



Department of Labor
America Forward Agency Transition Memo

In our nation committed to increasing opportunity, the number of people moving from poverty to the middle class has been on the decline, notwithstanding the recent good news from the Census Bureau about the progress made in reducing the poverty rate. The inability of many individuals to find their way from public assistance to productive work takes an unacceptable toll on our economy. The almost six million youth and young adults not in school or working, a group known as “opportunity youth,” cost taxpayers \$93 billion annually and \$1.6 trillion over their lifetimes in lost revenues and increased social services.ⁱ

At the same time, many U.S. employers say that a shortage of qualified workers is their biggest obstacle to growth.ⁱⁱ Despite the unemployment crisis, employers are unable to find qualified workers for an estimated five million U.S. jobs.ⁱⁱⁱ By 2020, 65 percent of all American jobs will require post-secondary education and training beyond high school.^{iv} But our nation is not preparing its citizens to meet these workforce demands, wasting the extraordinary human potential represented by Americans trapped in poverty.

Any effort to change the circumstances of those now left out of the economic mainstream – and reverse the negative impact on our overall economy – demands that we rethink the way we invest public resources, as well as learn from and expand proven programs and practices that work in order to enable students, youth, and adults from all backgrounds to succeed economically. To date, we have made it extremely difficult for organizations to work across programmatic silos by treating the spheres of education and workforce development as entirely separate universes, despite their obvious connections. We have historically allowed the essential connection between workforce development and business to fray. We have failed to align training and skills development programs with the specific needs of employers, and we have failed to integrate workforce and economic development so that we are training workers for the jobs of the future.

“The availability of full-time jobs at a livable wage may be essential to move out of poverty but is not necessarily enough. Many poor people, saddled with a deficient education, inadequate health care and few marketable skills, find small setbacks can quickly set off a downward spiral. The lack of resources can prevent them from even reaching the starting gate...Many of those who made it had outsize determination, but also benefited from a government or nonprofit program that provided training, financial counseling, job hunting skills, safe havens and other services.”^v

America Forward’s Coalition of more than 70 entrepreneurial organizations across the country are leading the way in the use of cutting edge data and research to pursue bold, outcomes-driven solutions to some of the most difficult challenges associated with workforce development, education, and poverty alleviation. Our organizations are constantly learning about what works, developing new innovations, measuring outcomes, and achieving real results in their communities.



Our goal as a nation should be to leverage the lessons learned by our member organizations to build a system of community and human development that goes beyond workforce preparation to encompass education, service, and leadership development and that better integrates the development of our economy and the needs of our employers with the preparation of our workforce. President-elect Trump can expand on his agenda to bring prosperity and opportunity to all working American families, and accomplish this in partnership with our member organizations, by focusing on data and outcomes, and allowing for flexibility, innovation and competition.

Policy Proposals

1. Implementation and Regulatory Opportunities of the Workforce Innovation and Opportunity Act

Many important changes were made by the passage of the Workforce Innovation and Opportunity Act (WIOA) that will positively impact the structure and approach to providing and contracting for training and workforce development activities at the state and local level. Implementation activities and the regulatory process have been under way for a number of months, but there is still much the Department of Labor can do to support states and localities as they assess and determine how to modify their practices and integrate the changes made by WIOA across all elements of their workforce development systems. Specifically, the Department can:

- a. Support the implementation of **Pay for Performance** approaches, utilizing the authority included in WIOA, to direct WIOA formula and Governor's reserve dollars to funding proven programs aimed at specified workforce and employment outcomes demanded by local employers and job seekers and proven to be effective with given populations. Though this authority was addressed in the final rule, the Department should consider further guidance along with training and technical assistance to ensure that states and localities are aware of this new authority and to ensure the resources needed to engage in these types of arrangements are accessible to those interested in utilizing the authority.
- b. Continue to support full funding of the **Governor's reserve**, which was reauthorized to a ceiling of 15 percent in WIOA, but that had previously been scaled back through appropriations law. The reserve funding is significant because through WIOA it is authorized to be utilized in the support and implementation of Pay for Performance arrangements. Thus, this funding could be used to support innovative approaches to plan for, administer, or deliver workforce education and training services that are essential to the timely delivery of an in-demand, skilled workforce, or to meet the needs of under-resourced workers and job seekers.
- c. Encourage leveraging and incenting with WIOA formula dollars to promote, wherever appropriate and possible, **enterprising pathway programs** that support workforce education and training, and skills upgrading. Such pathways would result by aligning workforce training with secondary education, adult education and post-secondary



education (including transition for students with disabilities). Pathway programs are also needed to reconnect opportunity youth with the workforce.

- d. Support the redirection of resources to the programs and initiatives that have demonstrable **high bar outcomes**. With the increased emphasis on longer-term outcomes and the authorized use of Pay for Performance approaches in WIOA, programs that achieve demonstrable outcomes can be more easily identified and supported.
- e. Ensure that the state and local workforce system (and its workforce boards) offers accessible **career assessment and career navigation services** for workers and job seekers, especially for adults who have learning disabilities that may struggle in text heavy environments. This should include facilitating prior learning assessments for workers and job seekers to verify their mastered competencies and, thus, speed and reduce the costs of acquiring postsecondary credentials demanded by local employers.

2. Support Bridge Building Opportunities for Youth and Adult Workers

Bridge building jobs are an important way that young people and adults with limited work experience step into the workforce through work-based learning that provides substantive job experience while providing training and supports. There are many barriers associated with the availability of these types of jobs in the workforce system, but creative strategies to encourage the development of, and sustainable funding streams for, these job opportunities are necessary to connect the individuals who face significant barriers to employment to career pathways.

- a. Educate employers and state and local governments that participate in federal workforce and educational programs about the role and value of **social enterprise** in training and preparing the workforce.
- b. Support a **Civilian Service Option** as an eligible benefit through the Department of Labor veterans assistance program that would provide returning veterans with much-needed transition time, pathways to education, training for jobs, and the dignity and pride of continuing their service here at home.
- c. **National Service** has played an important but poorly understood role in developing America's workforce in three ways: (1) providing "bridge building" work experience to youth and young adults; (2) providing a reliable employment pathway to the nonprofit sector; and (3) building the supply of volunteers available to assist others in preparing for and finding employment. As a result, the Department should:
 - i. Incentivize leveraging of WIOA dollars to promote, wherever appropriate and possible, transitional jobs, career-related internships, national service, youth corps, and social enterprise employment as a way to create bridges to permanent



employment for those (particularly opportunity youth) who are disconnected from the workforce.

- ii. Enable certified service year positions to receive the same treatment under the Fair Labor Standards Act as similar programs funded by the government through AmeriCorps.

3. Connect Skills and Experience with Job Placement

It is critical that institutions of higher education, other post-secondary providers, and workforce systems players recognize the realities facing students and workers and consider the core competencies employers seek. As part of this effort, it is important that post-secondary providers and workforce agencies work together to create and support innovative credentialing and certification opportunities that reward the development of in-demand skills that apply directly to areas of need in the economy, no matter where the learning and skills development takes place.

- a. Recognize **micro-credentials**, which document individual skills or practice, and credentials offered outside of traditional school settings as evidence of learning through internships, service year programs, and other experiences.
- b. Launch a **'power skills' grand challenge** that uses a portion of existing workforce funding to define and measure skills like leadership, grit, critical thinking, problem solving, communication, and teamwork, which are highly valued by employers.

4. Flexibility and Innovation Opportunities

To help advance and enhance the important changes in WIOA, and to promote a greater focus on outcomes, other policies and practices should incentivize innovation, and prioritize outcomes across government.

- a. Support the continued authority for, and implementation of, **Performance Partnership Pilots (P3)**. These pilots allow for flexibility and innovation by states and localities to better serve opportunity (or disconnected) youth. Given the change in WIOA in the allocation of the youth formula funding stream from a 30 percent allocation to a 75 percent allocation to the needs of out-of-school youth, these pilots could have a direct impact on the ability to better serve this aligned population and help states and localities achieve the new high bar performance measures. Moreover, best practices and lessons learned from successful pilots should be incorporated into the policies and practices of the federal agencies involved.
- b. Enable states and localities to use **agency-wide waiver authorities** to demonstrate and replicate innovative approaches to serving various populations. Examples include:

- i. Opportunity Youth Workforce Development Program Innovations: *WIOA continues the broad WIA waiver authority for promoting innovations including outcomes-driven approaches to opportunity youth workforce development.*
- ii. Job Corps: *WIOA continues the broad WIA waiver authority that could be used to test innovative strategies aimed at improved outcomes for participants and to ease administrative difficulties plaguing the program.*
- iii. WIOA Programs: *WIOA continues the availability of the WIA's broad waiver authority for promoting innovations including outcomes driven approaches to workforce development.*
- iv. TANF and WIOA Concurrent Waivers: *Solicit state waiver requests for TANF- related early childhood education/childcare (SSA Section 1115 Waiver) and WIOA adult training and job placement/retention programs.*

ⁱ C.R Belfield, H.M. Levin and R. Rosen. "Economic Value of Opportunity Youth," January 2012, www.civicenterprises.net/MediaLibrary/Docs/econ_value_opportunity_youth.pdf; <https://opportunitynation.org/latest-news/5-6-million-youths-school-work/>

ⁱⁱ High Growth Entrepreneurs Plan to Continue Growing," Kauffman Foundation, <http://www.kauffman.org/newsroom/high-growth-entrepreneurs-plan-to-continue-growing.aspx>

ⁱⁱⁱ <http://www.bls.gov/news.release/pdf/jolts.pdf>

^{iv} https://cew.georgetown.edu/wp-content/uploads/2014/11/Recovery2020.ES_Web_.pdf

^v <http://www.nytimes.com/2016/09/26/business/economy/millions-in-us-climb-out-of-poverty-at-long-last.html? r=0>