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# Business as Partner and Customer under WIA: A Study of Innovative Practices

A Report Prepared as Part of the  
*National Evaluation of the Implementation of WIA*  
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**Prepared by:**

Kate Dunham, Sub-Study Director  
Jeff Salzman  
Vinz Koller

**Contributions by:**  
TATC Consulting

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1330 Broadway, Suite 1426  
Oakland, CA 94612  
Tel: (510) 763-1499  
Fax: (510) 763-1599  
[www.spra.com](http://www.spra.com)

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## **EXECUTIVE SUMMARY**

In the summer of 1999, the U.S. Department of Labor (DOL) awarded Social Policy Research Associates (SPR) a contract for the national *Evaluation of the Implementation of the Workforce Investment Act (WIA)*, a study comprised of three phases. The first two phases of this study were concerned primarily with understanding broad issues regarding WIA implementation, such as understanding the transition from the Job Training Partnership Act (JTPA) to WIA, partnership building, and service design and delivery. This last phase of the study focuses on two topics of interest to DOL: (1) engaging businesses in strategic planning and services, and (2) services to special populations, within the One-Stop context. This report examines the first of these topics.

To investigate the issues and challenges related to business involvement, between December 2003 and February 2004, field staff visited nine Local Areas that have adopted innovative approaches to business services and business involvement. Each of these site visits entailed a comprehensive set of interviews with Local Area officials, partners and businesses. The sites were selected through a national nomination and screening process to ensure a broad mix of urban and rural locations throughout the country with a variety of innovative practices. An abbreviated data collection on business issues was also conducted at nine other comparison sites that we visited for the companion study on services provided to special populations by One-Stop centers.

Based on the data collected during these site visits, this report examines business involvement with Workforce Investment Boards (WIBs), business-related partnerships and services provided to businesses.

### **BUSINESS INVOLVEMENT WITH WIBS**

The Workforce Investment Board is a key conduit for businesses to provide policy direction to WIA Title I programs and to help construct broad workforce development policy that embraces K-12 and postsecondary education, key industries, business organizations, and economic development. By contrast, WIB business members play a much more modest role in providing input to the design and delivery of business services.

### **Establishing the Business Presence on the Board**

In establishing a business presence on local Workforce Investment Boards, the nine innovative business Local Areas had to first make the transition from the previous structure under JTPA. Fortunately, respondents from at least four of the nine sites—Arapahoe/Douglas, Dallas County, Northwest Georgia, Pacific Mountain—felt that the transition to a Workforce Investment Board, in both structure and function, from the Private Industry Council was not very difficult. The fact that the Private Industry Council had a business majority and was already approving the One-Stop operator and other major contracts made the change almost transparent for these sites.

In addition to transitioning from JTPA to WIA, Local Areas also had to develop a process for recruiting and appointing businesses to their WIBs. Although the law specifies that business members be appointed by chief elected officials from nominations by business and trade organizations, we found that these requirements were more nominal than actual. In most sites, effective control of the selection process is largely in the hands of the executive director, sometimes individually or in conjunction with Board members

Local Areas differed in the types of firms—both in size and industrial composition—from which they recruited Board members. Typically, WIBs had representation from specific industry sectors that were either important to the local economy or represented sectors that presented specific labor market problems that the Local Area was interested in addressing. Most Local Areas have also been successful in recruiting high level members who are owners of small businesses, senior executives of large companies, or key local managers of branch plants or facilities. Because of the importance and difficulty of recruiting members who will be active Board participants, several largely rural Local Areas opposed any additional federal prescriptions for Board membership via WIA reauthorization.

Nearly all respondents—both staff and business WIB members—uniformly expressed the view that business owners or managers who join the WIB are motivated by a community spirit, but many also acknowledged that many business WIB members also join to take advantage of networking opportunities. Board member respondents also believe that the WIB in these innovative business Local Areas is effective and a place where they can accomplish their goals, which may be one reason why these sites

showed a stronger ability to retain their business WIB members than the comparison sites.

A major concern among all Local Areas is that WIB members—especially business members—have very limited time to attend meetings. Thus, it is a significant challenge to maintain business influence over policy, oversight, and strategic direction while not requiring time commitments that would deter members from joining or staying on the Board. Overall, the innovative and comparison sites both resolve this challenge by limiting time commitments while emphasizing central locations for meetings, establishing good agendas, and providing good food to promote attendance at meetings and help retain business members.

Another way many sites compensate for business members' limited time is by using voluntary committees to conduct most of the work. However, this use of committees may result in diminished business influence on WIB activities if business members do not serve on committees. However, at least four innovative business sites overcome this problem by making special provisions for business membership on these committees, with one area requiring that business members dominate its executive committee.

### **Defining the Business Role on the Workforce Investment Board**

Nearly all WIB business members in the innovative business sites expressed relatively little interest in the mechanics of WIA programs, including business services programs. There is relatively greater interest in the key areas of performance management and procurement. Business members in some of the sites also play an important advisory role to key Local Area staff who initiated and designed business services. Surprisingly, it appears that few Workforce Investment Board members—who nevertheless endorse the value of the business services in general—use the Local Area's business services for their own hiring and other workforce development needs.

Most of our respondents, including WIB members, confirmed that business members are deeply interested in workforce planning, and this is an area of extensive activity at all the innovative business sites. Although strategic planning processes varied considerably among the innovative sites, most included other community members, including additional business representatives. The most common topics of

strategic planning efforts are skill shortages, followed by K-12 and postsecondary education, and long-range demographic issues.

## **BUSINESS PARTNERSHIPS**

Many local Boards have taken steps to enhance their linkages with business organizations in an effort to improve their responsiveness to business concerns. All nine innovative business sites included in our study have developed partnerships with either Chambers of Commerce, economic development organizations or both. In addition, some of them have developed sectoral initiatives to enhance their ability to connect job seekers with high growth industries. Among comparison sites, partnerships with Chambers and economic development organizations are also common but generally much less developed, while sectoral partnerships are rare.

### **Partnerships with Chambers of Commerce**

Among the nine innovative business sites, the most common WIB partnership with business organizations is with regional or local Chambers of Commerce. All but one site reported that they have active partnerships with at least one Chamber in the area and many sites reported collaborating with several Chambers in their region. These partnerships serve a number of important purposes for Local Areas, including enhancing the legitimacy of the workforce development system, providing opportunities to network and conduct outreach to business customers, and reducing turf issues. Partnerships with Chambers range in their levels of intensity from mutual board membership to the joint development, funding and operation of workforce development programs. Among sites with more advanced partnerships, partners flexibly take the lead on different issues. However, such collaboration is not easy to achieve. For the two innovative business sites that do not have strong partnerships with their local Chambers of Commerce, respondents cite a lack of staff on both sides as the primary reason why they have not been able to work collaboratively on projects that call for a deeper level of involvement.

### **Partnerships with Economic Development**

Partnerships with economic development agencies have become key strategies for many business-oriented Local Areas. A majority of innovative business sites have substantial partnerships with economic development organizations, although the strength of these partnerships varies greatly. In general, Local Areas can benefit from partnerships with economic development agencies in numerous ways. For example,

economic development partners can help Local Areas assess business trends and stay abreast of emerging and high-growth industries to prepare job seekers for careers that have growth potential. Economic development agencies can also assist Local Areas in attracting, retaining and expanding businesses.

At their most basic level, partnerships between workforce development and economic development agencies bundle services provided by the two entities into a combined toolkit for businesses who are considering relocating to the area. Some Local Areas and economic development agencies also jointly fund studies to assess the availability and level of preparedness of the local or regional workforce. In some cases effective collaboration with economic development partners is not so much a sign of deep partnership linkages, but the result of an alignment of goals and interests in Local Areas that see economic development and business expansion as inextricably linked to workforce development efforts.

Not all innovative business sites have had success in developing strong partnerships with their economic development counterparts. Among the innovative business sites, there are a few reported incidents where inter-agency competition and turf issues have emerged between economic development and workforce development agencies.

### **Sectoral Partnerships and/or Customized Training**

In recent years, sectoral initiatives have emerged as a promising strategy to allow communities—despite diminished public funding—to impact economic and workforce development by focusing some of their resources on targeted sectors or industry clusters with certain desirable characteristics. For Local Areas, sectoral initiatives are attractive because they allow workforce development to be an influential actor in emerging and high-growth industries. Sectoral initiatives include a range of strategies such as business attraction, worker retraining, and conducting labor market research, among others. Five of the nine innovative business sites have developed or participated in sectoral initiatives, and one site is currently considering whether it should do so. In many of these sites, the sectoral initiatives are still relatively new and are under development.

Most of the sectoral initiatives are designed to improve workforce preparation for a specific industry sector and to stay abreast of industry trends and workforce development needs of high-growth industries. In some cases the WIB or its staff are

the initiators, while in others the WIB joined existing efforts to help support workforce development needs. In addition to meeting internal industry needs, sectoral initiatives—especially in sectors that affect all other industries—can also have a significant impact on the overall health of the business climate. For example, in Arapahoe-Douglas, WIB members and other leaders were growing increasingly concerned about the impact of the nursing shortage on other local businesses.

## **BUSINESS SERVICES**

With the passage of the Workforce Investment Act in 1998, the shift to a greater emphasis on providing services to businesses received a boost. Indeed, the nine innovative business Local Areas visited for this study have devoted considerable time and resources to the development of successful business services programs.

### **Development of Business Services**

A number of factors pushed these nine Local Areas to develop their business services programs, including a sense that the established ways of providing services were not working, the passage of WIA, changes at the State level, and the implementation of welfare reform.

Once Local Areas had made the decision to develop business services programs, and had garnered support from States and local Boards to do so, they typically faced a number of challenges to making those programs successful. One of the biggest challenges was the need to build credibility with businesses. Business services staff also had to show that they were responsive and innovative—completely unlike the stereotype most businesses have of bureaucratic government workers. Finally, Local Areas had to try to coordinate the delivery of business services between One-Stop partners, particularly WIA-funded providers and the Employment Service.

### **Approach to Serving Businesses**

The innovative business Local Areas typically utilize a number of key principles to overcome the challenges to providing successful business services programs. These principles include shifting the primary focus of the workforce system from job seekers to employers, focusing on building strong relationships with businesses, providing services in a customized and individualized way, and viewing service delivery as a process that occurs in phases.

In addition to utilizing these key principles, most of the innovative business Local Areas also target certain groups of businesses for services. The most common group of employers targeted were small businesses. Several Local Areas also targeted or were planning to target high growth industries and nearly half also targeted businesses offering better-paying jobs or good career ladders for workers. In some of these Local Areas, non-target businesses can access the full set of services, while in others, non-targeted businesses are only able to utilize business services that are available on a self service basis.

### **Description of Business Services**

Nearly all Local Areas we visited for the study—both innovative business and comparison sites—offer the same core set of business services that typically include labor exchange services, rapid response/downsizing assistance, job fairs, job seeker assessment, labor market information, space for interviewing and information on tax credits. Although both groups of Local Areas generally offer the same types of services, innovative business Local Areas focus on improving and customizing these basic services to more closely match individual business needs.

Because of the central role of labor exchange services in business services, most innovative business sites have attempted to improve their labor exchange services. They realize that unless they can perform these services well, businesses will not return for additional services. To do this, Local Areas have either worked with their State's Employment Service to improve the State-wide matching process and system, or they have purchased or created their own separate systems.

In addition to the standard business services, a few sites—mostly innovative business Local Areas—provide other less common services such as customized skill assessments, background or credential checks, follow-up and retention services, on-site job analysis and specialized human resource services. Many of these services are available only on a fee-for-service basis.

Most innovative Local Areas also provide businesses with access to training services. Although nearly all sites provide some on-the-job-training, it is used frequently in only two sites. Customized training, particularly for incumbent workers, is also available from most sites, but is seldom provided. When Local Areas do fund or provide incumbent worker training, most said they use Governor's set-aside funds or

other State funding rather than local WIA formula funds because they fear incumbent workers will cause them to miss the WIA earnings change goals.

### **How Business Services are Provided**

Providing effective business services involves a number of related activities that must be carried out successfully. These activities include coordinating service delivery among One-Stop partners, setting up organizational structures to staff and deliver services, selecting and training staff, determining how businesses will access services, and funding, marketing, tracking and evaluating services.

Because more than a single One-Stop partner typically provides business services, coordination between different programs is critical to their success. In many Local Areas, although business services are provided out of One-Stop centers, business services staff from different One-Stop partners are not integrated and coordination is often described as a challenge. However, some of the innovative business sites have surmounted this challenge more successfully than others. Consequently, coordination between the main providers of business services—WIA and the Employment Service—varies greatly from one Local Area or One-Stop center to another. Services are more likely to be better integrated where staff are co-located and Employment Service funding or staffing is controlled by Local Areas.

To implement their WIA-funded business services programs, Local Areas use several different organizational models. One model involves having all business services provided by WIA contractors or One-Stop operators. Another Local Area uses an alternative model by selecting different specialized business services contractors for each county, choosing only entities with a deep history of working with businesses, such as local Chambers of Commerce and economic development agencies. By contrast, several Local Areas use a dual structure with both a centralized business services unit operated directly by the WIA administrative entity out of its administrative offices and independent business services units located at each One-Stop center operated by individual One-Stop operators or WIA contractors.

Most innovative business Local Areas have dedicated business services staff who provide services only to businesses. Several of these sites focus on hiring staff who already have private-sector experience, preferably in the human resources field. Northwest Wisconsin, by contrast, has made a conscious decision to provide business services with existing staff, and relies heavily on technology to assist business staff.

Most contact with businesses is over the phone. In addition, business services staff also commonly interact with business customers via e-mail or through in-person meetings, typically at the customer's place of business. Relatively few business services are available on-line, and many of these are services provided through State web pages.

Typically business services are provided at One-Stop Centers. Only one of the 18 Local Areas we visited—and none of the innovative business sites—has a stand alone business center. Indeed, only two other sites have even designated business spaces in their One-Stop centers. A number of Local Areas attributed their decision not to have a stand-alone business center to the importance of maintaining integrated job seeker and business services programs. Indeed, the close proximity of the two programs sometimes causes an important spillover effect from business services to job seeker services. A number of staff also said that they do not think it is worth investing significant funds in building a business center when businesses typically access services over the phone.

Most funding for business services—primarily used to pay for staff—comes from either WIA or Wagner-Peyser sources, which most respondents found insufficient to meet the demand for business services. Because of the integration of programs and funding, most Local Areas combined their business and job seeker services budgets. Despite the fact that fee-for-service business services could provide increased resources for business services, only five of 18 local areas (three innovative business and two comparison sites) reported charging fees other than the cost-sharing for on-the-job or customized training mandated by law. And even among these five Local Areas, none reported generating more than a few thousand dollars in revenue.

Because of the relatively small number of businesses that have heard of public workforce development services, a majority of innovative business Local Areas emphasize marketing. While nearly every Local Area noted that word-of-mouth is the most effective form of marketing, other common and effective marketing methods involve phone calls, meetings, networking or presentations. Because such direct people-to-people marketing approaches are extremely staff-intensive, most sites also market business services through the media. An important part of all of these marketing programs is the creation of marketing materials, which typically include

brochures, packets, and flyers. One critical issue raised by some of the innovative business sites is the importance of branding to a successful marketing campaign.

Tracking and evaluating business services are important ways innovative business sites ensure high-quality, well-coordinated services. Consequently, most Local Areas have a system for tracking business contacts and services to prevent duplication of efforts. In addition, all nine innovative business sites evaluate the quality of their services and how well they are meeting business needs. The most common evaluation method is to ask for immediate feedback from business customers, although more formal assessments such as surveys are also used. These assessments are conducted in addition to the mandatory WIA business customer satisfaction survey, because respondents assert that the WIA survey does not provide them with the information they need to make program improvements.

#### **Impact of businesses Services**

Business-services programs in the nine innovative Local Areas have had a strong impact on local businesses, job-seeker programs and on local WIA performance. For example, several business customers reported that One-Stop business services have substantially reduced both employee turnover and the amount of time their staff spend on hiring. In addition, Local Area staff also said that business-services programs sometimes have a strong effect on job-seeker services by persuading job-seeker staff to use increased care in matching job seekers with jobs and focus more on soft skills and work readiness skills. Finally, even though their success in meeting the WIA performance measures cannot be directly tied to business services, most of the innovative business sites asserted that there is a direct connection between business services and improved performance on the WIA measures. They attributed this impact to the close relationships they have developed with businesses.

#### **CONCLUSION**

Until recently, the publicly funded workforce development system has had only limited involvement with businesses. Workforce development programs operated under the auspices of JTPA or the Wagner-Peyser Act focused the majority of their efforts on helping unemployed and underemployed workers to undergo training and find employment. As a result of this heavy job seeker emphasis, businesses tended not to be very involved with the publicly funded workforce development system.

Spurred on by a desire to be more effective in meeting the employment-related needs of both job seekers and businesses, typically beginning with the passage of WIA, the innovative business Local Areas we visited for this study began to try to correct the imbalance between businesses and job seekers in the publicly funded workforce development system. Consequently, businesses have become an important focus in all nine innovative business sites, with the majority making business their primary customer.

These sites do this by trying to involve businesses in all aspects of their operations; on WIBs, in partnerships and through use of business services. To ensure that that this involvement is successful, the innovative business sites typically rely on a number of key practices, each of which is described below.

The nine innovative business sites pay particular attention to the following effective practices to recruit and retain active and able business members on their WIBs:

- **Provide a strong role for key staff in the WIB member recruitment and selection process.** This increases the overall effectiveness of the WIB by reducing the effect of electoral politics and allowing the board to develop a coherent vision and mission.
- **Utilize multiple selection criteria for new business WIB members.** Strong, effective WIBs appear to rely on a combination of the several statutory and non-statutory criteria in selecting business members who are able to effectively participate in WIB activities. These included recruiting members who: hold high positions in their organizations; are from all counties in the Local Area; and have a strong interest in workforce development and a desire to contribute to the economic health of the community.
- **Ensure effective use of business WIB member time.** Typically innovative sites do this by holding short, but effective breakfast meetings with tight agendas. More detailed work is confined to committees or performed by staff.
- **Choose a few priority WIA Title I issues for business WIB members to tackle.** Staff in the innovative business sites sharply refine Board agendas to focus on a few key WIA issues that are of greatest interest to business members and can be handled in a short period of time.
- **Engage in strategic planning regarding broad workforce development issues.** The most engaged business WIB members have

very strong interest in strategic workforce planning, especially those elements that have potential impact on the entire community, such as workforce preparation in K-12 education.

Business-related partnerships are another critical means of involving businesses in the publicly funded workforce development system. Some of the key elements in forging successful business partnerships are:

- **Use mutual appointments to boards of partner organizations as a starting point.** Such mutual appointments are often used by innovative sites to improve trust, reduce turf issues, and help define a common vision among potential partners.
- **Exert strong and visionary leadership.** Strong visionary leadership by the WIB director and WIB staff has often been instrumental in showing business partners that the workforce development system has become more business-oriented.
- **Conduct joint strategic planning activities.** Successful partnerships among the innovative business sites often conduct joint strategic planning sessions, sometimes based on jointly funded labor market and economic development research.
- **Participate in the development of sectoral initiatives where the needs of economic development and workforce development intersect.** Sectoral initiatives are attractive because they allow workforce development to be an influential actor in emerging and high-growth industries and allow sites to address pressing economic and workforce development problems.
- **Know your partners' needs and find your niche to help meet them.** Understanding the needs of their partners has helped the innovative sites determine the best role for them to play for the mutual benefit of all partners.

Persuading businesses to make use of business services is also critical to the success of the workforce development system. Consequently, the nine innovative business sites rely on a mix of the following practices to provide high-quality business services:

- **Focus on building and maintaining credibility among businesses.** Typically, sites do this by first providing businesses with successful “gateway” services that demonstrate their ability to deliver on what they promise. They also uphold very high quality standards and constantly evaluate their services.

- **Use dedicated account representatives to provide business services.** By using single point-of-contact account representatives who work only with businesses, effective business services programs allow staff to develop in-depth knowledge of their customers and increase accountability.
- **Focus on developing strong, long-lasting relationships with businesses.** Most innovative sites try to ensure that interactions with businesses are not one-time events, but rather mature into long-lasting relationships, with businesses viewing Local Area services as a partner in meeting recruitment and hiring needs.
- **Develop an understanding of individual business needs and provide services to meet those specific needs.** Business customers do not want “off-the-shelf” services; they are only interested in services that meet their specific challenges. To provide such customized services, business staff must first develop a clear understanding of the needs of each individual business customer.
- **Target key groups of businesses for services.** Because resources for providing business services are limited, most innovative sites target key groups of businesses for more intensive services. These target groups often include small businesses, businesses that offer high wages and good career ladders and businesses in high-growth industries.
- **Make sure labor exchange services are effective.** Labor exchange services are the most common services provided to businesses. Unless these services are performed successfully, businesses will not return for additional services. Consequently, most sites have focused on making sure their job matching systems more effective.
- **Ensure good coordination between different entities providing business services.** Because multiple entities within Local Areas often provide business services, coordination between all service providers is critical to maintaining program quality. For this reason, the most effective sites ensure that each program or unit has clear roles and duties in providing services and are in regular communication with each other.
- **Make sure that business services and job seeker programs are integrated.** Most successful Local Areas ensure that job seeker and business services programs work in close coordination with each other to ensure that job seekers are meeting the needs of businesses. For this reason, nearly all business services are provided out of One-Stop centers rather than stand-alone business centers.

- **Ensure that staff have a “whatever it takes” attitude.** Responsive, creative staff who are willing to go the extra mile for employers are critical to effective business services. To ensure that staff have these characteristics, the innovative sites either hire staff with private sector experience or purchase technology to assist staff.

In addition to these key practices used by the innovative sites to promote business involvement with the WIB, partnerships and services, there are two additional strategies they use to ensure that business involvement is successful overall:

- **Make business the Local Area’s primary customer.** By making business the primary customer, the innovative sites ensure that business involvement in all aspects of their operations is the Local Area’s number one priority and thus more likely to succeed.
- **Rely on strong, charismatic staff leadership.** Strong, charismatic Local Area staff—often the executive director—in a number of the innovative sites play a critical role in ensuring the success of more intensive business involvement in Local Area activities.

#### **Suggested Changes to Support Business Involvement**

To assist the innovative business sites in continuing to be successful and to help the rest of the workforce system make the transition to a business focus, Local Area respondents suggested the following changes to WIA and related workforce development programs:

- **Adjust the WIA performance measures.** Nearly all innovative business sites argued for changes to be made in the WIA performance measures.
  - **Create measures directly tied to the provision of business services.** Most Local Areas commented that if business services are to be a major priority of the workforce development system, there is a need for performance measures directly related to those services. Moreover, nearly all Local Areas said that the business customer satisfaction measure is an ineffective measure.
  - **Adjust the WIA adult earnings change measure to allow for more incumbent worker training.** Nearly every innovative business site said they would like to fund and provide more incumbent worker training. However, they said they were unwilling to use significant amounts of WIA funding to provide incumbent worker training because this might cause them to miss their earnings change performance goal.

- **Provide additional funding for business services.** A number of Local Areas asserted that they do not receive sufficient funding to meet the demand for business services. Some of these Local Areas wanted to see overall increases in their WIA formula dollars, while others wanted to see the creation of a stream of funding specifically earmarked for business services. One Local Area also suggested the creation of a competitive pool of seed money to support the development of innovative business services or business involvement practices.
- **Provide assistance with marketing and developing services.** Several Local Areas also argued for more assistance from the Department of Labor related to marketing One-Stop business services. They also asserted that more guidance and technical assistance on successful strategies and methods would be important in aiding other Local Areas to develop successful business involvement.

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## I. INTRODUCTION

In the summer of 1999, the U.S. Department of Labor (DOL) awarded Social Policy Research Associates (SPR) a contract for the national *Evaluation of the Implementation of the Workforce Investment Act (WIA)*, a study comprised of three phases. The first two phases of this study were concerned primarily with understanding broad issues regarding WIA implementation, such as understanding the transition from the Job Training Partnership Act (JTPA) to WIA, partnership building, and service design and delivery. To carry out these first two phases of the study, SPR and its subcontractor, TATC Consulting conducted site visits to 14 States and 23 local workforce investment areas (Local Areas). SPR also tracked data on States' and Local Areas' progress towards implementing the required WIA elements, and analyzed client level data to understand the extent to which client characteristics and services changed during WIA implementation. A total of 18 reports and papers were produced from the first two phases of study (See Appendix B for a complete list of the reports and papers prepared under this project).

This last phase of the study focuses on two topics of interest to DOL: (1) engaging business in strategic planning and services, and (2) services to special populations, within the One-Stop context. This report focuses on the first of these topics. There are also three other reports dealing with services to special populations, including homeless individuals, migrant and seasonal farmworkers, and individuals with limited-English proficiency.

### BACKGROUND

The publicly-funded workforce development system has always had some interaction with businesses. For example, the Wagner-Peyser Act, first passed in 1933, authorized "appropriate recruitment services and special technical services for employers"

*During the 1990s, a new paradigm began to emerge that brought the workforce system much closer to businesses.*

in the labor exchange, and had Employer Advisory Committees in many locations. JTPA, the precursor to WIA, gave businesses a role in developing training programs and required a business majority on local workforce development policy-making boards, the Private Industry Councils. Nevertheless, the involvement of businesses with these programs was largely an afterthought designed to support the goal of helping job seekers find good jobs.

However, during the 1990s, a new paradigm began to emerge that brought the workforce system much closer to businesses. There were several important factors in this movement. First, during the 1990s there was a widespread recognition that all public programs needed to be conducted in a more businesslike manner, with greater emphasis on results and efficiency. This resulted in a greater emphasis on accountability based on objective performance among government agencies.

Second, important changes were brewing in the evolution of the workforce development system itself. The most notable trend was the movement to create One-Stop centers to deliver more coordinated workforce services. If it made sense for programs to collaborate internally, the logic for better relationships with employers whose hiring provides the basis for successful job-seeker outcomes was at least as compelling.

Finally, major changes in the labor markets and public policy created practical opportunities for strengthening the relationship between business and the public workforce development system. Most important, steadily tightening labor markets from the mid-1990s made the publicly-funded system an attractive partner for an increasing number of employers who were having difficulty finding workers with the requisite skills. Another factor was the implementation of welfare reform legislation. The new Temporary Assistance for Needy Families (TANF) program, which was sometimes located in One-Stop centers, emphasized immediate employment for welfare

*Steadily tightening labor markets from the mid-1990s made the publicly-funded system an attractive partner for an increasing number of employers who were having difficulty finding workers with the requisite skills.*

recipients, thus placing a great premium on developing good relations with employers willing to hire these generally less skilled workers. TANF and companion Welfare-to-Work grants also provided specific funds to develop business services programs.

The passage of WIA in 1998 both reflected the increasing importance of business relationships with the workforce system and accelerated the trend. The Act maintained JTPA's business majority on local workforce development policy boards, renamed Workforce Investment Boards (WIBs), thus upholding the recognition that business had an essential role to play in guiding and overseeing the operation of the workforce development system.

More importantly, the legislation also included several provisions explicitly requiring States and Local Areas to provide services to businesses. These sections included:

- Section 117(d)(8) calling for Local WIBs to provide services to “ensure the effective provision, through the system, of connecting, brokering, and coaching activities, through intermediaries such as the One-Stop operator in the local area or through other organizations, to assist employers in meeting hiring needs.”
- Section 134(e)(1)(B) giving local WIBs the ability to provide “customized employment-related services to employers on a fee-for-service basis.”
- Section 134(a)(3)(A)(iv)(I) authorizing the use of state-reserve funds for “innovative incumbent worker training programs, which may include the establishment and implementation of an employer loan program to assist in skills upgrading.”

WIA also devolved more decision-making about service design to States and Local Areas, allowing them greater latitude to customize services. This helped create an innovative local climate, which was more conducive to the kind of experimentation required for more extensive involvement with

*The passage of WIA in 1998 both reflected the increasing importance of business relationships with the workforce system and accelerated the trend.*

*WIA also devolved more decision-making about service design to States and Local Areas, allowing them greater latitude to customize services. This helped create an innovative local climate, which was more conducive to the kind of experimentation required for more extensive involvement with businesses.*

businesses and successful business services programs. The explicit authorization under WIA to charge fees for business services also provided Local Areas with the opportunity to earn additional revenue to support the development and provision of these innovative activities.

Taking advantage of the historical trends and legislatively-authorized opportunities described above, a number of Local Areas throughout the country began to involve businesses much more extensively in the publicly funded workforce development system. According to Local Area staff, one of the main reasons for this shift stemmed from a concern that the old ways of providing workforce development services would be insufficient in an era of rising performance expectations and limited funding allocations. Because of the critical role businesses play in providing employment for job seekers—the primary means by which WIA assesses the performance of Local Areas—these local managers thought that focusing on businesses in governance and service delivery would make it easier to place job seekers in high-wage jobs and therefore achieve better performance. Under the most optimistic vision, extensive business involvement in WIA governance and workforce development partnerships and effective business services would generate a “virtuous cycle” of better performance and new jobs.

#### **VARIETIES OF BUSINESS INVOLVEMENT**

Local Area involvement with businesses generally occurs in one of three ways: through business involvement with the local WIB; via partnerships with local Chambers of Commerce, economic development or sectoral initiatives; and through business use of services. One of the most visible ways in which businesses are involved with Local Areas is through membership on local WIBs. By serving on a WIB, employers participate in the delivery of policy guidance and oversight to the local workforce investment system. Business members’ high levels of managerial experience and intimate knowledge of local labor

*One of the most visible ways in which businesses are involved with Local Areas is through membership on local WIBs.*

markets provide important assistance to the Local Area in carrying out local workforce development planning. A detailed description of how Local Areas successfully involve businesses on WIBs and the impact of that involvement is provided in Chapter II.

Sector-based partnerships and partnerships with local Chambers of Commerce and economic development agencies are another means of involving businesses in the workforce development system. For example, businesses often play a key role in partnerships formed to mobilize WIA and other resources to deal with major workforce issues in specific sectors of the local economy such as health care. In a number of Local Areas, employers in this sector partner with workforce development agencies, community colleges and other training providers to address the acute labor shortages that exist in many communities. Additionally, many Local Areas collaborate with economic development agencies and Chambers of Commerce to reach out to local businesses and assist with economic development efforts. We examine these types of partnerships in Chapter III.

Providing businesses with services is a third means of involving businesses in local workforce development systems. Although these services take different forms, most focus on finding better ways to help employers meet their hiring needs. For example, nearly all Local Areas assist businesses with recruiting qualified workers and matching them to available positions. These basic recruiting and matching services often serve as a “gateway” to additional workforce development services. In the most innovative Local Areas, these services are highly customized to meet the individual needs of specific employers. A few Local Areas also provide other specialized types of services such as retention assistance, human resources gap analysis and creation of human resource policy manuals, many of which are fee-based. While in some Local Areas, these business services are provided by staff who also work with job

*Businesses often play a key role in partnerships formed to mobilize WIA and other resources to deal with major workforce issues in specific sectors of the local economy such as health care.*

*Basic recruiting and matching services often serve as a “gateway” to additional workforce development services. In the most innovative Local Areas, these services are highly customized to meet the individual needs of specific employers.*

seekers, others have specialized business services programs in which dedicated staff serve employers. More detailed information about business services is provided in Chapter IV.

### **CHALLENGES IN DEVELOPING BUSINESS INVOLVEMENT**

An emphasis on business involvement is not without its challenges. One challenge relates to the involvement of businesses on local WIBs. Because business WIB members serve as volunteers and are typically very busy running their own companies, some Local Areas have difficulty getting businesses to participate. In addition, time constraints often do not allow business WIB members to develop a detailed understanding of Local Area operations. However, a number of Local Areas have developed innovative ways to ensure successful and substantive business participation on Local WIBs. These challenges and innovations are discussed in Chapter II.

Developing business oriented partnerships has not been without challenges either. Most Local Areas cover several Chambers of Commerce and economic development entities and staff indicate that they cannot always develop substantive partnerships with all of them. Such challenges and ways in which the study sites have addressed them are discussed in Chapter III.

The development of business services programs also typically involves a number of challenges. One challenge is building and maintaining a reputation among businesses for providing quality, value-added services. Another challenge is coordinating the business services provided by separate One-Stop partners, particularly WIA providers and the Employment Service. If services provided by these programs are not coordinated, businesses may receive duplicate calls and services and poor quality services provided by one program will affect the reputation of the others. The need to develop and provide high quality services with limited staff and funding is another major

*Because business WIB members serve as volunteers and are typically very busy running their own companies, some Local Areas have difficulty getting businesses to participate.*

challenge faced by Local Areas. Each of these business services challenges is examined in Chapter IV.

#### **METHODOLOGY AND DATA COLLECTION**

To investigate the issues and challenges related to extensive business involvement, between December 2003 and February 2004 SPR and TATC staff visited nine Local Areas that had adopted innovative approaches to business services and business involvement. Each of these site visits entailed a comprehensive set of interviews with Local Area administrative officials, One-Stop managers, front-line staff involved in providing business services, business WIB members, One-Stop partners who provide business services, local Chamber of Commerce and economic development agency officials, and employers who used business services. In preparation for these day-and-a-half visits, SPR prepared a research protocol that enabled site visitors to gather consistent information across all the sites. After each site visit, the site visitor prepared a comprehensive summary of findings from the site. These internal site visit reports then served as the basis for the cross-site analysis of specific issues that underlie this report.

*One challenge is building and maintaining a reputation among businesses for providing quality, value-added services.*

The innovative business sites visited for this report were selected through a national nomination and screening process. We sought nominations from DOL National and Regional Office staff, DOL's Business Relations Group, major national business organizations (U.S. Chamber of Commerce, National Association of Manufacturers), and public-interest groups that focus on workforce development (National Association of Workforce Boards, National Association of Counties, National League of Cities, National Governor's Association, U.S. Conference of Mayors). We received a total of 35 unduplicated nominations. SPR staff next developed a screening protocol to verify that the nominated Local Areas actually had innovative practices. Using the protocol, staff then attempted to conduct a telephone screening with the executive directors of the local WIA

administrative entity in each of the nominated sites. Screening information was successfully collected from 19 sites. To ensure they were broadly representative, the final nine Local Areas were selected based on the following factors:

- Geographic diversity
  - At least one—but no more than two—Local Areas should be selected in each DOL region. The only exception was Region II, where no nominations were received.
  - No more than one Local Area should be selected in each state.
- Local Area type. The final sample should provide a mix of urban, suburban and rural Local Areas.
- Types of business services. The sample should present a full range of possible business services or service strategies.

Exhibit I-1 displays the nine innovative business Local Areas that were selected and visited for this report.

**Exhibit I-1**  
**Innovative-Business Practice Sites**

<b>Local Areas Visited</b>	<b>Name Used in the Report</b>
Arapahoe-Douglas Works Colorado	Arapahoe-Douglas
Capital Area Michigan Works	Capital Area Michigan Works
Dallas, Texas WorkSource	Dallas
Eastern Kentucky Concentrated Employment Program	Eastern Kentucky
Northwest Georgia Coosa Valley Regional Development Center	Northwest Georgia
Northwest Wisconsin Concentrated Employment Program	Northwest Wisconsin
Pacific Mountain Workforce Consortium—Grays Harbor WorkSource	Pacific Mountain—Gray’s Harbor
San Diego Workforce Partnership	San Diego
Southwest Connecticut, The WorkPlace Inc.	Southwest Connecticut

In addition to the innovative business sites, the report benefits from an abbreviated data collection process on business issues at nine other sites. These sites were visited during the same time period for the companion reports on innovative services provided by One-Stop centers to job seekers who are homeless, limited English proficient, or migrant and seasonal farm workers. Since none of these Local Areas were nominated for having innovative or notable business practices, they provide a comparative perspective about how more typical Local Areas work with businesses. Hence, we term them “comparison sites” or “comparison Local Areas.” For each of these comparison Local Areas, the site visitor spent approximately one-half day using a reduced business protocol to interview local WIB staff and staff who provide services to businesses. Exhibit I-2 displays the comparison sites and Exhibit I-3 shows a map of both innovative business and comparison sites.

**Exhibit I-2**  
**Comparison Sites**

<b>Local Areas Visited</b>	<b>Name Used in the Report</b>
Pima County, Arizona	Pima County
Santa Cruz County, Arizona	Santa Cruz County
Portland, Oregon Worksystems, Inc.	Worksystems-Portland
Chicago, Illinois	Chicago
North Central Wisconsin	North Central Wisconsin
Lower Rio Grande, Texas	Lower Rio Grande
Adams County, Colorado	Adams County
Coastal Counties, Maine	Coastal Counties
Bay Consortium, Virginia	Bay Consortium

Brief background descriptions of the innovative and comparison sites are located in Appendix A.

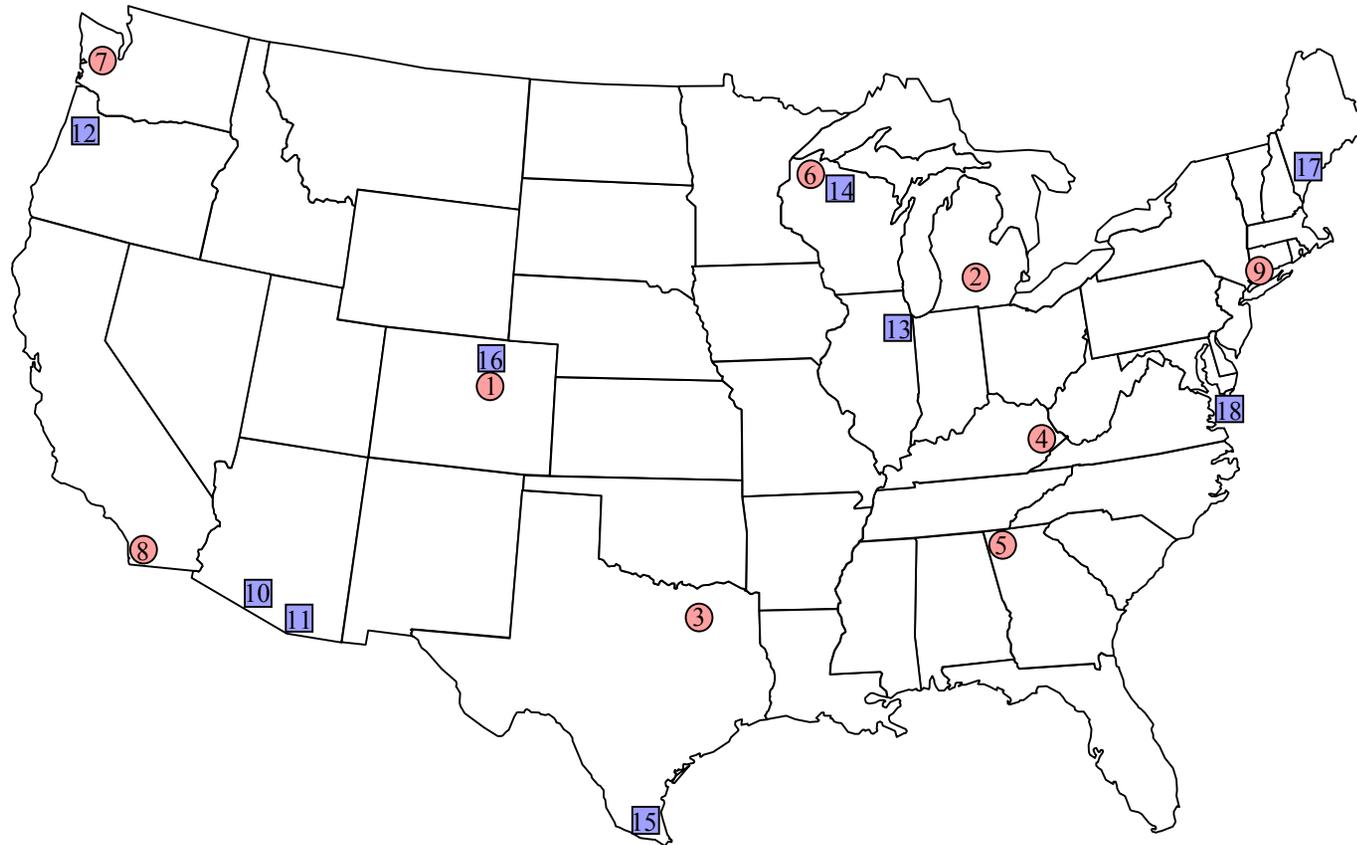
#### **PLAN FOR THE REPORT**

The chapters that follow examine the issues related to business involvement with workforce development based on our visits to these 18 Local Areas. Chapter II discusses the role of

business role on the local Workforce Investment Board, beginning with how Local Areas facilitate successful business participation. The chapter then describes the impact of this participation. The report then moves on in Chapter III to discuss Local Area partnerships with business organizations like Chambers of Commerce and economic development agencies. This section also includes an analysis of how several Local Areas forged partnerships with employers, educators, and others to resolve major workforce challenges in key sectors of the local economy, such as health care. Chapter IV examines the types of services that the local areas provide to businesses. It also describes how and where services are provided, with descriptions of organizational structures, staffing, funding, marketing, and evaluation. The report concludes with a chapter summarizing the key findings of each section of the report and presenting a number of suggestions made by Local Area respondents for how DOL can support business involvement with workforce development around the country.

# Exhibit I-3

## Map of Innovative Business and Comparison Sites



- **Innovative Business Sites**
- 1. Arapahoe-Douglas
- 2. Capital Area Michigan
- 3. Dallas
- 4. Eastern Kentucky
- 5. Northwest Georgia
- 6. Northwest Wisconsin
- 7. Pacific Mountain - Gray's Harbor
- 8. San Diego
- 9. Southwest Connecticut

- **Comparison Sites**
- 10. Pima County
- 11. Santa Cruz County
- 12. Worksystems - Portland
- 13. Chicago
- 14. North Central Wisconsin
- 15. Lower Rio Grande
- 16. Adams County
- 17. Coastal Counties
- 18. Bay Consortium

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## **II. BUSINESS INVOLVEMENT WITH THE WORKFORCE INVESTMENT BOARD**

The WIA statute, like its JTPA predecessor, provides for a governing Board with a majority of business members to provide strategic direction and policy oversight to the federally funded workforce development system. However, WIA expands the role of the governance board by charging Workforce Investment Boards (WIBs) with negotiating performance levels, coordinating with economic development, creating linkages with employers, and brokering services to meet employer hiring needs. Additionally, since WIA and the One-Stop system authorize services to employers, business members of the WIB have become an essential conduit for understanding business needs and translating those needs into practical services.

In our nine innovative business sites, the WIB and its business members reflected the statutory intent of WIA and played a role in oversight and the emerging emphasis on business as the workforce development system's primary customer. They also played a role in longer-range workforce planning that embraced a larger set of issues affecting the local labor market and the overall economic health of the local community. Thus, in this chapter we examine the structure of the WIB and the role that it—and particularly its business members—plays in the publicly-funded workforce development system. The chapter is divided into two major sections. The first section examines how the WIB is constituted, and strategies for appointing, recruiting, and retaining business members. The second section examines the role that business members play in the oversight of WIA Title I and their involvement in strategic planning efforts related to workforce issues that transcend Title I, such as K-12 education. The chapter concludes with a summary of key findings.

**ESTABLISHING THE BUSINESS PRESENCE ON THE  
WORKFORCE INVESTMENT BOARD**

In establishing a business presence on local Workforce Investment Boards, the nine innovative business Local Areas first had to make the transition from the previous structure under JTPA and then appoint new members.

**Transition from JTPA to WIA**

Respondents from at least four of the nine sites—Arapahoe/Douglas, Dallas, Northwest Georgia, Pacific Mountain—felt that the transition to a WIB, in both structure and function, was not very difficult. The fact that the Private Industry Council had a business majority and was already approving the One-Stop operator and other major contracts made the change almost transparent for these sites. From a membership standpoint, several of these Local Areas reported that the WIB retained many of the same members, especially those with a longstanding interest in workforce development. Arapahoe/Douglas perhaps has the greatest continuity of all the business sites in our sample. At the time of the site visit, several of its business members had already served on the JTPA governing board and the WIB for almost 20 years. These members are especially comfortable in working with the Local Area’s executive director, who has headed the workforce development program for over 20 years.

*The fact that the Private Industry Council had a business majority and was already approving the One-Stop operator and other major contracts made the change almost transparent for these sites.*

Even if WIB membership was not as stable as in Arapahoe/Douglas, the transition to WIA in the other sites was not especially jarring. In three other areas the transition was smooth because the same service delivery system remained in place. Only two of the sites—Northwest Wisconsin and San Diego—indicated that the shift away from program operations caused a significant change in the Board role. In Northwest Wisconsin, the Board had some difficulty in shifting from a detailed oversight role on JTPA operations to a more strategic emphasis under WIA. San Diego’s Board also noted a discontinuity in oversight roles because the Local Area began to

contract out One-Stop and Title I operations. Since this shift was accompanied by substantial turnover of Board members, there was no opposition to these changes.

### **Appointing, Recruiting, and Retaining Business Members**

Although the law specifies that business members be appointed by chief elected officials from nominations by business and trade organizations, we found that these requirements were more nominal than actual. Only three sites follow the statutory pattern closely. In those sites, the Chamber of Commerce independently recommends members to the chief elected official with less involvement from the executive director.

*Effective control of the selection process is largely in the hands of the executive director.*

Elsewhere, effective control of the selection process is largely in the hands of the executive director, sometimes individually or in conjunction with Board members. In three Local Areas, staff or current Board members look for suitable candidates. They then make recommendations to the executive director, who interviews and otherwise reviews the candidates. The final step in the process is to send the nominations to the chief elected officials. In two areas, the current Board members or the Board chair work with the executive director in the recruiting. In the two Concentrated Employment Programs in the sample, Northwest Wisconsin and Eastern Kentucky, the executive director works closely with the Program's governing Board to appoint the Workforce Investment Board members. In all these cases, the chief elected officials typically ratify the choices with little or no intervention.<sup>1</sup>

Among our comparison sites, the picture differed considerably. In those sites, the executive director appears to play a much smaller role in selecting business members. In four of the nine sites, Board members themselves played the dominant

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<sup>1</sup> In the two Concentrated Employment Programs, chief elected officials in the constituent counties appoint the governing board members.

role in selection. Chambers played a dominant role in at least two sites, while the executive director had a leading role in only one site.

### **Business Member Background**

WIA explicitly requires WIB business members to come from firms that will provide current employment opportunities. However Local Areas differed in the types of firms—both in size and industrial composition—from which they recruited Board members. Several areas wanted to include larger firms that are typically recruiting at least some new employees to address turnover, even if they do not expand. These firms tend to be influential in setting wage and benefit patterns in their markets. Dallas, San Diego, Capital Area Michigan were fairly successful in getting the largest businesses in their area represented on the Board. Some of the rural areas, which have fewer large businesses altogether, were obviously less concerned with recruiting members from very large firms. However, even these areas, as in Northwest Wisconsin, had some interest in getting the bigger businesses in their area to participate, although they met with limited success.

*Most WIBs have been successful in recruiting owners of small businesses, senior executives of large companies, or key local managers of branch plants or facilities.*

The Boards also had representation from specific industry sectors that were either important to the local economy or represented sectors that suffered from specific labor market problems that the Local Area was interested in addressing. For example, Dallas, San Diego, and Arapahoe/Douglas all were pursuing a health care initiative (see Chapter III), and each was careful to get WIB members from key health care sector employers.

The statute also requires that business members be at a high level in their firms, as owners, chief executives or operating officers, or others with policy-making authority. The Local Areas were attentive to this requirement, and most have been successful in recruiting owners of small businesses, senior executives of large companies, or key local managers of branch

plants or facilities. Several Local Areas noted that their business members were often human resource executives, who naturally had a strong professional interest in workforce development issues. These human resource members were considered to be quite effective, even if they were not necessarily at the highest levels in their firm.

The innovative business sites also have other important criteria for WIB membership besides those in the statute. For example, all of the Local Areas seek broad geographic representation on their Boards, regardless of whether their area is large or particularly diverse economically. However, multi-county, largely rural Local Areas are especially keen on ensuring that all counties have their own local business representation. Capital Area Michigan Works was also interested in getting members who would provide public relations exposure and marketing opportunities.

Several Local Areas opposed any additional federal prescriptions for Board membership in WIA reauthorization. These largely rural areas felt that requiring larger businesses to be members would be difficult to achieve and might come at the expense of Board members who were truly interested in serving. In multi-county consortia, such requirements would likely reduce geographic balance, which is essential to maintaining the confidence of outlying counties.

#### **Motivation to Participate on the Workforce Investment Board**

Nearly all respondents—both staff and Board members—uniformly expressed the view that business owners or managers who join the WIB are motivated by a community spirit. They all want to improve the efficiency of the labor market or to help workers or businesses for the benefit of the entire community. They do not usually make a direct connection between their WIB service and a benefit to their firm. However, in some cases this altruistic motive is intimately bound up with general or sectoral

*Nearly all respondents—both staff and Board members—uniformly expressed the view that business owners or managers who join the Workforce Investment Board are motivated by a community spirit.*

business prosperity. For example, a WIB member from Northwest Wisconsin justified her participation on the Board on the grounds that her business “can’t prosper unless the overall economy is doing well.”

Board-member respondents also believe that the WIB in these innovative sites is effective and a place where they can accomplish their goals. Eastern Kentucky’s Board is especially notable in that regard because it includes important state and national political leaders (the majority leader in the state House of Representatives and a state Senator) and a statewide administrative leader (the Employment Service commissioner). The presence of such high-level political and administrative leaders undoubtedly facilitates the accomplishment of business member goals.

More direct benefits may motivate some Board members. For example, some members become active on the Board because they recognize that some labor market issues affecting their industry—health care is the most common example— cannot be solved at the firm level (too small a unit) or through trade associations (competitive pressure). At least five sites established specific sectoral initiatives in health care and in other key industries (see Chapter III for a full discussion of these initiatives), and executives from those industries agreed to serve on the Board because they perceived a direct benefit to their organizations and the health of their industry by doing so.

Motives often shade into narrower concerns. Most of the sites acknowledged that many WIB members join to take advantage of networking opportunities with other business owners to improve their own business or professional prospects. Even, networking on the WIB, however, had more altruistic implications. For example several business sites indicated that the Board provided an opportunity for people interested in civic affairs and workforce development and education to meet with other, like-minded community leaders. For example, business

*A Workforce Investment Board member from Northwest Wisconsin justified her participation on the WIB on the grounds that her business “can’t prosper unless the overall economy is doing well.”*

*Many Workforce Investment Board members join to take advantage of networking opportunities with other business owners to improve their own business or professional prospects.*

leaders who served on the WIB in Arapahoe/Douglas and Southwest Connecticut served on other Boards of non-profit agencies, and thus they created a veritable web of ties among community groups that furthered overall civic goals. Northwest Georgia also had a dense network of connections, although business members were less prominent than non-profit members. It also seems likely that in Eastern Kentucky, the presence of high level political and administrative leaders, as noted above, has increased the advantages of networking among Board members.

### **Retention of Workforce Investment Board Members**

Longevity on a WIB provides a measure of consistency and enables the Board to function more effectively as members build up expertise in the technically demanding workforce development field. This is especially important for business members. If they are succeeded by a member from another firm, Local Area staff have to train the new business member from scratch. In contrast, when a member representing a One-Stop partner leaves, the successor may be familiar with One-Stop operations and may have even have ongoing contact with the WIA program. Further, good retention reduces the cost of training new Board members.

The innovative business sites showed a stronger ability to retain their business Board members than the comparison sites. Respondents in four of the nine sites characterized the retention of WIB members as good, while only two of the nine comparison sites could make a similar claim.<sup>2</sup> Some Local Areas, such as Arapahoe/Douglas, where some members have served for almost 20 years, attributed their good retention to civic interests. By contrast, others like Capital Area Michigan Works, felt that the business-like atmosphere of WIB meetings was a welcome change

*Longevity on a WIB provides a measure of consistency and enables the Board to function more effectively since members build up expertise.*

*Workforce Investment Board members—especially business members—have very limited time to attend meetings*

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<sup>2</sup> There are two caveats in the data collected. First, we did not define what constituted good retention. Thus, respondents' characterizations of good retention may vary. Second, we did not collect information about retention from all sites.

for business people who had little patience with the often dilatory atmosphere of public advisory bodies.

All the Local Areas are concerned that WIB members—especially business members—have very limited time to attend meetings. Thus, it is a significant challenge to maintain business influence over policy, oversight, and strategic direction while not requiring time commitments that would deter high level members from joining or staying on the Board. Overall, both the innovative and comparison sites resolve this challenge by limiting time commitments. Thus, Boards do not meet very frequently, nor do they meet for long periods. For example, four of the WIBs meet monthly (although two reduce frequency when attendance may be poor, such as the end of the calendar year or during the summer-vacation period), two meet bi-monthly while two others meet quarterly.<sup>3</sup> Meetings are also relatively short. For instance, sites with monthly and bi-monthly meetings experimented with frequency and timing and found that short, breakfast meetings of an hour or less are best, allowing business and other members to conduct WIB business and still get in a full day of their regular work. Of the sites that reported information on both meeting duration and frequency, no WIB required more than 12 hours of time from any of its members during a year at regular Board meetings.

Establishing a central location for the meetings, setting good agendas, and providing good food were also used to promote attendance at meetings to help retain business members. However, respondents asserted that the most important factor in good participation is strong interest and commitment by individual members. Ultimately, as a respondent in San Diego pointed out, retention and good attendance tend to improve over time because the members with less interest in workforce

*Of the sites that reported information on both meeting duration and frequency, no Workforce Investment Board required more than 12 hours of time from any of its members during a year at regular Board meetings.*

*Retention and good attendance tend to improve over time because the members with less interest in workforce development tend to leave the Board more quickly.*

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<sup>3</sup> Among the special population sites, four meet quarterly.

development tend to leave the Board more quickly than their colleagues.

### **Workforce Investment Board Structure and Internal Operations**

WIA provides for a business majority on the WIB to ensure that policy and oversight are informed by those who are going to hire program participants. This business majority requirement tends to create the problem of large board size, with the attendant difficulty of having effective discussions and making good decisions, because a business member must be added for every non-business member on the board. The average Board size in the innovative-business sites is 38; it is also 38 in the comparison sites.

*At least four of the innovative business sites make special provision that business members are present on these committees.*

Most sites compensate for the twin challenges of limited Board member time and large Boards by using committees to conduct much of their work. However, the use of committees may seriously diminish business influence on board activities that take place in these committees. To maintain business influence, at least four of the innovative business sites make special provision for business members to be present on these committees, although only one Local Area, Southwest Connecticut, requires that business members dominate its executive committee, which can act for the entire Board. However, all sites that have committees on issues directly affecting businesses, such as a business service committees, make special provision for ensuring that business members have at least a substantial presence on such committees. The comparison sites appear to have made some form of special provisions for maintaining a meaningful business presence on its committees as well, but at a slightly lower rate.

Maintaining business influence on Local Area policy is an issue that extends beyond the WIB in some cases. In three of the sites—Eastern Kentucky, San Diego, and Northwest Wisconsin—the WIB is not the only governing or policy board within the

administrative entity for the Local Area. In each of these sites, the administrative entity is a, non-profit with its own board of directors and the entity's WIB and directors share governance. In the Eastern Kentucky and Northwest Wisconsin Concentrated Employment Programs, the governing board (as noted above) also selects the Workforce Investment Board members. Although their responsibilities overlap, the WIBs and boards of directors have differing areas of concentration. Some boards of directors provide policy direction for other non-Federal workforce development programs.

San Diego, which uses a private, non-profit as the administrative entity, has two additional Boards with considerable power. One is a Board of Directors for the administrative entity that also controls the entire budget. By contrast, the WIB is responsible only for the three WIA funding-stream allocations (\$26 million of the administrative entity's \$43 million budget). This Board of Directors is composed almost entirely of business members, most of whom are also on the WIB, and several officers from the administrative entity. San Diego also has a policy committee with an equal number of elected officials from the two local government jurisdictions—the City and County of San Diego—that comprise the Local Area. This committee also has two other members, the Local Area's executive director and a representative from United Way. In contrast, the Dallas administrative entity is also a private non-profit with responsibility for other funds (WIA funds comprise only \$12.5 million of the administrative entity's \$70 million budget), but its WIB is the policy-making body for all funding.

*San Diego, which uses a private, non-profit as the administrative entity, has two additional Boards with considerable power.*

#### **DEFINING THE BUSINESS ROLE ON THE WORKFORCE INVESTMENT BOARD**

There are three general ways in which businesses provide oversight to the publicly-funded workforce development system: 1) they provide policy direction to the WIA Title I program; 2) they help to construct a broader workforce development policy

that embraces K-12 and postsecondary education, key industries, business organizations, and economic development activities; and 3) they participate in the design and delivery of business services. The WIB is a key channel for the first two roles. By contrast, for the third role, which concerns services to individual businesses, the Boards in our innovative sites have played a more modest role. Rather, because the innovative business sites are especially keen on customizing services to fit particular industries, staff tend to get business input directly from consumers of these services, rather than from representatives of the business community in general. Although each of these roles is discussed in this section, business input into service delivery is discussed more fully in Chapters III and IV.

### **Business Influence on Title I Operations**

WIA establishes a business majority on the WIB (as with its predecessor, the Private Industry Council), in part to instill business principles in the operation of a public program. However, the need for active business involvement in specific oversight and policy-making for Title I appears less important than Congress intended because of the very success, as noted in Chapter I, with which a business mentality has penetrated deeply into the management of many Local Areas. The innovative business sites were certainly no exception. Thus, almost no WIB business members in the business sites expressed much interest in the mechanics of WIA policy or oversight on operations, even though this remains an explicit responsibility of the Board.<sup>4</sup> In

*Nearly all WIB business members in the business sites expressed relatively little interest in the mechanics of WIA policy or operations.*

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<sup>4</sup> Only the Eastern Kentucky's Board took an explicit role in ongoing operational issues that extended beyond the design of business services. The board's strategic planning process led directly to greater use of on-the-job-training and a new policy of automatic eligibility for job seekers referred by employers. We also found evidence in several other sites that WIBs were involved in specific policy issues. However, these issues, and potential solutions, tend to reflect the mechanics of program operation. Hence, they are typically raised by the staff and brought to the Workforce Investment Board for ratification. For example in Dallas County, the Workforce Investment Board spent considerable time developing a policy to restrict training in truck driving and information technology occupations because customer demand for

fact, a number of Board member respondents who had also served on the predecessor Private Industry Council indicated that it was a great relief not to have to spend so much time on the details of program operations. Business WIB members in several Local Areas expressed the view that they could take such a hands-off approach because they considered the executive director and staff to be very competent. The uniformly high performance of these areas on the required WIA measures suggests that their confidence was well placed.<sup>5</sup> Further, most Board members felt that they could not understand the technical issues involved in WIA policies, given the small amount of time they had to devote to WIB duties.<sup>6</sup>

*Board members in several Local Areas expressed the view that they could take such a hands-off approach because they considered the executive director and staff to be very competent.*

Despite the lower level of interest in program operations, business members of the Board take relatively greater interest in the key areas of performance management and procurement. Although WIB members have been reluctant to learn the details of the 17 required measures, they recognize from their business experience that good metrics are an essential ingredient of any effective program. Thus, performance reports by staff are almost obligatory at full Board and committee meetings. External factors also play a role in the higher level of interest in performance. For example, performance policy had a somewhat higher profile in Dallas at the time of the site visit because the state workforce agency had imposed increases in local performance levels for PY 2003 above the levels required to meet the state's required Federal targets. With the stakes raised, the Board chair in Dallas helped design a performance report format that enabled other Board members to get a good understanding of

*Business members of the Board take relatively greater interest in the key areas of performance management and procurement.*

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training was being increasingly driven by the marketing efforts of the schools rather than the demand from employers for trained workers.

<sup>5</sup> See Chapter IV for a discussion of the linkage between good business services and the required outcome measures.

<sup>6</sup> See the discussion of the amount of time spent by board members in board meetings in the section on retention, above in this chapter.

the 17 measures without having to learn the details of how the measures are constructed.

In the four areas that contract out One-Stop operations or WIA Title I services, the other area of elevated interest is procurement. In San Diego, where the One-Stop procurement cycle coincide with the site visit, WIB members spent a great deal of time preparing request-for-proposals, including selection criteria. Additionally, the procurement process called for the One-Stop operator to meet specific wage targets at placement. The decision to include this provision and target wage levels also occupied a considerable amount of WIB members' time. In one other Local Area, respondents noted that a representative of the local economic development corporation sits on a review committee when the Board issues a request for proposal.<sup>7</sup>

*In the four areas that contract out One-Stop operations or WIA Title I services, the other area of elevated interest is procurement.*

#### **Workforce Investment Board Role in Creating Business Services**

Although the WIB does not play a substantial ongoing role in the design of business services in any of the innovative sites, business members in some of the sites do play an important advisory role to the key staff who initiated and designed these services. In one case, WIB members provided an impetus for adoption of a new job matching system because they reported employer dissatisfaction with the existing job-matching and job-development systems. The staff then used this information as they reviewed their systems and decided to purchase new proprietary software. In Pacific Mountain—Grays Harbor, the executive director specifically said that the Local Area could not have made the transition to a business emphasis without leadership from the business members of the Board. The Northwest Georgia director

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<sup>7</sup> The full extent of the WIB role in procurement in the other sites—both the other contracting sites and the five that operate their One-Stops through a consortium—is unclear because few respondents discussed this issue.

also conceded the central role to business members.<sup>8</sup> In all of the other sites, the Board played a smaller, but still critical, role as a sounding Board for different service strategies or reviewed and validated the staff's design. Business WIB members played generally similar roles in other key business service decisions such as creation of a specific business service unit and other key business-service decisions.

Surprisingly, limited evidence suggests that few WIB members—who nevertheless endorse the value of the business services in general—use the Local Area's business services for their own hiring and other workforce development needs. In Capital Area Michigan Works, the executive director believes that a substantial percentage of the WIB members use these services, but it is likely that in other areas use is very limited. The business WIB member respondents who addressed this issue suggested that their businesses either were not currently hiring or were able to meet their hiring needs from other sources.

### **Business Role in Strategic Planning**

Most of our respondents, including WIB members, confirmed that business members are deeply interested in workforce planning, and this was an area of extensive activity at all the innovative business sites that took up a large proportion of the members' time. There was relatively less interest in the preparation of the mandatory five-year plan, which was seen only as an exercise. Business WIB members, who were concerned about the overall economic health of the community, hoped that through this type of strategic planning, they could have a positive effect on a broader part of the labor market than the limited funds available under WIA Title I could sustain. These strategic planning exercises also provided an opportunity to focus on a host

*In Pacific Mountain—Grays Harbor, the executive director specifically said that the Local Area could not have made the transition to a business emphasis without leadership from the business members of the Board.*

*Few WIB members—who nevertheless endorse the value of the business services in general—use the Local Area's business services for their own hiring and other workforce development needs.*

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<sup>8</sup> That these are both primarily rural sites appears to be coincidental. We did not identify any characteristics of business participation on the Workforce Investment Board suggesting that the sites differed on an urban-rural basis.

of skill shortages and demographic trends that were already plaguing their firms or were likely to do so in the future. And contrary to popular wisdom that the focus on short-term profitability tends to narrow business people's vision to short-term types of solutions, the business Board members in our innovative sites had a remarkably long-term view of identifying problems and implementing solutions. The comparison sites were also very interested in such strategic planning and had similar concerns about skill shortages and problems in K-12 education.

**Strategic Planning Process.** The strategic planning processes utilized by the innovative business sites varied on several dimensions. For example, six of the innovative business sites conduct strategic planning in one major session, or one series of sessions, and then update their plan as appropriate. Of these, at least four focus on a special meeting or retreat. In the other three sites, strategic planning is conducted on a more episodic basis as specific issues emerge within local labor markets, and updates occur as necessary. Eastern Kentucky is an example of the first type of planning process where the Board took on a comprehensive, five-month-long planning process, and then updated the plan at a second summit.

Even though most of the Boards are broadly representative of businesses throughout the Local Area, most of the strategic planning processes included other community members. For example, Eastern Kentucky had over 130 business and community leaders participating in two community-summit meetings. Southwest Connecticut presents findings and seeks comments on its annual plan in a series of public meetings, focus groups, and specialized meetings with key industry sectors. Dallas

*Business members are deeply interested in workforce planning, and this was an area of extensive activity at all the innovative business sites.*

*Several of the sites use external funding to conduct their planning.*

#### **Comprehensive Planning Process in San Diego**

San Diego uses a very extensive strategic planning process. It updates its plan annually in several stages. The Local Area first hosts an open, full-day public meeting at a large hotel, for which the staff prepare labor market information. Public comment is recorded and then is used by Board members at a planning retreat where the annual update is finalized.

partners with the major Chambers of Commerce and local school districts to hold an annual, day-long workforce summit. On the other hand, several sites keep their planning process within the more intimate setting of a Board retreat where debate can occur more freely and in more detail.

With extensive public outreach and meetings to solicit input and an environmental scan or community audit to ensure that they have a systematic framework with which to analyze labor market and other information, costs tend to increase. Consequently, several of the sites use external funding to conduct their planning. Grants from Governor's reserve WIA funds, foundations, and partner organizations such as economic development agencies or Chambers of Commerce helped to support these extensive activities.

### **Strategic Planning Topics**

Nearly all business respondents in this study, despite current slack labor market conditions, pointed to some form of shortage in the labor market as a deep concern for their business or for the community as a whole. They pointed to chronic shortages of particular occupational skills or shortages of workers with good soft skills. WIBs relied on their business members, whose experience with hiring was considered crucial to an understanding of the problem, to flesh out these issues. WIBs also concluded that these problems were sufficiently acute and widespread that they could not be solved simply by improving WIA or Employment Service programs. They also pointed to problems with the K-12 educational system because many young workers lack basic skills and awareness of good career opportunities in the local economy.

Four of the sites conducted comprehensive planning exercises that examined occupational- and soft-skill shortages, and recommended changes in current WIA operations to address these problems. For example, Eastern Kentucky's strategic planning process had very dramatic implications for current WIA

*Nearly all our business Board members and other business respondents in this study, despite current slack labor market conditions, pointed to some form of shortage in the labor market as a deep concern for their business or for the community as a whole.*

operations since the planning process employers' need for a more in-depth pre-hire screening. The Local Area subsequently purchased a proprietary job matching system that produces a much more detailed assessment that matches employer needs with job seeker capabilities (see Chapter IV). Northwest Wisconsin's three broad goals, discussed above, also resulted in operational changes.

The next most common topic for strategic planning was education. Business members in most of the sites explicitly stated that the only effective means of preparing the future workforce for the labor market is through the schools. In fact, this was one of their principal reasons for joining the Board. Consequently, many of their Boards concentrated on K-12 education during their strategic planning process. For example, in San Diego, several business WIB members and the Chamber of Commerce thought that the greatest benefit from the extensive labor market information research that the Local Area conducted would be to K-12 students who still have time to address deficiencies, in their preparation for entry into the workforce. Capital Area Michigan Works WIB members are also interested in school-to-work and teacher preparation. These members believe that their greatest contribution to workforce improvement in the area would be to reduce drop-out rates, increase workforce skills, and

*Business members in most of the sites explicitly stated that the only effective means of preparing the entire future workforce for the labor market is through the schools.*

#### **Comprehensive Planning Issues in Northwest Wisconsin**

Northwest Wisconsin's strategic planning process included the most comprehensive set of the topics. The Local Area faced several long-range economic development problems, including out-migration of younger, better educated people and the effect of severe foreign competition on the local paper industry

The strategic planning process resulted in the development of three major goals for the Local Area:

- Incumbent worker training, high wage training & career ladders.
- Business development, retention, and support focused on convening industry cluster initiatives, helping businesses to increase profitability and capacity, and linking workforce development with business development resources.
- Building the workforce development system to enhance related to building service delivery system.

alleviate language barriers through better K-12 education. In Dallas, the semiconductor industry WIB member from Texas Instruments, who was also a leader on the semiconductor sectoral initiative, worked to focus the initiative entirely on of school-age youths' awareness of the industry and teacher preparation for math and science instruction.

Finally, several of the innovative sites particularly focus their planning efforts on how the workforce and education systems can cope with a variety of longer-range demographic or migratory issues that will affect future labor markets. Northwest Wisconsin, for example, was concerned about the out-migration of young people to urban centers. Hence, its planning process included steps to focus on providing training for high-wage jobs and helping businesses to create career ladders that would be attractive to young people. Capital Area Michigan Work's WIB is concerned about the long-term shortage of workers in the region due to an aging workforce. Its strategic plan suggests improving K-12 education and providing more English-as-second-language training to better prepare immigrants and others with limited English proficiency to obtain higher-skill jobs in the workforce. San Diego Board members are concerned about the decline of the domestic in-migration that had largely fueled its labor force growth since the beginning of World War II. This steady flow of migrants and the attractiveness of its climate had allowed employers to discount wages in key service industries like tourism. With net migration now flowing outward, however, wage levels would need to increase to sustain a qualified labor force in these industries. Thus, the strategic planning process helped the Board decide to institute a target wage for all registered WIA participants to contribute to solving this long-term labor market problem.

## **CONCLUSION**

The Boards in the innovative business sites provide a good channel for input from the business community on workforce

*Business members believe that their greatest contribution to workforce improvement in the area would be to reduce drop-out rates, increase workforce skills, and alleviate language barriers through better K-12 education.*

*Finally, several of the innovative sites focus their planning efforts especially on how the workforce and education systems can cope with a variety of longer-range demographic or migratory issues that will affect labor markets.*

issues to Local Area staff and the One-Stop system. These Boards also have high-level business members who are selected with attention to geographic and industry balance. And, since the predominant motive for joining the board for most business members is a broad commitment to a better-functioning labor market for the local economy as a whole, these WIBs are well positioned to carry out their duties in a way that will gain broad acceptance from elected officials and the wider community.

A major challenge, however, is to carve out sufficient time, given busy schedules and short meetings, to allow WIB business members to make significant contributions to program oversight. One way that business members of the Local Boards resolve this challenge is to limit their role to those elements that matter most to them. Thus, they spend relatively little time on oversight of the Title I program, including the establishment of business services programs.

Instead, business members tend to focus on participating in strategic planning efforts that enable them to address their broad concerns with the overall economic and social health of their communities. These strategic planning processes are generally comprehensive and focus on a variety of issues and solutions related to the labor market. They consider not only what Title I can do, but propose activities that involve K-12 and postsecondary education, community-based organizations, individual firms, and business associations. Broadly-based planning efforts and partnerships are fully consistent with the Congressional intent to have the Board and staff mobilize other resources in the community to develop a broad-based local workforce investment system. Partnerships, formed with the individual firms and business associations are examined in some detail in the next chapter.

*Business members participate in strategic planning events that enable them to address their broad concerns with the overall economic and social health of their communities.*

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### III. BUSINESS PARTNERSHIPS

Beyond the requirement to seek nominations for WIB members, WIA does not mandate partnerships with business organizations, such as Chambers of Commerce, industry associations, or economic development organizations. Nevertheless, many local Boards have taken steps to enhance their linkages with such business organizations in an effort to improve their responsiveness to business concerns.<sup>1</sup> All nine innovative business sites included in our study have developed partnerships<sup>2</sup> with either Chambers of Commerce, economic development organizations, or both. In addition, some of them have developed partnerships with local industry associations or have developed sectoral initiatives to enhance their ability to connect job seekers with high growth industries. Among comparison sites, partnerships with Chambers and economic development organizations were also common but generally much less developed. Sectoral partnerships were rare.

In this chapter we examine the types of business partnerships that were most commonly found and describe their purposes, functions and some of the challenges in developing such partnerships. We conclude with an analysis of their effect on Local Areas and their partners.

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<sup>1</sup> A survey of top Chambers of Commerce by the Center for Workforce Preparation found as early as November 2001 that 40% of Chambers surveyed were involved in governing their respective local workforce development systems. (*Spotlight on Workforce Development*: Center for Workforce Preparation, November 2001)

<sup>2</sup> For the purpose of this chapter we are defining *partnership* broadly to include collaboration between the Local Area and business and economic development entities ranging in levels of intensity from mutual board membership to the joint development, funding and operation of workforce development programs.

### PARTNERSHIPS WITH CHAMBERS OF COMMERCE

Among the nine innovative business sites, the most common WIB partnership with business organizations is with regional or local Chambers of Commerce. All but one site reported that they have active partnerships with at least one Chamber in the area and many sites reported collaborating with several Chambers in their region. In a number of sites, broader policy-level partnerships are developed at the WIB level and more operational-level partnerships are found at the One-Stop center level. For example in Capital Area Michigan, the WIB has a strategic relationship with the regional Chamber but One-Stop centers in adjoining counties also have developed operational partnerships with their respective local Chambers.

*Many sites reported collaborating with several Chambers in their region.*

This approach has also helped the Local Area with a fundamental challenge in forming strong partnerships with Chambers—the fact that many Local Areas include multiple Chambers of Commerce, including some of very different size. For example, in San Diego, in addition to the strategic partnership between the WIB and the regional Chamber—the second largest in California—One-Stop centers have also developed operational partnerships with many of the 42 smaller and more specialized Chambers of Commerce in the county. These operational partnerships tend to focus more on the joint provision of services where, for example, the local One-Stop assists the Chamber in recruiting job seekers for an expanding or relocating business or in conducting outreach to offer its services to small businesses.

Partnerships with Chambers of Commerce serve the following important purposes for WIBs and Local Areas:

- **Enhance the credibility of the workforce development system.** Historically, the publicly funded workforce development system has not been seen as business-friendly and in fact most businesses have never used its services or are even aware of its existence. Partnerships with

Chambers of Commerce and other traditional business organizations have lent WIBs and their service delivery system credibility that does not require lengthy branding.

- **Provide networking and outreach opportunities to business customers.** Chambers are an effective vehicle to reach smaller businesses, which make up a large majority of Chamber memberships. WIB and One-Stop respondents indicated that they rely on established outreach efforts of Chambers including newsletters, mailings, mixers and joint presentations to businesses to reach business customers.
- **Reduce turf issues.** In some cases, partnerships, such as mutual board memberships, have been a factor in reducing competition and conflict between Chambers and local WIBs and other partners that had stymied collaboration in the past.

*Former competitors are now able to “present a united front” to the business community.*

Mutual board memberships are often a first step in developing partnerships between Chambers and their Local Areas. In three of the innovative business sites, the executive director of the Chamber sits on the WIB. In two others, One-Stop staff members are involved with the Chamber or sit on Chamber boards.

*Among sites with more advanced partnerships, partners take the lead on different issues.*

Among sites with more advanced partnerships, partners take the lead on different issues. For example, in Dallas, the Chamber provides office space to local WIB staff who lead the regional semiconductor and health-care initiatives.<sup>3</sup> The regional Chamber in turn leads economic development and business attraction efforts—such as Dallas’ recent unsuccessful bid for Boeing to relocate its headquarters from Puget Sound to the Dallas/ Fort Worth area.<sup>4</sup> The same Chamber also leads regional economic and workforce development efforts through its Regional

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<sup>3</sup> This initiative is described in more detail in the section on sectoral initiatives later in this chapter.

<sup>4</sup> Boeing moved its headquarters to Chicago instead.

Workforce Leadership Committee with membership from all the local Chambers and the local WIB. This committee was the forum where the concept of focusing on key industry clusters was born.

Pacific Mountain—Gray's Harbor offers another example of a mature and flexible approach toward leadership between complementary partners. In an effort to increase its business focus and make its services more demand driven, the local WIB, together with the leadership of the local Chamber, decided to fund an Employer Assistance Program(see Chapter IV), which provides a narrow range of business services to all employers. To take maximum advantage of the credibility of the Chamber in the eyes of businesses, the WIB decided to sub-contract the program to the Chamber but house project staff employed by the Chamber at the local One-Stop center. The arrangement attempts to build on the strategic advantages of each partner and by all accounts appears to succeed. “We can’t control taxes or regulations but we can do something about the cost of hires, the cost of recruitment and the cost of staff turnover,” noted the director of the local Chamber of Commerce

Such collaboration is not easy to achieve. For the two innovative business sites that do not have strong partnerships with their local Chambers of Commerce, respondents cite a lack of staff on both sides as the primary reason why they have not been able to work collaboratively on projects that call for a deeper level of involvement.

#### **PARTNERSHIPS WITH ECONOMIC DEVELOPMENT**

Partnerships with economic development agencies have become key strategies for many business-oriented Local Areas for two reasons. First, economic development agencies can help these Local Areas identify and access emerging and high growth labor markets for their job seeker customers. Second, based on that understanding of market needs, Local Area programs are then able to help economic development agencies supply better

*“We can’t control taxes or regulations but we can do something about the cost of hires, the cost of recruitment and the cost of staff turnover,” noted the director of the local Chamber of Commerce.*

*Economic development agencies can help these Local Areas identify and access emerging and high growth labor markets for their job seeker customers*

prepared job seekers to meet the needs of expanding or relocating businesses.

A majority of innovative business sites have substantial partnerships with economic development organizations, although the strength of these partnerships varies greatly. Two examples of very strong partnerships can be seen in the highly interdependent relationship that exists between Capital Area Michigan Works and its economic development partners, and the very entrepreneurial approach in Northwest Wisconsin where the WIB defined workforce development services as “the intersection of employment and training programs, education and economic development.” By contrast, two innovative sites have partnerships with economic development entities that are limited to WIB board members sitting on local boards of economic development organizations, and one site has no formal relationship at all.

*The WIB defined workforce development services as “the intersection of employment and training programs, education and economic development.”*

In general, Local Areas can benefit in several ways from partnerships with economic development agencies:

- **Assess business trends and workforce needs.** Economic development agencies research, analyze, and forecast business trends and estimate resulting workforce needs that can help Local Areas with their strategic and operational planning at the local and regional level.
- **Access emerging and high-growth industries.** By staying in close contact with economic development agencies, WIBs and One-Stop business services staff can stay abreast of emerging and high-growth industries and prepare job seekers for careers that have growth potential.
- **Assist in attracting, retaining and expanding businesses.** Through partnerships with economic development agencies Local Areas help attract, retain, and expand local businesses by offering labor exchange and occupational skills training and other business services.

- **Assess availability of workforce and prepare workers.** Local Areas in collaboration with economic development agencies can evaluate the availability and level of preparedness of the local workforce and developing training programs and recruitment drives to meet specific industry needs.

In some innovative sites, partnerships with economic development agencies predate the Workforce Investment Act, although most have been formed since the implementation of WIA. In the case of the Capital Area Michigan, the Local Area's partnership with local economic development agencies has been in existence for more than a decade. The president of one of the local economic development agencies has been on the WIB and the JTPA policy board for a combined 10 years with her predecessor serving as a member before that.

At their most basic level, partnerships between workforce development and economic development agencies bundle services of the two entities into a combined toolkit for businesses who are considering relocating to the area. That is the case in one Local Area where workforce development resources are a standard part of the economic development toolkit, but deeper partnerships with economic development entities have not developed. This Local Area may also be a typical example of what happens when an economic development official is appointed to the WIB. Once she learned that the local workforce development system offered highly rated, free services for employers, she became interested in having the workforce development system become more visible so that she does not have to spend time educating prospective employers and their consultants about the benefits of the system. Ironically, it is now the Local Area that is trying to prevent aggressive marketing of One-Stop services by economic development agencies out of fear that the system could not sustain the ensuing demand with existing staff.

*Local Areas help attract, retain, and expand local businesses by offering labor exchange and occupational skills training and other business services.*

More advanced partnerships are typically based on a stronger collaboration between economic development on the one

hand, and workforce development efforts, on the other. For example, in Northwest Wisconsin, WIB members clearly indicated that economic development and business expansion are among the most important components of the Local Area's workforce development strategy. As a result, economic development has become a central piece of the Local Area's strategic plan, with WIB members acting as strong advocates for the Local Area's economic development needs. This focus on economic development has caused the Local Area to move beyond its traditional job matching and training role and begin to assist businesses in improving profitability and capacity through improved marketing, financial management, and human resources management. To advance these goals, the Local Area—in collaboration with the regional economic development agency, the Employment Service, and other private sector partners—puts on a major economic development conference once a year and occasional workshops throughout the year.

Advanced partnerships often focus on business retention as much as on business attraction. Capital Area Michigan Works is an example of the increasing importance of business retention as a key economic development strategy. Operational linkages between One-Stop center and economic development agency staff include joint retention visits to businesses. These retention visits are central to the City of Lansing's economic development efforts because they allow economic development staff to be “on the front end when businesses are having problems,” as one respondent put it. The economic development agency and the local One-Stop center have also developed an incentive package that addresses business incentives and workforce related needs. The Local Area's primary role in the partnership is to ensure that the region has a sufficient pool of skilled workers at a time when its strategic planning study predicted significant future shortages which could lead companies in high-growth industries to move elsewhere.

*WIB members act as strong advocates for the Local Area's economic development needs.*

In Northwest Wisconsin and San Diego, just as in Michigan, rather than focusing on attracting new businesses, the Local Area's economic development strategies focus on retaining existing businesses and helping them expand, even if this takes the Local Area far afield of traditional workforce development work. As one business WIB member in Northwest Wisconsin said, "IBM is not coming up here, so we need to help businesses who are already here." For example, when a local timber company informed officials that they were planning to leave the area because of the lack of suitable rail service, Local Area staff contacted the Department of Transportation to have weight restrictions lifted on local highways so the company could ship its products via truck rather than by train.

*As one business WIB member in Northwest Wisconsin said, "IBM is not coming up here, so we need to help businesses who are already here."*

The primary motivating factor for economic development agencies to enter into partnerships with Local Areas appears to be their ability to provide an employment ready labor supply. Although theoretically such workforce services should be available elsewhere also, the quality of those services as well as the quality of the partnership can provide a competitive advantage in attracting or retaining a business. This is evident in a number of the study sites where economic development agencies are eager to include workforce development services in their bundle of services for prospective businesses.

Another motivating factor to enter such partnerships is to be able to jointly fund studies where research interests overlap with those of the workforce development system. In Pacific Mountain—Gray's Harbor, the Economic Development Council and the WIB jointly funded several studies, including the Workforce Availability Study of Grays Harbor County,<sup>5</sup> and are using this document to market the area to prospective businesses as part of their business attraction strategy. Close collaboration

*Economic development and workforce development agencies jointly fund studies on workforce preparedness.*

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<sup>5</sup> *Workforce Availability Study for Grays Harbor County*, Grays Harbor Economic Development Council, Aberdeen, WA. March 1, 2000.

in developing these studies was cited by both sides as helpful for their respective business engagement strategies. In addition to its use as a marketing tool, the study helped the WIB to learn more about the size and quality of the region's unemployed and underemployed labor pool which it used for its own strategic planning purposes.<sup>6</sup>

Not all innovative business sites have had success in developing strong partnerships with their economic development counterparts. “We have a ways to go in integrating economic development and workforce development,” said one staff person at a site where economic development is fragmented into at least nine entities that are each pursuing their own agendas. At another site, an early pilot partnership between the Local Area and the economic development agency to deliver business services failed because of inadequate governance provisions and a reported lack of commitment on the part of the participating economic development agency.

*Not all innovative business sites have had success in developing strong partnerships with their economic development counterparts.*

#### **SECTORAL PARTNERSHIPS AND/OR CUSTOMIZED TRAINING PARTNERSHIPS**

In recent years, sectoral initiatives have emerged as a promising strategy to allow communities—despite diminished public funding—to impact economic and workforce development by focusing some of their resources on targeted sectors or industry clusters with certain desirable characteristics. Among these characteristics are a high growth potential, opportunities for career ladders within a cluster, and sustainable wages for entry-level workers. For Local Areas, sectoral initiatives are attractive

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<sup>6</sup> As an example of the type of information that is useful for economic development purposes, the study found that there is a pool of about 3,500 unemployed workers and over 6,100 underemployed workers in the area that a new employer might be able to attract. That is nearly a third of the estimated local workforce. In addition, almost a third of underemployed workers have some college and one fifth have a college degree.

because they allow workforce development to be an influential actor in emerging and high-growth industries.

Five of the nine innovative business sites have developed or at least participated in the development of sectoral initiatives and two sites are currently considering whether they should do so. Among the comparison sites, only one had any strong sectoral initiatives in operation and two others had begun focusing some of their business services on certain industries.

Most of the sectoral initiatives are designed to improve workforce preparation for a specific industry sector and to stay abreast of industry trends and workforce development needs of high-growth industries. Often they are created to address a specific crisis that is affecting a particular sector. For example, the critical shortage in nurses and other medical personnel is the driving force behind the numerous health care initiatives. Shortages of skilled workers are also the focus of the metal manufacturing partnership in Southwest Connecticut and the semiconductor initiative in Texas, which were both initiated to prevent a lack of an available skilled labor supply from inducing the industry to relocate to another site in the U.S. or abroad.

In addition to addressing staffing shortages, sectoral initiatives can provide a mechanism to retrain skilled workers from declining industries and thereby address two pressing community issues simultaneously. For example, in Arapahoe-Douglas, the sectoral initiative focused on retraining workers laid off from the information and telecommunications industry for health care occupations.

The participation of Local Areas in sectoral partnerships is almost always driven by the WIB director or WIB staff rather than by WIB members or others. In addition, in most cases the Local Area is the primary or at least among the primary initiators of the partnerships.

*Sectoral initiatives are attractive because they allow workforce development to be an influential actor in emerging and high-growth industries.*

*Sectoral initiatives often respond to specific crises that are affecting a particular sector.*

As the following examples show, of the three types of partnerships described in this chapter, sectoral initiatives have the most substantial direct involvement of business. High level industry representatives sit on governing or advisory boards and are actively engaged in shaping the initiative's design and operation. At least in part, this is due to the fact that sectoral initiatives are specifically designed to meet targeted industry needs or address industry crises. Local Areas have learned that this is a sure way to get the attention of industry leaders.

### **Description of Specific Sectoral Initiatives**

In 2003 the San Diego WIB, in collaboration with the community college district, formed industry-specific partnerships under its Workforce Alliance Project. The WIB is staffing these partnerships, inviting participants, facilitating meetings, and leading labor market research activities. These partnerships are designed to improve the dialogue between industry and education and to focus on educating and training San Diegans to fill high-demand, high-wage occupations in the biotechnology, health care, hospitality and telecommunications sectors. The clusters are co-sponsored by leading industry organizations in their fields and include representatives of business and of training providers.

*Sectoral initiatives have the most substantial direct involvement of business.*

San Diego's hospitality cluster, for example, in partnership with the Convention and Visitors Bureau,<sup>7</sup> is focused on conducting research on occupational career ladders in the hospitality industry, and using the results to develop a marketing campaign to encourage individuals to seek careers in the industry. In a next phase, the industry would like the workforce development system to establish training and certification programs for managerial employees and to establish travel and tourism academies in high schools.

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<sup>7</sup> The membership consists primarily of hotels, restaurants, airlines, and attractions, and includes some vendors and secondary service providers. It conducts research on behalf of the industry and provides that directly to members. Its advocacy may benefit non-members.

The health care and medical services cluster in San Diego is working with the regional health care association to develop a request for proposals to develop a five-year staffing needs assessment and resource directory and a plan to develop career ladders for the most common career paths in the cluster.

In Southwest Connecticut, the local WIB, in partnership with local metal manufacturers, the economic development agency and the community college helped start the Manufacturers' Education and Training Alliance (METAL) in an effort to help retain the metal manufacturing

**Manufacturers' Education and Training Alliance (METAL) in Southwest Connecticut**

METAL's primary goals are to improve productivity and competitiveness of participating companies by combining and coordinating marketing activities and by jointly conducting occupational skills and management training courses for incumbent and new workers. METAL offers a comprehensive workforce development training program tailored to the needs of its member companies. It has trained more than 500 new and incumbent workers since its inception in 2001. In addition to occupational skills training, METAL offers training in the areas of basic literacy skills, English as a Second Language (ESL), manufacturing technology, management and supervisory skills and lean manufacturing methods. METAL partners with Housatonic Community College and other education providers to conduct the training. In addition, over 30 short, productivity improvement training events have been held at member companies on such topics as process control, reduction of lead times, and more efficient use of materials.

industry in the Bridgeport area. This partnership goes well beyond recruiting and preparing job candidates for specific jobs. It also trains incumbent workers in specific manufacturing processes and serves as an exchange for quality initiatives of participating businesses.

In Dallas, sectoral initiatives are led by the Regional Workforce Leadership Committee and are financed from non-WIA funds. Current clusters cover the semiconductor and health care industries and there are plans to add clusters in logistics and tourism.

The example of the Dallas semiconductor industry cluster provides a compelling insight into the benefits of sectoral

*By leveraging key partner resources and industry expertise, the impact of the semiconductor industry cluster is far greater than it could be through the use of WIA resource.*

initiatives. The semiconductor industry cluster is a business-driven working group that is staffed by a “cluster manager” who is a WIB staff person, is housed at the Regional Chamber of Commerce and is collaborating with school and college districts. The initiative’s goal is to address one of the key growth constraints of the regional semiconductor industry—the ability to recruit educated and skilled workers—by addressing shortfalls in the K-12 system. By leveraging key partner resources and industry expertise, the impact is far greater than it could be through the use of WIA resources alone.

The impetus for the Health Care Initiative in Dallas was similar. The initiative, which was started in July 2003, is focused on helping the industry take a long-term view of its

workforce development challenges. As elsewhere in the country, the industry was facing a massive recruitment challenge and a staggering shortage in qualified nursing staff. While some health

**Dallas Semiconductor Initiative**

The regional semiconductor industry is dominated by Texas Instruments and its spin-offs and has large recruitment needs for a wide range of entry to mid-level employees. Although the industry has a long history of collaboration on various issues this has not been the case in the area of workforce development. In the past companies would routinely raid one another’s employees to meet recruitment needs. Once this practice would no longer support recruitment needs some of the leading semiconductor firms decided to cooperate to solve the underlying recruitment problems and formed the Semiconductor Industry Council in August of 2002.

The key recruitment challenges for the semiconductor industry are twofold. Students coming out of high-school are not sufficiently prepared in the area of math and science for careers in the industry. In addition many of them do not realize that the semiconductor industry pays very well and has large numbers of job openings. As a result the industry has had to recruit from out of the area which has raised recruiting costs.

To confront these issues the semiconductor initiative decided to focus its efforts on the public education system and to work on increasing teacher and student knowledge of the industry and helping teachers better prepare students for the math and science required for careers in the semiconductor industry. To do this the initiative developed materials for teachers to make their science and math instruction more attractive; lesson plans that fit into the State curriculum; summer internships for teachers who rotate through five semiconductor companies; forums for teachers and guidance counselors to learn about semiconductor industry careers; and advanced summer institutes for high school teachers to learn about the skill sets required for technical and engineering jobs in the semiconductor industry.

care providers had already taken steps to boost their internal capability to conduct job training programs, there was little coordination or long-term planning among the institutions to address future workforce needs.

The Local Area was in a good position to serve as a catalyst to bring together key officials from the major hospitals and educational institutions for several reasons. First, all of the initiative's key partners, including the regional hospital council, a professional nurse training advocacy organization and the Chamber of Commerce, were familiar with one another through long service on the WIB, industry advisory committees for community college programs, and other governance bodies. Second, the Local Area had high credibility because it was neither a competitor nor a direct beneficiary of the initiative and was recognized by industry and education as a leader on workforce issues.

*The Local Area had high credibility because it was neither a competitor nor a direct beneficiary of the initiative.*

The priorities for the Dallas Health Care Initiative include assessing needs and interests of current nursing students; providing training for dislocated workers, adults, and incumbent workers using a mix of funding sources; and collaborating with existing efforts to develop regional strategies to address the nursing shortage. Since all nurse training slots are currently filled, long-range goals also include increasing local training capacity and attracting nurses from other areas. A future goal of the initiative may involve lobbying the state legislature for more training funds.

*Arapahoe-Douglas' health care initiative was also created as WIB members and other leaders became increasingly concerned about the impact of a shortage of nurses on other local businesses.*

Arapahoe-Douglas' health care initiative was also created as WIB members and other leaders became increasingly concerned about the impact of a shortage of nurses on other local businesses. To come up with strategies to deal with this shortage, WIB staff brought together key leaders of industry and education. They came up with two primary goals: meet the demand for workers in health care, and provide a potential career in a growing industry for dislocated workers.

In addition to San Diego, Dallas and Arapahoe-Douglas, Eastern Kentucky's WIB has also entered into partnerships with the health care industry. Several other innovative business sites have also expressed interest in promoting training for health care occupations, but have not yet formalized their relationships.

Among the comparison sites, Portland, Oregon has the most developed sectoral initiative and uses a very different approach to engage selected sectors. The Local Area established a website<sup>8</sup> that provides career and industry specific information as well as descriptions of career ladders where they have been identified. In addition, the Local Area's business services unit recently convened industry representatives from the metal

#### **Arapahoe Douglas Health Care Initiative**

One of the initiative's primary activities is to address the nursing shortage by matching recently dislocated workers from the information and telecommunications industry with openings in the health care field. The initiative has also spawned a number of other innovative ideas, including an incentive system for incumbent workers to help retain them and to provide for career advancement opportunities, an in-service training program for supervisors and managers to improve their ability to retain health care workers, and an online refresher course for Registered Nurses.

To integrate the initiative into ongoing One Stop operations, the Local Area decided to create a Health Care Center within an existing One Stop center. This ensures that existing resources and dedicated grant funds are well coordinated. For example, the Local Area uses WIA formula funds to supplement an industry funded registered nursing program offered by the local community college. This additional funding is used to provide students with specialized elder care training and access to Individual Training Account vouchers in related fields.

The Local Area is also interested in introducing health care occupations to youth. To do this, One Stop center staff brief high school guidance counselors once a year on biotechnology career opportunities. Trainers use a career manual that includes a description of typical health care career ladders. The expectation is that the WIA youth program will cover the training costs for the first two rungs of the ladder—Certified Nursing Assistant (CNA) and Licensed Vocational Nurse (LVN) or Licensed Practical Nurse (LPN)—while employers will foot the bill for training as a Registered Nurse (RN).

<sup>8</sup> <http://www.connect2jobs.org/>

manufacturing industry for a meeting that included both a presentation on labor market trends and a focus group. Business services staff also used this meeting to make a marketing presentation about the role they can play in analyzing industry information and creating action plans and innovative approaches to addressing skill shortages. The Local Area is also planning to use this approach with businesses in the health care and information technology sectors.

### CONCLUSION

All innovative business sites included in our study are participating in partnerships with Chambers of Commerce, economic development agencies, or businesses and industry associations as part of sectoral initiatives. Most of these partnerships are initiated and led by WIB directors or staff, though, in some, they act as participants and contributors. Some of these partnerships and initiatives have years of history and have themselves become separate organizations with their own staff, while others have only just begun their work. Though such partnerships were present among comparison sites, they were less common and much less developed.

*Most business-related partnerships are initiated and led by WIB directors or staff.*

Business organizations have a number of reasons to collaborate with the workforce development system. For one thing, as One-Stop centers with strong business orientations have become better at addressing the real needs of the business community, this has made them more attractive partners than traditional workforce agencies that historically have not had a good reputation in the business community. In addition, at several sites, WIB staff has been able to act as “honest brokers” in convening partners around sectoral initiatives. As part of this role, WIBs have been instrumental in helping businesses solve critical staffing and retention issues.

*At several sites Local Areas have been able to act as “honest brokers” in convening partners around sectoral initiatives.*

The most common types of partnerships for Local Areas are with local and regional Chambers of Commerce. They range from more traditional models of mutual appointments to

governing boards and ad hoc collaborations on occasional projects, to more committed relationships where office space and staff are shared or business services are jointly delivered. Partnerships with Chambers of Commerce are especially effective for the workforce development system in reaching smaller to mid-sized businesses. Chambers in turn report that the partnerships have helped them serve as a conduit for workforce development services for their members.

Partnerships with economic development agencies appear to have gained in significance in many of the innovative business sites. The intensity of partnerships between the workforce development system and economic development organizations also cover a wide range, with some Local Areas lacking any formal relationship, to full collaboration at others. Some of the more advanced partnerships conduct economic development and business retention visits jointly and bundle their business services so that new and incumbent businesses targeted by economic development efforts are always aware of services available from workforce development agencies.

Perhaps the most diversity in business-related partnerships can be found among the different sectoral partnerships examined as part of this study. Some address specific crises such as the critical shortage of nurses in the health care sector or localized shortages of skilled workers in the metal manufacturing and the semiconductor industry that might induce an industry to relocate elsewhere. Others are more broadly designed to prepare workers for positions in high growth sectors.

By their very nature, sectoral initiatives are specialized and tailored to the particular needs of a given sector or region. The common ground among all these partnerships is that they share a focus on growth industries and demand occupations and that their workforce development strategies are designed to address recruitment, training, and career advancement issues. WIBs with successful sectoral initiatives see themselves as influential actors

*Perhaps the most diversity in business-related partnerships can be found among the different sectoral partnerships initiatives.*

*For communities, strong partnerships have meant that business and workforce development organizations are more quickly able to address industry and workforce needs.*

who are able to use their leverage to help shape regional workforce policy decisions in areas that have significant impact on the health of the local business climate and on the success of their job seeker and business customers.

The impact of all of these partnerships has been multifaceted. For communities, strong partnerships have meant that business and workforce development organizations are more quickly able to address industry and workforce needs. This has allowed some communities to retain industries that were at risk of relocating elsewhere. It has also helped soften the effect of acute staffing shortages in the health care industry.

For Chambers and economic development and industry organizations, these partnerships have opened up new channels for their members to have their views expressed and their workforce needs addressed.

For Local Areas, the partnerships have increased networking opportunities and provided them with access to a wide range of new business customers. In addition—and perhaps most importantly—active engagement with these business partnerships has enhanced the credibility of WIBs and One-Stop centers in the eyes of the business community. Overall this has enhanced the stature of the innovative business sites and has made them more influential actors in emerging and high-growth industries.

*Active engagement with these business partnerships has enhanced the credibility of WIBs and One-Stop centers in the eyes of the business community.*

## IV. BUSINESS SERVICES

Although public workforce development systems have long provided services to businesses, until fairly recently these services have been considered less important than services to job seekers. Indeed services to businesses have been provided primarily to develop job placements for job seekers. Even in Federal workforce development legislation, most services to businesses have been couched as services to job seekers, justified only by recognizing that businesses are the other half of the employment equation.

However, during recent years, businesses have become more of a central focus of the workforce development system. With the passage of the Workforce Investment Act in 1998, the shift to a greater emphasis on providing services to businesses received a boost. Indeed, the nine innovative business Local Areas we visited for this study have devoted considerable time and resources to the development of successful business services programs. This chapter will explore the details regarding the business-services programs developed and operated in these Local Areas. The chapter will begin by describing the process and challenges of developing business services, followed by a section on how Local Areas approach and target business services. The next section will describe the different types of business services provided, followed by a section describing how business services are provided. The chapter will conclude with a section on the impact of business services and a summary of the challenges and key strategies for providing services.

### DEVELOPMENT OF BUSINESS SERVICES

As described in the introduction, until recently, workforce development services to business were somewhat of an afterthought. However, beginning in the late 1990s, for a variety of reasons, the nine innovative business Local Areas we visited

*The nine innovative business Local Areas we visited for this study have devoted considerable time and resources to the development of successful business services programs.*

for this study began the process of developing more extensive business services.

### **Impetus for Development of Business Services**

A number of factors pushed these nine Local Areas to develop their business-services programs. One of the main reasons stemmed from a sense that the old way of providing workforce development services was not working even as performance accountability became more and more important. As a result, Local Area staff felt pushed to experiment with new approaches. Because of the critical role businesses play in providing employment for job seekers—the primary means by which WIA assesses their performance Local Area managers thought that focusing on businesses would make it easier to place job seekers in high-wage jobs and therefore achieve better performance. In addition, Local Area staff began to recognize the importance of providing services to businesses to help them be economically successful so that they would be able to offer those jobs in the first place.

*Because of the critical role businesses play in providing employment for job seekers the primary means by which WIA assesses their performance Local Area managers thought that focusing on businesses would help them achieve better performance.*

Another reason for the development of more extensive business services was the passage of the Workforce Investment Act. Even though WIA is not expressly clear about business services, it has a much stronger emphasis on working with businesses than previous legislation. Thus it provided strong support for the efforts of Local Area staff to push their agenda to develop more extensive business services and shift the focus of services to addressing business needs.

Changes at the State level also sometimes served as the impetus for changes. For example, in Colorado, the State Employment Service convened a task force in the 1990s to improve services to businesses, on which staff from Arapahoe-Douglas participated. The task force recommended improving the screening process of job candidates and having dedicated

business services staff. Arapahoe-Douglas then applied for and received a grant from the State to establish a pilot project to implement these recommendations and develop better ways of serving employers.

The implementation of welfare reform legislation was another factor in the development of exemplary business services in some States and Local Areas. The new Temporary Assistance for Needy Families (TANF) program's emphasis on finding jobs for welfare-leavers fit in very closely with WIA's greater emphasis on businesses and provided additional funding to cover the cost of developing new business services.

#### **Challenges in Developing Business Services**

Once Local Areas had made the decision to develop business services programs, and had garnered support from States and Local Boards to do so, they typically faced a number of challenges to making those programs successful. One of the biggest challenges was the need to build credibility with businesses. While few businesses have ever heard of the publicly funded workforce development system, those that have often had negative experiences with it. In particular, many businesses have low opinions of the job candidate referrals they have received from State Employment Service job matching systems.

In addition to building credibility, business services staff had to show that they were responsive and innovative—completely unlike the stereotype most businesses have of bureaucratic government workers. Local Area managers said that they struggled with helping both new and incumbent staff to make the transition from having what one manager called a “poverty program” mentality, to adopting a business-focused emphasis. They also faced difficulty in figuring out how to instill in staff a “don't say no” attitude that celebrated innovation, creativity and responsiveness.

*One of the biggest challenges was the need to build credibility with businesses.*

Finally, Local Areas had to try to coordinate the delivery of business services between One-Stop partners, particularly WIA-funded providers and the Employment Service. Unless this service delivery was coordinated, business customers were likely to be bombarded by calls from multiple One-Stop partners. In addition, poor quality services provided by one partner would diminish the reputation of the whole system. Coordination with the Employment Service was particularly challenging because it often had to occur at both the local and State levels.

#### **APPROACH TO SERVING BUSINESSES**

A critical element in the development of business services involves the adoption of an approach to serving businesses. For the nine innovative business sites, their approach typically included both a set of key principles for serving businesses and a plan for targeting certain groups of businesses.

##### **Key Principles for Serving Businesses**

The innovative business Local Areas typically utilize a number of key principles to overcome the challenges of providing successful business services programs mentioned above. These principles include shifting the primary focus of the workforce system from job seekers to employers, focusing on building strong relationships with businesses, providing services in a customized and individualized way, and viewing service delivery as a process that occurs in phases.

Of these, the most important principle involves shifting the focus of their service delivery system to employers. Indeed, at several sites, staff said that business was the only real customer of the workforce development system, while job seekers were merely a “commodity.” Most Local Areas justify this business emphasis by explaining that, without employers, there would be no jobs for job seekers, no matter what assistance Local Areas provide. This orientation also seems to signal that these Local Areas have moved away from seeing business services as only a

*At several sites, staff said that business was the only real customer of the workforce development system, while job seekers were merely a “commodity.”*

means to developing more placements for job seekers, but rather view them as a key component in the operation of an efficient labor market and a healthy local economy.

Another key principle mentioned by many business services programs is an emphasis on building relationships with businesses. This focus on relationships is one reason why most programs emphasize in-person interaction between business services staff rather than self-services or on-line services. For example, business services staff often prefer to start off their relationship with a business through an in-person meeting at the business site.

*A crucial component of relationship building involves the development of a clear understanding of business customers.*

A crucial component of this relationship building involves the development of a clear understanding of their business customers. For many programs, building this knowledge base begins even before the first meeting with a new business, as staff “do their homework” to find out basic information about the company and the industry through Internet research. Building on this, the first meeting with a new business contact typically focuses on understanding the business’s current challenges and needs rather than explaining the Local Area’s business services. Thus, rather than going over all of the services their programs could offer, business staff describe only those that address needs or challenges brought up by the business customer. One case manager in Northwest Wisconsin explained the rationale for this approach by noting that businesses do not want to hear a laundry list of services, but only those relevant to their specific needs.

*Businesses do not want to hear a laundry list of services but only those relevant to their specific needs.*

To help staff deepen this understanding of business needs early on, some Local Areas try to ensure that the first services typically provided to business customers give staff opportunities to learn detailed information about employer hiring preferences and skill needs. For example, one of the reasons Capital Area Michigan started using the WorkKeys job profiling and matching system was so that staff would have the opportunity to learn in-

depth information about the skills and characteristics of specific positions. This detailed information was then used to ensure that subsequent services closely match business needs.

To guarantee that this in-depth knowledge of a particular business will not dissipate during a hand-off to other staff, many of the innovative business Local Areas provide businesses with a single point of contact, using a system of “account representatives.” Using account representatives also makes it easier for businesses to understand how to interact with the workforce development system, strengthens accountability, and diminishes the possibility of businesses being given the runaround. In addition, once business staff demonstrate their ability to make good on promised services within a reasonable timeframe, account representatives help business customers to develop trust in the workforce program, because trust tended to be embodied in a particular staff person, rather than in the system as a whole. For example, when asked about the quality of business services in a Local Area, several businesses mentioned specific business services representatives they worked with rather than the program as a whole.

Providing customized or individualized business services is a third key principle to providing business services used by most of the nine innovative-business Local Areas. As staff from Arapahoe-Douglas put it, this means having an attitude of “giving them [businesses] what they want.” It also means allowing businesses to be in control, letting them decide to receive as few or as many services as they wanted. Staff focus on listening to business needs and challenges and then coming up with solutions to directly address those needs, even if they are very different from the Local Area’s standard business services. For example, when an employer in Eastern Kentucky told a business services staff person that he had an incumbent worker who needed to learn certain computer skills very quickly, the staff person arranged for the worker to come to the One-Stop after hours the next day to

*Providing customized or individualized business services means having an attitude of “giving them [businesses] what they want.”*

use the One-Stop's tutorial program and receive one-on-one tutoring.

This customized approach also means that the same general service provided to different businesses can differ radically, based on the specific characteristics and needs of individual customers. For example, in Arapahoe-Douglas, business services staff provided recruitment assistance to two local hospitals. For one of them, which was very small and had few human resources staff, business services staff not only recruited applicants, but also carefully screened them. By contrast, for the other hospital, which had a large human resources department, business services staff simply arranged for a job fair to attract candidates and let the hospital do all of the screening.

*This customized approach also means that the same general service provided to different businesses can differ radically, based on the specific characteristics and needs of individual customers.*

A fourth key principle utilized by innovative-business Local Areas is to see service delivery as a phased process. Typically staff begin by providing a basic service that often leads to other services. Usually these "gateway" services are related to recruitment or referrals of qualified job seekers. For example, Local Areas that have developed improved job matching systems often try to convince businesses to use these services first. These gateway services allow staff to both get to know businesses better and demonstrate that they can deliver on what they promise. Once the gateway service has been successfully provided, businesses typically return to ask for additional assistance or are receptive to suggestions for additional services.

*Typically staff begin by providing a basic "gateway" service that often leads to other services. These gateway services allow staff to both get to know businesses better and demonstrate that they can deliver on what they promise.*

### **Targeting of Businesses**

In addition to utilizing the key principles outlined above, most of the innovative business Local Areas also target certain groups of businesses for services. In some of these Local Areas, non-target businesses can access the full set of services, while in others, non-targeted businesses are only able to utilize business services that are available on a self-service basis.

Among the innovative business Local Areas, the most common group of employers targeted were small businesses. Local Areas said they targeted small businesses because those typically lack human resource staff and expertise and thus are most in need of assistance. Local Area staff also emphasized that small businesses make up the majority of local businesses and employ large numbers of local workers. However, most found this target group to be very challenging because small businesses are very difficult to contact since they have so few staff. As a result, some sites compromised by targeting medium-sized rather than the smallest businesses. For example, Dallas business services staff indicated that they targeted businesses with 50-250 employees with few human resource staff.

*Among the innovative business Local Areas, the most common group of employers targeted were small businesses.*

Nearly half of the innovative business Local Areas also targeted businesses offering better-paying jobs or good career ladders for workers. For example, in San Diego, the Metro One-Stop business services staff person said he does not work with businesses that only offer minimum wage jobs, since placing job seekers in these positions will not result in a self-sufficiency wage or help the Local Area reach its WIA earnings performance goals. Instead, the Local Area only handles job orders from employers who pay at least nine dollars an hour. Similarly, staff in Pacific Mountain—Grays Harbor said that they target businesses that offer “family wages,” while Eastern Kentucky, tries to target industries and businesses that offer a clear career path for workers. For its new incumbent worker training and job profiling program, Capital Area Michigan also targets industries and companies that offer higher wages, good benefits and more opportunities for promotion.

In addition to targeting businesses that provided job seekers with higher wages and more career opportunities, several Local Areas also targeted or were planning to target high growth industries for business services. For example, Eastern Kentucky used labor market information to target high growth industries,

and Coastal Counties, Maine was also planning to do so. Dallas further targeted growing mid-sized businesses.

One type of targeting mentioned only in San Diego was to prioritize services to current customers over new customers, especially those who use services the most.

Finally, one Local Area, Northwest Wisconsin, did not target any particular businesses for services. Business services staff, instead, said that technology would allow them to provide services to all local businesses that needed them.

*Innovative business Local Areas focus on improving and customizing basic services to more closely match individual business needs.*

## **DESCRIPTION OF BUSINESS SERVICES**

Nearly all Local Areas we visited for the study—both innovative business and comparison sites—offer the same core set of business services that typically include labor exchange services, rapid response/downsizing assistance, job fairs, job seeker assessment, labor market information, space for interviewing and information on tax credits. Although both groups of Local Areas generally offer the same types of services, innovative business Local Areas focus on improving and customizing them to more closely match individual business needs. In addition, a few innovative business sites also offer other less common business services such as customized skill assessments, background and credential checks, intensive follow-up and coaching, job analyses and specialized human resource services. This section examines each of these different types of business services, beginning with labor exchange services.

*Labor exchange services—assisting businesses with finding job candidates who have the skills and characteristics to do a job well—always comprise the heart of business services.*

### **Labor Exchange Services**

One of the most common sets of services provided to all businesses are labor exchange services. These services—assisting businesses with finding job candidates who have the skills and characteristics to do a job well—always comprise the heart of business services. Typically they are packaged together and include recruiting, assessing and screening candidates.

The first labor exchange services provided usually involve assisting businesses with posting a job description on statewide job matching systems. However, during the process of assisting employers with this posting, business services staff often notice problems with job descriptions. For example, job descriptions are often vague, offer salaries that are too low for the local labor market, or include illegal language. Consequently, staff end up assisting businesses with improving their job descriptions as well. For example, staff in Arapahoe-Douglas often used O-Net to help clarify the skills required for specific jobs. In Northwest Wisconsin, business services staff often developed entire job descriptions for small employers using a software program, charging \$50 per description.

Once the job description is posted, the next set of labor exchange services typically involves finding a job seeker that fits that description. To do that, Local Areas need to assess job seekers' hard and soft skills and match them to suitable job descriptions. Often Local Areas use basic skills assessments such as the TABE and a review of resumes to do this. Job seekers are then approached to ensure they are still available and interested in the position. Although businesses sometimes request that Local Areas manually screen job seekers' resumes based on defined skills, education, or experience, usually screening and matching occur through State-wide Employment Service job matching programs that match key words in job descriptions with key words in job seeker resumes.

Unfortunately, both businesses and business services staff at nearly all innovative business Local Areas complained that these State-wide job matching systems did not work well for a number of reasons. To begin with, their matching software was limited and antiquated. In addition, staff said that job descriptions posted on these systems were often vague and did not accurately reflect the underlying job duties. Furthermore, the skills of job seekers were often inadequately assessed, in that the skills included on

*State-wide job matching systems often do not work well.*

resumes were self-ascribed rather than based on objective assessment. Even if the results of objective assessments were included with job seeker profiles, those scores were typically not part of the matching process. Another problem with these systems was that they allowed job seekers to self-refer to employers, which often meant that job seekers had none of the required skills. Finally, systems sometimes referred job seekers to employers without checking whether job seekers were still interested in the position.

Because of the central role of labor exchange services in business services, most innovative business sites have attempted to improve their labor exchange services. They realize that unless they can perform these services well, businesses will not return for additional services. To do this, Local Areas have either worked with their State's Employment Service to improve the State-wide matching process and system, or they have purchased or created their own separate systems. Local Areas that have opted to work with their State's Employment Service have either focused on improving the matching process itself or on strengthening post-matching screening. For example, the business services manager in Dallas has worked with the Texas Employment Service to improve the system's matching process so that the 4,000 key words the system currently handles will be better suited to actual employer needs. In addition, the business services unit is working on developing information on occupational skill sets and job seeker characteristics that can be added to the system's database and is trying to get the Employment Service to reduce or eliminate unsuppressed job orders which allow job seekers to self-refer.

In other sites, local staff focus on providing additional screening as the best way to improve their State's Employment Service matching system. For example, in Arapahoe-Douglas, results from the State's automated matching process are first screened by Employment Service staff and then by the Local

*Most innovative business sites have attempted to improve their labor exchange services either by working with their State's Employment Service to improve the state-wide matching process or by purchasing or creating their own separate systems.*

Area business services account representative before they are passed on to businesses.

By contrast, several of the innovative business Local Areas determined that small improvements to their State's Employment Service system would not be enough to improve performance and instead chose to develop or purchase their own separate job matching systems. These matching systems were designed to dramatically improve the matching process through careful analysis of both job requirements and job seeker characteristics.

Pacific Mountain—

Grays Harbor, for example, decided to develop its own system, called the Employer Assistance Program WebMatch, from scratch. This system operates like a standard job matching system with descriptions of available jobs and information on local job seekers entered into the system and matched. However,

**Pacific Mountain—Grays Harbor's Employer Assistance Program**

Pacific Mountain—Grays Harbor's Employer Assistance Program consists of a simple and straightforward three-step process. First, business services staff identify and recruit local businesses with current or future job openings. These businesses are then registered and entered in the program's WebMatch database. During an initial meeting, a business services account representative meets with an interested business to assist in developing a job description that identifies the specific skills required for the position. The account representative also provides information on specific training, tax credits, and support services available to support workers hired through the program. Meanwhile, One-Stop case managers from the various One-Stop partners handle the recruitment of job seekers from the WIA adult and dislocated worker programs as well as the local TANF, Vocational Rehabilitation and Employment Service programs. These case managers complete a registration form for each interested job seeker and forward it to a business staff person who establishes the individual's job readiness and registers the job seeker in the WebMatch database.

Once a business is ready to hire, business services staff use the WebMatch database to match the employer's skill criteria with job seekers' skill levels. These matches are then referred to the employer who chooses whether or not to interview. If a job seeker is hired, the account representative calls the employer within 24 hours of hire to check in and complete any on-the-job training or tax incentive paperwork. The account representative then continues to work with the employer to provide support for retention, and identify possible areas of concern or support services needed by the

the system is different from standard matching programs in that it bases its matching process on more factors and so is believed to be more accurate. In addition, business services staff confirm job seeker availability before making a referral.

Instead of developing their own systems from scratch, several other Local Areas decided to purchase or adapt already existing matching systems created by national testing firms. These systems typically involve the most rigorous assessments of both jobs and job seekers and thus are purported to result in the most accurate matches.

One example of this is the JobFit system developed by Profiles International and adapted and first used by Northwest Wisconsin and now Eastern Kentucky. Northwest Wisconsin staff said that they chose the Profiles International system over others because it emphasized matching soft skills in addition to hard skills and took less time to use. JobFit allows staff to develop a very detailed description of the skills and characteristics

### **JobFit**

JobFit's matching process involves conducting two assessments and entering them into the system: a profile or "pattern" for the available job and a profile for available job seekers. To create a job pattern, the job's supervisor fills out a questionnaire regarding duties and responsibilities and identifies two or three excellent workers currently in the position to serve as "subject matter experts." Each of these workers then takes the JobFit assessment and their scores are averaged to create an ideal score for the position. This entire process takes about four and a half hours. Once a draft job pattern is developed, it is sent via the Internet to Profiles International staff who make sure the pattern is valid and then post it on the Internet-based system, enabling employers to search for matching job seekers.

The other half of the process involves the creation of job seeker profiles. To do this, job seekers take the Internet-based JobFit assessment of their hard and soft skills and enter information on their work experience, education and other qualifications. These job seeker profiles are matched against job patterns. The system then generates a list of matched job seekers and scores that indicate how closely they match the job patterns. The system also creates interview questions based on any gaps between job seekers assessments and job patterns as well as coaching reports on how to best mentor these employees.

needed for a specific job. Job seekers are also assessed in a similarly rigorous manner and then matched with jobs. These matches are then passed on to employers. Other Local Areas,

such as Capital Area Michigan, are using WorkKeys in much the same manner.

One issue with these proprietary systems is that they are expensive to use. For example, employers using JobFit in Northwest Wisconsin pay \$1500 per job description to Profiles International, the company that owns the system. So far, the other Local Areas are using grants to cover costs, but in the future they are likely to charge similar fees.

### **Other Standard Services**

In addition to labor exchange services, Local Areas also offer a number of other standard services that typically include job fairs, rapid response, labor market information, distributing and collecting applications, workshops for employers, and information on tax credits, labor law, and how to start a business. Again, while these services are usually provided at both innovative business and comparison sites, basic services provided by the innovative business Local Areas tend to be highly customized to meet the specific needs of individual businesses.

**Job Fairs.** Complementing the individual labor exchange services provided above, all Local Areas we visited organize job fairs. Typically these fairs occur once or twice a year at One-Stop centers, businesses or other locations. These fairs are often large-scale events that attract numerous job seekers with widely varying skills and interests and a similarly diverse group of businesses, some of which have no open positions. Often, these job fairs are more effective as marketing events for the Local Area than as ways to find job seekers employment or meet the hiring needs of employers. Indeed, to maximize marketing of its job fairs, Capital Area Michigan share gate fees with local TV stations and newspapers who then have an incentive to market the fairs far more than the Local Area can afford to do by purchasing advertising.

*Job match systems created by national testing firms involve the most rigorous assessments of both jobs and job seekers and thus are purported to result in the most accurate matches.*

*Although many of the innovative business Local Areas did offer standard job fairs, they also typically customized or targeted them to better meet the needs of both employers and job seekers.*

Although many of the innovative business Local Areas do offer these standard job fairs, they also typically customize or target them to better meet the needs of both employers and job seekers. For example, in Dallas, business services staff invite only businesses with actual job vacancies. In Arapahoe-Douglas, meanwhile, business services staff organize job fairs for individual employers who need to hire large numbers of job seekers at one time. For example, last fall they held a job fair for a local supermarket that attracted 1,000 job seekers. San Diego also organizes individual job fairs for employers, but invites only pre-screened job seekers with relevant skills. For example, the Local Area recently organized a job fair for Southwest Airlines, which was expanding its presence at the local airport. Capital Area Michigan, through its “Employer of the Day” program, allows a single employer to host an individual job fair in its One-Stop center on a daily basis.

**Rapid Response/Outplacement Assistance.** All Local Areas offer Rapid Response services to employers facing layoffs or closure. Typically, State or local office Employment Service staff take the lead in providing Rapid Response services, although WIA staff are also involved. These Rapid Response services usually involve an initial meeting between Rapid Response and Local Area staff—including business services staff—with the affected business. Two of the sites specifically mentioned that they focus their Rapid Response efforts on trying to minimize layoffs or on immediately connecting downsized workers with other employers. For example, in San Diego, when the local hospitality industry was heavily affected by the post-9-11 downturn in tourism, local area staff helped hospitality workers keep their jobs, albeit with reduced hours, by helping to connect them with other, temporary part-time jobs.

*San Diego, which has its own labor market information staff has made the analysis and understanding of labor market information a centerpiece of its business services program.*

**Labor Market Information.** Another standard business service is providing employers with labor market information. This kind of information is usually available from State staff,

some of whom are located at One-Stop centers, and from State Employment Service websites.

Although some employers do ask for information on local salaries and local unemployment rates, labor market information requests are fairly uncommon. Local respondents explained that labor market information is seldom used because it often is exact and out-of-date. In addition, many employers and even business services staff do not seem to know how to use the information.

Only one innovative business Local Area reports using labor market information extensively. San Diego, which has its own labor market information staff in its business services unit, has made the analysis and understanding of labor market information a centerpiece of its business services program. To do this, the Local Area provides training to One-Stop staff on how to understand and use labor market information with employers and publishes a monthly newsletter on labor market trends.

#### **San Diego's Labor Market Information Program**

Due to its emphasis on labor market information in planning and service delivery, San Diego has its own research unit that prepares labor market information reports. Situated as part of the Local Area's centralized business services group, the research unit has four staff who prepare reports on labor market information and trends for both sectoral efforts (see Chapter III) and to assist front-line business services staff in working with employers.

San Diego has worked very hard to make labor market information user-friendly, accessible and relevant. For example, when preparing reports, research staff typically check in with front-line staff to make sure that their research is consistent with day-to-day experience. In addition, once a report is prepared, research staff train front-line staff (business strategists and all One-Stop staff) in how to use and interpret it for business customers. The research unit also publishes a monthly newsletter on labor market data targeted at One-Stop staff and has made data more accessible on the Internet, with greatly improved search capability. For example, the labor market information on the Local Area's web site was recently reorganized so that targeted information would be readily available to each type of user.

**Employer Workshops.** Most Local Areas we visited provide employer trainings or workshops. These are typically one to two hour sessions targeted at human resource managers or small business owners, covering topics such as hiring, leadership,

customer service, employee retention, supervision and teamwork. Typically, employer workshops are primarily viewed as a marketing tool to get businesses into One-Stop centers. In two of the sites, these workshops are conducted by professional business consultants who do not charge the One-Stops for conducting them in hopes of developing consulting contracts with businesses. In several sites, these workshops are co-sponsored by a local Chamber of Commerce or a One-Stop partner such as Vocational Rehabilitation. Northwest Wisconsin also organizes monthly groups for human resource professionals at its One-Stop centers that provide opportunities for networking and discussions about human resources issues.

*Typically, employer workshops are primarily viewed as a marketing tool to get businesses into One-Stop centers.*

Many One-Stop centers charge fees for these workshops. For example, in San Diego, the local area organizes “Leadership Seminar” breakfasts for small businesses, charging \$20 a session. They decided to charge a modest fee for these seminars because they felt businesses would not value them otherwise.

**Information Requests.** Providing information to businesses regarding tax credit programs, labor law or Unemployment Insurance is also very common in all the sites we visited. These information requests are typically referred to State offices that specialize in handling these issues, although occasionally local Employment Service staff are able to answer them.

Most Local Areas also provide employers with information on the Federal Bonding Program, which allows employers to purchase fidelity bonds to indemnify themselves for loss of money or property sustained through the dishonest acts of their employees. Others, particularly those with strong partnerships with Vocational Rehabilitation programs, provide employers with information on the reasonable accommodation requirements of the Americans with Disabilities Act.

**Interviewing Facilities.** Most sites allow employers to use One-Stop facilities for interviewing, occasionally even scheduling

the interviews. Often, One-Stops also allow businesses to use these conference rooms for other purposes such as meetings and training workshops. In Lower Rio Grande, Texas, employers can use a room in the business center for up to 45 days. Usually, spaces used by employers are regular One-Stop conference rooms. While the San Diego Metro One-Stop center charges for this service, no other Local Areas or One-Stop centers we visited do so. Typically, employers who use One-Stop centers for interviewing lack space to do it in their own offices or are opening a new facility.

**Collecting or Distributing Job Applications.** Another common standard service provided by business services programs is giving out or collecting job applications. Employers typically request this service to prevent job-seekers from disrupting their own staff by asking for and returning applications. Sometimes, employers also reserve rooms in One-Stop centers to have employees fill out applications.

#### **Less Common Business Services**

In addition to these standard business services, a few sites—mostly innovative business Local Areas—provide other less common services such as customized skill assessments, background or credential checks, follow-up and retention services, on-site job analysis and specialized human resource services. Many of these services are available only on a fee for service basis.

**Customized Skill Assessments.** Although most Local Areas offer numerous occupational and basic skills assessments for job seekers, few provide customized skill assessments of job seekers for businesses. If these are provided, they were usually assessments of office and computer skills, typically using licensed software. For more extensive assessments, One-Stop staff typically connect employers with local community colleges who can provide those services.

*A few sites—mostly innovative business Local Areas—provide other less common services such as customized skill assessments, background or credential checks, follow-up and retention services, on-site job analysis and specialized human resource services.*

In Eastern Kentucky, the Local Area has developed an additional means of ensuring that job seeker skills are adequately assessed and pre-screened. They use what they call Employer Specific Orientation Screening. This basically consists of a week-long workshop on work-readiness skills and basic skills testing customized to meet employer needs. Businesses planning to hire specific job seekers can select from 20 possible topics for Local Area staff to cover with those job seekers.

**Background Checks and Credential or Immigration Status Verification.** Another less common service is conducting reference checks and verifying credentials. Only three innovative business and one comparison site mentioned providing these services.

Two of the comparison sites that serve large numbers of migrant farmworkers noted that they offer “I-9” immigration services that provide employers with evidence of applicant’s legal right to work in the United States. These services are very important for local farmers who do not want to risk a fine from the United States Citizenship and Immigration Services for hiring workers who lack this paperwork.

**Follow-up and Retention Services.** A few innovative business Local Areas offer retention services to employers. For example, in Pacific Mountain—Grays Harbor, a critical part of the Employer Assistance Program involves providing single point of contact retention assistance to employers. When any issues surface, the business services account representative communicates with the job seeker’s case manager regarding those issues and the case manager works with the job seeker to solve them.

*Local respondents noted that follow-up and retention services are particularly important for working effectively with employers who hire job seekers with significant barriers.*

Local respondents noted that follow-up and retention services are particularly important for working effectively with employers who hire job seekers with significant barriers. Indeed, they said that businesses are resistant to hiring these job seekers

unless they know they will have support from One-Stop staff in working out retention issues. For example, staff in North Central Wisconsin who work with limited-English proficient job seekers said that employers are willing to hire their job seekers only because they know One-Stop staff are available to assist with any language or culture-related conflicts.

**On-Site Job Analysis.** One unique service provided by Pacific Mountain—Grays Harbor is on-site job analysis. These analyses are used by employers to train new workers on the duties required by a position. The process of developing an analysis starts with a 10-15 minute interview by business services staff with the position's supervisor about the job's educational and skill requirements and main duties. Next, the business services staff person observes an employee currently doing the job for an entire shift. Finally, the business staff person prepares an analysis of the skills and duties of the job for the employer.

The on-site job analysis process was developed by a human resources consulting firm whose chief operating officer was on the WIB. Staff from the consulting firm trained business services staff on how to do the analysis. Currently this service is being provided free of charge as the Local Area has a grant to cover the cost. However, when the grant runs out, the Local Area may no longer be able to provide the service.

**Specialized Human Resources Services.** One innovative business site offers a series of specialized human resource services specifically targeted to small businesses with limited or no human resource staff or experience. Each of these services is provided by business services staff with the help of licensed software. The Local Area charges a fairly nominal fee for each service to cover the costs of materials and use of the technology. These services include developing organizational charts, (\$50-\$100), employee policy handbooks (\$100-\$500), and employee performance review systems (sliding scale based on number of

*One innovative business site offers a series of specialized human resource services specifically targeted to small businesses with limited or no human resource staff or experience.*

employees). The Local Area also offers a gap analysis to help businesses assess their human resource challenges and develop customized solutions. Because conducting a gap analysis is very labor-intensive, the Local Area charges businesses based on an estimate of the number of hours needed. The Local Area has so far conducted few gap analyses due to both their complexity and the fact that few business services staff are trained to conduct them, but it is looking at ways to make them easier to carry out.

### **Training Services**

Although nearly all sites provide some on-the-job-training, it is used frequently in only two sites, Eastern Kentucky and Pacific Mountain—Grays Harbor. However, even in Pacific Mountain—Grays Harbor, some employers discussed their unease with using on-the-job-training as they felt it seems like a kind of “bribe” for businesses to take “defective” workers. In Northwest Wisconsin, business services staff said that it was still very important to have on-the-job-training as an option in a rural area where many businesses do not have the resources to train workers.

Although most Local Areas offer customized training, few provide very much of it. Typically, the WIA administrative agency for the Local Area serves as a broker between businesses and training providers, such as community colleges, who actually develop and provide training programs. WIA adult and dislocated worker formula funds are also sometimes used to help pay for customized training.

Most local areas also said they provide very little incumbent worker training, despite strong employer demand. Indeed, one Local Area said that incumbent worker training should be the heart of employer services because it provides businesses with something they really value—services for their current workforce—and helps to substantially deepen their relationship with the public workforce development system. However, even

*Typically, the WIA administrative agency for the Local Area serves as a broker between businesses and training providers, such as community colleges, who actually develop and provide training programs.*

if Local Areas are able to fund or provide incumbent worker training, most said they use governor’s set-aside funds or other State funding rather than local WIA formula funds. They noted that the twin restrictions of only being able to provide training services to employed workers who need them “to retain employment that allows for self-sufficiency<sup>1</sup>” and needing to have those workers meet the WIA earnings change performance measure makes it very difficult and unwise for them to use WIA formula funds on a large scale for incumbent workers. Indeed, nearly all Local Areas we visited voiced concern about the earnings change measure and thought it should be adjusted to reflect the reality that incumbent workers cannot be expected to experience earnings gains as large as unemployed workers. They are also supportive of the WIA reauthorization proposal that will allow Local Areas to spend 10% of their formula funds specifically on incumbent worker training.

### **Packaged Business Services**

While most of the Local Areas we visited offer individual business services, Pacific Mountain—Grays Harbor’s packages all of their recruitment and matching services into a single process they call the Employer Assistance Program (see box above). Two other sites, Capital Area Michigan and Northwest Wisconsin are also considering packaging all of their recruitment and hiring services. Capital Area Michigan is also considering charging a single fee for those services similar to that charged by private staffing firms, although the Local Area’s executive director is concerned that for-profit staffing firms will be unhappy with such direct competition.

*One Local Area said that incumbent worker training should be the heart of employer services because it provides businesses with something they really value—services for their current workforce—and helps to substantially deepen their relationship with the public workforce development system.*

### **HOW BUSINESS SERVICES ARE PROVIDED**

Providing effective business services involves a number of related activities that must be carried out successfully. These

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<sup>1</sup> WIA section 134(1)(3)(A)(ii).

activities include coordinating service delivery among One-Stop partners, setting up organizational structures to staff and deliver services, selecting and training staff, determining how businesses will access services, and funding, marketing, tracking and evaluating services. Each of these activities is examined in detail in the following section.

### **Coordination Among Partners Providing Business Services**

Because more than a single One-Stop partner typically provides business services, coordination between different programs is critical to the success of business services. Without good coordination, programs risk alienating employers by having staff from multiple programs contact them to provide the same services. In addition, poor quality services provided by one partner are likely to damage the reputation of all One-Stop partners because employers do not understand the difference between programs.

In many Local Areas, although business services are provided out of One-Stop centers, business services staff from different One-Stop partners are not integrated and coordination is often described as a challenge. Consequently, coordination between the main providers of business services—WIA and the Employment Service—varies greatly from one Local Area or One-Stop center to another. However, some of the innovative business sites have surmounted this challenge more successfully than others. For example, one innovative business site enjoys excellent collaboration between local WIA and Employment Service managers who have even agreed to co-fund some business services positions. By contrast, line staff in several One-Stops in the same Local Area do not work well together, and WIA staff criticize their better-paid Employment Service colleagues for their lack of responsiveness and bureaucratic manner.

*Because more than a single One-Stop partner typically provides business services, coordination between different programs is critical to the success of business services.*

Services are more likely to be better integrated where staff are co-located and Employment Service funding or staffing is controlled by Local Areas, such as in Arapahoe-Douglas, Capital Area Michigan or Dallas. In all three of these innovative sites, business services are provided in a very integrated manner, with staff from WIA and the Employment Service co-located together and each having clear-cut roles. For example, in Capital Area Michigan, nearly all business services are provided with Wagner-Peyster funds. By contrast, Employment Service staff in Dallas only work with job seekers while WIA staff work with businesses.

However, even in those Local Areas, services provided by the Employment Service State wide or in other regions sometimes cause problems for local business services programs. A common conflict is over problems related to the Employment Service's statewide job matching system. For example, in Arapahoe-Douglas, even though Employment Service staff work under the direction of the One-Stop manager and there is good collaboration with the regional Employment Service manager, a few poor referrals from Employment Service offices in other regions negatively affected the Local Area's business customer satisfaction outcomes. As a result, the Local Area realized it needed to work with the Employment Service on a statewide basis to improve the State's electronic job matching system.

As described earlier, problems with Employment Service job matching systems have spurred several innovative Local Areas to use proprietary job matching systems or create their own. In one of these Local Areas, where there was already conflict between WIA and the Employment Service staff, this use of an alternative job matching system has created additional conflict between the two programs. However, other Local Areas asserted that prioritizing use of an alternative job matching system has not created any conflict.

*Services are more likely to be better integrated where staff are co-located and Employment Service funding or staffing is controlled by Local Areas, such as in Arapahoe-Douglas, Capital Area Michigan or Dallas.*

Statewide Employment Service policies that are at odds with local business services efforts are another source of conflict between Employment Service and WIA staff. For example, in one of the innovative business sites, although local Employment Service staff fully collaborate with One-Stop staff to focus on businesses that offer higher wages to help meet the Local Area's earnings goals, on a Statewide basis, the Employment Service continues to be willing to accept all job orders, even those that pay only minimum wage. This difference sometimes continues to create discord between WIA staff and the Employment Service.

Occasionally other partners are also involved in providing business services. For example, in Northwest Wisconsin, the success of the Local Area's business services program has attracted the interest of the local Vocational Rehabilitation program manager who has agreed to co-fund a business services staff person with the WIA program. This co-funded staff person has helped the local Vocational Rehabilitation program move toward developing a closer connection with businesses and away from "bribing" employers for taking job seekers perceived as unqualified. In addition, community or technical college partners typically work with WIA programs to provide customized training programs for employers. Often, as described above, the WIA administrative entity helps to facilitate training agreements between businesses and colleges or provides a portion of the funding required to offer a training program.

*Some sites, such as Southwest Connecticut and Arapahoe-Douglas include business services together with other contracted WIA or One-Stop operator duties.*

### **Organizational Structures for Providing Business Services**

To implement their WIA-funded business services programs, Local Areas use several different organizational models. One model involves having basically all business services provided by WIA contractors or One-Stop operators. For example, some sites, such as Southwest Connecticut and Arapahoe-Douglas include business services together with other contracted WIA or One-Stop operator duties.

Pacific Mountain—Grays Harbor uses an alternative model by selecting different specialized business services contractors for each county, choosing only entities with a deep history of working with businesses—local Chambers of Commerce and economic development agencies. The Local Area selects these types of contractors because of the instant credibility with businesses the contractors give their program. They also feel that this approach ensures that contractors will focus on business as the primary customer.

In Northwest Wisconsin, which is a Concentrated Employment Program, all WIA-funded business services are provided directly by the WIA administrative entity.

Several Local Areas including San Diego, Chicago and Portland Worksystems use a dual structure model with both a centralized business services unit operated directly by the WIA administrative entity out of its administrative offices and independent business services units located at each One-Stop center operated by individual One-Stop operators or WIA contractors. Under this model, centralized business services units tend to focus on working with large businesses that operate throughout the Local Area. These centralized units are also often involved in developing new business contacts or using labor market information to work with specific industries or industry clusters.

Eastern Kentucky has a slightly different version of this model, with only a single Business Services Manager employed directly by the WIA administrative entity and working out of the Local Area's administrative offices and business service staff employed by contractors at One-Stop centers. The Business Services Manager does not directly provide services, but conducts extensive outreach for the Local Area's JobFit program and then passes those contacts on to One-Stop business services staff.

*Several Local Areas use a dual structure model with both a centralized business services unit operated directly by the WIA administrative entity and independent business services units located at each One-Stop center.*

In a number of innovative business sites, WIB staff, particularly executive directors, also sometimes work directly with high-level businesses, developing relationships and facilitating the delivery of services,<sup>2</sup> particularly customized training. This high-level interaction with businesses is much more likely in Local Areas with strong, charismatic staff leadership.

Having staff from both the WIA administrative entity and One-Stop centers work with business customers makes for a more complicated service delivery structure and may lead to coordination problems between the different units. In addition, this structure may diminish the ability of staff to develop deep relationships with businesses as staff hand off business contacts to a different unit. However, none of the Local Areas we visited reported having any coordination problems related to this issue, although one noted that it is still fine-tuning the coordination process.

One final model is utilized by Capital Area Michigan, which has direct control over Wagner-Peyser funds. For the Local Area's comprehensive One-Stop center, the Wagner-Peyser contractor has the responsibility to provide nearly all business services while WIA contractors seldom work with businesses. For the two smaller One-Stop centers, the Local Area contracts with a single provider to provide both WIA and Employment Service activities. Typically these contractors primarily use Wagner-Peyser funds to provide business services.

*Most innovative business Local Areas have dedicated business services staff who provide services only to businesses.*

### **Staffing of Business Services**

In addition to using the account representative system described above, most innovative business Local Areas have dedicated business services staff who provide services only to

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<sup>2</sup> Although these staff never directly provide services themselves.

businesses. This practice ensures that staff do not have trouble juggling their responsibilities for serving job seekers and businesses and is important because, often when staff have to serve both groups of customers, businesses lose out. For example, in one large One-Stop center without dedicated business services staff, a business staff person described how this conflict typically means she neglects doing outreach to businesses in favor of working with job seekers who come in to the One-Stop center. In addition, because she is overwhelmed with serving job seekers, she also finds it impossible to be the single point-of-contact for businesses, which sometimes results in employers being contacted by more than one staff person.

#### **Selection and Training of Business Services Staff**

As noted above, respondents from several innovative business Local Areas said that business services staff have to be responsive and have a “whatever it takes” attitude. Because these qualities are hard to instill through training, several of the innovative business sites focus less on providing staff with extensive training, and more on hiring staff who already have private-sector experience, preferably in the human resources field.

Northwest Wisconsin, by contrast, has made a conscious decision to provide business services with existing staff, many of whom have previously spent many years providing job seeker services. To do this successfully, the Local Area invested significantly in software and technology so that staff could rely on it while they were gaining experience in working with businesses. This need to rely on technology is one of the reasons Northwest Wisconsin opted to use the JobFit system, which currently serves as the foundation for the Local Area’s business services. In addition, the Local Area purchased software to assist staff with providing most other types of business services. Staff were also provided with group and one-on-one training on how to use the

*Business Local Areas said that business services staff have to be responsive and have a “whatever it takes” attitude.*

technology. According to Local Area staff, the “surrogate professionalism” provided by the software was critical to supporting business services front-line staff in their rapid transition from serving job seekers to serving businesses because staff could feel confident in the technology even while they were still somewhat unsure of their own skills. The Local Area is also in the process of developing a web-based self-paced curriculum on human resources issues and skills to help staff strengthen and maintain their skills.

This Local Area, and many others, also encourage business services staff to participate in local Chamber of Commerce and industry association activities to become better connected with the business world. Staff in some Local Areas also take part in workshops on sales and marketing techniques and customer service.

#### **Access to Business Services**

Most contact with businesses is over the phone. In addition, business services staff also commonly interact with business customers via e-mail or through in-person meetings, typically at the customer’s place of business. Relatively few business services are available on-line, and many of these are services provided through State web pages. For example, the most common business service Local Areas made available on the Internet is access to the State Employment Service’s electronic job matching system. Labor market information and information on tax credits are also commonly available on-line from State web pages. Business services staff from several Local Areas explained the lack of on-line services as due to the importance of building relationships with businesses. Generally, business services staff want more opportunities to interact personally with businesses. In addition, staff said that businesses typically want customized services and one-on-one assistance, which is difficult to provide on-line.

*Most contact with businesses is over the phone.*

### **Location of Business Services**

Typically business services are provided out of One-Stop Centers. Only one of the 18 Local Areas we visited—and none of the innovative business sites—has a stand-alone business center. Indeed, only two other sites have even designated business spaces in their One-Stop centers. Lower Rio Grande created its business center because staff wanted to develop a professional space where businesses would feel comfortable and could receive individual attention. Since opening the facility in 2002, the Local Area has seen a large increase in both business use of services and customer satisfaction, both of which can be attributed at least partly to the center.

By contrast, most other Local Areas feel that it is very important for job-seeker and business services programs to be integrated. For example, Pacific Mountain—Grays Harbor actually moved its business services program back into the Grays Harbor One-Stop center to improve coordination between job seeker and business services. Other Local Area staff also said that they do not want to physically separate business and job seeker services because they feel that would diminish communication between staff which they felt is very important to program quality.

Indeed, the close proximity of the two programs sometimes causes an important spillover effect from business services to job seeker services. For example, some Local Area staff reported that job-seeker staff have become more careful in assessing job seeker soft skills once they realized the importance of these skills to businesses. In addition, Pacific Mountain—Grays Harbor now provides more work readiness workshops than any other One-Stop center in the State because of business customer feedback via business services staff.

Another reason why almost no Local Areas have a stand-alone business center is that staff do not think it is worth

*Only one of the 18 Local Areas we visited—and none of the innovative business sites has a stand alone business center.*

investing significant funds in such an endeavor when businesses typically access services over the phone. Although every Local Area we visited said that employers sometimes come in to One-Stop centers, the most common way businesses access services, as noted above, is over the phone, via e-mail or through visits from business staff. In addition, many innovative business Local Areas have invested significant resources into creating professional, business-oriented One-Stop centers, which, respondents assert, businesses are very comfortable using. Furthermore, they felt that having businesses present in One-Stop centers is important because it creates a more professional, business-oriented environment for job seekers.

### **Funding of Business Services**

Most funding for business services—primarily used to pay for staff—comes from either WIA or Wagner-Peyser sources. Temporary Assistance for Needy Families funding is also sometimes used. Because this funding is not separated from job seeker services, few Local Areas could determine exactly how much of their funding is spent on business services. Only Pacific Mountain—Grays Harbor, which contracts out for business services with WIA administrative funds, could provide a clear budget for business services.<sup>3</sup>

*Most funding for business services—primarily used to pay for staff—comes from either WIA or Wagner-Peyser sources.*

Nearly all innovative business Local Areas complained that they lack sufficient funding to meet the demand for business services. For example, Pacific Mountain—Grays Harbor, despite its innovative Business Assistance program, is facing the loss of one of two business services staff, unless the Local Area can find additional funding. Indeed, several sites said that they try not to do too much marketing because they are afraid their current staff cannot serve many more businesses effectively.

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<sup>3</sup> In PY 2003, Pacific Mountain spent \$343,000 on its Employer Assistance Program out of a WIA total allocation of \$5.3 million.

Several sites also talked about the need for a stream of WIA funding to be set aside specifically for business services so that programs do not have to take funding away from job seeker services. Two Local Areas emphasized that since most business services programs are new, there is also a need for a pool of flexible seed money to allow local staff to develop innovative new programs. For example, Northwest Wisconsin reported that it spent nearly one million dollars on developing the JobFit system with Profiles International and on purchasing other business services software. San Diego estimates that it spends about \$1.6 million of its \$48 million dollar budget annually on labor market information research, dissemination of that research, and its industry cluster initiatives.

*Only five of 18 Local Areas reported charging fees other than the cost-sharing for on-the-job or customized training mandated by law.*

Despite the fact that fee-for-service business services are specifically mentioned in the WIA legislation, only five of 18 Local Areas (three innovative business and two comparison Local Areas) reported charging fees other than the cost-sharing for on-the-job or customized training mandated by law. Two other innovative business Local Areas said they are considering charging fees for business services, primarily as a way to generate revenue to provide those services. The fees charged tend to be fairly nominal and are charged only for specific services. For example, the Metro One-Stop center in San Diego charges businesses \$300 per day for use of its training room. It also earns 20 percent of the consulting fee charged by consultants when it brokers a consulting engagement. Northwest Wisconsin charged \$50 for development of a job description, \$30 for employer seminars, \$50-\$100 for the development of organizational charts, \$100-\$500 for development of organizational policy handbooks, and \$1,500 to prepare a JobFit job pattern.

*Of the five Local Areas currently charging fees, none said they are generating more than a few thousand dollars in revenue.*

Of the five Local Areas currently charging fees, none said they are generating more than a few thousand dollars in revenue, although two of them said they plan to substantially increase that

amount over the next few years as way to stabilize their overall workforce development funding. Indeed, one Local Area executive director asserted that revenue generated from fees could eventually make business services programs self-sustaining. However, business services staff in the same Local Area argued that it was important to keep fees low to ensure that all businesses, particularly small firms who most need assistance, can afford services, since the Local Area's goal is to strengthen local businesses, not just generate revenue from them. Another Local Area executive director also said he was wary of charging fees that were too high, not because businesses were not willing to pay them, but because for-profit staffing firms were likely to see this as direct competition.

*Because of the relatively small number of businesses that have heard of public workforce development services, a majority of innovative business Local Areas emphasize marketing.*

Typically, business services programs gave several reasons for why they do not charge fees for business services. The first reason is that they are still trying to build credibility with business customers and are afraid that businesses would be even less likely to use their services if they had to pay for them. In addition, fee-based services have to be deeper and more substantial than their free business services, and they have yet to perfect these services. Some Local Area staff also feel very strongly that businesses should not be asked to pay for services that they have already paid for with their taxes.

### **Marketing of Business Services**

Because of the relatively small number of businesses that have heard of public workforce development services, a majority of innovative business Local Areas emphasize marketing. In fact, four of the nine sites have full-time marketing or communications directors, and several Local Area executive directors reported spending a significant amount of time and budget on marketing. For example, the executive director of Capital Area Michigan said that he spends about 25 percent of his time and about \$350,000 a year on marketing. These Local Areas see increasing

*Nearly every Local Area noted that word-of-mouth is the most effective form of marketing.*

name recognition as crucial to the success of business services programs.

Nearly every Local Area noted that word-of-mouth is the most effective form of marketing. Typically, this type of marketing occurs when a business that is satisfied with the services it has received tells another business about its positive experience. To increase opportunities for word-of-mouth marketing, a number of Local Areas ask satisfied business customers to talk about their experiences in front of various groups of businesses or at networking functions. They also use testimonials from such customers on their marketing materials and in DVDs.

In addition to word-of-mouth, some of the most common and effective marketing methods involve direct people-to-people contact through phone calls, meetings, networking or presentations. One common direct approach is to conduct outreach to new businesses, usually through cold calls, visits, or a combination of the two.<sup>4</sup> For example, Northwest Wisconsin staff purchase commercial directories of all businesses in their counties and try to call and set up appointments with as many businesses as possible. Coastal Counties, Maine also has a program to visit new businesses called the “Business Visitation Program.” This program involves staff visiting as many businesses as possible in a certain area and conducting a survey of their needs. In Lower Rio Grande, Texas, business services staff have a practice of calling all businesses who have established new Unemployment Insurance tax accounts to market business services.

*Some of the other most common and effective marketing methods involve direct people-to-people contact through phone calls, meetings, networking or presentations.*

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<sup>4</sup> Innovative business sites reported contacting anywhere from 110 to 900 businesses a month, with individual staff interacting with 20 to 100 businesses a week. While many of these businesses represented repeat customers, a substantial number were new contacts.

Another common direct approach is to market business services through making presentations to business and economic development groups such as local Chambers of Commerce, industry groups, or economic development agencies. In fact, as mentioned above, one of the most useful aspects of Local Areas' partnerships with Chambers of Commerce is the access to businesses—particularly small businesses—that these partnerships provide. Many Local Area staff said they try to attend most local business association functions to conduct informal marketing, but also make regular formal presentations, sponsor booths at trade fairs and conferences, and attempt to have information about services included in Chamber newsletters or other publications. Business services staff also make presentations to economic development agencies that pass the information on to their business clients.

Holding workshops aimed at employers is another very common direct marketing technique. Although these workshops are also considered a type of business service, a majority of Local Areas use employer workshops as an explicit marketing technique designed to bring businesses into One-Stop centers where they can learn about available services and meet business services staff. Some Local Areas, such as Northwest Wisconsin, also co-sponsor regular business conferences and use them as opportunities to market their services.

Because direct people-to-people marketing approaches are extremely staff-intensive, most of the innovative business sites also market business services through the media. These Local Areas typically use a mix of commercial radio, print, TV and billboard advertisements as well as public service announcements. Most of these sites also try to cultivate close relations with the local media, sending out regular press releases and invitations to Local Area events, such as customer awards dinners and One-Stop center activities. For example, Eastern Kentucky held a One-Stop Awareness Day, which featured live radio coverage at a

*A majority of Local Areas use employer workshops as an explicit marketing technique designed to bring businesses into One-Stop centers where they can learn about available services and meet business services staff.*

One-Stop center. In Capital Area Michigan, the Local Area executive director specifically recruited the heads of the local newspaper and two TV stations for his WIB to strengthen the Local Area's connection to the media. He also writes a regular column for the local business journal and does regular TV commentaries on workforce issues.

An important part of all of these marketing programs is the creation of marketing materials. These materials typically include brochures, packets, and flyers. In addition, several Local Areas have created CD ROMs, videos, and DVDs. Every Local Area we visited also has a website that contains at least some basic information on available business services. Several also regularly distribute marketing toys such as pens, pencils and calculators emblazoned with their names and logos. Some Local Areas also distribute a regular newsletter to all business customers while others mass mailed newsletters or brochures to all businesses in the region. While most marketing materials contain a listing of all available business services, these services are typically organized around major business needs such as recruitment, hiring and training.

One critical issue raised by some of the innovative business sites is the importance of branding to a successful marketing campaign. For example, one of the first actions of Capital Area Michigan's executive director was to create a "brand" for the Local Area. He did this by shortening the Local Area's name to Capital Area, adding the brand name for Michigan's One-Stop system (Michigan Works), and creating a new logo. Then he made sure that everything and everyone associated with the Local Area, including all co-located partners, used this brand. He noted that this branding process has helped the Local Area to have very high name recognition among local businesses, and he argued that the U.S. Department of Labor should assist States and Local Areas to create a national brand for all One-Stop centers around the country to improve national name recognition.

*One critical issue raised by some of the innovative business sites is the importance of branding to a successful marketing campaign.*

These practices notwithstanding, Local Areas face a number of challenges in developing successful marketing campaigns. One marketing challenge stems from the high cost of many of these marketing techniques, which diverts resources away from direct service delivery. Another challenge is related to the difficulty in explaining the services and activities of the workforce development system within the confines of an expensive media marketing campaign. And finally, several sites noted that it was crucial for them to market only what they knew they could do well and not over-promise. They said that if business services programs fail to deliver on what they promise, they will damage their reputations and seriously diminish the word-of-mouth marketing that is the key to a successful marketing program.

*Several sites noted that it was crucial for them to market only what they knew they could do well and not over-promise.*

#### **Tracking and Evaluating Business Services**

Tracking and evaluating business services are important ways innovative business sites ensure high-quality, well-coordinated services. First, most Local Areas have a system for tracking business contacts and services to prevent duplication of efforts. Typically, however, these databases are not shared with partners, with the result that businesses are sometimes contacted by multiple partners. To deal with this problem, several sites reported that they are planning to use either a State wide management information system to share business contacts among partners or develop their own system.

*Tracking and evaluating business services are important ways innovative business sites ensure high-quality, well-coordinated services.*

In addition to tracking services and contacts, all nine innovative business sites evaluate the quality of their services and how well they are meeting business needs. The most common method is to continually ask for informal and immediate feedback from business customers, which business services staff said is particularly useful in adjusting and improving business services. They also regularly communicate with local Chamber of Commerce and economic development partners about business needs.

On top of this informal feedback, most innovative business Local Areas also conduct more formal assessments of their business services programs. Typically these assessments involve short customer satisfaction surveys of all business customers following receipt of services. For example, Northwest Wisconsin mails a survey to businesses immediately following the first meeting with business services staff and San Diego conducts an annual phone survey of all business services customers. In addition to surveys, a few Local Areas also assess their programs through mystery shopper programs and quarterly interviews with all business services customers. Southwest Connecticut carries out an annual community audit that includes focus groups with businesses.

These surveys and assessments are all conducted in addition to the mandatory WIA business customer satisfaction survey. Local Area staff said that they carry out their own efforts because the WIA survey does not provide them with the information they need to make program improvements. In addition, staff said that the WIA survey is so general that businesses often do not know which services they are supposed to be assessing. In fact, although a number of respondents support having WIA performance measures directly related to business services, almost no respondents are concerned about the proposed elimination of the business customer satisfaction measure. One Local Area staff person went as far as to call the WIA measure “a waste of money,” because it provides so little useful information. Furthermore, because of the importance of the information collected through their own customer satisfaction programs, all innovative business Local Areas are planning to continue with their own efforts no matter what occurs with WIA reauthorization.

*One Local Area staff person went as far as to call the WIA employer customer satisfaction measure “a waste of money,” because it provides so little useful information.*

## **IMPACT OF BUSINESSES SERVICES**

Business services programs in the nine innovative Local Areas we visited have had a strong impact on local businesses, job seeker programs and on local WIA performance.

### **Impact on Businesses**

Some business customers reported that One-Stop business services have substantially reduced both employee turnover and the amount of time their staff spend on hiring. For example, in Eastern Kentucky, one business reported a 35 percent decrease in the time its staff spent on hiring after it started making use of the Local Area's electronic job matching program. Small business respondents, particularly those that lack their own human resource departments, also said they found many of the services very useful.

### **Effect of Business Services on Job Seeker Programs**

In general Local Area staff do not see a conflict between providing services to businesses and serving job seekers. There were several reasons for this. First, several programs noted that by working more closely with businesses, workforce programs develop more and better job placements, thus easing the burden on job developers and job-seeker retention staff. Second, respondents also said that if their programs do a good job with preparing job seekers for employment and assessing their skills, they can effectively meet employer skill needs, despite job seeker barriers. Conversely, referring job seekers who are not job ready or lack appropriate skills is viewed as detrimental to both employers and job seekers alike because it sets the job seeker up for failure and costs businesses money through increased turnover. Instead, Local staff said that the more barriers job seekers face, the better prepared job seekers need to be and the closer the relationship staff need to have with employers.

*Referring job seekers who are not job ready or lack appropriate skills is viewed as detrimental to both employers and job seekers alike because it sets the job seeker up for failure and costs businesses money through increased turnover.*

As a consequence, business services programs sometimes have a strong effect on job seeker services. For example, some Local Area staff reported that interaction with business services staff and employers has resulted in job seeker staff using increased care in making sure that job seekers referred to a business are a good match. In addition, case managers in other Local Areas have begun focusing more on job seeker soft skills after realizing the importance of these skills to businesses. Furthermore, Pacific Mountain—Grays Harbor as a result of business customer feedback, has increased the number of work readiness workshops.

#### **Effect of Business Services on WIA Performance**

All nine exemplary business services sites are high performers according to the 17 mandated WIA performance measures. For example, in Program Year 2002, six of the nine Local Areas met all of their WIA performance goals, with two of those areas (Northwest Georgia and Eastern Kentucky) exceeding all measures. The remaining three Local Areas, Arapahoe-Douglas, Southwest Connecticut and San Diego, missed only a single measure, either the adult earnings change or the dislocated worker wage replacement measure.

Even though their success in meeting the WIA performance measures cannot be directly tied to their business services programs, most of the innovative business Local Areas asserted that there is a direct connection between business services and improved performance on the WIA measures. They attributed this impact to the close relationships they have developed with businesses. For example, the executive director of Capital Area Michigan said that businesses are now more willing to employ job seekers from his Local Area's WIA programs. Additionally, in Local Areas that targeted businesses offering higher wages, job seekers in those Local Areas are more likely to meet local earnings standards. Another factor cited by local staff is that

*Most of the innovative business Local Areas asserted that there is a direct connection between business services and improved performance on the WIA measures.*

business services programs give them the ability to better understand business needs and skill requirements and thus more accurately place job seekers in positions where they are able to retain employment.

Only one Local Area, Northwest Wisconsin, has tried to quantify how much their business services program, and particularly their automated matching system, has helped their performance. According to statistics generated by local staff, the Local Area experienced a 45 percent increase in placements in one year even though they registered six percent fewer customers. They also cut their cost per placement from a little of 900 dollars to just over 400 dollars.

## CONCLUSION

Developing and providing business services involves a number of significant challenges, including a lack of sufficient funding, a disconnect between WIA performance and business services, the need to build and maintain credibility with businesses, difficulties in coordinating business services between One-Stop partners, and a perceived lack of federal guidance on how to provide services.

### Summary of Challenges

One of the challenges that was repeatedly mentioned by Local Areas is the lack of sufficient funding for business services. To keep up with demand for services, Local Areas said that they need more funding for on-going business services, particularly to cover the cost of staff.<sup>5</sup> In addition, several Local Areas also noted that there is a need for seed funding to cover the sometimes extensive costs of developing new and innovative services. Several sites reported that the lack of additional funding for

*One of the challenges that was repeatedly mentioned by Local Areas is the lack of sufficient funding for business services.*

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<sup>5</sup> Two innovative business sites wanted funding specifically set aside for business services.

business services makes them wary of doing much additional marketing because they are afraid customer demand will overwhelm their staff. If this heavy demand causes decreased responsiveness and quality, this will damage the Local Area's hard-earned good reputation among businesses. And although increasing fee-for-service activities is seen by some sites a way to boost funding, only one Local Area staff person really thought that fee-for-service revenue could ever cover the entire cost of providing business services.

The lack of sufficient funding is exacerbated by the disconnect noted by most sites between the WIA performance measures and business services. Because only the business customer satisfaction measure is directly tied to the provision of business services, some Local Areas feel they cannot take any other WIA formula funding away from job-seeker services.

Another commonly mentioned challenge is the need for Local Areas to build and maintain credibility and positive name recognition among businesses. Most Local Area staff and business respondents talked about the poor reputation of the publicly funded workforce development system and how business services programs work hard to overcome that reputation. This means that business services staff have to regularly prove their responsiveness, creativity and ability to provide value-added services.

The difficulties in forming a close and effective collaboration between WIA staff and programs and other One-Stop partners, particularly the Employment Service, is another challenge mentioned by several Local Areas. Because businesses do not know or care about the difference between Employment Service and WIA staff, the actions of one program have an effect on the reputations of both programs.

*The lack of sufficient funding is exacerbated by the disconnect noted by most sites between the WIA performance measures and business services.*

*One strategy is to shift the Local Area's orientation to focusing on businesses, rather than job seekers as their primary customer.*

### Summary of Key Strategies

As discussed throughout the chapter, to overcome these challenges the innovative business Local Areas utilize a number of key strategies that help them to provide successful business services. One of these strategies is to shift the Local Area's orientation to focusing on businesses, rather than job seekers' as their primary customer. This shift ensures that business services are their first priority, rather than an afterthought as is typical in many Local Areas.

*These Local Areas try to foster innovative and creative environments where staff provide businesses with what they want and need.*

Another strategy is to provide businesses with a single point of contact for accessing business services. This use of an account representative model makes it easier for businesses to understand how to interact with the system and also allows business services staff to develop close relationships with the businesses they serve.

The account representative system also makes it easier for the Local Areas to provide customized or individualized services to businesses. Thus, rather than trying to make business needs fit with a standard list of available services, these Local Areas try to foster innovative and creative environments where staff provide businesses with what they want and need. They also emphasize continuous communication and feedback from businesses to make sure that services are meeting employer expectations.

Another key strategy is to take a phased approach to providing services. By first providing "gateway" services such as recruitment, business services staff focus on developing an understanding of business customers and building credibility. Once they provide a gateway service successfully, businesses typically return for more services on their own.

*One final characteristic of many of these Local Areas is the existence of strong and charismatic leadership from one or more key staff, usually the executive director.*

Because of the heavy reliance on staff to provide quality services, Local Areas also try to select and train business services staff carefully, often choosing those with previous private sector experience. If they opt to use existing staff, Local Areas rely on software tools to provide business staff support.

One final characteristic of many of these Local Areas is the existence of strong and charismatic leadership from one or more key staff, usually the executive director. This leadership seems essential in creating an environment that motivates staff to work hard to provide high quality services and be willing to experiment with new ways of providing services.

## V. CONCLUSION

Until recently, the publicly funded workforce development system has had limited involvement with businesses. Although workforce development programs operating under the auspices of JTPA and the Wagner-Peyser Act had been increasing the role for business, these programs focused the majority of their efforts on helping unemployed and underemployed workers to undergo training and find employment. Indeed, nearly all of the language regarding services included in these statutes describes activities for job seekers.

*Until recently, the publicly funded workforce development system has had only limited involvement with businesses.*

Because of this limited business involvement, the workforce development system was heavily skewed toward job seekers rather than businesses. Indeed, relatively few businesses even knew much about the system. Moreover, some of those who did receive services from the system or served on policy boards were dissatisfied with their involvement.

One result of this imbalance was that the system had far more demand for job seekers looking for employment than businesses with jobs looking for workers. This made the process of finding suitable placements for job seekers difficult. In addition, even for those employers who used the system, staff typically collected only the minimum of information required to post a job description on the Employment Service's job matching system or to develop a plausible match with participants coming out of training. Consequently, the computers or staff could not match job seekers with jobs very accurately, so often these placements did not last.

*Because of this limited business involvement, the workforce development system was heavily skewed toward job seekers rather than businesses.*

### **KEY PRACTICES FOR SUCCESSFULLY INVOLVING BUSINESSES**

Spurred by a desire to be more effective in meeting the employment-related needs of both job seekers and businesses, a phenomenon that in some places began even before WIA was

enacted, the innovative business Local Areas visited for this study began to try and correct the imbalance between businesses and job seekers in the publicly funded workforce development system. Consequently, businesses have become an important focus in all nine innovative business sites, with the majority making business their primary customer. These sites try to involve businesses in all aspects of their operations—on WIBs, in partnerships and through use of business services. To ensure that that this involvement is successful, the innovative business sites typically rely on a number of key practices, each of which is described below.

*The innovative business Local Areas visited for this study began to try and correct the imbalance between businesses and job seekers in the publicly funded workforce development system.*

### **Effective Business Involvement with WIBs**

Developing an enhanced role for business often starts out with assuring their successful involvement on the WIB. This Board involvement often provides a foundation for future involvement of individual business firms as partners and customers. Thus, our nine innovative business sites pay particular attention to the following effective practices to recruit and retain active and able business members on their WIBs:

- **Provide a strong role for key staff in the WIB member recruitment and selection process.** This increases the overall effectiveness of the WIB by reducing the effect of electoral politics and allowing the board to develop a coherent vision and mission.
- **Utilize multiple selection criteria for new business WIB members.** Strong, effective WIBs appear to rely on a combination of the following statutory and non-statutory criteria in selecting business members who are able to effectively participate in WIB activities:
  - High-level representation (owners, senior executives or managers).
  - Broad geographic representation.
  - Strong interest in workforce development—either as human resource

professionals or as business owners and managers.

- Strong desire to contribute to the economic health of the local community.
- **Ensure effective use of business WIB member time.** Typically innovative sites do this by holding short, but effective breakfast meetings with tight agendas. More detailed work is confined to committees or performed by staff.
- **Choose a few priority WIA Title I issues for business WIB members to tackle.** Staff in the innovative business sites sharply refine Board agendas to focus on a few key WIA issues that are of greatest interest to business members and can be handled in a short period of time.
- **Engage in strategic planning regarding broad workforce development issues.** The most engaged business WIB members have very strong interest in strategic workforce planning, especially those elements that have potential impact on the entire community, such as workforce preparation in K-12 education.

*Typically innovative sites ensure effective use of business WIB member time by holding short, but effective breakfast meetings with tight agendas. More detailed work is confined to committees or performed by staff.*

### **Effective Involvement of Businesses in Partnerships**

Business-related partnerships are another critical means of involving businesses in the publicly funded workforce development system. Some of the key elements in forging successful business partnerships are:

- **Use mutual appointments to boards of partner organizations as a starting point.** Such mutual appointments are often used by innovative sites to improve trust, reduce turf issues, and help define a common vision among potential partners.
- **Exert strong and visionary leadership.** Strong visionary leadership by the WIB director and WIB staff has often been instrumental in showing business partners that the workforce development system has become more business-oriented.

- **Conduct joint strategic planning activities.** Successful partnerships among the innovative business sites often conduct joint strategic planning sessions, sometimes based on jointly funded labor market and economic development research.
- **Participate in the development of sectoral initiatives where the needs of economic development and workforce development intersect.** Sectoral initiatives are attractive because they allow workforce development to be an influential actor in emerging and high-growth industries. They also allow sites to address pressing economic and workforce development problems as in the case of staffing shortages in the health care industry.
- **Know your partners' needs and find your niche to help meet them.** Understanding the needs of their partners has helped the innovative sites determine the best role to play for the mutual benefit of all partners.

*Sectoral initiatives are attractive because they allow workforce development to be an influential actor in emerging and high-growth industries.*

### **Developing Effective Business Services**

Persuading businesses to make use of business services is also critical to the success of the workforce development system. Consequently, the nine innovative business sites rely on a mix of the following practices to provide high-quality business services:

- **Focus on building and maintaining credibility among businesses.** Typically, sites do this by first providing businesses with successful “gateway” services that demonstrate their ability to deliver on what they promise. They also uphold very high quality standards and constantly evaluate their services.
- **Use dedicated account representatives to provide business services.** By using single point-of-contact account representatives who work only with businesses, effective business services programs allow staff to develop in-depth knowledge of their customers and increase accountability.

*Typically, sites develop credibility by first providing businesses with successful “gateway” services that demonstrate their ability to deliver on what they promise.*

- **Focus on developing strong, long-lasting relationships with businesses.** Most innovative sites try to ensure that interactions with businesses are not one-time events, but rather mature into long-lasting relationships, with businesses viewing Local Area services as a partner in meeting recruitment and hiring needs.
- **Develop an understanding of individual business needs and provide services to meet those specific needs.** Business customers do not want “off-the-shelf” services; they are only interested in services that meet their specific challenges. To provide such customized services, business staff must first develop a clear understanding of the needs of each individual business customer.
- **Target key groups of businesses for services.** Because resources for providing business services are limited, most innovative sites target key groups of businesses for more intensive services. These target groups often include small businesses, businesses that offer high wages and good career ladders, and businesses in high-growth industries.
- **Make sure labor exchange services are effective.** Labor exchange services—matching job seekers with jobs—are the most common services provided to businesses. Unless these services are performed successfully, businesses will not return for additional services. Consequently, most sites have focused on making sure their job matching systems more effective.
- **Ensure good coordination between different entities providing business services.** Because multiple entities within Local Areas often provide business services—WIA contractors, staff from the WIA administrative entity, Employment Service staff—coordination between all of these service providers is critical to maintaining program quality. For this reason, the most effective sites ensure that each program or unit

*Business customers do not want “off-the-shelf” services; they are only interested in services that meet their specific challenges.*

has clear roles and duties in providing services and are in regular communication with each other.

- **Make sure that business services and job seeker programs are integrated.** Most successful Local Areas ensure that job seeker and business services programs work in close coordination with each other to ensure that job seekers are meeting the needs of businesses. For this reason, nearly all business services are provided out of One-Stop centers rather than stand-alone business centers.
- **Ensure that staff have a “whatever it takes” attitude.** Responsive, creative staff who are willing to go the extra mile for employers are critical to effective business services. To ensure that staff have these characteristics, the innovative sites either hire staff with private sector experience or purchase software tools to assist staff.

#### **Effective Overall Business Involvement**

In addition to these key practices used by the innovative sites to promote business involvement with the WIB, partnerships and services, there are two additional strategies they use to ensure that business involvement is successful overall:

- **Make business the Local Area’s primary customer.** By making business the primary customer, the innovative sites ensure that business involvement in all aspects of their operations is the Local Area’s number one priority and thus more likely to succeed.
- **Rely on strong, charismatic staff leadership.** Strong, charismatic Local Area staff—often the executive director—in a number of the innovative sites play a critical role in ensuring the success of more intensive business involvement in Local Area activities. These staff are important because they motivate both staff and Board members to make the extra effort to ensure the success of new and innovative activities such as business involvement.

*By making business the primary customer, the innovative sites ensure that business involvement in all aspects of their operations is the Local Area’s number one priority.*

## SUGGESTED CHANGES TO SUPPORT BUSINESS INVOLVEMENT

To assist the innovative business sites in continuing to be successful and to help the rest of the system make the transition to a business focus, Local Area respondents suggested a number of legislative changes and weighed in on the WIA reauthorization process.

*Nearly all innovative business sites argued for changes to be made in the WIA performance measures.*

**Adjust the WIA performance measures.** Nearly all innovative business sites argued for changes to be made in the WIA performance measures:

- **Create measures directly tied to the provision of business services.** Most commented that if business services were to be a major priority of the workforce development system, there was a need for performance measures directly related to those services.
- **Adjust the WIA adult earnings change measure to allow for more incumbent-worker training.** Nearly every innovative business site said they would like to fund and provide more incumbent-worker training. However, Local Areas asserted that they were unwilling to use significant amounts of WIA funding to provide incumbent-worker training because incumbent workers typically do not experience large, short-term earnings increases following training.

**Provide additional funding for business services.** A number of Local Areas asserted that they do not receive sufficient funding to provide sufficient staffing to meet the demand for business services. As described in Chapter IV, providing high quality business services is very staff intensive. To provide successful business services, staff need to spend significant amounts of time with business customers, understanding their needs and developing customized services. However, resources to fund business services staff are limited.

Local Areas had different suggestions for how they would like this additional funding to be provided. While some Local Areas wanted to see overall increases in their WIA formula dollars, others wanted to see the creation of a stream of funding specifically earmarked for business services. One Local Area also suggested the creation of a competitive pool of seed money to support the development of innovative business services or business involvement practices.

**Provide assistance with marketing and developing services.** Finally, several Local Areas commented that marketing and developing business services are major challenges. They argued for more assistance from the Department of Labor related to marketing One-Stop business services. Specifically, they asked for help in creating a national “brand” for One-Stop services that would be recognizable around the country. They asserted that this type of national marketing campaign would assist Local Areas in developing more name recognition and greater credibility with businesses.

Other Local Areas asked for more guidance and assistance in developing specific business services programs. Because the WIA legislation and regulations provide no direction on what business services should look like and how they should be delivered, some Local Areas struggled with developing a vision for an effective program. They asserted that more guidance and technical assistance on successful strategies and methods would be important in aiding other Local Areas to develop successful business services programs.

*Some Local Areas wanted to see the creation of a stream of funding specifically earmarked for business services while others wanted a pool of seed money for innovative practices.*

*Local Areas asked for help in creating a national “brand” for One-Stop services that would be recognizable around the country.*

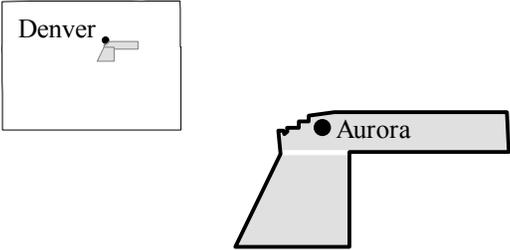
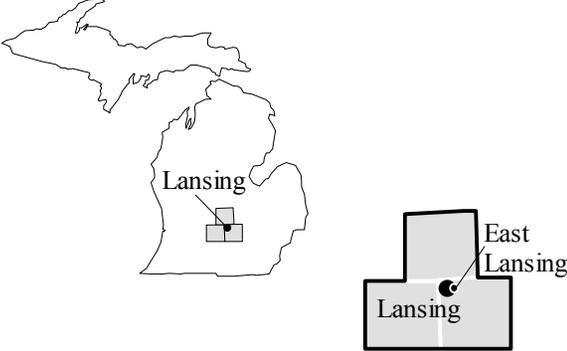
## **APPENDIX A**

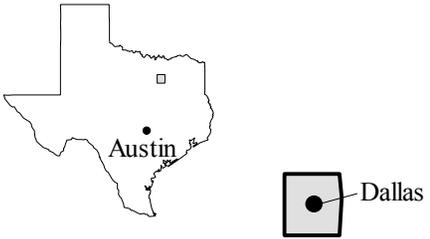
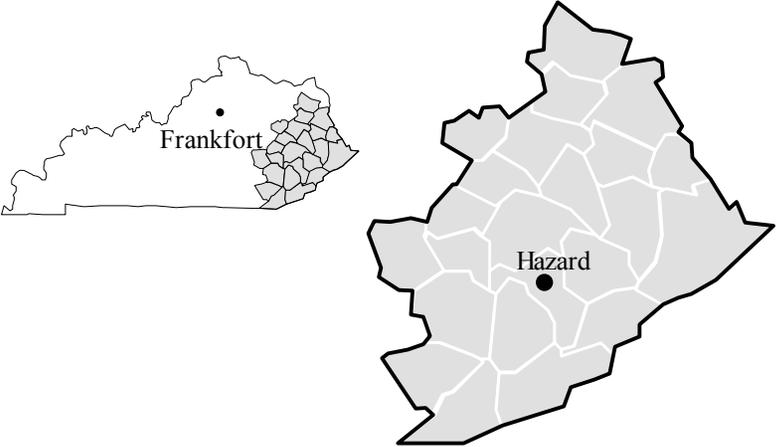
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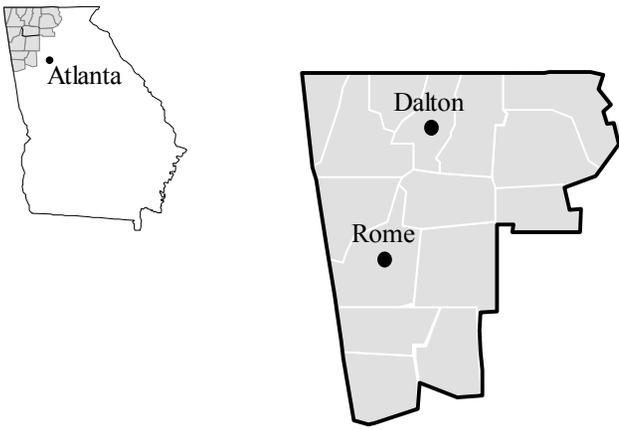
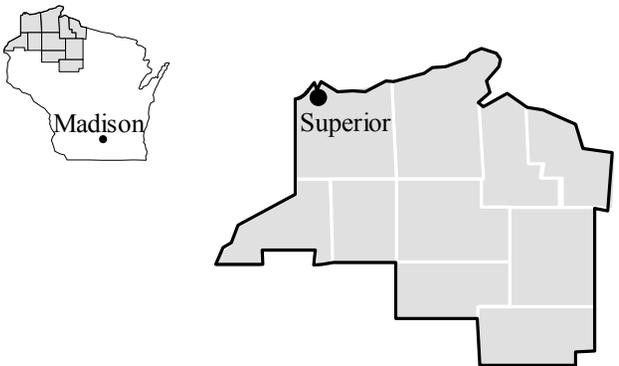
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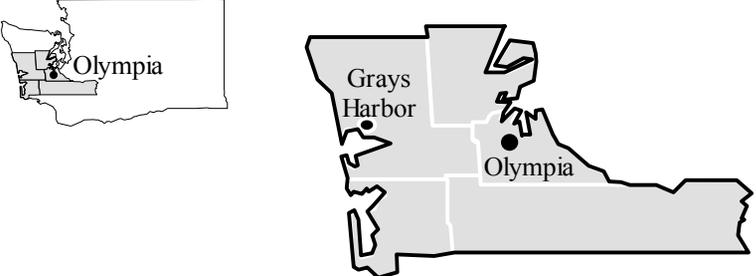
**APPENDIX A**  
**DESCRIPTIONS OF THE INNOVATIVE BUSINESS SITES AND COMPARISON SITES**

**INNOVATIVE BUSINESS SITES**

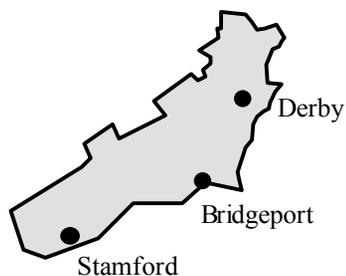
<p><b>Arapahoe-Douglas Works Colorado</b></p> 	<p>Arapahoe-Douglas Works is a two-county Local Workforce Investment Area (Local Area) on the east side of the Denver metropolitan area. It has a population of 660,000 that is about 12 percent Black and 20 percent Hispanic and a labor force of 295,000. Arapahoe County is the Local Area’s administrative entity and also operates the One-Stop system. The Local Area has two full-service One-Stop centers with business services available.</p>
<p><b>Capital Area Michigan Works</b></p> 	<p>Capital Area Michigan Works is a Local Area composed of three counties and two cities (including Lansing, the State capital) in south central Michigan. Government is the largest employer, followed by education (Michigan State University) and General Motors. The Local Area’s administrative entity is a quasi-governmental agency formed by the constituent cities and counties to provide employment and training services. There are three full-service One-Stop centers, each of which provides business services.</p>

<p><b>Dallas, Texas WorkSource</b></p>  <p>The map shows the state of Texas with a dot representing Austin and a square representing Dallas. A separate square with a dot inside is labeled 'Dallas'.</p>	<p>Dallas, Texas WorkSource is a Local Area composed of the City of Dallas and Dallas County. It has a population of 2,000,000 that is about 20 percent Black and 30 percent Hispanic, and its labor force includes about 1,200,000. The administrative entity for the Local Area is a private, non-profit that contracts out the operation of nine full-service One-Stop centers, all of which have business services available.</p>
<p><b>Eastern Kentucky Concentrated Employment Program</b></p>  <p>The map shows the eastern part of Kentucky with county boundaries. A dot is placed at Frankfort, and another dot is placed at Hazard. The area around Hazard is shaded gray.</p>	<p>Eastern Kentucky is a Concentrated Employment Program serving the 23 easternmost counties in Kentucky. It has a population of about 500,000 that is nearly entirely White. The Local Area suffers from a very high poverty rate because of long-term declines in the coal industry. The main industries are now government, public schools, and health care. The Local Area's administrative entity is the Concentrated Employment Program, which is a non-profit whose governing board has the authority to appoint local WIB members. The Concentrated Employment Program contracts out operation of the WIA Title I program. The One-Stop system consists of five full-service centers, three satellites, and 66 other access points. Business services are available at each full-service One-Stop center.</p>

<p><b>Northwest Georgia Coosa Valley Regional Development Center</b></p> 	<p>Northwest Georgia is a predominantly rural, 15-county Local Area in the northwest corner of the State. The Local Area has a population of 700,000. The Hispanic population, which is about six percent of the total, has grown very rapidly over the last decade, primarily because of growing employment in poultry processing and carpet manufacturing. Textiles and apparel manufacturing are also important industries, but both are declining. The administrative entity, the Coosa Valley Regional Development Center, is public agency that provides numerous services to its constituent counties. The Coosa Valley Regional Development Center also operates the WIA Title I program in three full-service One-Stop centers, all of which have business services.</p>
<p><b>Northwest Wisconsin Concentrated Employment Program</b></p> 	<p>Northwest Wisconsin is a Concentrated Employment Program serving 10 counties in the northwest corner of the State. It has a population of 180,000, many of whom are over 65, and few minorities. The major employers are pulp and paper mills and government. The Local Area's administrative entity is the Concentrated Employment Program, which is a non-profit whose governing board has the authority to appoint local WIB members. The Concentrated Employment Program also operates the WIA Title I program. The One-Stop system consists of eight full-service centers. Business services are available at all centers.</p>

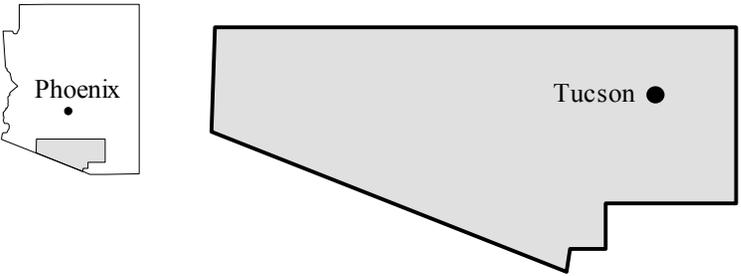
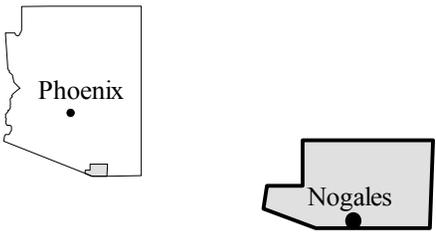
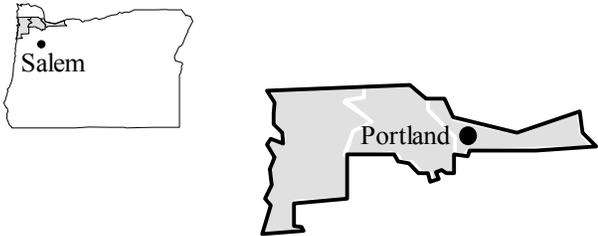
<p><b>Pacific Mountain Workforce Consortium—Grays Harbor WorkSource</b></p> 	<p>Pacific Mountain is a five-county Local Area, which also includes the State capital of Olympia. It has a population of 415,000, half of whom live in Thurston County where Olympia is located. The population is predominantly White. In addition to State government, the other major employer is the timber industry. The unemployment rate is 5.2 percent, although the rate is much higher in the rural areas. Thurston County is the administrative entity and operates the WIA Title I program. The Local Area as a whole has three full-service One-Stop centers. Although previously business services were only available in Grays Harbor, business services are currently available in all five counties.</p>
<p><b>San Diego Workforce Partnership</b></p> 	<p>The San Diego Workforce Partnership is a Local Area composed of the City of San Diego and San Diego County. It is the largest Local Area in this study with a population of 3,000,000. The labor force includes 1,400,000, including five percent Black, 23 percent Hispanic, and 11 percent Asian. Government and tourism are the largest industries. The administrative entity is a private non-profit that contracts out operation of the Title I program and six full-service One-Stop centers, all of which have business services.</p>

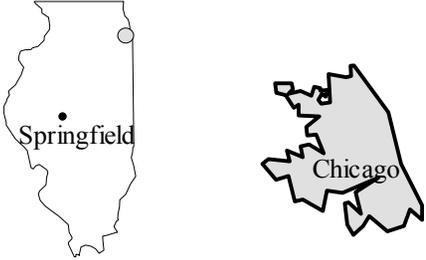
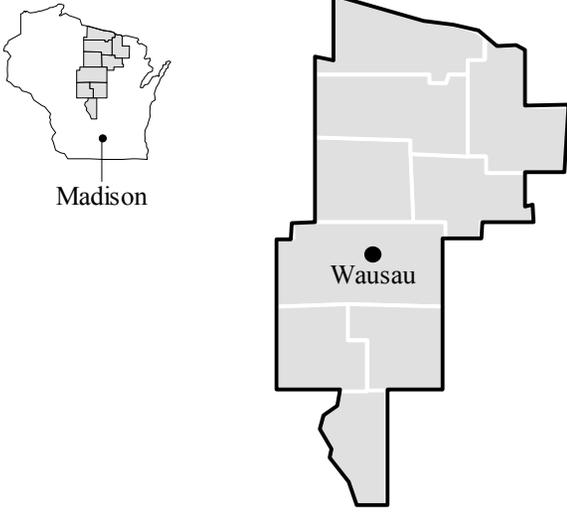
**Southwest Connecticut, The Workplace, Inc.**

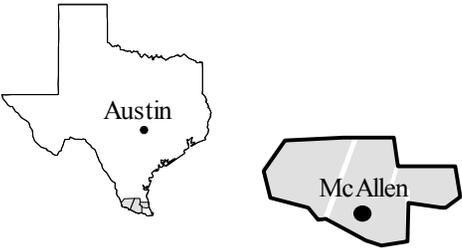
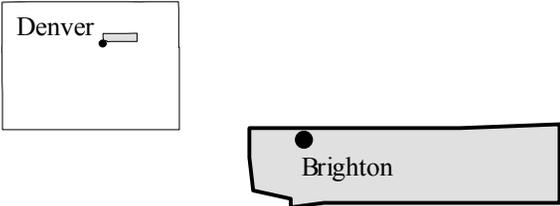


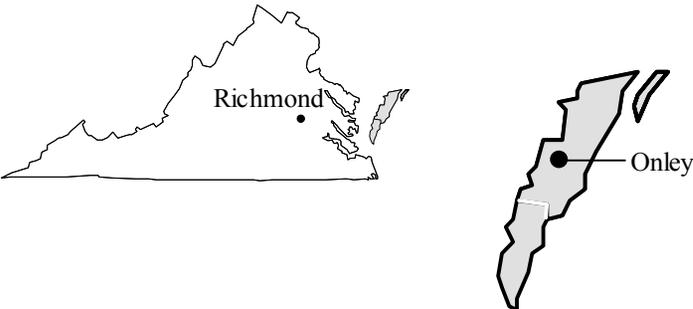
Southwest Connecticut is a Local Area made up of 20 cities and towns in the southwest corner of the State. It has a population of 880,000. The Local Area is split between very wealthy suburbs within the New York City metropolitan area and other cities outside the metropolitan area like Bridgeport with declining industrial bases. The administrative entity is a private non-profit that contracts out the operation of the Title I program and three full service One-Stop centers. Business services are available at all three centers.

**COMPARISON SITES**

<p><b>PIMA County, ARIZONA</b></p> 	<p>Located in the southern half of Arizona, Pima County has a population of approximately 890,000, over half of whom reside in Tucson. Tucson is predominantly White (75%) with a significant Hispanic population. The city has experienced an approximately 25 percent population growth since the 1990 census. Major industry sectors include tourism, telecommunications, and bio-industry, in addition to agriculture. The unemployment rate is five percent. The area has two full-service One-Stop centers.</p>
<p><b>Santa Cruz County, Arizona</b></p> 	<p>The Santa Cruz County Local Area is located along the Mexican border. The main city of Nogales has 21,000 people who are predominantly Hispanic. The Local Area has two One-Stop centers.</p>
<p><b>Portland, Oregon Worksystems, Inc.</b></p> 	<p>This Local Area is comprised of three counties and the city of Portland. The city of Portland has 540,000 people, over 75 percent of whom are White. The primary industries are manufacturing, transportation, wholesale and retail trade, and tourism. The unemployment rate in Portland is around seven percent. The administrative entity is a quasi-governmental agency which contracts for operation of WIA Title I programs and seven full service One-Stop centers.</p>

<p><b>Chicago, Illinois</b></p>  <p>The map shows the state of Illinois with a dot and label for Springfield. To the right is a shaded inset map of the Chicago metropolitan area with a dot and label for Chicago.</p>	<p>The Chicago Local Area has a population of 2.8 million, with significant populations of Black and Hispanic residents. It also has large Chinese, Russian, and Polish communities. The largest industries are government, education, and health care. The city serves as the Local Area’s administrative entity, and funds 50-60 community-based organizations in various neighborhoods to deliver WIA Title I services. Additionally, the Chicago local area has five comprehensive One-Stop centers geographically distributed throughout the city.</p>
<p><b>North Central Wisconsin</b></p>  <p>The map shows the state of Wisconsin with a dot and label for Madison. To the right is a shaded inset map of the North Central Wisconsin region, showing county boundaries and a dot with a label for Wausau.</p>	<p>North Central Wisconsin is a rural, nine-county Local Area. Its largest city, Wausau, has a population of 40,000. The area is predominantly White, but there are a significant number of resettled Southeast Asian refugees and Hispanics.</p>

<p><b>Lower Rio Grande, Texas</b></p> 	<p>The Lower Rio Grande Valley Local Area is a consortium of three counties in the southernmost tip of Texas along the Mexican border. Nearly 90 percent of the population is Hispanic, with 37 percent of the population below the poverty line. The largest county, Hidalgo, has 600,000 people. The January 2004 unemployment rate for the McAllen-Edinburg-Mission metropolitan area (located inside the Local Area) was 14.6 percent. While services and retail constitute the bulk of the region's urban area economy, in the surrounding rural communities, agriculture is predominant. There are eight full-service One-Stop centers, including a dedicated business services center.</p>
<p><b>Adams County, Colorado</b></p> 	<p>The Adams County Local Area is northeast of Denver and is adjacent to the Arapahoe/Douglas Local Area (innovative business site). It has a population of 400,000, nearly 30 percent of whom are Latino. The county harbors a mix of industries, including agriculture, light manufacturing, and educational institutions. It also nearly surrounds the large Denver International Airport (located in an appendage of Denver County), which has stimulated considerable economic growth.</p>

<p><b>Coastal Counties, Maine</b></p> 	<p>The Coastal Counties Local Area is comprised of six counties, including the state’s largest city, Portland. The greater Portland area has a population of 230,000, 90 percent of whom are White. Major industries in the Local Area include shipping and tourism. The area has seven One-Stop centers.</p>
<p><b>Bay Consortium, Virginia</b></p> 	<p>The Bay Consortium Local Area is a consortium of 15 counties and one city on both sides of the Chesapeake Bay. The area visited is a two-county area on the Eastern Shore, with a population of 50,000. Whites and African-Americans predominate, but the area hosts a small but growing year-round Hispanic group. The largest industry is agriculture. There is a single One-Stop center in the Eastern Shore counties.</p>

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## **APPENDIX B**

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## **APPENDIX B DESIGN OF THE EVALUATION OF THE IMPLEMENTATION OF WIA**

Social Policy Research Associates (SPR) was awarded a five-year contract in late June 1999 by the U.S. Department of Labor (DOL) to conduct the *Evaluation of the Implementation of the Workforce Investment Act (WIA) of 1998*. Data collection activities that have been associated with the evaluation are described below, along with a list of previously prepared reports.

### **DATA COLLECTION ACTIVITIES**

Two complementary data collection activities have been used during this evaluation: multi-day site visits to a range of States and local workforce investment areas (Local Areas) to examine WIA implementation issues, and the quantitative analysis of data from a variety of sources.

#### **Qualitative Research through Site Visits**

- An early round of multi-day site visits, conducted in late 1999 to mid 2000, to six early implementation States and nine Local Areas within them. Site visits entailed interviews with State-level and local-level WIA administrators, workforce board representatives, representatives of key workforce partner agencies (e.g., Wagner-Peyser programs, Vocational Rehabilitation, Adult Education), One-Stop center managers and service delivery staff, among others, and explored a broad range of topics including: the transition from JTPA, governance and administration, partnership building, service design and delivery, and management information systems (MIS) and other program supports.
- A subsequent round of site visits, conducted in the fall of 2001, to eight randomly-selected States and 14 Local Areas. These site visits entailed similar activities as the early round and covered similar topics relating to WIA implementation and operation.
- A final round of site visits to 18 Local Areas in 14 States. In contrast to prior rounds, these site visits concentrated on two much narrower topics: how to engage businesses in WIA planning and provide effective business services, and how One-Stop systems could meet the needs of special populations, including farmworkers, limited-English speakers, and the homeless. These site visits were conducted in late 2003 and early 2004.

#### **Quantitative Analyses**

- Analysis of data from a national tracking system of WIA implementation progress. To support this task, a checklist was developed, in conjunction with DOL, with benchmarks towards WIA implementation.

DOL Regional Office staff, as part of their normal duties in overseeing States' implementation efforts, updated the checklist for each State at approximately two-month intervals from March 2000 to March 2001. We analyzed these data to provide periodic snapshots of WIA implementation progress nationwide.

- Analysis of WIASRD and SPIR data. We used data from the client-level reporting systems of WIA (the WIASRD) and JTPA (the SPIR) to describe how client characteristics in the WIA adult, dislocated worker, and youth programs changed in comparison to the characteristics of those that had been served in JTPA, and to examine how services that participants receive have changed.

## REPORTS

Based on the above data analysis, we produced the reports and papers described below.

- Reports associated with the “early implementation” site visits:
  - *State Implementation Profiles for Six Early Implementing States Under WIA*, issued in September 2000
  - *A Report on Early State and Local Progress Towards WIA Implementation*, issued in draft form in December 2000 and finalized in early 2001
- A series of “Briefing Papers” associated with the second-wave of site visits, prepared for the most part in the spring of 2002, on these topics:
  - *Services for Adults and Dislocated Workers*
  - *Youth Services*
  - *Building the One-Stop Infrastructure*
  - *MIS and Oversight*
  - *Performance Accountability and Capacity Building*
  - *Partnership Building Under WIA*
  - *WIA Governance*
  - *Implementation Challenges in WIA Adult and Dislocated Worker Programs*
  - *School-to-Work and its Linkages with WIA* (prepared with funds contributed by the National STW Office)
- Reports associated with the final wave of specially focused site visits, prepared in the spring of 2004:

- *Business as Partner and Customer under WIA: A Study of Innovative Practices*
- *The One-Stop System's Capacity to Serve the Homeless: A Case Study*
- *The One-Stop System's Capacity to Serve Migrant and Seasonal Farmworkers: A Case Study*
- *The One-Stop System's Capacity to Serve Limited-English Speakers: A Case Study*
- Reports associated with the national tracking system of WIA implementation progress:
  - *Workforce System Information and Evaluation (WSIE) Reports, Volumes I-VI, March 2000 through November 2000*
  - *A Report on the WIA Implementation Readiness Guide, March 2001*
- A briefing paper prepared based on WIA and SPIR data, prepared in the spring of 2002:
  - *A Comparison of WIA and JTPA Clients and Services*

#### ACKNOWLEDGEMENTS

We wish to extend our appreciation to SPR field staff and analysts, for their efforts throughout this study, as well as staff from TATC Consulting, who served as SPR's subcontractor. We appreciate as well the contributions and support of DOL staff, especially our project officers, Eileen Pederson and Tom NaSell, as well as the DOL Regional Office staff who collected data for the national tracking system. Finally, we thank the administrators and staff from the 21 States and nearly 40 Local Areas who were very gracious in accommodating our site visits, including those in:

State	Local Areas
Arizona	a) City of Phoenix b) Balance of Maricopa County c) Santa Cruz County d) Yuma County
California	a) San Diego
Colorado	a) Adams County b) Arapahoe-Douglas
Connecticut	a) Southwest Connecticut
Florida	a) Dade and Monroe b) Polk County
Georgia	a) NE Georgia b) SW Georgia c) NW Georgia

Illinois	a) Chicago Mayor's Office b) DuPage County
Kentucky	a) Cumberlands b) Eastern Kentucky CEP
Maine	a) Coastal Counties
Michigan	a) Capitol Area Michigan Works
Minnesota	a) Rural MN CEP
Montana	a) Balance of Montana
New York	a) Erie County (Buffalo) b) Suffolk County
Oregon	a) The Medford Area Job Council b) Portland Worksystems
Pennsylvania	a) Northern Tier b) Three Rivers
Texas	a) Dallas Worksource b) East Texas c) Lower Rio Grande
Utah	Single LWIA State
Vermont	Single LWIA State
Virginia	a) Area 1-Southwest VA (Russell) b) Area 13-Bay Consortium c) Area 16-Hampton Roads (Norfolk)
Washington	a) Pacific Mountain
Wisconsin	a) North Central b) Northwest Wisconsin CEP