Innovations and Future Directions for Workforce Development in the Post-Recession Era

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In response to the Great Recession, the federal government channeled billions of dollars to workforce development programs through the American Recovery and Reinvestment Act of 2009 (ARRA). The funds strengthened Employment Service and Workforce Investment Act (WIA) programs and revived mostly dormant programs such as Reemployment Services and the Summer Youth Employment Program. All states and local workforce areas invested directly in job training for unemployed workers, but many also focused on building operational capacity through hiring new staff and procuring new technology and other tools to support individuals’ quick return to the workforce (Wandner 2012). Using ARRA resources, One-Stop Career Centers, now called American Job Centers, where most workforce development services are provided, were able to offer more intensive counseling and assessment as well as more funding for training in high-demand occupations to the large waves of unemployed customers. However, this reinvigoration of the public workforce system is now hampered by the end of ARRA funding and the threat of federal budget cuts to WIA and other workforce development programs.

Employers and workers are still weathering the effects of the recession, and job growth is slow and concentrated in lower-wage jobs (Christman and Riordan 2011). However, employers in industries such as health care and advanced manufacturing anticipate future shortages, with not enough skilled workers to fill new positions and positions vacated by retirees. Potential employees in these sectors, on the other hand, may not have the time and resources to increase their skills and education through training because they must continue working where they can in order to meet family obligations. Many youth and adults are seeing fewer opportunities for postsecondary education and training, with oversubscribed college courses, a lack of financial support, and ever-increasing tuition.
With these post-recession workforce challenges in mind, the Urban Institute held a half-day roundtable in February 2013 designed to inform a broad workforce policy agenda that reflects the changing economic and government landscape and explores the development of new approaches to meeting employer demand for skilled workers and addressing unemployment. Attendees represented a range of perspectives from the US workforce system, including business and industry, government, workforce intermediaries, labor unions, and education and training. Participants identified and discussed promising, innovative practices and policies that could be replicated and scaled to support a more skilled workforce.

The roundtable focused on three key areas for building a workforce policy agenda: (1) collaborative efforts that better connect employers with workforce programs and services, (2) approaches that help build the education and work experience of under-skilled and unemployed workers to get them on a viable career path, and (3) advances in business practices and technology to better serve workforce system customers. With these areas of focus as a jumping-off point, facilitated discussions engaged the roundtable attendees in developing ideas for policy and program improvements and innovation.

This paper provides highlights from facilitated discussions in each key area to inform the development of a broader research agenda for workforce development policies. Each section begins with a discussion of the emerging trends in a topic area and then summarizes the promising ideas, practices, and innovations that the roundtable attendees discussed. The paper concludes with a discussion of how these ideas, practices, and innovations could be scaled or replicated and how policy could better support their broader implementation.

**Encouraging Collaborative Efforts to Better Connect Employers with Workforce Programs and Services**

Efforts to engage employers in workforce development activities have been under way for decades but became a central part of workforce policy when WIA included employers as customers of the public workforce system. Roundtable attendees emphasized the importance of engaging employers and industry in designing workforce development strategies, and discussed two promising key approaches: sector strategies and industry-recognized credentials. Sector initiatives, which typically engage employers in order to tailor employment and training services to high-growth
industries, began in the late 1990s and have now become widespread. Community and technical colleges and other training providers also collaborate with employers to ensure that educational and professional credentials meet industry needs. Challenges to engaging employers include economic downturns, decreased willingness to pay for employee training, and distrust of government involvement. This section discusses the two approaches to workforce development that emphasize employer involvement.

**Sector Strategies**

Sector strategies (or industry-focused workforce development approaches) are based on collaboratively designing employment and training programs and services to directly address an industry’s workforce needs. According to the National Governors Association, sector strategies bring together many players, such as the public workforce system, employers, training providers, unions, and community organizations, to develop approaches for meeting an industry’s workforce needs and helping workers find and succeed in a career. These approaches may include developing the curriculum and credentials valued by an industry, creating a pipeline of future workers by exposing youth to jobs in an industry, or steering job seekers to available jobs in an industry through job readiness and placement services.

Sector strategy initiatives may be led by state or local workforce officials or by industry leaders. According to a recent report, more than half of states are engaging in these efforts (Woolsey and Groves 2013). At the core of these efforts is a regional industry partnership, which brings employers and industry representatives together with education and workforce development officials to address workforce skills gaps across the region and to align education and workforce systems in different jurisdictions to better train workers. Industry partnerships also develop at the local or regional level, with a community college or a workforce investment board convening the partnership.

These partnerships are only as effective as the support and level of buy-in from the key players. Employers need to see that their involvement will yield them what they want: skilled workers. Workforce development professionals report that bringing labor market information and training resources to the table with employers is key to engaging them (Eyster et al. 2011). Employers who see value in the partnership may also provide resources to address skills gaps, even if this benefits employers who are not part of the partnership. Employer sponsors may offer their own employees to help develop training curricula or serve as instructors, provide equipment or facilities for training, or guarantee interviews to training completers.
The sustainability of sector strategies is tested when workforce resources dry up or the economy takes a downturn. Governors, who were using their WIA state reserve funds to sponsor industry partnerships, have had those federal funds cut from 15 percent to 5 percent of their annual WIA funds. Since the late 1990s, the federal government has administered grant programs to support these sector initiatives, but these grants might end if there is no sustainable funding stream to support the partnerships they helped to put in place.

In addition, the evidence of the effectiveness of sector strategies is still preliminary. One evaluation to date has shown that sectoral training approaches provide greater earnings gains and other employment benefits to participants than to the control group (MacGuire et al. 2010). There is also little evidence to date on whether the benefits of sector strategies outweigh the costs. This evidence may be needed to convince employers, community colleges, and others to develop more robust industry partnerships. However, many evaluations of these approaches are under way that will soon yield new evidence about whether sector strategies are effective.

**Industry-Recognized Credentials**

Industry has long developed its own credentials, especially professional certifications, to provide employers with a standardized method for identifying qualified job candidates. Industries such as health care may have additional state licensing requirements for workers. Training providers such as community and technical colleges offer educational credentials like certificates or degrees for a range of occupations. However, less-regulated or newer occupations may not lend themselves to a common credential for employers to know whether someone has the skills they need.

There is a recent movement toward developing industry-recognized credentials in many industries, often through partnerships formed under sector approaches, as discussed above. Employers benefit from credential-focused training programs because they can be more confident that graduates have a specified set of skills. Some credentials can be obtained quickly (less than 12 weeks), meaning that job candidates can be prepared for an occupation in rapid succession for high-demand employers. Other credentials are designed to provide students with “stackable” credentials that demonstrate successively higher skill levels and may lead to a college degree.

Ideally, employers see these newly developed credentials as a signal that workers are well prepared for the occupation, no matter where they live and work in the United States. However, even such credentials may not be useful to employers with
very specific skill needs. It may also be challenging to communicate to and convince employers of the value of a credential on a larger scale. Workforce development professionals trying to identify credentials for their customers to pursue have no national database of industry-recognized credentials to demonstrate whether one will help workers qualify for a job. Thus, it is important for the workforce system, training providers, and employers to work together to ensure that the credentials developed meet employer skill demands and will be used across employers in hiring decisions.

**Approaches to Help Build the Education and Work Experience of Under-Skilled and Unemployed Workers to Get Them on a Viable Career Path**

New ways to improve the education and work experience of American workers have been steadily developed over the past 50 years. Recent innovations have emerged from across the country and from many sources, including community and technical colleges, government agencies, community-based organizations, employers, and foundations. Roundtable attendees focused on training approaches that offer a strong, well-articulated pathway to a career; blend classroom and work-based learning; and enhance the soft skills, such as communicating effectively and problem-solving, that employers value. This section examines promising strategies and innovations that have been employed to provide education and work opportunities to American workers, and the challenges associated with these approaches.

**Career Pathways**

Educators and workforce development professionals are increasingly using the career pathways concept to develop education and training programs that provide workers with the skills and credentials they need to find family-sustaining employment in a high-demand industry. At the heart of career pathways is the development of an occupational training program that provides “manageable, well-articulated steps” for earning industry-recognized credentials, combined with strong student supports (Fein 2012). Many recent initiatives with strong government and philanthropic support—Innovative Strategies for Increasing Self-Sufficiency (ISIS), Integrated Basic Education and Skills Training (I-BEST), and Trade Adjustment Assistance Community College Career Training (TAACCCT), to name a few—have made career pathways a cornerstone of their program models. The career pathways model has also become a highly popular strategy for curriculum design in community and technical colleges across the country.
The career pathways approach can be used to train unemployed and underemployed workers who may face barriers to entering or advancing in the workforce. Pathway programs accelerate the time in the classroom and create manageable steps in the program that yield a series of “stackable” industry-recognized credentials. The programs have strong academic, employment, and personal supports to ensure that a student can complete the “steps” along the pathway successfully and find gainful employment. Individuals entering a new occupation may be able to earn entry-level certificates quickly and begin work with the option of returning to the program in the future to gain more advanced skills. Workers with more advanced occupational skills may be able to enroll in a higher level of the career pathway program based on prior learning assessments. These multiple entrance and exit points make the programs more accessible for busy adult workers with families.

Despite growing evidence of the effectiveness of career pathways, there are some challenges to scaling and replicating these strategies and innovations beyond current investments. First, the significant federal and foundation funding for career pathways is time-limited, potentially affecting the sustainability of these approaches. In addition, the evidence base for these approaches is in its early stages, and it may be challenging to convince government and other stakeholders to continue to invest in career pathways or work experience opportunities before there is more evidence. Finally, some argue that the career pathways approach leaves behind those that cannot move beyond entry-level jobs because of various barriers to employment, and that strategies should also seek to improve the quality of these entry-level jobs.

**Work-Based Learning Approaches**

Although the preference toward traditional classroom education in colleges remains strong, work-based learning approaches once again are gaining traction in workforce development. Training that uses work-based learning typically occurs at an employer’s work site (or through work simulation in a classroom or laboratory). Thus, work-based learning invariably involves employers, who often use their own resources—staff, equipment, and wages to the trainee—to support the training. The range of work-based learning approaches includes internships, apprenticeships, clinical rotations (in the health care field), and on-the-job training (OJT), and these approaches are often combined with more traditional classroom or related instruction tailored to the employer’s needs.

OJT recently gained popularity as a strategy to move laid-off workers into paying jobs, even if temporary, and help them learn new skills and gain work experience that they can list on their résumés.
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experience that they can list on their résumés. In OJT, the employer provides the training and pays trainees’ wages, often subsidized by the OJT program. The employer bears the costs and responsibility for creating a training plan, supervising trainees, meeting human resource needs, and purchasing liability or other insurance as necessary. Employers are expected to hire the successful trainees at the end of the OJT.

With ARRA funding and National Emergency Grants, states supported local and regional workforce efforts to develop OJT programs. OJT programs, operated by American Job Centers or other workforce intermediaries, recruited employers to host work sites and subsidized wages for the trainees for up to six months. Some local workforce investment boards reported that many of the customers they served were eventually hired by the employers that trained them or were able to parlay that experience into a new job elsewhere (Barnow et al. 2012). Some boards also indicated that these trainees experienced an increase in confidence and soft skills that can help them find and keep employment after being out of work for six months or more. Also, OJT may be a mechanism through which workforce development agencies can entice employers to take on trainees from disadvantaged populations in the labor force, such as youth, older workers, and persons with criminal records.

Apprenticeship is another work-based learning approach in which employers sponsor worker training, with on-the-job training as its foundation. Labor unions may work with an employer or group of employers to support an apprenticeship program. Although there are many informal apprenticeship programs in the United States, registered apprenticeships are federally approved and must have time- or competency-based standards and wage progressions. Unlike with other OJT programs, employers with apprenticeship programs typically pay for all costs related to the training and do not receive a government subsidy for worker wages (Lerman, Eyster, and Chambers 2009).

Registered apprenticeships are primarily used in the trades, such as construction and manufacturing, but are starting to appear in other industries such as health care with the support of the US Department of Labor. The Health Profession Opportunity Grants, a job training program for low-income individuals in the health care industry administered by the US Department of Health and Human Services, requires that grant recipients coordinate with the state apprenticeship agency to support training efforts. German manufacturing firms with plants in the United States are also expanding the use of registered apprenticeship through Germany’s Skills Initiative. And states like South Carolina have created incentives and supports for employers to provide registered apprenticeships. South Carolina provides a one-time, $1,000 tax credit for each apprentice an employer sponsors. The state has also worked with its community
colleges to offer related instruction for apprentices that can be tailored to an employer’s needs.

The costs and benefits of work-based learning approaches, especially to employers, are important to consider, as they require an up-front and ongoing investment of resources. They require that employers take some risk in bringing untrained personnel into the firm. Employers may also be concerned that other firms will “poach” their newly skilled workers before they can fully recover their investment. But a major advantage of work-based learning strategies is that employers have trained workers with the specific skills they need, which should help the employer increase productivity and improve the quality of the work product. Registered apprenticeships have shown some evidence of productivity gains for employers who use this work-based learning approach. A recent cost-benefit study of registered apprenticeship in 10 states showed that apprentices, employers, and society gained from the added productivity of training and employing apprentices (Reed et al. 2012).

**Soft Skills Training**

Another important component for improving the job qualifications of American workers is ensuring that they have the “soft” skills needed to succeed in the workplace. Soft skills are generally recognized as the interpersonal skills or characteristics that help a worker function effectively in the workplace. For example, soft skills may include showing up to work on time and dressing appropriately, being able to communicate verbally and in writing, or solving problems. Previous research has shown that social and motivational traits employers value are as important to labor market success as the occupational skills needed for a job (Duncan and Dunifon 1998).

In the aftermath of the recession, state and local workforce development officials sought ways to improve the employability of laid-off workers who were having difficulty finding a job, even with the necessary occupational training. They recognized that employers were frustrated trying to find “good” employees who could operate effectively in the workplace. As a result, many American Job Centers offer job or career readiness workshops. Commercial products such as the National Career Readiness Certificate (NCRC) are used in these centers to provide customers with a credential they can include on their resume, which is earned through a series of self-paced tests. Training providers may also add to their curriculum soft skills training on professional behavior.

There are several challenges with providing soft skills training and certification. Soft skills, such as interpersonal or communications skills, may be difficult to teach and measure. This adds to the challenge of developing a certification of an individual’s
career readiness that employers will use in their hiring decisions. Ensuring that workers have the soft skills needed to succeed in the workplace will be an ongoing issue for workforce development professionals, and new ways to provide soft skills training should continue to be developed.

**Advances in Business Practices and Technology to Better Serve Workforce System Customers**

Through the American Recovery and Reinvestment Act and other government investments, the workforce system responded quickly to the recession, providing benefits and services to millions of laid-off workers. Roundtable attendees highlighted the importance of the advances made in new ways of providing workforce services and training to increase access for the large numbers of unemployed workers seeking job search assistance and training. They also discussed improvements states are making to link data systems to better track and serve these individuals. This section examines how technology and improved business practices at job centers can increase access to workforce programs and provide quality services in a time of shrinking budgets.

**Increased Access to Employment Services**

American Job Centers used ARRA funds to serve more people and make investments in their center operations and technology, something they had been unable to do previously due to stagnant federal funding (Barnow et al. 2012). Many centers focused on hiring and training staff to provide job development and assessment and counseling services. And many have invested in technology to serve customers virtually rather than requiring them to come to the center for services. Online services included job search tools, virtual center orientations, and career assessments. Many centers also integrated social media into job search services.

To help workforce customers access job search assistance, many centers used state online job banks and technology to match worker skills and available jobs. Large-scale job search assistance networks such as the National Labor Exchange (us.jobs) were created to help job seekers access jobs nationwide. All states, the District of Columbia, and several territories participate in the National Labor Exchange, which combines the state job banks in one place and has 1 million job openings on any given day. States can then develop their own “microsites” to connect to their sector strategies.
In addition to laid-off workers flooding their workforce centers, states also faced overwhelming numbers of individuals applying for unemployment insurance (UI) (Barnow et al. 2012). Many states upgraded profiling models to identify and serve claimants who were likely to exhaust their benefits. They also worked to develop better communications and data transfers between state UI agencies and local job centers. Many centers also brought on UI staff to provide real-time triage of customers for services and job listings.

Some of these enhanced employment services have been sustained beyond the recession, but to a lesser degree and with fewer resources. Fewer staff are needed as the high volume of workforce customers has subsided and ARRA funding has ended. This loss of staff leaves job centers with less capacity to serve the unemployed who have been out of work for longer and who may have barriers to finding work. However, many of the technological upgrades have remained in place to help workforce customers in their job search activities because the lower ongoing costs can be incorporated into current budgets. Some states are continuing to move more of their workforce services online through initiatives like the Workforce Investment Fund in order to increase access and cut costs.

**Technology-Enabled Learning**

Many community and technical colleges and other training providers have integrated online learning and technology into their programs to help students access training. Distance, online, and hybrid instruction provide access to learning for individuals who cannot always be physically present in a traditional classroom setting or who may not be available at the specific times classes are being offered. These learning modalities allow for increasing the number of learners, for example by reaching individuals in rural areas that may not have access to a community college or training provider. Another advent in learning technology is the Massive Open Online Courses (MOOCs), which allow for large-scale student participation with open access via the web using open educational resources.

Many community and technical colleges and other training providers offer new or expanded programs and have infused technology into their curricula to improve access for students. The TAACCCT grants funded by the US Department of Labor are encouraging colleges to build capacity to use technology in the classroom and incorporate online learning components. Some of the technology these colleges use include online classes, tutoring and practice testing, and tablet computers in the classroom.
The key advantages of the technology used in the classroom and for online learning is that it increases access to training for students at a potentially lower cost and exposes students to working on computers and the Internet, which is necessary for many jobs. The use of technology, however, could create barriers to some students who have little to no experience with computers and the Internet or who do not have access to a computer. There is also debate about how effective online learning is compared with traditional classroom training. Institutions offering MOOCs report that while high numbers enroll in courses, few complete the courses or any of the assignments. Colleges are also reluctant to offer credit for these courses because they are not convinced that the quality of online courses is equal to traditional in-person classes.

**Integrated Data Systems**

Many states and local areas are working to create integrated data systems that track individuals from early education to college, as well as their participation in workforce and public assistance programs. In the past, the workforce, education, and public assistance systems have been unable to assess whether and how individuals have been served across these systems. Data systems for one program were often not connected or accessible to other government systems because of outdated technology and lack of political will or interest in linking data. But interest is growing, and resources are being devoted to integrating data systems.

Several states—such as Florida, Utah, and Texas—have led the way in modernizing and linking their education, workforce, and public assistance systems to better track and serve their residents. The federal government has also launched several initiatives to support states’ efforts to integrate education and workforce data systems. The Statewide Longitudinal Data Systems (SLDS) grant program, administered by the US Department of Education since 2005, supports the implementation and expansion of P-20 data warehouses (early education through college), which link all education and student records in one system. In the 2012 grant cycle, 24 states were awarded SLDS grants. The US Department of Labor, in partnership with the SLDS grant program, has created the Workforce Data Quality Initiative to better integrate workforce data from multiple programs and link them to education data, and 25 states have received grants to date. In addition, the Chicago Cook Workforce Partnership is leading its CWICstats initiative to link education and workforce data for the Chicago metropolitan region to use in its workforce services decisionmaking and in measuring performance (Stagner et al. 2012).

Integrating data systems for workforce, education, and public assistance has been an important development over the past decade for better using data to operate
government programs. However, for many states, linking systems is an expensive endeavor. Much work needs to be done to make these systems functional and accessible for multiple users—including policymakers, program managers, frontline staff, and research analysts—while protecting private information.

Conclusion

Many of the practices and innovations discussed during the roundtable shed a spotlight on workforce development over the next decade. Several roundtable attendees noted that some innovative workforce strategies—such as career pathways and technology-enabled learning—are relatively new and are being tested to understand if they are effective in training individuals for the workforce. Other workforce strategies are larger government efforts that have shown some early indications of success in building organizational capacity to provide better workforce services, such as sector strategies and integrated data systems. The long-term success of these strategies and documentation of their implementation and effectiveness remains to be seen. This information will be crucial in making decisions to expand or replicate them.

Overall, an important question to the roundtable attendees was, “How can the innovations that prove successful be scaled and replicated when funding for workforce development is being cut?” Several of these practices and innovations—such as work-based learning approaches and industry-recognized credentials—involves public-private partnerships and require an investment of time and resources by employers and industry. If employers see the advantage of participating in these efforts in their bottom line, they may be inclined to continue or increase support over the long run. There is also much discussion about finding ways to “braid” various funding sources and align services across government programs to be more cost-effective. However, in a time of declining federal and state funding, it is challenging to find ways to do this without harming the people that are currently being served.

Roundtable attendees believed that, in addition to providing funding, government may also be able to support workforce development practices and innovations through policy. The federal government could spearhead efforts to develop national resources that would be valuable to the field, such as a clearinghouse of industry-recognized credentials or of best practices. Government may also want to create and support policies that better spur regional economic development for an industry, such as linking transportation and training dollars to development efforts.
Furthermore, government may want to develop policies and expand programs that encourage employers to look at populations that they would otherwise be more hesitant to hire, such as the long-term unemployed and less-educated workers. Finally, government may want to consider policies that help to reconcile divergent eligibility and performance standards for multiple workforce, education, and public assistance programs; streamline services; and make more informed program decisions.

Notes

1 See MacGuire et al. (2010) and Zeidenberg, Cho, and Jenkins (2010).
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