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On behalf of the Vice Chairman, Nathaniel Marshall, and the distinguished members of the Virginia Board of Workforce Development, I am honored to present the 2016 Annual Report, describing our activities and actions related to the statutory responsibilities assigned to us in Virginia Code Sec 2.2-2472.

Of the many accomplishments achieved during the year ending June 30, 2016, one of the most significant was the approval of the Commonwealth’s Combined State Plan for workforce development by the U.S. Department of Labor. This four-year plan, approved by the Board and formally submitted by the Governor, was founded on the priorities detailed in the State Workforce Board’s strategic plan, *Skills for Jobs and Business Growth: Powering the New Virginia Economy*. The implementation of this plan will be monitored by the Board and the Governor and promises to further advance the system’s vision.

The Board also broke new ground in developing an approved list of demand occupations to guide strategic investments in workforce training through the New Economy Workforce Credential Grant Program. This new initiative represents an innovative approach to workforce training and education that provides cost savings to students and a “pay for performance” mechanism for eligible institutions that provide such training. This program is designed to close the skills gaps in fields most relevant to Virginia’s economy while providing a pathway to career-enhancing employment opportunities. The Board’s Demand Occupations Taskforce was instrumental in the development of this innovative new program.

Finally, I want to particularly thank the remarkable staff from the Office of the Secretary of Commerce and Trade for their outstanding efforts supporting the Board over the past year. We are very fortunate to have such talented and dedicated public servants engaged on these tasks of such critical importance to our economy.

Working with the Governor and the General Assembly, we look forward to the challenges and opportunities ahead as we work to further enhance the workforce development initiatives of the Commonwealth.

Sincerely,

Mark A. Herzog
Chairman
Virginia Board of Workforce Development

We envision a Virginia where every business has access to a qualified, job-ready workforce and every Virginian has the skills they needed to connect with meaningful employment and advance in a career.
Vision
The Board envisions a Virginia where every business has access to a qualified, job-ready workforce and every Virginian has the skills needed to connect with meaningful employment and advance in a career.

Mission and Purpose
The Virginia Board of Workforce Development is business-led board that acts as the principal advisor to the Governor and the legislature and provides strategic leadership, direction, and oversight to the workforce development system and its efforts to create a strong workforce aligned with employer needs.

Virginia’s public workforce system consists of a network of eight agency partners and 24 workforce programs that collectively serve more than 1 million job seekers each year and represents combined state and federal funding in excess of $347 million annually.

Strategic Priorities
The Board organizes its work into four strategic priority areas. These areas include:

- Identifying current and future workforce needs of the business community and related training and credentialing requirements.
- Recommending strategies to better develop and match trained workers with available and emerging jobs.
- Providing strategic direction and policy guidance to the state’s one-stop workforce system, including elements described and funded through the Workforce Innovation and Opportunity Act, as well other federal and state workforce grants.
- Evaluating performance of the state’s publicly-funded workforce system to include a review of alignment of resources, establishing and measuring against performance standards, and ensuring resource alignment to business needs.

Driving High Impact Outcomes
The Board is committed to adding value by driving workforce system outcomes in the following key areas:

- Business Engagement
- Credential Attainment and Job Skills Development
- Jobs – Employment and Retention
- Wages – Economic Growth and Career Progression
- Return on Public Investment

Governance
The Board is appointed by the Governor and includes a diverse representation of members from across the Commonwealth. The majority of the Board is comprised of private sector business leaders from a wide variety of industries. Also included are state and local elected officials; cabinet-level officials from various agencies that deliver and direct workforce services and programs; and representatives of the workforce itself, including labor organizations and community-based organizations that serve populations with barriers to employment.
PRIVATE SECTOR MEMBERS

Chairman
Mark A. Herzog, Vice President, Corporate Affairs
kaléo

Vice Chairman
Nathaniel X. Marshall, Human Resources Generalist
The Babcock and Wilcox Company
Chairman, Workforce Innovation and Opportunity Act Committee

Jeanne S. Armentrout, Executive Vice President & Chief Administrative Officer Carilion Clinic
Chairwoman, Advanced Technology Committee

William “Bill” Bell,
VP of Human Resources & Administration
Newport News Shipbuilding
Chairman, Military Transition Assistance Committee

Brett Vassey, President and CEO
Virginia Manufacturers Association
Chairman, Performance and Accountability Committee

Hobart P. “Hobey” Bauhan, President
Virginia Poultry Federation, Inc.

Mark B. Dreyfus, President
ECPI University

Barry DuVal, President
The Virginia Chamber of Commerce

Lane Hopkins, Chief Talent Officer
Harris Williams & Co

Bruce Phipps, President and CEO
Goodwill Industries of the Valleys

Carrie Roth, President and CEO
Virginia Biotechnology Research Partnership Authority

Tom Walker, President
Web Teks

Brian T. Warner
Commonwealth Center for Advanced Manufacturing

LABOR REPRESENTATIVES

Thomas Bell, Business Manager
Iron Workers Local Union 79

Doris Crouse-Mays, President
Virginia State AFL-CIO

Virginia Rae Diamond, Special Counsel
Ashcraft & Gerel, LLC
GOVERNOR’S CABINET MEMBERS

Dietra Trent, Secretary of Education

Todd Haymore, Secretary of Commerce and Trade

William A. Hazel, Secretary of Health and Human Resources
    Serving as designee - Carole Pratt, Senior Advisor
    Virginia Department of Health
    Office of Minority Health & Health Equity

John C. Harvey, Secretary of Veterans and Defense Affairs,
    Serving as designee – Leslie Frazier, Policy Director
    Secretary of Veteran & Defense Affa

STATE AND LOCAL ELECTED OFFICIALS

Delegate Kathy Byron
22nd House District

Delegate Roxann Robinson
27th House District

Senator Bill DeSteph
8th Senate District

Senator Frank Ruff
15th Senate District

Supervisor Ann Mallek
Albemarle County Board of Supervisors

ADDITIONAL EXOFFICIO MEMBERS

Glenn Dubois, Chancellor, Virginia’s Community College System
    Serving as designee – Edward “Ted” Raspiller, President
    John Tyler Community College
STATEWIDE EMPLOYER SURVEY

In an effort to ensure that the workforce system understands business needs, the state completed a workforce needs survey of businesses across the Commonwealth. This survey explored the quantity of workers needed, as well as the skills required by employers. The final report provides new insight for workforce system leadership and opportunities to engage industry leadership in developing solutions.

The Advanced Technology Committee received the findings in June 2016 and continues to explore ways that the report can inform its activities and lead to better alignment of education and training programs to industry demand. That survey found that Virginia businesses expect to fill more than 130,000 jobs in the coming year, a third of which require some industry-recognized credential or professional license.

The results of the statewide employer survey can be accessed on the front page of the Virginia Employment Commission’s labor market information website at http://virginialmi.com/.

NEW ECONOMY WORKFORCE CREDENTIAL GRANT PROGRAM

The recently signed New Economy Workforce Credentials Bill provides nearly $20 million in new financial resources to improve the skill level of Virginia’s workforce through the earning of industry recognized credentials. The legislation is groundbreaking in that it provides student financial assistance for noncredit workforce training that prepares individuals for employment in related in-demand jobs, and it pays community colleges and other postsecondary institutions for performance.

The Virginia Board of Workforce Development is charged with identifying demand occupations, with an eye on Virginia’s economic development priorities and the projected employment needs of industry. The Demand Occupation Taskforce was established in March of 2016 to develop the method for determining the high demand fields of employment in Virginia as well as the process to engage employers to add new and emerging occupations to the list. The Board published the matched list of high demand fields and approved programs and credentials in June 2016.

The Demand Occupations List and the approved related noncredit workforce training programs are published on the Elevate Virginia website at http://www.elevatevirginia.org on the Workforce Credential Grant Program page.

INCUMBENT WORKER TRAINING

Virginia businesses are among the primary customers of the workforce system and the Board took action to ensure that statewide funds, as well as up to 20% of local Adult and Dislocated Worker formula funds administered by local workforce development boards, provide the flexibility to support retraining and upskilling of the existing workforce.
The Board took action on Policy 15-00 Incumbent Worker Training. This policy provides significant benefit for participating businesses, using a sliding scale for matching investment based on firm size. Incumbent worker programs create a number of positive outcomes including:

- Improving the alignment of existing workers’ skills with new job requirements;
- Providing individuals access to new career opportunities within a business;
- Encouraging the retention of existing personnel who otherwise may become dislocated because of skills deficiencies;
- Increasing the wages of newly trained workers;
- Creating new opportunities for entry-level workers through the promotion of existing workers; and
- Supporting the overall enhancement of local and regional economic development efforts.

PREPARE AND MATCH TRAINED WORKERS WITH AVAILABLE AND EMERGING JOBS

VETERANS DEMONSTRATION GRANT

The Virginia Employment Commission and the Virginia Community College System collaborated on a grant funded initiative designed to better connect Virginia’s veterans with employment opportunities in select, high growth industries. This project has been reviewed and guided by the Board’s Military Transition Assistance Committee and includes five primary components.

REGISTERED APPRENTICESHIP

The Board has established a policy that promises to extend and braid funding managed by the state’s fifteen local workforce boards with the services provided through the Virginia Department of Labor and Industry. This policy provides a mechanism for employer sponsors of registered apprenticeship programs to be included on the state list of eligible training providers, which will provide eligible individuals with funding to offset the cost of related instruction and materials and equipment needed to complete a registered apprenticeship program.

IMPROVE VIRGINIA’S WORKFORCE SERVICE-DELIVERY SYSTEM

LOCAL WORKFORCE AREAS, LOCAL BOARDS AND PLANNING REQUIREMENTS

In May of 2015, the Governor approved the initial request for local area designation which was made by local elected officials. This action by the Governor established the geographic boundaries and governance system for the fifteen local workforce development areas to receive sub-state grant awards and support the goals of the state workforce system.
Subsequently, the State Workforce Board took action on policy that describes the required composition of local boards to ensure collaboration with economic development, education and training, and other system partners. The policy established a board seat for regional adult education coordinators, to ensure coordination and access to vital foundational literacy programs that prepare individuals for success in postsecondary workforce training activities, as well as other core program partners.

**QUALITY STANDARDS FOR ONE-STOP CAREER CENTERS**

In July of 2015, the State Workforce Board approved Policy Number 14-00, Quality Standards for One-Stop Career Centers in Virginia. The purpose of the policy was to describe the operating principles, quality standards, and reporting requirements of Virginia's One-Stop Career Centers and the partners supporting the Centers.

**COMPREHENSIVE POLICY REVIEW**

The Board began a comprehensive review and revision of its catalogue of policies guiding the federally-funded workforce system, the network of One-Stop Career Centers, and the Title 1 programs administered by the Virginia Community College System. That review and subsequent mapping of policy actions to one of the Board's four standing committees is well underway, supported by a policy consultant, and will be completed by March 2017.

In the most recent program year, the Board made decisions in the following areas:

- 14-00 Quality-Standards for One-Stop Career Centers in Virginia
- 15-00 Incumbent Worker Training
- 15-02 Identification of Eligible Providers of Occupational Skills Training
- 15-03 Registered Apprenticeship and Eligible Training Provider List
- 00-3 Public Participation and Collaboration in the Development and Implementation of the Commonwealth’s Workforce Investment System
- 200-01 Designation of Local Workforce Development Areas
- 200-02 Establishment and Membership of Local Workforce Development Boards
- 200-03 Duties of Local Workforce Development Boards
- 200-04 Certification of Local Workforce Development Boards
- 200-06 Designation of Regions and Planning Requirements

**IMPROVE ALIGNMENT AND PERFORMANCE**

**VIRGINIA’S COMBINED STATE PLAN FOR WORKFORCE DEVELOPMENT**

In April 2016, the State Workforce Board reviewed and recommended for submission by the Governor a comprehensive four-year strategic plan for workforce development in the Commonwealth. This plan was a required element to support the implementation of the Workforce Innovation and Opportunity Act, which was signed into federal law in 2014. Virginia’s plan spanned fifteen federal and state-funded workforce programs.

The Combined State Plan can be found on the Elevate Virginia website at http://www.elevatevirginia.org under Virginia Board of Workforce Development Priority & Initiatives.
STATEWIDE PERFORMANCE MEASURES

The Performance and Accountability Committee is charged with recommend policy, budget, and administrative action to the Governor to ensure that Virginia can measure what matters for business, job seekers, and government.

The Governor, through Executive Order, identified 5 primary outcomes to be driven by the workforce system in Virginia. These include employer engagement, credential attainment, employment, wage progression, and return on investment. The Committee reviewed and endorsed those five measures and staff, working with agency leadership, developed a guidebook and methodology to begin monitoring progress towards discrete system goals in each of these areas.

WORKFORCE SYSTEM BUDGET REVIEW

This budget analysis was conducted over a 90-day period that began in October 2015 and concluded in late January 2016. The project reviewed program year budgets for the most recent fiscal year for 25 workforce programs in Virginia administered by eight agencies. A workgroup consisting of fiscal and program subject matter experts from each agency provided input on the project approach, data collection, and data analysis.

The report and slide deck can be found on the Elevate Virginia website at http://www.elevatevirginia.org under Virginia Board of Workforce Development Priority & Initiatives.

Key findings from the 2015 Workforce System Budget Review include:
- $347 million in federal/state/local resources
- 1.4 million individuals served
- 30,361 businesses served
The Code of Virginia (Sec 2.2-2472) clearly defines the powers and duties of the Virginia Board of Workforce Development and the response areas for this report. Following is a summary of those select actions and determinations from this report.

**PROVIDE POLICY ADVICE TO THE GOVERNOR ON WORKFORCE AND WORKFORCE DEVELOPMENT ISSUES TO CREATE A BUSINESS-DRIVEN SYSTEM, INSTILLING SKILLS IN INDIVIDUALS THAT MEET THE NEEDS OF BUSINESS AND INDUSTRY.**

The Board sent a series of recommendations to the Governor regarding the budget review, linking the financial review and resources to system outcomes, improving the tracking of workforce services delivered to employers, and improving program alignment and accountability of the Virginia Employment Commission.

**PROVIDE POLICY DIRECTION TO LOCAL WORKFORCE DEVELOPMENT BOARDS.**

The Virginia Board of Workforce Development is conducting a comprehensive review and revision of the Board's policies as they provide strategic direction related to local governance by workforce boards, the administration of the One-Stop system, the state's network of One Stop Career Centers, and Title I program administration. A complete list of policies adopted by the Board can be found on page 9.

**ASSIST THE GOVERNOR IN THE DEVELOPMENT, IMPLEMENTATION, AND MODIFICATION OF ANY COMBINED STATE PLAN TO REALIZE THE FULL POTENTIAL OF THE WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA).**

The Combined State Plan for workforce development was delivered to the federal departments and approved. The plan included strategic priorities for the system as well as program specific plans for each of the fifteen programs included in the plan. The Governor's office will lead the implementation team and the state board will monitor implementation. The Combined State Plan can be found on the Elevate Virginia website at http://www.elevatevirginia.org under Virginia Board of Workforce Development Priority & Initiatives.

**IDENTIFY CURRENT AND EMERGING STATEWIDE WORKFORCE NEEDS OF THE BUSINESS COMMUNITY.**

Through the work of the Demand Occupation Taskforce, the Board endorsed a methodology and list of demand occupations in eleven high-priority fields. These fields were selected due to their importance and relevance to the state's economic development strategy and impact on state and regional economies. The Demand Occupations List and the approved related noncredit workforce training programs are published on the Elevate Virginia website at http://www.elevatevirginia.org on the Workforce Credential Grant Program page.

**FORECAST AND IDENTIFY TRAINING REQUIREMENTS FOR THE NEW WORKFORCE.**

The Board received the results of a statewide employer survey conducted by the Virginia Employment Commission in collaboration with the Virginia Community College System. The results of the statewide employer survey can be accessed on the front page of the Virginia Employment Commissions labor market information website at http://virginialmi.com/.
RECOMMEND STRATEGIES TO MATCH TRAINED WORKERS WITH AVAILABLE JOBS TO INCLUDE STRATEGIES FOR INCREASING BUSINESS ENGAGEMENT IN EDUCATION AND WORKFORCE DEVELOPMENT.

The Board endorsed the Governor’s Bridge to Health Care Careers for Military Medics and Corpsmen initiative, which was passed during the 2016 legislative session. This program is designed to help men and women transitioning out of military service with valuable experience in high-demand health care fields move more quickly into civilian employment.

The Board also supported a demonstration grant which utilized a sector strategies approach to match veterans to employment opportunities as well as related training opportunities.

The Board identified the training of incumbent workers as a strategy to strengthen firm competitiveness and as an opportunity to partner with employers to provide skills advancement opportunities for workers. A new policy for local workforce boards provides funding to incentivize and offset the cost of upskilling initiatives with area employers.

EVALUATE THE EXTENT TO WHICH VIRGINIA’S WORKFORCE PROGRAMS EMPHASIZE TRAINING ALIGNED WITH INDUSTRY NEEDS.

While the 2016 Workforce System Budget Review revealed that 35% of the workforce system’s total spending is directed at workforce education and training, the analysis was insufficient to determine the degree to which those training activities, are aligned with industry needs.

The Board did, through its role with the New Economy Workforce Credential Grant program, help to direct strategic investments in noncredit workforce training supported through the new state grant.

DEVELOP PAY-FOR-PERFORMANCE CONTRACT INCENTIVES FOR RAPID REEMPLOYMENT SERVICES CONSISTENT WITH WIOA AS AN ALTERNATIVE MODEL TO TRADITIONAL PROGRAMS.

No action was taken on this item. The Board is evaluating the Rapid Response Program in Virginia and will soon be prepared to make a recommendation to improve its benefit to affected individuals and employers, including the provision of services to businesses to avert layoffs or prevent business closures.

CONDUCT A REVIEW OF BUDGETS THAT IDENTIFY SOURCES AND EXPENDITURES OF ADMINISTRATIVE, WORKFORCE EDUCATION AND TRAINING, AND SUPPORT SERVICES FOR WORKFORCE PROGRAMS.

The Board received the report in June and made recommendations to the Governor to improve the review process, including recommending that the budget review include a connection to specific program outcomes. The Board also recommended, and the Governor affirmed, that agencies delivering workforce services to employers would begin tracking firm counts, industry type and size for future reports. The report and slide deck can be found on the Elevate Virginia website at http://www.elevatevirginia.org under Virginia Board of Workforce Development Priority & Initiatives.

REVIEW AND RECOMMEND INDUSTRY CREDENTIALS THAT ALIGN WITH HIGH DEMAND OCCUPATIONS.

Through the Workforce Credential Grant Program, the Board has identified statewide demand occupations and the state’s eligible training institutions have vetted and endorsed a group of related training and industry recognized credentials.
The Demand Occupations List and the approved related noncredit workforce training programs are published on the Elevate Virginia website at http://www.elevatevirginia.org on the Workforce Credential Grant Program page.

**DEFINE THE BOARD’S ROLE IN CERTIFYING WIOA TRAINING PROVIDERS.**

The Board developed and approved policy that creates a single statewide eligible training provider list for Title I funded training activities, as well as a common application and performance criteria to remain on Virginia’s eligible training provider list. This new list of training providers includes, for the first time, employer sponsors of approved registered apprenticeship programs. Policies 15-02 Identification of Eligible Providers of Occupational Skills Training and 15-03 Registered Apprenticeship and Eligible Training Provider List went into effect on July 1, 2016. Local Workforce Development Boards receive and approve applications from eligible providers using the common eligibility and performance criteria developed by the State Workforce Board.

**CREATE QUALITY STANDARDS, GUIDELINES, AND DIRECTIVES APPLICABLE TO LOCAL WORKFORCE DEVELOPMENT BOARDS AND THE OPERATION OF ONE-STOPS, AS NECESSARY AND APPROPRIATE TO CARRY OUT THE PURPOSES OF THIS ARTICLE.**

In July of 2015, the State Workforce Board approved Policy Number 14-00, Quality Standards for One-Stop Career Centers in Virginia. The purpose of the policy was to describe the operating principles, quality standards, and reporting requirements of Virginia’s One-Stop Career Centers and the partners supporting the Centers.

Through this policy, the Board reinforced four primary areas of performance management for Virginia’s network of One Stop Career centers – Customer Service, Operations, Resource Management, and Professional Development – as well as a mechanism to provide support to One-Stop Career Center partners in implementing the principles and data collection requirements. Preliminary data collection has begun and implementation of this policy is ongoing.