Putting WIOA to Work
An Action Plan for CEOs To Leverage the Workforce Innovation and Opportunity Act
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Executive Summary

Maintaining competitiveness in today’s economy requires a more skilled and educated workforce than ever before. Today’s jobs are complex and highly specialized — and are growing more so as the rate of technological advancement increases. Specialized skill sets are required to obtain 85 percent of jobs created since 2000.¹ Sixty-five percent of jobs will require postsecondary education and training by 2020.²

Unfortunately, many in the U.S. workforce do not have the mix of skills that employers need. This skills gap is large and growing larger: 4.2 million jobs remain open, while 9.5 million workers remain unemployed.³ The situation is not improving. If current trends persist, the United States will be short approximately 5 million postsecondary-educated workers by 2020.⁴ Absent concerted action to close this skills gap, the United States will struggle to compete for decades. Fortunately, several efforts are under way, in both the public and private sectors, to address this threat.

The recent reauthorization of the 1998 Workforce Investment Act, now called the Workforce Innovation and Opportunity Act (WIOA), is a bipartisan, bicameral effort to address many of the causes of this gap. For example, the bill streamlines services offered by one-stop career centers to eliminate the confusing “sequence of services” that made accessing training more difficult for many job seekers. It also requires state workforce development boards (WDBs) to create statewide workforce development strategies that target regional goals and business needs. Additionally, the bill reduces the size of state and local WDBs and requires a majority of the board members to be business representatives, increasing the voice of employers in determining where and how federal dollars should be spent in workforce development.

WIOA affords business leaders a variety of opportunities to ensure that workforce development is aligned with their specific needs, including collaborating with WDBs in developing statewide strategies to use valid state and local program performance metrics to gauge results. WDBs can also help WIOA’s efforts to target youth employment by offering and expanding programs such as on-the-job training, apprenticeships and internships.

The legislation provides an opportunity to leverage Business Roundtable’s efforts on behalf of the National Network of Business and Industry Associations. The National Network is an organization of leaders across major economic sectors working to improve economic opportunity and quality of life for Americans by better connecting the working world and the learning world. Led by a collaborative partnership between Business Roundtable and ACT Foundation, the National Network is committed to helping individuals understand and gain the skills they need to enter into and succeed in the jobs of today and tomorrow. To date, it has produced a model for competency-based apprenticeships that use industry-recognized credentials instead of completing a fixed number of hours of work to assess apprentices’ acquired competencies. The National Network also has recently released the Common Employability Skills Set for All Jobs, which identifies the fundamental skills employees need to be successful and a common vocabulary to explain them. The National Network continues to explore ways to achieve its goals.

This brief is designed to inform CEOs about how they can leverage the new WIOA to benefit their companies. It also outlines other opportunities for CEOs to help close the skills gaps facing their operations.
Help Wanted

The U.S. economy continues to be fueled by rapid developments in technology. These advancements increase production efficiency and lead to innovative products and services. As a result, jobs across all industries are increasingly complex, and employers are demanding workers who possess greater levels of skill and competency. The knowledge economy continues to grow, today representing between 28 and 45 percent of the entire U.S. labor force. Eighty-five percent of new positions created since 2000 require specialized skill sets. The knowledge economy requires workers not only to have higher-level skills but also to update their skill sets continually. Today, the skills earned by four-year college graduates have a shelf life of approximately five years.5

The Skills Gap

The United States is currently lagging in producing the talent that U.S. businesses need to compete in the modern economy. The Bureau of Labor Statistics reported in May 2014 that the number of unfilled private-sector job openings increased to 4.2 million, despite 9.5 million U.S. workers remaining unemployed.6 These job openings continue to be unfilled primarily due to a lack of qualifications held by candidates. The gap between the knowledge and skills employers want and those workers actually have, called the “skills gap,” is significant and continues to grow as the number of prepared workers fails to keep up with market demand. Georgetown University’s Center on Education and the Workforce projects that 65 percent of jobs will require postsecondary education and training by 2020. If the current production rate of postsecondary graduates holds, the United States will be short 5 million postsecondary-educated workers by that date.7

The Need for Real-Time, Skill-Based Labor Market Data Systems

The job and skill needs of today are very different from those of the past. The average worker now changes jobs every 16 months during his or her mid-20s and spends an average of 4.4 years at a given job throughout his or her life.8 When the rate at which workers are changing jobs is coupled with the speed at which new technologies are causing employers to revise job descriptions and requirements, it becomes clear that traditional labor market data are not enough. Traditional data are slow and limited, often causing job seekers to waste money and time training for nongrowth industries or jobs that no longer exist. Data influenced by old job titles and descriptions also fail to convey the specific skills employers are seeking.

Real-time labor market data benefit all stakeholders in workforce development. More up-to-date information allows postsecondary education and training programs to better align themselves with labor market demand and more quickly adapt to changes in the labor market. Community colleges and four-year institutions can adapt their curricula and available programs to produce talent where it is needed. State and local workforce development boards (WDBs) can produce more informed workforce development strategies that better target investment to effective programs.

If job seekers can easily and accurately identify industries experiencing employment growth and understand what skills and competencies they need to be successful, the U.S. economy will benefit, and job seeker satisfaction will soar. Employers benefit from real-time labor market data because they have access to a stronger talent pool possessing the skills and competencies they need. Employees benefit by getting jobs they desire.

The Need for Improved Job-Seeker-to-Employer Matching

The needs of employers are severely disconnected from the qualifications of job seekers. Employers struggle to find the talent they need, and job seekers cannot find the jobs they want. In studies conducted by management consulting company Accenture, only 18 percent of employers said their access to skilled workers was sufficient. Job seekers reported similar struggles: A mere 12 percent said finding the right job was easy. Fifty-six percent of employers and 48 percent of job seekers expressed a desire for a better system of matching needed skills with available jobs.9
Competing in today’s knowledge-based economy requires a skilled workforce. Rapid advancements in technology have only increased this need by creating more specialized and complex jobs that demand higher levels of worker competency. Developing effective education and workforce development systems is the key to achieving the type of workforce needed in the 21st century. The Workforce Innovation and Opportunity Act (WIOA) provides new opportunities for states and business representatives to work together to solve some of the problems of preparation in America today.

**The Workforce Investment Act of 1998 (WIA)**

Considered a major step forward at the time, WIA simplified federal workforce programs and facilitated federal investment in workforce development initiatives. It established one-stop career centers to provide job seekers a wide range of services, such as training referrals, career counseling and job listings, all in one location. WIA also set up WDBs of governor-appointed business and workforce representatives at both state and local levels designed to manage the one-stop career centers, as well as plan and procure WIA-funded services. While WIA was an appropriate response to the economic climate of 1998, recent industry and workforce developments have resulted in a growing lack of alignment between the workforce system and employers’ needs. Both the House and Senate have tried numerous times to reauthorize and update WIA to better fit current economic and training needs since its authorization expired a decade ago.

**WIOA**

This year, key members of the House and Senate came together to write and pass WIOA. President Obama signed the legislation on July 22, 2014.

WIOA amends WIA in a number of ways designed to improve the effectiveness of its services. It eliminates 15 inefficient and duplicative workforce development programs to allow for better alignment of federal, state and local programs, while retaining separate funding streams for adults, dislocated workers and economically disadvantaged youth. Services have been streamlined by merging “core and intensive activities” into “career services,” allowing for greater flexibility when dealing with those seeking training and eliminating the “sequence of services.” State WDBs are now required to produce a unified state workforce development strategy that identifies how workers’ skill needs will be met. Local boards are also required to complete plans that outline how the state strategy will be implemented at the local level. Plans at both levels must also provide an analysis of the economic conditions of the state, which include emerging industries, employment opportunities and specific skill needs.

A unified strategy allows federal, state, nonprofit and corporate dollars to be dedicated to the same goal of developing a skilled workforce. Additionally, both state and local plans must include descriptions of how physical and programmatic accessibility requirements at one-stop career centers will be met to ensure that the centers remain available and effective. These plans must be updated every four years to keep up with changes in state and local labor markets.

“Some 82 percent of manufacturers say they can’t find workers with the right skills. Even with so many people looking for jobs, we’re struggling to attract the next generation of workers. The message about the opportunities in manufacturing doesn’t seem to be reaching parents and counselors who help guide young people’s career ambitions.”

A Focus on Youth Workforce Training

WIOA also targets an underemployed part of the U.S. workforce that contains great potential — economically disadvantaged youth. Of particular note, the most significant change targets the out-of-school youth population.

The bill provides added flexibility to state and local WDBs in providing youth with employment and training services such as paid and unpaid work experiences, contextualized education, financial literacy education, entrepreneurial skills training, services that provide labor market and employment information about in-demand industry sectors, and services that prepare youth for postsecondary education and training. Additionally, work-based learning programs like on-the-job training, pre-apprenticeship programs and internships are a major focus of youth workforce development under WIOA.

Standardized Program Performance Metrics

One of the greatest difficulties associated with improving workforce development programs lies in accurately identifying programs as either effective or failing. Prior to WIOA, comparing core program effectiveness was difficult because various programs did not use the same performance measures. This lack of consistency made investing in only the most effective programs more difficult for state and local WDBs. WIOA outlines common evaluation criteria for the core adult and youth programs included in the bill. These criteria constitute an important first step in allowing comparisons of program and service effectiveness based on metrics such as median participant earnings in unsubsidized employment, the percentage of participants enrolled in programs that lead to recognized postsecondary credentials and the percentage that obtain these credentials. State and local WDBs are required to report these and other relevant public data for purposes of program reviews.

WIOA at a Glance

- Requires WDBs to produce a single, comprehensive state plan across agencies.
- Reduces the number of inefficient and overlapping programs.
- Provides flexibility to local WDBs by allowing 100 percent transfer between funding streams.
- Streamlines one-stop career centers.
- Reduces the size of state and local WDBs.
- Requires business representatives to comprise a majority of the WDB membership.
- Gives governors discretion to designate up to 15 percent of the WIOA allocation.
State WDBs

State WDBs are required to complete statewide workforce development strategies. They also consult with local WDBs to designate planning regions, called Workforce Development Areas, based on resource availability, labor market alignment and regional economic development. These areas allow for more specific planning and targeted service delivery based on a region’s unique labor market factors. At the same time, the legislation strengthens the state’s ability to revamp these areas if the boards are not performing based on the activities outlined in their plans.

Prior to the passage of WIOA, WDB members often complained that the minimum required board size was too large, forcing WDBs to operate in inefficient committee structures. WIOA reduces the minimum size of state WDBs from 61 to 33 members, a 46 percent decrease. Smaller boards are more manageable and increase the role of individual members, especially those from the business community. State board membership now includes the governor; one member from each chamber of the state legislature; and governor-appointed members, of which 20 percent must be workforce representatives. The majority of board members and the chair must be business representatives.

Local WDBs

Many local WDB functions mirror those of state WDBs. They develop plans, oversee service delivery, negotiate performance measures and encourage private employers to participate in the public workforce system. A majority of the members of each local WDB, as well as the chair, must be local business representatives. Twenty percent of the board must be representatives of the local workforce. WIOA decreases the minimum size of local WDBs by 63 percent from 51 members to 19 members to increase member participation and influence.

State and Local WDBs Can Help

WDBs at both state and local levels are well positioned to develop and implement workforce development strategies that align the needs of employers with workforce development services. Boards are required to conduct workforce research and regional labor market analysis on a regular basis to determine employers’ short-term and long-term workforce needs. WDBs use this research to tailor their workforce development strategies to best serve regional business needs. Continued collaboration between WDBs and employers is necessary to improve the overall effectiveness of the boards.
Opportunities for Business Leaders

Every business faces a unique set of challenges in recruiting, hiring, training and advancing the qualified workers it depends on for success. Beyond the company boundaries, CEOs have a number of resources to call upon to make a real and lasting difference in closing the skills gap. The list below is a starting point and will expand over time as new initiatives are created and existing programs expanded.

- **Inform State Workforce Plans**

The goal of the unified state plan is to outline a comprehensive workforce development strategy that is aligned with the unique needs of employers. Business leaders should involve themselves in the formation of these plans by engaging with WDBs and governors. This engagement will ensure that the state plans connect to employer needs and address their strategic concerns.

- **Help Develop Youth Employment Programs**

Business leaders can assist in expanding and strengthening youth-focused workforce development programs so the programs are more effective and better aligned with employers’ needs. Businesses have unique and valuable insights when it comes to implementing effective on-the-job training, apprenticeship and internship programs, and they should share their expertise with WDBs. Beyond developing programs, businesses should participate in youth employment programs that take advantage of the new types of programs permitted under WIOA. These programs include paid and unpaid work experiences, contextualized education, financial literacy education, entrepreneurial skills training, services that provide labor market and employment information about in-demand industry sectors, and services that prepare youth for postsecondary education and training.

- **Assist in the Implementation of WIOA Program Performance Metrics**

WIOA requires that state and local WDBs use a standard set of performance metrics to review regularly how effective their programs are at serving job seekers. These metrics include median participant earnings in unsubsidized employment, the percentage of participants enrolled in programs that lead to recognized postsecondary credentials and the percentage that obtain these credentials. Business leaders can provide expert advice to state and local WDBs on how to establish and use these performance metrics to improve the workforce boards. Additionally, businesses can help develop performance metrics related to service expectations for employers to ensure that both job seekers and employers are effectively served by workforce development programs. These data should be used to drive program quality and to hold programs and state and local WDBs accountable for results.

- **Serve on WDBs**

Business representatives can greatly increase the alignment of employer needs with investment in workforce development programs by serving on state and local WDBs. Serving on WDBs is the most direct way businesses can influence workforce development strategies to meet their changing needs. Furthermore, WDBs can better accomplish their goals by taking advantage of businesses’ experience. For example, businesses excel at determining which of their efforts are succeeding and which are failing. Businesses can provide WDBs with this ability to foster new, innovative ways of evaluating workforce development programs and ensure that federal dollars are being spent effectively in the programs that benefit all stakeholders the most.
Engage in Public-Private Partnerships

Strong relationships among businesses and public education and training programs are effective ways of coordinating employers’ needs with what training programs provide. Public-private partnerships provide opportunities for employers to influence pre-existing programs or design new ones that meet their specific and changing needs. For example, many lessons can be learned from business partnerships with local providers (two- and four-year colleges, for example) to create training programs. These efforts focus on collaboratively developing programs that build a supply chain of qualified workers to meet local demand.

Partner with Community Colleges

Partnerships with community colleges allow businesses to exert direct influence over their prospective talent pools. These partnerships can build talent pipelines by educating and training current and future entry-level employees, a necessary step in combating the growing skills gap. Community colleges are well positioned to provide a wide range of employer-benefiting services including:

- Customizable and flexible curricula and programs;
- Low-cost training options and facilities;
- Flexible course development, scheduling, delivery and completion timelines;
- Strong connections to the local and regional economic communities; and
- Course revisions to respond to employers’ changing skill needs.

For example, for more than a decade, Siemens has tackled the growing skills gap head-on with partner Central Piedmont Community College (CPCC) in North Carolina. The partnership has resulted in a robust apprenticeship program in which students work for pay at Siemens while studying mechatronics at CPCC. While working at Siemens, students receive valuable company-specific technical training and hands-on experience, preparing them for further employment opportunities within the company. The partnership is often cited as a model for job training and talent pipeline development. Businesses interested in exploring both public-private partnerships with community colleges and the potential of apprenticeship programs can look to Siemens’ partnership with CPCC as a guide.

Expand and Improve the Quality of Competency-Based Apprenticeship Programs

Apprenticeship programs address many important employer talent needs. They are a way to attract and retain qualified workers who understand the unique features of a business, and they convey to prospective employees the technical and soft skills they need to be successful. For apprenticeships to be most beneficial for both employers and employees, they should be competency based, meaning they are based on acquiring established skills instead of completing a fixed set of hours (“seat time”). This way, apprentices can progress toward mastering these skills at their own pace through a flexible training process that can be tailored to a business’s unique needs. Industry-recognized credentials should be integrated with the program to assess acquired competencies and gauge apprentice progress. Businesses interested in joining Business Roundtable members in the expansion and improvement of competency-based apprenticeship programs can consult the National Network of Business and Industry Associations’ Model for Apprenticeships.

“Companies such as Siemens are uniquely positioned to create technical skills training that leads to high-paying jobs. We know the precise combination of science, technology, engineering and math skills necessary to run our technology and manufacturing process.”

Adopt the National Network’s Common Employability Skills Set for All Jobs

Employers have made clear that they need workers who possess a certain foundation of knowledge and skills. Since employers want employees who fit best with their unique way of doing business, the way they describe their assessment criteria may vary. Job seekers and education programs sometimes have difficulty identifying exactly what knowledge, skills and attributes they need to learn or teach, respectively, to meet employer needs. A more standardized way to describe the knowledge and skills employers want would help tailor education programs to employer needs and help job seekers know exactly what they need to attain to be successful. Additionally, since employability skills can be acquired through more than just traditional education — for example, through military service, work experience and/or community service — assessment criteria should be broadened to enable worker success. Both prospective hires and current employees should be able to demonstrate their skills to employers even if they do not have a degree.10

The National Network, working with organizations across major economic sectors, recently released the Common Employability Skills Set for All Jobs, which includes the fundamental skills that employees need to be successful and a common vocabulary to explain them. The model allows all industries to map skill requirements to credentials and career paths in a way that is both specific to each industry and consistent across them. Business leaders can help develop this system by ensuring that these credentials are “industry recognized” and are valued in the labor market. The benefits of such a system extend to many stakeholders and include:

- Employers benefiting from the ability to identify a set of common skills that all their employees should possess;
- Job seekers benefiting from a better understanding of what skills employers expect;
- Job seekers benefiting additionally from an ability to demonstrate the skills they have acquired from sources beyond traditional education, including military service, work experience and/or community service; and
- Educators and other learning providers benefiting from a better understanding of what skills to emphasize in their programs.

In addition to the benefits listed above, businesses can adopt the standards set by the Common Employability Skills Set for All Jobs in their hiring practices to help improve job-seeker-to-employer matching. By mapping skill requirements to credentials, job seekers know exactly what skills and certifications they need for a given job. Additionally, adopting the Skills Set greatly improves job-seeker-to-employer matching for those who have attained their competencies through means besides traditional education. Hiring practices based on the Skills Set empower these job seekers by valuing their competencies and not just their degree. By adopting these standards, employers improve their ability to find and hire the talent they need.

Provide Ways for Current Employees To Upskill

One of the groups that can be tapped to fill the growing skills gap is current employees. According to a survey conducted by the Organisation for Economic Co-operation and Development (OECD) in October 2013, 36 million U.S. youth and adults are classified as having low skills, and about two-thirds of these individuals are working.11 Opportunities to gain additional competencies while still working allow current employees to keep up with changing employer skill needs and turn entry-level jobs into the first step along career pathways. Employers can help current employees upskill by:

- **Increasing transparency about what qualifications employees need to advance and ways through which they can acquire these qualifications.** For employees, figuring out what employers expect from employees looking to advance can be a challenge. Additionally, identifying what specific programs are aligned with employer needs can be difficult. Providing employees with easy-to-follow information about what credentials each position in a company requires and where those credentials can be obtained greatly increases their chances of upskilling.
Providing flexible shifts to ensure that employees can balance their job with their upskilling efforts. There should be as few barriers as possible for employees looking to upskill. Working with employees to help them balance their time ensures that they can complete their upskilling while fulfilling their job obligations. Managers should be made aware when their employees are pursuing additional education or training while working and should empower employees by providing flexible shifts to ensure that they complete their upskilling.

Developing incentives for employees to gain new skills while working. Offering monetary or promotion incentives for employees who learn new skills while working can both motivate employees and teach the value of continued self-improvement.

Partnering with Massive Open Online Course (MOOC) providers. MOOCs deliver specialized and flexible learning content online to anyone with an Internet connection. Unlike traditional online courses that charge tuition, cap enrollment to a few dozen and are tied to credit, MOOCs are usually free and are not tied to credit. Most are self-paced and can theoretically serve any number of people at a time. For businesses, MOOCs represent a way to develop and distribute accessible and convenient online courses that teach business-specific skills to both job seekers and current employees.

Partnering with MOOC providers offers businesses a way to develop education programs that are customized for their specific needs. These programs can be made available to large numbers of both job seekers and current employees to simultaneously attract and train new employees and upskill current ones.

The potential of this strategy can be seen in a recent announcement by AT&T. AT&T is developing new, innovative education programs through its partnerships with Georgia Tech and MOOC provider Udacity. The partnerships have resulted in a first-of-its-kind online master’s degree in computer science offered through Georgia Tech. In addition, those not interested in the full degree can take individual classes from the master’s degree program online through Udacity to earn a “nanodegree.” The nanodegree program covers a smaller, more focused set of skills that can be clearly and directly applied to a given job. The AT&T-specific nanodegree program can be completed in six to 12 months without requiring an employee to take time off. Students who complete either program will be qualified for paid internships and entry-level jobs in telecommunications.

Make Business Leaders’ Voices Heard

Now that WIOA has been signed into law, the U.S. Department of Labor (DOL) will begin drafting regulations. Business leaders must work collectively to ensure that the voice of employers is heard during this process.

The DOL should regulate only where it is necessary to clarify or ensure that the intent of the law is carried out. The DOL also must reinforce the principle of flexibility allowed under WIOA so state and local WDBs are able to align their workforce strategies with their state and regional economies and the needs of their business and employer interests.

CEO Checklist

- Ensure that your company and industry needs are included in relevant state workforce plans.
- Help develop youth employment programs and work-based learning experiences, such as internships.
- Ensure that your company is participating in state or local WDBs.
- Collaborate with states to develop labor market data that are real time.
- Where appropriate, partner with community colleges and regional skills or career training programs.
- Expand and improve the quality of apprenticeships based on the National Network Model for Apprenticeships.
- Adopt the National Network Common Employability Skills Set for All Jobs.
- Promote opportunities for current employees to gain new skills while working.
The United States needs a more skilled and educated workforce to remain competitive in the modern economy. Efforts to educate and prepare workers for increasingly complex jobs have been inadequate, leaving a large and continually growing skills gap that accounts for most of the 4.2 million private-sector jobs that are currently unfilled. However, the recent passage of WIOA offers new options to improve workforce development programs. Better alignment between education and training programs and employer needs is critical.

Business leaders can help accomplish what WIOA sets out to do by:

1. Assisting state WDBs in developing workforce development strategies to address the needs of business.

2. Developing and sponsoring youth employment programs, including on-the-job training experiences, apprenticeships and internships that take advantage of WIOA’s expanded list of approved activities to provide job seekers with the specific skills employers want.

3. Partnering with community colleges to create customized curricula.

4. Exploring new and innovative education delivery systems such as MOOCs by partnering with providers to develop business-specific education and training programs that can both develop talent pools for hiring and upskill current workers.

The opportunities to improve the U.S. workforce under WIOA are robust and promising. Taking full advantage of these opportunities will require all stakeholders to get involved. Business leaders are well known for their ability to drive innovation. If business steps up and leads, the U.S. workforce will be prepared to meet the demands of the 21st century economy.
Endnotes

9. Ibid.