of this moment, including swift technological change, growing economic inequality, deeply entrenched inequities, and a mismatch between the high-tech skills employers need, and the training our education and workforce systems provide. The pandemic exacerbated all of these challenges.
- **Emphasize long-term outcomes:** Our workforce system should shift to a data-driven deployment of resources to increase responsiveness to evidence and drive measurable impact. This means investing in and modernizing aging infrastructure and IT systems. To advance equity, performance metrics should acknowledge persistent barriers to employment.

**Our policy recommendations to advance these goals are presented in three parts:**

1. **Part I: Initial recommendations:** In this section, we highlight specific, shovel-ready actions DOL could take over the next year without requiring congressional action.
2. **Part II: DOL tools to incent innovation and a “networked” approach at the state and local level:** In this section, we lift up tools DOL could leverage to encourage crosscutting and other de-siloed funding approaches at the state and local level, especially those including community colleges.
3. **Part III: Details on key policy priorities to incent:** Leveraging the tools and authorities articulated in the first sections of this memo, we lay out a vision for how to encourage states to innovate, with the goal of modernizing, adapting, and connecting their workforce development systems and leveraging key lessons learned from [New Profit’s Future of Work Grand Challenge](#). While additional funding and legislation will be important, DOL can take vital steps now to begin realizing this vision.

### **About Us:**

[New Profit](#) is a venture philanthropy organization that backs breakthrough social entrepreneurs advancing equity and opportunity in America. Since 1998, New Profit has partnered with over 150 social entrepreneurs who have created powerful ideas, organizations, and movements to turn the tide on entrenched social problems and advance opportunity for millions of Americans.

[America Forward](#) is New Profit's national nonpartisan policy initiative. America Forward unites social entrepreneurs with policymakers to transform local impact into national change. Our Coalition of over 100 organizations advocates for public policies that advance equity, foster innovation, and reward results. To date, we have leveraged \$1.7 billion for social innovation. Our members work in over 15,000 U.S. communities, touching over 9 million lives every year.

### **Part I:**

In coordination with [Jobs for the Future \(JFF\)](#), [Yale's Tobin Center for Economic Policy](#), and other partners, New Profit and America Forward recommend the following shovel-ready actions DOL could take over the next year that do not require congressional action:

- a. **Build a new data and evaluation lab and promote "employment score cards," leveraging employment and wage data via partnerships with IRS, HHS and the Department of Education**
  - **Background:** Key federal agencies are insufficiently interconnected to implement the reforms in this memo, especially concerning the use of administrative data. For example, the Internal Revenue Service (IRS) has detailed earnings and employment data directly relevant to our workforce system. Pathbreaking [recent research](#) by leading economists on economic mobility and inequality suggests what might be possible if this data could be unlocked. In addition, the National Directory of New Hires (NDNH), at the Administration of Children and Families (ACF) in the Department of Health and Human Services (HHS), serves as a [repository](#) of quarterly wage and unemployment insurance (UI) information built as a resource for the child support system, and is another potential tool to measure employment outcomes. (A 2018 [Mathematica report](#) for DOL's Chief Evaluation Office provided additional background on a number of related issues around accessing administrative data on earnings, and a 2021 U.S. Chamber of Commerce Foundation [report](#) focused on modernizing and updating these records).

Yet, under the current system, NDNH and IRS data is disconnected from the work of DOL, the Department of Education (ED), and other agencies dedicated to improving workforce development and career and technical education. This disconnect makes little sense, and updates to regulations and laws governing data-sharing in this space are long overdue. The technology exists today to empower data scientists and researchers, working inside these agencies, to collaborate to share and analyze data, with strong privacy safeguards ensuring data could only be accessed in an aggregated, anonymized manner, to make programs funded under the Workforce Innovation and Opportunity Act (WIOA), UI, and other programs more transparent, outcomes-oriented, and supported by real-time data.

Promising partnerships between researchers and career staff in DOL, IRS, ACF and elsewhere are emerging to accomplish precisely these goals. (This work also aligns with [parallel work currently underway](#), championed by the Institute for Higher Education Policy, to increase transparency

around post-secondary student outcomes throughout the higher education system). We need support, authority and resources from new leadership at DOL, ED, Treasury, and HHS, and the right forums for continued coordination, to allow this work to continue, accelerate, and achieve its full potential.

- **Recommendations:** In collaboration with former top Office of Management and Budget (OMB) official Kathy Stack and former White House official Dave Wilkinson (who runs Yale’s [Tobin Center for Economic Policy](#)), **we urge the creation of a new cross-agency Employment Data and Evaluation Action Lab to enable new Employment Scorecards** for education and training programs, providers, interventions, and jurisdictions. The goal of these proposals is to enable stakeholders across the system to redirect time and energy away from prescriptive compliance and focus more on addressing underlying barriers, managing performance, disaggregating data by demographics to measure and increase equity, and driving better long term outcomes for employers and workers. Successful implementation must include the resources, staff and capacity to execute on the technical challenges at the federal and local level inherent in such an approach. The key features are:
  - **College Scorecard methodology.** [The College Scorecard](#), which links ED student aid data with IRS tax data to produce aggregated earnings by school and program of study, would serve as the blueprint. Identifiers for a cohort of program participants are sent into IRS, where they are linked with income data to produce aggregated statistics. The College Scorecard is a low-cost, scalable model that satisfies IRS’ strict privacy requirements. The same methodology could be used by other programs to measure employment outcomes.
  - **Embedded researchers and data scientists within key federal agencies.** This approach would utilize Intergovernmental Personnel Act (IPA) assignments to recruit academic researchers and data scientists to work with federal staff to build capacity to link program participant data with IRS tax data (for annual income) and ACF NDNH data (for quarterly earnings). Most of the academics would be housed inside IRS and ACF offices that hold employment data. Some individuals, under IPA agreements, could be assigned to DOL, ED, and other agencies to help design analytical products and studies, clean data, and facilitate data sharing agreements across agencies and with grantees. Discussions between IRS researchers and DOL’s Chief Evaluation Office have already begun.
  - **Broad applicability:** This approach could enable accurate, low-cost measurement of employment outcomes in a broad range of federally funded programs supporting economic mobility, including employment and training, prisoner re-entry, AmeriCorps, substance use treatment, and subsidized housing.
  - **Collaboration across agencies and the broader system:** A cross-agency team could foster partnerships with state and local governments, workforce boards, job-training providers, employers, and other key stakeholders in communities across this country. Initial pilot projects could be developed with input from stakeholders so that this innovative measurement approach could be expanded to serve a broad range of needs and audiences.

- **Improved capacity to conduct low-cost, high quality rigorous evaluations,** and follow-up studies of the long-term impact of interventions on employment outcomes. Having real-time data platforms with integrated data available from across agencies and programs would also enable data scientists, researchers, and evaluators to generate on-demand program performance reports, conduct mixed-method impact analyses, do A/B testing of new program elements, and use more real-time data to assess progress towards achieving long-term outcomes and identifying barriers to success for different populations of participants.
- **Toolkits for states to more effectively leverage UI data:** In addition to all of the above steps, DOL could further unlock employment and wage outcome data at the state and local level, by partnering with data scientists, evaluators, and other subject matter experts to release a user-friendly toolkit that guides states through the process of using state UI records to assess employment and wage outcomes for participants in jobs programs. Through its work tracking outcomes at the state and local level across the country, Harvard's Government Performance Lab has found that many workforce development programs only measure their results using self-reported information from participants, despite the existence of abundant administrative records. DOL could also support and encourage regional partnerships to share UI data with the proper anonymity and privacy safeguards, so that states can reduce the share of clients who have no records as a result of taking a job in another state.
- **Efficient accountability infrastructure (with the funding to implement it) for state and local jurisdictions plus training providers** seeking to shift from time-consuming activity-based performance reporting to streamlined outcome-focused reporting.
- **Building toward comprehensive outcomes:** Ultimately, a fully operational data-sharing strategy should go beyond wage and employment data and also measure credential attainment and educational progression, to promote career pathway approaches.
- **Funding:** It is also essential to identify funding for this work to go forward. DOL's BLS, Departmental Management, Other Salaries and Expenses or IT Systems Upgrade accounts (possibly supplemented with additional funds via the 3 percent transfer authority described below, in Part II.b of this memo) could be possible sources of funding. Beyond DOL, ACF's Social Services Research Account could be another funding source. In the long-term, ideally, the Administration would request, and Congress would appropriate, additional funds to support this work.

**b. Create a cross-department group to promote coordination and a career navigation system**

- **Background:** We support the recommendations of the Better Employment & Training Strategies Taskforce ("Taskforce") to coordinate workforce and job-training activities, and recommendations of Jobs for the Future to create a national career navigation system.
- **Recommendations:**

- Specifically, the Taskforce [recommends](#) that “the new Administration should immediately create a cross-agency, cabinet level working group to coordinate these [workforce and job-training] investments, braid and utilize programs that cut across multiple congressional committees, and identify opportunities to . . . connect displaced workers to good jobs.”
- The proposed cabinet working group should “also develop plans for modernizing the country’s UI system and strengthening worker protections,” and “reimagine the workforce development system to significantly expand and target investments in the skills a modern economy demands, ensure the full integration of technology into the nation’s career navigation and reskilling efforts, foster public-private partnerships, and help workers navigate the confusing training and job markets.” The Taskforce could also help better coordinate, align, and build out a holistic federal government-wide strategy in support of the [numerous funding streams and programs](#) across over 10 federal agencies focused on job search assistance, training, and wage assistance.
- In addition, a cross-departmental working group would be a strong vehicle for advancing the type of national, modern career navigation system that Jobs for the Future called for in its [November 2020 transition recommendations](#). The rollout of such a system should emphasize the delivery of navigation services and the need for other options aside from in-person delivery as learners navigate an increasingly virtual world. This should include additional resources to states and regions to ensure technological adjustments and modernization, as well as investments in infrastructure and capacity to offer virtual career navigation services. This approach in turn will help make career navigation more interoperable with other relevant systems, including local community organizations, public libraries, community colleges, and high schools, in addition to workforce development boards and job centers.
- An effective approach to career navigation and information should emphasize universal access to these services, including to professional networks, and more targeted, actionable information about the skills and experiences that employers want to see in specific fields. This is especially important given that so many of the layoffs during the pandemic [affected women and people of color](#) in the service sector, while some of the flagship response and recovery efforts that government may prioritize in the coming years will likely be in fields still [relatively dominated by white men](#), such as the construction and energy sectors. As a result, DOL leadership, this working group, and the workforce development system more broadly will need to prioritize greater equity, access, and opportunity across its career navigation system.
- Finally, this cross-departmental group could also be an ideal forum for supporting the interdepartmental data-sharing activities envisioned in our first recommendation, and shifting to a more outcomes-driven paradigm across these systems. The group should also focus on reducing the burden on local implementers within WIOA to repeatedly complete enrollment and eligibility processes, and to make the overall system more interoperable to make referrals, enrollments, and client services more efficient.

**C. Improve performance contracting, Pay for Performance, and outcomes technical assistance**

- **Background:** Following intensive advocacy by America Forward, WIOA included Section 3(47), which for the first time authorized local development workforce boards to use up to ten percent of funding allocated to them under WIOA through the Adult, Youth, and Dislocated worker funding streams for "pay-for-performance" (PFP) contracts. This provision authorized "funds available for extended disbursement," the option to reserve funding for future outcome payments tied to employment, earnings, and other related metrics, beyond the typical WIOA two year contract funding cycle.

However, DOL did not release guidance on this provision until December 2020. A handful of local workforce boards moved forward with PFP contracts, but the lack of DOL guidance froze most innovation in this space for the past six years. On December 7, 2020, the Employment and Training Administration (ETA) at DOL published [Training and Employment Guidance \(TEGL\) Letter No. 8-20](#), providing detailed WIOA guidance on these PFP authorities for the first time.

- **Recommendations:** Although it is helpful that DOL has issued this guidance, there are a number of ways in which the TEGL is silent or lacks specifics on important details for how PFP contracts work in practice. These are details workforce boards need to pursue PFP.
  - **Update the TEGL:** [Results for America recently released](#) recommendations and clarifying questions, suggesting updates to the TEGL so that workforce boards can utilize this provision.
  - **Engage in a discussion with our partners to update the TEGL:** We hope to work with ETA on some specific additional guidance to address some of these important questions. We encourage DOL staff to engage directly with our team, Results for America, Third Sector Capital Partners, and other subject matter experts with experience implementing Pay for Success and PFP contracts, in order to issue clarifying guidance that will help workforce development boards to move forward in this space.
  - **Better distinguishing between performance contracts and PFP:** It is also critical to note that the PFP guidance and rules do not apply to traditional performance-based contracting, which can function within the two-year budget window for WIOA funds. As explained in the Results for America recommendations linked above, DOL's WIOA Final Rule clarifies that WIOA PFP contracting is just one type of a performance-based contract. It has become clear that the differences between "performance-based contract" and the new "PFP" authorities under WIOA are not well understood by many workforce boards. The delay in issuing clarifying guidance on PFP has also frozen innovation at the state and local level around performance-based contracting. Therefore, notwithstanding the helpful clarifications ETA has published in its final WIOA rule attempting to distinguish PFP and performance-based contracts, DOL's ETA should issue further clarifying guidance to help make clear that state and local workforce boards do not need to follow the requirements laid out in the PFP TEGL in order to initiate a performance-based contract more generally, and that the two types of contract should not be conflated, despite the similarity of both the labels and the concepts.

- **Prioritize Outcomes-Focused Technical Assistance (TA) for workforce boards:** To foster and encourage innovation across the workforce development system, states and workforce boards can benefit substantially from hands-on technical assistance to adopt innovative practices such as performance-based contracting and PFP. In engaging with workforce boards, DOL should develop a strategy to prioritize and offer intensive TA focused on actively managing performance, addressing the root cause of program delivery challenges related to data sharing, enrollment, service delivery, and other issues, in order to measurably improve outcomes. Third Sector’s [outcomes focused government paradigm](#) has more details on the value and viability of this type of approach. As it works on revised guidance to support the implementation of PFP and performance-based contracts, we encourage DOL to make more intensive outcomes-focused TA available to workforce boards interested in pursuing these approaches.

**d. Pilot talent pathways to increase coordination across federal, state and local agencies**

- **Background:** America Forward has [advocated](#) for the Biden-Harris Administration to leverage existing authorities at the agency level to rapidly develop an interagency mid-career fellowship pilot program to support coordination across departments and across different levels of government, promote innovation, focus on measurable outcomes, and increase diversity, equity and inclusion at the senior levels of the public sector. In July 2020, our advocacy led to support for an interagency federal feasibility study in the [House Labor-HHS-Education appropriations report](#). The language inserted by now Appropriations Chair Rosa DeLauro (D-CT), is as follows:

*“Interagency Pilot Program Study: The Committee recommendation includes no less than \$250,000 and up to \$500,000 for CNCS, in coordination with the Departments of Education, Health and Human Services and Labor, to conduct an interagency feasibility study regarding the potential of an interagency fellowship pilot program to support interagency alignment, coordination and innovation . . . The Committee is interested in . . . increasing employment and wages for low-income individuals, including disconnected youth [and] increasing postsecondary credential attainment for high-need students.”*

This support suggests DOL could be a strong option to lead such a pilot.

- **Recommendations:** DOL could leverage IPAs, and other hiring and partnership authorities, to rapidly pilot a small interagency mid-career fellowship pilot program to support coordination across departments and across different levels of government throughout our workforce system.
  - This initiative could give DOL and some of its state and local partners the tools to quickly onboard top talent, and to tap fresh thinking from other sectors to collaborate on top priorities within the first two years of the Administration.
  - In addition, DOL should explore public sector apprenticeships and fellowships within both DOL and key state and local labor agencies, with a particular focus on civic technologists and service designers.

e. **Initial next steps to move the above ideas forward**

- **To advance data and evaluation lab:** Convene staff at DOL, ED, and ACF (that are now in separate discussions with IRS) and IRS to better understand current projects and potential opportunities. Then ask for recommendations on how DOL leadership might support this work.
- **To pilot DOL talent pathways:** Explore feasibility with DOL colleagues of pursuing new IPAs.
- **To advance any or all of these ideas:** Gather key DOL stakeholders and a focus group of internal and external partners for a collaborative roundtable on how to make this work as impactful as possible, and how to drive next steps, including with other select partners.
- **Produce targeted recommendations for administrative and executive actions** to support this work, and designate key staff at DOL and other Departments who will champion it.

**Part II: Key DOL tools to incent innovation and a “networked” approach at the state and local level:** In this section, we lift up tools DOL could leverage to encourage crosscutting and other de-siloed funding approaches at the state and local level. These tools include:

a. **Streamlined Secretary-level waivers under the Workforce Innovation and Opportunity Act (WIOA)**

**Background:** [Under WIOA](#) (Section 189(i)(3)(A)), the Secretary of Labor can waive many WIOA requirements when requested by a Governor, “where the state can articulate in its waiver request how the proposed waiver will improve job seeker and employer outcomes, or otherwise achieve positive outcomes.” Additional background information on the legal parameters around these waivers, how they are requested, and recent waiver examples is available [here](#). There are a number of restrictions on DOL’s power to grant waivers, but the waiver power is also somewhat expansive, functioning across numerous WIOA titles. In addition, the Secretary has [authority](#) under WIOA, independent of a governor or grantee request, to waive Job Corps requirements, in support of Job Corps demonstration projects or innovations on the underlying program, which could be of interest given [recent criticism](#) of the program’s effectiveness.

- **Recommendation:**
  - DOL should assemble a streamlined, fast-track waiver request process, including a toolkit to allow states to easily waive some of the more onerous WIOA reporting requirements; an accelerated approval process for waiver approval; and offer technical assistance to states working to assemble waiver requests with “plug-and-play” generic language. Waivers could be limited in scope, applying for a finite period of time, and with a corresponding requirement for a rigorous evaluation across participating states to comprehensively assess impact on employers, workers, and families.
  - To the extent allowable under current law, DOL should allow state-level waivers that encourage increased blending and braiding of funds across [multiple other relevant workstreams](#) (such as TANF or SNAP E&T), and better coordinate with ACF and the

Department of Agriculture to allow community college enrollment or the pursuit of other credentials to qualify for work requirements associated with some of these funding streams.

- Ultimately, we should aim for broader policy change and reform through systemic improvements via legislation when Congress reauthorizes WIOA. In the short term, however, a more streamlined waiver tracking and navigation system could help call attention to what communities and states are waiving, in order to build a case for more systemic reforms.
- A more streamlined waiver framework could also create a more workable regulatory standard for online training programs, which increasingly transcend state lines. To this end, DOL could also encourage states to set up additional reciprocal agreements with each other across the workforce development space, so that a provider certified or accredited in one state could receive expedited review and approval in other states.

**b. Leveraging transfer authorities**

- **Background:** Under [current law](#) for FY 2021, DOL has the authority to transfer funding between accounts, adjusting a “program, project, or activity” budget upward or downward by **up to 3 percent** for the fiscal year, provided aggregated program transfers do not exceed 1 percent of DOL’s total budget, and provided this transfer authority is not “used to create any new program or to fund any project or activity for which no funds are provided in this Act.”
- **Recommendation:**
  - DOL should leverage its transfer authorities to supplement one or numerous competitive grant programs within DOL by up to 3 percent, and leverage the additional funding within these competitive grant programs in order to build up supplemental incentive funds to drive more holistic workforce policies for state and local government applicants.

**c. Incentives within DOL’s Reemployment Services and Eligibility Assessment (RESEA) program**

- **Background:** [RESEA](#), which America Forward advocated for, provides grants to states to:
  - Assure that claimants are complying with eligibility rules;
  - Determine if reemployment services are needed for the claimant to secure employment;
  - Refer the individual to reemployment services as necessary; and
  - Provide labor market information that addresses the claimant’s specific needs.

During President Biden’s first term, for the first time, RESEA will begin to allocate a modest percentage of funding (10 to 15 percent) to states based on measurably improved statewide employment, reemployment and labor outcomes.

[Section 30206 of P.L. 115-123](#) of RESEA sets out requirements for states to use “evidence-based interventions for UI claimants under RESEA and allocated discretionary funding.”

- **Recommendation:**

- DOL could revise the guidance and allocation formula within RESEA to make it somewhat more favorable for states that pursue a more streamlined, innovative, unified and “de-siloed” approach (more on what this might look like below). This guidance should also encourage a more intentional focus on upskilling, and the attainment of high quality credentials.

**d. Incentives in the Strengthening Community Colleges Training Grants (SCCTG) Program:**

- **Background:** The [SCCTG program](#) was established to:
  - Increase the capacity and responsiveness of community colleges to address the skill development needs of employers and dislocated and unemployed workers, incumbent workers, and new entrants to the workforce;
  - Offer these workers and other individuals accelerated career pathways that enable them to gain skills and transition from unemployment to (re)employment quickly; and
  - Address new challenges associated with the COVID-19 health crisis that necessitate social distancing practices and expanding online and technology-enabled learning and migrating services to a virtual environment.

Grants are available to both individual institutions and Community College consortia; critically, grantees must partner with other stakeholders in the workforce system, such as workforce boards, promoting a more holistic, system-wide approach.

House Appropriations Committee Chairwoman DeLauro designed the new SCCTG initiative based upon best practices from the [Trade Adjustment Assistance Act Community Colleges Career Training Grants](#) (TAAACCCT) initiative. This is also the program upon which President Biden has modeled his proposed \$50 Billion community college training grants partnerships program. In a recent research brief, [New America found](#) positive effects on both the education and employment outcomes of those who participated in TAAACCCT funded programs and strategies, based on a meta-analysis of numerous rigorous evaluations across the country.

- **Recommendation:**
  - DOL could revise the guidance and allocation criteria within SCCTG to make it somewhat more favorable for states that pursue a more streamlined, innovative, unified and “de-siloed” approach (more on what this might look like below).
  - One partial strategy to achieve this vision would be to tie some of the funding through SCCTG to [Guided Pathways community college reforms](#), to help encourage widespread focus on career and technical education across community college systems, and to help incent more community colleges to link programming with the needs of local and regional high-growth employers on a more widespread basis.

**e. A blueprint weaving these and other authorities into incentives for state/local government**

- DOL could combine some or all of the authorities, flexibilities, funding, and other tools briefly described above (i.e. Secretary-level WIOA waivers, inter-agency appropriations transfers, and additional guidance and allocation formulas for programs such as RESEA or SCC Training Grants),

and package these together into a set of incentives to encourage Governors to pursue innovative approaches.

- This should include steps to make the workforce development ecosystems in their states less siloed, more adaptive, and more responsive to the needs of employers, communities and proximate workers, while at the same time putting in place more stringent safeguards to ensure that repeat violators of labor market standards (in particular, providers that abuse or mistreat workers) are no longer eligible to receive funding under WIOA.
- The above list of incentives should be viewed as a suggested starting point - there are likely a number of additional incentives that could be added to such a “package” to maximize the appeal of states pursuing this type of approach.
- This type of approach could be greatly strengthened if Congress authorizes and funds the [Equitable Employment Outcomes Fund](#) proposed by America Forward, with exactly this goal. Critically, through the various tools and approaches above, key elements of this proposal can be implemented administratively without congressional action.
- **Recommendations:**
  - DOL should pilot this type of approach via a series of authorities available to DOL and to the Secretary. With substantive congressional action likely in this space, now is the time to lay the groundwork for this type of approach.
  - Assemble a DOL working group of key stakeholders and officials from within DOL, including representatives from: the Offices of Policy and Congressional/Intergovernmental Affairs; Employment and Training Administration (ETA); Employee Benefits Security Administration; Veterans' Employment and Training Service; the Women's Bureau; the Office of National Programs; and the Bureau of Labor Statistics (BLS), to study these recommendations further, and develop a more detailed blueprint for implementation.
  - Engage with key state and local stakeholders on how to roll out this initiative publicly.
  - Finally, while in the long-run congressional action will be needed, DOL could partner with ED to pilot a version of the more expansive vision for community college partnerships that President Biden has repeatedly committed to build and fund. Specifically, DOL could leverage a combination of the WIOA waiver authority (part a above) the SCCTG funding (part d above), and a partnership with ED to leverage the Secretary of Education's waiver authority under the [Experimental Sites Initiative](#) to allow participating community colleges to also use Pell grant resources to pilot, on a limited initial basis, high quality short-term workforce credentialing, building on at least one previous experimental site. This in turn could help establish a strong partnership between DOL and ED, which Congress could build on in a subsequent HEA and/or WIOA reauthorization. For such an approach to make sense, in order to qualify for a waiver, participating community colleges would need to take a number of steps, building on [important research in this field](#), to demonstrate that a qualifying shorter-term credentialing program equitably increases opportunity and economic self-sufficiency for all learners, without regard to the learner's race or ethnicity.

- More generally, DOL should work to coordinate these efforts with leadership at ED, with the goal of more effectively bridging the divide between our workforce development and K-12 education system, to make our learning and training systems more seamless from early childhood through adulthood, and to promote lifelong and continuous learning.

### **Part III: Key approaches to incent across public workforce development system: Encourage Career Pathway, Sector Partnership and Support Services Strategies**

- **Background:** Via the tools outlined above in Part II, DOL could encourage states to reform, strengthen, and better align their public workforce development systems. Governors, in turn, should encourage local workforce development boards to prioritize federal funding for career pathway and sector partnership strategies that foster collaboration and innovation across workforce systems and offer support tailored to individuals hardest hit by the COVID-19 pandemic. In particular, DOL should strive to give Governors better tools and incentives to encourage workforce boards to align programming with the state’s broader workforce strategy, including priorities funded through other programs such as TANF or SNAP E&T, or ongoing work within the community college system.
  - WIOA [requires](#) that states submit either unified state plans (USP) or combined state plans (CSP) to [DOL every four years](#) with unified workforce strategies, and revisit these plans every two years, submitting their planned modifications to the relevant federal agencies for approval; however, states can submit modifications to their plans [at any time](#).
  - By encouraging states to submit plans (or revise existing plans) to enhance career pathways, sector partnerships, or both as outlined in their USPs, DOL could help job seekers obtain employment and education opportunities that position them for in-demand occupations that have a significant impact on the state, regional, or local economy, and increase alignment between regional workforce systems and regional employers.
  - Below, we present several key components states can and should include in their USPs to build stronger workforce systems that are prepared to address the many disparate challenges local workforce boards and employers are facing, brought on by the pandemic.
  - The below recommendations draw upon both America Forward’s evidence and workforce development policy agendas, and New Profit’s [Future of Work Grand Challenge](#). The initiative launched in collaboration with the XPRIZE Foundation and MIT Solve, with the immediate goal of training and placing 25,000 workers displaced by automation and COVID-19 into living-wage, high-growth jobs, and with the ultimate goal of igniting a movement to fundamentally reshape workforce development and the economy of the future.
- **Recommendations:**
  - **Prioritizing proximity.** To build stronger workforce systems that meet the diverse employment needs of employers and job seekers, states and local workforce boards should work directly with and alongside “[proximate leaders](#)” – individuals or groups whose ideas, agendas or assets are guided by the experiences of people from marginalized and/or disenfranchised groups – to

ensure that workforce system stakeholders are developing and scaling quality career pathway, sector partnership and support service strategies aligned with the needs of workers, families, communities, and the local economy. There is a strong case that proximity is [inherently connected](#) with effective performance management.

- **Address deep inequities accelerated by COVID-19.** The pandemic has destroyed millions of jobs, [disproportionately affecting low-wage workers](#) and [communities of color](#), dramatically accelerating [trends underway](#) well before 2020. Indeed, the recovery from the previous recession over-emphasized short-term job placement, which by 2019 contributed to trapping an estimated [53 million](#) Americans in low-wage jobs. Now, as the pandemic accelerates the relentless economic trends pushed forward by globalization and automation, many of these lower wage jobs are [unlikely](#) to return. All of this will widen an already gaping [skills gap](#), the mismatch between high-tech, skilled workforce modern U.S. employer needs, and many of the Americans experiencing low-wages, barriers to employment, and persistent poverty. In the longer term, to do all this well, we must also reverse decades of [budget cuts](#) to [job training](#) programs, so innovators have the resources necessary to tackle these challenges.
- **Coordinate and align programs and resources with employers and stakeholders.** States and local workforce boards should steer federal funds toward education and training programs that develop, expand, and improve programs [through employer feedback and state labor market data](#). Local workforce boards should partner with our K-12 education system, post-secondary institutions, state agencies, and other workforce system stakeholders, including philanthropic or private sector entities, to build innovative structures and recruit external talent to facilitate these partnerships where needed. Workforce boards should also engage employers through partnerships with industry to enhance career pathways that offer work-based learning opportunities, postsecondary training, credentialing, or other relevant services that support the development of in-demand skills and competencies. To respond to the labor market needs of their local, regional, and state economies, postsecondary institutions should adopt policies and processes that accelerate learning strategies through new and redesigned curricula, technology-enhanced learning activities, and training infrastructure to expand opportunities for individuals— particularly those with barriers to training and employment—to earn credentials that have labor market appeal. One compelling example of what this looks like, in practice, is [Rhode Island’s Real Jobs program](#), a collaboration between Rhode Island’s Department of Labor and Training (DLT) and Harvard’s Government Performance Lab.
- **Driving dollars toward outcomes.** Some of the workforce development and job training programs with the most compelling evidence of effectiveness, such as [Per Scholas](#), [Year Up](#) and [Project Quest](#), still struggle to access public funding through WIOA, or other relevant funding streams. Workforce boards, job-training providers and nonprofits across the country also [struggle](#) to access usable data and build data systems to measure the effectiveness of their programs or manage their performance. Where the workforce system builds in outcomes, too often it emphasizes short-term outcomes, such as placements or credentials, and creates a thicket of reporting requirements around these short-term metrics that perversely incents a culture of compliance over genuine impact. Performance metrics need to be redesigned and reformed to more effectively center equity. Federal, state and local officials should invest in major upgrades to IT infrastructure to efficiently digitize enrollment tracking and outcome systems, reducing the compliance burden on staff. Of course, many of these changes will

ultimately require new legislation, and updates to WIOA. Meanwhile, Governors should do more, leveraging funding sources such as the state reserves at their disposal through WIOA and Perkins V, to fund and scale these types of proven models and build evidence of effectiveness for a broader, more diverse, and inclusive pool of community-based organizations by linking funding across the system to data-driven outcomes. Results for America also released a detailed report last year, “[Moneyball for Workforce Development](#),” with a number of detailed additional recommendations for building evidence, driving workforce dollars toward outcomes, and scaling what works.

- **Support services to address “social determinants of work.”** New Profit’s Future of Work initiative has identified a number of additional support services, beyond training and upskilling programs, as [critical](#) to the economic mobility of people experiencing poverty, or barriers to employment. New Profit describes these supports, such as child care, transportation, or access to high speed digital tools as the “social determinants of work.” Improving comprehensive support services and career guidance, including support service staff roles such as navigators or career coaches, will make our economy more equitable and our training programs more accessible. The COVID crisis underscored the urgent need for a more inclusive and accessible economy that accommodates the real-world needs of its workers. Investing in support services can bring millions of Americans (and especially women) back into the workforce.
- **Build effective sector partnerships.** With [growing evidence](#) of [effectiveness for sectoral strategies](#), states should target specific industries, and work to address the needs of employers in those sectors, while encouraging workforce boards to reach out to employers who demonstrate a commitment to hiring displaced workers and individuals with barriers to employment, ideally in combination with transitional job models, [employment social enterprises](#), and additional supportive services. Building stronger sectoral partnerships will catalyze increased collaboration, benefiting both employers and job seekers.
- **Expand stackable credentials and continuous learning.** States should encourage and allow local workforce boards to focus federal funds on career pathway programs that offer [stacked credentials](#) and transferability of credits to other two-year and four-year institutions within the state. Strategies like these connect disjointed workforce systems while removing barriers for job seekers.