Is it Time for a Great Reset of the Public Workforce System? (A Work in Progress)

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September 2022

Presented for discussion at the National Association of State Workforce Agencies' December 2021 summit and February 2022 winter policy forum

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"People don't want what we have to offer anymore. With the technology that exists today, there are very few people who need to go to a physical location."

"The public workforce system is moving into irrelevancy: 'If you build it, they're not going to come.' Performance metrics don't tell the picture. We keep reinvesting in a system that isn't working."

"At the ground level, what do we need to change to be relevant to our citizens – especially now that they have more leverage? Look at the low labor force participation rates. How can we help our citizens access and stay in work?"

"How do we define 'work' today? Why do we cast aside entrepreneurship when it's so much a part of our economic ecosystem?"

Quotes from state and local workforce development leaders, November 2021

For 24 years, the U.S. public workforce system has been guided by the Workforce Investment Act (WIA) of 1998 and its successor, the Workforce Innovation and Opportunity Act (WIOA) of 2014. WIA was predominantly designed to better pull together a myriad of workforce development-related programs established largely in the 1960s and 1970s and carried into the 1980s with the Job Training Partnership Act (JTPA) of 1982. WIOA (which some originally thought could be mistaken for "WIA 2.0") built in increased emphasis on serving low-income adults and youth with skill deficiencies and other barriers as well as promoting the use of employer-driven sector strategies and career pathways. WIOA was also designed to consolidate some of the 47 distinct employment and training programs identified by the U.S. Government Accountability Office (GAO) in 2011. (In Fiscal Year 2017, GAO counted 43 programs.)

WIA and WIOA's structures rely heavily on the establishment and operation of One-Stop Career Centers or American Job Centers (AJCs), where job seekers can get physical access to resource rooms for self-service tools and to workforce development professional staff who provide a wide variety of services, including program orientations, job search information, job leads, career/job counseling, skills assessments, and referral to (and funding for) mostly short-term training for qualified individuals, ideally resulting in an industry-valued credential. A key part of this system has been the partnerships required with employers who, as envisioned by the dual customer policy framework, provide strategic direction to the workforce and/or labor exchange system about demand in the labor market, including job availability and what skills are needed to fill available jobs. In turn, the public workforce system (including the educational system) would offer training and supply qualified workers to meet the demand articulated by local employers, reducing the risk of "train and pray." As required by the federal legislation, employers compose a majority of seats on local Workforce Development Boards. This structure and policy framework has largely remained the same since the late 1990s.

Since JTPA, the promotion of job training either through the public workforce system and/or the welfare system has been a central policy response to unemployment or underemployment. As noted by Gordon Lafer in *The Job Training Charade*, three fundamental assumptions have driven job training policy in the United States since the 1980s: (1) that there is a supply of good-paying jobs if only people were trained for them; (2) that wages are determined by the skill level of workers (i.e., the higher the skill, the higher the wage and vice versa); and (3) that poverty and its solution are largely nonpolitical and a result of advances in technology. Citing evidence contrary to these assumptions, what Lafer posited two decades ago seems to hold equally true today: the problem facing unemployed and underemployed workers – and the public workforce system charged with helping them – is often a lack of good jobs rather than a lack of job training. Fortunately, recent Good Jobs initiatives under the Departments of Commerce

and Labor have begun to emphasize the urgent need for better jobs that include equitable access to hiring, benefits, advancement opportunities, and safe and healthy workplaces.

As Heldrich Center for Workforce Development researchers noted in a 2012 report titled *The State of the U.S. Workforce System: A Time for Incremental Realignment or Serious Reform?*, WIA did little to reduce the fragmentation of workforce educational and training programs, nor did it vastly improve coordination. And, while the Great Recession exposed the many ways in which the public workforce system did not work well as of 2012, we are raising questions in this brief to encourage a dialogue as to whether the COVID-19 pandemic exacerbated the outdated structure of the (still largely physical) one-stop model, as well as thrown into question the wholesale belief that more training and education (also known as the "college wage premium") are the ultimate ticket to labor market success – especially since we know workers of color earn lower wages than white workers at all educational levels. We also argue that the narrative promoted by some employers and educational and training provider advocates that there is a shortage of workers because workers do not possess the skills for available jobs is misleading and misguided, including the notion that low-wage workers are "low skilled."

While there has been significant research documenting the lack of funding in the under-resourced public workforce system – and we do spend a fraction of what our peer developed countries commit to workforce development – funding is only part of the story of why we think the system is largely broken for the average American worker seeking income-generating employment. Fundamentally, we believe the pandemic showed that unemployed individuals and job seekers, when not required to go to AJCs or participate in workforce services, have demonstrated little interest in doing so. Since the start of the pandemic, the number of people participating in services plummeted. Data from the U.S. Department of Labor, Employment and Training Administration show the total number of WIOA program participants between April 2020 and March 2021 dropped to 578,218, compared to 889,156 between April 2019 and March 2020. Why? There could be several reasons that we believe warrant further investigation – the impact of extended benefits, temporary AJC closures, ongoing safety and health concerns, or accessibility issues (including childcare) after they reopened. Other factors could be a lack of awareness or reluctance to use what the public workforce system has to offer (beyond cash assistance through Temporary Assistance to Needy Families or Unemployment Insurance), whether due to the actual makeup of supports or perceptions regarding the quality or appeal of supports to those seeking employment.

In the aforementioned 2012 Heldrich Center report, we asked, and ask again now: What would a 21st-century workforce system look like if we built it in today's economy using today's technology? Here we also ask – echoing recent comments from several state and local workforce leaders themselves – is the WIOA system as configured and resourced today obsolete?

We recognize the COVID-19 recovery labor market is largely without precedent. It is too soon to tell whether recent signs of increased worker leverage indicate permanent structural change in the labor market or are the result of tight labor markets, temporary pandemic relief payments, or changing worker priorities and a great rebellion against poor-quality jobs. We also do not know what role remote work will play over time. But unemployment, underemployment, and worker dislocation – whether due to automation and new technologies, trade policies, climate change, or natural or manmade disasters – are fixtures of our economy, as are various forms of discrimination (including race, gender, age, and disability), and it is not clear that we are addressing these challenges with the right set of policy tools. Therefore, in this brief, we ask ourselves and those involved in the public workforce system – particularly in view of WIOA reauthorization – the following questions:

What would a clean slate approach look like? What is the primary essential role for the public workforce system in today's economy and labor market? Is it making matches between active job seekers and employers, or could that possibly be done better by technology? Providing job training and/or lifelong learning opportunities, or could that be done better by educational institutions such as community colleges? Assessing eligibility for and providing cash benefits? Providing career management and guidance? Providing

emotional, motivational, and/or mental health support in the job search process? Serving as knowledgeable consultants to businesses on hiring and training needs? Can it be staffed and resourced to do any or all of these roles well, and with a racial, gender, age, and ability equity lens?

Has the system been able to keep up with the rise in virtual hiring tools for job seekers? The process of searching for work in today's labor market continues to evolve, with the rapid rise of online and artificial intelligence-powered hiring and interviewing, onboarding, and training. Is the investment there to make the workforce system relevant for today's job seekers in the contemporary hiring environment, especially given evidence that some hiring platforms routinely bypass certain populations? What role does this changed hiring environment play in occupational segregation or disparate outcomes for job seekers, and how can the public workforce system help?

Does the public workforce system's current physical, place-based infrastructure make sense anymore? Are virtual services, or a hybrid of place-based and virtual services, here to stay, and should physical centers be replaced or reduced? Should there be a larger investment of resources and capacity-building in websites and virtual service delivery versus brick-and-mortar locations? How can we build a genuine omni- or multi-channel public workforce system that allows a seamless customer experience whether the individual is using mobile, laptop, in-person, or a blend of services?

Has the system, largely relying on local/regional employers to articulate demand as well as government labor market data, worked to the benefit of job seekers? Can the system really predict demand when demand is so unpredictable? The current COVID-19 recovery labor market has been characterized to date by high levels of churn and high quit (and retirement) rates, on top of ongoing trends of generally shorter tenure at jobs and the rise of gig work. As such, job seekers may cycle in and out of different kinds of work and income support. How does the workforce system respond to this kind of demand?

Does the WIOA model work anymore when, more than ever, workers may be employed in positions or jobs with employers outside of their local/regional place-based labor market? Does it work for those who, by choice or necessity, are generating income through gig or contract work or as entrepreneurs?

Does the dual customer approach make sense, or should we be exploring the development of worker-centric and tripartite models that give workers and communities more say in their local economies? Can the public workforce system help us find ways to fix work, rather than workers, perhaps by collaborating exclusively with "high road" employers? And how can the system lure back to the labor market and support long-term unemployed, marginalized, discouraged, and otherwise disconnected adults and youth?

Does the current governance structure of state and local workforce boards make sense, or should states and local communities have vastly more flexibility to design systems based on their unique characteristics – reflecting rural/urban/suburban areas, industries, and population breakdowns? Is the overall system bogged down by too many separate programs and too much administrative burden? Is there too much time spent on compliance and not enough room for creativity? Are we measuring the right outcomes?

Is there really a "skills gap" that needs to be closed? Or has the skills gap argument diverted attention away from examining serious impediments to equal labor market opportunity, such as racial, gender, age, ability, and other biases in the hiring process, as well as in the educational and training system?

Finally, how can a reformed system, if there is an appetite for reform that is more than incremental:

- Change the narrative around "defects" in job seekers that can be remedied by education and training?
- Address racial, gender, and other inequities in education, training, and the labor market, with a goal of reducing occupational segregation and increasing economic mobility?
- Provide better professional development to workforce staff in such areas as diversity, equity, and inclusion; motivational and emotional support; and trauma-informed service delivery?
- Help job seekers build stronger social and professional networks and do more with community and peer support?
- Build stronger capacity in providing virtual services?
- Better incorporate the perspectives, needs, and voices of job seekers and communities in system design, development, and operations at an equal level to that of employers?

As the labor market evolves and skill requirements continue to change, education, training, and lifelong learning may indeed be essential for many individuals. The problem is that the U.S. public workforce system needs to acknowledge that training for workers only truly helps them out of poverty if the training is tied to stable jobs with family-sustaining wages and benefits. This can be done; as Lafer himself pointed out in a recent interview, training such as pre-apprenticeships can be structured to help workers in marginalized communities access good-paying union jobs in construction, jobs they have traditionally been excluded from, and where forthcoming infrastructure spending will create many opportunities. But we need policymakers to be open to redesigning and resourcing a public workforce system that is not built on the assumption of worker defects that can be fixed by training, and to not tweak but rethink the role the system can be best built to play moving forward.

Conclusion

We are working in a different labor market and economy than the one that existed before the pandemic. We believe these changes should challenge policymakers and public workforce professionals to seriously question the frameworks and economic assumptions built into the workforce system almost 60 years ago. If the public workforce system wants to remain relevant, it is time to frankly question and take action to address and change policies and practices that no longer work as well as they could. Across the nation, many federal, state, and local programs are making tremendous, and given the COVID-19 pandemic, even heroic, efforts to serve the public, with as much creativity as the current workforce system structure and funding level allow. We offer this brief to encourage an honest dialogue on what the system has delivered or not, what it can do well and what it is not doing well, and where it should be headed if it is to be truly an asset to job seekers, employers, and communities.

Acknowledgments

The authors of this brief were Maria Heidkamp, Director of Program Development at the Heldrich Center, and Kathy Krepcio, retired Executive Director of the center. They would like to thank the National Association of State Workforce Agencies for encouraging far-reaching conversations about the future of the public workforce system, and the state and local workforce leaders who shared their perspectives for this brief. InBum Chung was the graphic designer and Robb C. Sewell provided editorial support.

About the Heldrich Center

The John J. Heldrich Center for Workforce Development at Rutgers University is devoted to transforming the workforce development system at the local, state, and federal levels. The center, located within the Edward J. Bloustein School of Planning and Public Policy, provides an independent source of analysis for reform and innovation in policymaking and employs cutting-edge research and evaluation methods to identify best practices in workforce development, education, and employment policy. It is also engaged in significant partnerships with the private sector, workforce organizations, and educational institutions to design effective education and training programs. It is deeply committed to assisting job seekers and workers attain the information, education, and skills training they need to move up the economic ladder.

As captured in its slogan, "Solutions at Work," the Heldrich Center is guided by a commitment to translate the strongest research and analysis into practices and programs that companies, community-based organizations, philanthropy, and government officials can use to strengthen their workforce and workforce readiness programs, create jobs, and remain competitive. The center's work strives to build an efficient labor market that matches workers' skills and knowledge with the evolving demands of employers. The center's projects are grounded in a core set of research priorities:

- Career and Technical Education
- Data Collection and Analysis
- Disability Employment
- Job Seekers in Transition
- Program Evaluation
- Trend Analysis

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