
Concept Paper

Aligning Workforce Investment and Public Safety Net Programs to Increase Self-Sufficiency and Reduce Dependency

The Workforce Innovation Fund is a federal appropriation to the U.S. Department of Labor (DOL) to support innovative approaches to the design and delivery of employment and training services that generate long-term improvements in the performance of the public workforce system, both in terms of outcomes for job seeker and employer customers and cost-effectiveness. DOL's intent is to:

1. Deliver services more efficiently and achieve better outcomes, **particularly for vulnerable populations** (e.g. low-wage and less-skilled workers) and dislocated workers, especially those who have been unemployed for many months;
2. Support both system reforms and innovations that facilitate **cooperation across programs** and funding streams in the delivery of **client-centered services** to jobseekers, youth, and employers;
3. Ensure that education, employment, and training services are developed in partnership with specific **employers or industry sectors** and reflect current and future skill needs; and
4. Emphasize building knowledge about effective practices through rigorous evaluation and translating "lessons learned" into improved labor market outcomes, the ability to bring such practices to scale in other geographic locations and **increased cost efficiency** in the broader workforce system.

This concept paper proposes an initiative to use the fund in support of a collaboration among the newly formed Arizona Commerce Authority (ACA), the Arizona Department of Education (ADE), Local Workforce Investment Boards (LWIBs), community colleges, adult basic education providers, and the Department of Economic Security (DES). The goal of the collaboration is to align Arizona's human capital development efforts with its economic growth and job creation efforts to strengthen the Arizona economy while reducing public dependency. This alignment will be forged through sector strategies that are supported by integrating basic education with skills training; integrated assessment and case management across programs; data sharing across systems; and common metrics that define the success of all public investments taken together as self-sufficient families and more productive employers.

The Arizona Safety Net and Workforce Systems Today

The current social safety net provides benefits, goods and services as long as the consumer is economically eligible to receive them (with the exception of Temporary Assistance for Needy Families (TANF)). There is no intentionality about growing the capacity of the consumer and moving them off of the public assistance rolls. Success is determined by how effectively the system delivers the benefit,

good or service, not whether the consumer capacity was enhanced. In addition, important policies and objectives governing the individual programs often conflict with each other forcing the consumer to make poor choices. At the end of the day, the system serves more to maintain the consumer in the dependent state and not to enable them to achieve their highest functioning self.

A primary objective of the public workforce investment system is to prepare and connect all citizens to the ever-changing work opportunities the economy creates. However, the current workforce system is not necessarily well designed for disadvantaged populations. In addition to being economically eligible, clients must be deemed “able to benefit from” training to protect public investments. The lowest skilled individual presents particular and systemic challenges in that she/he is not well prepared to compete in today’s economy due to education and skill deficits and lack of work readiness. Performance measure failures could result from taking on too many high-risk customers, such as DES clients that are not only low-skilled, but also have multiple barriers to employment. Individuals that are denied intensive services in the workforce system have no real fall back options. Workforce providers indicate that disadvantaged customers take longer to enroll, longer to serve, and longer to exit the system than applicants who are job ready, or at least ready to engage in postsecondary training.

DES envisions a different holistic model for growing the capacity of Arizona’s most vulnerable populations that challenges the traditional philosophies, strategies, and success metrics of both the safety net and public workforce investment systems. In this model success is defined by the consumer’s exit from the system as a result of effectively addressing their needs and growing their capacity to be self-sufficient, thus reducing the rolls of the publicly dependent and simultaneously strengthening Arizona’s economy by growing the skills needed by industry.

GROWING THE CAPACITY FOR SELF-SUFFICIENCY THROUGH SECTOR STRATEGIES

SECTOR STRATEGIES AND THE ARIZONA CONTEXT

The persistent low skills and educational attainment of many Americans threaten current and future national economic competitiveness. State workforce and economic development leaders struggle to reconcile the goals of supporting their high-growth, high-wage industries with the goals of advancing low-skilled, low-wage workers. “Sector strategies” are one model to consider as a mechanism for integration. A sector partnership is a regional, employer-driven collaborative of industry, education and training, as well as other stakeholders that focuses on the workforce needs of a key industry (or industries in large metropolitan areas) in a regional labor market. While growing in popularity, sector approaches are not currently being utilized to their full capacity to address the needs of low-income workers. Additionally, human service organizations may not recognize the validity of the sector model to lift low-income individuals to conditions of self-sufficiency.

Attachment to the labor market does not necessarily mean self-sufficiency. In fact, statistics indicate that approximately 3 million people live in poverty in the U.S. despite working full time, and that, on average, individuals who have exited from the Temporary Assistance for Needy Families (TANF) program

earn less than \$10,000 per year. For individuals, the missing factor for success is a set of relevant occupational skills that allow them access to jobs that pay family-sustaining wages, offer benefits, and opportunities for advancement. In the policy realm, the missing factor is an acknowledgement that economic independence is more than getting a job, that education and job training must be connected to the industries that are staying and growing in a community.

Arizona is in the formative stages of designing sector partnerships, under the guidance of the Arizona Commerce Authority. A Sector Strategy Academy (Academy) was held in Phoenix on June 13-14, 2011 and was attended by regional teams made up of experts in the fields of workforce, economic development, industry, and community colleges. The Academy gave regional stakeholders an opportunity to collectively identify industries critical to their local economies, plan together how they will engage employers in sector partnerships, and assess how well their training and support services align to support the needs of jobseekers.

In a kindred effort, the state piloted the Arizona Integrated Basic Education and Skills Training (*AZ I-BEST*) model in nine (9) counties and is continuing the initiative in Maricopa, Cochise, Yuma, and Yavapai Counties. Adopted from Washington State, AZ I-BEST goes one step further than Washington by integrating one-stop workforce investment services into the program design. The model takes cohorts of public assistance eligible individuals from needing their GED[®] through post-secondary training and into employment in a high demand industry in less than 1 (one) year. AZ I-BEST serves the job seeking target population better and faster than stand-alone sequential Adult Basic Education, post-secondary training, and job skills training programs and reduces duplication of services among workforce partners.

Sector strategies address key gaps within the existing publically financed workforce investment system, broadly defined as all those publically supported efforts to help people move to self-sufficiency including the TANF program and the Workforce Investment Act (WIA) programs. Traditionally, these systems struggle to achieve impact on a significant scale because they serve employers individually, instead of collectively; they rely on their own resources, rather than coordinating and leveraging others; and they address worker and employer needs using existing programs or responses, versus creating customized and targeted solutions. As an example of the lack of overall credibility and effectiveness in public systems, the National Fund for Workforce Solutions (Fund), essentially foundation supported sector initiatives, fairly consistently operates its own parallel workforce system using community-based organizations primarily because the Fund does not believe the public system is responsive enough to employer and jobseeker needs.

In Arizona we have the opportunity to change that dynamic and achieve multiple ends. While the core principle is that of employers driving decisions about workforce needs, the public systems can become the flexible, person-centric and business-centric responses that will indeed meet both the needs of employers and the needs of jobseeker consumers. Further, many sector initiatives have within their mission the development of career pathways that allow individuals to move in phases up the economic ladder as their skills increase and their value to employers rises due to the training they receive and the credentials they obtain.

None of this can be done, however, in a business as usual fashion. We have to re-think many elements of our support system and we need to connect what are now quite disparate government systems so that they can respond to employers and individuals as a whole and not as “programs.” To the employers participating in the sector initiatives this can and should be basically a transparent revolution. They simply need qualified workers. The employers have roles to play in defining needs and being part of the detailed process of determining how those needs are translated into exact job requirements and curricula. But how systems work together behind the scenes and deliver support to consumers in a wholly different and person-centric manner is not something the employers need or frankly, want to touch.

The Education Connection

The family sustaining jobs of today and in the future are dependent on education. Any state’s economic prospects are clearly tied to a workforce that has the skills to compete in an advanced economy – one where skills are tied to a credential of labor market relevance as the currency for success. But the populations that DES serves typically don’t possess the credentials in demand and often don’t have the basic skills to even qualify for training to lead to those credentials. Additionally, the support systems necessary to help people stay engaged in learning are extensive and expensive. Further, the learning process is in need of restructuring so that people can see the relevance of the classes they take, how learning is connected immediately to jobs and how work and learning are linked together. AZ I-BEST is demonstrating how traditional sequential education can be transformed to more quickly enable low-skilled individuals to grab the first rung of an employment ladder that moves them to self-sufficiency.

How the Collaboration Works

The proposed collaboration will expand upon an ACA emerging initiative to develop pre-apprenticeship-training in occupations within growth sectors in the state and will lead to apprenticeship opportunities. This initiative is being developed in cooperation with the LWIBs. The LWIBs will identify the skills, abilities and credentials the identified sectors will need of the Arizona labor force to sustain their growth. Concurrently the Education Department, adult education providers, and the community colleges will take the lead in identifying how the system of adult learning will organize to design a system to meet the learning and credentialing needs of the labor force. Work is already underway to create an adult assessment system and the AZ I-BEST model can be used to deliver integrated remediation and skills training. DES services can provide supports to keep its clients engaged in training and work opportunities. DES will identify the cohorts to participate in this demonstration project drawing from the TANF, child welfare, and the Supplemental Nutrition Assistance Program (SNAP) employment and training programs.

Upon identification of the cohorts, the initiative will complete an inventory and gap assessment of the skills and abilities of the clients compared to the skill demands of the targeted sectors, and determine the barriers to growing the capacity of the participant to acquire labor market relevant skills and credentials. In conjunction with the participant, the initiative will match the results of the assessment

and inventory with the labor force needs identified in the sector strategies project. The goal will be to use the education and training system to focus on the skills and abilities needed to prepare the participant for entry level into the agreed upon sector. DES will develop a comprehensive plan to provide supports to assist the participant in meeting the objectives of the education and training plan with a proposed end date to exit the safety net system and enter the labor force. The kinds of supports may include; child care, transportation, nutrition assistance, family strengthening, financial counseling including debt remediation and linkage to existing community supports. The workforce preparedness system will provide supports such as mentors and job coaches to support the participant in movement up the career ladder of the chosen sector.

Vital to the success of the collaboration will be the identification and remediation of statutory, regulatory and policy barriers to achieving the objectives of the initiative. Each of the participating collaborators will work in conjunction to identify those barriers and seek federal and state authority to remediate the barriers.

Finally, the initiative will evaluate several elements;

- Did the collaboration meet its overarching objectives?
- Is the model more cost effective for the delivery of benefits, goods and services?
- Can we reduce public dependency with the model?
- Does this model enhance the well-being of the consumer?
- Is there a cost savings attendant to reducing public dependency?
- Are there savings to be achieved from better alignment of assistance programs?
- Are the barriers to using integrated assistance programs to achieve better consumer outcomes real or perceived?

HOW THIS CONCEPT FITS THE WORKFORCE INNOVATION FUND INTENT

The existing program-centric human services and workforce systems designs and modes of operation are not well suited to taking a comprehensive approach to growing the capacity of vulnerable consumers. In the absence of an integrated, collaborative system re-design of intentionally growing the capacity of the consumer and success being measured by self-sufficiency, it is the Arizona contention that the system will continue to foster dependency as opposed to independence. A system which fosters and supports dependency is more costly to taxpayers and retards the growth of the citizenry thus overall weakening the economy. The goals of DOL's Workforce Innovation Fund are 1) better results for jobseekers and employers – such as reduced duration of unemployment, **increased educational gains** that lead to work readiness, academic and industry-recognized credential attainment, **increased earnings, increased competitiveness of employers**, etc.; 2) greater efficiency in the delivery of quality services – such as, more customers (job seekers or employers) served, decreased program attrition/customer throughput, faster job placement, or achieving outcomes for lower cost or **reduction in program overlap and administrative costs**; and 3) stronger cooperation across programs and funding streams – such as **integrated data management information systems, braided funding**, or changes that

create a more seamless service delivery experience for participants who need help from multiple programs.

The proposed demonstration meets these three (3) goals by seeking to align and better leverage disconnected public systems; eliminate duplication; increase skills and earnings; integrate data systems; and increase the productivity of employers in key regional industry sectors.

The Arizona demonstration will identify waivers from identifiable federal statutory and regulatory requirements that create barriers to moving the consumer through and off of public assistance and reducing duplicative effort among programs.

What makes this proposal ripe for a Workforce Innovations grant is that while the programmatic tools to accomplish the broader objectives are available, the misalignment and lack of connectivity of those tools significantly hinder the ability of a state to meet its broader objectives. This concept proposes inverting the existing federal model in support of the overarching objectives of growing the Arizona economy, growing the capacity of its citizenry and reducing public dependency. By aligning and better leveraging the participating systems, the whole of the investments become much greater than the sum of its parts. Each of the overarching objectives is in and of itself a better outcome for Arizona, but collectively they portend to strengthen the State and reduce the costs to taxpayers of the publically funded systems.