Advances in Workforce Policy

Insights from the American Recovery & Reinvestment Act Training Grants

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Agility Insights Reinvestment Outcomes Opportunities Placement Long-Term Goals Partners Action Accountability Recovery Shared American Partnerships Development Analysis Workforce Grants Jobs Comprehensive Performance Data Act Jobseekers Recession Training Strategy Metrics Policy

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Executive Summary

During the past four years, 152 U.S. Department of Labor (DOL) grantees undertook a large-scale effort across 49 states to improve the skills and employment of nearly 200,000 Americans in response to the most difficult economic conditions since the Great Depression. Funded by the 2009 American Recovery and Reinvestment Act (ARRA), the workforce grants focused on training for jobs in high-growth and emerging industries and occupations, including energy efficiency, renewable energy, and health care.

Against the backdrop of the 2007–2009 recession, some grantees had difficulty achieving their goals, but many found ways to adapt to the changing economic environment and meet their targets for placing newly trained individuals in jobs. The top tier of 50 grantees accounted for about one-third of the funds that ARRA grantees spent but more than half of the individuals placed in jobs.[1] The collective experiences of the top 50 grantees offer helpful but preliminary information about what is required to succeed in workforce development. Grantees were considered to be in the top tier based on preliminary outcomes data.[2] Their experience was elicited individually in structured interviews and in group discussions. That information was vetted and refined at a national meeting of several top-tier grantees in summer 2013, where three common characteristics were identified that helped shape and drive their success:[3]

- **Long-Term Strategy.** Top-tier ARRA grantees embedded their grant's goals and activities in an existing long-term strategy, often started several years earlier, to better integrate education and training programs with the needs of industry in their regional economies;

- **Agility.** Top-tier grantees succeeded in an uncertain economic environment by adjusting tactics and near-term objectives rapidly while maintaining partner support for shared long-term strategies; and

- **Accountability**. Top-tier grantees managed performance accountability across partners to identify needed changes, quickly make adjustments, and work toward achieving their goals.

The evidence supporting a causal link between those characteristics and successful workforce programs is narrative in nature and includes self-reported administrative data. However, it provides preliminary support for a recommendation that other workforce programs should emulate the characteristics of the top-tier ARRA grantees, with the understanding that the recommendation is made on the basis of promising data rather than best practices.

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1. The top-tier grantees received $226,376,923 of the total $662,410,653 awarded to the ARRA grantees. The top tier also placed 37,025 training participants in jobs out of a total 72,036 for all grantees. See the section "Performance of the Top-Tier ARRA Grantees" on page 8 for more information about the performance of these grantees.

2. The National Governors Association, in partnership with its subcontractors, the Corporation for a Skilled Workforce and Collaborative Economics, provided technical assistance to the 152 ARRA grantees under a cooperative agreement with DOL funded by ARRA.

3. The recommendations and lessons drawn from the top 50 ARRA grantees are qualitative indicators of successful workforce programs and are not exclusive to programs that met their DOL performance targets. For a comparative analysis of the ARRA grantees without outcomes data, see *Green Jobs and Healthcare Implementation Study Final Report,* Impaq International, September 2012. For a narrative report on the Public Workforce Systems implementation of the Recovery Act, see *Implementation of the American Recovery and Reinvestment Act: Workforce Development and Unemployment Insurance Provisions Final Report,* Center for Employment Security Education and Research, National Association of State Workforce Agencies, April 2011.

Introduction

The 2007–2009 U.S. recession brought with it economy-wide rates of unemployment rarely seen since the depression of the 1930s. But the specific timing and intensity of the contraction and subsequent expansion varied by geographic area, industry, and firm size.[4] How each regional and local economy experienced change also varied significantly. That reality created a formidable challenge in workforce development: How could policy and strategy become as agile as needed across state and local economies with uniquely evolving skills needs?

During the past four years, 152 U.S. Department of Labor (DOL) grantees undertook a large-scale effort across 49 states to improve the skills and employment of nearly 200,000 workers in response to the most difficult economic conditions since the Great Depression. Funded by the 2009 American Recovery and Reinvestment Act (ARRA), the workforce grants focused on training for jobs in high-growth and emerging industries and occupations, including energy efficiency, renewable energy, and health care.

The ARRA workforce grants are significant in the development and practice of workforce policy for many reasons:

- **Substantial Funding.** The $750 million budget provided DOL with an additional 20.7 percent in discretionary funding for training and employment services, which was distributed to national organiza-

4. *The Volatile U.S. Economy, Industry by Industry* (Harvard Business Review Publishing, 2013), http://hbr.org/web/slideshows/the-volatile-us-economy-industry-by-industry/1-slide (accessed April 30, 2014).

tions and state and local training programs and came with high expectations of results;[5]

- **Diverse Grantees.** A wide continuum of organizations won grants: roughly 30 percent each went to nonprofit organizations, state and local government agencies, and community colleges. Labor organizations received 9 percent of the grants;

- **Extensive Partnership.** Grantees committed to operating through sub-grants and partnerships with representatives from the targeted industries and relevant education and workforce organizations;

- **Testing Major Workforce Policy Levers.** Grantees incorporated various strategies frequently employed in workforce development in recent years, including career pathways, industry sector partnerships, accelerated adult learning, upgrading incumbent worker skills and backfilling with program participants, retraining adult workers, using supportive services effectively, and using "earn and learn" models with low-skill workers;[6] and

- **Confronting Challenging Conditions.** The ARRA workforce grantees knew from the outset that they would be functioning in the context of a severe national economic downturn. What they did not know at the outset was that each high-growth sector targeted for grants would confront unanticipated levels of employment freezes and downturns.

The ARRA training grants were awarded in four cohorts:

PATHWAYS OUT OF POVERTY. Two-year grants aimed at training and employing low-skill workers in energy efficiency and renewable energy jobs;

ENERGY TRAINING PARTNERSHIPS. Two-year grants focused on retraining workers affected by energy and environmental policy for new jobs involving energy efficiency and renewable energy;

STATE ENERGY SECTOR PARTNERSHIPS (SESPS). Three-year grants to states to support development of a statewide energy-sector workforce strategy and fund regional industry–education partnerships to train and place workers in jobs involving energy efficiency and renewable energy; and

HEALTH CARE AND OTHER EMERGING HIGH-GROWTH INDUSTRIES. Three-year grants targeted at training and placing workers in health care and other high-growth industries through industry–education sector partnerships.

5. Total discretionary spending for the DOL Employment and Training Administration in 2009 was $3.6 billion. U.S. Department of Labor, http://www.dol.gov/dol/budget/2013/chart.htm (accessed September 2, 2013). Of the $750 million provided to DOL for the High Growth and Emerging Industries grants, a total of $662,410,653 was allocated to the 152 ARRA grantees. U.S. Department of Labor, http://www.dol.gov/recovery/pdf/TrainingGrantsForGreenJobsAndEmergingIndustrySectorsRecoveryActPlan.pdf (accessed September 2, 2013).

6. *Career pathways* offer a clear sequence of coursework and credentials across several levels of education and training that are aligned with the natural pathway of advancement within an industry for students, jobseekers, and existing workers returning to school. *Industry-sector partnerships* are partnerships of employers within one industry that bring together government, education, training, economic development, labor, and community organizations to focus on the workforce needs of that industry. *Earn and learn models* include a broad range of strategies that support and encourage individuals to work for a wage or salary while attending class or advancing their technical skills through training programs such as registered apprenticeships and paid internships.

Performance of the Top-Tier ARRA Grantees

The performance of ARRA grantees varied widely. Although many struggled to achieve their goals during the 2007–2009 recession, many others found a way to adapt to the changing economic environment, including a top tier of 50 grantees that largely met their targets for placing newly trained individuals in jobs, as determined by self-reported outcomes to DOL.

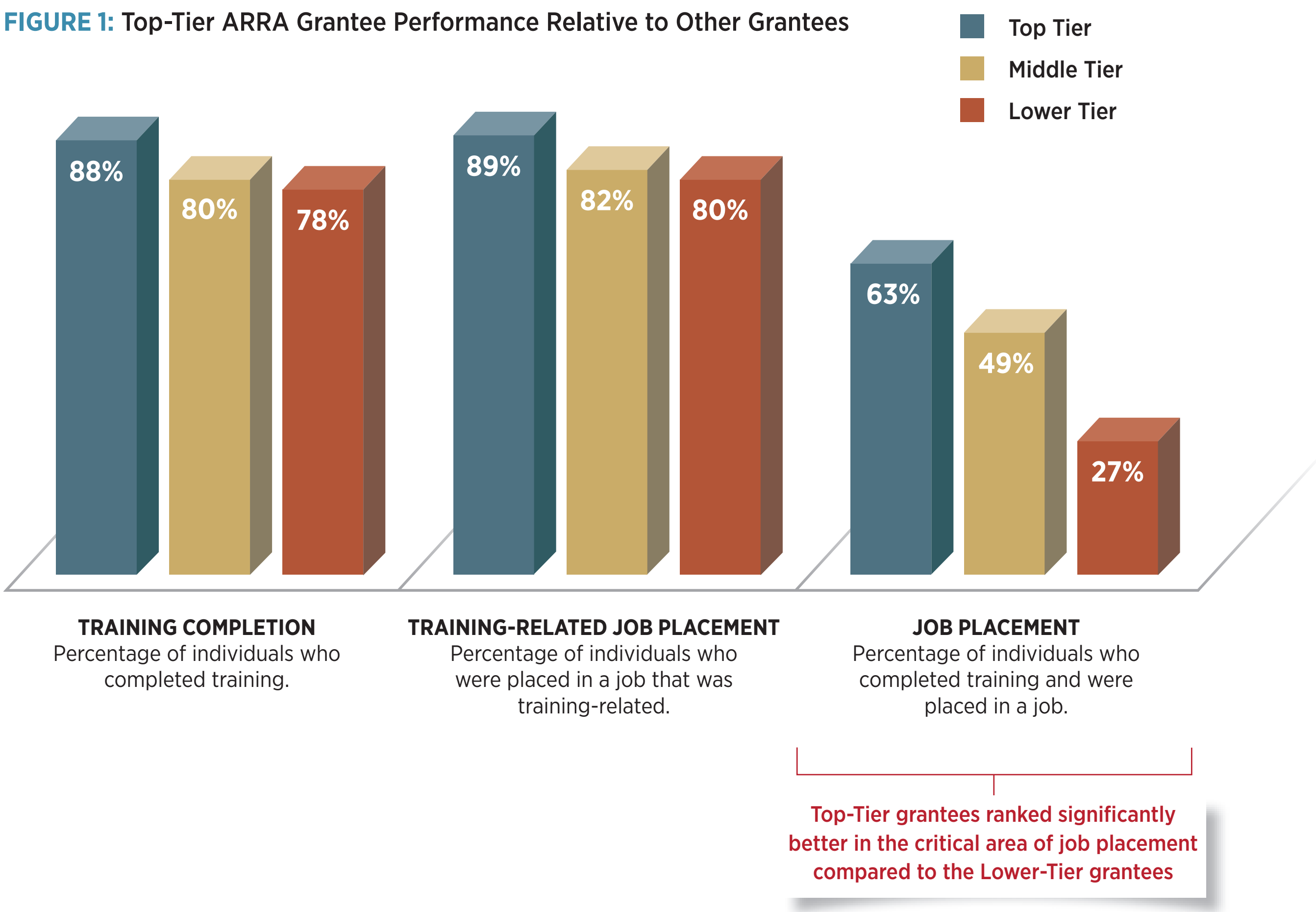
Each grantee tracked outcomes on a quarterly basis and submitted reports to DOL in a format comparable to the individual performance targets submitted during the grant application process, a condition of the grant that DOL included in the federal competition.[7] Comparing individual grant goals to reported outcomes allows for the identification of a top tier of grantees who met their targets for placing newly trained individuals in jobs during the economic downturn.[8]

As Figure 1 shows, the top 50 grantees outperformed their peers by placing 63 percent of participants who completed training in a job, compared with 49 percent for the middle-tier grantees and 27 percent for the lower-tier grantees.[9] The top-tier grantees also ensured that more of their participants completed training and were placed in related jobs. Additional performance outcomes can be found in Appendix 1.

Even though all ARRA grantees faced similar challenges, the top 50 grantees found effective ways to adapt quickly to meet the evolving demands of employers and to remove barriers that reduced the effectiveness of workforce programs.

7. Requiring the tracking and reporting of job placement outcomes as well as other key performance measures is also part of the Trade Adjustment Assistance Community College and Career Training grant program, which provided $2 billion in grants over four years to community colleges and other eligible institutions of higher education. U.S. Department of Labor Employment and Training Administration, http://www.doleta.gov/taaccct (accessed April 30, 2014).
8. Four grantees included in the top 50 programs just missed their target. Outcomes data for the top 50 ARRA grantees are included in Appendix 2.
9. Additional information about the challenges involved in tracking and reporting job placement outcomes is provided in Appendix 1.

FIGURE 1: Top-Tier ARRA Grantee Performance Relative to Other Grantees



Success = Long-Term Strategy + Agility + Accountability

The themes that emerged from the top-tier ARRA grantees during structured interviews, cross-grantee discussions, and analyses of supporting data on outcomes offer helpful information about what is required to succeed in workforce development. That information was vetted and refined at a national meeting of top-tier grantees in summer 2013, where three common characteristics were identified that helped shape and drive their success: long-term strategy, agility, and accountability.

Long-Term Strategy

The top-tier ARRA grantees embedded grant goals and activities in an existing long-term strategy, often started several years earlier, to better integrate education and training programs with the needs of industry in their regional economies. One element of a successful long-term strategy was strong coordination across public and private programs and funding streams in support of common goals. That approach offers the potential benefit of greater worker retention and advancement, as well as growth for local companies.

The top-tier ARRA grantees enacted three effective long-term strategies:

- They used their ARRA grants to advance well-crafted, comprehensive workforce development goals that treated employers as partners in a long-term growth strategy.
- They operated through diverse partnerships and coalitions committed to shared goals.
- They wove policies, programs, and funding together into a unified strategy.

KEY DIMENSIONS OF SUCCESS =

LONG-TERM STRATEGY
+
AGILITY
+
ACCOUNTABILITY

Long-Term Strategy. The top-tier grantees advanced a set of multiyear goals and strategies shared by a coalition of stakeholders rather than operating a standalone program.

Agility. The top-tier grantees operated entrepreneurially, taking advantage of opportunities that emerged in the policy environment; adapting quickly to reach desired outcomes; and weaving together policies, programs, and funding.

Accountability. The top-tier grantees were clear about their goals and metrics, managed partners for performance accountability, and used data to identify trends and make needed midcourse corrections.

Using the ARRA Grant Opportunity to Advance Well-Crafted, Comprehensive Workforce Development Goals

Top-tier ARRA grantees advanced long-term strategies by building strong collaborative relationships with employers from key industry sectors. They began by forming partnerships among educators, workforce developers (including the public workforce system), and industry leaders to identify capabilities and industry demand and develop appropriate training responses. The most effective grantees paid attention to how training programs supported the longer-term ability of companies not only to survive in a down economy but to thrive and grow.

Several examples can be cited across the workforce training field, where agencies initiated an activity in an effort to win a competitive grant. In the best cases, ideas framed under the press of grant submission deadlines evolve into lasting efforts that achieve great effect. But too often, those "hurry-up" plans do not have lasting effect, even when they play a role in winning a particular grant competition. That often happens because the decision to apply for the grant in the first place was not based on how the proposed initiative fit with the goals and long-term interests of the applicant, its partners, and the jobseekers and employers it aimed to serve.

The Full Employment Council (FEC) provides an example of a workforce intermediary that has employed a long-term strategy since 2003, seven years before ARRA grants were issued. That was when FEC—the regional workforce board in Kansas City, **Missouri**—launched a regional partnership with health care employers, which by 2009 had evolved into a two-state health care sector partnership spanning eight counties called *Kansas City Workforce Partners*. FEC's 2009 ARRA grant allowed it to stick with an existing strategy focused on key skill gaps between the available workforce and the health care industry's demand for workers. The strategy recognized the importance of flexible educational models and new credentials in filling skill gaps. Similarly, West Hills Community College in **California** partnered with a small but growing solar power-generation company to provide job-ready, entry-level workers. Based on its previous experience, the company reached out to the college when it opened a second solar farm 70 miles south of its primary site. The vocational arm of the college (Westside Institute of Technology) concluded that it could not provide sufficient training on its own and turned to an additional partner in the local workforce investment board (WIB). Since then, the college and the WIB have proactively targeted other small, high-growth employers that will add jobs to the local economy and use the college and WIB as their go-to for training and hiring needs.

The Westmoreland-Fayette Private Industry Council (PIC) also used ARRA funding to conduct training for the unemployed and existing workers in the renewable energy and energy efficiency fields. The PIC created the Green Alliance Committee, a partnership of more than 40 manufacturers of component parts for solar, wind, and geothermal systems, plus commercial and residential retrofitting companies. In less than two years (2009–2011) across 40 companies in a rural area of central **Pennsylvania**, 220 workers advanced to new positions and increased their hourly wages, more than 150 new jobs were created, and a $250,000 investment in incumbent worker training was associated with more than $1 million in gross annual increases to the payroll.[10]

Operating Through Diverse Partnerships and Coalitions Committed to Shared Goals

The top-tier ARRA grantees further advanced their long-term strategies by collaborating with a diverse set of organizational partners with whom they shared goals and strategies. Strong partnerships were expected from ARRA grantees as a requirement of the grant competition, but the top-tier grantees were deliberate about forming diverse coalitions and relationships.

In **Ohio**, the Healthcare Collaborative of Cincinnati, convened by Cincinnati State Technical and Community College, realized early that no single organization has the resources or capacity to create a comprehensive set of services for jobseekers and workers that ensure them placement in their region's health care jobs. It therefore engaged multiple partners: four large employers, three educational institutions, two community-based organizations, and three WIBs. The Central **Vermont** Community Action **Council** (CVCAC) also attributes its high performance on training completion and job placements to building a network of partners, called *Green Vermont*, which serves a spectrum of target populations. Green Vermont included business leaders, human services providers, educational institutions, organized labor, workforce development, and trade associations. CVCAC used its ARRA grant to staff the needed management and communication positions for shared performance accountability as well as provide individual coaching to each partner to ensure buy-in and ongoing commitment to shared goals and long-term strategies.

The **Oklahoma** Department of Commerce attributes the success of its SESP grant to building on existing relationships and brokering new ones. Specifically, it strengthened existing, long-standing partnerships between local education institutions and regional energy efficiency and renewable energy employers. It then developed new partnerships between the local WIBs and educational institutions, for the first time completing the regional talent pipeline development system across workforce development, education, and industry.

The most effective grantees paid attention to how training programs supported the longer-term ability of companies not only to survive in a down economy but to thrive and grow.

Weaving Policies, Programs, and Funding into a Unified Strategy

Successful operators were skilled in connecting and combining federal, state, and local programs—both public and private—under a unified strategy. In all cases, ARRA grantees were required to document their use of *leveraged resources*, which refers to the amounts of cash and in-kind contributions received from public and private partners used to reach the goals required by the grant. Among the top-tier grantees, ARRA funding became a building block in an ongoing array of initiative funding components.

The **Massachusetts** SESP used its DOL grant to fund classroom training for weatherization and a U.S. Department of Energy weatherization grant to pay trainees for their work weatherizing buildings (up to 60 days of paid work). It also used the SESP grant to leverage funding from two quasi-public organizations—the Commonwealth Corporation (which managed the SESP) and the Massachusetts Clean Energy Center—and funded six local projects (totaling $1 million) to create new training programs for workers in the clean energy sector. The result: more than 30 new lesson plans, certificates, and training programs for high school and college students, at-risk youth, and low-income jobseekers. Similarly, the Westmoreland-Fayette Private Industry Council (PIC) leveraged its two ARRA grants (a Pathways Out of Poverty grant and a sub-grant from the Pennsylvania SESP) with Workforce Investment Act (WIA), Title I, funds, Temporary Assistance for Needy Families funds, and special county general funds for workforce training (specifically, training existing workers to advance).

10. Analysis was provided by the PIC of Westmoreland/Fayette and does not reflect the return on investment in terms of new salaries added to the local economy from the new jobs created.

Some grantees discovered that the industry sectors they focused on at the time they wrote their proposals were shrinking by the time they received their grants.

Agility in Action

The depth and breadth of the 2007–2009 recession required grantees to become adept at adjusting tactics and near-term objectives rapidly while maintaining partner support of shared long-term strategies. To be effective, agility must be grounded in clarity about goals and intended outcomes and include a commitment to attaining them. Accordingly, federal, state, and other funders of workforce training programs can help support greater agility by requiring specific long-term goals and outcomes for particular initiatives while providing flexibility to allow grantees to reach those goals. In shorthand, a tight "what" and a loose "how."

The ARRA experience suggests that programmatic agility is not inherently the province of specific jurisdictions, organizations, or industries. The top-tier grantees that identified agility as one of the three common characteristics included a wide variety of state and local governments, workforce boards, community-based organizations, business and labor organizations, and postsecondary educational institutions. They operated in diverse industries, in communities of all sizes, and in all parts of the country; they employed strategies targeting a variety of worker populations.

Top-tier grantees, who excelled at placing training participants in jobs, reported that they operated agilely to tackle important, difficult issues. Two attributes of operating with agility were seizing opportunities to leverage an evolving policy and economic environment and operating with creativity and a willingness to adapt tactics quickly to attain performance goals.

Seizing Opportunities to Leverage an Evolving Policy and Economic Environment

Agile workforce organizations identify new openings that changing circumstances create. For most ARRA grantees, the ground shifted beneath their feet during the 2007–2009 recession. In the health care field as well as energy efficiency, renewable energy, and other emerging industry spheres, many grantees found that key assumptions about the economy and industry dynamics widely held at the time grantees wrote their proposals proved wrong. However, the top-tier grantees excelled at continuously recalibrating their strategies despite or because of the uncertainty and changing conditions.

Leveraging Changing Industry Dynamics

Some grantees discovered that the industry sectors they focused on at the time they wrote their proposals were shrinking by the time they received their grants. For example, from the first days of implementation, Macomb Community College in **Michigan** realized that its original proposal, which focused on a burgeoning defense industry, no longer reflected economic realities. Instead, it saw a slowing of the defense industry and a slow but continual reemergence of automobile manufacturing. To respond to those shifting industry dynamics, the college reassessed and targeted skills training that gave jobseekers the transferrable skills applicable for occupations in both defense and automobile manufacturing. That required a new understanding of the adjacent industries—transportation and logistics, technology, and engineering. The college understood the bigger picture, and then selected core areas of training it could feasibly implement to ensure that skilled workers were ready to take jobs in any of the overlapping sectors.

Using Upskill/Backfill Strategies to Place Unemployed Workers

Many grantees discovered that employers they thought would hire participants retrained with the ARRA funding were instead enacting hiring freezes and even laying off workers as a result of changing economic conditions. Agile grantees shifted their approach to one of helping companies increase the skills of current workers, enabling them to advance to better jobs, and then placing unemployed workers in the newly opened jobs—an explicit up-skill/backfill strategy.

Massachusetts trained working weatherization installers for promotion to crew supervisor positions, opening opportunities to place unemployed trainees in installer jobs. The **Maine** Department of Labor partnered with the Maine General Hospital system to offer certified nursing assistant (CNA) training to housekeeping and food service staff. Seven individuals went through training, all of whom advanced either to a CNA or technician position. The hospital hired seven new workers to fill the vacated housekeeping and food service positions.

As a result of partnering with just two companies (Mountain West Builders and Gallery Woodworking), the **North Carolina** SESP trained 40 general construction workers, all of whom advanced to new positions, including building analysts, weatherization technicians, and installers, thereby opening employment opportunities to an additional 40 jobseekers. To date, 18 new full-time workers have been hired as replacements, and the companies plan to hire more.

The PIC of Westmoreland/Fayette in **Pennsylvania** provided its first up-skill training for five employees of Tri State Biofuels, a small wood pellet manufacturer, focused on hazardous material safety practices and U.S. Occupational Safety and Health Administration (OSHA) certifications. With OSHA certifications, the company was able to bid on new projects. Based on a new relationship established via a PIC connection to Marcellus Shale oil and gas drilling that resulted in a new product line, the small company expanded its business by 24 new positions. The PIC quickly realized that by training unemployed workers with the skills that Tri State Biofuels needed, it could fill the new positions. Upon hiring for the new positions, Tri State Biofuels asked the PIC to provide additional training in communications, work ethics, leadership, and supervisory management to advance the careers of newly hired workers. All training was co-funded by the company and the DOL grantee.

Leveraging New or Changed State and Federal Policies

A number of states enacted policies designed to use energy more efficiently and promote renewable energy. Those policies included changes in building codes, emissions standards, and renewable portfolio standards. Taken together, the policies increased the demand for workers who had the skills necessary to design, install, and maintain systems that use energy more efficiently. Recognizing that demand, some successful grantees adapted their training programs. For example, the **Arizona** SESP used a 2006 increase in the state's renewable energy portfolio standard established by the Arizona Corporate Commission to encourage businesses to partner with the workforce investment system for energy efficiency and renewable energy training. The Arizona Commerce Authority used the policy agenda as a hook and the ARRA workforce training dollars as a way for businesses to implement training that helped them reach the new standard.

The Central Vermont Community Action Council found that its efforts to adapt its training programs and align ARRA funding with the state's Comprehensive Energy Plan drove its success. That helped CVCAC understand where it needed to train, where new or emerging training gaps existed, and how it could develop the workforce to help implement the state's plan. For instance, the state had a statute that called for weatherizing hundreds of homes by 2025; CVCAC adapted its training to help provide the workers required to execute that vision.

In a similar example, health care grantees across the country were surprised by the extent to which employers placed new or renewed emphasis on the need for improved customer service skills, from entry-level to advanced occupations, despite the increased attention that had been paid to so-called "soft skills" over the past several years. Part of that can be explained by new reimbursement policies implemented by the Centers for Medicare and Medicaid Services that emphasize value-based purchasing, a concept that requires tracking and rating the customer service experience of patients. As one example, the University of **Texas** Medical Branch at Galveston quickly adjusted its strategy and responded to employer requests to institute customer service training for its nursing students. Based on the success of the customer service training, the school began offering the same training to entry-level students as well and found that the training made those students more competitive in the local hiring market for CNAs.

Operating with Creativity and a Willingness to Adapt Quickly

Among the top-tier grantees, a common theme emerged: attaining their training and placement goals would be neither simple nor straightforward. Accordingly, they anticipated the need to navigate changing conditions and were prepared to rethink tactics that were not working.

Reintroducing Job Development and Strengthening Placement-Focused Staffing

Leading grantees recognized that constricting job markets in their industries of focus made it more difficult for trainees to find employment. They returned to a major program design lever of the past: the job developer. That approach involves dedicating staff to approach employers and identify openings to place trainees one at a time rather than counting on expanding firms hiring multiple trainees in a cohort. The use of job development, once commonplace in job training programs, had waned in recent years, but several grantees realized that it provided an effective way to achieve placements in a tight economy.

The experience of the top-tier grantees provides powerful and concrete examples of what it means to make accountability part of a workforce development strategy

Massachusetts' Commonwealth Corporation and its regional SESP sub-grantees created job descriptions for job developers and conducted training to prepare staff to take on this role. The grantees credit a substantial increase in placement success to that strategy. Similarly, both Macomb Community College and Mott Community College in **Michigan** hired staff who had experience in the temporary staffing industry to manage a hiring list of their participants and used it to help employers find workers who had relevant skills and experience. The **Arkansas** SESP used instructors with industry backgrounds to help with job development. Instructors still had connections to companies and could readily call on former colleagues to pitch program graduates ready for hire.

Rethinking Curriculum Design

Some grantees became adept at quickly redesigning curricula and creating new courses suited to the needs of businesses that were most likely to expand. Mott Community College had initially designed its energy efficiency curriculum in 12 week modules. As it proceeded, the college realized that that length did not align with the timing of local construction projects; as a result, trainees risked missing out on employment opportunities. The program shifted to a more flexible approach, including four-, six-, and seven-week modules, which provided trainees with the credentials they needed to find jobs in a weak overall market. Colleges that were partners in the **Arizona** SESP often realized that they could not create new coursework and credentials quickly enough to meet the needs of employers, so they contracted outside of the college system with training vendors that could act more quickly. The result was a mix of new coursework created both by colleges and by training vendors across the state. The SESP then hired a new temporary staff person to inventory and assess the varied curriculum that the sub-grantees and partners created and to create a shared online database of coursework that is being used on an ongoing basis beyond the duration of their grant.

Clarifying Interpretations of Rules and Regulations Vs. What is Actually Allowed

Agile workforce organizations recognized that operating rules and procedures developed over many years can impede the creativity and adaptation required to achieve results. Several successful ARRA grantees noted that a key turning point came when they set aside normal program operating processes and gave themselves permission to rethink their approach. For example, the Full Employment Council in Kansas City found that self-imposed rules were barriers to flexibility. Upon examination, the FEC found that locally set policies rather than the ARRA or WIA stood in the way of providing individuals with more than one type of training; moving away from semester-based models to shorter, flexible modules; and focusing on "skilling up" existing workers to provide them with new certifications. The **Arizona**

Commerce Authority (the grant administrator) created an SESP policy and procedures manual that emphasized shared goals and expectations but also outlined how the SESP grant was different from traditional WIA funding and performance criteria. The manual allowed workforce areas to innovate, collaborate, and engage employers in ways that met their most pressing needs (versus prioritizing target populations that the WIA set) while keeping sub-grantees within a shared framework.

Accountability Strategies in Action

The workforce policy and practice field pays homage regularly to the importance of accountability, performance measurement, and evidence-based decision making. The experience of the top-tier grantees provides powerful and concrete examples of what it means to make accountability part of a workforce development strategy.

Attributes of employing accountability effectively include managing for collective performance across partners; and using data for management, not just reporting.

Managing for Collective Performance Across Partners

Top-tier ARRA grantees made sure that key members across partner organizations understood their performance commitments to DOL and managed their relationships with their provider networks to ensure that all shared those commitments. Across the 12 community-based provider partners for **Minnesota** RENEW, contracts were created based on each provider's specific strength, but funding was not fully committed. Instead, Minnesota RENEW paid for performance. For providers, that created a strong sense of ownership in getting people to the finish line. Minnesota RENEW also offered technical assistance and sharing of promising practices to providers to help them reach their goals.

Other grantees took on a coaching and technical assistance approach with their partners, as well. The **Arkansas** SESP state administrator communicated weekly with each of the program's 20 college partners, reminding them of goals, troubleshooting, helping them to develop strategies, sharing what was working at other colleges, and providing onsite technical assistance to each college and its training provider partners. Similarly, the **North Carolina** SESP used the NGA/CSW/Collaborative Economics framework of six core success factors (data-driven decision making, partnership building, continuum of participant support, employer engagement, leveraged resources, and sustainability) as a tool for sharing promising practices across partners and for holding the project teams accountable. The **Arizona** SESP also hired a staff person full time to act as a monitor, facilitator, and coach for local sub-grantees. That extra person was essential to building a working relationship between the state and local workforce areas implementing the grant.

Using Data Effectively for Performance Management

Effective workforce organizations use data to identify needed changes and quickly make adjustments. Top-tier ARRA grantees consistently produced real-time indicators of performance and used that information to make decisions about the design and execution of the programs their grants supported over the life of those grants. Their ability to self-assess their performance along the way and make needed adjustments is testimony to how accountability measures can increase the number of workers who get jobs and are retained. Too often, after-the-fact reporting of results is the only aspect of management information actively being used in workforce programs.

PathStone held monthly calls with partners to review data, discuss progress, and facilitate shared promising practices across organizations. The Health Careers Collaborative in Cincinnati, **Ohio**, created a participant data-collection system that is still used by all partnering training providers. HCC released a monthly scorecard of outcomes, including progress toward goals and grant expenditure rates. It also developed a return-on-investment model that compares costs of training for entry-level and existing workers with benefits to the employer, such as reduced turnover and internal advancement of workers (versus hiring from the outside).

Most grantees created a spreadsheet to track the flow of their trainees from outreach to placement. Some used internal management information systems; others used DOL's grant reporting data tool for their own management purposes. Regardless of the tool chosen, those grantees made sure they knew every day, week, and month where they stood within their grant; identified trends; and worked with partners to make needed adjustments.

Conclusion

The depth and breadth of the 2007–2009 recession presented a formidable challenge to workforce development policy and practice. The self-reported experience of the top-tier grantees funded by ARRA and administered by DOL offers insights into how policy and practice can be guided to overcome such challenges. Even in the face of unexpected and sizable changes in the economy, the top-performing programs worked with a broad group of stakeholders to focus on a common set of goals and activities over several years, all while adapting their approach as needed to train and place jobseekers.

The top 50 ARRA grantees identified the following strategies as crucial to their success:

Long-term strategy

- Using their ARRA grants to advance well-crafted, comprehensive workforce development goals that treated employers as partners in a long-term growth strategy;
- Operating through diverse partnerships and coalitions committed to shared goals; and
- Weaving policies, programs, and funding into a unified strategy.

Agility

- Seizing opportunities to leverage an evolving policy and economic environment; and
- Operating with creativity and a willingness to adapt tactics quickly to attain performance goals.

Accountability

- Managing for performance accountability across partners to work toward collective impact; and
- Using data for management, not just reporting.

Appendix 1. ARRA Grant Outcomes: Identifying the Top Tier

Each ARRA training program designed and delivered training services by estimating employment demand in the local labor market and assessing the varying employment support needs of its target populations, from insufficient skills and education for in-demand jobs to unmet needs for child care, transportation, and health care. That occurred in 2009, a period of considerable economic disruption and uncertainty resulting from the recession of 2007–2009. Those tasks were repeated throughout the grant period as the effects of the recession continued to ripple through regional labor markets.

In reporting grant outcomes for the number of participants trained and placed in jobs, the ARRA grantees faced an additional challenge of tracking down each training participant to report on his or her employment outcomes. That grew more difficult as individuals completed training and left instructional settings in search of employment.

Despite those challenges, the ARRA grantees trained 154,867 participants and confirmed that 72,036 of them had been placed in a job as of September 30, 2013, with many more still finishing their training or with unconfirmed employment statuses.

As shown in Table 1, the number of participants the average ARRA grantee trained exceeded 1,000. Nearly 900 (88 percent) of them received a degree or certificate. Due in part to the challenges identified above, the average grantee reported 474 job placements, or 47 percent of those who completed training. Job placement performance varied significantly among grantees. For instance, top-tier grantees placed an average of 432 more job seekers in jobs than the grantees in the lower tier (a 247 percent difference).

TABLE 1: Outcomes for ARRA Grantees

		Total ARRA Grantee Performance	Average ARRA Grantee Performance	Top-Tier Grantee Average Outcomes	Middle-Tier Grantee Average Outcomes	Lower-Tier Grantee Average Outcomes
Number of Participants	Served	199,644	1,313	1,416	1,080	1,440
	Started training	189,109	1,244	1,325	1,013	1,389
	Completed training	154,867	1,019	1,161	813	1,079
	Receiving a degree/ certificate	136,670	899	1,050	738	905
	Placed into employment	72,036	474	726	400	294
	Placed into training-related employment	61,533	405	648	329	237

Appendix 2. Additional Information on the 50 Top-Tier ARRA Grantees

Table 2 provides additional information on the top 50 ARRA grantees, including the types and number of grantees in the top tier relative to all 152 grantees.

Table 2: Grantee Types of All ARRA Grantees and the Top-Tier Grantees

		Total Grantees	Percentage of Total Grantees	Top-Tier Grantees	Percentage of Top-Tier Grantees
Number of Grantees	Energy Training Partnership	25	16.4	10	20
	Pathways Out of Poverty	38	25.0	12	24
	Health Care	38	25.0	12	24
	Other Emerging Industries	17	11.2	4	8
	State Energy Sector Partnerships	34	22.4	12	24
	Total	**152**	**100.0**	**50**	**100**

Appendix 3. The 50 Top-Tier Grantees

Grantee Name	Industry	ARRA Grant Type[11]
Arizona Department of Economic Security	Energy-efficient building, construction, and retrofit	SESP
Arkansas Workforce Investment Board/ Department of Workforce Services	Energy-efficient building, construction, and retrofit	SESP
BioOhio	Biotechnology	Other Emerging Industries
Central Vermont Community Action Council	Manufacturing	Energy Training Partnership (ETP)
Cincinnati State Technical and Community College	Health care	Health
City of Minneapolis	Energy-efficient building, construction, and retrofit	Pathways
Colorado Department of Labor and Employment	Energy-efficient building, construction, and retrofit	SESP
Commonwealth of Massachusetts, Executive Office of Labor and Workforce Development	Energy-efficient building, construction, and retrofit	SESP
Community Housing Partners	Energy-efficient building, construction, and retrofit	ETP
Consortium For Worker Education	Energy-efficient building, construction, and retrofit	Pathways
Communications Workers of America National Education and Training Trust	Sustainable manufacturing	ETP
Enterprise for Employment and Education	Health care	Health
Full Employment Council	Health care	Health
Fulton-Montgomery Community College	Health care	Health
Goodwill Industries International, Inc.	Weatherization	Pathways
Goodwill Industries, Inc., serving eastern Nebraska and southwest Iowa	Insurance and banking	Other Emerging Industries
Indianapolis Private Industry Council, Inc.	Health care	Health
Institute for Career Development, Inc.	Wind Energy	ETP
Labor's Community Agency	Renewable electric power	ETP
Lehigh Valley Workforce Investment Board	Energy-efficient building, construction, and retrofit	Pathways
Macomb Community College	Defense	Other Emerging Industries
Maine Department of Labor	Health care	Health
Maysville Community and Technical College	Health care	Health
Memphis Bioworks Foundation	Energy-efficient building, construction, and retrofit	ETP
Michigan Department of Energy, Labor and Economic Growth	Renewable energy	SESP

Appendix 3. The 50 Top-Tier Grantees (continued)

Grantee Name	Industry	ARRA Grant Type[11]
Mid-South Community College	Aviation technology	Other Emerging Industries
Minnesota Department of Employment and Economic Development	Energy-efficient building, construction, and retrofit	SESP
Mott Community College	Green construction	Pathways
National Association of Regional Councils	Energy-efficient building, construction, and retrofit	Pathways
Nebraska Department of Labor	Wind energy	SESP
New Jersey Department of Labor and Workforce Development	Energy efficiency	SESP
North Carolina Department of Commerce, Division of Workforce Development	Energy-efficient building, construction, and retrofit	SESP
Ohio Electrical Labor Management Cooperation Committee	Energy-efficient building, construction, and retrofit	ETP
Oklahoma Department of Commerce	Energy efficiency	SESP
Oregon Manufacturing Extension Partnership	Renewable electric power	ETP
Passaic County Community College	Health care	Health
PathStone	Deconstruction and materials use	Pathways
Private Industry Council of Westmoreland/Fayette	Energy-efficient building, construction, and retrofit	Pathways
Roca, Inc.	Energy-efficient building, construction, and retrofit	Pathways
San Jose State University Research Foundation	Health care	Health
SER–Jobs for Progress of the Texas Gulf Coast, Inc.	Energy-efficient building, construction, and retrofit	Pathways
SER–Metro Detroit Jobs for Progress, Inc.	Energy-efficient building, construction, and retrofit	ETP
South Dakota Department of Labor	Energy-efficient building, construction, and retrofit	SESP
The Community College of Baltimore County	Health care	Health
The University of Texas Medical Branch at Galveston	Health care	Health
United Automobile Workers–Labor Employment and Training Corporation	Energy efficiency	ETP
University Behavioral Associates	Health care	Health
Utah Department of Workforce Services	Energy efficiency	SESP
West Hills Community College District	Solar energy	Pathways
Worksystems, Inc.	Energy-efficient building, construction, and retrofit	Pathways

11. See the sidebar on page 7 for a description of the ARRA grant categories.

NGA CENTER DIVISIONS

The NGA Center is organized into five divisions with some collaborative projects across all divisions. The NGA Center provides information, research, policy analysis, technical assistance and resource development for governors and their staff across a range of policy issues.

- **Economic, Human Services & Workforce** covers workforce development focused on industry-based strategies; pathways to employment and populations with special needs; and human services for children, youth, low-income families and people with disabilities.

- **Education** focuses on helping governors develop effective policy and support its implementation in the areas of early education, readiness, and quality; the Common Core State Standards, Science Technology Engineering and Math, and related assessments; teacher and leader effectiveness; competency-based learning; charter schools; data and accountability; and postsecondary (higher education and workforce training) access, success, productivity, accountability, and affordability. The division also works on policy issues related to bridging the system divides among the early childhood, K-12, postsecondary. and workforce systems.

- **Environment, Energy & Transportation** focuses on several issues, including improving energy efficiency, enhancing the use of both traditional and alternative fuels for electricity and transportation, developing a modern electricity grid, expanding economic development opportunities in the energy sector, protecting and cleaning up the environment, exploring innovative financing mechanisms for energy and infrastructure, and developing a transportation system that safely and efficiently moves people and goods.

- **Health** covers issues in the areas of health care service delivery and reform, including payment reform, health workforce planning, quality improvement, and public health and behavioral health integration within the medical delivery system. Other focus areas include Medicaid cost containment, state employee and retiree health benefits, maternal and child health, prescription drug abuse prevention, and health insurance exchange planning.

- **Homeland Security & Public Safety** focuses on emerging policy trends across a range of homeland security and public safety issues. Current issues include cybersecurity, prescription drug abuse, public safety broadband, sentencing and corrections reform, homeland security grant reform, justice information-sharing, and public health preparedness.

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