

Workforce Development Systems and Performance Measures

OLO Report 2021-3

Executive Summary

February 23, 2021

This OLO Report offers an in-depth study of local workforce development systems. It traces their legislative origins, explains how three organizing constructs, i.e., sector partnerships, career pathways and workforce intermediaries, shape a system's design and describes best practices for various outcome frameworks. Historically, public investments in economic and workforce development have functioned as separate, disconnected efforts. Communities can use the design of their workforce development systems and outcome frameworks to strengthen the connectivity of these development investments.

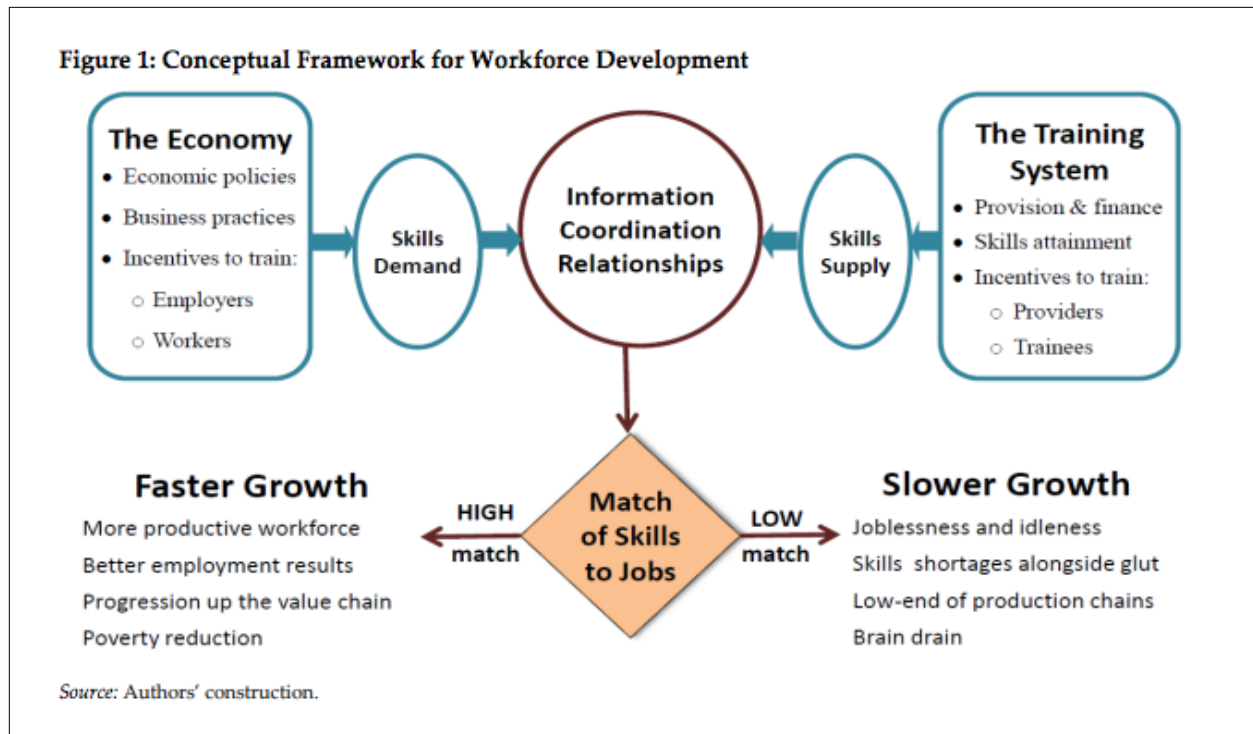
SECTOR PARTNERSHIPS. Given Montgomery County's commitment to a demand-driven workforce development system, OLO's review focused on industry sector partnerships. Robust sector partnerships drive the success of a demand-driven workforce development system because they create a workforce training signaling system. A system that responds to the 'pull' of workforce demand stays responsive to changing economic cycles and is more aligned with business demands. The defining factors of successful sector partnerships include: highly engaged businesses, the rigorous use of data for decision-making, adequately resourced management capacity, and the delivery of services specific to sector partnerships.

A successful partnership strategy must designate an organizational home and a credible entity to serve as a workforce intermediary. Despite federal policy support for local workforce development boards to add the roles of a workforce intermediary to their grant stewardship duties, there are mixed views about whether this arrangement makes sense. Researchers state that a workforce board charged with implementing a sector partnership strategy must address issues such as: a lack of resources, funding silos, fragmented program metrics. It also must find ways to sustain significant business engagement and integrate support services into sector-based training and education partnerships. They note partnerships are neither add-on programs nor training initiatives for an individual sector; instead, they are a strategic approach that is a departure from business as usual for a public workforce system.

SYSTEM DESIGN OPTIONS. Workforce development's multi-faceted nature and its lack of a pre-determined centralized administrative structure gives a community many workforce development system design options. For example, a "system" can be oriented to address the supply or demand side of a labor market. Or, its organizing purpose can be defined to operate as a service "system" of sequenced training modules or to operate more strategically as a series of linked public private partnership investments to achieve an explicit set of defined socio-economic goals and outcomes. The exhibit on the next page shows how the coherence of a well-functioning system contributes to local economic growth.

Community choices about the purposes and orientation of its system will determine: its functions, how it configures its organizational infrastructure and the amounts of resources it needs for system-building. These design decisions, in turn, provide the basis for configuring the system's organizational relationships, for assigning its roles and responsibilities and for defining its outcome framework(s).

OUTCOME FRAMEWORKS AND BEST PRACTICES RESEARCH. The universe of providers and clients that drive a supply side system oriented to the needs of jobseekers and workers is highly diverse. Researchers recommend undertaking a collective effort to develop a common outcomes framework can both improve effectiveness and create a unifying system structure. For demand driven systems, the research finds the most successful sector partnership programs are employer-led; they embed career pathways and their career advancement efforts offer long term training and extensive supports.



THE COUNTY'S IMPLEMENTING INFRASTRUCTURE FOR ITS WORKFORCE DEVELOPMENT SYSTEM. OLO's review of the County's actions to privatize its economic and workforce development functions found a mixed picture. Of note, the County did create a strategic planning framework to track project outcomes for Economic Development Fund recipients. And, it adopted an implementation plan for its Comprehensive Economic Strategy Plan (CES Plan) that assigned the Montgomery County Economic Development Corporation (MCEDC) lead responsibility for expanding the County's employer-led sector partnerships.

But, the County did not assign a County Government unit to oversee implementation of the County's CES Plan nor did it specify how MCEDC's responsibilities for its employer-led sector partnerships would relate to WorkSource Montgomery's responsibilities for sector partnerships. Because the sector partnership organizing construct drives the success of a demand driven workforce system, a clear delineation of MCEDC's and WSM's respective roles and responsibilities is key.

The COVID emergency is a forcing function that has catalyzed the County's economic and workforce development efforts. OLO proposes the Council consider the issues below as these efforts progress:

1. In the short term, is there a viable role for employer-led sector partnerships as part of the County's COVID recovery efforts?
2. In the long term, is the County's prior commitment to develop a robust set of sectoral partnerships and a demand driven workforce system still relevant? How does resource support for this type of demand driven workforce *system* compare to the resource support for a common outcomes framework for provider organizations?
3. What do the County's community partners who provide workforce development services think about common outcome frameworks? Do they work to create a unified management structure for a diverse set of programs and practices? What do they see as the pros and cons of this tool?

Workforce Development Systems and Performance Measures

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
CHAPTER I, INTRODUCTION	1
CHAPTER II, WORKFORCE DEVELOPMENT DEFINITIONS AND CONCEPTS.....	3
CHAPTER III, OUTCOME FRAMEWORKS FOR WORKFORCE DEVELOPMENT PROGRAMS AND SECTOR PARTNERSHIPS	15
CHAPTER IV, SECTOR BASED WORKFORCE DEVELOPMENT IN PUBLIC WORKFORCE SYSTEMS.....	25
CHAPTER V, STRATEGIC FRAMEWORKS FOR WORKFORCE DEVELOPMENT UNDER THE WORKFORCE INVESTMENT OPPORTUNITIES ACT (WIOA)	35
CHAPTER VI, MONTGOMERY COUNTY’S IMPLEMENTING INFRASTRUCTURE FOR ECONOMIC AND WORKFORCE DEVELOPMENT	45
CHAPTER VII, FINDINGS AND RECOMMENDED DISCUSSION ISSUES	57

LIST OF EXHIBITS

Exhibit 2-1, Comparing the Premises, Purposes and Anticipated Outcomes of Three Workforce Development Contexts.....	4
EXHIBIT 2-2, The Service Functions and Strategies of a Local Workforce Development System	5
Exhibit 2-3, The System Building Functions and Strategies of a Local Workforce Development System	6
Exhibit 2-4, Service Categories under WIA and WIOA.....	8
Exhibit 2-5, Roles for Local Workforce Boards from California’s Leadership Toolkit	11
EXHIBIT 2-6, A Conceptual Framework for Workforce Development	12
EXHIBIT 2-7, A Comparison of Two Approaches to Economic Development from the Democracy Collaborative	14
EXHIBIT 3-1, Workforce Development Program Characteristics and Differences in Participants’ Outcomes	16
EXHIBIT 3-2, Business Engagement Success Drivers for Workforce Development Programs	17
EXHIBIT 3-3, Candidate Outcome Indicators for Employment Training/Workforce Development.....	18
EXHIBIT 3-4, Criteria and Indicators for a NFWS High-Fidelity Workforce Partnership.....	21
EXHIBIT 3-5, Criteria and Indicators for a NFWS High-Fidelity Funders’ Collaborative	22
EXHIBIT 3-6, The Urban Institute’s Logic Model for System Change Initiatives	24
EXHIBIT 4-1, Mathematica Policy Research’s Framework for Sector Strategies	26
EXHIBIT 4-2, Performance Measures from Westat’s Study of New York City’s Sector Focused Career Centers.....	29
EXHIBIT 4-3, Common Metrics and Definitions for New York City’s Career Pathways Programs	32
EXHIBIT 5-1, Maryland’s Benchmarks of Success Framework Under WIOA.....	37
EXHIBIT 5-2, Performance Measures for Maryland’s Core WIOA Programs	38
EXHIBIT 5-3, The Vision and Mission of the Workforce Development Board and WorkSource Montgomery	39
EXHIBIT 5-4, The Workforce Development Board’s Key Performance Outcome Measures	42
EXHIBIT 6-1, The Interconnected Components of Montgomery County’s Economic Vitality	47
EXHIBIT 6-2, Performance Measures for the Components of Montgomery County’s Economic Vitality	48
EXHIBIT 6-3, The Implementation Roadmap for Montgomery County’s Workforce Development System	50
EXHIBIT 6-4, The Workforce Strategy Steering Committee’s Potential List of Performance Measures for the County’s Workforce System	52
EXHIBIT 6-5, WorkSource Montgomery’s Strategic Goals and Initiatives	54

CHAPTER I. Introduction

Authority. OLO prepared this report at the request of the Montgomery County Council under the authority of Council Resolution 19-173, *Fiscal Year 2020 Work Program of the Office of Legislative Oversight*, adopted July 23, 2019.

Scope and Purpose. Workforce development refers to services and programs that prepare individuals for work and improve their labor market prospects. For job seekers or workers, it encompasses secondary education for credit and noncredit classes; on-the-job and employer-provided training opportunities such as internships, apprenticeships and incumbent worker training; and employment related support services such as transportation and childcare services. For industry sectors or businesses, it includes developing job specifications; recruitment and marketing; skills training; and other human resource activities that support overall business operations.

A workforce development system is a group of nonprofit, private, and public sector entities that work together to organize a continuum of education and training services that meet the job-related needs of various workforce subgroups and may also simultaneously work with businesses to address their skill needs. While educational and community providers exist to deliver employment and training services for job seekers, communities are less likely to have a robust set of workforce intermediaries with an interconnected set of practices to provide the resources and connective tissue that defines the operating structure of a workforce development system.

Before 1998, public workforce programs focused primarily on job seekers or the supply side of the labor market, offering job matching, job readiness and job (re) training services targeted to high need subgroups. In 1998 and 2014, new federal mandates were adopted that re-oriented workforce programs to address business needs. These laws created business-led advisory boards and authorized funding for business-led initiatives such as sectoral strategies. The intent of these changes was to enable programs that had previously focused mainly on job seekers to switch to a business-driven approach that used skills training to drive economic vitality.

Beginning in 2012, the County Council and County Executive adopted a strategic planning framework for economic development that articulated the County's vision for a thriving local economy supported by a demand-driven workforce development system. In 2015, the County's privatization of its economic and workforce development functions de-coupled and outsourced the management of these two functions to two nonprofits. The County established policy objectives for each function and created an economic development outcome framework and reporting requirements to coordinate linkages between the two systems.

This report responds to the Council's interest in better understanding local workforce development systems, with a particular focus on the system design strategies communities use to link their economic and workforce development efforts. It describes how workforce development has evolved and identifies the functions that are the basis of a workforce development system. It also examines the use of workforce development outcome frameworks, sectoral strategies and system initiatives to link economic and workforce development efforts.

Methodology, Acknowledgements and Organization of this Report. This report was prepared by Sue Richards with project support and editorial assistance from OLO staffers Kristen Latham, Theo Holt and Kaitlyn Simmons.

To complete this study, OLO conducted a review of the research literature on workforce development systems and sector partnerships. OLO also reviewed research evaluations of federal workforce development programs and recent state and local workforce development plans. OLO conducted extensive online research to identify best practices research for workforce development outcome frameworks.

OLO also met with Jerome Fletcher, Assistant Chief Administrative Officer, and Tina Benjamin, Special Projects Director, who provided relevant documents and useful background information about the County's workforce development programs and history about the County's privatization of its economic and workforce development functions. OLO appreciates the efforts and assistance of everyone who contributed to this report.

This report has seven chapters, organized as follows.

- **Chapter II, Workforce Development Definitions and Concepts**, describes the functions of a workforce development system and the factors that shape the design and orientation of a public workforce system;
- **Chapter III, Outcome Frameworks for Workforce Development Programs and Sector Partnerships**, presents research about workforce development outcomes and performance measures;
- **Chapter IV, Sector Based Workforce Development in Public Workforce Systems**, explores the use of sectoral strategies to address disconnects between workforce development and economic development;
- **Chapter V, Strategic Frameworks for Workforce Development Under the Workforce Investment Opportunities Act (WIOA)**, describes best practices for the strategic frameworks called for under WIOA;
- **Chapter VI, Montgomery County's Implementing Infrastructure for Economic and Workforce Development**, describes the County's strategic frameworks for economic and workforce development since the County established its Economic Development Fund in 2012 and privatized these functions in 2015; and
- **Chapter VII, Findings and Recommended Discussion Issues** presents OLO's findings and recommended discussion issues.

CHAPTER II. Workforce Development Definitions and Concepts

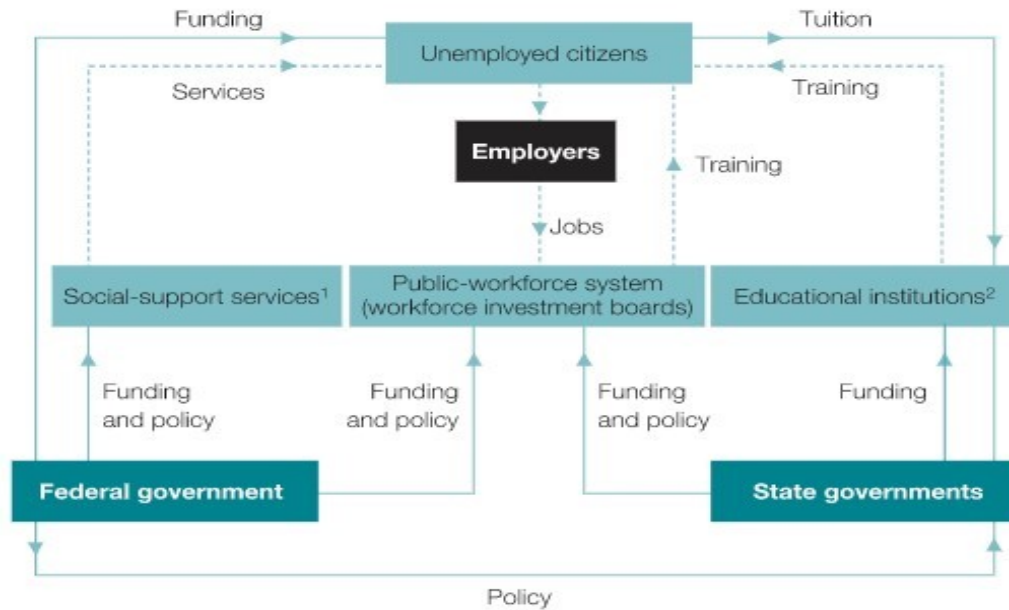
The terms “workforce development” and “workforce development system” are multi-faceted concepts with multiple meanings and applications. This chapter explains recent efforts to redefine workforce development to promote the restructuring of public workforce programs into public-private partnerships.

A. What is Workforce Development?

Workforce development consists of education, training, and employment activities and services that produce a skilled workforce and a productive economy. Over time, federal workforce development policy evolved from using taxpayer dollars for public sector jobs to creating a network of career centers that offer employment and training services. These public services are one piece of a bigger set of skill and training programs that are delivered by secondary educational institutions, community colleges, business and industry and nonprofits. The exhibit below from McKinsey depicts the various policies and funds that support the array of educational institutions, community nonprofits, and other public entities that make up a local system.

Exhibit 1

The US workforce-development system involves numerous stakeholders.



¹Such as child care and transportation.

²Including universities.

McKinsey&Company

In a 2010 article, Lyn E. Haraison observed that a consensus definition of workforce development was elusive because its meaning varies based on the perspectives of those using it.¹ As she explained:

- When **educational institutions and social service providers** use the term, their focus is on the sustainable economic security of the individual.
- When **employers** use the term, their emphasis is on the skills their business or industry needs to remain competitive in the global marketplace.
- When **communities and economic developers** use the term, their focus is on the benefits of sustainable economic growth for a community or a region.

Exhibit 2-1 summarizes Haraison’s program models based on each of these organizing contexts.

Exhibit 2-1. Comparing the Premises, Purposes and Anticipated Outcomes of Three Workforce Development Contexts

Program Elements	Organizing Contexts		
	Educational Institutions and Social Service Providers	Employers, Businesses and Industry Sectors	Community and Economic Developers
Programming Perspective	Individual perspective: the training and education model	Organizational perspective: the skills training model	Societal perspective: the economic growth model
Program Driver	Individuals who need access to training and education to achieve economic security and contribute to society.	Firms and industry collaboratives who form partnerships to access skilled workers or upskill incumbent workers	A community, region or state that needs a strategic approach to plan for economic development.
Underlying Premise of the Logic Model	Meeting the basic individual needs through social safety nets is a necessary component to sustainable economic security.	Meeting firms’ and industry needs for skilled workers is a necessary component of productivity and economic growth.	Sustainable or competitive economic development is a necessary component of community well-being.
Workforce Development Activities Definition	A combination of social services, community supports and job training and education activities.	Training that provides current or future workers with the skills they need to complete job tasks. Prior efforts responded to one firm at a time. Efforts today target sectors or clusters of occupations.	Initiatives that train individuals to meet the needs of current and future business and industries to increase productivity, drive economic growth and build wealth.
Expected Program or System Outcomes	Increases in the economic security and self-sufficiency of individuals and families	Productivity increases, higher wages and reduced turnover	Economic growth with an increase in the number and share of quality jobs and internal restructuring of firms’ human resource practices

¹ Haraison, Lyn E. “What is Workforce Development?” Federal Reserve Bank of St. Louis. April 2010. <https://www.stlouisfed.org/publications/bridges/spring-2010/what-is-workforce-development>

Local Workforce Development Systems. In 2016, an Urban Institute brief proposed a framework for local workforce development systems to help local leaders understand their complexity. According to the authors:

A local workforce system can be generally defined as the organizations and activities that prepare people for employment, help workers advance in their careers, and ensure a skilled workforce exists to support local industry and the local economy over time. Local workforce systems include various organizations that often perform multiple functions to serve adults and youth who may need help preparing for and succeeding in the workforce. Strong collaboration among government, local employers and industry training providers and educational institutions and advocacy organizations, philanthropy and other local organizations is often needed to support and deliver effective workforce services.²

This definition recognizes that “strong collaboration” is key to the delivery of effective workforce services. In fact, the authors advise against using the word “system” to characterize workforce development efforts. As they explain, “workforce development does not necessarily operate in a coordinated and efficient manner, nor do local workforce development systems operate under central decision-making administrative structures.”³

System Functions. The Urban Institute defines a local workforce development system as having seven major functions. As displayed in the tables below, **service functions** address the needs of job seekers, workers and businesses and **system building functions** address issues of policy, funding and outcomes. While existing educational institutions and nonprofit providers typically provide **service functions**, the design and delivery of **system building functions** depends on the development of new organizational entities and new resources.

Exhibit 2-2. The Service Functions and Strategies of a Local Workforce Development System

<i>Service Functions/Key Entities</i>	<i>Potential Strategies Include:</i>
Provide employment services <ul style="list-style-type: none"> • American Job Centers • Community/faith-based nonprofits • Public libraries • State and local workforce boards 	<ul style="list-style-type: none"> • Career centers for specific populations • Job clubs • Career readiness and soft skills training • Re-employment services
Provide education and training <ul style="list-style-type: none"> • Two-year and four-year colleges • Non degree education and training providers • Adult education providers • Employers • K-12 public school districts 	<ul style="list-style-type: none"> • Accelerated learning • Career academies • Apprenticeships, internships and on the job training • Industry approved training and credentials
Offer supportive services <ul style="list-style-type: none"> • Community and faith-based organizations • Public social service agencies • Two- and four-year colleges • Nonprofit workforce service providers 	<ul style="list-style-type: none"> • College and career navigation • Food & cash assistance employment and training programs • Mentoring and support • Social service referrals
Support employers’ human resources needs <ul style="list-style-type: none"> • Business and trade associations • American Job Centers • Two-year colleges • Nondegree education and training providers 	<ul style="list-style-type: none"> • Customized training • Employer collaboratives and talent pipeline management • Hiring and job retention services • Incumbent worker training

² Esyter, L., Durham, C., Van Doy, M and Damron, N., *Understanding Local Workforce Systems*, The Urban Institute, March 2016, <https://www.urban.org/research/publication/understanding-local-workforce-systems>, 2.

³ Ibid, p. 3.

Exhibit 2-3. The System Building Functions and Strategies of a Local Workforce Development System

<i>System Development Functions/Key Entities</i>	<i>Potential Strategies Include:</i>
<p>Develop and coordinate workforce strategies and policies</p> <ul style="list-style-type: none"> • State and local workforce development boards • Foundations and philanthropies • Economic development agencies • Local elected officials 	<ul style="list-style-type: none"> • Neighborhood revitalization projects • Sector partnerships • System change initiatives • Workforce data analysis.
<p>Provide funding and resources to support the system</p> <ul style="list-style-type: none"> • State and local workforce development boards • Workforce intermediaries • Foundations and philanthropies • Economic development agencies • Local elected officials 	<ul style="list-style-type: none"> • Blended and braided funding • Collaborative funding models • Performance-based funding • Social impact bonds.
<p>Improve job quality and access</p> <ul style="list-style-type: none"> • Industry organizations • Employers • Labor unions • Local, state and federal governments • Economic development agencies 	<ul style="list-style-type: none"> • Career ladders • High road employer strategies • Local hiring agreements • Incentives and minimum wage laws

The Organizing Constructs Used to Build Workforce Development Systems. To address a system’s need for strong collaborative efforts and/or its lack of a pre-existing centralized administrative structure, workforce development practitioners piloted the concepts of career pathways, sector partnerships, and workforce intermediaries as organizing constructs. As these concepts become part of federal policy, local leaders use them to organize the workforce development activities of community stakeholders into a community-wide system. These constructs loosely align with the organizing contexts that Haraison identified as areas where stakeholders’ interests coalesce. Of note:

- **Career pathways and sector strategies are two organizing constructs that are designed to address disconnects that exist between the two sides of the labor market.** Career pathways operate mostly from the supply side of the labor market. Pathways organize the collaborative efforts of training providers and businesses into a sequenced acquisition of skills training for job seekers and incumbent workers. Sectoral strategies operate from the demand side of the labor market. They organize collaborative training partnerships among businesses in common industries in order to use their pooled resources to retain educators to train workers to address their skills gaps. The two strategies can be linked when sector strategies with high levels of employer participation embed career pathways in their design which is generally more effective than the use of career pathways as a standalone strategy.⁴
- **A workforce intermediary is an organizing construct that creates an organizational home that manages the implementation of various workforce development initiatives such as a set of sector strategies or a systems change initiative.** A workforce intermediary is a dual focus organization that addresses the needs of both job seekers and employers. Intermediaries are created to bridge the gap

⁴ See *Engaging Workforce Development: A Framework for Meeting CRA Obligations* for a detailed explanation of how career pathways and sector partnerships function as organizing and collaborative constructs. <https://www.kansascityfed.org/~media/files/publicat/community/workforce/2017-engaging-workforce-cra-framework.pdf>

between businesses that have difficulty recruiting and retaining skilled workers and jobseekers who are struggling to find good jobs. In a 2004 study, Sarah Looney et. al. identified four major activities of intermediaries. These are: 1) to engage stakeholders and resources by recruiting businesses and job seekers, forging partnerships and securing additional funding; 2) to provide and broker services by offering job seekers job training and offering employers technical assistance and work supports for their workers; 3) to promote improved public policies and 4) to manage quality by engaging in strategic planning and service design, measurement and evaluation and continuous improvement practices.

There are mixed views about whether workforce boards can serve as effective workforce intermediaries. According to Looney et. al., these entities “represent two different but complementary and synergistic forms of integration.”⁵ While they recognize that some boards such as the Boston Private Industry Council carry out intermediary functions, Looney et. al. state “the vast majority do not for reasons of history, culture, staffing and their role as public institutions.”⁶ Instead, they recommend that workforce boards primarily focus on policy and strategic planning and that operational details be left to others.

- **A “system change initiative” is a more recent workforce development organizing construct that promotes an expanded view and broader agenda for workforce development efforts.** This construct promotes an understanding of workforce development proposed by Dr. Ronald Jacobs and Joshua D. Hawley. In 2007, they argued for replacing the concept of workforce development as a supply side intervention limited to training programs only because, in their view, this narrow framing made it less likely that the broader goals of social and economic well-being would be realized.⁷ Instead, they advocated for an approach that views workforce development as one part of a larger effort that bridges individual, organizational and societal interests to achieve a set of broadly defined social benefits. In 2017, Bernstein and Martin-Caughey, two researchers with the Urban Institute, proposed a framework for organizing workforce development as a systems-change effort that embraced Jacobs and Hawley’s vision. They suggested implementing a systems approach that incorporates goals of social and economic well-being into an evaluation outcomes framework.⁸ (See Chapter III for a details of this framework.)

B. Changes in Public Workforce Development Systems

Publicly funded programs are an important part of a broader local workforce system. The public workforce development system, as defined by the US Department of Labor, is a network of federal, state, and local government-funded agencies and programs that provide services to workers, job seekers, and employers. This section describes how recent changes in federal law are re-defining the original system from one that has a supply-side orientation that only supports training, into a system that adopts a strategic view of education and uses training as a driver of economic development and social progress.

⁵ Looney, S. and King, C. *Expanding Opportunities for Businesses and Workers: Promising Practices for Workforce Intermediary Initiatives*. Ray Marshall Center for the Study of Human Resources, University of Texas at Austin, February 2005, 6. http://sites.utexas.edu/raymarshallcenter/files/2005/02/wi_working_paper.pdf

⁶ Ibid.

⁷ Jacobs, R.L. and Hawley, J.D. Emergence of Workforce Development: Definition, Conceptual Boundaries and Implications. In R. MacLean & D. Wilson (eds.), *International Handbook of Technical and Vocational Education and Training*, Amsterdam: Kluwer.

⁸ Bernstein, H. and Martin-Caughey. *A. Changing Workforce Systems: A Framework for Describing and Measuring Systems Change*, Urban Institute, February 2017, 47 pp.

https://www.urban.org/sites/default/files/publication/88296/changing_workforce_systems.pdf

The Public Workforce System Under the Workforce Investment Act (WIA)

Enacted in 1998, the WIA consolidated several federally funded employment and training programs into a single system, called the “one-stop system.”⁹ The law created three new federal programs for job seekers, and required them to be co-located with other federal employment and training programs. Together, the Adult, Dislocated Worker and Youth Services programs, provided a mix of job search assistance and training services. The law also required co-locating these programs with other federal employment programs. Finally, under WIA, a business-led board oversaw the one-stop system and implemented a dual customer approach by:

- Developing relationships with employers,
- Coordinating its workforce investment activities with economic development strategies, and
- Developing local workforce policies to more closely align federally supported training and employment programs with the labor market needs of local businesses and industries.

2. The Public Workforce System Under the Workforce Innovation and Opportunity Act (WIOA)

Passed in 2014, the Federal Workforce Innovation and Opportunity Act (WIOA) was the first major reform of the workforce development system in 15 years. WIOA’s provisions built on and superseded four workforce laws. These were: the WIA; the Adult Education and Family Literacy Act; the Wagner Peyser Act, and the Rehabilitation Act of 1973- Several critical changes that WIOA’s provisions made to WIA are detailed below.

Program and Service Delivery. WIOA re-affirmed WIA’s one-stop system as “a cornerstone of the public workforce development system” and rebranded them as American Job Centers (AJCs). As Exhibit 2-4 shows, WIOA’s provisions collapsed WIA’s service categories for its worker programs and eliminated WIA’s requirement that services be sequenced in order to expand access to training.

Exhibit 2-4. Service Categories Under WIA and WIOA

Service	WIA	WIOA
Employment, counseling, job placement	Core services included outreach, job search and placement assistance, and labor market information. Intensive services included more comprehensive assessments, development of individual employment plans, and counseling and career planning.	Career services collapses the WIA core and intensive service categories.
Training	Training services included occupational training and training in basic skills. WIA – funded training was primarily provided through an “individual training account” for the customer to select appropriate training from a qualified provider.	Same as WIA.
Supportive	Supportive services such as transportation, childcare, dependent care, housing and needs-related payments were provided in certain circumstances to allow a person to participate in the program.	Same as WIA.
Special populations	Priority was given to veterans and their eligible spouses. Re-employment services were provided to unemployment insurance recipients. If funds were limited, public assistance recipients were to receive priority.	Same as WIA but expands focus on people with disabilities and those facing specific barriers to employment.

⁹ Pub. L. No. 105-220, 112 Stat. 936 (codified at 29 U.S.C. § 2801 et seq.) in GAO 2012

WIOA's provisions offered States an option to develop a combined state plan to expand WIA's co-location and service integration efforts. Under WIOA, programs that are eligible to be added to the one-stop system include the Supplemental Nutrition Assistance Program (SNAP), Unemployment Insurance (UI), Temporary Assistance for Needy Families (TANF) and the Perkins Career Technical Education (CTE).

Other changes that WIOA made to improve the one-stop service delivery system included provisions for:

- States to establish criteria to certify their one stop centers periodically to ensure continuous improvement;
- States and local areas to integrate their intake, case management and reporting systems; and
- Partners to dedicate funding for infrastructure and other shared costs.

Business and Employer Engagement. WIOA echoes WIA's vision of collaborating with business through industry partnerships while also envisioning a demand-driven workforce system that contributes to economic growth. To realize its vision, WIOA's provisions call for state and local workforce boards:

- To promote the use of industry and sector partnerships; and
- To be responsible for activities to meet the workforce needs of local and regional employers.

Investments in the Public Education and Workforce Training Programs. WIOA includes provisions that:

- Emphasize training that leads to industry recognized post-secondary credentials;
- Require states and local areas to use career pathways to provide education, employment and training assistance to job seekers; and
- Expand the procurement methods that local areas can use for training to include pay for performance contracts and direct contracts with higher education in addition to individual training accounts.

System Alignment. Revisions to WIOA that aim to "build closer ties among an expanded set of key workforce partners [while] striving for a more job driven approach to training and skill development"¹⁰ promote the expectation of a workforce development "system." Two examples of WIOA's system building changes include:

- A requirement for States and local areas to develop and submit a four-year strategic plan that specifies the vision, goals and objectives an area will follow to prepare an educated and skilled workforce that meets the needs of employers. The strategic plan covers six core workforce development programs. These are WIA's three Title I programs, e.g., the Adult, Dislocated Worker and Youth Services programs, and the Adult Education and Family Literacy program under WIOA title II; the Employment Services program under WIOA title III; and the Vocational Rehabilitation program as amended by WIOA title IV.
- The creation of a common performance accountability system that applies across all six core workforce development programs. This performance accountability system has six indicators:
 - Entry into unsubsidized employment at *two points* in time (two indicators);
 - Median earnings
 - Attainment of postsecondary credentials;
 - Measurable skill gain
 - Effective serving employers

¹⁰ The Department of Labor's Notice of Proposed Rule Making specifies that key workforce partners include business leaders, State and Local Workforce Development Boards (WDBs), labor unions, community colleges, nonprofit organizations, youth serving organizations and state and local officials.

Institutions. WIOA builds on WIA's establishment of state-created workforce development boards with a set of local boards for each region or local area. Under WIOA, these boards have a set of linked responsibilities:

- **State boards** are responsible for developing a state strategic plan, statewide workforce strategies and statewide accountability measures; and
- **Local boards** are responsible for devising local and regional workforce development strategies, operating or overseeing the operations of the one-stop centers, managing local planning and labor market analysis, convening stakeholders, engaging employers, developing career pathways, handling program oversight and accountability and selecting local providers – including eligible training providers.

Redefining the Roles of a Workforce Development Board as a Driver to Build a “System.” Local communities vary widely in terms of their economic drivers, institutional infrastructure and local customs. To accommodate this variety, both WIA and WIOA offer communities a variety of options for redefining their workforce boards' roles and responsibilities. For example, under WIA, Social Policy Research Associates (SPRA) developed leadership training that envisioned a gradual transformation of a local workforce board into a strategic leader as it moved from overseeing operations and compliance matters to taking on new strategic functions. SPRA created a three-tiered system to show how a board's leadership capacity functions might evolve.¹¹ As defined by SPRA,

- A first-tier board is a **grant steward**. Its primary functions are: 1) Developing and maintaining a governance structure; 2) Grants management; and 3) Managing outcome metrics. Since boards under WIA were initially tasked with duties to ensure compliance with federal law, most function at this level.¹²
- A second-tier board is a **system builder**. It adds three new functions to those of a grant steward. They are the development of: 1) strategic partnerships and 2) collaborative funding arrangements that leverage federal resources and 3) implementing systems thinking and strategic approaches to advance a shared vision and goals for a community workforce development system.
- A third-tier board is a **regional backbone**. Here, a board functions as the central point of regional workforce intelligence with organizational resources to influence a broad-based workforce ecosystem.¹³

A board that is strategic and highly effective implements a systems approach and performs roles at all three levels. As a board's responsibilities evolve to direct the design of a workforce system, it advances a shared community workforce agenda.

¹¹ Sharon Humphreys Johnson described SPRA's rubric in her dissertation, "Local Workforce Development Boards: Alignment with Operational Indicators and Behavioral Characteristics" (2017). <https://aquila.usm.edu/dissertations/1443>.

¹² Ibid, p. 61. Johnson states that examples of a grant steward's governance functions include allocating and deploying resources, maintaining policymaking and contracting and developing governance and operating procedures. Grants management includes approving annual budgets, reviewing fiscal controls, monitoring service providers and complying with federal regulations. Examples of outcome measures include managing contracts, maintaining operational transparency and improving practices.

¹³ Ibid, p. 64. Johnson explains that this tier requires access to key data that provides a substantive understanding of factors such as: high-growth industry clusters that keep a region competitive; forecasting business demand-side requirements for technical, basic and soft skills; monitoring and upgrading an inventory of supply side skill levels; tracking comprehensive human resource issues, especially for small businesses and mapping overlapping service assets and gaps and identifying resource assets.

A different pathway for transforming a workforce board’s responsibilities proposes a set of new functions that operate interdependently. A leadership toolkit for local workforce boards in California, which lists five workforce board roles summarized in Exhibit 2.5, illustrates this approach. Unlike SPRA’s approach that sees change more incrementally, this approach envisions a board that is resourced to fulfill a new set of functions as a workforce intermediary for the supply and/or demand sides of the labor market and also to function as a system builder.¹⁴

Exhibit 2-5. Roles for Local Workforce Boards from California’s Online Leadership Toolkit

Role	Description and Purpose
Convener	Brings together stakeholders to focus on community workforce issues. A board functions as a communication nexus, facilitating dialogue about workforce issues among employers, policymakers, labor, education and economic development and the public. It convenes industry sectors or organizes around specific urgent issues.
Workforce Analyst	Develops, disseminates and understands current labor market and economic information and trends. A board turns labor market data into useful information for educators, policymakers and the business community.
Broker	Brings together systems to solve common problems or broker new relationships with businesses and workers. A board that functions as an intermediary provides a mechanism to connect organizations, institutions, businesses and people to each other and to the services and information they need.
Community Voice	Advocates for the importance of workforce policy and the need for skilled workers. A board articulates the needs of those seeking jobs and is uniquely positioned to tell a holistic story versus one from a single point of view.
Capacity Builder	Enhances an area’s ability to meet local employers’ workforce needs. A board has a responsibility to scan the performance and effectiveness of AJCs and others, to ensure quality services and provide technical assistance.

Demand-Driven Workforce Development Systems (WfD)

A key factor that shapes the organization and orientation of a local workforce development system is how it relates to the local economy and whether it is expected to function primarily as a demand-driven system. Unlike supply side WfD systems, demand-driven WfD systems are oriented to respond to economic drivers.

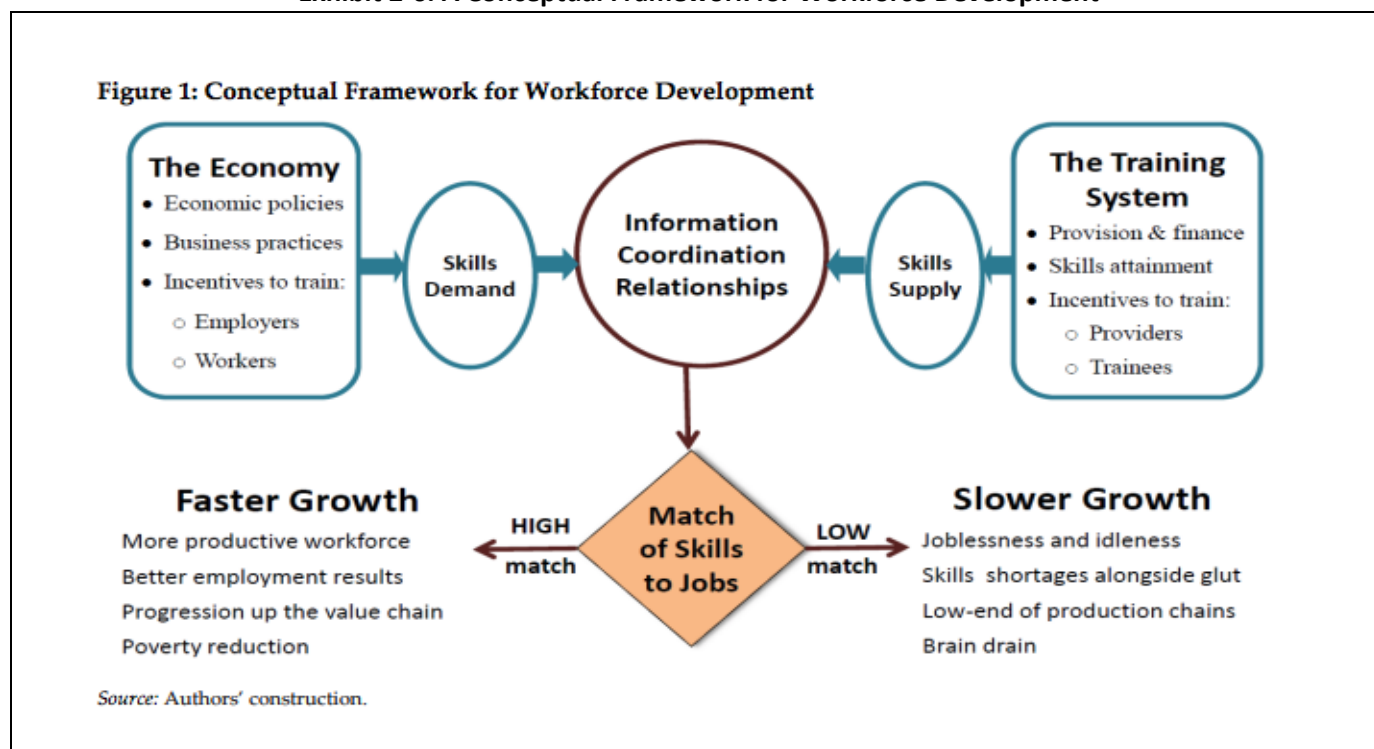
Exhibit 2-6, on the following page, depicts the tradeoffs of these orientations. As it shows, at the center of any workforce development framework is an entity that is responsible for brokering efforts to match skills that the economy “demands” with skills that the training system “supplies.” There are many types of organizations, including a workforce intermediary or a workforce board, that can fulfill these functions. The exhibit also shows how the effectiveness of this entity’s matching function affects an area’s economic growth and social progress. The authors explain this relationship as follows:

A well-functioning WfD system with a high degree of coherence between skills demand and supply achieves faster economic growth by: (a) improving trainees’ employability; (b) supplying the workers needed by firms to improve productivity, product quality and competitiveness; and (c) enabling firms and entrepreneurs to expand their technological capability and move up value chains where profit margins are often more attractive. Where this match is poor, slower growth and the associated problems of joblessness and underemployment, brain drain and technological stagnation or laggardness are an ever-present prospect.¹⁵

¹⁴ These roles are similar to those that researchers at the Ray Marshall Center identified as key to the effective implementation of sector strategies. See footnote 39 on page 31.

¹⁵ Tan, Jee-Peng, Lee, Kiong Hock et al. *What Matters for Workforce Development: A Framework and Tool for Analysis*. World Bank: Education Department, Human Development Network, Feb. 2013, 70pp. https://olc.worldbank.org/sites/default/files/SABER_WfD_Updated%20Framework%20Paper_Feb%204%2C%202013_Draft.pdf

Exhibit 2-6. A Conceptual Framework for Workforce Development



Source: JP Tan, *What Matters for Workforce Development*, World Bank Education Dep't Human Development Network, February 2013.

Characteristics of a Demand-Driven Workforce Development System. In 2012, the Director's Council of Michigan Works adopted a statement that defined a demand-driven system.¹⁶ As this statement explains:

- A demand-driven system contributes to the state's economic vitality through the provision of workforce training and services that meet the needs of targeted business sectors and employers.
- Demand-driven, which is the opposite of supply-driven, establishes employers as the primary customers of the workforce system.
- Employers create a 'pull' based on the demand they have and they provide information about items such as what jobs and job vacancies exist, what positions are hard to fill and what are the successful characteristics of relevant training programs and job candidate screening factors.
- To gather direct information, employers must be "convened by service providers for the purpose of providing direct labor market information." Then, these providers must respond to these gathered demand factors with a labor supply that aligns with this demand. In a true demand-driven system, the workforce agency does not respond by "pushing" or "selling" its program participants as a product for the employer.
- To respond to the 'pull' of demand, a workforce agency:
 - Looks for and refers applicants who are already qualified;
 - Helps unqualified individuals understand what they need to do to become qualified;
 - Assesses and addresses the services and training needed by job seekers to help them become qualified for employment that is appropriate to their aptitudes and interests;
 - Looks for patterns of need among business sectors/clusters or individual companies that can inform the targeting of resources; and
 - Works with employers to ensure the delivery of the training necessary to fill their skill gaps.

¹⁶ "A Demand Driven Workforce Development System in Michigan," https://www.michiganworkssouthwest.org/wp-content/uploads/Reference-12_-2018-4_Demand-Driven-System.pdf.

How a Demand-Driven System Shapes the Roles and Responsibilities of a Local Workforce Board.

The statement of the Director's Council of Michigan Works also identifies the eight indicators listed below to specify how a local workforce board contributes to a well-functioning demand-driven system:

1. The local workforce development board actively analyzes labor market intelligence to assess the ever-changing economic landscape.
2. Business Services staff members address a broad spectrum of employer needs related to business development and talent.
3. Decisions about the training the board provides result from a combination of general labor market projections with specific needs expressed by employers.
4. Job seeker services are modified according to employer demand and feedback, and resources are allocated accordingly.
5. Employers design training programs and other services with input from staff (not the other way around).
6. Programs and services are started and stopped as the demand (pull) changes.
7. The local workforce board's Business Services staff members are the eyes & ears of the system.
8. The workforce agency provides services only to employers in its geographic area.

D. Workforce Development as a Driver of Economic Development and/or Community Wealth Building

Other factors that affect a community's vision for workforce development and its thinking about whether it needs a workforce system are the industry sectors that drive its economy, its view of economic development and how it expects workforce development to contribute to its economic growth and community prosperity.

The exhibit on the next page, excerpted from a 2015 report by the Democracy Collaborative, highlights the differences between a traditional versus a newer approach to economic growth and community development. Unlike an approach that invests in attracting new industries to promote economic productivity, a community wealth building approach promotes local, broad based ownership as the foundation of a thriving economy.¹⁷

The report promotes community wealth building as "a new paradigm of economic development that puts people and community first and focuses on creating broadly held wealth."¹⁸ It sees a rising interest in community wealth building due to the effects of income inequality, which includes more people living in poverty, more debt burdens and unemployment, and concerns about the disproportionate effects of inequality on people of color. The tools of community wealth building include land trusts, worker owned cooperatives and anchor institutions because these can function as sources of local jobs and economic engines and also invest in local business and direct purchasing to business owned by people of color, women and immigrants.








Themes from a study of community wealth building initiatives cited in the report emphasize that:

- The overarching purpose of this approach is the creation of a new system of political-economic activity that builds concern for broad prosperity into the core system design;
- The focus is not merely jobs, but good jobs and, where possible, jobs with an ownership stake;
- It is a collaborative process that brings many parties to the table to create community benefit; and
- As a systems approach, its benefits are amplified when various drivers work together.

¹⁷ Kelley, M. and McKinley, S. *Cities Building Community Wealth*. Democracy Collaborative, Takoma Park, MD, Nov. 2015. 90 pp. <https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/CitiesBuildingCommunityWealth-Web.pdf>

¹⁸ Ibid, Preface.

Exhibit 2-7. A Comparison of Two Approaches to Economic Development from the Democracy Collaborative

Two Approaches to Economic Development		
Drivers	Community Wealth Building	Traditional Approach
 Place	Develops under-utilized local assets of many kinds, for benefit of local residents.	Aims to attract firms using incentives, which increases the tax burden on local residents.
 Ownership	Promotes local, broad-based ownership as the foundation of a thriving local economy.	Supports absentee and elite ownership, often harming locally owned family firms.
 Multipliers	Encourages institutional buy-local strategies to keep money circulating locally.	Pays less attention to whether money is leaking out of community.
 Collaboration	Brings many players to the table: nonprofits, philanthropy, anchors, and cities.	Decision-making led primarily by government and private sector, excluding local residents.
 Inclusion	Aims to create inclusive, living wage jobs that help all families enjoy economic security.	Key metric is number of jobs created, with little regard for wages or who is hired.
 Workforce	Links training to employment and focuses on jobs for those with barriers to employment.	Relies on generalized training programs without focus on linkages to actual jobs.
 System	Develops institutions and supportive ecosystems to create a new normal of economic activity.	Accepts status quo of wealth inequality, hoping benefits trickle down.

CHAPTER III. Outcome Frameworks for Workforce Development Programs and Sector Partnerships

Developing outcome frameworks and performance measures for a local workforce development system poses many challenges. The nature of these challenges depends on decisions about how a workforce development system is configured and the types of interventions it undertakes. For example, an outcome framework that unifies supply side providers can be challenging to develop and maintain due to a lack of common definitions and practices across providers. In contrast, a framework that organizes demand side actors must address the challenge of creating high levels of business engagement and launching new organizational entities.

OLO conducted online research to address the Council's interest in better understanding the options that exist to develop and implement outcome frameworks for workforce development. This chapter presents highlights of that research. **Parts A and B** describe two initiatives to address the challenges of frameworks for the supply side of the labor market; **Part C** summarizes research from the National Fund for Workforce Solution about a dual customer model that embeds career pathways as part of business sector partnerships; and **Part D** summarizes recent research from the Urban Institute about designing outcome frameworks for system change initiatives.

A. The Benchmarking Project

The Benchmarking Project is an initiative that the Annie E. Casey Foundation launched to better understand the results of local workforce development programs. It addresses several challenges related to efforts to evaluate the effectiveness of workforce development programs. These include:

- The plethora of data collection systems and reporting processes that exist;
- The time frontline providers must invest to navigate these systems;
- The limited time that providers have to use the data for program improvements; and
- The fragmented nature of the workforce development system that makes it difficult for funders, policymakers and practitioners to discern what outcomes constitute good performance.

Survey of Community Based Workforce Programs. The Benchmarking Project's ("the Project's") long-term goal is to identify realistic performance standards for workforce development programs. The Project fields a voluntary online national survey of community-based organizations engaged in workforce development and publishes the results. This helps raise awareness of the organizational factors that influence program outcomes. The Project also offers insights to improve workforce development performance management systems.

The Project regularly analyzes its survey results to better understand what drives good program performance and to develop evidence-based practice guidelines. According to a 2013 report, two data issues that complicate the Project's efforts to look at performance across programs are: (1) inconsistent definitions that programs use for their job placement and retention indicators; and (2) many programs' inability to provide information about participants' key demographics. As the following section explains, the Project's view is that funders have a critical role to play in supporting participants' efforts to remedy these data issues.

A 2013 report, *Apples to Apples: Making Data Work for Community-Based Workforce Development Programs*, describes the Project's survey results which are displayed in Exhibit 3-1.¹⁹ These results reflect the operations of programs in 34 states. Of note, while nearly 60% of these programs rely on a mix of public and private funding and nearly all provide work readiness and case management services, less than half offer occupational skills training and only one-third offer opportunities to gain work-related experience.

¹⁹ https://benchmarking.skilledwork.org/wp-content/uploads/2011/06/Benchmarking_Mainreport_FINAL-2.pdf

The Report’s overall conclusion is that good programs come in many shapes and sizes. It specifies 15 characteristics in four categories that may be associated with differences in job placement or retention results. As shown below, these factors include program size, the types of services and a program’s years of experience.

Exhibit 3-1. Workforce Development Program Characteristics and Differences in Participants’ Outcomes

Organizational Characteristics	
Years in Workforce Development <ul style="list-style-type: none"> • 10 or less • More than 10 	Organizational Focus <ul style="list-style-type: none"> • Workforce development only • Multiservice
Program Characteristics	
Annual Cohort Size <ul style="list-style-type: none"> • 25-100 enrollees • 100-600 • 600+ 	Weeks in Pre-Employment Activity <ul style="list-style-type: none"> • Less than 4 • 4-11 • 12 or more • Varies by Individual
Ability to Select Clients <ul style="list-style-type: none"> • Full • Partial 	Placement Definition <ul style="list-style-type: none"> • One day on the job • More than one day
Participant Characteristics	
Percentage Age 18-24 <ul style="list-style-type: none"> • More than 50% • 50% or less 	Percentage with a Criminal Record <ul style="list-style-type: none"> • More than 50% • 50% or less
Service Characteristics	
Occupational Skills Training <ul style="list-style-type: none"> • Some receive • None 	Work Experience <ul style="list-style-type: none"> • More than 75% participate • 75% or fewer
Skills Training Leading to Certifications <ul style="list-style-type: none"> • More than 75% receive • 75% or fewer 	Post-Employment Follow-up <ul style="list-style-type: none"> • More than 75% receive • 75% or fewer
Skills Training Customized with Employer Input <ul style="list-style-type: none"> • More than 75% receive • 75% or fewer 	Mentoring <ul style="list-style-type: none"> • Some receive • None

Source: OLO and the Benchmark Project, Apples to Apples: Making Data Work for Community Based Programs.

According to the Project’s survey results, programs with better performance were those that:

- Offered **occupational skills training leading to industry recognized certifications** but often serve participants with fewer barriers to employment;
- Offered **longer pre-employment service periods and placement in higher quality jobs or work experience opportunities** for most participants; or
- Served **fewer enrollees per year with lower participant to staff ratios.**

According to the Report, programs with **no selectivity** in who they enrolled tended to have significantly lower outcomes whereas programs in **organizations with a sole focus on workforce development** services tended to show slightly better results than those in multi-service organizations.

Funders’ Role in Improving Performance Measurement Systems. The Report states that practitioners work hard to create cultures of continuous improvement but they are only one set of players in a multi-tiered system that includes many public and private funders. It states a systemwide culture change is necessary for outcomes to improve and that funders have a critical role to play. It recommends focusing on five areas of action:

1. Moving toward more consistent definitions of performance measures;
2. Implementing new technology or adapting existing systems to allow information to be easily exchanged;
3. Providing more useful reports for practitioners about local and state data trends;
4. Offering more opportunities for providers to learn from research and engage in peer learning; and
5. Encouraging more programs to participate in the Project to strengthen the fields ability to define good performance and to strengthen performance improvement across the system.

The Report suggests funders consider funding technical assistance, aligning data reporting requirements and creating integrated data collection tools to better assess workforce needs, services and results.

Best Practice Framework for Workforce Program Success Drivers. In 2017, the Benchmarking Project published guidelines to help community-based programs produce better results. The four elements of its Best Practices framework are: 1) Engaged Businesses; 2) Qualified Workforce; 3) Adaptive Organizations and 4) Funding Sustainability. Exhibit 3-2 displays the Best Practices framework for Engaged Businesses.

Exhibit 3-2. Business Engagement Success Drivers for Workforce Development Programs

Success Drivers	Strategies
Defined Organizational Strategy for Engaged Business Success	<ul style="list-style-type: none"> • Defined business engagement outcomes for success • Defined set of employer interventions and services • Designated business development and assistance staff • Staff with relevant corporate, labor or industry experience • Strong internal data culture and tracking system for employer engagement
Deep Understanding of Industry and Employer Needs	<ul style="list-style-type: none"> • Labor market information competency • Quality job criteria • Strategic employer targeting • Engaged industry advisors • Relationships at multiple levels (employer and provider) • Understand workplace needs and culture
Value Add Embedded Relationships with Employers	<ul style="list-style-type: none"> • Consultative approach to identify value add • Strong customer service orientation that includes delivery of quality referrals • Connections for businesses to useful resources • Program partnership opportunities with multiple engagement options • Temporary, gig, and work experience options • Recognition of business engagement
Ongoing Feedback Loop	<ul style="list-style-type: none"> • Shared metrics that reflect the results an employer needs and how to measure service effectiveness • Simple, concise feedback options • Feedback on business practices to improve hiring, retention and advancement • Internal knowledge sharing processes to ensure business feedback is incorporated as appropriate

Source: The Workforce Benchmarking Network Evidence Based Practice Guidelines
<https://skilledwork.org/wp-content/uploads/2020/11/Success-Drivers-Overview-Oct-2020.pdf>

B. Urban Institute and Center for What Works

In the mid-2000s, the Urban Institute and the Center for What Works collaborated on a project to identify a set of common outcomes and outcome indicators to help improve performance measurement in the nonprofit sector.²⁰ Given the complexities of using nonprofit partnerships for program services, this project aimed to standardized nonprofits’ efforts to collect, analyze, and use data to inform their program practices. Exhibit 3.3 displays a set of indicators the project created based on their review of 14 programs and guidance from organizations such as the Center for Employment Training, the Chicago Jobs Council and STRIVE National.

Exhibit 3-3. Candidate Outcome Indicators for Employment Training/Workforce Development

	Common Outcome	Program Specific Outcome	Indicator
1	Increased Access to Services	Clients enroll in the program	Number and percent of clients enrolling for the training program
2	Increased Participation/Attendance	Clients enroll in the program	Number and percent of clients still enrolled in the program after the first week of training
3	Build Skills/Knowledge	Increased skills	Percent of clients passing job skill competency exams on initial attempt after completing course (Note 1)
4	Build Skills/Knowledge	Increased skills	Number of supplemental support hours used per client (on coaching, counseling)
5	Program completion	Increase in program completion rate	
6	Increased Employment	Increased employment options	Number of job interviews per client
7	Increased Employment	Increased employment options	Number of job offers per client within the first 3 months of program completion
8	Increased Employment	Increased employment options	Number and percent of clients who accept a job offer
9	Increased Employment	Increased employment options	Number of employer partners; percent of employer partners offering jobs to clients
10	Increased Employment	Increased employment options	Number of repeat hires by employer partners
11	Increased Employment	Increased job placement	Number and percent of population type X placed in jobs
12	Increased Employment	Increased job placement	Percent of clients placed in X jobs
13	Increased Employment	Increased sustainable employment/retention	Number and percent of clients in same job after X months of being placed
14	Increased Employment	Increased sustainable employment/retention	Percent of past clients still working after 12 months
15	Economically Empower Individuals	Increased earnings	Average hourly wage of clients who became employed after training
16	Economically Empower Individuals	Increased earnings	Number and percent of clients receiving health care benefits, as part of their wage package.
17	Economically Empower Individuals	Increased self sufficiency	Number and percent of clients who attain economic stability within 12 months, 2 years of training

²⁰ https://www.urban.org/sites/default/files/2015/04/10/employment_training.pdf

The project sponsors suggested that organizations undertake a collaborative process to decide which outcomes to track and suggested that the table of outcomes and associated indicators could provide a useful starting point to help facilitate this process. They advised starting with a small number of indicators and adding to the performance measurement system later as information was found to be useful. They cautioned that because there are many internal and external factors that contribute to an outcome, it can be difficult to tell why an outcome occurs. Nonetheless, it is useful to use the data to find out what works well and what does not.

C. National Fund for Workforce Solutions' Workforce Development Model

The National Fund for Workforce Solutions (NFWS) is a public private partnership of employers, workers, communities, funders and workforce development practitioners. Since 2007, NFWS has carried out a nationwide initiative to "build workforce partnerships rooted in industry sectors, and to transform institutions to improve labor market outcomes for low-income individuals and employers."²¹ This initiative builds on six prior programs, including projects in Boston, Baltimore, and Pennsylvania that are described in the text box below.

Pilot Programs Prior to NFWS

The NFWS builds on earlier work by a group of investors that funded workforce collaboratives and partnership pilot projects in six communities to address the role of workforce intermediaries in sector based workforce development: the Boston Health Care and Research Training Center; the Building Services Industry Career Path Project; the Community Health Worker Initiative of Boston; the Hotel Career Center; Partners in Automotive Career Education; and Partners in Career and Workforce Development (a health care partnership). Some of the outcomes of the pilot programs include:

- **The Baltimore Workforce Collaborative/Workforce Intermediary Project** is a collaboration of nearly 70 organizations that aims to create a workforce system that prepares city residents for skilled positions with employers experiencing critical workforce shortages. As of 2009, the three programs combined have served over 1,000 Baltimore residents in the first two years.
- **The Pennsylvania Industry Partnerships Project** is one of the few attempts to create workforce intermediaries statewide. Pennsylvania initiated the creation of Industry Partnerships linked with regional industries throughout the state in the early 2000. Its allocation of over \$80 million between 2005 and 2010 led to the establishment of 80+ Industry Partnerships and training for 61,000 incumbent workers.
- **SkillWorks: Partners for a Productive Workforce** is a public/philanthropic funder collaborative aimed at increasing capacity of the Greater Boston workforce development system to meet the needs of job seekers, incumbent workers and employers.

²¹Baran, B. et. al., *Implementing the National Fund for Workforce Solutions: The Baseline Evaluation Report*, National Fund for Workforce Solutions, December 2009, p. 5.
https://wdr.doleta.gov/research/FullText_Documents/Implementing%20the%20National%20Fund%20for%20Workforce%20Solutions%20-The%20Baseline%20Evaluation%20Report.pdf

NFWS' purpose is to address the "contradiction [that exists between]: an economic environment that place[s] a premium on skills and education and a policy environment that inadequately support[s] the acquisition of those assets by large segments of the population."²² NFWS efforts have led to the development of the dual customer, industry-focused program model of workforce development. They have also contributed to efforts to incorporate or adapt one or more components of the model into the public workforce system.

The building blocks for NFWS' dual customer, industry focused workforce development program model consist of one or more sector initiatives, a set of career pathways, and a workforce intermediary, defined as follows:

- **Sector initiatives** are industry-specific workforce development approaches that are customized to a particular industry within a defined region. These initiatives are designed "to develop knowledge of the targeted industry, create linkages to providers and stakeholders, and produce workforce outcomes that benefit employers, workers and job seekers."²³
- **Career pathways** programs are defined as "*longer-term advancement solutions* to employment and skills shortages. They map occupational pathways within specific industry groupings to describe the skills needed to advance up occupational ladders. They also describe how workers can progress through post-secondary education or training that prepares them for these positions. Frequently, they include bridge programs to provide entry points for the lowest skilled workers."²⁴
- **Workforce intermediaries** are defined as "local partnerships that bring together employers and workers, private and public funding, and relevant partners to fashion and implement pathways to employment and career advancement for low-income individuals. Workforce intermediary strategies emphasize dual customer approaches, the brokering and integration of services, and support for entrepreneurship."²⁵

By 2011, NFWS had 124 workforce partnerships underway. Although 10 different industries were represented, 70% of the partnerships were concentrated in three sectors: healthcare (51), construction (22) and manufacturing (15). Nearly 90% offered a jobseeker program and 58% offered an incumbent worker program.

In 2009, a research evaluation of NFWS' initiatives examined and reported on the results to date. The bullets below address implementation patterns for four commitments that NFWS had identified upfront as the defining characteristics of its partnership efforts. For example, partnerships' implementation of a dual customer focus can vary from shallow forms of employer engagement to employer formed and led partnerships. Sources of variation were often due to differences in an initiative's orientation or the intensity of the engagement.

- **A focus on low-income individuals.** This was a foundational commitment of NFWS, although partnerships varied in their understanding and implementation of it as a priority. Partnerships with an economic development focus and strong interest in being responsive to employers' workforce needs saw low-income populations as one of several groups they targeted. Partnerships focused on poverty often designed programs that targeted those with the most serious barriers to labor market success.

²² Ibid, 19.

²³ Ibid.

²⁴ Ibid, 20.

²⁵ Ibid.

- **Deep and sustained employer engagement.** A dual customer focus was another pillar of NFWS’ strategy; but the practice varied widely from partnerships with shallow forms of employer engagement to employer formed and led partnerships. In 2010 and beyond, this became a priority emphasis of NFWS’s leadership and employer engagement became a key focus of NFWS’ technical assistance.
- **A commitment to career advancement.** The intent of this commitment was to complement the focus on low-income individuals. Again, partnerships varied in their implementation of this principle. Some partnerships maintained long-term relationships with participants and worked closely with employers, colleges, and others, in order to implement strategies to support skill development and career advancement over time. Others offered only sector-specific, short-term training options because they assumed a connection to employment demand was enough to improve trainees’ opportunities.
- **A demonstrated capacity to sustain the partnership over time.** The NFWS vision included the development of stable workforce intermediaries that would gain experience and credibility to work closely with employers and identify and address the workforce challenges of low-skilled populations.

In 2010, NFWS identified a set of specific criteria and indicators for high-fidelity workforce partnerships, shown below.

Exhibit 3-4 Criteria and Indicators for a NFWS High-Fidelity Workforce Partnership

Criteria	Indicators of a High-Fidelity Workforce Partnership
Employer Leadership	Multiple employers/employer associations are actively engaged in the partnership on an ongoing basis; employers provide strategic leadership and concretely affect the design and implementation of the service on an ongoing basis. Employers may also participate in implementation of services, chair the partnership, recruit other employer partners, and/or contribute financially.
Targets Low Skilled Individuals	The partnership has articulated a strong commitment to serve low-skilled, low-income individuals. A significant focus of the work of the partnership may be on those with very serious barriers to employment.
Focuses on Career Advancement	The partnership has a clear commitment to support individuals’ career advancement, not just their entry into the labor market. This includes implementation of more than one of the following strategies: provision of services to participants after placement into a job, development of career pathway programs, attempts to change employer practices to support career advancement for low skilled/low-income individuals, use of career coaches or navigators, provision of support services.
Sustainability	The partnership has had a demonstrated capacity to sustain itself and appears likely to do so. (Are there any measures of sustainability to add in this box?)

https://nationalfund.org/wp-content/uploads/2016/09/Fourth_Annual_Evaluation_Report_National_Fund_Summary_August_2012.pdf

NFWS Best Practices for Collaboratives. In 2012, a NFWS Evaluation Team codified NFWS’ principles into sets of criteria that could be used to assess the fidelity and outcomes of the NFWS’ funding collaboratives. Exhibit 3-5 shows the NFWS criteria and indicators that specify the characteristics of these model funder collaboratives. Taken together, the criteria and indicators in Exhibits 3-4 and 3-5 offer useful details for the funding and partnership components that are the defining characteristics of these successful models.

Exhibit 3-5. Criteria and Indicators for a NFWS' High-Fidelity Funders Collaborative, 2012

Criteria	Indicators of a High-Fidelity Collaborative
Leadership, Strategy and Planning	The collaborative has a clear vision, goals and strategy. It has used labor market information on the regional economy to shape and inform its strategy. It reviews its progress, utilizing data collected from its partnerships, planning grants and evaluation, and revises its strategy as needed. The collaborative has a recognized leadership role and influence within the region.
Engagement of Key Stakeholders	The collaborative has the active participation of multiple funders. Funders are engaged in developing strategy, making investment decisions, and overseeing implementation and progress. Other key regional stakeholders are included as appropriate to the overall strategy.
Management	The collaborative has an active chair, committee structure and strong staff, including a capable executive director who has a clear grasp of the NFWS principles and strategy. While the executive director may have a reporting relationship to the lead organization, there is a reporting relationship with the collaborative and clear recognition of its decision-making role. The lead organization values the collaborative's work and provides substantial support. There are systems in place to support the collaboratives' fiscal and programmatic work.
Targets Low Income Individuals	The collaborative has a clear focus on serving a low-income/low-skilled population through a well-articulated strategy. It provides guidance and oversight to its partnerships on serving this population, and its commitment to low-income, low-skilled workers/job seekers shapes its capacity building and system change strategies.
Focused on Engaging and Serving Employers	The collaborative selects and invests in partnerships based on a clear sense of its own goals and is guided by labor market demand. It provides active guidance and oversight of its partnerships in the form of frequent interactions with grantees, evaluations, ongoing reviews of progress, capacity building, and incentives/disincentives for achieving key goals.
Capacity Building Strategy	The collaborative has an active capacity building strategy targeted to meet the specific needs of its grantees and has some direct influence on other workforce organizations in the region.
System Change Strategy	The collaborative has articulated and implemented a well-defined system change strategy aimed at public policy, institutional behavior and/or employer practices. It seeks to influence other funding sources and/or workforce development practice within the region. The strategy aligns with NFWS principles.
Sustainable Strategy	The collaborative has worked together for at least three years and has a track record of raising funds to support its goals and activities. It may plan to continue the collaborative over the long run, but it is actively putting in place a sustainability strategy for its key activities and goals.

Fourth Annual Baseline Evaluation Report, p. 10

The evaluation team also looked at highly effective collaboratives and highly effective partnerships to better understand the factors that produced positive results and identify lessons learned. Among the key findings:

- Highly effective partnerships were older, more likely to be employer initiated or led, and were larger than partnerships overall. They understood clearly the central role employers play in achieving their goals and usually had a core of employer “champions.” Labor unions were also deeply engaged in a significant number of these partnerships.
- Characteristics that distinguished highly effective partnerships’ approach to career advancement included the establishment of long-term relationships with participants, the degree of screening and assessment provided to ensure an appropriate fit between the candidate and the industry, the addressing of basic skills deficits, the extent to which partnerships mapped training pathways and supported long term training, and extensive partnership supports.
- System change work was integral to highly effective partnerships and essential to their strategies.
- The sustainability of highly effective partnerships was based on factors that included their usefulness and credibility with employers and funders; the range of strategies they had in place to sustain their efforts financially; their ability to transform their strategies, and sustaining a stable organizational form in response to shifts in the external environment and in the needs of their target populations.

The Report concluded that workforce development partnerships that effectively adopted the National Fund core principles, including specifically a commitment to career advancement for low-income individuals and deep, ongoing employer engagement, were successful in crafting interventions that met the goals of both low-skill workers and employers. In some cases, tension arose between efforts to focus on the needs of workers with serious barriers to labor market success and an employer’s overall workforce needs.

D. The Urban Institute’s Framework for Workforce Development Systems Change Initiatives

In 2017, Bernstein and Martin-Caughey, two researchers with the Urban Institute, proposed a framework for measuring workforce development systems change efforts.²⁶ The framework, which is shown in Exhibit 3-6, defines a system’s components, activities, and outcomes. The researchers developed the framework based on their review of a portfolio of recipients that had received workforce grants funded by JPMorgan Chase.

Based on a literature review, the authors note that systems change efforts have several common characteristics. For example, they focus on changing policy, practice and perceptions, funding and institutions; they are complex and multilevel; and they aim for changes that are long-term and institutionalized over time. The framework has a logic model, a menu of activities, and menus of metrics. Of note,

- There are two tiers of goals for systems change work - system level goals and worker and employer level goals. System level goals support the overall goal of a workforce system which is to improve outcomes for individual jobseekers, workers, and employers.²⁷ The goals for employers are to hire and retain workers with needed skills; the goals for workers are good jobs and opportunities for advancement.

²⁶ Bernstein, H and Martin-Caughey, A, *Changing Workforce Systems: A Framework for Describing and Measuring Systems Change*, February 2017. https://www.urban.org/sites/default/files/publication/88296/changing_workforce_systems.pdf

²⁷ See Exhibit 3-7. The five system level goals are: collaboration, quality and accessibility; industry engagement; data driven decision making and scale and sustainability.

- The framework has two menus. The first one addresses systems change activities and offers ways to organize the activities that set the stage for change and target specific components to be changed. The second menu provides ideas and examples of metrics that may be appropriate for change initiatives.

Bernstein and Martin-Caughey suggest that organizations can use the framework to describe their work and think through effective ways to measure progress. The authors also advise funders to:

- Consider decisions to commit staff and resources to data collection in the context of other priorities.
- Consult with stakeholders and funders so that choices about the scale and focus of measurement take entities’ goals and resources into account.
- Recognize that systems change is a messy, complicated effort that takes time and also requires resource support for measuring performance and results.

Exhibit 3-6. The Urban Institute’s Logic Model for Systems Change Initiatives from *Changing Workforce Systems*

SYSTEM COMPONENTS	ACTIVITIES	GOALS
<p>Employers, Industry and the Workforce – Business and trade associations, industry organizations, employers, labor unions and staffing agencies.</p> <p>Education and Training Providers – Two-year colleges, four-year colleges, and universities, K-12 public school districts, nondegree education and training providers, and adult education providers.</p> <p>Government and the Public Sector – American Job Centers, workforce development boards, public libraries, public social service agencies, economic development agencies, elected officials and local, state and federal governments.</p> <p>Nonprofit and Collaborative Entities and Funders – Community and faith-based organizations, foundations and philanthropic organizations, workforce service providers and workforce intermediaries.</p>	<p>Identify System Needs – Identify and highlight challenges and opportunities in a workforce system.</p> <p>Develop a Systems Change Plan – With input from appropriate stakeholders, determine strategies to improve a workforce system.</p> <p>Coordinate or Improve System Components – Strengthen the capacity of system components, change practices or build connections.</p>	<p>SYSTEM LEVEL GOALS</p> <p>Collaboration – Actors have a shared vision or coordinated approach to serving workers and employers and effectively work together to solve problems and share best practices.</p> <p>Quality and Accessibility – Services are visible and accessible to and meet the needs of those who need them, especially people with disadvantages or barriers to employment.</p> <p>Industry Engagement – The system is informed by business needs and employers are invested partners in workforce efforts.</p> <p>Data Driven Decisionmaking – Actors collect and use quality data to design and continuously improve programs and services.</p> <p>Scale and Sustainability – The system has adequate programs, funding and policies to reliably meet the needs of individuals and employers over time.</p> <p>WORKER AND EMPLOYER LEVEL GOALS</p> <p>Employers can hire and retain workers with needed skills. Workers have good jobs and opportunities for advancement.</p>
MEASUREMENT OF OUTPUTS AND OUTCOMES		

CHAPTER IV. Sector Based Workforce Development in Public Workforce Systems

In 2008, a University of Michigan Policy Report stated that historically public workforce development and local economic development operated as “separate and disconnected public endeavors” despite “both economic and social justifications...support[ing] the call for greater connectivity.”²⁸ At a community level, strategically using economic development policy and directing public investing in workforce education and training services and programs can offer local officials many opportunities to address these “system” disconnects.

Sector-based workforce development is an approach that organizes worker training in the context of a specific industry sector. Since it orients training to meet the needs of employers, it has emerged as a strategy to address the structural disconnects that separate public workforce systems and economic development. Under **the Workforce Investment Act (WIA)**, its use ranged from activities that addressed the needs of targeted sectors to the operation of specialized career centers. Under **the Workforce Innovation and Opportunity Act (WIOA)**, communities are using this approach more strategically to support various partnership initiatives, organized as either a business-led, demand-driven workforce system or a system change initiative.

This chapter presents an in-depth look at sector-based workforce development to respond to the Council’s interest in options that exist to improve the linkages between workforce development and economic development. **Part A** introduces the concept of sectoral based workforce development. **Parts B and C** look at its implementation under WIA and WIOA. **Part D** describes a case study that used sector-based workforce development to drive implementation of workforce development as a systems change initiative.

A. An Introduction to Sector-Based Workforce Development

Sector-based workforce development “organizes the training of workers in the context of an industry sector.”²⁹ The strategy is a partnership of employers within a critical industry that brings together education, economic development, workforce systems, and community organizations to identify and collaboratively meet the workforce needs of that industry within a regional labor market.³⁰ A study that examined the characteristics and practices of organizations implementing this approach identified five defining elements.³¹ In brief, this strategy:

1. Targets specific industries or clusters of occupations.
2. Is led by a credible organization – often a “workforce intermediary.”
3. Supports workers competing for quality job opportunities as measured by wages, benefits, and advancement opportunities.
4. Addresses employer needs and industry competitiveness.
5. Creates lasting change in labor market systems that helps workers and employers.

²⁸ Harper-Anderson, E. “Coming Together in Tough Economic Times: Workforce Development and Economic Development Move Closer Together in Michigan,” Policy Report No. 10, January 2008, University of Michigan: Center for Local, State and Urban Policy, 2.

²⁹ Maureen Conway and Robert Giloth, eds. Connecting People to Work: Workforce Intermediaries and Sector Strategies, p., 16 https://assets.aspeninstitute.org/content/uploads/2014/06/Final-Version-Connecting-People-to-Work.pdf?_ga=2.23827898.1431671153.1596035924-1314520506.1592920359

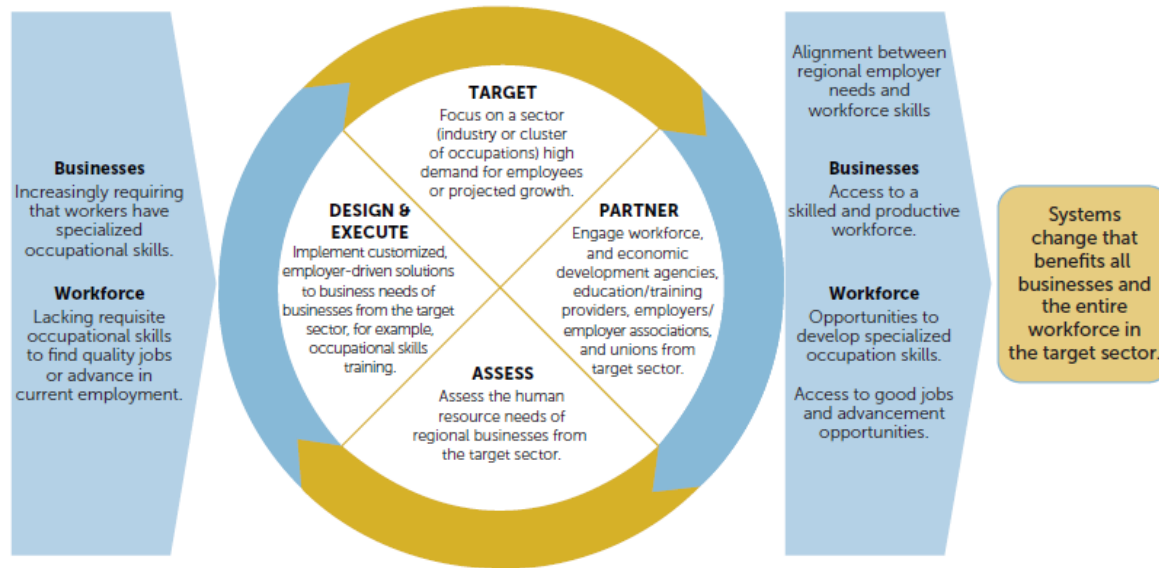
³⁰ Prince, King and Oldmixon. Promoting the Adoption of Sector Strategies by Workforce Development Boards Under the Workforce Innovation and Opportunity Act, March 27, 2017.

³¹ Conway, Maureen, Amy Blair, Steven L. Dawson, and Linda Dworak-Munoz. “Sectoral Strategies for Low-Income Workers: Lessons from the Field.” Washington, DC: The Aspen Institute, Workforce Strategies Initiative, Summer 2007.

Because this is a targeted approach, its scope can range from a set of discrete economic development initiatives to a more comprehensive, broad based system change initiative. The graphic below shows how the elements of a sector partnership strategy relate to the expected goals and outcomes of a “systems change” strategy.³²

Exhibit 4-1. Mathematica Policy Research’s Framework for Sector Strategies

Figure 1. Framework for understanding the goals, features, and intended outcomes of sector strategies



Sources: This framework draws on Conway et al. (2007); Maguire et al. (2010); Roder et al. (2008); Zandniapour and Conway (2002); and WIA Gold Standard Evaluation qualitative data collection, 2012-2014.

Unlike WIA’s one-stop service delivery system, sector-based workforce development is not a prescribed set of service practices. Instead, it is a strategic approach that is designed to respond to the dynamics of a local economy. As Conway and Giloth explain, sector-based workforce development initiatives:

Recognize the dynamic nature of regional economies and labor markets and seek to shape change within that context. [By] recognizing that industries change in ways that shape the quantity and quality of jobs available and influence how those jobs might or might not be accessed by particular populations, sector initiatives develop a dynamic relationship with their targeted industry or occupational cluster and seek to respond to expressed needs as well as to shape workforce opportunities in the future.³³

Conway states that a sector-based workforce development strategy has a set of functions, a guiding vision to achieve defined results and four pre-conditions that must be addressed which are: (1) an organizational home (2) resources (3) dedicated staff and (4) a set of critical partners.

³² Ziegler, J. *Issue Brief, Sector Strategies: Aligning the Skills of the Workforce with the Needs of Employers*. Mathematica Policy Research, November 2015. https://wdr.doleta.gov/research/FullText_Documents/ETAOP-2016-05_Sector%20Strategies%20-%20Aligning%20the%20Skills%20of%20the%20Workforce%20with%20the%20Needs%20of%20Employers.pdf

³³ Conway and Giloth, 3.

The Role of Workforce Intermediaries. The success of early sector-based strategies led to the growth of workforce intermediaries as a new organizational entity in the workforce development field. According to Conway and Giloth, workforce intermediaries provide an organizational home for sector-based workforce development initiatives. In this capacity, their roles are to:

- Articulate a strategy's goals;
- Identify a set of metrics to measure progress; and
- Facilitate communications with partners and other stakeholders about the progress and challenges of the strategy as it is implemented.

Conway and Giloth state that to operate effectively, a workforce intermediary must first build credibility with the various stakeholders (employers, workers, job seekers and public and private funders) that support the sector strategy. With this credibility, a workforce intermediary then undertakes the work of "bridg[ing] the needs of employers and workers and broker[ing] resources and services to improve how workers and employers come together in their regional labor markets."³⁴ They suggest that **decisions about organizing the role of a workforce intermediary and serving as its home base** can be undertaken by many types of institutions, e.g., "public agencies, nonprofits, educational organizations, or union apprenticeships."³⁵

B. Sector Based Workforce Development Under WIA

Since WIA's implementation primarily emphasized jobseeker services delivered through the one-stop system, most sector-based workforce development interventions under WIA were implemented as add-on programs of business services. In a few cases, boards operated a career center that was dedicated to a target industry.

1. Evaluation Findings of Local Workforce Boards' Sector Based Strategies Under WIA

In 2015, a Gold Standard Evaluation of WIA, published by Mathematica Policy Research (MPR), included a brief on the implementation of sector-based strategies under WIA.³⁶ The MPR brief reported the evaluation found:

- **The specifics of a sector strategy vary widely.** This reflects efforts to design strategies to be responsive to a targeted industry's specific needs and to customize them to address issues facing a local industry.
- **The focus of sector strategies' training efforts also vary.** Some strategies focus on workers who are low-skilled and difficult to employ while others target training for highly skilled incumbent workers.
- **Best practices research suggests that a program can take specific actions to improve the effectiveness of its training.** Recommended actions include: incorporating careful screening of potential participants, offering comprehensive curricula to address general job readiness, basic skills training and technical industry skill development and support services to help participants complete the program.

MPR's evaluation found that all 28 workforce boards in its study reported they had participated in a sector strategy initiative but the intensity of these interventions varied widely. One-third of the boards had conducted low-intensity interventions that consisted of information sharing meetings attended by a variety of stakeholders. In contrast, three boards in Chicago, Louisville and New York City established specialized career centers to target specific sector needs. The next part describes how New York City implemented its sector based career center.

³⁴ Conway and Giloth, 5.

³⁵Ibid.

³⁶ Ziegler.

2. The Implementation and Evaluation of New York City's Sector Based Career Centers.

In 2008, two New York City Departments, the Department of Small Business Services (SBS) and the NYC Center for Economic Opportunity (CEO), undertook an initiative to establish sector focused career centers. Under WIA, New York City was operating 20 Workforce 1 Career Centers that provided residents with a full array of employment services such as job placement, career counseling, job search counseling, and skills training. These centers were operated by SBS with contracted providers and the New York State Department of Labor.

The sector-based centers were managed by SBS. Like SBS's standard Workforce 1 centers, the sector centers make strong matches for candidates and employers through a unique combination of recruitment expertise, industry knowledge, and skill-building workshops. However, in the three sector-based centers, these services were tailored to align with the specific needs of each targeted industry.

Between 2008 and 2010, the initiative launched three centers: the **Transportation Career Center** (2008), the **Healthcare Career Center** (2009) and the **Manufacturing Career Center** (2010). Initially, each of these centers targeted sectors that offered competitive wages of at least \$10 per hour, schedules of at least 30 hours per week and advancement opportunities. They provided industry specific education/training and, in some cases, awarded jobseekers scholarships or vouchers to pay for specialized occupational training.

- The new Industrial and Transportation Career Center set a goal of helping a large percentage of placed or promoted jobseekers to earn a wage of \$15 or more. It also offered no cost industry training such as commercial driving training, inventory management training and dispatcher training.
- The Workforce 1 Healthcare Career Center targeted low-income individuals who already worked in clinical healthcare and wanted to access new or higher wage jobs. The Center offered no-cost industry specific training such as EMT, paramedic, patient care technician or dental assistance training.

In 2006, New York City adopted an evidence-based approach to its efforts to reduce poverty and increase equity. An external evaluator hired to study the centers tracked the measures shown in Exhibit 4-2 below. The evaluator concluded that a sector specific approach to employment services may be successful in helping participants find steady employment that leads to higher earnings a year later. Industry specific training also appears to contribute to positive labor market experiences of participants post exit. The evaluation also found:

- Compared to Workforce 1 Center participants, those in sector focused programs were more likely to:
 - Be employed in the year after exit
 - Experience greater job stability in the year after exit and
 - Earn significantly more in the year after exit.
- Sector focused programs raised the likelihood of employment and earnings for all subgroups; and
- Sector focused career center participants who received industry specific training had greater employment and earnings gains than those who did not receive training.

Exhibit 4-2. Performance Measures from Westat’s Study of New York City’s Sector Focused Career Centers

Measure	Definition/Operationalization
Employment	
<ul style="list-style-type: none"> • Any employment in year after exit • 1 quarter after exit • 2 quarters after exit • 3 quarters after exit • 4 quarters after exit 	<ul style="list-style-type: none"> • Any earnings in 4 quarters after exit • Any earnings in 1st quarter after exit • Any earnings in 2nd quarter after exit • Any earnings in 3rd quarter after exit • Any earnings in 4th quarter after exit
Quarters worked after exit	
<ul style="list-style-type: none"> • 0 quarters • 1 quarter • 2 quarters • 3 quarters • 4 quarters 	<ul style="list-style-type: none"> • Worked 0 quarters after exit • Worked 1 quarter after exit • Worked 2 quarters after exit • Worked 3 quarters after exit • Worked 4 quarters after exit
Industry of employment	
<ul style="list-style-type: none"> • Transportation, warehousing and wholesale trade • Manufacturing and construction • Healthcare and social assistance 	<ul style="list-style-type: none"> • Majority of earnings in at least 1 quarter after exit from construction (23), manufacturing (31033), wholesale trade (42), transportation and warehousing (48-49), administrative support and waste management and remediation services 956) and other services (81) • Majority of earnings in at least 1 quarter after exit from construction (23) manufacturing (31033), wholesale trade (42), transportation and warehousing (48049), administrative and support and waste management and remediation services (56) and other services (81). • Majority of earnings in at least 1 quarter from healthcare and social assistance (62)
Average quarterly earnings – Unconditional on employment	
<ul style="list-style-type: none"> • Total year after exit • 1 quarter • 2 quarters after exit • 3 quarters after exit • 4 quarters after exit 	<ul style="list-style-type: none"> • Total earnings from all jobs in all 4 quarters after exit • Total earnings from all jobs in 1st quarter after exit • Total earnings from all jobs in 2nd quarter after exit • Total earnings from all jobs in 3rd quarter after exit • Total earnings from all jobs in 4th quarter after exit
Average quarterly earnings - Conditional on employment	
<ul style="list-style-type: none"> • Total year after exit • 1 quarter after exit • 2nd quarters after exit • 3 quarters after exit • 4 quarters after exit 	<ul style="list-style-type: none"> • Total earnings from all jobs in all 4 quarters after exit for those who were employed • Total earnings from all jobs in 1st quarter after exit for those who were employed • Total earnings from all jobs in 2nd quarter after exit for those who were employed • Total earnings from all jobs in 3rd quarter after exit for those who were employed • Total earnings from all jobs in 4th quarter after exit for those who were employed

Source: Westat Sector-Focused Career Centers Evaluation Study Design Table 2.1, p. 10

C. The Evolution of Local Workforce Boards' Sector-Based Workforce Development Under WIOA

WIOA's requirements for a strategic plan, sector-partnership programs, and career pathways were enacted to promote local implementation of sector-based workforce development. These changes responded to employers' ongoing frustrations with implementation of WIA's dual-customer approach. Despite WIA's efforts to balance job seekers' training needs and employers' skill needs, employers' needs for skilled workers were not met.

Under WIOA, the intent is first for local workforce boards to plan strategically to identify industry needs and implement sector partnerships and then for this ongoing strategic planning process to drive decisions about funding for education, training and support services. The rest of this section summarizes a study that examined how six local workforce boards implemented sector strategies under WIOA. It describes the challenges the boards faced and factors that were key to their success, including two examples of boards' use of data.

1. Implementing Sector Strategies Under WIOA

In 2017, the Ray Marshall Center published a study that described local workforce boards' implementation of sector strategies.³⁷ Researchers reviewed WIOA provisions that promote sector strategies and identified implementation challenges. Highlights based on their review are summarized below.

How WIOA Promotes Sector Strategies. The Department of Labor contracted with several entities to provide technical assistance to state and local workforce boards to encourage the adoption of sector strategies. This group states the following provisions show how WIOA supports the expanded use of sectoral strategies:

- Requiring that a state plan describe its vision for meeting employers' skilled workforce needs and that a local plan address how it will link workforce development programs and economic development;
- Replacing WIA's sequenced services with a combined category of core and intensive services;
- Requiring that local boards promote proven promising practices, including industry sector partnerships;
- Providing for the promotion of enhanced integrated planning across partners; and,
- Providing for promoting integrated or contextualized adult basic education, English as a Second Language and occupational training.

Implementation Challenges and Critical Success Factors. Researchers interviewed six boards to document their sector-based approaches including the roles of the workforce boards. They noted the following key themes.

Challenges. The researchers cautioned that implementing sector strategies is challenging and workforce boards must address a number of issues besides a lack of adequate resources due to ongoing funding declines for their efforts to be successful. Other critical issues that boards must address include:

- Limits that arise from a disconnected set of program requirements and funding silos that in turn require: investing resources to align funding and coordinate activities between the workforce development and postsecondary education systems; ongoing efforts to better link more intensive, longer-term training and less intensive work experience; and aligning diverse sets metrics that work at cross purposes.

³⁷ Prince, H. King, C. and Oldmixon, S. *Promoting the Adoption of Sector Strategies by Workforce Development Boards Under the Workforce Investment Opportunity Act*. Ray Marshall Center for Human Resources, University of Texas at Austin, March 2017. https://raymarshallcenter.org/files/2017/05/Sector_Strategy_Final_Report_March_2017.pdf

- The issue of how to gain and maintain employer engagement because sector strategies are only effective when employer engagement is significant and ongoing.
- How to integrate support services into sector-based training and education to coordinate staff who understand the needs of the population being served and faculty willing to accommodate those needs.

Critical Success Factors for Implementing Sector Based Workforce Development. Based on interviews and a literature review, the researchers identified five factors, listed below, that they determined are critical to the successful implementation of sector-based workforce development initiatives:

1. Making **rigorous use of data** to inform decision making at the sector partnership level
2. Establishing and **sustaining a high level of industry engagement** in the operation of a partnership
3. Ensuring the delivery of **services that are specific** to sector-based partnerships
4. Ensuring close attention [is] paid to [the] continuous improvement [of the workforce system]
5. Deploying **significant investments to build the capacity** of partnership staff to manage the partnership

Re-visiting the Role of the Local Workforce Board and the Parameters of Local Workforce Systems. WIOA's provisions raise issues for local officials and their boards about the purpose of a local workforce system and the role[s] of the local board. On one hand, the researchers propose that WIOA offers "considerable opportunity for more local boards to take on some version of an expanded [workforce] intermediary role. Moreover, a board that decides to pursue a more strategic role has the option "not only to play multiple critical roles, but also to be the primary vehicle for long awaited federal support for implementing sector strategies."³⁸

The researchers see sector strategies as a clear departure from business as usual for a public workforce system, stating they are neither add-on programs, nor individual training initiatives in a particular sector. Instead, they are "a new way for ... boards to organize their operations and activities" and to pursue "more strategic roles [of] building ... talent pipelines, addressing skills gaps and creating meaningful career pathways for a range of workers in important regional industries."³⁹

2. Making Rigorous Use of Data to Inform Strategy and Drive Performance.

To illustrate how a workforce board can leverage the use of data to implement sector strategies effectively, the research team described the practices of boards in Harrisburg, PA and New York City, highlighted below.

The South Central Workforce Investment Board in PA (SCPa WORKS). SCPa WORKS in Harrisburg operates several sector-based programs. It deploys a multi-faceted approach to collect, analyze and use critical data to make decisions around employer engagement and its services design and delivery. Specifically, it uses state data to identify in-demand occupations, wages, market penetration and other factors and a proprietary tool to collect economic development data. It also uses qualitative data, collected through its direct engagement with industry employers and from its Business Service Representatives, to verify and update data from the other two sources.

In the future, it intends to: 1) conduct more surveys of general business trends and detailed inquiries by sector, 2) undertake an in-depth study of key jobs for its target sectors to understand how those jobs link to regional economic impacts, and 3) potentially partner with other boards in the region to expand its research capacity.

³⁸ Prince et. al., 7.

³⁹ Prince et. al., 11. The authors list four key roles that boards can play to advance sector strategies that mirror the roles in the California leadership toolkit. They are the roles of convener, fiscal agent, systems change driver and data brokers.

New York City’s Common Metrics for Career Pathways Programs. To implement its career pathways strategy, New York City’s Mayor’s Office of Workforce Development and the Mayor’s Office of Operations developed a set of common metrics displayed below as a common management framework. The metrics aim to improve the delivery of Career Pathways services by defining, reporting and sharing results across a common set of performance measures. Going forward, common metrics will be included in concept papers, RFPs and contracts.

Exhibit 4-3, Common Metrics and Definitions for New York City’s Career Pathways Programs

Metric	Definition
Clients Served	A count of unduplicated clients who have received value-added services – not including activities such as registration, enrollment, assessment or brief orientations (e.g., shorter than one hour) - that directly contribute to clients attaining an employment or educational outcome.
Full-Time Hires	A count of unduplicated clients who are connected into unsubsidized full-time jobs that meet the following criteria: after services are received, there is new employment; pays the legal industry minimum wage; and employment is equal to at least 30 hours per week.
Part-Time Hires	A count of unduplicated clients who are connected into unsubsidized part-time jobs that meet the following criteria: after services are received, there is new employment; pays the industry minimum wage; and employment is equal to at least 15 hours per week (or equivalent); multiplied by the minimum legal industry hourly wage, but not equal to more than 30 hours per week.
Median Wage	The median hourly wage for all hired with wage information within a given timeframe.
Industry Based Training Enrollments	A count of unduplicated clients who, during a program or within two quarters of completing a program, are enrolled in a no-degree/non-credit bearing education or training program that leads to a credential recognized by an industry or occupational certifying organization with the relevant authority to issue such a credential. Industry based training enrollments can occur at academic institutions.
Academic Based Education Enrollments	A count of unduplicated clients who, during a program or within two quarters of completing a program, are enrolled in an education or training program that leads to a degree recognized by an education institution with the relevant authority or assumed competence to issue such a credential. Academic based enrollments can be at the secondary or post-secondary level.
Industry Based Credential Attainment	A count of unduplicated clients who, during a program or within one year of program completion, obtain a credential recognized by an industry or occupational certifying organization with the relevant authority of assumed competence to issue such a credential.
Academic Degree Attainment	A count of unduplicated clients who, during the program or within one year of program completion, obtain a degree recognized by an educational institution with the relevant authority or assumed competence to issue such a credential.
Academic Based Skill Gains	A count of unduplicated clients who do not obtain a new credential or degree but who demonstrate proof of skills acquisition based on educational standards.
Employer-Validated Training Completion	A count of unduplicated clients who do not obtain a new industry recognized credential but who complete employer validated curriculum.
Retention Rate	6 months/2nd quarter retention: A count of unduplicated clients who confirm they are employed 180 days after being placed, including those who switch or lose jobs but are re-engaged in the 2 nd quarter. 12 month/4th quarter Retention: A count of unduplicated clients who confirm they are employed 365 days after being placed, including those who switch or lose jobs but are re-engaged in the 4 th quarter.
Job Continuity	One Year Job Continuity: Percent of clients employed four of the four quarters after the quarter in which the initial job placement occurred. Two Year Job Continuity: Percent of clients employed six, seven or eight of the eight quarters after the quarter in which the initial job placement occurred.
Wage Growth (Pre- and Post-Program)	Percent wage growth from the sum of the wages in the 3 rd and 4 th quarters prior to participation in a training/education program to the sum of the wages of the 3 rd or 4 th quarters afterwards.

Source: Career Pathways Progress Update p. 48 nyc.gov/careerpathways

D. Using Sector-Based Workforce Development to Drive a System Change Initiative

Conway examines implementing sector partnerships as part of a systems change framework. She reports that based on interviews the Aspen Institute conducted with workforce intermediaries, there are three “system” aspects that workforce intermediary leaders would target for change. They are:

- Industry practices that shape how individuals are recruited, hired, trained, promoted and compensated.
- The education and training infrastructure, including workforce investment boards, community-based training providers, community colleges and apprenticeship programs; and
- Public policies, including rules, regulations and funding streams related to the workforce and education systems as well as those that influence business practices.

In discussing the relationship of sector strategies and system change initiatives, Conway and Giloth conclude:

Many argue that sector strategies are, in effect work around reforms to siloed systems focused on workforce development, education, human services and economic development. Indeed, the positioning of sector initiatives, with both worker and industry constituents and with resources from – and relationships with – many of these separate public systems, generates the perspective to see where systems change is needed, and to engage other actors to help achieve it. This integrative role of sector strategies is essential yet produces friction with many public systems.⁴⁰

Supporters of sector-based workforce development include numerous foundations and think tanks that have engaged in a 30 year “uphill advocacy campaign.” Conway reports this approach is being adopted in a piecemeal fashion to respond to six challenges that face workforce development. They are:

- 1) funding shifts away from skills training,
- 2) growing business-information gaps due to union decline and labor market fragmentation,
- 3) skills shortages facing employers,
- 4) the continuing isolation of vulnerable groups,
- 5) the diverse field of support for this sector partnerships, and
- 6) the growth in the field.

Conway suggests that despite the emergence of “an industry or ecological system ...for sector-based workforce development” more investment is needed to develop the component parts of this system.

1. A Case Study of Austin’s Sector Strategy Initiative Implemented as a Community Master Plan

This section summarizes a case study of the Austin Metro Area Master Community Workforce Plan to illustrate how the City of Austin implemented a comprehensive sector plan strategy to address the social issue of widening income inequality. It is based on a research study that evaluated the components of effective sector strategies and described the steps and practices that were used to realize the desired outcomes.⁴¹

⁴⁰ Conway and Giloth, 8.

⁴¹ The case study is from an article by Bishop and Seibert who define sector strategies as “programs or processes that shrink the gap between labor supply and demand. Successful ... strategies align education and training along a career pathway, clearly defining the skills, competencies, and on the job performance needed by employers and achievable by workers to facilitate a successful employment connection.” <https://www.aei.org/research-products/report/sector-strategies-in-austin-a-case-study-in-workforce-planning/>

The report showed that, as a result of strong economic growth since 2012, Austin had widening income and wealth gaps between high-income households and those left behind. In 2016, Workforce Solutions Capital Area (WFSCA), which is the regional workforce system’s governing body, reported data that showed a disconnect between the city’s labor market and the demand forecasts for jobs:

- The city’s labor market included 99K families in the metro area who had earnings below 200% of poverty and lacked a post-secondary credential or college degree.
- Labor market forecasts at the time identified 60,000 middle skill jobs with openings through 2021.

Most jobs were in three industry sectors: skilled trades, health care and IT; but the city’s training systems were not positioned to upskill enough workers to meet the projected need. The Mayor of Austin and the County Judge of Travis County commissioned the workforce board to develop a strategic plan to address the issue.

Goal Setting and Strategic Planning Process. Austin’s goal setting and strategic planning process was a long term, multi-step process that including a “forcing” function phase and a stakeholder buy in phase. The report identified 4 steps that led to the development of a strategic plan and outcomes framework.

Step One	<ul style="list-style-type: none"> • Met with local leaders to evaluate system and stakeholder capacity and develop a strategic, coordinated workforce plan
Step Two	<ul style="list-style-type: none"> • Met with employers, educators, and workers for many months to develop broad community support • Contracted with a third-party vendor to lead the convening and information gathering phase to allow the workforce board to participate in the convenings as an equal partner • Prioritized rigorous data tracking and reporting • Created a Metro Area Talent and Opportunity Network to facilitate ongoing cross sector collaboration
Step Three	<ul style="list-style-type: none"> • Published a Master Plan in June 2017 that had (1) specific milestones set by Austin officials to reach their goal of moving people out of poverty and into middle skill jobs; (2) funding for five community-based organizations and Austin Community College to participate in a training partner initiative; and (3) identification of three “opportunity sectors” that are projected to have over 11K job openings.
Step Four	<ul style="list-style-type: none"> • Implemented the process and published a baseline labor market report and analyzed how effectively partner organizations facilitated training, enrollment, completion and outcomes.

Critical Success Factors. The report identified the following factors that were crucial to the project’s success:

- The role of **strong local leadership** in convening the stakeholders to develop and implement the plan;
- The **challenge of accessing good labor market data quickly**, particularly given the dynamic nature of Austin’s economy. Challenges included a lack of portability of administrative data for cross state migrants and issues with restricted data sources. In response, the coalition worked to establish new data sharing agreements, to reconcile reporting differences and to field surveys to better understand stakeholder needs.
- The **value of an explicit goal**, e.g., moving 10,000 out of poverty to earning at least 200% of the poverty line by 2021, to help providers and industry build intentional partnerships and align future plans with the goal.
- The **importance of an intentional strategy to engage the leadership of high growth, high opportunity industries** that could create pathways to prosperity for training participants. Strategies included: seeking out willing employers who were willing to make long-term workforce training commitments and investing in studies to examine labor supply and demand in target sectors and giving employers early access to results.

At the two-year mark in October 2019, an evaluation found the program had increased earnings and moved people out of poverty but more significant investments were needed to meet future targets.

CHAPTER V. Strategic Frameworks for Workforce Development under WIOA

Several parts of WIOA’s reauthorization define a state planning process for workforce development. They include:

- Mandates for a strategic planning process and a plan document,
- The expanded use of sector partnerships, and
- Standardized performance metrics.

Local jurisdictions with robust industry partnerships are using these provisions to bring a more strategic, organized focus to their workforce development efforts. This chapter presents a summary of best practices for strategic planning and performance measurement under WIOA (Part A), followed by details of these efforts in Maryland (Part B) and Montgomery County (Part C).

A. Strategic Planning and Management Workforce Development Framework Under WIOA

Several factors can shape how a state implements WIOA, including the mix of industries that comprise a state’s economy; how a state prioritizes workforce development as a driver of economic growth, how it decides to align its education and workforce training systems with its business and labor functions; and the capabilities of its information infrastructure. This section describes best practices for states’ implementation of WIOA.

1. Best Practices Recommendations for the Development of States’ Strategic Plans Under WIOA

In 2015, the National Skills Coalition (NSC) published a best practice guide to make states aware of WIOA’s strategic potential. Calling WIOA’s provisions “a playbook for effective strategies that can help workers and businesses succeed,” NSC identified four elements states could leverage to improve their workforce systems:

- WIOA’s support for sector partnerships, which could spur the growth of proven industry-driven strategies for advancing workers and addressing employer skill needs;
- WIOA’s support for career pathways which could better integrate basic education, skills training and support services to help more people attain post-secondary credentials and higher earnings;
- WIOA’s creation of common metrics which are designed to measure key outcomes from a large number of programs and thus could be used to help unify workforce programs as a coherent system; and
- WIOA’s emphasis on job-driven investments which could directly connect training and employment to provide more people with jobs.

NSC proposed a four-part model plan and recommendations for WIOA’s strategic planning process.

Plan Structure and Format	A state plan should articulate the major strategies that the state will use to achieve its vision and explain the who, what, and when of action steps to implement those strategies.
Sector Partnerships	A state plan must describe how employers will be engaged, what industry sectors it will prioritize and the criteria it will use to set these priorities. It may address best practices for partnerships, the roles of intermediaries and targeted populations, sector partners’ activities and reporting metrics.
Career Pathways	A state plan should improve the alignment of WIOA’s core programs and address 1) how programs will collaborate with local programs and with other stakeholders to create career pathways; 2) how it will use effective adult education approaches and wrap-around supports in its career pathways and 3) how it will link career pathways and sector partnerships.
Cross-Agency Data and Measurement	A state plan should emphasize data and performance measurement by 1) creating a set of common metrics that apply to WIOA’s 4 titles and providers; 2) offering an option to apply these metrics to other programs; and 3) providing a template for a training program performance report.

B. Maryland's Strategic Planning Process and Maryland's Implementation of WIOA

Under WIOA, states were required to submit a workforce development plan to the Federal government. Governor Hogan charged three state agencies – the Department of Labor, Licensing and Regulation (DLLR), the Department of Human Services (DHS) and the Maryland State Department of Education (MSDE) - to work with the Governor's Workforce Development Board (GWDB) and local workforce partners to develop the State's strategic workforce plan. In April 2016, Maryland submitted a Combined State Workforce Plan.

Maryland's workforce system plan outlined a strategy to "place people before performance" to orient the system's services to those who need its assistance the most.⁴² The Plan envisioned "a customer centric system dedicated to improving the lives of Marylanders" based on the belief that "as the system focuses its efforts on its customers, it will change the lives of people and grow the State and local economies."⁴³ It was one of 14 states to include the Temporary Assistance for Needy Families (TANF) as part of its plans.⁴⁴

Maryland created a WIOA Alignment Group to oversee the Plan's implementation and ensure a seamless service integration process. The State tasked the Group with undertaking a SWOT analysis of the workforce system that would be reviewed by the GWDB and by jobseeker focus groups and updated biennially.

Maryland's Benchmarks for Success Strategic Planning Framework. The Governor's Workforce Development Board and others developed the Benchmarks for Success for Maryland's Workforce System. The benchmarks guide the commitment of workforce system partners to build system effectiveness while also helping State and local partners to align resources and strategies with the vision and mission the Plan articulates.

The Benchmarks of Success Framework, shown on the next page, establishes five strategic goals and measurable achievements that define success. The framework is a leadership tool that can help guide strategic conversations and define achievements to realize as part of a collective effort to improve people's lives.

Readiness of the State's Operating Systems to Support Implementation of the State Strategies. In its 2018 Plan Revision, Maryland reported it lacked the infrastructure to operate an integrated system accessible to all partner programs. The Maryland Workforce Exchange (MWE)⁴⁵ currently housed seven USDOL programs and had plans underway to integrate a module for SNAP Employment and Training. This left four programs - TANF, VE, Adult Ed and CSBG – that were not currently MWE users. Also, because DLLR, DORS, DHS and DHCD reported their outcomes to their respective federal oversight agencies, reports were not available across all partner programs.⁴⁶

⁴² https://dors.maryland.gov/resources/Documents/2016_STATE_PLAN.pdf

⁴³ Under this new workforce system, agencies and local partners will collaborate to identify the services a customer needs. This is how the system will focus on the person before the performance measures an agency reports to federal agencies.

⁴⁴ The Plan explains that Maryland is combining its workforce efforts across multiple agencies into one State plan [so that] [its] commitment to serve all jobseekers extends to those receiving services through Maryland's Dept. of Human Resource's TANF program, the ... Dept. of Education's Division of Rehabilitation Services, and to Maryland's adult education population.

⁴⁵ The Maryland Workforce Exchange is the online job seeker/workforce services system provided by the State of Maryland.

⁴⁶ The operating systems that DLLR supports include: 1) MWE ... the system that aligns Maryland's workforce system to include Labor Market Information and is the official data source for all WIOA workforce programs; 2) LACES, or the Literacy, Adult and Community Education System, a system [that] collects and reports performance data from adult education providers and reports for Adult Education (NRS); 3) the AWARE SYSTEM is used by DORS for VR case management [which] allows DORS to set up "custom" case types for special programs and it has been customized so that DORS can integrate client tracking and vendor payments into a single system and 4) the DHS WORKS System, an information system that tracks work activity for human service programs, including TANF.

Exhibit 5-1. Maryland’s Benchmarks of Success Framework under WIOA

<p>Strategic Goal 1: Increase the earning capacity of Maryland’s workforce system customers by maximizing access to employment;</p>
<ol style="list-style-type: none"> 1. Increase the annual % of customers who obtain employment and earn at least 200% of the federal poverty level from X% to Y% by date. 2. Increase the median wage of customers by X%. 3. Increase the annual % of customers who earn at least 200% of the federal poverty level for four consecutive quarters from I% to Y% by date. 4. Increase the number of businesses that are formally engaged in the workforce system.
<p>Strategic Goal 2: Increase the earning capacity of Maryland’s workforce system customers by maximizing access to and use of skills and credentialing;</p>
<ol style="list-style-type: none"> 1. Increase the annual % of customers who obtain an industry-recognized credential from X% to Y% by date. 2. Increase the annual % of customers who increase their Educational Functioning Level. 3. Increase the annual % of customers who earn a High School Diploma. 4. Increase the annual % of customers who obtain occupational skills training completion from X% to Y% by date.
<p>Strategic Goal 3: Increase the earning capacity of Maryland’s workforce system customers by maximizing access to and use of life management skills;</p>
<ol style="list-style-type: none"> 1. Increase the annual % of customers who complete a financial literacy course. 2. Increase the annual % of customers who demonstrate essential workplace skills from X% to Y% by date. 3. Increase the annual % of customers who actively participate in their individual case plan from X% to Y% by date.
<p>Strategic Goal 4: Increase the earning capacity of Maryland’s workforce system customers by eliminating barriers to employment</p>
<ol style="list-style-type: none"> 1. Increase the annual % of customers who receive needed child care services from X% to Y% by date. 2. Increase the annual % of customers who receive needed transportation services from X% to Y% by date 3. Increase the annual % of customers who receive needed substance abuse services from X% to Y% by date 4. Increase the annual % of workforce system customers who receive needed mental health services from X% to Y% by date. 5. Increase the annual % of workforce system customers who receive needed physical health services from X% to Y% by date. 6. Increase the annual % of workforce system customers who receive needed housing services from X% to Y% by date. 7. Increase the annual % of workforce system customers who receive needed noncustodial parent-child support services from X% to Y% by date 8. Increase the annual % of workforce system customers who receive needed criminal background services from X% to Y% by date. 9. Increase the annual % of workforce system customers who receive needed domestic violence services from X% to Y% by date. 10. Increase the annual % of workforce system customers who receive needed food and energy services from X% to Y% by date.
<p>Strategic Goal 5: Strengthen and enhance the effectiveness and efficiency of Maryland’s Workforce system.</p>
<ol style="list-style-type: none"> 1. Create a common employment readiness assessment accessible to the system by date. 2. Create and use a common case management tool across the workforce system by date. 3. Increase the % of workforce partners integrated through co-location, cross-training and/or technological access by date. 4. Create and implement a professional development system for the workforce development system by date 5. Increase the annual % of workforce development system partner organizations who provide formal benefits counseling 6. Increase the annual % of Maryland’s workforce system customers co-enrolled in WIOA workforce programs

Acknowledging it had legacy data system issues to address, the 2018 State Plan described a new DHS technology platform in development. This cloud-based data repository is expected to break down the silos and data barriers that currently exist between state agencies. Maryland’s Total Human –services Information Network, or MD THINK, is expected to deliver integrated access to programs, to streamline program operations and to deliver enhanced data analytics. These capacities are key elements to support the bundling and delivery of services, particularly for the TANF/WIOA alignment and Two Generation approach that is being piloted to combat multi-generational poverty. (See OLO Report 2018-13 for details about the County’s Two-Generation approach.)

While MD THINK is in development, the WIOA leadership granted WIOA partner agencies read-only access to the Maryland Work Exchange (MWE) system. Maryland also executed data sharing agreements and explored the use of common platform methods to improve system coordination.

Performance Accountability Measures. As shown below, for the six WIOA Core Programs, e.g., WIOA Adult, Dislocated Worker, JVSG, Wagner-Peyser, Title II and Title IV, there are three sets of performance measures, which align with WIOA’s revised performance measures. Maryland has chosen to report all three employer satisfaction measures. The measures were implemented in July 2016 and Performance reporting of the negotiated performance measures began in PY17.

Exhibit 5-2. Performance Measures for Maryland’s Core WIOA Programs

Outcome Area	Performance Measure
<i>EMPLOYMENT AND WAGES OUTCOMES</i>	
Employment Rate QTR2	Percentage of participants in unsubsidized employment in the second quarter after exit (Q2 post-exit).
Employment Rate QTR4	Percentage of participants in unsubsidized employment in the fourth quarter after exit (Q4 post-exit).
Median Earnings	Median earnings of participants in the second quarter after exit (Median earnings after exit).
<i>CREDENTIALS AND SKILL GAINS OUTCOMES</i>	
Credential Rate	Percentage of participants with postsecondary credential attainment or high school diploma or GED during participation in the program or within one year after exit (WP and JVSF are excluded).
Measurable Skill Gain	Percentage of participants who, during the PY, are in education or training programs that lead to recognized postsecondary credential or employment, and who achieve measurable gain (documented academic, technical, occupational or other forms of progress toward the credential or employment)(WP and JCSG are excluded).
<i>EFFECTIVENESS SERVING EMPLOYERS OUTCOMES</i>	
Employer Penetration Rate	Addresses the programs’ efforts to provide quality engagement and services to all employers and sectors within a state and local economy. Percentage of employers using WIOA core program services out of all employers in the state.
Repeat Business Customers	Addresses the programs’ efforts to provide quality engagement and services to employers and sectors and establish productive relationships with employers and sectors over extended periods; the percentage of employers who have used WIOA core program services more than once during the last three reporting periods.
Retention with Same Employer in the 2 nd and 4 th Quarters After Exit	Addresses the programs’ efforts to provide employers with skilled workers; Percentage of participants with wage records who exit and were employed by the same employer in the second and fourth quarters after exit.

DLLR oversees implementation of the State’s performance system for its workforce activities under WIOA. It prepares performance reports and data for local boards and staff to monitor participant outcomes and provides reports to help local boards monitor whether they are on track to meet their negotiated performance targets.

A. Montgomery County’s Workforce Development Strategic Plans

Montgomery County has published two local area workforce development plans since it privatized its economic and workforce development functions, one was released in September 2016 and a second in April 2019.

1. Montgomery County’s September 2016 Local Area Workforce Plan (2016-2020)

The County’s first workforce plan reflected the efforts of two County workforce boards: the County’s Workforce Development Board (WDB), which was charged with setting the County’s workforce policies and vision and the WorkSource Montgomery Board (WSM), which was charged with overseeing the operations of a nonprofit entity that was launched to provide workforce developed resources for county businesses and jobseekers. Exhibit 5-3 display’s the local plan’s Vision, Mission and Value Proposition Statements.

Exhibit 5-3. The Vision and Mission of the Workforce Development Board and WorkSource Montgomery

- Our Vision is that economic development, education and the system of talent development are aligned both locally and regionally to sustain a vibrant economy in the county.
- Our Mission is that the WDB helps businesses succeed through workforce services by:
 - Meeting the talent attraction, development, and retention needs of strategic industries;
 - Meeting the needs of the underemployed and unemployed.
 - Developing career pathways that lead to sustainable wage jobs and support a thriving economy.
- The WDB also adopted a VALUE PROPOSITION: We are consultative in meeting employers’ needs and enhancing the customer experience through innovation, knowledge, quality, professionalism, and being forward-looking and anticipatory in meeting businesses’ needs.

As part of the Local Plan, WDB adopted four strategic priorities for WIOA Program Years 2016 and 2017:

- To increase business satisfaction and trust through efficient, effective and accountable workforce services;
- To focus on industry alliances to create substantial impact and outcomes for the targeted industry;
- To develop a deep understanding of the skills gap, e.g., the gulf between the skills job seekers currently have and the skills employers need to fill their open positions and to execute strategies/programs and initiatives to address the skills gap; and
- To improve the Montgomery County Job Center operations make them the “go to” place for both business and jobseekers.⁴⁷

⁴⁷ Local Plan, pp. 7-8

WDB convened a Planning Team of required WIOA partners and programs in the State's combined plan and other stakeholders⁴⁸ to address key areas in the state's plan and how to integrate service delivery. They focused on coordinating County workforce activities across WIOA Titles I and II, the Wagner Peyser Act program, the Vocational Rehabilitation program, the TANF program and the Jobs for Veterans State Grant Program.

Strategic Goals. The WDB's three-year strategic planning cycle extended through June 2017. In April 2016, to embrace its new role under WIOA, WDB and WSM aligned around three strategic goals and objectives:

- **Strategic Goal 1: To engineer a comprehensive system of talent development matched to the ongoing needs of business and industry in the county.** The goal's objectives were: to develop and strengthen relationships with businesses through a Business Solutions Team that develops customized services; to grow the WDB's industry sector approach to facilitate on-ramps to career pathways for jobseekers and develop methods for employers to access the pathways; to support skills development through services and skills training that led to credentials and to support proven strategies for disconnected youth.
- **Strategic Goal 2: To develop and implement a system of quality assurances and certifications for any organization delivering workforce development services.** This goal's objectives were: to adopt standards and indicators for quality standards; to create a certification process against the quality standards; to develop policies for the WDB's use of certification in program service and funding decisions; and to ensure a certification system that is part of the WDB's strategic marketing plan.
- **Strategic Goal 3: To lead and drive an efficient and effective workforce development system in Montgomery County.** This goal's key objectives were: to build and maintain relationships with educational institutions to become the source for useful demand side information for career pathway development; to network with groups that support workforce development; to provide advice on workforce issues to county leadership; to work with business to analyze their needs; to collaborate with community partners to ensure the WDB is the delivery system for all workforce development and related community initiatives; and to produce a return on investment.

Services. The Scope of Services for the contract with WorkSource Montgomery specifies an itemized list of program services and amounts. The FY20 list included: student stipends for the Summer Rise Program and funds for: the Summer Youth Opportunity Program pre-apprenticeship employment opportunities; the HIRE triage centers; and for the development of a career pathway program and the AJC at the County Correctional Facility.

Target Populations. The County's Plan identified seven target industries for workforce development: Professional, Scientific and Technical Services (focusing on Cybersecurity/IT), Healthcare and Social Assistance, Hospitality (including Retail, Accommodation and Food Service), Biotechnology, Other services, Construction and Public Administration. It listed occupational groups with jobs in high growth or high demand industries and three sets of top 10 occupations - by largest growth rate, by employment size and by location quotient (LQ). It stated the WDB would develop jobseeker strategies for jobs in biotechnology and cybersecurity.

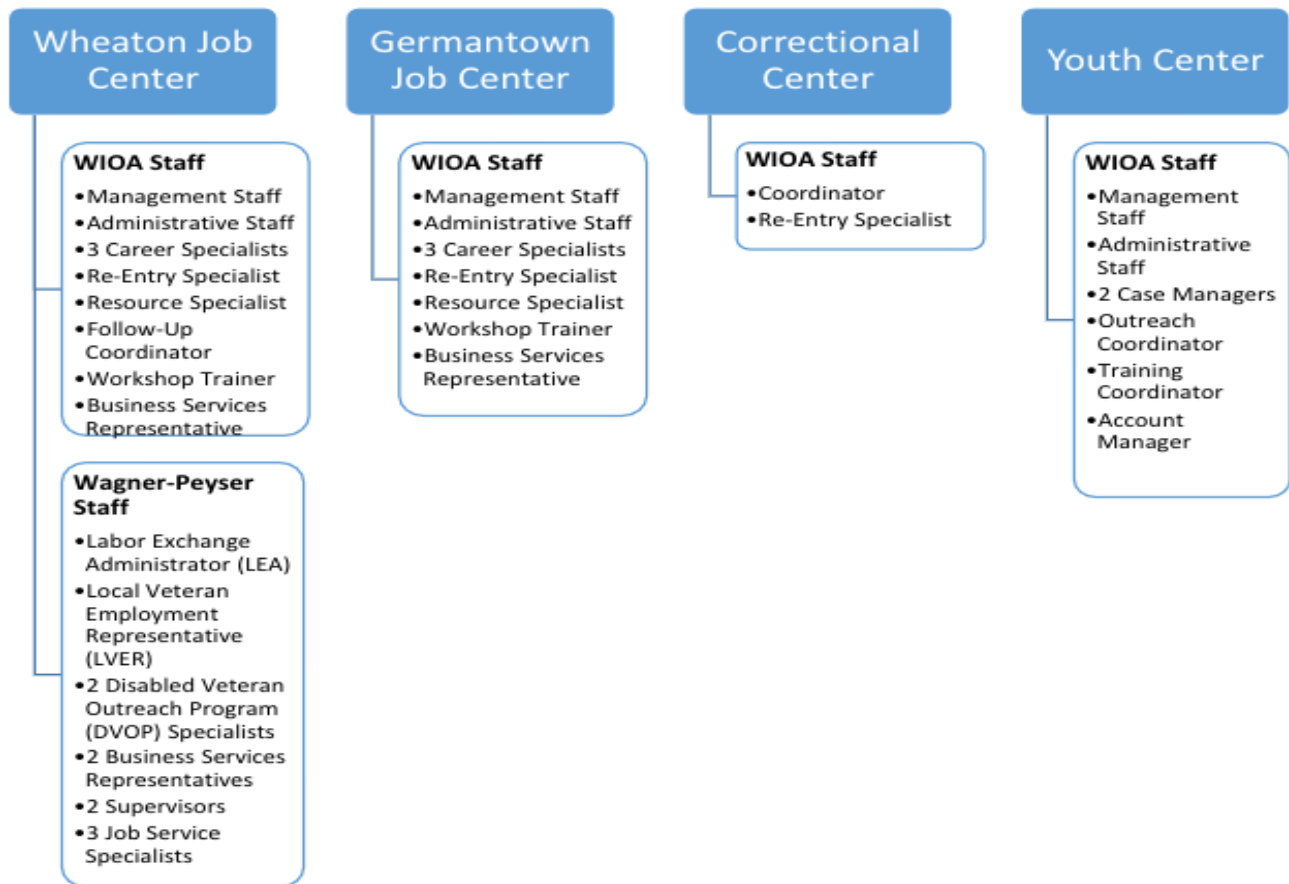
⁴⁸ The Planning Team included the Director of HHS, Montgomery College's Dean of Instruction, Adult ESOL & Basic Skills for College and Careers, the Director of Programs for the Literacy Council of Montgomery County, HHS' TANF Program Manager, the Deputy Warden from Montgomery County Corrections, the Directors of Montgomery Moving Forward, Nonprofit Montgomery, the Jewish Council for the Aging, MCAEL, Leadership Montgomery's CEO and WDB Members from Ernest Maier, Pepco, Donohoe Construction and Novavax and with Identity, Per Scolas and the Success Zone Inc.

As part of its focus on coordinating the County’s workforce activities across the federal programs, the Plan reviewed data about workforce barriers by subgroup, e.g., the needs of veterans, disconnected youth, and individuals with cultural barriers, with basic skill needs, with disabilities and those over 50. It noted:

- The County serves about 12K to 14K individuals and 400 employers annually at its job and youth centers.
- Over 180+ community nonprofits and government agencies provide workforce services in the County.

Staffing. A graphic below depicted staffing for the County’s Job Centers and noted that the core federally funded workforce services convened monthly as part of the Job Center Consortium.⁴⁹

Graphic 7: Montgomery County Job Center and Programmatic Staffing.



Performance Outcomes. WDB uses a data-driven model that tracks WIOA performance indicators and other quantitative and qualitative measures, including qualitative data, return on investment metrics and labor market patterns and trends. WDB issues quarterly reports to stakeholders and posts interactive performance data live

⁴⁹ Local plan, page 22-23. Per the plan, Resources Sharing Agreements and MOUs will define partner roles and be coordinated through the Job Center Consortium. The Consortium must “establish processes and systems to oversee the system across all sites and MOU partners [and] ensure collaborations and referrals among partners; and ensure the involvement of the right partners.” pp.34-35

on its website. It also has a dashboard of critical measures and WIOA indicators. Exhibit 5-4 lists three groups of key measures that the WDB uses to track outcomes in real-time.⁵⁰

Exhibit 5-4. The Workforce Development Board’s Key Performance Outcome Measures

Group 1: Customer Perspective
<ul style="list-style-type: none"> • Increase and sustain employer satisfaction • Increase and sustain jobseeker customer satisfaction • Increase number of businesses engaged with the economic development corporation that report using workforce services • Number of individuals employed at or above the county’s living wage rate • Number of individuals who were placed in a job in the targeted industry for which they were trained.
Group 2: Internal Processes Perspective
<ul style="list-style-type: none"> • Decrease cycle time to develop and execute products and services • Improve the image of the workforce system
Group 3: Financial Perspective
<ul style="list-style-type: none"> • Return on Investment (both financial and social)

Alignment Across Core Programs to Achieve the Strategic Vision and Goals. The Job Center Consortium serves as the collaborative for WIOA System Core Partners. Through MOUs, partners commit to coordinate and align services so business and jobseeker customers have easy, accessible and transparent experiences that respond to their needs. Based on the Consortium’s feedback, WSM is addressing service accessibility and focusing on the Job Centers’ two primary customer groups - the Business Solutions/Consultations and Job Seeker Services:

- The **Business Solutions Team** works to provide a single point of contact for businesses across all workforce system partners.
- The **Job Seekers Solutions Team** focuses on enhancing access for customers across all programs and strengthening partner engagement. Partners coordinate their efforts to improve customer flow and data sharing, to reduce service duplication, to leverage resources and to create a coordinated referral and intake system and a common customer satisfaction system.

To better engage employers, WSM formed a small business advisory group and designed a new Business Solutions approach to engage employers throughout their business life cycle. The WDB oversees strategies, such as industry led alliances, career pathways and common metrics, that the Business Solutions Team carries out. Lastly, to better coordinate the County’s workforce and economic development efforts, WSM and MCEDC are co-located. They share Salesforce and labor market data to better coordinate their business outreach activities.

⁵⁰ As the operational arm of the workforce system, WSM “tracks monthly workforce activity and proactively assesses WIOA indicators of success and program operators.”

2. WorkSource Montgomery Local Area Workforce Plan (2016-2020)

In April 2019, WorkSource Montgomery’s Board adopted a Local Area Workforce Plan. Of note, the plan:

- Re-affirms the seven key industries identified previously;
- Reports industry led Alliances in Bioscience, Hospitality, Construction, Health Care and Cyber/IT;
- Reports WSM’s ongoing cultivation of sector partnerships, modeled after Maryland’s EARN grant;
- States that industry alliances are or will be engaging in advising on the development of career pathways;
- Reports WDB supports different training models to ensure that the system meets business needs; and
- States WSM has developed several approaches to skills enhancement such as short-term occupational training, work and learn models (including apprenticeships) and incumbent worker training.

Citing Maryland’s benchmarks of success, WSM set three workforce system priorities under the updated plan:

- **To increase strong customer-focused practices with a 70% sustainable employment placement rate.** This priority will be addressed through the HIRE program and the re-location of the Wheaton Job Center.
- **To increase employer engagement and career pathway partnerships in strategic industries.** Actions that support this priority are formalized partnerships with Montgomery College and the Universities of Shady Grove to create new pathway programs and plans for a stronger MCPS partnership.
- **To enhance current community-based partnerships.** Actions to support this priority include monthly meetings with core partners at the Wheaton Jobs Center and future plans for asset mapping.

The plan addresses strategic planning to strengthen the local workforce system and explains how the WDB and ABC will collaborate as strategic leaders and conveners. It offers the following list of roles and responsibilities.

Partner	Programs
WorkSource Montgomery Inc (WSM)	Adult, Dislocated Workers, Youth services
Maryland DLLR	Wagner-Peyser, Trade Adjustment Assistance, Jobs for Veterans State Grants, Unemployment Insurance
Division of Rehabilitation Service	The Vocational Rehabilitation program
Jewish Council for the Aging	The Senior Community Service Employment Program
Montgomery County Public Schools	K-12 Technical education at the secondary level, National External diploma, Carl Perkins program
Montgomery College	Adult Education and Literacy activities; training providers, Career and technical education programs at the post-secondary level.
Job Corps	Job readiness services for youth
Montgomery County Community Action Agency	Community Block grant administrator and supportive services
Montgomery County Department of Housing	Employment and Training activities
Mont. County Dept. of Health& Human Services	TANF and SNAP
Local Management Board	Outreach and supportive services
Community based organizations	Outreach and supportive services
Faith based organizations	Outreach and supportive services
Mont. County Economic Development Corp	Business Engagement

Integrating and Aligning Other Services. The Plan's discussion notes that WSM, Montgomery College and the Literacy Council are working together to better coordinate their services. Of note:

- Efforts to coordinate Title I and Title II services will address cross-training of staff, stronger referral processes, and a focus on English for the Workplace for English language learners who need contextualized opportunities in targeted industries;
- The Plan notes that WDB also has a strategic partnership and MOU with the Division of Rehabilitative Services (DORS) and DORS provides information and assistance to AJC partners and placing individuals with significant disabilities in employment under Title IV.
- The Plan describes the efforts of WSM, the WIOA partners and DHHS' TANF workforce subcontractor to create an integrated system, including customer intake, referrals, service coordination, data matching and client tracking, targeted services for hardest to service clients and two-generation approaches.

CHAPTER VI. Montgomery County’s Implementing Infrastructure for Economic and Workforce Development

This chapter looks at Montgomery County’s public workforce development system through the lens of a series of strategic frameworks for economic and workforce development that the County created. These include a 2012 strategic framework that led to a comprehensive plan adopted in October 2016 and a second strategic plan for a workforce development system adopted in October 2015. It has three parts, organized as follows:

- **Part A** describes the County’s strategic framework for its economic development strategy and fund;
- **Part B** describes an implementation roadmap for a demand-driven workforce development system; and
- **Part C** describes the history and elements of the County’s workforce development law.

A. Montgomery County’s Economic Development Strategic Framework

Beginning in 2012, the County enacted a strategic plan structure for its economic development funds that required the Executive to propose and update a strategic plan; incorporate measures to track the plan’s success; and, report how projects that received County funds contribute to achieving the strategic plan goals.

1. Bill 14-12, Economic Development Fund – Amendments

In September 2012, the Council enacted Bill 14-12, Economic Development Fund – Amendments. This law required the County Executive to develop a new strategic plan for economic development that had measurable goals linked to projects funded through the Economic Development Fund (EDF). Per Council staff, the economic development strategic plan was intended “to create a framework that drives the decisions made on individual projects, including individual economic development projects. Grants and loans from the EDF that are consistent with a strategic plan are more likely to complement other economic development efforts and improve the efficiency of the overall economic development service delivery structure.”⁵¹

Bill 14-12 required the Director of Economic Development to provide the Council with “an analysis of how the proposed assistance supports the overall goals of the economic development strategy.” It required the annual EDF report to “describe the success of each award ... in satisfying the economic development goals” and “track the progress of the Fund in satisfying the overall goals of the approved economic development strategic plan.”⁵²

Per the bill, “the success or progress of the strategic plan must be measurable and include measures to address:

(1) Job creation;	(6) Growth in tax base;
(2) Private sector compensation and benefits;	(7) Economic opportunity for residents;
(3) Target industries;	(8) Encouragement of entrepreneurs and small business;
(4) Target geographic areas;	(9) Land use; and
(5) Workforce education and training;	(10) Other actions necessary to promote economic development in the County.

⁵¹ PHED Committee Worksession: Bill 14-12, Economic Development Fund - Amendments, PHED Item 2, Sept. 10, 2012, p. 5. https://apps.montgomerycountymd.gov/ccllims/DownloadFilePage?FileName=824_1_2801_Bill_14-12_Committee_20120320.pdf. Staff noted “strategic planning [is] a proactive, future-oriented approach ... [that] helps to chart a path from goals to strategies, to specific actions or projects”; that “a strategic planning process helps to create a consensus about a County’s economic development goals” and “having established the community’s goals, [then] draws upon its research to identify the appropriate mix of strategies; that “implementing the strategies requires an allocation of resources. Work programs and budgets must be aligned with the ... plan...[and] implementation must be monitored to ensure ...execution ...is effective and that the strategies advanc[e] the community’s efforts to achieve the agreed upon goals.”

⁵² Ibid, 5-6. The most recent EDF report provides a summary of EDF programs but they are not linked to a strategic plan. https://www.montgomerycountymd.gov/BONDS/Resources/Files/2020_Annual_Economic_Development_Fund_Report.pdf

Council staff's review noted that cycles for economic development strategic plans were typically three to five years. Staff recommended that the law specify a four-year planning cycle, so the adoption of a new plan would be scheduled for the first year after a new Executive and Council took office. The staff's view was that this cycle would provide time to implement the plan and track its success but still allow for a plan that was fluid and that could be changed to reflect changes. Staff also advised that an effective strategic planning process must:

- Be continuous and include frequent updating to reflect current needs and resources; and
- Have the support of the organizations charged with implementing the plan.⁵³

In response to concerns the County Attorney raised about separations of powers, the Bill was amended to require the Executive to develop a strategic economic development plan by a method one regulation to allow the Council to have input into the plan.

2. Executive Regulation 10-16, The Comprehensive Economic Strategy (CES)

On October 18, 2016, the Council adopted Executive Regulation 10-16, Comprehensive Economic Strategy, a "data-informed roadmap for the County's key business vitality, talent, creative economies, and placemaking needs." Executive branch staff led the strategic planning process, consulting with an advisory group that had representatives from the local government, business community, nonprofits and community groups.

The County Executive's transmittal memo stated the Plan was a product of rigorous market research, that it had a three to five-year implementation horizon and that it would be reviewed annually. This dynamic approach to implementation would allow the County to track progress and re-prioritize its strategies and actions as needed.

In October 2016, when the PHED Committee reviewed the proposed Executive Regulation, Council staff noted that the County Government would not be the primary implementing organization. Instead, the Plan's implementation would depend on "multiple implementation partners including a significant role for the Montgomery County Economic Development Corporation (MCEDC)."

Vision, Guiding Principles, Goal Statements and Strategies. The CES Plan articulated six guiding principles that the County would follow to implement its vision for economic prosperity. This vision of economic prosperity saw the County becoming "a global magnet for creative companies, technologies and people." The guiding principles called for an approach that was: 1) diversified across a broad range of industries, 2) enterprising as evidenced by actions that seeded a culture of entrepreneurship, 3) purposeful, 4) connected, 5) sustainable and 6) innovative.

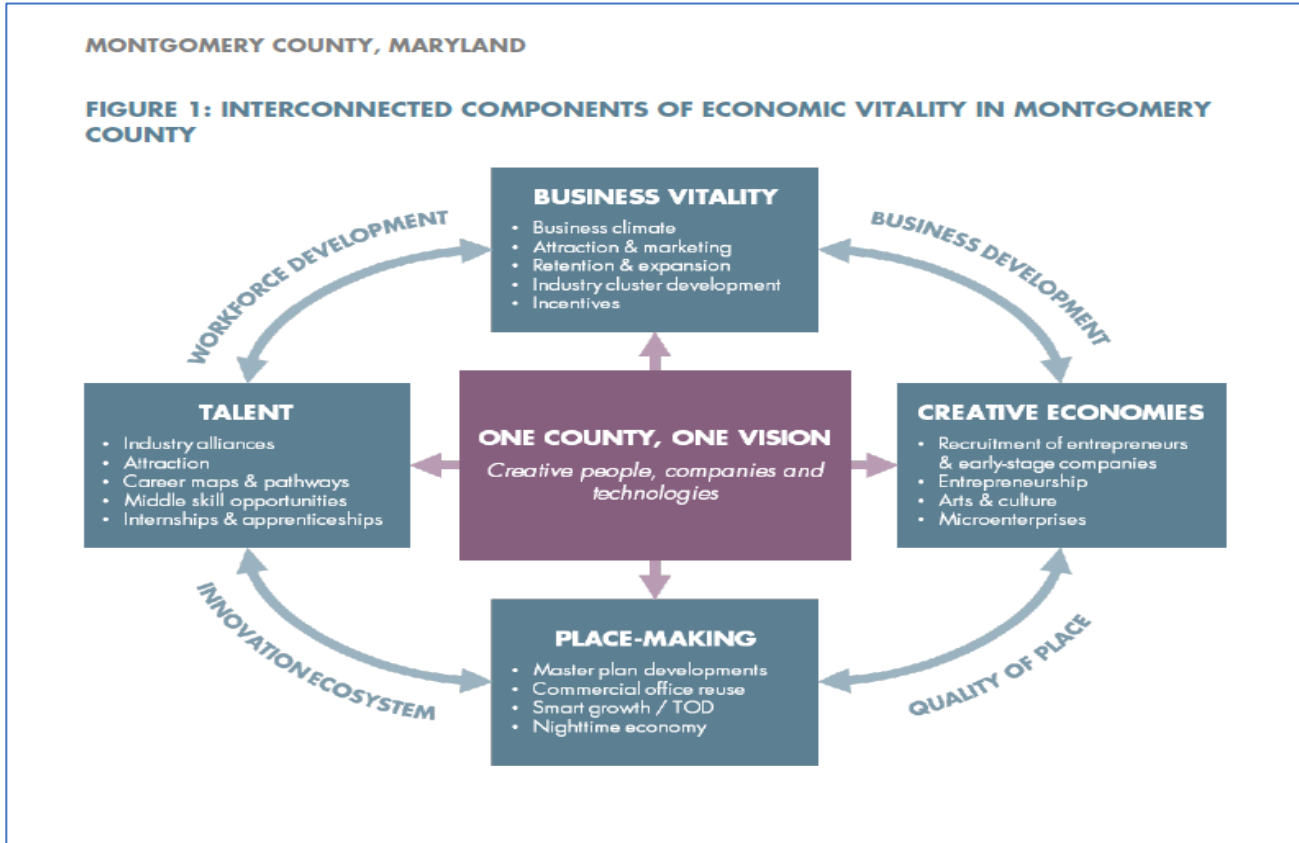
Executive Regulation 10-16 lists four Plan goals. Each goal has 6-12 implementing strategies, multiple action items, a set of success measures. The four goals are:

- **Goal #1, Business Vitality:** Montgomery County will be able to compete with any community in the nation for investment and jobs.
- **Goal #2, Talent:** Montgomery County will be home to a deep and diverse talent pool that meets the long-term needs of employers and helps spur economic growth.
- **Goal #3, Creative Economies:** Montgomery County will be an international hub for entrepreneurship and innovation.
- **Goal #4, Placemaking:** Montgomery County will be a national model for providing the quality places, infrastructure, and amenities desired by employers and residents.

⁵³ Ibid, 6.

Exhibit 6-1, from the CES Plan, shows the factors that contribute to each of the four strategic goals. It also shows the expected linkages between the goals – including workforce development as a linkage between the goals of talent and business vitality - and how they form the basis of the County’s future vision of economic prosperity.

Exhibit 6-1. The Interconnected Components of Montgomery County’s Economic Vitality



Executive Regulation 10-16 also identifies six target industries or markets where the County should focus its efforts. They are:

- 1) Biohealth/bioscience;
- 2) Information technology/cybersecurity;
- 3) Financial services;
- 4) Advanced manufacturing;
- 5) Corporate/regional headquarters; and
- 6) Entrepreneurs and innovators.

The Executive Regulation lists the performance measures that the County will collect and analyze annually to “evaluate the effectiveness of its economic development efforts.” The Executive Regulation states that the FY16-17 data will serve as the baseline for future analysis. The FY16-FY19 data will include analyses that compare Montgomery County to peer jurisdictions, Maryland and the nation, where practical. The exhibit below shows the measures of success that align with each of the CES’ four aspirational goals.

Exhibit 6-2. Performance Measures for the Components of Montgomery County’s Economic Vitality

Goals and Measures of Success/ Data Sources
A. Business Vitality: Measures of Success
<ul style="list-style-type: none"> • The number of jobs created/retained – (Maryland Department of Labor, Licensing and Regulation (DLLR)) • Average wages of jobs created/retained (DLLR) • Private employment (DLLR) • Non-federal government sectors as a percent of County GRP (EMSI input/output model) • Private commercial tax base (Montgomery County Govt) • Time required for development approvals and permit processing (Montgomery County Govt) • Number of expanded businesses retained in County (MCEDC) • Foreign Direct Investment (MCEDC)
B. Talent: Measures of Success
<ul style="list-style-type: none"> • Population age 25+ with a bachelor’s degree or higher (U.S. Census Bureau American Community Survey (ACS-1 yr est)) • Percent of the population age 20-34 (ACS-1 yr est) • Number of enrolled college and university students - Montgomery College, Universities of Shady Grove, Johns Hopkins University • Annual unemployment rate- DLLR • Net migration to the County - Internal Revenue Service • Labor force participation rate for working-age population (ACS 3-yr est) • Median household income (ACS-3 yr est) • Average weekly wage per worker (DLLR)
C. Creative Economies: Measures of Success
<ul style="list-style-type: none"> • Private business establishments U.S. BLS (QCEW) • Number and dollar value of venture capital and angel investment deals PWC/National Venture Capital Assoc. Moneytree Report (regional) • Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) awards US SBA (www.SBIR.gov) • US Patent & Trademark Office – General Patent Statistics Reports (utility patents) • Federal R&D higher education expenditures National Science Foundation – Higher Education Research and Development Survey
D. Placemaking: Measures of Success
<ul style="list-style-type: none"> • Amount of new office space (SF) added to regional market Regional commercial real estate brokerage • Regional commercial real estate brokerage • Net absorption rate (Regional commercial real estate brokerage) • Retail Sales (Comptroller of Maryland, Bureau of Revenue Estimates) • Median owner-occupied home value (US Census Bureau – American Community Survey (3 year estimate)) • Regional commercial real estate brokerage

Source: Montgomery County Comprehensive Economic Strategy November 2016

B. The Recommended Implementation Framework for CES

The CES Plan detailed sets of instructions to implement each of its four aspirational goals. It explained that implementation required both a set of related strategies and actions and “a set of metrics [that] measured progress toward implementation.” A detailed list of the strategies and actions for each goal and lists of potential implementing partners and suggested timeframes is in Appendix C of the CES document. This section summarizes the recommended implementation roadmap for the County’s workforce development system.

The Implementing Strategies Road Map for Goal #2: Talent. The CES Plan identified 12 strategies and three dozen actions to be carried out by several entities, including WSM, MCEDC, MCG, County chambers, business organizations, education providers and sector partnerships. Exhibit 6-3 displays this implementing framework.

The CES Plan organized the strategies into two groups and outlined a two-part implementation process. The first priority was called for a more robust set of employer-led sector partnerships for each of the County’s strategic industries. The second priority called for an organizational transformation of WSM and a more robust set of career pathways.

Phase One. The first six strategies stepped through a series of system building activities and collaborative efforts to create a robust system of employer led sector partnerships for the County’s strategic industries. Of note,

- In the first year, the CES Plan called on MCEDC, as the County’s lead economic development organization, to work with WSM to define their mutual expectations and establish a system infrastructure. It recommended that MCEDC and WSM: 1) define the role and value needed from the County’s workforce development system and the expected interface between the two systems; 2) establish a communication process so that MCEDC could communicate the needs of business in a way that enabled responses from the workforce system that were timely and effective.
- In years one through three, the CES Plan called for MCEDC, the County Government and WSM collaborating to expand the County’s system of employer-led sector partnerships. Each employer led partnerships was to create an action plan and have a dedicated WSM Inc staff person as a sector expert. Staff were responsible for maintaining strong relationships with local players in a cluster and bringing sector stakeholders together to report annually on the implementation of the action plan. Finally, WSM and MCG were expected to work together to seek funding to develop and staff workforce solutions.
- As the County’s system of sector partnerships expanded and matured beyond Year Three, the CES Plan anticipated MCEDC taking a lead role, with County chambers and business organizations, to engage the WDB, employers and education providers to recruit and retain premier talent. It called for WSM to work with education partners to align workforce development and education efforts with employer needs.
- To complete the initial buildout of the workforce development system, the CES Plan called for WSM to use data to forecast workforce and talent needs to improve the quality of the delivery system. These strategies included using employer surveys, interviews, information from industry alliances plus, state and local labor market information to develop short and long-term occupational forecasts.

Phase Two. The second set of strategies addressed: 1) transitioning WSM organizationally from that of a grant steward to a system builder; 2) conducting a system gap analysis to implement a more robust system of career pathways; and 3) stepped up marketing and branding efforts. Of note,

- In the near term, WSM was to: 1) develop a set of performance metrics for its organization and the workforce system and 2) undertake a gap analysis of critical workforce system elements to generate a working list of strategies that partners and stakeholders would pursue to address the gaps.
- The CES Plan strategies called for a working group of workforce system partners, e.g., WSM, MCEDC, education providers and sector partnerships, to conduct a career mapping study that defined high demand career pathways for the County’s strategic industries. As this effort matured, the collaborative was to establish more work-based learning experiences and WSM was to create a centralized database. Later, this Group was to undertake a campaign to expand awareness and change perceptions among local youth about the County’s middle-skill career opportunities.

Exhibit 6-3. The Implementation Roadmap for Montgomery County’s Workforce Development System

	Strategy	Partners
2.1	Align all programmatic and strategic workforce efforts throughout the County to provide comprehensive workforce solutions to businesses and jobseekers.	NA
2.2	Determine WSM’s value to economic development; add WSM to the County’s team; and design programs that implement the talent component of the CES.	WSM and MCEDC
2.3	Expand employer led sector partnerships in the County’s strategic industries to address priority issues within a target market, especially those related to talent.	WSM, MCG and MCEDC
2.4	Engage WSM, employers and education providers to recruit and retain premier talent.	MCEDC, County chambers, Business organizations, MCG
2.5.	Align workforce development and education efforts with employer needs.	WSM, education partners, DOF, MCEDC
2.6	Use data to forecast workforce and talent needs and improve the quality of the delivery system.	WSM
2.7	Collect, analyze and disseminate information on current operations in the County’s workforce development system and on evidence-based best practices from elsewhere.	WSM
2.8	Conduct a gap analysis on an identified set of critical elements to reflect the changing needs of the workforce system and its customers (e.g., current and future skills needs, pathways, access to services, services currently delivered, and quality of services).	
2.8.1	Regularly convene partners and stakeholders to define critical elements to evaluate the system and then identify the universe of programs in the workforce system.	WSM
2.8.2	Conduct the program assessment and analyze the gaps.	WSM
2.8.3	As part of the regular convening of partners and stakeholders, use the results to identify strategies for filling the identified gaps.	WSM
2.9	Conduct career mapping in strategic industries to create “on-ramps” to pathways for jobseekers and ways for employers to reach into pathways to find qualified individuals.	
2.10	Develop a campaign to expand awareness and change perceptions among local youth regarding middle skill career opportunities in Montgomery County	
2.11	Develop and expand work-based learning opportunities that facilitate career pathways programs and enable individuals to build 21 st Century skills and provide them the ability to earn while they learn.	
2.12	Launch a new brand, communication and marketing strategy for the workforce system to increase awareness and use among business leaders and the community.	

B. County's Workforce Development Law

In 2015, Montgomery County overhauled its workforce development law. The first step was the passage of Bill 25-15, Economic Development – Reorganization – Montgomery County Economic Development. Signed into law in July 2015, the Bill abolished the Department of Economic Development and authorized the designation of a nonprofit to serve as the County's lead economic development organization. Four months later, the County enacted Expedited Bill 40-15, which privatized and addressed the organizational structure of the County's workforce development functions. This section provides the history and a summary of Expedited Bill 40-15.

1. The Recommendations and Strategic Plan of the Executive's Workforce Strategies Steering Committee

In 2015, County Executive Leggett convened a Workforce Strategies Steering Committee (WFSC) to examine best practices and develop recommendations for "development of a not-for-profit entity that would be designated to facilitate, coordinate, align and innovate workforce development throughout the county."⁵⁴ The WFSC's subsequent report recommended a governance structure, a strategic plan and a performance measurement framework for the County's workforce system and the programs of a lead nonprofit entity.

Governance Structure. WFSC addressed the roles of County elected officials and a designated lead entity. Regarding the expected roles of the County's elected officials, it stated:

The Workforce Innovation and Opportunity Act (WIOA) lays out a substantial role for Local Elected Officials, not necessarily 'government.' Primarily, in partnership with the local Workforce Development Board (WDB, formerly WIB), they provide oversight to the system. ... The County Executive and County Council promote the vision for the workforce development system; approve local plans, in partnership with the WDB, they develop and approve the budget...

Beyond [WIOA], in local areas with robust workforce development systems, the local elected officials use the federal funds to leverage other resources to build and sustain a workforce system connected to economic development [and they] promote[s] the vision and engage[s] businesses to become partners in the system.⁵⁵

WFSC's overarching recommendation was for "a not-for-profit as the single, readily identifiable structure to lead a comprehensive and demand driven system of workforce development for Montgomery County." Its proposed roles for this entity included acting as a focal point for businesses and individuals with workforce needs; a catalyst for change; a community facilitator and convener; and, a workforce intermediary or broker.⁵⁶

The WFSC's Proposed Strategic Plan. The WFSC proposed a strategic plan for the County's workforce system that recommended a vision, mission and value proposition. The Plan identified three goals and objectives to accomplish the system's priorities over its first five years. It anticipated the system would be "evaluated regularly during its initial growth phases and periodically after the first year." It suggested that structuring the

⁵⁴ PHED Committee Briefing and Discussion: Transfer of Workforce Development Function to WorkSource Montgomery, Inc. https://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2015/150727/20150727_PHED3.pdf, circle page 16.

⁵⁵ Ibid, circle page 5.

⁵⁶ Ibid, circle page 22

growth and evolution of WorkSource Montgomery around these strategic plan goals and objectives would lead to measurable outcomes for success. Finally, it suggested using both qualitative and quantitative measures and proposed using the measures listed below as a preliminary list for discussion purposes.⁵⁷

Exhibit 6-4. WFCS’s Potential List of Performance Measures for the County’s Workforce System

Qualitative Measures:

- Clear pathways for unemployed and underemployed to access training and jobs in the trades.
- Clear pathways for youth who are not going to college – and who may have dropped out of high school – to receive skills development training for jobs that do not need four or even two-year degrees.
- Identifiable continuum of progress with easily accessible doorways for individuals to enter, advance, exist and re-enter as necessary.
- Communication channels to articulate pathways and options for both employers and customers.
- Scalable structures to ensure capacity can increase as needs increase.
- Programs and systems in Montgomery County are transferable to other parts of the region.
- Correlation by which the county goals and objectives of the comprehensive economic development plan are met via workforce development programs.

Quantitative Measures:

- Number of employers in the targeted industries who find qualified workers from Montgomery County.
- Number of training related job placements.
- Number of individuals who are placed in jobs with family-sustaining wages.
- Number of employers who report that finding qualified workers within the county was efficient.
- Number of employers or individuals who have located training and education resources through the online training resource directory.
- Number of community-based organizations that have drawn on career resources of the corporation.
- Number of employer requests that have been addressed within a stated period.
- Quick response time changes in skills needs regarding gathering input from employers and making changes needed to training, curricula and other resources.

Worksession of the Planning, Housing and Economic Development (PHED) Committee. The PHED Committee met with WFSC to discuss its report in July 2015. At the worksession, the Workforce Strategies Steering Committee stressed the importance of numerous aspects of its plan to the Council:

- Linking workforce development programs to comprehensive economic development strategies;
- Creating an efficient system where employers would find talent;
- Targeting not just any business but strategic industries; and
- Creating career pathway structures to serve the 22% of MCPS graduates who do not enroll in college.

WFSC explained that its structure of two business-oriented boards would allow one board of business leaders to engage in policy setting, i.e., the official Workforce Development Board, and a second board of action-oriented business leaders serving as a policy implementation entity. WorkSource Montgomery, the contractor, would be a smaller, reactive, fast-moving board focused on operations and seen as the owner of the workforce system.

⁵⁷ Ibid, circle page 33.

The PHED Committee’s discussion raised questions about: the relationship between the two nonprofit entities, why the Executive had chosen not to propose legislation to enhance the Corporation’s authority and the strategy the Corporation would pursue to align the 170+ programs in the County with workforce development service components. After its worksession, the PHED Committee agreed with the plan in concept and chose not to meet to discuss Bill 40-15 after it was introduced.

Elements of the County’s Workforce Development Law. Bill 40-15 amends Chapter 30B, Economic Development Corporation, of the County Code by adding a Workforce Development Article. Section 30B-8 Policy Objectives states that the County’s economic development success depends on “a comprehensive and demand driven system of workforce development.”⁵⁸ It establishes three objectives for workforce development in the County:

- [To] meet the talent attraction, development and retention needs of strategic industries;
- [To] meet the needs of the underemployed and unemployed; and
- [To] develop career pathways that lead to sustainable wage jobs to support a thriving economy.⁵⁹

To accomplish these objectives, the provisions of Chapter 30B:

- State that the Council must designate by resolution approved by the Executive a single nonprofit corporation to serve as the County’s Workforce Development Corporation.
- Specify that the president of the Workforce Development Corporation serves as the executive director of the County’s Workforce Development Board and that the staff of the Workforce Development Corporation also serves as staff of the County’s Workforce Development Board.⁶⁰
- Mandate that the Workforce Development Corporation recommend workforce development programs and performance measures to the Executive, Council and Workforce Development Board each year to advance the policy objectives listed in Section 30B-8.⁶¹
- Authorize several County government entities, including the Office of Management and Budget, the Department of Finance, to provide “relevant economic data” to the Corporation if requested.⁶²
- Direct the research division of the County Planning Board to provide research support to the Corporation “to the extent approved by the Council as part of the Planning Board’s work program.”⁶³

The law also states the Corporation must make public data sets available “to improve public knowledge of the Corporation and its operations; further its mission; or increase its accountability and responsiveness.”⁶⁴

⁵⁸ Section 30B-8(a), Policy objectives,

⁵⁹ Ibid

⁶⁰ Section 30B-10(a)

⁶¹ Section 30B-12(a)

⁶² Section 30B-13(a)

⁶³ Ibid

⁶⁴ Section 30B-13(c)

C. Strategic Framework and Performance Measures for the WorkSource Montgomery Board

In 2018, WorkSource Montgomery’s Workforce Development Board adopted a strategic plan to define its vision, mission and value proposition. Its vision calls for “[e]conomic development, education, and the system of talent development [to be] aligned both locally and regionally to sustain a vibrant economy in the County.”

Its three-part mission statement mirrors the description of the workforce development system in Bill 40-15, namely: 1) to meet the talent attraction, development and retention needs of strategic industries; 2) to meet the needs of the underemployed and unemployed; and 3) to develop career pathways that lead to sustainable wage jobs and support a thriving mission.

The plans set three strategic goals and a set of initiatives, shown in the following table, intended to “focus the work of WorkSource Montgomery in accomplishing the priorities outlined in the County’s WIOA Local Plan.”⁶⁵

Exhibit 6-5. WorkSource Montgomery Strategic Goals and Initiatives

<p>Goal 1: WSM will convene and act as an intermediary to meet the talent needs of County employers.</p> <ul style="list-style-type: none"> • Conduct a communication and engagement campaign for each targeted industry sector, to educate employers about WSM role, add value, and services and engage them more fully as partners. • Create programs that uniquely strengthen talent pools with industry-defined qualified candidates.
<p>Goal 2: WSM will facilitate programs and processes to ensure the County’s diverse career seekers will have access to high quality and aligned skill building and career development programs.</p> <ul style="list-style-type: none"> • Implement customer-focused strategies addressing the holistic career seeker. • Unify and target quality education and training services
<p>Goal 3: WSM will catalyze change in the community to build an effective talent development system.</p> <ul style="list-style-type: none"> • Assess and drive continuous improvement of the Job Center’s capacity and performance. • Development and implement an advocacy strategy toward workforce development issues at the local, state and national levelers supporting policy and regulatory reform. • Assess and improve Board structure and operations • Develop and implement a resource diversification strategy, including finalizing general goals, specific targets and action plans. • Assess and continuously improve multi-platform communication infrastructure and activities. • Assess and continuously improve data and quality assurance infrastructure and activities.

Performance Measures in WorkSource Montgomery Contract. The Scope of Services for the WorkSource Montgomery contract has specific performance targets, including measures for priority goals for its major customer groups (jobseekers, employers and nonprofit community partners) and measures for seven County programs. WSM submits reports throughout the year. The table below outlines the matrix of goals and measures that the County Government uses to track WSM’s performance and progress on these goals.

WorkSource Montgomery Performance Goals – Overall Priority Goals

⁶⁵ WorkSource Montgomery “Organizational Overview: Vision, Mission, and Value”

PRIORITY GOALS		Goal
#1	Job Seeker Services: To implement strong customer focused practices with 70% sustainable employment.	
	Number of clients placed in jobs	70% of active clients
	Number of clients placed by major industrial sector (aggregated)	
	Percentage of those placed in jobs that are still employed after six months	60%
#2	Employer Engagement: To increase employer engagement and career pathway partnerships in strategic industries.	
	Number of hiring events Contractor participated in each month and percentage of opportunities at each event that were filled	Eight events/month 50% of opportunities filled
	Number of job placement through hiring events by the major industry sector	
	Number of new training programs created	Three new/year
	Percentage of those in new training programs receiving credentials	80%
#3	Priority 3 Community Partnerships: To enhance current community-based partnerships.	
	Number of CBO entities that make referrals within the workforce System	25
	Type and frequency of employment barrier support services requested	List and tally of services to inform systems development

WorkSource Montgomery Performance Goals – Program Goals

PROGRAM GOALS		Goal
#1	Summer RISE Program/Stipend Admin Effort	
	Percentage of stipends processed compared to initial enrollment	88%
	Number of companies visited for the purpose of participating in the RISE program	20
#2	Summer Youth Opportunity Program *** Program completed August 2019	
	Number of pre-apprenticeship programming provided to opportunity youth	60 by 8/19
	Number and percentage of participants placed in jobs and average wage at placement	50% of participants
#3	HIRE Centers	
	Number of clients by HIRE Center location and type of services by major category	8
	Number of clients served who completed training	25
	Number of clients served who were placed in employment and average wage at placement	100
	Number of clients placed in employment by major industrial sector (aggregated)	List of industries and placements
#4	Career Advancement Program (CAP) Program	
	Number of in-demand career pathway program(s) developed	4
#5	STEM Careers	
	Number of participants provided with job placement services for STEM positions	50
	Percentage of those placed in STEM positions	70%
	Number of jobs posted on BHI's jobs board; percentage of those postings in STEM fields	50
#6	LAUNCH Montgomery – Entrepreneurship and Innovation Center	
	Number of students served by the Entrepreneurship and Innovation Center	150
	Number of participants per speaker event	15
#7	Advancing Green Technologies	
	Number of recruiting events conducted	15
	Percentage of employers at recruiting events in the STEM fields	75% of STEM employers
	Number of attendees at recruiting events	5
	Number of attendees placed in STEM positions	25

CHAPTER VII. FINDINGS AND RECOMMENDED DISCUSSION ISSUES

Workforce development refers to services and programs that prepare individuals for work and improve their labor market prospects. It is a concept that continues to evolve. Historically, public workforce grants funded education, skills training and employment services for jobseekers facing barriers to employment. Today, workforce development consists of services from a public system, business-led partnerships or a blend of both.

Workforce development systems are multifaceted and context-dependent. Some systems orient their services primarily to address training needs for different workforce segments; others are “demand-driven” systems led by business partnerships; and still, others function as part of systems change initiatives that target a set of defined socio-economic outcomes. Each system engages a different set of stakeholders based on its purpose and design. A system’s actors may assemble a mix of business organizations, industry associations, unions, community colleges, philanthropic funding collaboratives, workforce intermediaries and workforce boards.

Under New Public Management, public officials rely on performance management frameworks and outcome measures to monitor programs and deliver results. At the outset, a performance management framework functions as an ongoing guidance system for evidence-based decision making and continuous organizational learning. Then, as a framework’s metrics are integrated into key aspects of an organization’s management and policy-making processes, an organization will institutionalize and adjust its decision-making practices based on these integrated metrics. Over time, its practices are transformed so that it delivers better results for the public.

Key attributes of successful performance management frameworks are a strong organizational structure, a policy coordinating mechanism and a coordinated implementation framework. Because workforce development is multi-faceted and because a workforce development system lacks a centralized implementation structure, the pre-requisites of a successful performance management framework do not exist as core characteristics to manage workforce development. This gap can create system design challenges for those communities that want to use these frameworks to manage the delivery of their workforce development programs and partnerships.

This OLO report responds to the Council’s interest in better understanding the functions of workforce development and the operations of these functions within the structure of a demand-driven workforce system. It looks at the components of workforce development with an emphasis on the characteristics of demand-driven systems. It then reviews research about outcome frameworks and sectoral partnerships before considering what this means for a performance management framework for the County’s workforce development system.

This chapter organizes OLO’s findings into five parts:

- Part A** Organizing Constructs for Workforce Development and Local Workforce Systems
- Part B** Outcome Frameworks for Workforce Development Partnerships and Systems
- Part C** Sectoral Partnership Strategies in Workforce Development
- Part D** The County’s Infrastructure for Implementing a Demand-Driven Workforce System
- Part E** Recommended Discussion Issues

A. ORGANIZING CONSTRUCTS FOR WORKFORCE DEVELOPMENT AND LOCAL WORKFORCE SYSTEMS

Finding #1. Workforce development piloted the use of career pathways, sector partnerships and workforce intermediaries to address various labor market disconnects. Generally, career pathways organize labor market supply-side activities; sector partnerships organize demand-side activities and workforce intermediaries' activities function to serve and connect the two sides of a labor market.

Workforce development funders and practitioners piloted the use of career pathways, sector partnerships and workforce intermediaries because workforce development systems lack a central, decision-making administrative structure. Two of these concepts – career pathways and sector strategies – are organizing constructs designed to address different labor market disconnects.

- Career pathways primarily operate from the supply side of the labor market. They sequence the acquisition of skills training and credentials delivered to job seekers and incumbent workers and help organize collaborations among educators, training providers and businesses.
- Sectoral strategies operate from the demand side to organize training partnerships among businesses in a common industry. They pool their training funds and collaborate with training providers to address their needs for skilled workers. Sector strategies with strong employer participation also embed career pathways in their design. These linked strategies are more effective than standalone career pathways.

A workforce intermediary is an implementing entity that leverages credibility it has built with stakeholders to improve labor market connectivity. A dual focus intermediary undertakes activities to bridge the gap between businesses with difficulty recruiting and retaining skilled workers and job seekers who struggle to find good jobs; other intermediaries may be more specialized on either supply side or demand side activities. An intermediary may also identify metrics to track progress and facilitate partners' communications.

Historically, public workforce boards were grant administrators for supply-side programs. Recently, they are being encouraged to take on new roles as either intermediaries and/or "system builders." Some boards function successfully as dual focus workforce intermediaries; however, views about this approach are mixed. For some, boards and intermediaries' functions are interchangeable; for others, they are complementary and synergistic.

Finding #2. Systems change initiatives are a newer workforce development organizing construct. Unlike short term programs with narrowly defined training outcomes, these broad-based efforts use systems thinking and outcome frameworks to achieve ambitious, long term socioeconomic changes.

In 2007, two professors raised concerns about the limited benefits of worker training programs because they often did not achieve important socioeconomic outcomes. They advocated for viewing workforce development as a way to bridge individual, organizational and societal interests to achieve broadly defined social benefits.

The implementation of this approach applies systems thinking and incorporates goals of social and economic well-being into an outcomes framework. These efforts often rely on career pathways and sector partnerships. When goal-oriented outcome frameworks guide these efforts, their metrics measure progress towards these goals while other system-building efforts will measure a mix of program outcomes and system-building metrics.

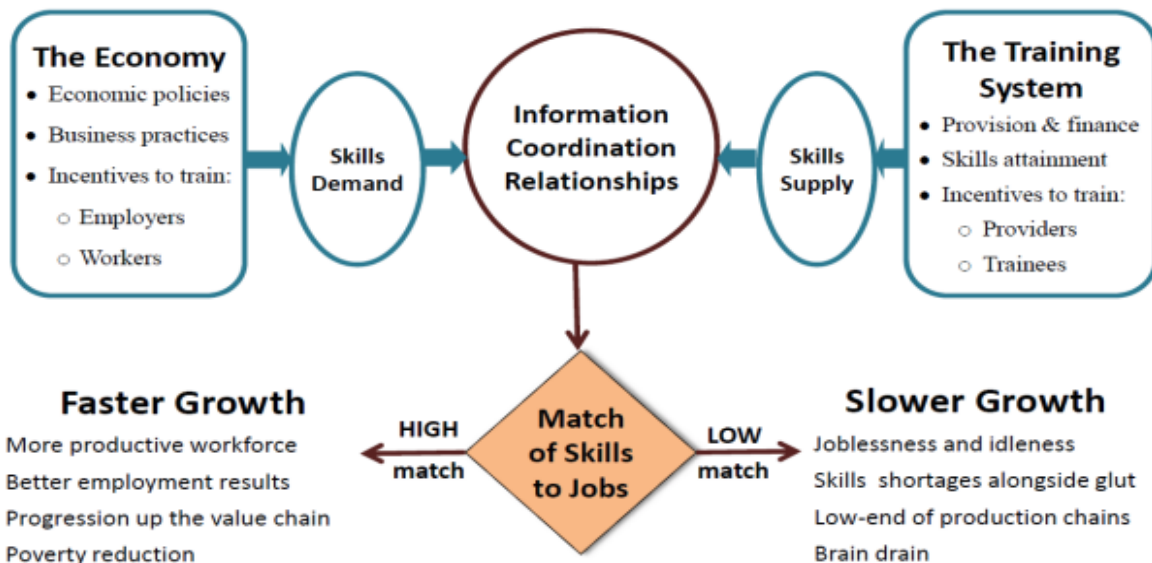
Finding #3. How a workforce development system relates to the local economy affects how it is organized and how its effectiveness is measured. A system oriented to the supply side that offers supplemental business services will likely achieve less growth than a demand-driven system that maintains a high degree of coherence between skills demand and supply. More coherence may achieve more economic growth because it improves employability and supplies the skilled workers firms need.

A workforce system can choose from a range of options that vary in intensity when it decides how it will orient itself to the demand side of the labor market. At one end of the spectrum, some systems provide a set of general business services or identify and target marketing materials to employers as a primary customer group. In contrast, others operate groups of industry-led partnerships that respond to the demands of the economy.

Some key features of a demand-driven system are that: it contributes to economic vitality through the provision of workforce training and services that meet the needs of targeted business sectors. It recognizes employers create a demand (or pull) for labor, which changes over time. Other characteristics include: 1) a board that actively analyzes labor market intelligence to assess an ever-changing economic landscape; 2) business services staff that address a range of employer needs related to business development and talent; 3) employer designed training programs; and 4) programs or services that start and stop as demand (pull) changes.

The exhibit below, from a 2013 report, depicts a conceptual framework for workforce development. It shows how a well-functioning system that has a high degree of coherence between skills demand and supply achieves faster growth because it improves trainees’ employability and supplies workers that improve firms’ productivity.

Figure 1: Conceptual Framework for Workforce Development



Source: Authors’ construction.

Source: Tan, Jee-Peng, et. al. What Matters for Workforce Development: A Framework and Tool for Analysis. World Bank: Education Department, Human Development Network, February 2013, 70 pp.

B. OUTCOME FRAMEWORKS FOR WORKFORCE DEVELOPMENT PARTNERSHIPS AND SYSTEMS

Finding #4. Tracking the performance of supply-side workforce programs is difficult because providers are diverse, programs vary widely and little is known about the factors that drive better outcomes. The use of common outcome frameworks can promote a unifying system structure.

The universe of providers and clients that drive supply side workforce development programs are numerous and highly diverse. This diversity creates several challenges to effective program evaluation and the development of a unified service structure.⁶⁶ A critical threshold issue is how to discern what outcomes constitute good performance. To create a unified structure, issues such as the plethora of systems that exist to collect data and report outcomes or the constraints providers face in using data for program improvements must be addressed.

To help organize nonprofits to align their practices and drive performance improvements, researchers recommend collective efforts to identify a set of common outcomes and outcome indicators. In workforce development, common outcomes framework can help improve effectiveness and create a unifying structure. For example, the Urban Institute and the Center for What Works developed a common outcome framework with six common outcomes and 17 program indicators.⁶⁷ Similarly, in New York City, the Mayor's Office of Workforce Development and Office of Operations developed 13 common metrics for a career pathways strategy. These metrics were finalized and disseminated to city agencies for their use in solicitation and procurement contracts.

Finding #5. A program model designed by national funders piloted the use of high-fidelity sector partnerships. Successful partnerships were employer-led and initiated, and their career advancement efforts were distinguished by in-depth screening, long-term training and extensive supports.

The National Fund for Workforce Solutions (NFWS) is a public-private partnership of employers, workers, communities, funders and workforce practitioners. Its purpose is to address "the contradiction that exists between an economic environment that places a premium on skills and education and a policy environment that inadequately supports the acquisition of those assets by large segments of the population."

The NFWS program model has at least one sector initiative with embedded career pathways and a workforce intermediary. The four criteria that define a high-fidelity partnership are: 1) a focus on low-income individuals; 2) deep and sustained employer engagement; 3) a commitment to career advancement; and 4) a demonstrated capacity to sustain the partnership over time. NFWS has created 124 partnerships nationwide.

A 2011 NFWS evaluation found: effective partnerships were older, larger and more likely to be employer-led; employers had a central role in achieving partnership goals; and partnerships had a core of employer champions. Approaches to career advancement relied on effective candidate screening, long term relationships with participants, addressing basic skills deficits and offering long term training and extensive supports.

⁶⁶ An online survey by the Benchmarking Project to define realistic workforce development program standards identified 15 characteristics associated with differences in job placement or retention. Higher performing programs tended to be: those that offered occupational skills training leading to industry certificates or work based experiences; or, those with longer pre- or post-employment services. Programs with no enrollment selectivity tended to have significantly lower outcomes.

⁶⁷ The outcomes were: 1) increased access to services; 2) increased participation/attendance; 3) building skills and knowledge; 4) program completion; 5) increased employment; and 6) economically empowered individuals.

Finding #6. System change outcome frameworks adopt a two-tiered structure to track one set of system-level goals and one set of worker and employer level goals. Decisions to commit resources for data collection should be inclusive and be considered within the context of other priorities.

A 2017 Urban Institute brief proposes a framework for measuring workforce development systems change efforts. These efforts, which are complex and multi-level, aim for long-term changes that will be institutionalized over time. The logic model for these initiatives consists of system components, system activities and goals that operate on two levels. On one level, goals support the overall goal of a workforce system to improve outcomes for individual job seekers, workers and employers. At another level, goals exist for both employers to hire and retain workers with needed skills; also for workers to have good jobs that offer advancement.

The framework offers a way for organizations to describe the scope of their workforce development efforts and think about ways to measure progress effectively. A key decision is ensuring that the commitment of resources to data collection is considered within the context of other priorities. It is also important for funders to recognize that systems change is a messy, complicated effort that requires resources to support measurement efforts.

C. SECTORAL PARTNERSHIP STRATEGIES IN WORKFORCE DEVELOPMENT

Finding #7. A sectoral strategy is a strategic approach to workforce development that is responsive to the dynamics of the local economy. Its formation requires a vision, an organizational home, resources, dedicated staff, partners and a workforce intermediary as an implementing entity. Most public workforce boards' implementation strategies were informational meetings.

A sectoral strategy is a strategic workforce development approach that is designed to respond to the dynamics of the local economy. Its five defining elements are: 1) it targets specific industries or occupation clusters; 2) it is led by a credible organization; 3) it supports workers competing for quality job opportunities; 4) it addresses employer needs and industry competitiveness; and 5) it promotes changes that benefit employers and workers.

The pre-conditions to successfully implement a sectoral strategy call for first, defining a vision and identifying an organizational home and then securing resources, staff and critical partners. Many entities, e.g., public agencies, nonprofits or educational entities, can organize the role of a workforce intermediary and serve as a home base.

An evaluation of sectoral strategies implemented by public workforce systems found variations in the intensity of their efforts. Most boards held informational meetings or undertook limited activities. Three boards in New York City, Chicago and Louisville, operated specialized, dedicated career centers for targeted industry sectors.

New York City launched three sector-based centers in transportation, healthcare and manufacturing to provide industry-specific education and training. These sectors were selected because they offered jobs that paid competitive wages, scheduled at least 30 hours of work per week and provided advancement opportunities. The evaluation of this initiative found: sector-focused participants were more likely to be employed one year after program exit; they experienced greater job stability; and, they earned significantly more than the matched participants who received services from the City's other more traditional, supply-side oriented career centers.

Finding #8. Effective sectoral strategies are challenging to implement, but federal revisions promote expanding their use because they align employers’ needs and workers’ training. To improve their odds of success, best practices recommend making rigorous use of data, forming partnerships with high levels of industry engagement and building partnership staffs’ management capacity.

Revisions to federal policy under the Workforce Innovation and Opportunities Act (WIOA) added mandates for a strategic plan, sector partnership programs and career pathways to spur local implementation of sectoral strategies. These federal mandates aim to improve workforce systems. Best practices call for:

- The use of sector partnerships to spur industry strategies that advance workers and employers’ skills needs;
- The use of career pathways to better integrate basic education, skills training and support services, so more people attain post-secondary credentials that lead to improved earnings;
- The use of common metrics to measure key outcomes across a large number of programs and unify programs into a coherent system; and,
- Emphasizing job-driven investments to connect training and employment to provide more people with jobs.

Best practices suggest a strategic plan contain four elements to guide a state’s strategic planning process: 1) a plan structure and format that articulates a state’s major strategies and action steps; 2) a sector partnership element that addresses how employers will be engaged and what industry sectors will be targeted; 3) best practices for sector partnerships including descriptions of the roles that will be assigned to intermediaries; and 4) identifying the workforce populations to be targeted and the metrics to track progress.

D. THE COUNTY’S INFRASTRUCTURE FOR IMPLEMENTING A DEMAND-DRIVEN WORKFORCE SYSTEM

Finding #9. The County was positioned to implement a demand-driven workforce system in 2012. Its economic and workforce development functions were in the same organization and it enacted a strategic outcomes framework to link these functions to Economic Development Fund projects.

In 2012, the Council enacted a strategic framework for economic development. It required a strategic economic development plan with measurable goals and expected the implementation of these goals to be linked to projects funded with Economic Development Fund (EDF) dollars. The law specified a four-year planning cycle so a new strategic plan could be adopted a year after the Executive and Council took office. Staff advised that an effective planning process must be: continuous, regularly updated and supported by the implementing entities.

The law required the Executive to develop metrics to track progress for the ten outcomes listed below and report annually on how EDF projects furthered the County’s economic development goals. The most recent EDF report describes EDF programs but it does discuss the County’s strategic goals for economic development or offer metrics to link these programs to the County’s economic development goals and outcomes.

- | | |
|--|--|
| 1) Job creation; | 6) Growth in tax base; |
| 2) Private sector compensation and benefits; | 7) Economic opportunity for residents; |
| 3) Target industries; | 8) Encouraging small business; |
| 4) Target geographic areas; | 9) Land use; and |
| 5) Workforce education and training; | 10) Other actions that promote economic dev. |

Finding #10. The County’s privatization of its economic and workforce development functions produced a strategic plan and an implementation roadmap for a demand-driven workforce system.

The County’s initial strategic plan for economic development was the 2016 Comprehensive Economic Strategy Plan (CES Plan). It identified four goals – Business Vitality, Talent, Creative Economies and Placemaking – and recommended a set of success measures, action items and implementing strategies for each goal.⁶⁸

The CES Plan Roadmap for implementing a demand-driven workforce system had two parts. Phase One recommended that the Montgomery County Economic Development Corporation (MCEDC) first expand the County’s system of employer-led sector partnerships and then lead efforts to engage the chambers and business with the Workforce Board and educators. Next, it recommended that WorkSource Montgomery (WSM) work with educators to align their training to meet employers’ needs and then use employer surveys, interviews and other labor market data to develop occupational forecasts to build out the initial workforce system.

In Phase Two, the Roadmap recommended WSM transition from a grant steward to a system builder. It called for WSM to develop organizational performance metrics and develop a database of work-based experiences.

Finding #11. The lack of a County Government unit to monitor the County’s privatization of its economic development functions affected the implementation of its demand-driven workforce system.

When the Council reviewed the CES Plan and adopted the Executive Regulations to implement the strategic plan process, Council staff emphasized that an effective strategic planning process must be continuous and include frequent updating to reflect current needs and resources. Staff noted the Plan lacked a County Government unit as a primary implementing organization. MCEDC’s efforts to organize partnerships to spur a demand for workforce training were key. Thus, although the Plan identified MCEDC’s expansion of the County’s system of employer-led partnerships as a pre-requisite to realizing its vision of a demand-driven workforce system, it lacked a County Government unit that was responsible for overseeing the steps of the Plan’s implementation.

The lack of a County Government unit to monitor the County’s outsourcing of its economic and workforce development functions created a lack of capacity to monitor: the implementation of the initial CES Plan, the ongoing management of the strategic plan process, including the frequent updating of current needs and resources; and, the County’s implementation of its vision for a demand-driven workforce development system.

⁶⁸ The workforce development measures included: population age 25 with a bachelor’s degree or higher; percent of population ages 20-34; number of enrolled college students; annual unemployment rate; net migration to the County; labor force participation rate for working age population; median household income and average weekly wage per worker.

Finding #12. A void exists between the County’s requirement for a single entity to lead a comprehensive workforce development system and its vision for a demand-driven workforce system of robust employer-led partnerships under MCEDC’s leadership. The governance and relationships that define this nexus are the key drivers of a workforce system’s structure, purpose and outcomes.

Workforce development promotes the use of sector partnerships, career pathways and workforce intermediaries to address its lack of a centralized administrative structure. Sector partnerships and career pathways each organize different sides of the labor market and workforce intermediaries bridge the activities between them. These concepts, along with one or more workforce intermediaries and a workforce board, are the building blocks of a workforce development system. Defining the roles and responsibilities of these entities and specifying how these constructs relate lies at the heart of a workforce system’s purpose and goals.

When Montgomery County privatized its economic and workforce functions, its workforce development law established three objectives. It specified its organizational infrastructure that required designating a single nonprofit corporation to serve as the County’s Workforce Development Corporation (WDC).⁶⁹ Later, a roadmap for implementing the County’s economic development strategy included a vision for a demand-driven workforce system that assigned MCEDC a lead role for expanding the County’s system of sector partnerships. It appeared to put the WDC in a supporting role, despite the County previously characterizing the WDC as the lead entity.⁷⁰

The County has yet to reconcile how its vision of employer led partnerships created by MCEDC relate to its designation of a single entity to lead the workforce component of its comprehensive demand-driven system. Because the structure of this relationship forms the nexus of a demand-driven workforce system, reconciling the responsibilities of these entities is key to understanding the purpose, goals and outcomes the County envisions for the operations of its workforce system.

⁶⁹The objectives are to meet the talent needs of strategic industries; to meet the needs of the underemployed and unemployed; and, to develop career pathways with sustainable wage jobs in support of a thriving economy. The law also requires that the president of the Corporation serve as director of the Workforce Board; that the Corporation recommend programs and performance measures to advance the CES Plan’s policy objectives; and that Management and Budget, Finance and the Planning Board’s Research Division provide relevant economic data and research support.

⁷⁰ The privatization process included: 1) passage of Bill 25-15 abolishing the Economic Development Department and authorizing designation of a nonprofit to serve as the lead economic development organization; 2) passage of Expedited Bill 40-15, and 3) adoption of Executive Regulation 10-16 based on the Comprehensive Economic Strategy Plan (CES Plan) that.

E. RECOMMENDED DISCUSSION ISSUES

The Council requested this study to better understand the options and decision points that shape the implementation of workforce development functions and the design of local workforce development systems. The Council also asked OLO to address the implications this raises for the County's implementation and use of an effective outcomes framework for County workforce programs and its workforce development system.

There are multiple decision points that guide the development of a framework to track local outcomes. For example, a framework to track outcomes can encompass not only outcomes for the demand and supply sides of the labor market but outcomes for a system itself. Frameworks to track system outcomes will vary depending on whether a community views workforce development as an extension of its education and training services or chooses to deploy workforce development as part of a broader strategic initiative. Frameworks will also vary based on whether workforce development is framed through either side of the labor market or as a driver of economic development.

On the demand side of the labor market, best practices recommend a business-led workforce system design that is responsive to economic cycles. Typically, these demand-driven workforce systems consist of sets of employer-led sector partnerships that embed career pathways as one part of these partnerships. Critical factors that drive the success of sector partnerships are making rigorous use of data, forming partnerships with high levels of industry engagement and ensuring the management capacity of partnership staff.

On the supply side of the labor market, a highly diverse set of providers operate a wide variety of programs. Best practices recommend that a common outcomes framework with a consistent set of terms, definitions and practices be developed to create a unifying system structure. It is critical that decisions about the resources to develop these frameworks address their effects on other critical system priorities, such as funding for programs.

Finally, for a workforce development system as a whole, the research differentiates between a workforce system that is as an arrangement of public-private business, education and community partners that operate as part of a coordinated framework of activities versus an effort that is characterized as strategic system change initiative. In either case, a system must address workforce development's lack of a central administrative structure. In the case of an outcome framework for a public-private partnership system, the research recommends supplementing three system building functions with efforts to specify a collaborative infrastructure. In the case of a framework for a system change initiative, which is a complex, multi-level effort, the research recommends instituting a framework that has two tiers that separately track system outcomes versus employer and worker outcomes.

OLO reviewed the infrastructure that the County created to track the results of its economic and workforce development efforts when it privatized these functions in 2015. OLO found the County had created a holistic strategic planning framework designed to track the outcomes of projects that receive Economic Development Funds. The County had also developed an implementation roadmap that envisioned that the MCEDC's expansion of employer-led sector partnerships would precede collaborative efforts by MCEDC, WSM and others to support the buildout of a comprehensive workforce development system.

In terms of the County's supporting implementation infrastructure, OLO identified two missing pieces that have left critical organizational gaps. The first gap is the lack of a County Government unit that is assigned the responsibility for overseeing the implementation of the County's comprehensive economic strategic plan. The second gap is the lack of a set of specifications that describe the nexus of relationships, roles and responsibilities between the two separate entities the County created when it privatized its economic and workforce development functions.

Since the Council requested this study as part of OLO's FY20 Work Program, the national emergency created by COVID has acted as a forcing function to catalyze the County's economic and workforce development efforts and plans.⁷¹

OLO recommends the Council consider the issues listed below to structure a discussion of its workforce development efforts and the infrastructure it has in place to support a demand driven workforce development system. At the same time, OLO recognizes that re-opening County businesses and finding jobs and retraining County workers raise a threshold issue about the timing of taking up these issues. Since these priorities are more pressing than those related to the implementation of a demand-driven workforce system, OLO recommends postponing consideration of these issues to a later date.

1. In the short term, is there a viable role for employer-led sectoral partnerships as part of the County's COVID recovery efforts?

Sectoral strategies are ambitious undertakings that leverage the strategic industries that drive a local economy in order to build out a demand-driven workforce development system. The critical factors for successful implementation of sectoral partnerships include one or more workforce intermediaries, which are entities that provide the organizational capacity to support a partnership's operations

A robust system of employer led sectoral partnerships are a critical pre-requisite to implementing the County's vision of a comprehensive demand-driven workforce system. As County business leaders work with the Council to spearhead the County's economic recovery efforts, the Council may wish to discuss with the Montgomery County Economic Development Corporation whether there is a viable role for employer-led sectoral partnership strategies as part of these recovery efforts. If so, the Council may wish to discuss what types of County support would best leverage business efforts to strengthen existing sector partnerships or organize new partnerships.

Alternatively, among these sectors, which sectors would best help the County to realize its vision of a demand driven workforce system? In particular, what sectors, if any, could embed skills training and career ladders as part of their partnership arrangements and how would the workforce segments that receive training align with and advance the County's goals for its demand-driven system?

⁷¹ https://www.montgomerycountymd.gov/OPI/Resources/Files/2020/EAG_Roadmap_11-2020.pdf
https://www2.montgomerycountymd.gov/mcgportalapps/Press_Detail.aspx?Item_ID=25462
https://www.montgomerycollege.edu/_documents/business-partners-employers/workforce-of-tomorrow/rebound-montgomery-final-report.pdf

- 2. In the long term, is the County's prior commitment to develop a robust set of sectoral partnerships and a demand driven workforce system still relevant? How does the investment to support the governance structure and outcomes framework for this approach compare to alternatives that deploy outcome frameworks as a tool to align and report out the collective efforts of existing organizations?**

For workforce development to operate effectively, it must be responsive to skill needs as they are defined by the drivers of the local economy. This puts the institutional infrastructure that underpins workforce development in a continual state of flux. This lack of a stable infrastructure suggests the choice to use an outcome framework to manage a workforce *system* is a decision that merits close scrutiny and a significant commitment of resources.

Alternatively, outcome frameworks can be deployed as a part of more discrete sets of sectoral partnerships or as part of a strategic plan initiative or a common management framework. This approach can leverage the capacity of existing organizational units and frameworks can be used to incentivize collaborations that respond flexibly to the needs at hand. Like a systems approach, this approach also requires buy-in and high levels of engagement from the participating partners; however, it may be able to proceed with fewer resources. Finally, decisions about resources for frameworks must take account of other priorities such as resources for programs.

The Council may wish to revisit whether its commitment to a vision of sectoral partnerships and a demand driven workforce system is still relevant or whether a more segmented effort that evolves over time is viable.

- 3. What do the County's community partners who provide workforce development services think about common outcome frameworks? Do they work as a tool to create a unified management structure for a diverse set of programs and practices? What do they see as the pros and cons of this tool?**

The diverse organizational characteristics and program practices of community partners present challenges to tracking their efforts. A common outcomes framework is a tool that can help evaluate program effectiveness and also serve as a unifying system structure. The development of the tool can be a collective, consensus-building effort that typically begins with a few indicators and expands as information is found to be useful.

The County partners with over 170 organizations that provide a wide array of workforce development services. Efforts to organize and coordinate the activities of these diverse providers have been an ongoing concern. The Council may wish to convene a discussion with representatives of these providers to discuss the merits of developing a common outcomes framework to use as a performance management tool and a unifying structure.