



NATIONAL SKILLS COALITION
Every worker. Every industry. A strong economy.

Modernizing the Public Workforce System to Equip Workers with 21st Century Skills

- **Department of Labor’s Employment and Training Administration (ETA) should modernize our public workforce system to meet unprecedented demand from unemployed workers while still prioritizing investments in upskilling incumbent workers most vulnerable to displacement.**
- **Modernization should include supporting industry partnerships, empowering states to use their Eligible Training Provider List as quality control mechanisms and improving access to incumbent worker training – including increased access to digital literacy skills.**

Our country faces the most devastating economic crisis since the Great Depression, and the Department of Labor’s strategy in the coming months and days will have a significant impact on the lives of workers and businesses across the country.

COVID-19 has demonstrated that we need a different approach to supporting displaced workers as they get ready for their next job. When the pandemic subsides, workers who lost their jobs will not all be able to return to the same companies or even the same occupations. Instead, many workers will need re-training to get a new job, along with income, health care, and other supportive services while they re-train. National Skills Coalition recommends aligning different programs to provide a more comprehensive re-employment response.¹

At the same time, the health and economic crises have affected key industries in very different ways but has disproportionately impacted small and mid-sized businesses across industries. To reduce ongoing economic hardship for businesses and workers and to work toward recovery, we must support small and mid-sized businesses – which represent the majority of businesses – in averting layoffs, keeping their employees paid, and supporting employee re-training during down-time.

A response to a crisis of historic scale needs to include investing in workers at the backbone of America’s economy – those who need training past high school, but not a four-year degree.

¹ <https://www.nationalskillscoalition.org/resources/publications/file/11102020-A-21st-Century-Reemployment-Accord-Memo-Public.pdf>

Improve our public workforce system to better address needs of workers who have lost their jobs and those most vulnerable to displacement

To ensure the public workforce system can truly keep pace with worker and business demand for skills, the Biden Administration needs to fundamentally rethink how workers access training services, shifting from a model where training is treated as a last resort, and instead creating a system that guarantees workers and jobseekers access to necessary training. A parallel shift is necessary in how the Workforce Innovation and Opportunity Act (WIOA) funding supports services for businesses – the Biden Administration should prioritize a workforce system that can truly respond to skill demands in the local economy.

WIOA is the nation’s primary law governing investments in job training, but the program no longer serves enough participants. Only 123,000 adults received training under WIOA Title I in Program Year (PY) 2018,² compared to over 200,000 individuals accessing training services in PY 2004³. In a labor market where more than 80 percent of all jobs require some form of education and training beyond the high school level – and an economy where nearly 50 million workers are unemployed or underemployed and looking for better opportunities– we can’t afford to have our workforce development system sitting on the sidelines.

This decline in training is largely caused by decreased funding at the federal level. The workforce system is drastically underfunded compared to historic levels and those invested by other industrialized countries. Formula grants to states have declined by 40 percent since 2001, adjusted for inflation.⁴ The U.S. also invests less than every industrialized country in active labor market policy, except for Mexico, and we would need to invest \$80 billion more *annually* just to reach the median level of investment of other industrialized countries.

As discussed below and for that reason, it is imperative that any administrative changes made by the Department be coupled with a robust legislative strategy to improve workforce investments.

Additional policy decisions also exacerbate funding challenges. WIOA funds may only be used to support training if other grants or assistance (such as Pell Grants) are unavailable or insufficient to cover the costs of participation, and only after job center staff make a formal determination that the individual needs training in order to achieve self-sufficiency and otherwise meets eligibility requirements. While these rules are theoretically intended to preserve limited funding, in practice they create bottlenecks that mean frustrated jobseekers

² https://www.doleta.gov/performance/results/WIASRD/PY2018/PY_2018_WIOA_and_Wagner-Peyser_Data_Book.pdf

³ https://m.nationalskillscoalition.org/resources/publications/file/NSC_TPIB_WIA_TitleI.pdf

⁴ <http://www.americasworkforce.org/latest-action-list/2019/9/19/investing-in-americas-workforce-a-national-imperative-for-the-21st-century>

and employers who often simply forego WIOA resources due to lack of responsiveness and flexibility.

WIOA is up for reauthorization in 2020, and the Biden Administration should lead on a set of legislative priorities that create a public workforce system that can be an engine of innovation. These include proposals like those championed by Vice President Harris' Senate office in the 21st Century Skills Act – creating a guaranteed public investment in skills training for workers who lose their jobs and support partnerships between industry and educators that ensure public and private investments support workers' access to skills that lead to good jobs.

To empower these shifts, the Department of Labor should prioritize three key steps:

- **Use H-1B Skills Training Grants to support expanding Industry or Sector Partnerships.** These partnerships bring together industry, educators and the workforce system to scale workforce best practices, inform training programs, and support worker success, including by disrupting patterns of systemic racism in training, hiring and employment faced by workers of color.⁵ Training programs provided in a sectoral approach lead to higher wages and retention rates for workers. As of 2017, more than thirty states had adopted specific policies to build or expand sector partnership strategies, in part due to the increased focus under WIOA.⁶ The Obama Administration also pushed for a \$3 billion investment in industry partnerships in their Fiscal Year 2017 Presidential Budget Request through a program called the American Talent Compact⁷ and these partnerships were a priority for then Vice President Biden's Middle Class Task Force.⁸

Industry partnerships are also an entry point for businesses in to engaging with the public workforce system, making it easier for the system to serve more employers more effectively. The World Economic Forum found that the private sector in the U.S. is poised to cover one-third of the costs associated with increased automation and technology in the workplace. By convening more partnerships between employers in the same industry, however, that same private investment can cover more than half the costs, lowering the investment necessary from the federal government.⁹ The

⁵ National Skills Coalition, Roadmap to Racial Equity: an Imperative for Workforce Development Advocates (2019) https://www.nationalskillscoalition.org/resources/publications/file/Racial-Equity-Report_6x9_web.pdf

⁶ We are not aware of any studies since 2017 on state adoption or expansion of sector partnerships. One useful area of research would be to reexamine current utilization of these strategies relative to the 2017 baseline, and to look at any barriers to local or state implementation.

⁷ <https://obamawhitehouse.archives.gov/the-press-office/2016/02/04/fact-sheet-president-obama-proposes-new-first-job-funding-connect-youn-0>

⁸ <https://obamawhitehouse.archives.gov/sites/default/files/microsites/100226-annual-report-middle-class.pdf>

⁹ http://www3.weforum.org/docs/WEF_Towards_a_Reskilling_Revolution.pdf

Department should use H-1B funds to support a federal grant program to expand these partnerships in all communities, and all industries, across the country.¹⁰

- **Issue guidance to improve access to funding for incumbent worker and on-the-job training through contracts with workforce boards.**

WIOA allows significant flexibility to use local adult and dislocated worker funds to support incumbent worker training. Local areas can use up to 20 percent of their combined funds to support incumbent worker training, and have the option of reducing matching requirements for common forms of training such as on-the-job training (OJT) or customized training, depending on the size of the firm receiving assistance.¹¹ However, despite this flexibility, the number of people participating in these forms of training has actually *declined* since WIOA was passed. National participation in OJT has gone from 16,385 in PY 2014 to 11,846 in PY 2018; and participation in customized training has gone from 5,667 in PY 2014 to just 2,789 in PY 2018.

At a time with historic unemployment, training for unemployed workers is a critical tool to restore our economy and workers' economic security. But this strategy should also be combined with strategies that help keep people in the workforce and provide them with the skills their employers need, especially newly emerging areas such as digital skills. Training for workers on the job is an imperative form of layoff aversion and a pathway to economic opportunity that can help workers— especially those most at risk for losing their jobs— avoid ever needing to access services designed to help people weather periods of unemployment. Training for existing workers can also help those who are new to an industry gain skill necessary to be successful in maintaining employment.

Investing in workers' training while they are employed allows for maximizing private investment in that same training and minimizes public costs associated with finding a worker a new job or supporting income replacement while unemployed. Incumbent worker training also supports greater racial equity. Women of color, for example, are disproportionately concentrated in lower-wage jobs in the health care industry.¹² Investing in incumbent worker training and upskilling will help create ladders to good

¹⁰ This funding is currently being used to support the Trump Administration's Industry Recognized Apprenticeship Program. Repealing EO 13245 will free up funding to be targeted to this solution.

¹¹ It is worth noting that despite Congressional intent to make incumbent worker training more accessible, the final rules implementing WIOA established a requirement that incumbent workers must have worked for the employer for at least six months, thus reducing the utility of the program as a means to upskill newer hires.

jobs for workers in jobs deemed “essential” during the pandemic, but which do not pay wages commensurate with the risk or skill required to do.

The Department should reissue guidance, building on that issued during the Obama Administration, to better facilitate state and local administration of Incumbent Worker Training and on-the-job training, to workers who are most at risk to displacement.¹³

- **Empower states to utilize their ETPL as meaningful quality assurance mechanisms**

Eligible Training Provider Lists (ETPL) serves as a resource that can help individuals make strong educational choices to advance their careers in alignment with state or regional economic needs and supports equitable access and transparency to the training and education opportunities available for participants in WIOA Title I programs, including the Adult, Dislocated Worker, and Youth programs. States are required to set eligibility criteria for training providers and their programs to be put on and remain on the state’s ETPL, and continued eligibility must include a measure of the “quality of the program or training services¹⁴” with states setting their own definitions for quality. The Department should issue guidance that strongly encourages states to establish quality criteria for ETPLs that aligns with metrics needed to support an inclusive economic recovery, such as advancing along a career pathway, and disaggregating employment and wage outcomes by race and ethnicity to ensure that participants of color are being served equitable across and within eligible programs, and to ensure that eligible providers and programs do not perpetuate and potentially advance the systemic inequities that people of color have endured in our education and training system.

This also gives the Department a transformative opportunity to identify training providers whose programs may not meet the threshold for continued eligibility and for whom state-led technical assistance could increase the equitable outcomes not just of WIOA participants, but all participants of a given training program. DOL could issue guidance to states on how to provide technical assistance to training providers who commit to corrective action to remain on the ETPL by purposefully working to improve outcomes for learners of color.

Finally, the pandemic magnified the need for flexibility in training delivery methods available to individuals when in-person learning is not possible and for easily accessible cross-state information on eligible training opportunities. The Department

¹³ See <https://wdr.doleta.gov/directives/attach/TEGL/TEGL12-09acc.pdf>

¹⁴ https://wdr.doleta.gov/directives/attach/TEGL/TEGL_8-19.pdf

should advance the ETPL as a collection of information on training programs, their characteristics, and employment and wage outcomes, using standard language and definitions, which could be made transparently available to national credential clearinghouses. This would ensure that WIOA Title I participants, as well as students and other adults in career transition, have greater access to training opportunities they may wish to pursue.

The American public support these changes

Nearly 90 percent of voters want public investments in partnerships between workforce programs and local businesses and 75 percent of voters want to see more nimble, short-term education and training options so people can quickly retrain. At the same time, 82 percent of voters believe the government should help businesses train, instead of laying off, workers.¹⁵

The Biden Administration has the opportunity to modernize and reinvigorate workforce programming to meet the needs of workers and businesses. Any focus on the workforce system should include supporting partnerships, empowering states to use their ETPL as a quality control mechanism and supporting training for workers on the job most vulnerable to displacement.

For further information regarding these recommendations, please contact Katie Spiker, National Skills Coalition's Director of Government Affairs, at katies@nationalskillscoalition.org.

¹⁵ On behalf of NSC, ALG research conducted a nationwide online survey of N=800 likely 2020 general election voters between May 21-25, 2020.

¹⁴ <https://www.policylink.org/our-work/economy/national-equity-atlas/COVID-workforce>