

# **2017 Report to the Virginia Legislature on Code of Virginia § 2.2-435.7.**

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**Performance of Workforce Development and Training Programs and Activities**

**Submitted on Behalf of Todd Haymore, Secretary of Commerce and Trade AND Chief Workforce  
Development Advisor**

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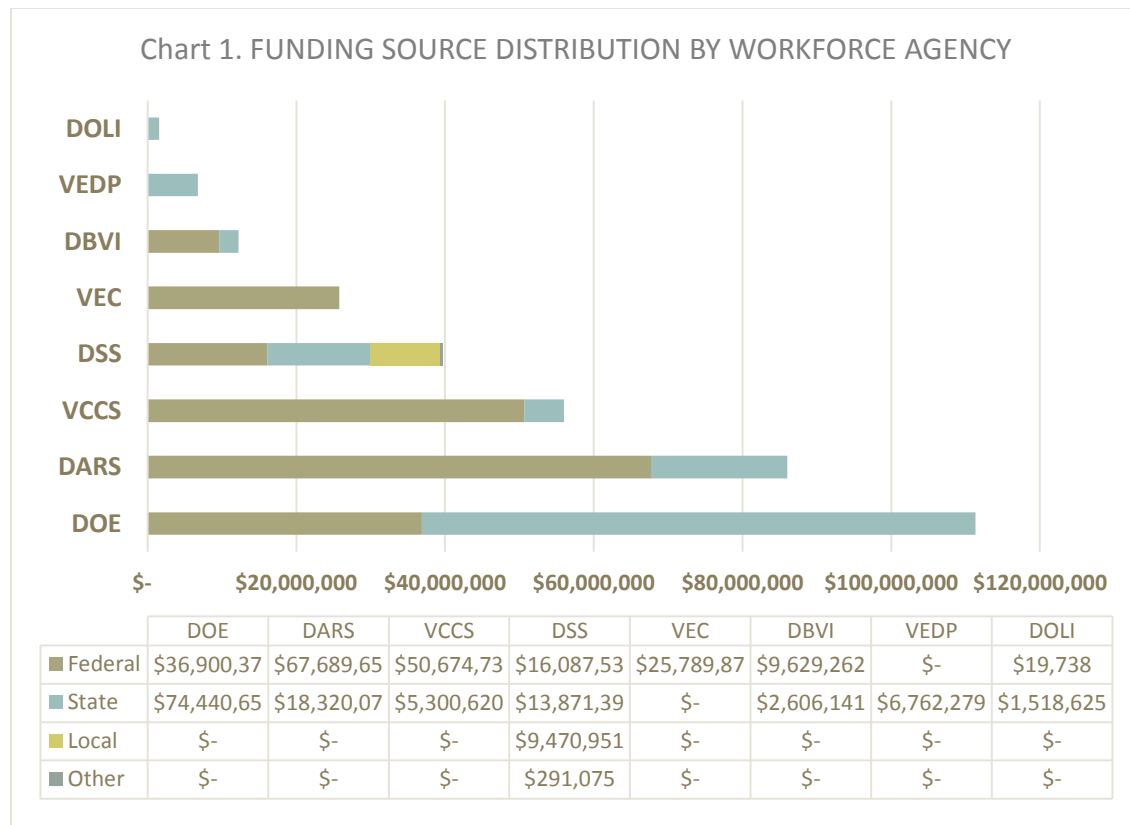
## System Overview

The overarching goal of the workforce system in Virginia is to close the skills gap by preparing and placing individuals in high-demand jobs in industries of priority for Virginia’s economic success. The system serves two customers, Virginians seeking jobs skills and employment and businesses.

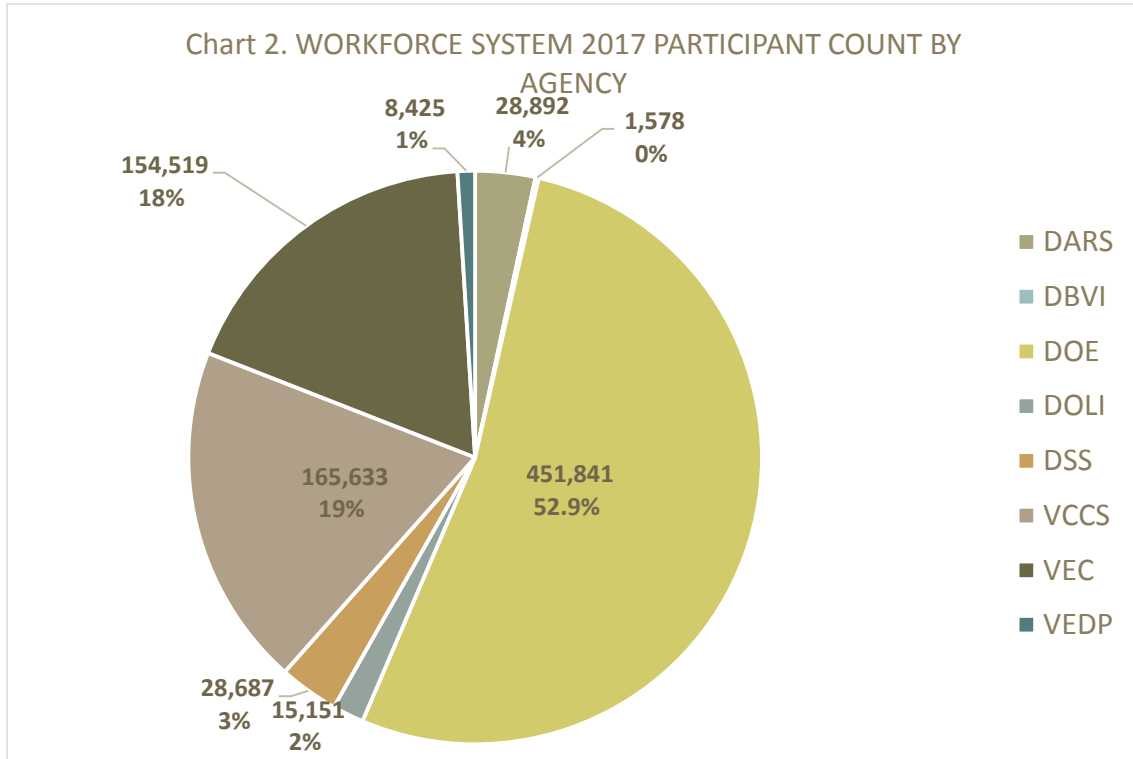
The Commonwealth’s workforce system served slightly more than 850,000 Virginian’s in 2017 using \$339.4 million in resources, 61% of which was federal funding, 36% was state funding. This analysis primarily reflects activities happening across 24 workforce programs administered by one of the following eight state agencies. A full list of programs can be found in Appendix A.

- Department for Aging and Rehabilitative Services (DARS)
- Department for the Blind and Vision Impaired (DBVI)
- Department of Education (DOE)
- Department of Labor Industry (DOLI)
- Department of Social Services (DSS)
- Virginia Community College System (VCCS)
- Virginia Employment Commission (VEC)
- Virginia Economic Development Partnership (VEDP)

The chart below shows the total level of funding for surveyed programs administered by each agency and the distribution of funding for each by source.



The chart below shows the distribution of system participants across the various state agencies. The Department of Education, Virginia Community College System and the Virginia Employment Commission served 90% of the workforce system clients reported last year.



### System Wide Cost per Participant

Table 1 shows the cost per participant for all 24 programs or grants administered by the eight agencies in Virginia’s workforce system. Because the programs vary greatly in purpose and outcome for their customers, it is not advisable to compare the cost per participant from one program to another. Rather, the table provides an indication of the financial resources used to move customers with varying needs, skills, and work-readiness levels into the workforce through each program.

Three programs with the highest cost participant include Rapid Response, Trade Act, and the WIOA Title 1 Youth Program. These programs are designed to provide reemployment services during layoffs, support people who lose their jobs due to foreign competition, and support out of school youth.

<b>Table 1. Workforce Program Cost per Participant</b>	
<b>Agency/Program</b>	<b>Cost Per Participant</b>
<b>DARS (Average Cost per Participant for All Programs)</b>	<b>\$2,976.94</b>
WIOA Title 4 - Vocational Rehabilitation Program	\$2,976.94
<b>DBVI (Average Cost per Participant for All Programs)</b>	<b>\$7,753.74</b>
WIOA Title 4 - Vocational Rehabilitation Program	\$7,753.74
<b>DOE (Average Cost per Participant for All Programs )</b>	<b>\$749.01</b>
Career Technical Education - Secondary Perkins	\$309.50
Microsoft IT Program	\$16.09
Path to Industry Certification	
PluggedIn VA	\$2,571.13
WIOA Title 2 - Adult Basic Education	\$842.75
Workplace Readiness Skills Assessment	\$5.59
<b>DOLI (Average Cost for All Programs )</b>	<b>\$101.54</b>
Registered Apprenticeship	\$101.54
<b>DSS (Average Cost per Participant for All Programs )</b>	<b>\$1,139.84</b>
Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T)	\$1,049.98
VA Initiative for Employment Not Welfare (VIEW)	\$1,532.08
Virginia Refugee Resettlement Program	\$837.46
<b>VCCS (Average Cost per Participant for All Programs)</b>	<b>\$5,839.67</b>
Institutes of Excellence	\$265.86
Non-Credit Workforce Training	\$76.74
Post-Secondary Perkins	\$37.17
WIOA Title 1 - Adult	\$3,092.39
WIOA Title 1 - Dislocated Worker (less Rapid Response)	\$3,433.74
WIOA Title 1 - Rapid Response	\$27,779.54
WIOA Title 1 - Youth	\$6,192.23
<b>VEC (Average Cost per Participant for All Programs )</b>	<b>\$3,661.43</b>
Jobs for Veterans State Grant Program	\$1,287.01
Trade Act Program	\$9,589.10
WIOA Title 3 - Wagner-Peyser	\$108.17
Workforce Information Grant	N/A
<b>VEDP (Average Cost per Participant for All Programs)</b>	<b>\$802.64</b>
Virginia Jobs Investment Program	\$802.64
<b>Average Cost Per Participant for All Programs</b>	<b>\$2,878.10</b>

## Focus on State-Funded Workforce Programs

In many cases, state funds serve as a match to draw federal grant resources. For example, every dollar in state funds invested in Vocational Rehabilitation program activities is leveraged to access an additional \$3.70 in federal funds. Every state dollar invested in Career Technical Education programs is leveraged to access \$20.25 in federal dollars. Programs administered by the Department of Health and Human Services also have a state investment as a requirement of accessing federal resources.

Of the 24 workforce programs surveyed, only 7 are wholly state-funded programs or operating independently from a federal grant match requirement. In total, these programs account for 4.5% or \$15.47M of the Commonwealth’s \$339.4 million investment. This analysis does not include the results reported by the Workforce Credential Grant Program. The State Council on Higher Education in Virginia administers that program and has not yet completed its performance evaluation at this time. Table 2 highlights state-funded programs which operate exclusive of any federal program matching grant requirement.

Agency	Program	State Funding	Participants	Cost per Participant
VCCS	Institutes of Excellence	\$664,647	2,500	\$266.00
VCCS	Non-Credit Workforce Training	\$4,635,973	60,414	\$77.00
VDOE	Workplace Readiness Skills Assessment	\$308,655	55,217	\$6.00
VDOE	PluggedIn VA	\$465,375	181	\$2,571.00
VDOE	Microsoft IT Program	\$1,300,000	80,795	\$.06
VDOE	Path to Industry Certification	\$1,331,464	102,273	\$13.00
VEDP	Virginia Jobs Investment Program	\$6,762,279	8,425	N/A
		<b>\$15,468,393</b>	<b>207,532</b>	<b>\$75.00</b>

## Program Success Rates in Relation to State Performance Measures

At the beginning of 2016, the Virginia Board of Workforce Development and Governor McAuliffe endorsed state workforce system performance measures that align the Governor’s workforce priorities in the New Virginia Economy through the approval and submission of the Commonwealth’s Combined Plan for Workforce Development. The Governor’s workforce goals focused on:

- 1) CREDENTIALS - Increasing the number of **industry-recognized credentials** attained by job seekers
- 2) JOBS - Increasing the number of **high-demand jobs** the workforce system helped Virginians to obtain
- 3) WAGES - Ensuring that the workforce system connected job seekers with jobs that paid **family-sustaining wages**
- 4) BUSINESS ENGAGEMENT - Support **Virginia businesses**

- 5) RETURN ON INVESTMENT - Striving for a high return on investment **for taxpayers and workforce program participants.**

Table 3 (page 7) provides the performance during FY 2017 of the five agencies participating in the state measures initiatives. These include six federally-funded workforce programs, Virginia's Registered Apprenticeship program, and select programs administered by the Department of Veterans Affairs.

<b>Table 3. STATE PERFORMANCE MEASURES</b>		
<b>Goal</b>	<b>2017 Actual</b>	<b>% of Goal</b>
<b>Achieve 50,000 new workforce credentials aligned with high-demand occupations each year (Includes CTE credentials)<sup>1</sup></b>		
VCCS (WIOA Title 1)	2,518	
VDOE (Career Technical Education, Adult Education)	28,574	
VEC (Wagner-Peyser)	60	
DBVI & DARS (Vocational Rehabilitation)	137	
DOLI (Registered Apprenticeship)	2,088	
Veterans and Transitioning Service Members (DVS and VEC Jobs for Veterans State Grant Programs)	12	
<b>Total</b>	<b>33,389</b>	<b>67%</b>
<b>Place 50,000 Virginians in high-demand occupations each year<sup>2</sup></b>		
VCCS	1,880	
VDOE	0	
VEC	3,883	
DBVI & DARS	2,238	
DOLI	2,592	
Veterans and Transitioning Service Members	389	
<b>Total</b>	<b>10,982</b>	<b>22%</b>
<b>Provide business services to 50,000 Virginia businesses each year</b>		
VCCS	1,719	
VDOE	0	
VEC	15,601	
DBVI & DARS	2,770	
DOLI	851	
Veterans and Transitioning Service Members	67	
<b>Total</b>	<b>21,008</b>	<b>42%</b>
<b>Double the number of system-served individuals who benefit from a work-based learning opportunity (13,429 system-wide participants at the beginning of the year)</b>		
VCCS	2,484	
VDOE	0	
VEC	0	
DBVI & DARS	39	
DOLI	17,970	
Veterans and Transitioning Service Members	46	

<sup>1</sup> While this figure includes CTE credentials, it does not contain all high-demand credentials attained outside of WIOA programs.

<sup>2</sup> “High-demand occupations” are those occupations approved by the Virginia Board of Workforce Development Demand Occupations Task Force.



<b>Total</b>	<b>Table 3. STATE PERFORMANCE MEASURES (Con't)</b>	<b>20,539</b>	<b>26%</b>
<b>Generate annual increases in wages for program completers of all workforce programs</b>			
VCCS		\$28,283	\$25,999
VDOE		N/A	N/A
VEC		\$23,439	\$20,981
DBVI		\$27,253	\$34,236
DARS		\$23,237	\$20,493
DOLI		\$25,338	\$25,634
Veterans and Transitioning Service Members		\$30,669	\$21,741
<b>OVERALL</b>		\$26,370	\$24,847
<b>Total System-wide Salary Change (2016 to 2017)</b>			<b>\$1,523</b>

### **Explanation of the Extent to Which Each Agency's Appropriation Requests Incorporate the Data Reflected in the Cost Comparison**

The majority of federal funds in Virginia’s workforce system are “formula funds,” meaning they are noncompetitive awards based on a predetermined formula usually based on demographics and economic conditions. While these programs do have negotiated federal measures, funding is largely awarded independent of performance, and none of the federal programs tie an evaluation of cost per participant to program appropriations.

The Governor has not required that agencies within the public workforce system meet the state performance goals or achieve a specific cost per participant in order to receive or administer state or federal funds.

### **Comparative Ratings**

One goal of the workforce system is to improve service delivery, avoid duplication of services, and enhance coordination of services. The Governor’s Workforce Development Advisor, the Executive Director of the Virginia Board of Workforce Development, and key staff have focused over the last two years primarily on developing policies and performance measurement that encourages the public workforce system to perform collaboratively, rather than competitively. For this reason, comparative ratings have not been performed for workforce system programs.

The Virginia Board of Workforce Development (VBWD) has begun to examine program outcomes, comparing the success rates of different workforce programs to one another and perhaps more importantly to track individual program performance over time.

## Obstacles to Program and Resource Coordination

The obstacles to program and resource coordination for Virginia's public workforce system are:

1. Operational Alignment:

It is Virginia's aspiration to create an integrated, job-driven public workforce system that links diverse talent to businesses and supports the development of strong, vibrant regional economies. Coordination of effort by workforce agencies under different funding streams, and sometimes different accountability measures, requires significant shifts in business practices and organizational cultures within each partner agency. Some agencies that administer workforce programs have struggled to move from federally-mandated compliance activities to activities focused on meaningful outcomes and innovation.

2. Common Vision and Integrated Service Delivery:

For nearly twenty years, Virginia has operated a workforce system comprised of twenty-four different programs administered by eight different agencies within four different secretariats. Each of these programs has its own, dedicated state or federal funding stream, and success is measured by compliance with law or regulation, quantity of program activities, and ability to spend the money allocated to each program or grant.

The previous report to the General Assembly indicated that Virginia's public workforce system lacked a coordinated, overarching vision. Since then, the Governor established a common vision to close the skills gap. This will require agencies to consolidate resources; reduce waste and duplication; and, most importantly, measure success based on system outcomes. What is still lacking is the adoption of this vision by all agencies within the workforce system, many of which have cultures that are slow to innovate and change. Changing this culture still looms as an ever-present challenge for Virginia's workforce professionals.

## Progress Towards Statewide Program and Resource Coordination

The Workforce Development Advisor, the staff team, and the Virginia Board of Workforce Development have all contributed towards progress in program and resource coordination.

1. Priority Industries and Demand Occupations:

The Workforce Credential Grant Program was the first workforce program of its kind in Virginia with a focus on high priority industries and demand occupations and an emphasis on attaining an industry recognized credential. The Virginia Board of Workforce Development, satisfying its role in implementing the program, identified occupations in demand that support industries that are central to Virginia's economic future. This approach has made a strategic investment in skills development to support economic development and help Virginians obtain the skills they need for high paying, long-term jobs with growth-oriented businesses.

2. Common State Performance Measures:

One of the most powerful, and polarizing, initiatives has been the development of common performance measures of importance to the Commonwealth to apply to all workforce programs. While not all agencies are reporting, it is agreed that all agencies and funding streams can contribute to closing the skills gap in Virginia. For example, the common focus around credentialing has been particularly transformative for the system.

3. Implementing the Workforce Plan:

Virginia has developed a comprehensive workforce plan that can serve as a blueprint to unify Virginia's workforce system priorities and provide state agencies with direction and clarity concerning service delivery to employers and job seekers. Not every state agency administering workforce programs has fully embraced the commitments for collaboration and alignment made in the Combined State Plan; and while progress has been made co-locating system partners within local workforce facilities, there is still a great deal of work to be done toward unifying and streamlining the public workforce system.

4. Refining the Role of the Virginia Board of Workforce Development:

The Virginia Board of Workforce Development continues to embrace its role as a workforce policy-making body. The business-led board has delivered comprehensive policy recommendations to Governor McAuliffe and is developing its Strategic Plan for 2018-2020. In addition to the presence of four Secretariats, the VCCS, VEC, Department of Veterans Services, and the Department of Labor and Industry act as staff support to the board, strengthening the linkages between key agencies. This agency involvement has been, and will continue to be, a key ingredient in the effectiveness of state efforts to coordinate programs and resources.

## New Strategies for Statewide Program and Resource Coordination

1. Elevated System Governance and Oversight:

Enacted in 2017, SB 1539 clarifies that the Chief Workforce Development Advisor shall report directly to the Governor and shall not serve in any other capacity. The bill has a delayed effective date of January 15, 2018.

The Chief Workforce Development Advisor must have the autonomy and authority to direct resources, collaborate across Secretariats, and advise the Governor on system-wide workforce development activities, aligned to support the Commonwealth's economic development priorities. The new Governor will need to support a workforce system governance structure that has the authority and stature to drive the necessary changes in Virginia's workforce system.

2. Continued Focus on Performance and Accountability:

In the fall of 2015 the Governor's Chief Workforce Advisor began an annual budget review of all workforce programs in Virginia. One year later, upon the Governor's request, state performance measures were established and the first monthly Workforce System Performance Report was created. These two reports have expanded our understanding of the financial resources available to workforce system partners, and provide the entire workforce system with data about outcomes for Virginia businesses and job seekers.

This insight must be now used to identify ways to improve performance, eliminate duplication, and create new efficiencies across the system.

3. Formalizing New Workforce Partnerships:

Due to the importance of veterans to Virginia's labor market, Virginia must continue to look for ways to streamline access to services and link veterans to civilian employment. The Virginia Department of Veterans Services (DVS) has played a growing role as a critical player in Virginia's workforce landscape, and the agency has had excellent success with its workforce initiatives – especially the Virginia values Veterans (V3) program. Bringing DVS into the system framework will allow partners to leverage and access their networks and expertise to better serve veterans and transitioning service members.