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## Effective Local Strategies to Boost Quality Job Creation, Employment and Participation

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# Session I: Effective Local Strategies to Boost Quality Job Creation, Employment and Participation

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Ministry of Employment and Labour-OECD Conference on Local Job Creation:

Building Effective Employment and Skills Strategies

Nurimaru, Busan

15 October 2014

# Local Strategies for Job Creation

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- The purpose of my comments is to highlight local workforce development strategies for creating jobs and increasing labor market participation in the U.S.
  - Experiences are based on the U.S. report that is part of the OECD LEED project on this topic
  - Focus primarily on supply-side strategies, by examining the central role of local workforce investment boards in meeting the needs of job seekers and employers in local labor markets
- The OECD LEED framework considers four dimensions of local strategies
  - Alignment
  - Value-Added
  - Investing in quality jobs
  - Inclusion
- I will focus on four attributes of local strategies of the U.S. workforce system
  - Flexibility
  - Integration and engagement
  - Targeted services
  - Data
- These have been the hallmark of the Workforce Investment Act, which has governed U.S. public workforce programs since 1998
- Most attributes of WIA are carried forward in the Workforce Innovation and Opportunity Act (WIOA) of 2014, enacted in July

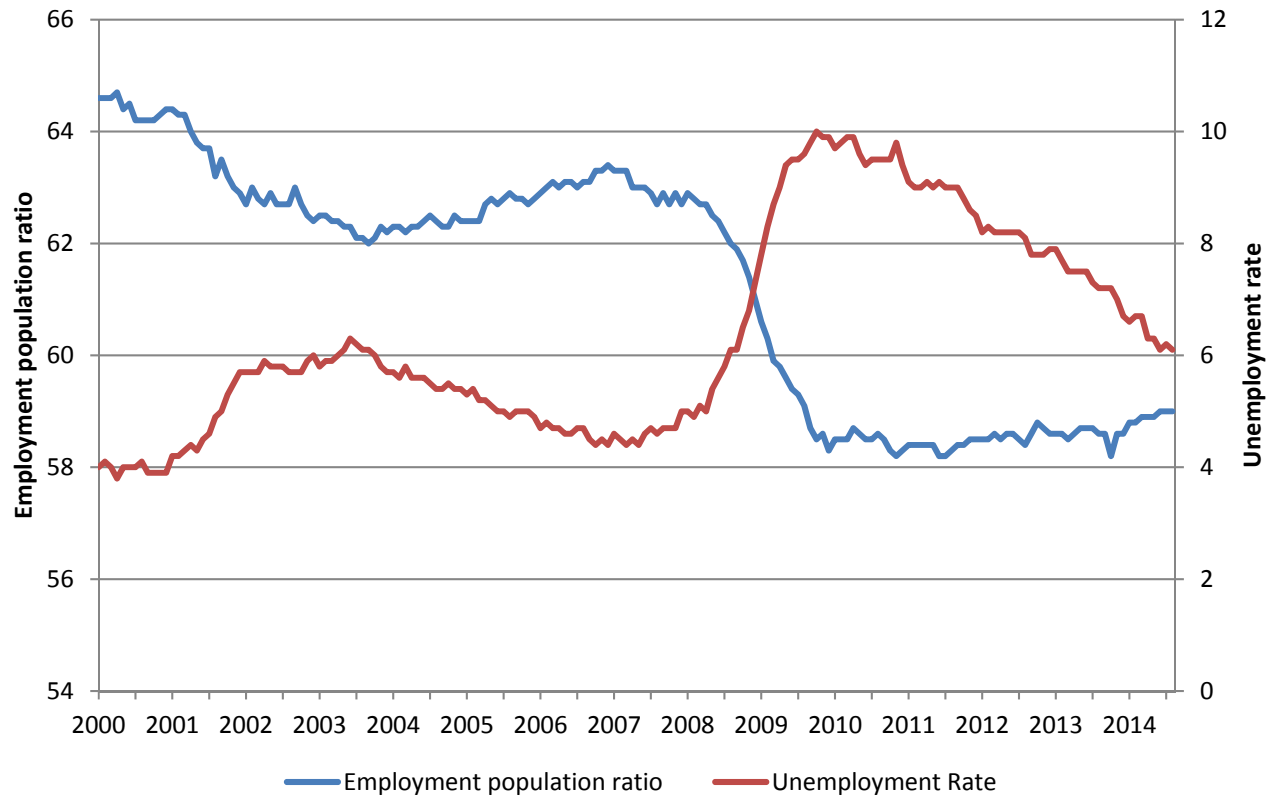
# Need for More Jobs

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- Although the U.S. economy has created 9.5 million jobs in the past four years, the U.S. economy still needs to create more jobs and at a faster pace
- U.S. employment growth is not keeping up with population growth nor GDP growth

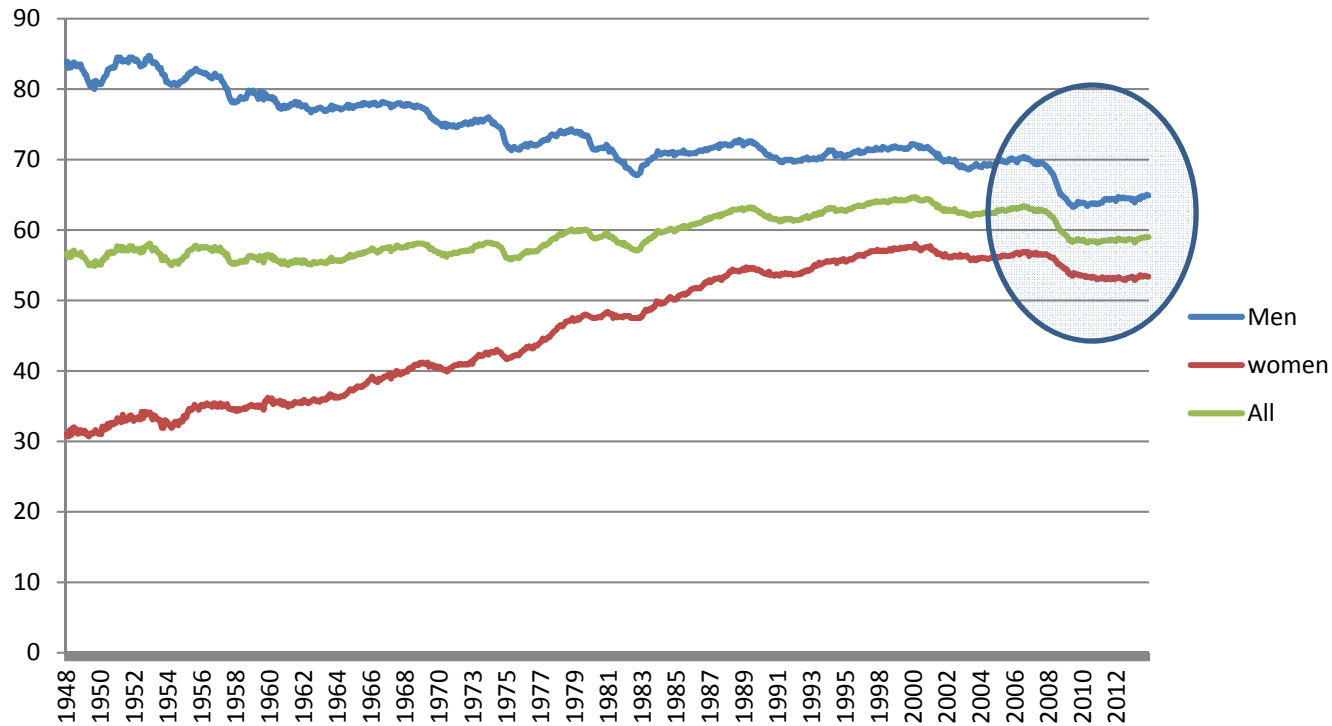
	2007Q4-2014Q2
Employment	0.5%
Population	6.5%
Real GDP	6.7%

## Unemployment Rate and Employment-to-population Ratio



While the unemployment rate has come down to more “normal” levels, a smaller percentage of the working age population is employed, even during the recent recovery.

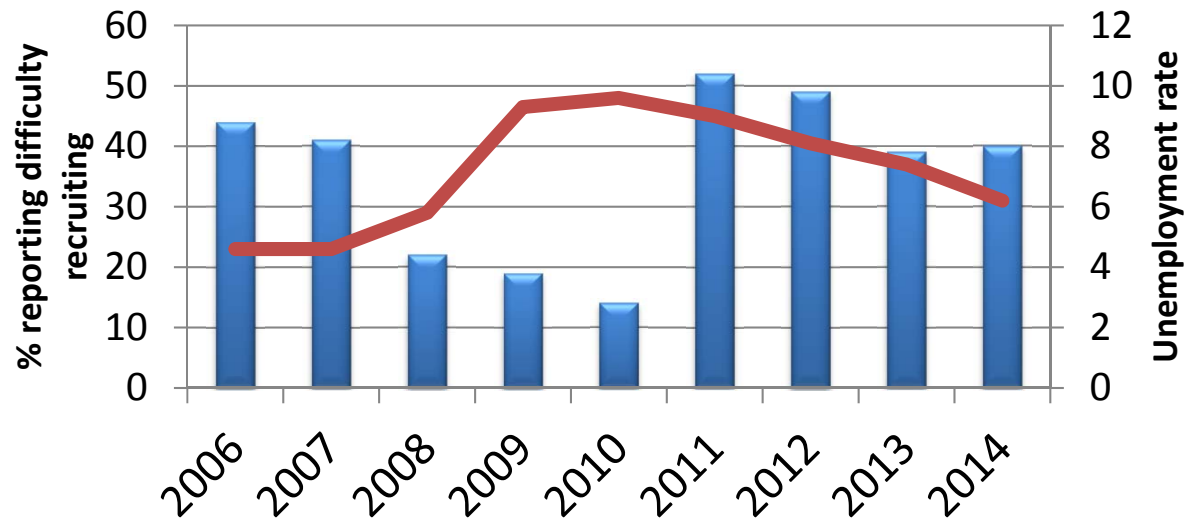
## U.S. Employment-Population Ratio: 1948-present



Employment-to-population ratio dipped dramatically for both men and women during the past recession bringing the ratio back down to what it was in the early 1980s. Need another 10 million people employed. At current growth rate over the past 4 years, it would take another 6 years to bring the employment-to-population ratio to what it was in 2007, assuming population is constant.

# Skill Shortage and Recruiting Difficulties

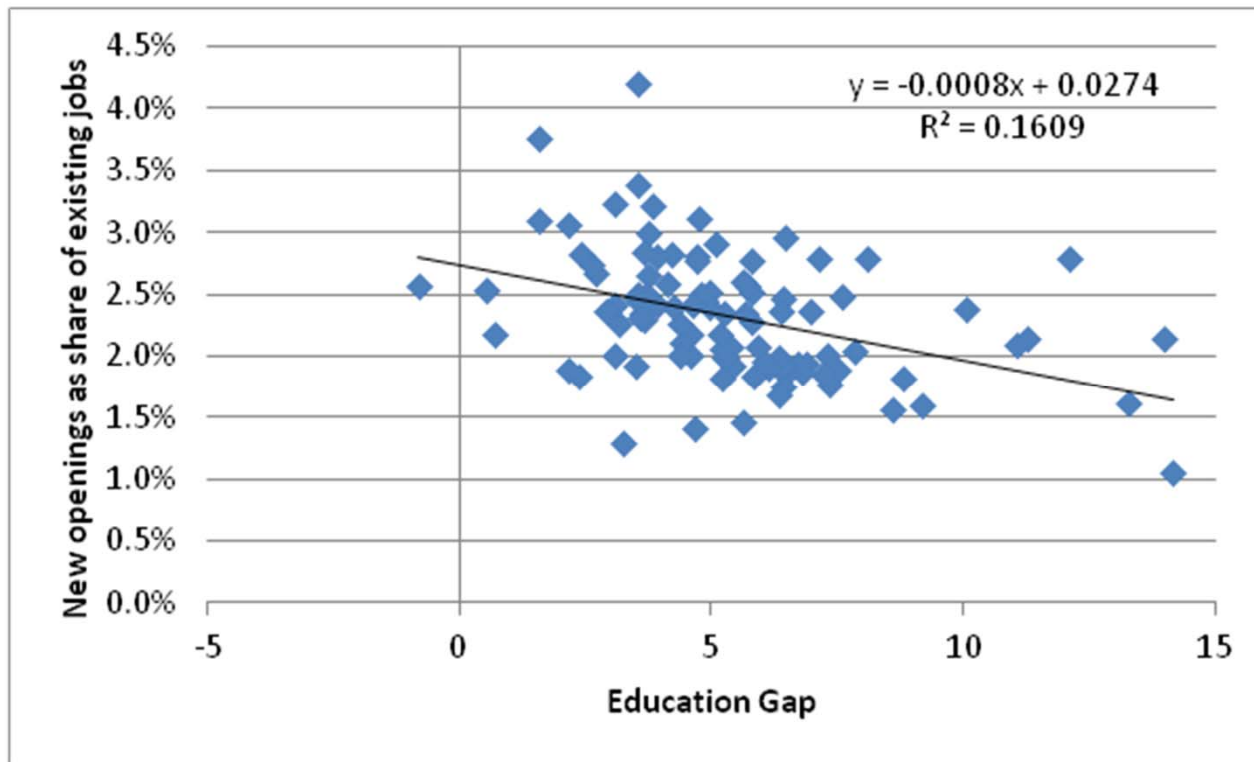
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Businesses in certain sectors express concern that they cannot find qualified employees with specific skills. The 2014 Manpower Survey lists skilled trade jobs as the most difficult occupation to recruit and the lack of technical competencies skill as the primary reason for recruiting difficulties.

# Consequences of Education Gap

The larger the skills gap at the local level, the lower the job creation rate

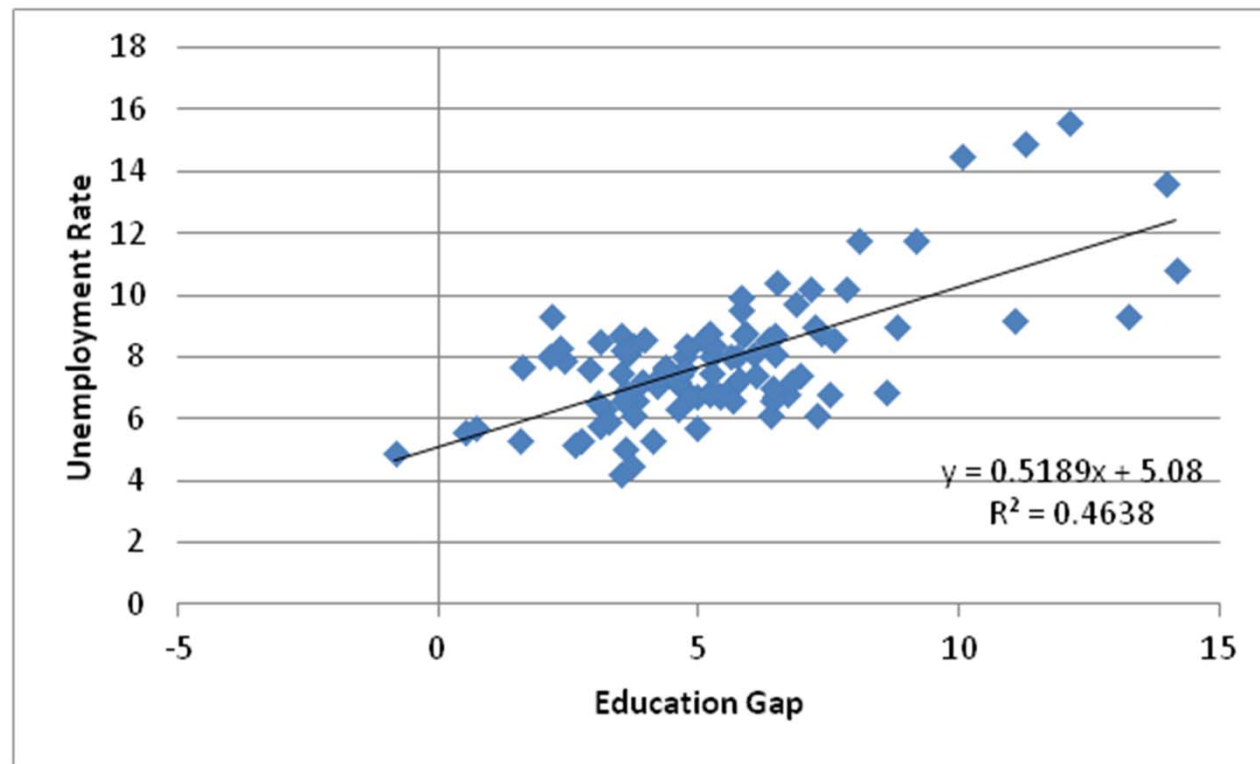


Each dot is a US metro area; data provided by Rothwell, 2012



# Consequences of Education Shortage

... and the higher the unemployment rate



Each dot is a US metro area; data provided by Rothwell, 2012

## Slide 8

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### TMC1

Maybe rephrase this in terms of the higher the insertion in poor quality jobs, because Mexico does not have an unemployment problem but a serious informality and precarious employment problem.

Tzitzí Morán Carreño, 4/25/2013

# Four Attributes of the U.S. Workforce System that Helps to Promote Local Job Creation

## Flexibility

- Decentralization
- Local decision making
- Alignment with higher-level government agencies

## Integration and Engagement

- Employers
- Job seekers
- Local providers and intermediaries

## Targeted Services

- Individualized re-employment programs
- Customized services
- Specialized training

## Data

- Local job openings
- Local labor market conditions
- Performance monitoring
- Longitudinal data

# Workforce Investment Boards

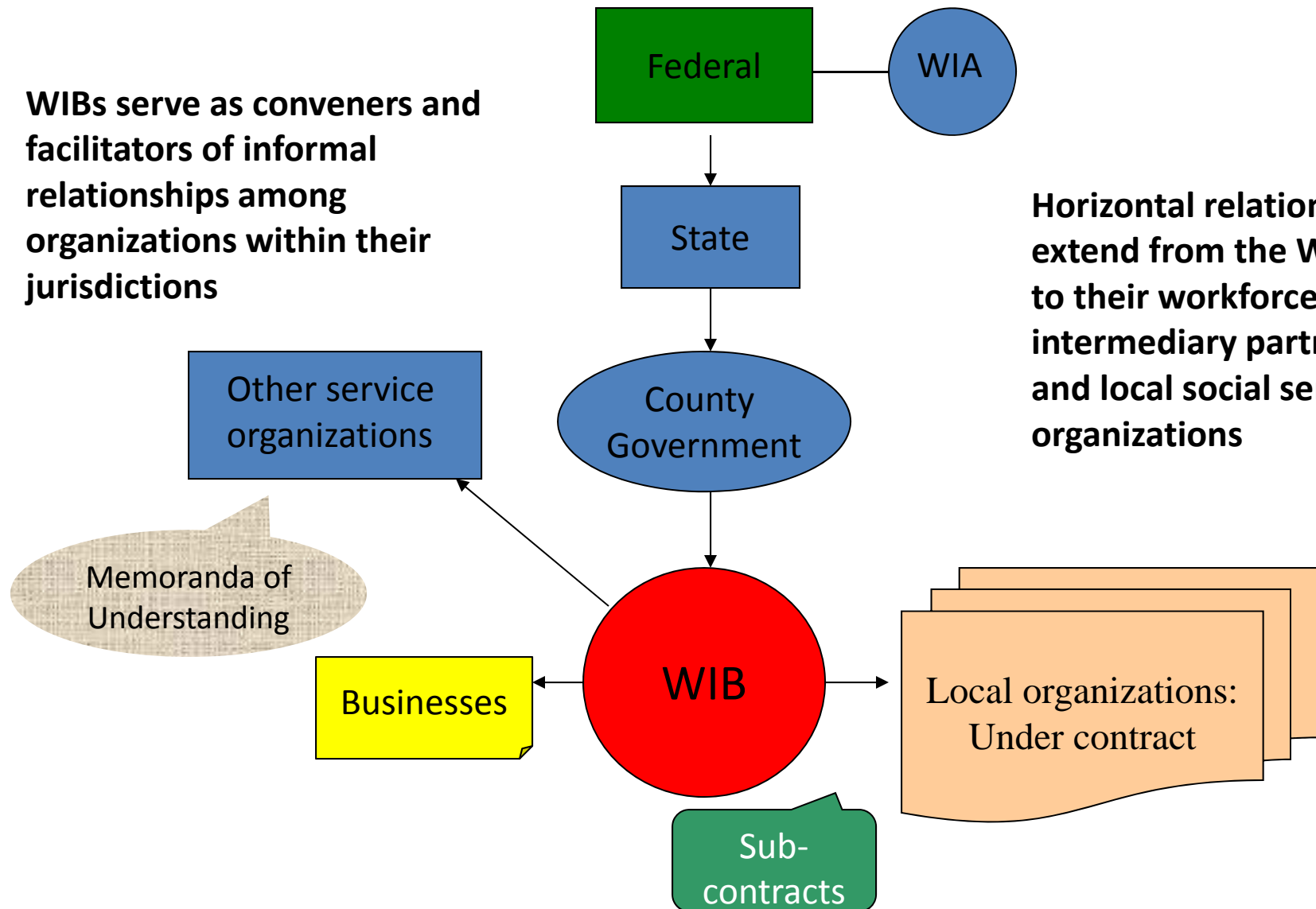
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- Local workforce investment boards (WIBs) are local entities that administer federal and state labor exchange and job training programs
- WIA is a partnership among the federal, state and local governments
  - Local WIBs are not agencies of the federal or state governments but are extensions of a local government unit—typically a county government
  - Local non-profit organizations are often the administrative entity for the WIB
  - A fixed-term renewable master contract governs the relationship between the WIB and the county government
- WIBs are governed by their own board, which by law is comprised predominantly of business leaders who help design local workforce strategy and oversee its implementation and administration
- Most federal and state funding flows through WIBs, which subcontract with other local government agencies and non-government organizations to provide services
  - Most services are delivered through one-stop career centers
  - WIA does not allow WIBs to provide services
- WIBs can be the catalyst for local collaboration and partnerships are the focal point for both vertical and horizontal relationships among the various partners within the workforce development system

# WIBs can Serve as Catalysts for Local Partnerships

WIBs serve as conveners and facilitators of informal relationships among organizations within their jurisdictions

Horizontal relationships extend from the WIBs to their workforce intermediary partners and local social service organizations



# Flexibility

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- Public workforce system is a partnership among the three levels of government: Federal, state, and local.
- The Employment and Training Administration (ETA) of the U.S. Department of Labor provides most of the funding and ETA provides the regulations and guidelines in how those funds are used
- Each state develops a strategic plan that determines how these funds are to be used and then passes most of the federal dollars to local workforce investment areas (LWIAs).
- Each LWIA, through its own local board, develops a strategic plan that comports with the state and federal plans and regulations.
- All employment and training services are provided through One-Stop Career Centers. The LWIAs have the responsibility of establishing and maintaining the centers.
  - 600 WIBs across the country
  - Each WIB serves on average 260,000 labor force participants within a local labor market
- Allows 100% fund transfer between Adult and Dislocated Worker programs
- LWIAs are held accountable through outcome measures: employment, retention, and earnings

# Integration and Engagement

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- Services are integrated through the One-stop Career Centers
  - Services from 16 mandated programs are delivered through the centers
  - Job search assistance, training, employer services
- Collaboration among providers and coordination of services—comprehensive approach
- Catalyst for collaboration and formation of partnerships among economic development organizations and education institutions
- Engage businesses through
  - Participation on Workforce Investment Boards
  - Customers of the system
  - Through partnerships with economic development and education institutions
- Placed-based initiatives
  - Workforce Innovation and Regional Economic Development (WIRED) initiative
- WIOA fosters regional collaboration to meet the needs of regional economies by requiring local areas are to coordinate planning and service delivery on a regional basis

# Targeted Services

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- Tailor services to meet the specific and varied needs of individual customers
- Job seekers
  - Individualized reemployment plans
  - Career pathways
  - Sector partnerships to increase employment in in-demand industries and occupations
  - Individual Training Accounts
- Employers
  - WIOA emphasizes engaging employers across the workforce system to align training with needed skills
  - Match employers with qualified workers
  - Customized incumbent worker training
- Emphasis on inclusiveness
  - Improves services to Individuals with Disabilities by increasing individuals with disabilities' access to high-quality workforce services to prepare them for competitive integrated employment.
  - Requires better employer engagement and promotes physical and programmatic accessibility to employment and training services for individuals with disabilities.
  - Youth with disabilities receive extensive pre-employment transition services to obtain and retain competitive integrated employment.
  - Creates an Advisory Committee on strategies to increase competitive integrated employment for individuals with disabilities.



# Data

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- Individual outcome and transaction data
  - Workforce Investment Act Standardized Record Database (WIASRD)
  - Workforce Data Quality Initiative
  - Increased use of internet job postings
- Core programs are required to report on common performance
- Core programs must measure the effectiveness of services to employers
- Negotiated levels of performance for the common indicators will be adjusted based on a statistical model that takes into account economic conditions and participant characteristics.
- Performance reports for states, local areas, and eligible training providers will be publicly available.
- Programs will be evaluated by independent third parties at least every four years.

# What's Next: WIOA

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- Emphasizes federal-state-local partnerships
- Places WIBs at the center of the design and delivery of services
- Places an even greater emphasis on the local WIB as a catalyst for fostering partnerships with education, economic development, workforce development entities and businesses
- Requires educational institutions to provide information on job prospects of their graduates
- Establishes outcome-based performance measures and targets, and
- Embeds evidence-based decision making into the management of the system.