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Michigan's No Worker Left Behind

Lessons Learned from Big-Picture Workforce Policy Change

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Introduction

Creating big-picture policy change in any state is never easy; it requires leadership that articulates urgent challenges, offers clear and bold vision, and musters political will. During the past several years, a handful of states have embarked upon transformative approaches to workforce policy. This document explores the reasoning, process, outcomes and lessons learned by Michigan—a state that has significantly changed statewide workforce policy through their groundbreaking *No Worker Left Behind* initiative. While no two states are the same, Michigan's experience offers valuable lessons that can be translated and adapted by other states interested in addressing workforce policy issues.

In slightly more than three years, the *No Worker Left Behind* initiative has refocused state workforce policy and integrated funding streams resulting in the training or retraining of approximately 150,000 Michigan workers with credentials in high-demand industries. The initiative has dramatically increased the number of adults seeking to acquire new skills, change careers, and earn family-supporting wages.

Why Michigan Undertook *No Worker Left Behind*

Michigan's significant economic downturn over the last several years had a crushing effect on businesses and workers. The state recently ended 48 straight months with the highest unemployment rate in the nation. This upheaval has left hundreds of thousands of workers in economic jeopardy; many losing long-held, well-paying jobs which they thought were secure. Nearly one million auto industry jobs in Michigan vanished over a ten-year time frame. During this period, workforce officials found that the unemployed and underemployed in Michigan didn't possess the skills and/or credentials required to obtain new or emerging jobs in other industries.

In 2004, the Michigan Commission on Higher Education & Economic Growth concluded that Michigan's future competitiveness required the state to double the number of workers with a postsecondary degree or other industry-recognized credential to keep pace with an altered labor market requiring more advanced skills. Governor Jennifer Granholm made the "double the numbers" goal state policy, focusing resources on helping at-risk workers obtain new skills and credentials to prepare them for in-demand jobs and emerging occupations.

This new policy offered unemployed, underemployed and low-wage workers up to two years of free tuition at community colleges or other educational institutions for market-relevant credentials. During her 2007 State of the State address, Governor Granholm announced this new and innovative program—called *No Worker Left Behind (NWLB)*—and set a goal of reaching 100,000 participants within three years.

No Worker Left Behind reflected not just ambitious goals, but a fundamental change in Michigan's workforce strategy. The focus of state policy and funding was intentionally

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shifted away from emphasizing short-term job search and job placement services, towards longer-term investment in training for in-demand skills and credentials.

NWLB invests in workers' long-term career agility while furthering economic growth by meeting the needs of employers. Funding is firmly targeted toward training that provides skills in emerging or in-demand industries.

Enrollment in *NWLB* soared past the 100,000 goal a year earlier than the initial three-year deadline. Unfortunately such success has produced demand that exceeded available funding, forcing enrollment restrictions that began in July 2010.

No Worker Left Behind Essential Elements

Implementing *No Worker Left Behind* as a consistent, understandable, statewide initiative required local workforce boards to adapt some of their policies to fit within a cohesive statewide approach. For example, state and local workforce leaders negotiated a single, statewide training standard of $5,000 per year / $10,000 total resulting in uniformity across the state.

The core design elements adopted include:

- *The philosophy: NWLB* is intended to be an overarching workforce strategy to increase the skills of Michigan's unemployed and underemployed workers. *NWLB* unifies all workforce programming towards increasing the number of workers who earn market-relevant credentials and enter related employment.

- *The offer:* Up to $5,000 per year for two years (a total cap of $10,000 per person) for an educational program that results in a postsecondary credential in an emerging industry, in-demand occupation, or entrepreneurship program. The funds pay for tuition, fees, books, materials, and academic supportive services.

- *Eligibility:* Workers qualify for *NWLB* tuition support if they are unemployed or have a family income of $40,000 per year or less. Participants must be at least 18 years old, must not have graduated from high school in the past two years, and must not already be full-time college students. (Traditional full-time college students have other financial aid options available and are therefore not the target of *NWLB.)*

- *The process:* Workers apply for *NWLB* through Michigan Works! Service Centers (one-stop career centers). Advisors work with applicants to assess their skills and to help them identify relevant, eligible training. The relevant local workforce board then pays for the agreed-upon education.

- *Participating educational providers:* Learners participating in *NWLB* can attend any public community college, university, private college or other approved proprietary training program.

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No Worker Left Behind: Aligning Funding and Policy

Michigan officials realized that support for *NWLB* would require a combination of new funding and different targeting of existing funding. The three primary strategies undertaken included:

- ***Prioritizing all federal workforce funds coming into Michigan for No Worker Left Behind.*** New state policy emphasized retraining in the use of available federal funds, including:
    - Workforce Investment Act (WIA) Title I adult and dislocated worker programs,
    - Trade Adjustment Assistance (TAA) grants,
    - Temporary Assistance to Needy Families (TANF) funds; and
    - Vocational Rehabilitation funding.

The state asked local workforce boards to allocate a substantially greater proportion of their funding to training, and similarly committed state discretionary funding and state-controlled program funding. The state also asked local workforce areas to focus on relevant training for in-demand and emerging occupations, prioritizing longer-term training and the opportunities available through degree-granting institutions.

- ***Aggressively seeking discretionary federal funds.*** Michigan now operates the largest TAA program in the country as a result of its aggressive efforts to identify trade act-eligible downsizings and closings, and to seek supplemental appropriations for TAA from the U.S. Department of Labor (USDOL). Michigan also received large National Emergency Grants (NEG) from USDOL to respond to substantial manufacturing-related layoffs.

- ***Seeking state general funds to supplement the federal funds.*** The Governor asked the Legislature to appropriate $40 million to help cover the cost of *NWLB*. In Fiscal Year 2008, $15 million was appropriated to *NWLB*. Subsequently, as with many states, Michigan's budget has absorbed enormous revenue shortfalls, so funding was not possible to sustain.

Responding to the Basic Skills Challenge

A significant implication of this new policy began to emerge early in implementation. State and local workforce leaders heard hundreds of stories about workers who applied to *NWLB*, but lacked the necessary basic skills to enter and/or complete two-year occupational training programs. Workforce boards and education providers were doing the best they could to connect those workers to adult education services, but those individual efforts could not deal with the systemic issue that a very large number of workers needed to increase their basic skills.

As a result, an adult learning task force was created and found that one out of three working age Michigan adults—1.7 million people—lacked the basic skills needed to succeed at a

community college. Clearly, this meant that a stunning one-third of workers could not take advantage of the *No Worker Left Behind* promise due to low basic skills. Based on the task force's recommendations, Michigan adopted a series of state policy reforms, including accelerating attainment and contextualizing basic skills with occupational learning and jobs. As a result of these efforts, Michigan is now launching a statewide network of regional partnerships for adult learning, in which workforce boards, adult education providers and community colleges work with other key stakeholders to create and operate coordinated services. These services are designed to increase substantially basic skills and the proportion of people in adult education who then enter and succeed in postsecondary education.

Aligning with Industry Needs

A key dimension of *No Worker Left Behind* is the requirement that funded training result in credentials and skills which align with current and anticipated employer demand. Michigan has not limited its process of defining demand to only the use of labor market statistics.

Michigan has built one of the most robust industry partnership strategies in the country, with more than forty Michigan Skills Alliances active in key industries in regions across the state. The workforce needs articulated by employers in those alliances has become an important part of setting priorities for in-demand training. The state has also taken on a broader reframing of its overall strategy in working with employers, including bringing renewed emphasis to the advancement of incumbent worker skills.

Results of *No Worker Left Behind*

Outcomes

As of October 2010, Michigan's Department of Energy, Labor, and Economic Growth (DELEG) reported that 148,808 people had enrolled in training since the launch of *No Worker Left Behind* in August 2007. The emphasis on training versus immediate job placement, and longer-term training in particular, is evident:

- 59 percent of Michigan WIA participants were enrolled in training, compared to 13 percent of WIA participants nationwide; and

- 74 percent of Michigan WIA participants were enrolled in training of a year or longer compared with just 24 percent of participants nationally.

As of December 2009, DELEG reported that 75 percent of those who had completed training had either retained or obtained a job. (*No Worker Left Behind* includes incumbent worker retraining as part of job retention strategies.) Of those who found a job, 82 percent reported it was related to their training. Current data indicate that participants are choosing fields of study that prepare them for in-demand and emerging occupations: 37 percent are engaged in health care training, 15 percent in managerial and other professional training, 10 percent in

transportation (which includes occupations such as truck driving), 8 percent in manufacturing, 7 percent in information technology, and 23 percent in other fields of study.

These outcomes apply to a diverse pool of workers. As of June 2010, 44 percent of participants were unemployed and dislocated workers; 25 percent were workers obtaining training to retain their jobs; 19 percent were adults receiving support through Temporary Assistance to Needy Families; and 12 percent were adults receiving services through Michigan Rehabilitation Services. The diversity of participants and the outcomes across these populations suggest that a focus on retraining, particularly longer-term training, has the potential to benefit a wide range of workers.

Understanding Outcomes for High-Barrier Participants

Available data suggest that workers with high barriers, primarily public assistance (TANF) and Rehabilitation Services clients, were less successful at completing training than more traditional unemployed and dislocated workers (with dropout rates of 39 and 24 percent, respectively). Various factors have been identified as contributing to these disparities and attention is focused on addressing issues to improve outcomes for these workers:

- Current federal TANF work participation requirements are not conducive to the *NWLB* model. In many instances, participants require remedial education, which cannot be counted towards the required federal performance factors for TANF clients.

- TANF clients face many barriers that often inhibit their ability to complete educational objectives or maintain self-sufficiency.

Many Rehabilitation Services customers also face multiple barriers to employment and often require longer training and preparation for work than WIA and TAA participants. This is demonstrated by the fact that only 23 percent Rehabilitation Services clients have completed training, compared with 41 percent of those enrolled through WIA and TAA.

The Big Challenge: Overwhelming Demand, Limited Resources

Due to steady federal disinvestment in workforce training and an archaic federal WIA funding formula, Michigan's share of federal training dollars was cut by $72 million from July 2008 to July 2010, even though the state's unemployment rate almost doubled during that period. These decreases come at a time when worker demand for training was at an all-time high—waiting lists grew large in many areas, and it became clear the state had to limit entry to *No Worker Left Behind*.

Michigan still remains committed to fulfilling its promise. As such, the state is adapting several of the basic constructs of the *No Worker Left Behind* strategy to address this chasm between supply and demand, including:

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- Using a high percentage of funds in this program year to continue the training of workers who began the previous year, ensuring that everyone who has already started training completes it.

- Insisting every possible state and local resource is used for training.

- Making every effort to fund training for all workers who are on the wait list from the last program year, but discontinuing the statewide waiting list for this program year. Future demand will be addressed only when funds become available.

- Initiating an effort with workforce boards and community colleges to expand the number of workers who qualify for Pell Grants.

With these changes, Michigan still expects to serve 60,000 people through *No Worker Left Behind* during this program year, a large number of training enrollments compared to pre-NWLB efforts. The state also plans to continue its pursuit of every available public and philanthropic dollar to support this strategy.

Lessons Learned

No Worker Left Behind represented a dramatic shift in priority for Michigan from a focus on immediate reemployment strategies to longer-term training for labor-market-relevant certificates and degrees to prepare workers for careers. This required making investment in retraining a central emphasis in the use of a mix of relevant federal education and training funds. The local workforce boards also shifted their resources to training to make this possible—from 43.5 percent in Program Year 2007 to 55 percent in Program Year 2008, an increase sustained since then.

Several years after launching and implementing these bold changes, Michigan's experience with *No Worker Left Behind* offers a number of lessons on both the challenges and opportunities of this type of strategy. A few of these key lessons:

Aligning Resources

With *No Worker Left Behind*, Michigan moved away from the outdated federal policy emphasis on moving people from job to job, focusing instead on longer term training to change people's lives and make the state more competitive in the global economy. Tremendous resource alignment has been necessary to realize this shift. No stone has gone unturned in identifying new and existing state, federal, and philanthropic resources to support this vision.

Cultivating Leadership

Consistently engaging a diverse set of stakeholders has been key to creating a common statewide strategy. Initially, leaders from local workforce areas and educational institutions helped craft and inform the state's approach to making the vision a reality at the local level. This engagement was crucial to establishing local buy-in and ownership of the strategy, making

it possible to overcome implementation barriers along the way. Finally, bipartisan state leadership support for *NWLB* has contributed thoughtful policy ideas and helped attract state and federal funds to continue the state's emphasis on increasing the skills of the workforce.

Capturing Progress

Michigan's experience has shed light on the critical need to incorporate evaluative data collection and analysis into early planning for any transformative change effort like *NWLB*. Michigan lacks analytical and qualitative data that make it possible to understand participant experiences in *No Worker Left Behind*, including the quality and value of training, the length of training, and job search experiences, among other issues. Further, the inability to connect workforce data with postsecondary education data has made it difficult to longitudinally link training and employment outcomes under *NWLB*. The state is currently working to connect workforce data to the State Longitudinal Data System (SLDS) now in development for K-20 education and to collect more robust qualitative data related to worker experiences. This will make it possible to capture a more complete picture of the impacts of *NWLB*.

Integrating Basic Skills with Training

No Worker Left Behind participants would have benefitted from an earlier recognition of the substantial basic skills shortage in the state. Later findings that one out of three workers lack the basic skills to enter and complete occupational training explained why a substantial number of workers experienced challenges trying to participate in training. Further analysis also revealed that these workers then faced ill-coordinated response systems. The current reinvention of adult learning in Michigan aligns closely with *No Worker Left Behind* (now expanded to *No Worker Left Behind – Everybody In!* to more intentionally address basic skills needs) and is a critical component of any statewide retraining effort.

Increasing Worker Interest in Training

Michigan is undergoing a profound cultural transformation away from an expectation that good jobs simply require showing up and being a loyal worker. Unprecedented numbers of workers now flow into the one-stop centers around the state seeking to upgrade their skills, not just quickly find any new job. This culture change is becoming increasingly apparent in coverage of workforce issues and even in discussions with individual workers who are recognizing that "going back to school" is critical to future workforce success.

Conclusion

Michigan's *No Worker Left Behind* doesn't offer a silver-bullet to a given state's economic woes; however, it does provide some insight into how one state responded to their own challenges with long-range vision and from an investment mentality. Through *No Worker Left Behind*, Michigan transformed its antiquated work-first system—which met neither the needs of employers or workers—and replaced it with an industry-friendly system that prioritizes demand-driven, longer-term training. This new system has helped Michigan create a more competitive and nimble workforce which helps to solidify its future competitiveness.

Michigan's experience with *No Worker Left Behind* delivers a clear example as to how state leaders can use this economic downtime to assess and re-envision their own workforce system and to come out with a better educated, better prepared workforce in the end. Again, not a simple undertaking but one that's quite doable with vision, leadership and commitment.

Sources

No Worker Left Behind
Substantial information about this initiative can be found through the State of Michigan's website for *No Worker Left Behind,* www.michigan.gov/nwlb. Some specific pieces used in developing this report include:

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Next Phase White Paper, Michigan DELEG.

Acknowledgements

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