

**REPORT OF THE
JOINT SUBCOMMITTEE STUDYING**

**The Need for Greater Consolidation
or Coordination of Workforce
Development and Training
Resources in the Commonwealth**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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Senator Frank M. Ruff, Jr., Vice-Chair
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Delegate David A. Nutter
Delegate James M. Scott
Delegate Thomas C. Wright, Jr.
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EXECUTIVE SUMMARY

House Joint Resolution 713 established a 15-member joint subcommittee to study the need for greater consolidation or coordination of workforce development and training resources. The joint subcommittee, chaired by Delegate Kathy J. Byron, examined the federal and state resources for workforce and development programs in the Commonwealth, and has recommended changes to the system by which the activities of state programs are coordinated.

Over \$250 million in federal and state funds are spent on workforce programs annually. Virginia conducts nearly two dozen workforce training and development programs through nine agencies in three secretariats. The delivery of workforce services is not as streamlined as was intended to follow from enactment of the federal Workforce Investment Act, with its mandate that specified programs partner in the delivery of services through one-stop centers. As noted in the Joint Legislative Audit and Review Commission (JLARC) 2003 Review of Workforce Training, implementation of the WIA has been a very complex and difficult endeavor, cutting across multiple secretariats, agencies, levels of government, and funding streams. As JLARC predicted, the elimination or substantial reduction of overlap and duplication has been difficult to achieve.

Noteworthy changes to the structure, purpose, and operations of workforce programs have occurred since JLARC conducted its study. These include making TANF and FSET mandated partners, reducing the size of the Workforce Council, and requiring local Workforce Investment Boards to prepare annual Workforce Demand Plans and a three-year strategic plan. However, the workforce services delivery system remains very similar to that which prompted JLARC to recommend that workforce training programs be consolidated into a new state agency for workforce training and development and that the Virginia Workforce Council be assigned independent staff.

Studies of WIA implementation in other states reveal that some have consolidated providers of programs into a single new agency, and others have retained pre-WIA agency structures while improving coordination among the providers. Delegate Hogan and Delegate Byron introduced legislation in the 2004 and 2005 Sessions that would have implemented portions of JLARC's recommendation for agency consolidation, but the opposition engendered by these efforts dissuades the joint subcommittee from recommending this approach.

The joint subcommittee agrees with the finding of National Governors Association reports that active involvement by, and strong leadership of, the Governor is required to effect meaningful positive change in workforce services.

In 2004, Virginia enacted legislation establishing the Special Advisor to the Governor for Workforce Development. Despite the authority of the Special Advisor to report to the Governor, the position was primarily advisory and did not bestow powers with respect to program administration. The Special Advisor position has been perceived as a missed opportunity to provide leadership that transcends secretariat boundaries.

The joint subcommittee endorsed five recommendations to improve the provision of workforce program services to the business community, as follows:

1. Transform the position of the Special Advisor on Workforce Development to a Deputy Chief of Staff for Workforce Development, in the Governor's Office.

2. The duties of the Deputy Chief of Staff will include being the fiscal agent for the Virginia Workforce Council and workforce network funds.

3. The duties of the Deputy Chief of Staff will include serving as staff for the Virginia Workforce Council.

4. The duties of the Deputy Chief of Staff will include working with the Virginia Workforce Council to create and implement a statewide strategic plan and performance measures, and evaluating performances based on these measures.

5. The Deputy Chief of Staff and the Virginia Workforce Council will be directed to create a statewide strategic plan to address the need for reforms in workforce policy, looking at issues of the need for reforms at the local WIB level.

Dr. Cavan's approval of the report is subject to the addition of the following additional recommendation:

"6. Encourage local WIB Boards to use the VCCS as the primary provider of local workforce training."

Senator Yvonne B. Miller dissented from the report on grounds that many federal requirements will require more staff than a new placement will have.

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**REPORT OF THE
JOINT SUBCOMMITTEE STUDYING THE NEED FOR GREATER
CONSOLIDATION OR COORDINATION OF WORKFORCE
DEVELOPMENT AND TRAINING RESOURCES PURSUANT TO HJR 713
(2005)**

To: The Honorable Mark Warner, Governor of Virginia
and
The General Assembly of Virginia

Richmond, Virginia
December 2005

I. INTRODUCTION

The 2005 Session of the General Assembly established a joint subcommittee pursuant to House Joint Resolution 713 (Appendix A) to study the need for greater consolidation or coordination of the workforce development and training resources available in Virginia. The joint subcommittee was specifically directed to (i) identify all workforce training and development resources, including annual funding appropriations, staffing and management responsibilities; (ii) develop models for consolidation or other coordination of workforce training resources; (iii) identify needed changes to the administrative structure governing workforce development and training policy in the Commonwealth; (iv) identify costs of implementing and cost savings associated with greater coordination of resources; and (v) make legislative recommendations for the 2006 Regular Session of the General Assembly.

The 15-member joint subcommittee was chaired by Delegate Kathy J. Byron, and Senator Frank M. Ruff, Jr., served as vice-chairman. The other members of the joint subcommittee were Delegate Clarke N. Hogan, Delegate Thomas Wright, Jr., Delegate David A. Nutter, Delegate James M. Scott, Senator Yvonne B. Miller, Senator Roscoe Reynolds, George E. Hunnicutt, Jr., Bruce Phipps, C. Michael Ferraro, Dr. Rose Harrell Johnson, and Dr. John J. Cavan. Hugh D. Keogh served as an ex-officio member representing the Virginia Chamber of Commerce, and Seth Ginther was appointed by Attorney General Judith W. Jagdmann to represent her as an ex-officio member.

HJR 713 recites that, notwithstanding the enactment in 2003 of legislation modifying certain aspects of Virginia's implementation of the Workforce Investment Act, there remain in the Commonwealth unsolved problems and issues related to the consolidation or other coordination of workforce training and development.

II. JOINT SUBCOMMITTEE ACTIVITIES

The joint subcommittee was authorized by HJR 713 to hold four meetings in the 2005 interim. The resolution directed the joint subcommittee to complete its meetings by November 30, 2005, and to submit an executive summary of its findings and recommendations no later than the first day of the 2006 Session of the General Assembly.

A. INITIAL MEETING

The first meeting of the joint subcommittee was convened on June 21, 2005. After the election of Delegate Byron as chair and Senator Ruff as vice-chair, Terry Barnes-Pirko of the Division of Legislative Services briefed members on the legislative history of workforce training. It was reported that, with the enactment of the Workforce Investment Act of 1998 (WIA), Congress substantially revised the design under which federal workforce training services were organized and funded. The earlier programs were maintained, but states and localities were allowed great flexibility to coordinate federal programs. The WIA envisioned streamlined services for all customers, including, but not limited to, employers seeking skilled employees, unemployed or displaced workers, citizens seeking job search or job training assistance, and youths in need of training. Those services would be provided through one-stop centers, at which the full array of workforce services would be available at a single, local location. Services would be coordinated locally through Workforce Investment Boards, whose breadth of members would demonstrate partnerships among local governments, local employers, community colleges, and other interested parties. As implemented, there are 17 WIB regions (Appendix B).

Under the WIA, 16 federally funded programs are required to partner through the one-stop service delivery system. Those programs are administered currently through nine different state agencies. The mandated partner programs and their respective administering agency include the following:

| Workforce Training Programs | Administering Agency |
|----------------------------------------------------------------|-------------------------------|
| Adult Education and Literacy Programs (Title II) | Dep't of Education |
| Employment Service (Wagner-Peyser Act) | VEC |
| Post-Secondary Career/Technical Education (Perkins Title I) | VCCS |
| Senior Community Service Employment Program | Dep't for the Aging |
| Trade Adjustment Assistance Programs | VEC |
| Vocation Rehabilitative Services | Dep't Rehabilitative Services |
| Dep't for Blind/Vision Impaired | |
| WIA Adult Program (Title I) | VEC |
| WIA Dislocated Worker Program (Title I) | VEC |
| WIA Youth Program (Title I) | VEC |

Supportive Services

Community Services Block Grants
 HUD Employment and Training Programs

Dep't of Social Services
 HUD directly contracts with local
 housing authorities
 VEC

Unemployment Insurance

**Workforce Training Not
 Administered by Virginia**

Job Corps
 Migrant/Seasonal Farmworkers
 Native Americans Employment/Training Programs

U.S. Dep't of Labor
 nonprofit organization
 nonprofit organization

Under the WIA, workers are eligible for three tiers of services. "Core services," typically provided through the one-stop centers, include initial eligibility determination and assessment; job search assistance; career counseling; information on supportive services and unemployment insurance; and information on available programs and the job market. The second tier is "intensive services," which include group and individual counseling, comprehensive skills assessment, career planning, and short-term prevocational services. The final tier is "training services," which include occupational skills training, on-the-job training, skills upgrading, entrepreneurial training, job readiness training, adult education and literary activities, and customized training for an employer who commits to hiring. Workers receive the scope and intensity of services that they need, and are not required to progress sequentially through the levels. Nonetheless, WIA funds for training are considered funds of last resort.

WIA reauthorization legislation has been introduced in Congress. The House bill, H.R. 27, passed the House of Representatives on March 2, 2005, and has been referred to the Senate Committee on Health, Education, Labor and Pensions (HELP). The Senate bill, S. 1021, was unanimously voted out of the Senate HELP Committee on May 18, 2005, with bipartisan support. The two WIA bills are not identical and, if enacted, their provisions will need to be reconciled.

Under the WIA, states are required to have both a state coordinating board and a state lead agency. Prior to the WIA, the Workforce Training Council, staffed at that time by the Virginia Community College System (VCCS), was responsible for identifying current and emerging workforce and training needs, assessing potential markets, creating strategies to match job seekers with employers, and certifying courses and training programs.

In 1999, the General Assembly enacted HB 2558 in order to implement the provisions of the WIA. Governor Gilmore named the existing Workforce Training Council as the state board required under the WIA. The council's name was changed to the Virginia Workforce Council (VWC) and its membership was expanded from 29 to 43. The legislation added the Governor and the Secretaries of Commerce and Trade, Education, Health and Human Resources, and Technology to the VWC, as well as four members of the legislature, two from each chamber. Twenty-two members of the VWC appointed by the Governor are representatives of the business

community, including the presidents of the Virginia Chamber of Commerce and the Virginia Manufacturers Association; a representative of a private nonprofit institution; and a representative of private proprietary schools. The remaining 18 business representatives were to be business owners or employers "with optimum policy-making or hiring authority" representing diverse geographic and economic areas of the state; and members of local WIBs nominated by state business organizations and trade associations. Two members represented labor, including the president of the AFL-CIO. The final appointees were to be a mayor, a chair of a county board of supervisors, and a representative of a community-based organization delivering workforce activities. The VWC received staff support from the Virginia Employment Commission (VEC) and the VCCS, and made recommendations on workforce issues to the Governor.

In 2003, the General Assembly again amended its WIA legislation. The VWC was reduced to 29 members, and it was directed to provide an annual report to the Governor on the status of workforce training. As stated in its first annual report, "The [VWC] is a 29-member, business-led policy council whose purpose is to assist the Governor in meeting the workforce training needs of the Commonwealth." 2004 Virginia Workforce Council Annual Report, p. 1 (2004). The VWC "envisions the Commonwealth as having a world-class workforce system that is responsive to employer and worker needs and creates a well-trained, well-educated and globally competitive workforce." *Id.* at p. 4. Under legislation passed in 2004, the Governor's Special Advisor for Workforce Development is charged with the responsibility of leading the VWC. See Code § 2.2-435.3(3).

Governor Gilmore named the VEC as the lead state agency under WIA. Accordingly, the VEC became the fiscal agent for WIA funding to Virginia. At that time, VEC administered five of the WIA-mandated partner programs. Currently, the VEC administers six of the programs. The balance of the programs are administered by eight other agencies, including the Departments of Social Services, Aging, the Blind and Vision Impaired, Business Administration, Education, Labor and Industry, and Rehabilitative Services, as well as the VCCS.

Dr. Kirk Jonas, former Deputy Director of the Joint Legislative Audit and Review Commission (JLARC), provided an update on its 2003 report on workforce training in Virginia. A copy of Jonas' presentation is available at <http://dls.state.va.us/GROUPS/WDTR/MEETINGS/062105/JLARCupdate.pdf>.

Gail Robinson, Liaison to the Virginia Workforce Council, VEC, provided a pamphlet containing a graphic overview of the WIA implementation in Virginia (Appendix C). The chart detailed the 23 programs and the nine different state agencies that administer WIA-mandated partner programs. The chart also showed the federal and state money received by the different programs, the populations targeted to receive services, and statistics on the number of services provided and outcomes achieved. Ms. Robinson cautioned that the figures are not necessarily appropriate for comparison across programs, as the unique needs of the persons receiving services may be more intensive for certain populations than for others.

To further illustrate the information on the chart, Commissioner Dolores Esser led the members of the subcommittee through one program from the agency level vertically down

through the impact level. Using the WIA Youth Program as the example, Commissioner Esser explained how the program is funded and where the funds are distributed. She noted that 20% of the funds available for WIA Adult or Dislocated Worker programs may be transferred between those two programs, but that, with that exception, the state has no control over where the federal funds are spent. When asked about the sizeable carryover of past year funds for youth programs, Commissioner Esser noted that, prior to the enactment of WIA in 1998, youth services had been provided directly through the schools. It has been difficult to reach youth through the WIA "youth providers" format.

Debbie Melvin, Project Manager, Workforce Services, Department of Business Assistance, provided members with an overview of the Workforce Services Program.

B. SECOND MEETING

The joint subcommittee's second meeting was held on August 30, 2005, in Richmond. It featured a presentation by Martin Simon, Director of Workforce and Economic Development Programs at the National Governors Association's Center for Best Practices. Simon's briefing summarized two recent reports analyzing state implementation of the WIA. A copy is available at <http://dls.state.va.us/GROUPS/WDTR/MEETINGS/083005/Simonppt.pdf>.

The meeting also featured presentations by the Secretary of Commerce and Trade (<http://dls.state.va.us/GROUPS/WDTR/MEETINGS/083005/Schewelppt.pdf>.) and the Secretary of Health and Human Resources regarding workforce programs administered by agencies in their respective secretariats. The meeting included an overview of the Department of Education's administration of the Adult Basic Education Program by Dr. Yvonne Thayer of the Virginia Department of Education. A copy of Dr. Thayer's presentation is attached as Appendix D.

C. THIRD MEETING

The joint subcommittee continued to receive information regarding the Commonwealth's workforce training and development programs at its October 18, 2005, meeting. It also began the task of reviewing models for potential consolidation and workforce programs and the agencies responsible for their administration.

Presentations by the Virginia Economic Developers Association (<http://dls.state.va.us/GROUPS/WDTR/MEETINGS/101805/VEDA.pdf>), the Virginia Manufacturers Association (<http://dls.state.va.us/GROUPS/WDTR/MEETINGS/101805/VMA.pdf>), and Bryce Jewett (<http://dls.state.va.us/GROUPS/WDTR/MEETINGS/101805/Jewett.pdf>) are on the joint subcommittee's web page. In addition, joint subcommittee member Rose Johnson gave an overview of the activities of the Virginia Community College System relating to workforce development (<http://dls.state.va.us/GROUPS/WDTR/MEETINGS/101805/VCCS.pdf>).

D. FINAL MEETING

The fourth meeting of the joint subcommittee consisted of a work session held on November 14, 2005. Prior to the meeting, the chair requested members to submit to staff proposals for improving the workforce training and development system. Proposals were submitted by Mr. Phipps (Appendix E), Dr. Johnson (Appendix F), Mr. Hunnicutt (Appendix G), Mr. Ferraro (Appendix H), and Senator Ruff (Appendices I and J). Following extensive discussion, the joint subcommittee endorsed five recommendations, which they approved for inclusion in legislation to be introduced in the 2006 Session of the General Assembly.

III. WORKFORCE TRAINING AND DEVELOPMENT RESOURCES

Over \$250 million of federal and state funds is expended annually on Virginia's workforce development and training. Of the workforce program funding provided in 2004, \$191,531,189 was appropriated by the federal government and \$59,371,377 by the Commonwealth. WIA allows VEC to retain 15% of the federal funds for state administration, including VEC and WIA activities and the office of the Special Advisor.

Since Virginia's implementation of the federal Workforce Investment Act (WIA) in 2000, two dozen workforce programs have been administered by nine agencies in three secretariats. Most of these programs are mandated by the WIA to partner with the one-stop delivery system, under which Virginia is served by 39 comprehensive and 31 satellite one-stop centers.

The WIA established a framework for a unified workforce development system. The revamping of government's approach to workforce development had already commenced in several states. Elements of WIA include providing universal access to core services, emphasizing a "work first" approach, separating policy from operations at the local level, providing training through individual accounts, and increasing accountability through performance measures.

The VEC has served as the lead agency for implementation of the WIA. The VEC, with assistance from the Virginia Community College System, staffs the Virginia Workforce Council. The 29-member VWC is mandated by the WIA to provide policy advice on WIA and other workforce issues to the Governor, as well as identifying workforce needs of the business community and creating guidelines for WIBs and the operation of the one-stop centers. In 2004, the General Assembly enacted legislation codifying the Governor's establishment of the position of the Special Advisor to the Governor for Workforce Development. Dr. Barbara Bolin served as Special Advisor from the position's creation until May 2005, and VEC Commissioner Dolores Esser was appointed Special Advisor in October 2005. The Special Advisor is charged, among other duties, with serving as a liaison among state and local government, the VWC, local WIBs, and the business community to assist in the efficient implementation of workforce development programs.

Though state implementation of the federal WIA occupied much of the joint subcommittee's attention, workforce development encompasses many services and programs that are neither funded nor required to partner under the WIA. One state-funded program lauded for its efficient provision of services was the Workforce Services Program administered by the Department of Business Services. The program is the second oldest economic development incentive program in Virginia, and was recently ranked as the fifth top workforce training program in the nation due to its flexibility and ease of use. Testimonials included in the handout provided by Workforce Services praised the program for its lack of "red tape" and responsiveness. The program is performance based, so that no grant money is disbursed until a job is created. Funding is available as incentives for both new businesses and existing businesses that are expanding or undergoing changes in technology requiring retraining.

IV. MODELS FOR CONSOLIDATION OR COORDINATION OF WORKFORCE TRAINING RESOURCES

Much of the impetus for the establishment of the joint subcommittee was provided by JLARC's 2003 Review of Workforce Training in Virginia (JLARC Report). The JLARC Report found that the structure at that time did not facilitate coordinated, seamless service to customers. JLARC staff found an absence of state-level coordination of workforce training programs, a clear potential for duplication, a failure to realize a coordinated one-stop service delivery system, a lack of authority over programs, and a lack of authority by the VEC to effectively facilitate the development of a coordinated statewide system of workforce training.

Summarized briefly below are the original JLARC recommendations and the VEC's 2005 responses to those recommendations.

1. Temporary Assistance for Needy Families (TANF) and Education for Independence Program should be mandated to participate in the one-stop service centers.
 - VEC: Legislation passed in the 2003 General Assembly made TANF and the Food Stamp Employment and Training program mandatory WIA partners.
2. Certain identified WIBs should apply for funding from the Virginia Tobacco Indemnification and Community Revitalization Commission.
 - VEC: All WIBs who could benefit from and who are eligible for Commission resources have been encouraged to apply. WIB One received \$125,000 in May 2003. WIB Eight received a grant for training equipment. WIB 17 has made inquiries to determine availability of funds.
3. VEC should require local WIBs to provide detailed and consistent expenditure data, which should be reported to the VWC at its quarterly meetings.
 - VEC: VEC requires more detailed reports from WIBs on training and supportive services, with the first report implemented for the quarter ending September 30, 2004. Future expenditure reports will be provided on a regular basis.
4. VEC should clarify and monitor the policy for exiting participants from the WIA programs.

- VEC: WIA Field Guidance Memorandum 03-03 was distributed in 2003 to provide clarification on registration and exiting of WIA program participants.

5. VEC should renegotiate local workforce investment areas' performance levels for the WIA Adult, Dislocated Worker and Youth programs to ensure the average local rate is at least equal to the rate negotiated by the State.

- VEC: Following an appeal to the U.S. Department of Labor, Virginia successfully renegotiated lower credential, and adult and older youth wage standards. This narrows the gap between state requirements and the average local requirement.

6. VEC should work with the VWC to establish minimum standards that training providers must meet to be recertified. VEC should also monitor the recertification process conducted by local WIBs.

- VEC: VEC has begun the process of developing subsequent certification procedures to Policy 00-07. This will soon be the focus of a VWC committee.

7. VEC should work with the VWC to establish measures to evaluate the performance of local WIBs.

- VEC: In March 2005, the VWC adopted eight state workforce system performance measures that apply to six different program areas.

8. VEC should work with the VWC to develop criteria to evaluate one-stop centers.

- VEC: In March 2004, the VWC adopted One-Stop Center Minimum Standards, WIB Member Criteria, and Governance Standards. The One-Stop Centers completed their Tier I certifications, and 29 received this certification. The VWC is now considering criteria for Tier II and Tier III certifications.

9. The State Dislocated Worker Unit (SDWU) should collect basic information on companies approached and services provided by the Rapid Response program in order to evaluate the performance of the program, suggest improvements, and report regularly to the VWC.

- VEC: The SDWU implemented a Rapid Response Activity Report that captures various services offered to each employer before and/or during an employer briefing and employee layoff. Files on weekly activities and contacts by the Rapid Response staff are kept at VEC regional offices and the SDWU.

10. The Rapid Response regional coordinators should report to the Director of the Dislocated Worker Unit within VEC.

- VEC: This remains under consideration by VEC.

11. The General Assembly may wish to consider consolidating workforce training programs under a new state agency for workforce training and development. The new agency would assume functions currently completed by VEC. Its head should be the lead for implementation and administration of one-stop service delivery system. The Secretary of Commerce and Trade should develop a plan for consolidating workforce training programs as well as other functions currently performed by VEC into a single agency.

- VEC: Legislation to consolidate all workforce programs was introduced in the 2004 General Assembly and carried over to the 2005 General Assembly. It was not reconsidered. Other legislation created the Office of Special Advisor for Workforce Development. In the 2005 General Assembly, HB 2626, as amended, would have transferred WIA programs to the Department of Business Assistance and Workforce Services. The bill failed in the Senate Commerce and Labor Committee.

12. The General Assembly may wish to consider assigning independent staff to the VWC through the Governor's office, the office of the Secretary of Commerce and Trade, or a public-private partnership. The VWC, through its staff director, should be the lead for strategic planning, policy guidance, and coordination of issues crossing agency or Secretarial boundaries. Staff for this function should be assigned from existing, reconfigured agencies.

- VEC: In the legislation introduced in 2004 and 2005, the staffing function remained in an Executive Branch agency. It was the sponsors' intent that the staffing function not be independent.

JLARC staff found that Virginia's structure lacked two characteristics of governance: authority and accountability. To address these concerns, JLARC staff recommended consolidating workforce training programs under a new state agency for workforce development and training. The new agency would also assume the VEC's current functions. JLARC staff also recommended that the General Assembly consider assigning independent staff to the VWC through the Governor's Office, the Office of the Secretary of Commerce and Trade, or a public-private partnership. The VWC would be the lead for strategic planning, policy guidance, and coordination of issues crossing agency or secretariat boundaries.

The JLARC Report prompted several changes to Virginia's workforce programs. The size of the VWC was reduced from 43 to 29 members in 2003; several programs, including Temporary Assistance to Needy Families (TANF) and Food Stamp Employment Training (FSET) have been made mandated partners; the Office of the Special Advisor to the Governor was established to provide policy coordination and direction; and, most importantly, a program that was but two years old at the time of JLARC's review has benefited from greater gubernatorial and Secretary-level focus, more system-level guidance, and state-level supervision, guidance and oversight. Post-2002 successful initiatives include requiring WIBs to prepare annual workforce demand plans identifying jobs and skills needed by employers; using WIA funds to create a Middle College program; creating a Career Readiness Certificate; and creating the Advanced Virginia Incentive Program that provides scholarships for persons pursuing high-demand occupations.

Though an update of the JLARC Report provided to the joint subcommittee in June 2005 concluded that workforce training is "in a better place" than it was in 2002, it observed that:

- The structure, purpose and operations of WIA and the one-stop centers appear largely unchanged.
- Implementation of the WIA has been a very complex and difficult endeavor, cutting across multiple secretariats, agencies, levels of government, and funding streams.

- Elimination or substantial reduction of overlap and duplication will be difficult to achieve. Because workforce training is predominantly federally-funded (with accompanying mandates and restrictions) but locally-administered and state-coordinated, the direction and control of such a system is inherently problematic.
- Challenges in leveraging resources, coordinating effectively, and eliminating duplication remain.

The update to the JLARC Report concluded that these challenges are likely to remain problematic for several reasons. First, tensions exist over whether workforce training's principal client should be the individual or the business. Second, differences in the expectations and goals of policy makers and administrators make measuring success difficult. Third, hard-to-serve, disadvantaged clients are expensive to train and place in unsubsidized employment that pays wages above the poverty level. Finally, the globalization of economies will make workforce training increasingly challenging.

The debate over whether the system would be improved by greater consolidation or coordination of agencies providing workforce services is not limited to Virginia. According to the National Governors Association (NGA), there is no one predominant model for organizing WIA. Common approaches include using the labor department office as the lead, using another existing agency as the lead, or having a cabinet-level coordinator. Most states continue to have problems with coordination, communication, "silo-ed" programs and funding, developing useful performance measures, and effectively using community colleges and other educational institutions.

At the joint subcommittee's second meeting on August 30, 2005, Martin Simon, Director of Workforce and Economic Development Programs at the NGA, summarized two reports analyzing state implementation of the WIA.

"Transforming Workforce Development Systems: Five Case Study States," published by the National Governors Association, examined WIA implementation in Indiana, Louisiana, Michigan, Pennsylvania, and Utah. The authors found that active involvement by, and strong leadership of, the Governor is required to transform workforce systems. The state legislature's cooperation and support is critical to sustain reforms. The primary role of state governments under the WIA is setting the policy framework and decentralizing decisions on service delivery to local boards, which are usually responsible for designing and implementing service delivery systems.

One trend evident in state implementation of the WIA is that states have reframed workforce development as an economic development strategy. With this paradigm shift, workforce development is no longer viewed as an extension of human welfare policy. Rather, it is viewed as a core economic development strategy in response to skill shortages and the needs of a knowledge-based economy. As such, employers are seen as equal customers of the workforce development system.

A key element of state WIA implementation is aligning a variety of workforce programs to build a more unified workforce development system. Two methods of aligning workforce programs have been implemented. Some states, including Indiana, Utah, and Michigan, have

consolidated providers of programs into a single new agency focusing on workforce services. Other states have retained pre-WIA agency structures but have aligned programs by improving coordination of effort. This approach has been adopted in Louisiana and Pennsylvania. Elements of this approach include developing performance indicators as a coordinating mechanism.

Other common trends include decentralizing policymaking for workforce issues and an enhanced role for local workforce boards, linking welfare programs and workforce services, and investing in technology to provide more user-friendly and accessible services.

Several challenges in WIA implementation by states remain. While the WIA gives states some new tools, barriers continue to restrict service delivery based on program and funding "silos." The WIA has a complex, narrow and loosely aligned accountability structure, with various reporting requirements and performance measures. The WIA does not mandate integration among partnering programs. While the Act invites states to build cooperation, the funding for providing universal services and infrastructure is limited.

Simon noted that the WIA has fallen short in increasing the role of employers. Though the WIA requires that a majority of board members represent employers, their involvement has tended to wane as boards focus on administrative issues. With respect to the ability of local boards to direct that training be provided for specific trades, Simon observed that local boards have the flexibility to put limitations on the occupations for which they will provide training. Under the WIA's tiered system, all persons are eligible for core services, but there is no entitlement to intensive and training services, which are subject to income testing. Under the "work first" model, those who have the ability to be employed are placed in jobs before receiving training services. Whether states adopted the work first model or a human development model as their program's overall focus was not a key factor in its results.

Simon observed that whether a state aligned its delivery of workforce development programs by coordinating services or consolidating agencies made no discernable difference in effectiveness. Instead, differences in outcomes were tied more to the clarity of leadership and direction. While consolidation may eliminate some program fragmentation, it takes a long time to implement.

Simon also provided the joint subcommittee with a summary of a report titled "The Workforce Development Act in Eight States: Overview of Findings from a Field Network Study," prepared by Christopher King and Burt Barnow for the Rockefeller Institute. The report addresses leadership and governance, system administration and funding, one-step centers, service mix and orientation, and the use of market mechanisms in Florida, Indiana, Maryland, Michigan, Missouri, Oregon, Texas, and Utah.

The strength of state leadership in workforce development varies widely. While some states, such as Maryland, grant a great amount of policymaking authority to local boards, others, like Utah, have centralized systems. The WIA has not achieved the employer role that the WIA envisioned. The authors attributed this to the size and bureaucratic nature of state and local boards. Boards that focus on cluster strategies around key industries have had more success than those that focus on operational issues.

With respect to administration, states have pursued distinctive, continually evolving paths. The variation in administrative structures is viewed as a key example of state and local flexibility to design systems to fit particular needs. Five of the states addressed in this report consolidated workforce programs into a single agency. In the others, the traditional structure of stand-alone WIA programs and employment services is retained.

One-stop career centers were described as the "heart" of WIA. More a place or service delivery arrangement than a program, one-stops are envisioned as a location where those needing workforce services can obtain program information without having to contact scattered agencies separately. Employment services programs are almost always a key one-stop center partner.

Unemployment insurance is a mandatory partner in the WIA system, but the increasing use of remote call centers and computer networks has reduced the program's role in many states' one-stop centers. Simon cautioned that locating all 17 programs that are mandatory partners under the WIA at one-stop centers does not ensure seamless coordination. States that follow the spirit of the WIA and co-locate optional partners, such as TANF, at one-stop centers are more likely to have a seamless delivery system. Community colleges are another worker services provider that, while not a mandatory partner under WIA, provide services through one-stops in some states.

Simon identified several challenges confronting states. These include balancing accountability and flexibility; maintaining cooperative federal-state-local relationships for monitoring and overseeing activities of local boards and one-stop centers; assuring that reporting and performance requirements do not adversely affect client selection, service provision, and outcomes; balancing the effects of unemployment insurance calls centers with the role and effectiveness of one-stop centers; balancing the goals of universal access and serving those most in need; determining proper roles for business in workforce programs; and effectively integrating workforce services.

The eight-state study concluded that states and localities have embraced the devolved authority and responsibilities under the WIA, and are creating an increasingly varied workforce development system across the nation. As in the five-state report, leadership was found to make a difference in workforce policy. The WIA's separation of policy development, program administration, and service delivery functions is contributing to the effectiveness of workforce programs.

Another challenge identified by the joint subcommittee is the need to market WIA programs. Some states have developed recognizable brands in advertising for the workforce system. Regarding the need to market workforce services to the business community, Simon noted that marketing seeks to overcome the stigma that some associate with workforce programs that is a legacy of the past when some programs were aimed at disadvantaged persons without job skills. The universal access element of the WIA is intended to move programs away from that legacy, and progress has been reported.

Secretary of Commerce and Trade, Michael J. Schewel, cautioned the joint subcommittee that if the Commonwealth only focuses on citizens with barriers to employment, it will not serve

most Virginians. Conversely, if the Commonwealth does not serve those citizens, it risks not having as many workers as the business community needs.

Schewel identified several issues with the WIA, including the system's inflexibility and the focus of local workforce boards on WIA clients rather than on broader workforce issues. The lack of flexibility was illustrated by the requirement that persons be income-eligible to receive WIA-funded training, which results in barring many employed persons from improving their skills through WIA's training programs. The lack of participation by some mandatory WIA partners, including the failure to provide funding for one-stop centers and difficulties in co-locating partnering programs at one-stop centers, was identified. Three other concerns identified by Schewel were the lack of focus on the needs of employers and employees, the lack of an overall state workforce development plan to prioritize the Commonwealth's resources (though the Workforce Council is developing a planning blueprint), and a lack of clearly-defined roles across agencies and programs.

Virginia has taken the approach of aligning its workforce programs through coordination, and not through agency consolidation. The Commonwealth has adopted workforce development as an economic development strategy, and has added optional WIA partners, including TANF and the Food Stamp Employment Program, to its workforce development program as directed by recently-enacted legislation.

Remaining challenges include program "silos," accountability, non-integration of some programs, and limited funding. While Virginia has made a lot of progress in implementing the WIA, Schewel cautioned that much work remains. The challenges Virginia faces are the same as those facing other states, and Virginia is trying some of the same approaches that other states are implementing. Schewel recognized the need for a single person in the executive branch to coordinate policy alignment across the various secretariats responsible for workforce development programs. While the Special Advisor performed a valuable service, he expressed reservations with the siting of the position in the Governor's Office, noting that it might have been more effective had it been placed in the Commerce and Trade Secretariat.

Secretary of Health and Human Resources Jane Woods agreed with Secretary Schewel that the consolidation of agencies is not the best way to achieve the program's objectives. When boards decide that they want to work together and share resources, they have been successful. Where that will is not extant, state consolidation of agencies will not move that paradigm.

The joint subcommittee examined several models for consolidating workforce training resources at its October 18, 2005, meeting. One model was based on the JLARC Report's call for the establishment of a new state agency that would assume the functions of the VEC and lead the implementation of the one-stop service delivery system. Legislation was introduced in the 2004 Session by Delegate Hogan that would have created a Department of Workforce Development to administer all workforce programs. House Bill 526 was carried over to the 2005 Session and not taken up.

In the 2005 Session, Delegate Byron introduced House Bill 2626, which provided for a more limited consolidation by transferring the Job Service, Trade Assistance Act and WIA

programs from the VEC to the DBA, which would have been renamed as the Department of Business Assistance and Workforce Services. A substitute to that bill, which passed the House of Delegates but failed in the Senate Commerce and Labor Committee, would have moved only the programs under Title I of the WIA to the DBA. The substitute to House Bill 2626 provided the second model for program consolidation discussed by the joint subcommittee.

VEC Commissioner Esser noted that legislative attempts to implement the JLARC model by consolidating programs have not been successful. She attributed their lack of success in part on the variety of state and federal funding streams, and observed that consolidating federally-funded programs raises definitional and other issues. Commissioner Esser observed that the VEC, with over 1,000 employees, has an adequate infrastructure to support administration of WIA programs. Moreover, there is a high correlation between unemployment insurance and workforce services. If VEC were to lose administration of workforce services programs, the effectiveness of the unemployment insurance program could be impaired.

The joint subcommittee declined to adopt a model for program consolidation. Members perceived that the critical element to an efficient, streamlined program is leadership at the gubernatorial level, and that the next Governor should make workforce development a top priority. While the organizational format is relevant, the passage of consolidation legislation would likely face opposition from existing providers and their advocates. Rather than try again to shift programs around, members elected to pursue alternate approaches to make the delivery of workforce training and development programs more flexible, transparent and responsive to the needs of Virginia's business community.

Other models were proposed by representatives of economic developers and manufacturers. Will Davis, State Manager of Economic Development at Appalachian Power and President of the Virginia Economic Developers Association (VEDA) recommended that Virginia provide performance-based incentives that help the Commonwealth attract specific growth and emerging industries. The Commonwealth should also increase funding for such programs as the Workforce Services program administered by the Virginia Department of Business Assistance.

VEDA is considering a public policy recommendation to more closely align several of Virginia's employer-focused and business development programs with state economic development efforts. Streamlining these efforts will enhance efforts to create job opportunities and investments.

Brett Vassey, President of the Virginia Manufacturers Association (VMA), testified that Virginia may lose 100,000 existing manufacturing employees to retirement between 2007 and 2010. Given the difficulty in locating qualified technicians in skilled trades, the VMA has adopted a workforce development policy that calls for special emphasis on worker and skill enhancement efforts.

Vassey listed six essential characteristics of a workforce development system: Responsiveness, flexibility, preparation of both new workforce entrants and incumbent and displaced workers, responsiveness to the non-technical and technical talent requirements of the workplace, promotion of a "systems approach" with a single point of service delivery, and

performance measurement and assessment. An organizational solution should include Secretariat-level authority for an office in the Executive Branch that would be responsible for measuring performance and ensuring accountability. Funds should be prioritized for existing businesses, and budget resources for programs should be connected by performance metrics.

Vassey further suggested that the current programs be divided among those that are primarily employer-focused (such as the Workforce Services program), employment-focused (such as unemployment programs), and employee-focused (such as programs administered by the Department of Social Services).

Bryce Jewett, owner of a Richmond-based manufacturing business, summarized the Manufacturing Council's report on skilled trades and recommended that the Commonwealth develop a statewide process for anticipating the specific needs for skilled labor and balancing its training resources to meet those needs. In addition, Virginia should promote manufacturing and skilled trades as an attractive career option to middle and high school students. He voiced support for efforts to continue to streamline and consolidate state workforce development programs.

A number of models to increase program coordination were discussed at the joint subcommittee's final meeting on November 14, 2005. These included:

- Establishing a Deputy Chief of Staff to the Governor with responsibility for workforce development and authority to shift resources as part of a unified approach and to articulate measurable goals.
- Revamping the Virginia Workforce Council to become a centralized, state-level governing board responsible for approving a state workforce development plan and, ultimately, selecting a Workforce Network director.
- Establishing a Leadership Team, reporting to the VWC, with responsibility for administering all 23 workforce development programs and service delivery through the one-stop centers.
- Focusing on reforming local WIBs, including the appointment and education of appointees.
- Providing an independent staff for the VWC, as recommended in the JLARC Report.
- Converting the Special Advisor to the Governor on Workforce Development to a cabinet-level position.

V. RECOMMENDATIONS

The joint subcommittee voted to endorse five recommendations at its final meeting. The recommendations are expected to be incorporated into legislation to be introduced in the 2006 Session of the General Assembly.

1. Transform the position of the Special Advisor on Workforce Development to a Deputy Chief of Staff for Workforce Development, in the Governor's Office.

Senator Ruff moved that the position of Special Advisor be transformed into that of a Deputy Chief of Staff to the Governor for workforce development. The recommendation, which was endorsed by a vote of 13-2, recognized that the Office of the Special Advisor was not a "workforce czar" and has limited powers. Members had expressed the view that the position should have direct access to the Governor, and that locating the position in an existing secretariat would not resolve the concern that it should be able to resolve inter-secretariat conflicts. Senator Ruff stated that the new position ought not to be a Secretary of Workforce Development. Funding for the position was expected to be available from the Commonwealth's discretionary WIA funds currently used to fund the Special Advisor position and staff the VWC.

2. The duties of the Deputy Chief of Staff will include being the fiscal agent for the Virginia Workforce Council and workforce network funds.

Senator Ruff then moved that the Deputy Chief be made the fiscal agent for the VWC and for WIA funds. Following Mr. Ferraro's request for clarification, members made it clear that the Deputy Chief of Staff would have authority over funding of other services provided through the Virginia Workforce Network rather than merely over federal WIA funds. The Deputy Chief of Staff would replace the VEC as WIA fiscal agent, and also be empowered to oversee funding of other programs. In response to concerns that the joint subcommittee was creating additional bureaucracy, some members observed that elevating the position to the gubernatorial level is necessary to providing oversight, and that absent authority over funding, the Deputy Chief of Staff would not have any real power. The recommendation was endorsed on a voice vote, with three members objecting.

3. The duties of the Deputy Chief of Staff will include serving as staff for the Virginia Workforce Council.

Senator Ruff moved that the duties of the Deputy Chief of Staff include acting as staff for the VWC. As such, the Deputy Chief of Staff would aid the VWC in establishing policies and procedures for workforce development.

4. The duties of the Deputy Chief of Staff will include working with the Virginia Workforce Council to create and implement a statewide strategic plan and performance measures, and evaluating performances based on these measures.

Senator Ruff's motion was adopted 13-2. Following its endorsement, Delegate Hogan moved that existing provisions in Code of Virginia addressing workforce development program administration be repealed; it was withdrawn after clarifying that the provisions authorizing the position of the Special Advisor were to be replaced or recast as applying to the new Deputy Chief of Staff. Concerns regarding whether the establishment of the Deputy Chief of Staff would run afoul of the doctrine of separation of powers were aired and discounted.

Senator Ruff's motion that the current system of having 17 local WIBs be replaced with a single, state-wide WIB, and existing WIBs be made advisory boards, was not adopted. Concerns were voiced that it would remove local authority and, if local boards were made advisory boards, the involvement of local businessmen would be reduced.

5. The Deputy Chief of Staff and the Virginia Workforce Council will be directed to create a statewide strategic plan to address the need for reforms in workforce policy, looking at issues of the need for reforms at the local WIB level.

Delegate Byron moved that the Deputy Chief of Staff for Workforce Development be charged with creating a state workforce plan that would implement workforce initiatives and policies. These would include reforms and concerns of rural communities, with a focus on keeping business interests involved in local decision making. The motion addressed concerns that businessmen were losing interest in serving on local WIBs that spent an inordinate amount of time on bureaucratic administrative matters. The motion was approved by a vote of 13-1.

VI. CONCLUSION

The joint subcommittee appreciates the assistance provided by all interested persons who participated in its work.

Respectfully submitted,

Delegate Kathy J. Byron, Chair
Senator Frank M. Ruff, Jr., Vice-Chair
Delegate Clarke N. Hogan
Delegate David A. Nutter
Delegate James M. Scott
Delegate Thomas C. Wright, Jr.
Senator Wm. Roscoe Reynolds
Dr. John J. Cavan*
C. Michael Ferraro
George E. Hunnicutt, Jr.
Dr. Rose H. Johnson
Bruce Phipps
Hugh D. Keogh, ex officio
Seth Ginther, ex officio

* Dr. Cavan's approval of the report is subject to the addition of the following additional recommendation:

"6. Encourage local WIB Boards to use the VCCS as the primary provider of local workforce training."

Senator Yvonne B. Miller dissents from the report on grounds that many federal requirements will require more staff than a new placement will have.

HOUSE JOINT RESOLUTION NO. 713

Establishing a joint subcommittee to study the need for greater consolidation or coordination of the workforce development and training resources available in the Commonwealth. Report.

Agreed to by the House of Delegates, February 5, 2005
Agreed to by the Senate, February 24, 2005

WHEREAS, Congress passed the Workforce Investment Act (WIA) in 1998 to eliminate duplication of effort and wasted resources by requiring states to develop service delivery systems that consolidate access to 17 federally funded workforce training programs; and

WHEREAS, Virginia's 2002-2004 Appropriation Act directed the Joint Legislative Audit and Review Committee (JLARC) to examine Virginia's implementation of the WIA, including evaluating the role of the Virginia Employment Commission as lead agency; and

WHEREAS, in 2003 JLARC issued a comprehensive assessment of Virginia's implementation of the WIA; and

WHEREAS, JLARC made 12 recommendations supporting their central finding that no Virginia state agency had the authority or structure to administer the training system mandated by the WIA; and

WHEREAS, JLARC found not only that the current administration of the WIA is fragmented, but also that the Virginia Employment Commission does not have the authority to coordinate resources in complete accordance with the federal mandates; and

WHEREAS, JLARC recommended that the General Assembly may wish to consider consolidating workforce training programs under a new State agency for workforce training and development; the new agency should also assume the functions currently completed by the Virginia Employment Commission and should be the lead for the implementation and administration of the one-stop service delivery system and the programs consolidated within the agency; and that the Secretary of Commerce and Trade should develop a plan for the consolidation into a single agency workforce training programs as well as other functions currently performed by the Virginia Employment Commission; and

WHEREAS, JLARC also recommended that the General Assembly may wish to consider assigning independent staff to the Virginia Workforce Council through the Governor's office, the office of the Secretary of Commerce and Trade, or a public-private partnership; and that the Council, through its staff director, should be the lead for strategic planning, policy guidance, and coordination of issues crossing agency or Secretarial boundaries; and

WHEREAS, legislation passed in the 2003 Regular Session of the General Assembly modified certain aspects of Virginia's implementation, including the structure of the Virginia Workforce Council (Council) and the types of programs encompassed within the coordinated approach directed by the WIA; and

WHEREAS, the same legislation also expanded the programs involved in the Virginia Workforce Network by directing each local workforce investment board (WIB) to enter into memoranda of understanding with entities that administer not just the 11 WIA-mandated programs, but also unemployment insurance, Community Services Block Grant programs, employment and training programs administered by the Department of Housing and Urban Development, and, notably, workforce programs under Temporary Assistance to Needy Families (TANF), the Virginia Initiative for Employment, not Welfare (VIEW), and workforce programs under the Food Stamp Act; and

WHEREAS, comprehensive legislation filed in the 2003 Regular Session of the General Assembly seeking to consolidate and coordinate workforce training and development resources failed in the House Committee on Commerce and Labor; and

WHEREAS, there remain in the Commonwealth unsolved problems and issues related to the consolidation or other coordination of workforce training and development; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study the need for greater consolidation or coordination of the workforce development and training resources available in the Commonwealth. The joint subcommittee shall have a total membership of 15 members that shall consist of eight legislative members, five nonlegislative citizen members, and two ex officio members. Members shall be appointed as follows: five members of the House of Delegates to be appointed by the Speaker of the House of Delegates in accordance with the principles of proportional representation contained in the Rules of the House of Delegates; three members of the Senate to be appointed by the Senate Committee on Rules; three nonlegislative citizen members, of whom one shall be a member of a local WIB, one shall be an individual representing a private employment training provider, and one shall have expertise in Virginia workforce training and development issues, programs, and funding to be appointed by the Speaker of the House of Delegates;

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and two nonlegislative citizen members, of whom one shall be an individual representing the Virginia Community College System, to be appointed by the Senate Committee on Rules. The President of the Virginia Chamber of Commerce or his designee and the Attorney General or her designee shall serve as ex officio members with voting privileges. Nonlegislative citizen members of the joint subcommittee shall be citizens of the Commonwealth of Virginia. Unless otherwise approved in writing by the chairman of the joint subcommittee and the respective Clerk, nonlegislative citizen members shall only be reimbursed for travel originating and ending within the Commonwealth of Virginia for the purpose of attending meetings. If a companion joint resolution of the other chamber is agreed to, written authorization of both Clerks shall be required. The joint subcommittee shall elect a chairman and vice chairman from among its membership, who shall be members of the General Assembly.

In conducting its study, the joint subcommittee shall identify all workforce training and development resources in the Commonwealth of Virginia, including annual funding appropriations, staffing and management responsibilities; develop models for consolidation or other coordination of workforce training resources; identify needed changes to the administrative structure governing workforce development and training policy in the Commonwealth; identify costs of implementing and cost savings associated with greater coordination of resources; and make legislative recommendations for the 2006 Regular Session of the General Assembly.

Administrative staff support shall be provided by the Office of the Clerk of the House of Delegates. Legal, research, policy analysis, and other services as requested by the joint subcommittee shall be provided by the Division of Legislative Services. All agencies of the Commonwealth shall provide assistance to the joint subcommittee for this study, upon request.

The joint subcommittee shall be limited to four meetings for the 2005 interim, and the direct costs of this study shall not exceed \$10,000 without approval as set out in this resolution. Approval for unbudgeted nonmember-related expenses shall require the written authorization of the chairman of the joint subcommittee and the respective Clerk. If a companion joint resolution of the other chamber is agreed to, written authorization of both Clerks shall be required.

No recommendation of the joint subcommittee shall be adopted if a majority of the House members or a majority of the Senate members appointed to the joint subcommittee (i) vote against the recommendation and (ii) vote for the recommendation to fail notwithstanding the majority vote of the joint subcommittee.

The joint subcommittee shall complete its meetings by November 30, 2005, and the chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the 2006 Regular Session of the General Assembly. The executive summary shall state whether the joint subcommittee intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summary and the report shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

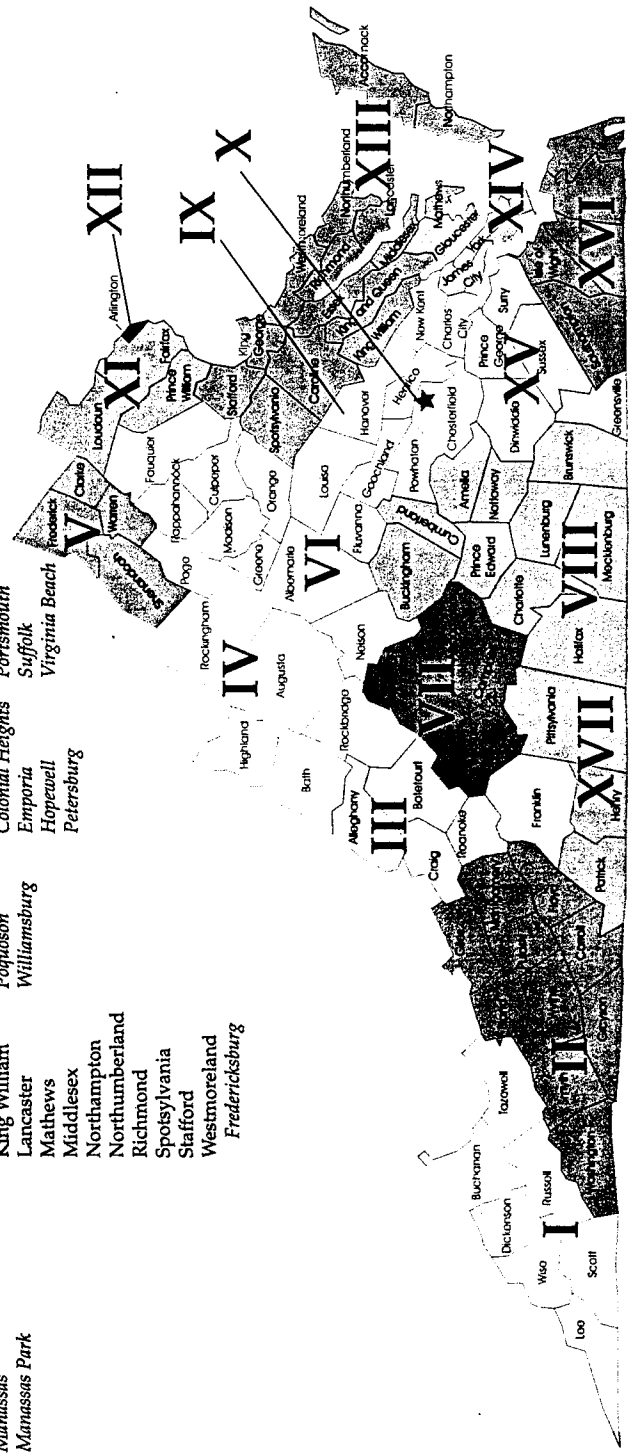
Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may approve or disapprove expenditures for this study, extend or delay the period for the conduct of the study, or authorize additional meetings during the 2005 interim.

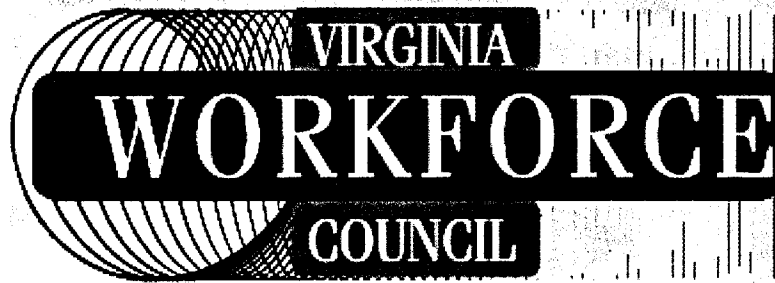
Virginia WIA Regions*

| | | | | | | | | |
|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Region I Buchanan Dickenson Lee Russell Scott Tazewell Wise Norton | Region II Bland Carroll Floyd Giles Grayson Montgomery Pulaski Smyth Washington Wythe Bristol Galax Radford | Region III Alleghany Botetourt Craig Franklin Roanoke Covington Roanoke Salem | Region IV Augusta Bath Highland Page Rockbridge Rockingham Buena Vista Harrisonburg Lexington Staunton Waynesboro | Region V Clarke Frederick Shenandoah Warren Winchester | Region VI Albemarle Culpeper Fauquier Fluvanna Greene Louisa Madison Nelson Orange Rappahannock Charlottesville | Region VII Amherst Appomattox Bedford Campbell Bedford Lynchburg | Region VIII Amelia Brunswick Buckingham Charlottesville Cumberland Halifax Lunenburg Mecklenburg Nottoway Prince Edward | Region IX Charles City Chesterfield Goochland Hanover Henrico New Kent Powhatan |
|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|

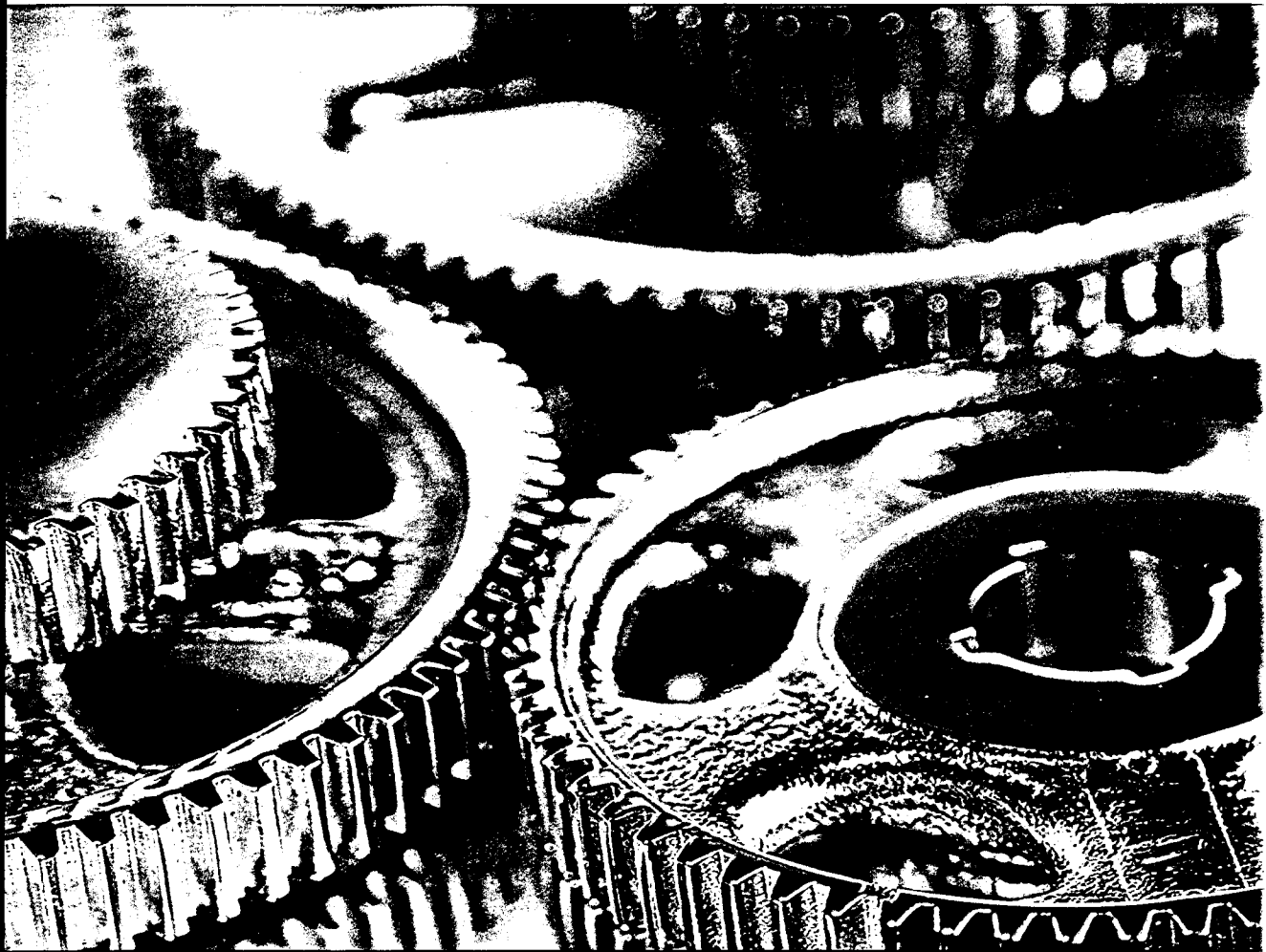
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|-----------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Region X Richmond | Region XI Fairfax Loudoun Prince William Fairfax Falls Church Manassas Manassas Park | Region XII Arlington Alexandria | Region XIII Accomack Caroline Essex King George King and Queen King William Lancaster Mathews Middlesex Northampton Northumberland Richmond Spotsylvania Stafford Westmoreland Fredericksburg | Region XIV Gloucester James City York Hampton Newport News Poquoson Williamsburg | Region XV Dinwiddie Greensville Prince George Sussex Colonial Heights Emporia Hopewell Petersburg | Region XVI Isle of Wight Southampton Chesapeake Franklin Norfolk Portsmouth Suffolk Virginia Beach | Region XVII Henry Patrick Pittsylvania Danville Martinsville |
|-----------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|

*Cities are in italics





*workforce development
economic development
lifelong learning
technology*



Funding Summary 2004 State-Administered Workforce Training Programs



Funding Summary 2004
State-Administered Workforce
Training Programs

Federal Total
\$191,531,189



State Total
\$59,371,377



| Agency | Virginia Department for the Aging | Department for the Blind and Vision Impaired | Virginia Department of Business Assistance |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Program | Senior Community Services Employment Program | Vocational Rehabilitation | Workforce Services |
| Recipient | Area Agencies on Aging; Workforce Investment Boards (WIBs) | Department for the Blind and Vision Impaired | Economic development projects involving new company locations & assisting company expansions creating new jobs |
| Available Funds FY 2004 | Federal: \$3,300,000 State: \$0 | \$7,471,739 \$2,016,409 | \$825,000 \$8,870,410 |
| Target Population | Low-income persons 55+ | Virginians 14 years of age and older who are blind and require special vocational rehabilitative services to prepare for employment | Companies (employers) creating new jobs and investment in the Commonwealth |
| Service Level FY 2004 | 756 persons served | 1,297 served 231 successfully completed rehabilitation program | The Workforce Services Program funded and provided services to 507 companies involving 16,016 jobs |
| Impact/Outcome FY 2004 (unless otherwise noted) | DOL Grant 34% unsubsidized job placement rate; Natl Council on Aging grant unsubsidized placement rate 29% | 99% served had a significant disability and successfully completed rehab; 216 were in integrated employment earning min. wage; average hourly wages were \$10.89; average weekly earnings at closure were \$379 | FY04 Goals: 100% ROI achieved within 6 mos—350 projects met and exceeded by 145%; 500 targeted small business jobs—met and exceeded by 252%; 13,000 total jobs—met and exceeded by 123%; 200 economic development marketing presentations—met and exceeded by 157%. |
| Notes | | This information is reported on federal fiscal year 2004-Oct. 1, 2003, through Sept. 30, 2004. Fifteen homemakers completed rehab. & weren't in competitive employment, but needed specialized services to acquire adaptive skills for independent living | Workforce Services is one of Virginia's main economic development incentives for business recruitment and expansion. The program offers cost-free services and funds to assist in reducing recruitment and training expenses. Funding for each project is limited to the net new jobs being added by the company and based on the estimated tax benefits generated with a 1-year period. Companies do not receive funding until 90 days after the new employee's hire |

**Grand Total
\$250,902,566**

**Education
Occupational Training
Work Experience**

Virginia Department of Education

Virginia Department of Labor and Industry

Virginia Department of Rehabilitative Services

Adult Education and Family Literacy Act of 1998
English Literacy/Civics Education
Occupational Adult and Career and Technical Education

Apprenticeship training, promotion and development

Vocational Rehabilitation

Public schools & community-based organizations; some community colleges received funds as school divisions contracted with them to provide services
Public schools & community-based organizations
Public schools

Virginia Department of Labor and Industry

Virginia Department of Rehabilitative Services

\$10,817,879
\$3,491,098 (Match)
\$1,323,034
\$0
\$0
\$2,360,840

\$0
\$702,283 (actual)

\$58,260,451 (\$6,890,334 Carryover)
\$8,943,681

Adults w/o a high school credential; 16 & 17-year olds may be served if they have been released from compulsory attendance
Adults w/o a high school credential who have immigrated to the U.S.
Adults

Industries, business owners, labor and trade organizations, students and those seeking careers in apprenticeship trades, registered apprentices and program graduates; other job creation entities

Virginians 14 years of age and older who meet the eligibility criteria for the public vocational rehab. program to receive services leading to employment

28,037 served
8,969 served
34,462 served

11,585 Registered Apprentices; 1,962 business organizations with registered apprenticeship programs

26,806 served

11,545 students completed their educational functioning levels; VA programs exceeded target performance levels in 9 out of 11 educational functioning levels; 10,754 earned their GED
% Completed:
36%-ESL Beginning Literacy; 36%-ESL Beginning; 41%-ESL Intermediate Low; 39%-ESL Intermediate High; 26%-ESL Low Advanced; 25%-ESL High Advanced
Provide new skills to adults seeking new careers or skills for initial employment

Number of registered apprentices increased by 805; registered apprenticeship sites increased by 95

3,935 employed; 91.2% were in competitive jobs at above min. wage; 92.8% employed were significantly disabled; average hourly wage \$8.63; average weekly wage \$288*

Adult education exceeded performance targets using the methodology applied by US DOE.
No monies are allocated for program evaluation or follow-up.

The VA Dept of Labor and Industry plays a vital role in overseeing the state's Registered Apprenticeship program. Agency is responsible for registering programs that meet standards; issuing nationally-recognized Certificates of Completion; protecting the safety and welfare of apprentices; program promotion; assuring high-quality training; ensuring that programs produce skilled, competent workers. No funding is appropriated to the Dept. for subgrant recipients.

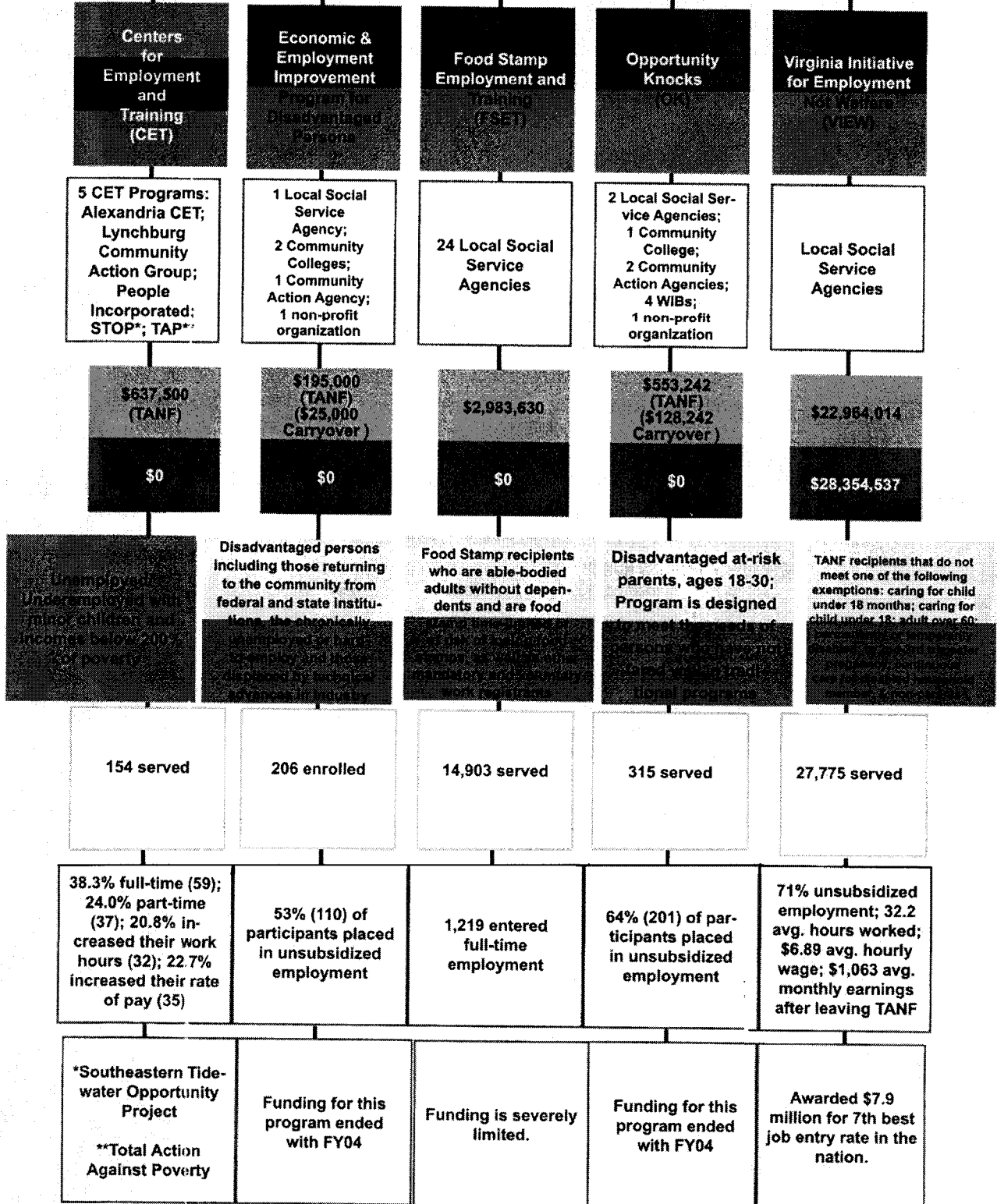
Budget, results and impact/outcome/measure are based on federal fiscal year.
*Data applicable for 3,215 consumers who had VEC wage data.

Color Legend for Program Type

**Remedial and Basic Skills
Employment
Social Services**

**Full Service
Assessment
Employer Services
Placement** **Support
Training**

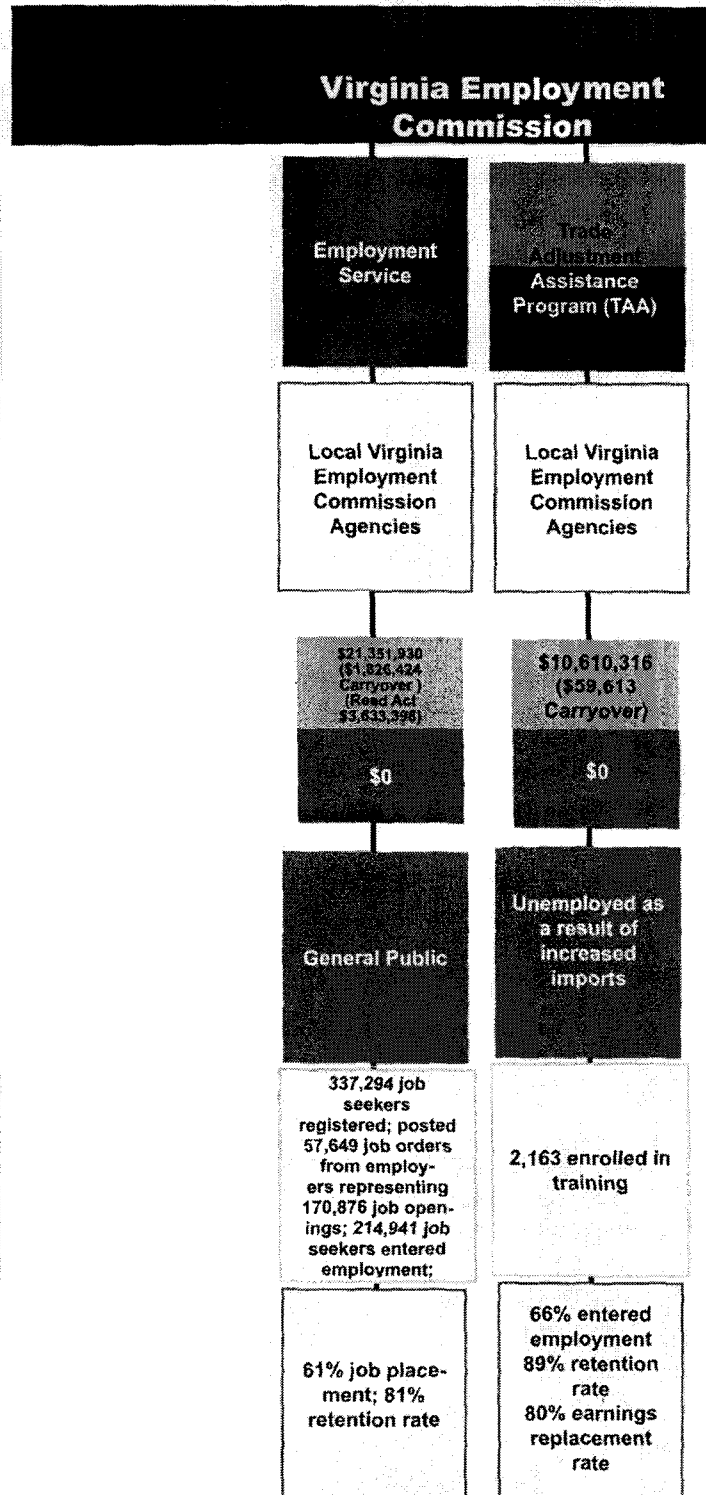
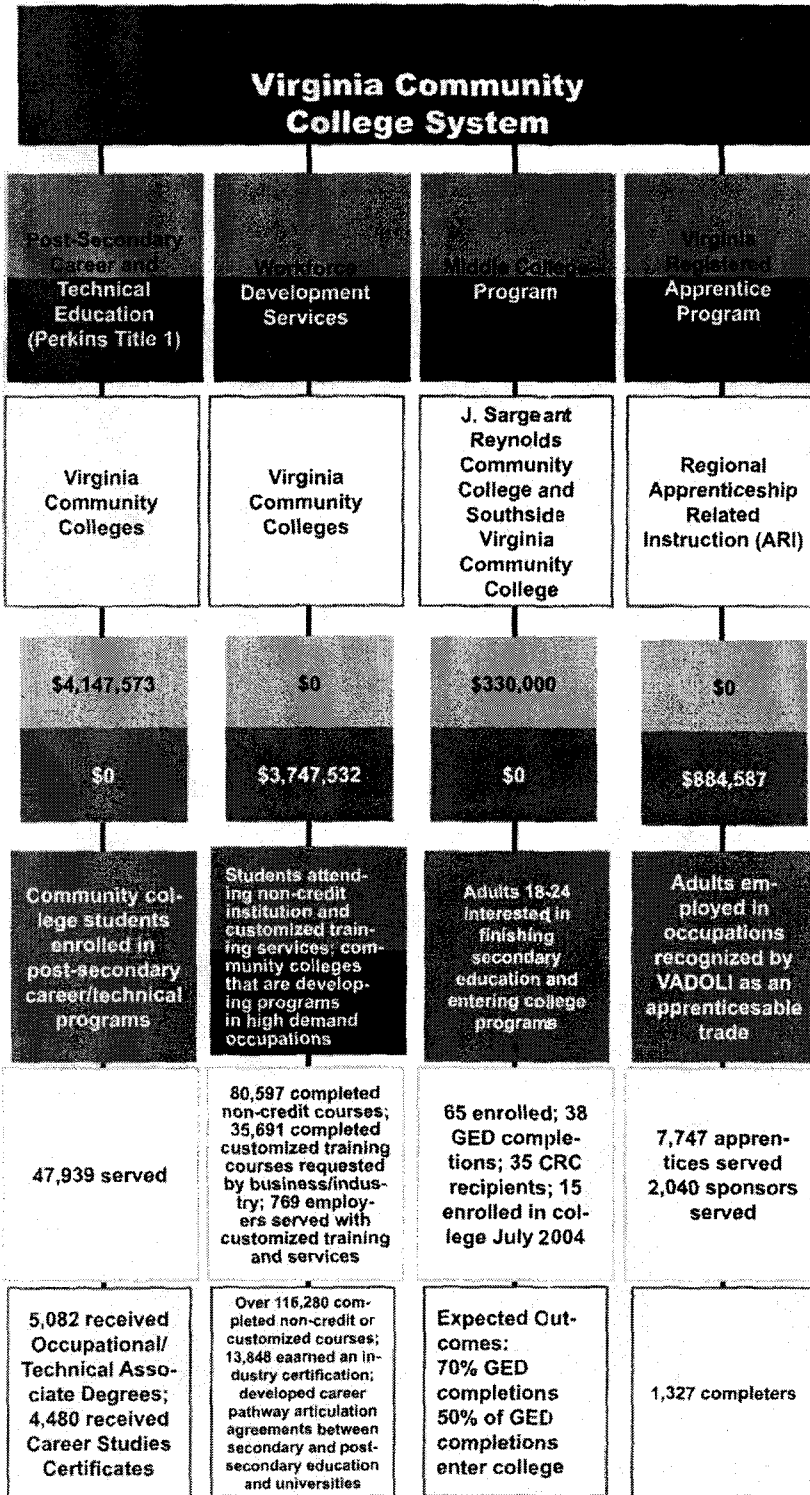
Virginia Department of Social Services



Color Legend for Target Population

| |
|---------------------------------------|
| Welfare/Social Svcs. Recipient |
| Persons with Disabilities |
| Youth |

| |
|---------------------------|
| Employers |
| Dislocated Workers |
| Low Income |



**General Public
Lacking Basic Skills
Veterans**

**Virginia Employment
Commission Cont**

| Veterans Employment and Training Program | WIA Adult Program | WIA Dislocated Worker Program | WIA Youth Program |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Local Virginia Employment Commission Agencies | Local Elected Officials for use by LWIBs | Local Elected Officials for use by LWIBs | Local Elected Officials for use by LWIBs |
| DVOP \$2,513,172 (\$249,172 Carryover) LVER \$1,599,885 (\$44,198 Carryover) TAP \$119,333 TOTAL \$4,232,370 \$0 | \$13,242,958 (\$3,348,851 Carryover) \$0 | \$14,009,578 (\$4,867,616 Carryover) \$0 | \$14,274,975 (\$6,381,824 Carryover) \$0 |
| Qualified service-connected disabled veterans; Qualified eligible veterans/persons; female, minority, homeless, and disadvantaged veterans | Qualifying Adults aged 18 and over | Individuals affected by qualifying dislocation events | Welfare Recipient ages 14-21 who meet income and other barrier eligibility requirements |
| 25,395 entered employment; Over 16,000 received TAP training at 8 military installations; and provided staff-assisted services to over 39,000 veterans and other eligible persons | 5,156 served | 4,898 dislocated workers served | 5,387 youth served |
| 57% Employment; 81% Retention; 58% received a VEC staff-assisted service before employment | Employment - 73.1% Retention- 84.5% Earnings Change - \$2,496 Credential Rate - 41.8% | Employment - 80.2% Retention- 91.8% Wage Replacement Rate - 101.7% Credential Rate - 45.9% | Ages 14-18: Skill Attainment-91%; HS Diploma or Eq.-47.3%; Retention-47.9% Ages 18-21: Employment-66.6%; Retention-81.6%; Earnings Change-\$2,417; Credential Rate-54.1% |

Total WIA Program Customer Satisfaction:

Participants - 74.8%
Employers - 75.1%

Virginia Department for the Aging

Senior Community Services Employment Program provides subsidized training and employment for a period of up to two years for people who are economically disadvantaged and age 55+. (<http://www.vda.virginia.gov/>)

Department for the Blind and Vision Impaired

Vocational Rehabilitation assists Virginia's citizens who are blind, deafblind or vision impaired in achieving their maximum level of employment, education, and personal independence. Vocational evaluation, job training, job development, placement, follow-up and other services are provided to assist consumers in obtaining jobs in the public and private sectors. (<http://www.vdbvi.org/vrservices.htm>)

Department of Business Assistance

Workforce Services Program provides customized recruiting and training services to companies that are creating new jobs or experiencing technological change. (<http://www.dba.virginia.gov/workforce/>)

Department of Education

Adult Education and Family Literacy Act of 1998 provides services related to adult education programs, including Adult Basic Education, General Education Development (GED), and Individual Student Alternative Education Programs (ISAEP). (<http://www.doe.virginia.gov/VDOE/Instruction/Adult/>)

English Literacy/Civics Education provides basic educational services to adults who are not native speakers of English with the primary goal being English proficiency. The Department of Education funds a special group of ESL programs--English Literacy/Civics Education. These programs provide a linkage between English literacy education and civics education. (<http://www.doe.virginia.gov/VDOE/Instruction/Adult/core.html>)

Occupational Adult and Career and Technical Education supports initiatives and provides resources for students in grades 6-12 through its career and technical courses and programs. (<http://www.doe.virginia.gov/VDOE/Instruction/CTE/>)

Department of Labor and Industry

Apprenticeship, Training, Promotion and Development provide a combination of on-the-job training and related classroom instruction in a variety of occupations, ranging from high tech to highly skilled trades. (<http://www.doli.virginia.gov/whatwedo/apprenticeship/apprenticeship>)

Department of Rehabilitative Services

Vocational Rehabilitation partners with community rehabilitation providers to provide employment and vocational services throughout the state. Provide long-term support fund management; standards oversight of Employment Services Organizations (ESOs); administration of the Economic Development Fund, and coordination and support of special programs such as, Deaf and Hard of Hearing. (<http://www.vadrs.org/>)

Department of Social Services

Centers for Employment and Training (CET) provide career counseling, case management and occupational skills training for low-income individuals with minor dependants. (<http://www.dss.virginia.gov>)

Economic and Employment Improvement Program for Disadvantaged Persons (EE-IPDP) is designed to improve the employability of disadvantaged persons through education, skills and job training. (<http://www.dss.virginia.gov/>)

Food Stamp Employment and Training (FSET) provides job search, job search training, education and work experience to non-public assistance Food Stamp recipients. (<http://www.dss.virginia.gov/benefit/fs/training.html>)

Opportunity Knocks (OK) provides job search, individual career counseling, and funding for education and skills training. (<http://www.dss.virginia.gov>)

Virginia Initiative for Employment not Welfare (VIEW) provides job search assistance, job readiness and training services. VIEW is the employment component of Virginia's Temporary Assistance for Needy Families (TANF) program. (<http://www.dss.virginia.gov>)

Virginia Community College System

Post-Secondary Career and Technical Education (Perkins Title 1) provides post-secondary vocational and technical education programs leading to certificate, degree or industry certification. (<http://www.vccs.edu/>)

Workforce Development Services provides credit or non-credit programs and services to meet the training needs of business and industry. (<http://www.vccs.edu/Workforce/WDS/mis-sion.htm>)

Middle College Program provide high school drop-outs between the ages of 18 and 24 an opportunity to attain a GED and enroll in a variety of quality, proven courses that will (1) enhance basic workforce skills through engagement in project-based learning, (2) participate in remedial courses (when necessary), (3) accumulate community college credits applicable towards a degree or certificate and (4) attain an ACT Work Keys workforce readiness certificate. (<http://www.vccs.edu/workforce/midcollege/>)

Virginia Registered Apprentices Program coordinates a collaborative effort of employers, the Virginia Department of Labor and Industry, secondary education, technical centers and local colleges to provide related instruction in highly skilled trades and occupations. The related instruction is designed to provide the apprentice with the knowledge of the theoretical and technical subjects related to their trade. (<http://www.vccs.edu/workforce/ari/index.htm>)

Virginia Employment Commission

Employment Service provides workers with job referral and placement, referral to training, and job search skill building activities. These services also assist employers by screening and referring applicants for job vacancies, providing critical labor market information for business and economic planning, and coordinating Employer Advisory Committee activities across the Commonwealth. (<http://www.vaemploy.com/>)

Trade Adjustment Assistance (TAA) Program provides additional benefits for dislocated workers of companies that are directly impacted by increased imports or shifts of production to other countries. (<http://www.vaemploy.com/>)

Veterans' Employment and Training Program assists veterans, reservists, and National Guard members in securing employment. (<http://www.dol.gov/dol/vets>)

WIA Adult Program provides job search, job referral and placement assistance, career counseling, labor market information, skill and needs assessments, and occupational training to eligible adults 18 and over. (<http://www.vaemploy.com/>)

WIA Dislocated Worker Program provides assistance with job search, career counseling, and funding for skills training. (<http://www.vaemploy.com/>)

WIA Youth Program enhances youth education, encourages school completion through alternative educational programs, and provides exposure to the world of work through apprenticeship and career exploration. (<http://www.vaemploy.com/>)

Adult Education and Family Literacy
VIRGINIA DEPARTMENT OF EDUCATION

Adult Basic Education

Virginia Department of Education
Yvonne Thayer, Director

What is the adult basic education program?

- **Basic literacy skills for adults who did not complete a high school education (over age 18)**
- **English literacy for second language population**
- **Basic skills in the workplace**

What programs are offered?

- **Low literacy reading and mathematics – through 8th grade**
- **Adult secondary education in preparation for diploma or GED**
- **English literacy – low literacy in native language through high levels of English literacy**

Who provides the programs?

- **School divisions**
- **Consortia of programs**
- **Contracted services**
- **Community-based literacy providers**

How is adult ed funded?

| | | |
|----------------------------|--------------|-----|
| • Title II of WIA, federal | \$13,148,601 | 62% |
| • State funds | \$ 5,760,276 | 27% |
| • Local school funds | \$ 2,393,010 | 11% |

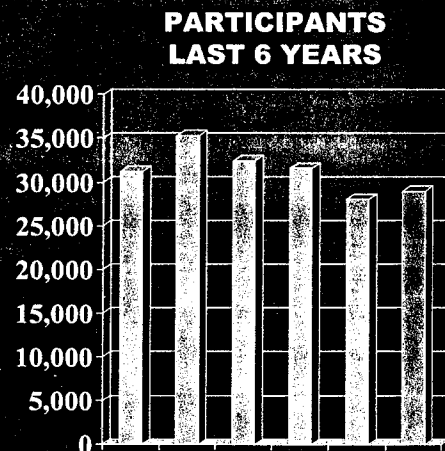
IMPORTANT

State and local funds serve as a match to receive the federal funds. Therefore, it is one state program.

Who participates in adult ed classes?

In 2004-2005

- 12,275 low literacy learners
- 3,901 adult secondary learners
- 13,084 English literacy learners
- Total 29,260 adults in classes



Team Resources

Resources allocated to adult education

- People
- Equipment
- Locations
- Support for staff development
- Support for research

Working with the One Stops

- **Adult ed is a mandatory partner**
- **Local programs share resources**
- **Very few *WIA eligible* adults participate in the adult ed program**
- **Workforce areas that include adult ed on the WIB have better adult ed participation**

Federal \$\$

Office of Adult Education and Literacy

State \$\$

Staff Development Resources

- Va. Adult Learning Resource Center (VCU)
- Workforce Improvement Network (JMU)
- Institutes for Lifelong Learning (RU)
- Polilogue Portal (RU)
- *Vertex* – Electronic Journal (JMU)
- *Progress* – Newsletter (VCU)

- ## Program Priorities
- Workforce Development
 - Workplace Literacy
 - Technology
 - Health Literacy
 - Family Literacy

- ## Collaboration with Other Agencies
- 18 Regional Literacy Coordinating Committees
 - Department of Social Services
 - Department of Rehabilitative Services
 - Virginia Employment Commission
 - Department of Correctional Education
 - Department of Housing and Community Dev.
 - Department of Business Assistance
 - Tobacco Commission
 - Workforce Investment Boards
 - Virginia Literacy Foundation
 - Literacy Foundation of Virginia
 - Public Television

Local \$\$

Local/Regional Programs

Core Services

- Adult Basic Education
- Adult Secondary Education
 - General Educational Development (GED)
 - External Diploma Program (EDP)
 - Adult High School Diploma
- English Literacy
- GED Testing

Staffing

- Local and Regional Program Managers
- Local and Regional Assessment Specialists

Service Providers

- Public Schools
- Community Colleges
- State Institutions
- State Prisons
- Local and Regional Jails
- Community Based Literacy Organizations (CBLOs)

VCU - Virginia Commonwealth University

JMU - James Madison University

RU - Radford University

IN SUPPORT OF GUBENATORIAL LEADERSHIP

Presented by Subcommittee Member Bruce Phipps

Setting the Stage: At the most recent meeting of the Joint Subcommittee Studying Workforce Development, subcommittee member Hugh Keogh made a compelling argument for instituting a mechanism within the Governor's office to provide the leadership necessary to institute any real change in how Virginia addresses workforce development. This brief has been prepared in support of that argument and **recommends the creation of the position within the Governors office of Deputy Chief of Staff over Workforce Development.**

As we have witnessed through our deliberations, workforce development, inclusive of its constituents, its current service delivery structures and the needs yet to addressed is broad in scope and diversity as exemplified by the 20 plus programs reaching across four Secretariats. Those in need of workforce services is equally diverse encompassing

- employers of all sizes (large and small),
- workers whose skills have become obsolete due to dynamic changes through technological advances in the workplace and/or outsourcing of jobs through global competition; and
- workers who lack even the basic skills necessary to be valued and productive participants in the workforce.

It should be clear that no single agency, department or secretariat is equipped to adequately address the broad nature of workforce development and its relationship to economic development. The issues are too broad and diverse to simply be merged into some form of government super structure. The leadership needed to take advantage of opportunities and seek diversity in solutions to problems cannot come from any single agency head or secretary's office. They each have their own constituent's interests at stake and cannot lead from a broader public vision.

This diversity of need and response capability is also played out in our local communities with each community or local geographic configuration having diverse needs and varying degrees of available resources to address those needs. A strong local role has been a positive facet of workforce services since the devolution of power away from the federal level of government which first occurred in the early 70's. It is also a key principle to be maintained moving forward. For example, in some communities the greatest need is to provide means that can effectively increase the basic skills of the workforce including basic education, literacy skills, English speaking skills or basic behaviors on the job. Other communities may have an immediate need to quickly deliver a sufficient number of skilled workers to meet a new or expanding employers' workforce capital. It is only at the local level that this diversity of need is understood, the availability of existing resources assessed, gaps in services and resources identified and strategies to address excess need developed.

Moving Forward: There are several principles to be preserved in any approach to developing a workforce system in the Commonwealth:

1. The division of responsibilities between state and local government must be balanced in a manner that preserves the maximum degree of local discretion over the use of available funds. Doing so will attract local business and industry representatives to become a part of the dialogue and place the discretion for the use of funds in proximity to where there is understanding of the needs and issues.

2. State leadership must understand and appreciate the need for open and engaged dialogue with local representatives.
3. All agencies identified must be engaged. No agency identified to date as a part of the problem can be relieved of its obligations to be a part of the solution.
4. All agencies and organizations have a constituency and an obligation to meet their needs. Specifically, all agencies have a legislated role requiring adherence and that should be respected.

Additionally, there are several lessons from history that should not be repeated:

1. Moving system development responsibility from one agency to another will not change or improve workforce development efforts in the state.
2. Collapsing programs into a single state bureaucracy is not of itself a solution. Additionally, it runs the risk of centralizing control at the state level and minimizing or eliminating local discretion and any meaningful role for business and industry.
3. Giving a single agency that has an investment in the outcomes the responsibility to lead the initiative fails the test of objective consideration and subverts the broader interests of the public and business to the interests of the agency.
4. Virginia's failure has been a failure of leadership, vision, and collaborative action.

Recommendation: Leadership is and always has been the missing ingredient. The responsibility for leading the future of workforce development must be placed at a level of state government that can command the presence of the current cabinet members who have responsibility for all of the pieces of the workforce development puzzle. The current arrangement of where programs and services lay in state government does not need to change, at least initially. Moving programs and formulating a super agency is threatening to the very parties who need to be a part of formulating a vision for the state and in and of itself does not guarantee a solution.

- The Deputy Chief of Staff position must **have authority over the cabinet secretaries** to formulate and move the resources in a common direction.
- All agencies must be required to bring their workforce resources to the table, and only be empowered to deliver services in accordance with local and state plans, **NO EXCEPTIONS.**
- Such leadership must set the overarching strategic direction and vision for system development.
- It must define and articulate policy that ensures full cooperation among the various system partners, and that:
 - ✓ drives system development consistent with the state's strategic direction and vision;
 - ✓ recognizes and incorporates local decision making to effect system implementation that best meets local needs; and
 - ✓ articulates overall system goals that are measurable and against which all involved are held accountable.

Focusing on leadership rather than reorganization of agencies or funding streams, can result in a single system of service delivery for all segments of our society who need workforce interventions. It empowers each agency to do those things specific to its mission and its expertise and provides the opportunity to develop the means to share the costs of those functions common to all.

HJR 713 Position Paper Workforce Development and Training Resources

Submitted By: Rose Harrell Johnson

November 10, 2005

Preface: The following model calls for the creation of a statewide plan for workforce development in line with economic development objectives, revamping the current VWC to create a statewide governing board, creating a statewide advisory council, and the creation and approval of agency/organization workforce plans that will implemented at the regional/local levels in support of the state plan.

PHASE ONE

I. Revamp the existing VWC to become a centralized, state-level workforce development governing board responsible for:

- (1) Approving a state workforce development plan (Virginia Workforce Network) with specific goals, outcome expectations, and outcome measurements in line with federal requirements, related state mandates, and Virginia's economic development objectives.
- (2) Approving a state WIA plan, supporting WIA regional plans, and associated funding; adjusting regional funding allocations based on performance/outcomes (*WIA plans will indicate how agencies/organizations are involved in the implementation of the WIA plan.*)
- (3) Approving WIA funding allocations for special workforce development projects;
- (4) Approving workforce development plans of the Virginia Workforce Network mandated partners of how federal funds (other than WIA) will be used to achieve Virginia's workforce/economic development goals and outcome expectations as specified in the state plan. The state board will ensure that the plans of diverse agencies are synchronized in order to achieve collaboration and the efficiency and effectiveness needed for a "fluid" workforce system.

Note: *The board should be comprised predominately of employers and employees of key employment sectors so that the private sector can carry the majority vote. The membership of the board should be as free of public sector influence as feasible so that its actions are driven by private sector needs.*

II. Governing board selects a Virginia Workforce Network director, to be approved by the governor. The director reports to the governing board and is responsible for:

- (1) Leading a state-level workforce advisory council comprised of primary agency/organization leaders and local/regional operators (Virginia Workforce Network mandated partners plus others such as Virginia Economic Development, Virginia Department of Business, Goodwill

Industries) to draft a state workforce development plan and individual agency/organization plans. *(The plans should specify the how WIA and other Federal funding will be used to achieve the state's workforce and economic development goals and outcome expectations.)* This advisory group will agree on any recommend changes in the plans so that they can be presented by the state director to the state governing board.

- (2) Obtaining approval of the agency leaders; secretaries of education, commerce and trade, and other appropriate secretariats before submitting the plan(s) to the governing board for review and approval;
- (3) Presenting the plan(s) to the state governing board for approval and negotiating changes to the plan as needed;
- (4) Establishing a regional network responsible for facilitating and monitoring the implementation and success of the plans at the regional/local levels;
- (5) Conducting outcome assessments and compiling performance reports; recommending to the state workforce advisory council changes that should be considered to enhance effectiveness and efficiency; presenting agreed upon changes to the state governing board;
- (6) Staffing and supervising the office of the State Director of the Virginia Workforce Network as needed to support the work statewide governing board.

PHASE TWO

Review progress and refine model as needed. Seek ways to continually align funding with the goals and outcome expectations of Virginia's workforce development plan.

To the extent that some of the issues discussed here may appear to be outside the mandate of this committee, I believe they are nonetheless important to a true understanding of what really needs to be done to improve the administration of WIA in Virginia. Some of these issues may require legislative action. Some others may not. Each is, however an important part of the puzzle.

There seems to be much preoccupation with changing organizational charts by moving functions between agencies. The JLARC study correctly points out that it is the Service Providers who control the delivery of WIA services; not the agency that administers the funds. It is the local WIBs that are supposed to control those service providers. The degree of success the local WIBs have enjoyed appears to have been varied and usually limited. Our experience in WIA One has been that the incumbent JTPA service providers, who were retained as a political compromise, have been massively resistant to working with employers or focusing upon increasing and enhancing the workforce. They have generally tried to bypass the WIA-mandated sequence of core, then intensive services in advance of any training, in order to enroll clients in some sort of training as soon as possible. They have also been resistant to restricting training to any WIB-determined demand-driven training. They have instead pretty much continued the JTPA practice of extending whatever training the client asked for; which was frequently whatever training the Community College needed tuition paid for. In short, they have attempted to operate as they always had before the passage of WIA and repeal of JTPA. JLARC also correctly observed that whatever agency might be substituted for the VEC will certainly encounter the same problem. I would add that any substituted agency would also encounter a very steep learning curve, both with respect to the administration of WIA and dealing with WIBs and their service providers.

So I suggest, with all due respect and with some confidence, that if you think organizational shuffles at the Agency and Secretariat level will fix WIA, then you don't understand the problem.

From the perspective I have gained as a WIB member and participant in various capacities, it seems to me that a great deal of our WIB's trouble begins with the appointment practices exercised by the Consortium of 8 Chief Local Elected Officials. They tend, frankly, to ignore the requirements of the Workforce Investment Act of 1998 and make these appointments as they make many others – out of cronyism and patronage – and without anywhere near the attention that should be paid to adequately representing the local employers. I'm sure this is less of a problem in a WIA with a Northrup-Grumman in it; but in rural areas it is quite a problem. The only solution to this is that the Virginia Workforce Council should work with the Office of the governor to police the nomination and appointment procedures for local WIBs so as to insure better-quality appointments. Perhaps this could be addressed through legislation, with state guidelines supplementary to, but not conflicting with the provisions of the federal act.

The next improvement that should be made is to pay MUCH more attention to the education of local WIB members and the Chief Local Elected Officials. The subject, as we all should realize by now, is very complex. There is no sustained state-level effort that I am aware of to train these people. The job is probably beyond the capacity of most Local WIBs. The result is that (at least in my opinion) probably a majority of the people who are engaged as local WIB

and CLEO members in the administration of WIA don't really have any clear idea what they are supposed to be doing and how they are supposed to do it. This training needs to be in a form that can be distributed on CDROMs; be in small installments, and be relatively easy to comprehend in initial installments and build to more complex subjects. In other words, suitable for short sessions attached to other meetings. Special training sessions requiring that either trainers or trainees or both travel and devote significant portions of entire days have been tried and have been ineffective.

The next problem is that skills training, while the VWC has been focused closely on it, is not necessarily the answer to workforce issues. I have included with these remarks an article from the November 8, 2005 edition of the Kingsport Times-News. This article discusses a workforce study conducted in Northeast Tennessee, which borders WIA One in Virginia. It makes the same point that our WIB has heard from local employers time after time. The problem is more "work ethic" and "soft skills" than it is technical training. What this means to the WIA service provider is that they could be moving people into the workforce faster and at less cost by delivering intensive services in the form of short-duration workshops designed to impart these basic employment-seeking and retention skills that employers on both sides of the state line have found lacking. But training is easier, and (if you are careful; to enroll only the most promising trainees) makes meeting your performance measures easier. So training is what is getting done. Of course, there is not enough money to train all comers, so these service providers have adopted the strategy of only enrolling as many people as their limited funds will pay for training, then discontinuing (or all but discontinuing) all activities except paying their staff and doing the minimal follow-up required with a client that's in training. This is the kind of thing that prompted one local government administrator in neighboring WIA Two to observe that the administration of WIA is "an ice cream cone that licks itself". The VWC should reconsider the training issue. Training is not the only way, and may not be the best way in a given situation, to enhance a local workforce.

I recently forwarded a spreadsheet that showed participation rates in the workforce. I will again attach it to this e-mail. The issue of the participation rate in Southwest Virginia involves more than funding and true unemployment rates.. This also touches upon a point made by one of the business groups that argued for segregating the "employee-oriented" services from the "employer-oriented services". The last thing in the world that I could be considered is a "social services type". But I'm afraid we might (at least with respect to SOME local workforces) throw the baby out with the bathwater. In a locality where the workforce could be augmented by as much as two-thirds by merely achieving the state average participation rate, there is much to be gained by bringing these people into the workforce. Further, since the entire Commonwealth is at relatively low unemployment, these non-participants are an important source of workers. Since the Workforce Investment Act of 1998 began to be administered, there has been a problem with using the Adult funding stream to train incumbent workers because even a one-child family with two parents earning the minimum wage with an hour or so a day's overtime each could not qualify for WIA Adult funds. The reason was that at the 135%-of-LLSIL self-sufficiency rate that the WIA unit leaned on local WIBs to adopt, they made too much money. This meant only unemployed or seriously underemployed people could qualify for adult funds. However, if there were no funds to do incumbent worker training to move people up the career (skills) ladder, there were no entry-level jobs open (except

through attrition) for these people to take. So the misguided effort to confine the availability of adult funds to “those most in need” froze the unemployed and underemployed out of the job market no matter what kind of WIA services they were delivered. This would seem to be consistent with the fact that in WIA One, despite consistent top performance on the negotiated performance levels, the participation rate in the workforce has not increased. In fact, it seems to have declined. This also highlights the point that the performance measures don’t really necessarily measure improvements to the workforce. The low participation rate in Southwest Virginia (and no doubt elsewhere) demonstrates that the Adult funding stream should be retained and utilized as discussed.

The VEC has recently secured waivers allowing Adult funds to be utilized for Incumbent-Worker training as well as Dislocated Workers. This should allow the needed flexibility. The Adult Funding – even the portion that has not been transferred to Incumbent or Dislocated Worker use, should be retained and used to train the unemployed and underemployed to fill entry-level jobs. Every existing employer knows that new employers hire few or no unemployed people. They hire people with skills and experience from existing employers. These people need to be brought into the workforce to replace those who move up by the use of those Adult funds. Otherwise, new employers only “churn” the existing workforce.

WIA One has just awarded an RFP for the provision of adult and DWP services by a partnership of the VEC and Occupational Enterprises, Inc (OEI). OEI is a contractor for a consortium of the eight Departments of Social Services in WIA One. They have a proven record of bringing the chronically unemployed and underemployed into the workforce in their delivery of services in the Welfare-to-Work and Ticket-to-Work programs. That is another point that needs to be made: To change the way workforce Development services are delivered and their effectiveness, changes probably must be made in service deliverers. This is politically very problematic in Southwest Virginia. Frankly, there has been hell to pay about our WIB’s change in service providers. But if we are to address these urgent issues, we have no choice. At the state level, steps should be taken to make local WIBs less vulnerable to political pressure from entrenched stakeholders.

Work first is critically important. By requiring a job search. You place every WIA customer in the workforce. That increases the funding base for Virginia vis-à-vis the other states. It doesn’t mean they will secure a job (although a surprising number have in WIA One). It doesn’t even mean they will necessarily be enrolled as a WIA customer. It does, however, mean that every one of them that does not secure employment will show as unemployed, which also increases the WIA funding base. In WIA One, we have used the VEC as One-Stop Operators and gatekeepers to WIA. This was an attempt to force the Adult Service providers to consider all applicants as they were released to intensive services by the VEC. This did not fully counter the massive resistance of our service providers, but it did mitigate it somewhat. The Job-match system of the VEC should be a part of every WIB’s system, and all service providers should utilize it. Further, the VEC’s Job-match system should be regularly updated to reflect intensive and training services and any other credentials delivered to these WIA customers to enhance their attractiveness to employers. Also, unemployment benefits filings through the VEC are a primary source of applicants to the Dislocated Worker Program. In fact, our experience in WIA One has been that having the VEC present at satellite Center accepting

unemployment applications dramatically increases traffic. All of these attributes and capabilities of the VEC are invaluable to a local WIB if they are properly utilized. Much has been made of the shortcomings of VWN and the VEC's failure to fix the problems. I must tell you that from my perspective, the VEC was largely a convenient scapegoat that cooperated with its accusers by failing to adequately communicate the facts. As I understand it, the complaint of local many WIBs was that their failure to meet performance standards was due to the fact that VWN was inadequate. This has been the source of much criticism of the VEC. But our WIB in Area One managed to meet most or all of its standards using that same VWN system. Our person in charge of that function reported that there were initial problems which were addressed, and then occasional problems due to operator error by our service providers which were always corrected either by intervention of our WIB staff or occasionally of VEC staff in Richmond. It required only careful attention, diligent management, and the will to get the job done to make VWN effective. If we can do that in Area One, there is no reason it could not have been done in other Areas; except that it was easier to just not do it and then use it as an excuse for failing to meet performance measures. VWN, I understand, was hard to learn and not easy to use, and the comments I have heard from our service providers was that while it was "merely adequate", there was no value added for the service providers. But if it failed, it failed because local WIBs failed to require that their service providers use it properly. Unless we have a group of unsung rocket scientists out in Area One, that seems undeniable to me.

The fact is that the VEC has done a credible job in most aspects of its administration of WIA. As Commissioner Esser told us at an earlier meeting, over one hundred people in her agency contribute something to the administration of WIA. I believe that the DBA only has a total staff of 60 or so. In addition, the VEC has a wealth of expertise and experience in administering the Federal grants, and has invested much time and treasure in mounting the steep and difficult WIA learning curve. It would cost much time and money for some other agency to duplicate that effort. As a local WIB member, I can tell you on no uncertain terms that I don't want to suffer though another "learning curve" by a new administering agency. Similarly, to merely move the same people who have been doing the job to another agency will change nothing except who they report to. I will return to my initial observation that we need to change methods and results instead of just changing organizational charts. It seems to me that the correct model is to leave WIA in the VEC but address the shortcomings that have been noted.

There definitely does need to be a closer relationship between Workforce and Economic Development. I submit that this should begin with close corroboration on identifying what development strategies will be pursued; which will determine what skill set will be required, which will in turn determine what training and other services will be required to address skills gaps in the workforce. My perception, frankly, has been that the people at DBA and the economic development community in general has not been particularly receptive to input from and/or participation by our WIB in this process. Perhaps this is simply because there is no mechanism for it; it perhaps it is because there is no mandate to do it, But this could be addressed by legislation. It is essential that economic development and workforce development work on the same set of assumptions and goals. WIBs are mandated to do much in the way of planning along these lines. The economic development community and the workforce development community should, if they establish a meaningful nexus, be able to realize significant synergies in this important function.

Similarly, there is no mechanism or mandate for feedback from local WIBs to the educational community. The tendency is for educators to expect to control content for a given credential. This is only natural, I suppose, since they have done so since there has been formal education. However, it is increasingly the case that the workplace mandates the content of educational credentials, and it has always been the case that employers mandate the content of training. Most training services through the community colleges that WIBs are paying for (at least in my experience) are "off the shelf" and not tailored. If training services tailored to local needs are available, it needs to be communicated. If they are not available, they should be.

Also, my experience on the Workforce Council was that the staff frequently seemed to be influenced in the manner in which issues were presented, by what agency had supplied the staff services. In short, I think the concern, which was frequently voiced, about lack of independent staff for the council was an obviously valid one. There may be a solution short of hiring independent staff

The other issue that needs to be addressed is the manner in which the WIA unit of the VEC handles its administrative duties. This process also argues for significant remedial measures. As a practical matter, both the VWC and WIB are simply too large to be effective in carrying out their "oversight" responsibilities as they relate to the operation of the system. In my experience both as a WIB member and a member of the Workforce Council, the WIA Unit of the VEC is diligent and dedicated, but they are steeped in the traditions of JTPA. They are non-lawyers who "interpret" the Workforce investment Act in light of "preamble" language and the legislative history of the Jobs Training & Partnership Act; which was repealed by the Workforce investment Act. In my opinion, they sometimes do significant violence to the canons of statutory interpretation. They need to be under the supervision of an "honest broker" who does not labor under the strictures of the JTPA mindset. Ideally, the Attorney General should designate a staff attorney to specialize in this service. The WIA unit staff should not be allowed to interpret the statute or to offer opinions without approval. This "honest broker" should be a member of a supervisory group that should be appointed to supervise the WIA unit of the VEC and the staff of the VWC in their administration of the Workforce investment Act and the rendering of all staff services to the VWC. Perhaps this group could constitute an executive committee of the VWC as it frequently does in WIBs. It should include top management personnel from DBA, VEC, and perhaps the Secretary of Commerce and Trade. It should have authority to exact strict compliance with its instructions from the staff it supervises.

Legislation to address these issues would obviate the both the need for the designation of new agencies and secretariats and the need to dismantle agencies which presently do an excellent job at most of what they do.

George Hunnicutt

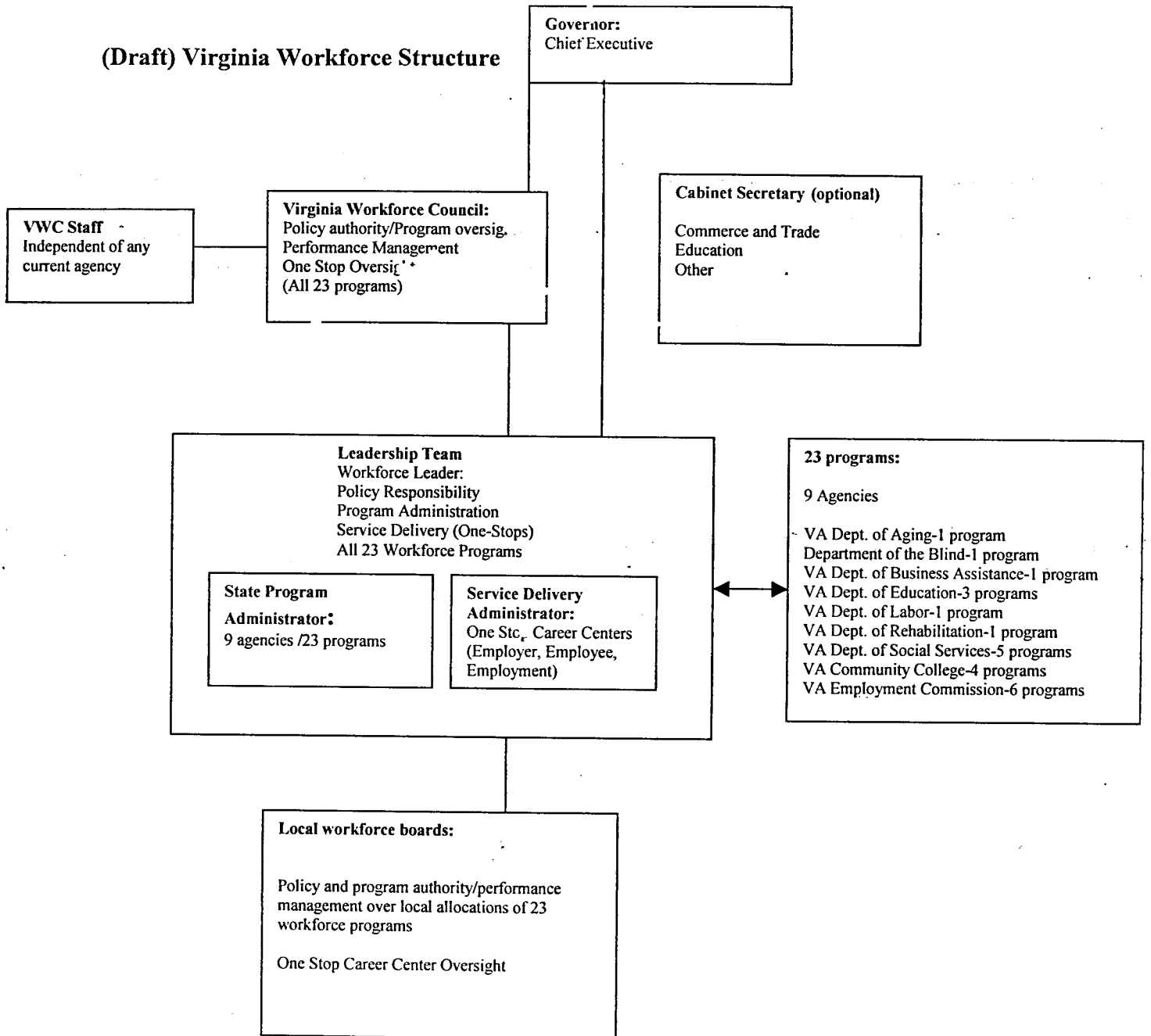
Workforce Demographics

| | UI Rate | Civilian Labor Force | # Unemployed People | Total Population | Participation Rate | Average Hourly Rate | Average Annual Wage | Excess Non-participation | Potential Additional Workforce | Potential Additional Annual Wages Earned | Imputed Corrected Unemployment Rate |
|-----------|---------|----------------------|---------------------|------------------|--------------------|---------------------|---------------------|--------------------------|--------------------------------|------------------------------------------|-------------------------------------|
| Buchanan | 6.3% | 8,695 | 548 | 26,044 | 33.4% | \$ 15.53 | \$ 32,292.00 | 21.1% | 5,498 | \$ 177,531,004 | 42.6% |
| Dickenson | 5.9% | 5,672 | 335 | 16,230 | 34.9% | \$ 13.35 | \$ 27,768.00 | 19.5% | 3,173 | \$ 88,095,045 | 39.7% |
| Lee | 5.0% | 9,738 | 487 | 23,597 | 41.3% | \$ 12.78 | \$ 26,572.00 | 13.2% | 3,121 | \$ 82,936,127 | 28.1% |
| Russell | 7.2% | 12,138 | 874 | 28,963 | 41.9% | \$ 13.40 | \$ 27,872.00 | 12.6% | 3,645 | \$ 101,604,215 | 28.6% |
| Scott | 4.4% | 9,963 | 438 | 23,096 | 43.1% | \$ 11.50 | \$ 23,920.00 | 11.4% | 2,623 | \$ 62,746,107 | 24.3% |
| Tazewell | 4.2% | 19,494 | 819 | 44,298 | 44.0% | \$ 11.88 | \$ 24,700.00 | 10.5% | 4,646 | \$ 114,761,010 | 22.6% |
| Wise | 4.8% | 17,240 | 828 | 41,829 | 41.2% | \$ 13.53 | \$ 28,132.00 | 13.3% | 5,555 | \$ 156,265,192 | 28.0% |
| Norton | 6.4% | 1,644 | 105 | 3,927 | 41.9% | \$ 14.55 | \$ 30,264.00 | 12.6% | 496 | \$ 15,011,507 | 28.1% |
| PD1 | 4.8% | 38,585 | 1,858 | 92,449 | 41.7% | | | 12.8% | 11,795 | \$ 316,958,933 | 27.1% |
| PD2 | 5.6% | 45,999 | 2,575 | 115,535 | 39.8% | | | 14.7% | 16,962 | 481,991,275 | 31.0% |
| WIA1 | 5.0% | 84,584 | 4,229 | 84,584 | 40.7% | \$ 13.32 | \$ 27,690.00 | 13.8% | 11,668 | \$ 323,096,946 | 16.5% |
| WIA2 | 4.0% | 178,791 | 7,152 | 178,791 | 50.5% | | | 4.0% | 7,143 | | |
| State | 3.7% | 3,963,733 | 146,658 | 7,273,572 | 54.5% | 20 | \$ 41,288.00 | | | | |

Explanation of Table Headings.

| | |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UI Rate | Unemployment rate. Number of unemployed people divided by the Civilian Labor Force |
| Civilian Labor Force | Those people who are presently employed or actively seeking employment. |
| # Unemployed People | Self-explanatory. Derived by multiplying UI rate by Civilian Labor Force. |
| Total Population | Self-explanatory. |
| Participation Rate | Percent of total population that is in the Civilian Labor Force. Divide Civilian Labor Force by Total Population. |
| Average Hourly Rate | Average hourly wage rate earned in the jurisdiction noted. |
| Average Annual Wage | Average yearly wage rate earned in the jurisdiction noted. |
| Excess Non-participation | Number of percentage point by which jurisdiction is less than participation rate for the state. |
| Potential Additional Workforce | Number of people that Civilian Labor Force would be increased by if the jurisdiction's participation rate was equal to the state's. Multiply excess non-participation by total population. |
| Potential Additional Annual Wages Earned | Amount of additional yearly wages that would be paid in the jurisdiction if the excess non-participants were employed at the average annual wage. |
| Imputed Corrected Unemployment Rate | Unemployment rate in the jurisdiction if the excess non-participants came into the workforce and did not gain employment. Might be argued that it is the "true" unemployment rate because it includes at least an approximation of the so-called "hidden workforce". |

(Draft) Virginia Workforce Structure



Options for Increasing the Consolidation or Coordination of Workforce Development and Training Resources

Option 1. Independent Staff for the Virginia Workforce Council

BACKGROUND

The Virginia Workforce Council (VWC) does not have any staff that report directly to the VWC. VWC staffing is currently provided, per § 2.2-2669 F, by the VEC, the DBA, and the VCCS. At the time of the JLARC report, the VEC was provided \$250,000 annually to the VCCS to provide staff support. The personnel from the state agencies who provide support to the VWC report to their respective agencies, and the contact information for the VWC directs persons to the VEC and VCCS.

JLARC's 2003 report on workforce training in Virginia included the following recommendation:

The General Assembly may wish to consider assigning independent staff to the Virginia Workforce Council through the Governor's office, the office of the Secretary of Commerce and Trade, or a public-private partnership. The Virginia Workforce Council, through its staff Director, should be the lead for strategic planning, policy guidance, and coordination of issues crossing agency or secretarial boundaries. Staff for this function should be assigned from existing, reconfigured agencies.

In reaching this recommendation, JLARC staff observed that the VWC has not succeeded in its mission of providing oversight of the one-stop delivery system because it has not been provided with sufficient information: "The Council is not in a position to oversee the day-to-day administration of workforce training programs for the one-stop centers, given its membership and quarterly meeting schedule."

Of the five states reviewed by JLARC staff, four had independent staff through the Governor's office or a public-private partnership. This approach was favored over an arrangement where the proposed new state agency could serve as VWC staff because independent staff would separate the administrative and oversight functions.

Under the independent staff models reviewed by JLARC, the director of the Council would be appointed by the Governor and be designated as the lead for workforce training in the state.

Under the Texas model, funding for the Director and Deputy Director is provided by the Governor's Office, and other staff positions are funded by, and their positions are seated, within the state agencies that administer state workforce programs, with the agencies contributing to the Council's operating costs based on a formula that compares the agencies' financial contributions to the state's overall expenditures on workforce training.

Under the model used in Florida and Pennsylvania, staffing is provided through a public-private partnership. In Florida, strategic planning for workforce development and economic development are linked through the fact that the same nonprofit organization that staffs the Council as a quasi-governmental organization is involved in the state's economic development efforts.

JLARC staff notes that funding for the VWC staff could come from WIA statewide activity funds, which is currently used by the VEC to provide staff support to the Council. The funds could be transferred to the Governor's Office to staff the VWC. Based on the availability of these existing funds, JLARC staff concluded that the establishment of independent staff should not cost the state additional dollars.

JLARC's report also noted that the VWC had recommended that there be a single person in the Governor's office or the Office of the Secretary of Commerce and Trade to act as the "lead" for workforce training. JLARC staff commented that:

This concept could only be realized if the official was located within the Governor's office and operated the many workforce training programs from that venue. This is not a feasible option.

The reason for JLARC's conclusion is that the head of the agency operating the programs is responsible for different aspects of the system. While the agency head is responsible for implementing policies and administering workforce training programs, the VWC staff director would be responsible for strategic planning, WIA policy guidance, and system oversight and serve as the point of contact for the business community, localities, WIBs, and others.

In his update on the JLARC report provided to this joint subcommittee in June, Kirk Jonas observed that legislation introduced in the 2004 and 2005 Sessions would have kept staffing of the VWC in an Executive Branch agency, and not to make it independent.

PROPOSAL

- 1. Provide the VWC with an independent staff, led by a director appointed by the Governor.**
- 2. The director of the independent staff would assume the duties currently the responsibility of the Special Advisor for Workforce Development, in addition to the duties associated with staffing the VWC.**
- 3. VWC staff will be responsible for strategic planning, monitoring and evaluating the performance of the one-stop system, coordinating issues crossing agency and Secretarial boundaries, being the point of contact for the business community, localities, WIBs and agency staff, and making recommendations to the Governor.**
- 4. As was done in Florida, the subordinate staff of the VWC could be provided by contract with a nonprofit or quasi-governmental entity, such as the Virginia**

Economic Development Partnership, that is involved in the Commonwealth's economic development effort.

5. The VWC staff director would be appointed fiscal agent for the VWC and the WIA; the VEC is currently fiscal agent.

6. Responsibility for coordination of the Virginia Workforce Network and the implementation of the WIA would be transferred from the Secretary of Commerce and Trade and the VEC to the new VWC staff. The U.S. Department of Labor would be advised that overall policy and coordination responsibility for the WIA is transferred from the VEC, which has had this duty since October 1998, to the new VWC staff.

Option 2. Strengthen the Position of the Special Advisor

BACKGROUND

The position of the Special Advisor for Workforce Development was created by the Governor and codified pursuant to Senate Bill 304, which had been introduced in 2004 by Senator O'Brien and dealt initially only with state agency alcohol and drug treatment programs. The House Committee on General Laws amended SB 304 to add provisions creating the Special Advisor for Workforce Development. Legislation proposed by the Governor and introduced by Senator Whipple as Senate Bill 460 proposed substantially the same provisions that were placed into Senate Bill 304. Senate Bill 460 was defeated on the House floor when it was re-referred to committee.

The duties of the Special Advisor focused on assisting the Governor and the VWC in implementing and fostering workforce training. The Special Advisor's responsibilities include:

1. Serve as the liaison with other entities to assist in the implementation of workforce development programs;
2. Reviewing the allocation of all funds for workforce and career development programs and recommend actions to better coordinate and implement the state's workforce development efforts and eliminate duplication and overlaps in those efforts;
3. Lead the Virginia Workforce Council in implementing its policies and procedures for the Virginia Workforce System;
4. Create a system to monitor the effectiveness of each one-stop center and recommend best management practices;
5. Create a system to measure and evaluate the performance of the local workforce investment boards and recommend best management practices;
6. Oversee the monitoring of the expenditure data of local workforce investment boards;
7. Develop and assist in the implementation of program policies and recommend revision of program regulations;
8. Monitor federal legislation and policy;
9. Conduct a review of executive branch job training programs;
10. Develop a format for comparing the effectiveness of each program and recommend the redirection of program funding on that basis;
11. Working with the Secretary of Commerce and Trade and the VWC in assisting the Governor in complying with the provisions of the WIA, including the creation of the Virginia Workforce Network.

Concerns have been expressed that the Special Advisor position has not been effective in managing the administration of workforce development programs. Part of the perceived failure may be attributable to the fact that the statutes establishing the scope of the position give the Special Advisor few, if any, substantive powers. For example, the Special Advisor is authorized to make recommendations to the Governor regarding the redirection of program on the basis of the comparative effectiveness of programs, but has no oversight to direct the allocation of the flow of discretionary funds.

The Special Advisor position, which had been held by Dr. Barbara Bolin, was filled by the appointment by Governor Warner of VEC Commissioner Dolores Esser on October 13.

PROPOSAL

- 1. Increase the profile of the Special Advisor by converting it to a cabinet-level position -- the Secretary of Workforce Development Programs.**
- 2. Designate the Secretary of Workforce Development Programs as the fiscal agent for the Council and the WIA.**
- 3. Authorize the Secretary of Workforce Development Programs to administer and allocate funding for workforce development from all sources.**
- 4. Authorize the Secretary of Workforce Development Programs to re-direct the allocation of discretionary funds, subject to constraints of federal and state law, among workforce programs and activities, by linking funding to achievement based on performance measures.**
- 5. Authorize the Secretary of Workforce Development Programs to mediate and resolve "turf battles" between state agencies and secretariats with respect to workforce programs.**