



TRANSFORMING U.S. WORKFORCE DEVELOPMENT POLICIES FOR THE 21st CENTURY

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Redesigning Workforce Development Strategies

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Wired65

Driving a Cross-State Regional Manufacturing Strategy

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Jobs for the Future

The emerging consensus vision of a twenty-first century workforce system elevates a number of strategic principles and practical design elements that have emerged and been tested in the past two decades. These involve strategies rooted in addressing the particular needs of specific industry sectors or occupational clusters, aligning workforce and regional economic development priorities more explicitly, organizing employers and providers by labor market regions rather than political jurisdictions, balancing the needs of high-growth and high-wage employers with the societal interest in helping low-skill adults advance in earnings and careers, and increasing the supply of workers with formal credentials recognized and valued by employers.

While not prevalent in all parts of the nation, these strategies have evolved over the past 20 years as a result of philanthropic and government investment. The new Workforce Innovation and Opportunity Act (WIOA), as signed into law by President Obama in 2014, specifically requires the use of such strategies, including career pathways, sector strategies, and strategic use of labor market information.

In the years leading up to the enactment of WIOA, a growing number of communities have developed regional partnerships that share these forward-looking characteristics. These efforts have provided entrepreneurial and creative local Workforce Investment Boards (WIBs) with an opportunity to forge new relationships with education and service providers, employer associations, and other stakeholders committed to a public-private human capital development strategy for their regional economy. It is this type of strong intermediary and convener role for WIBs that is envisioned in the new federal workforce legislation.

WIRED65

One particularly innovative and mature regional partnership is Wired65, a cross-state effort involving 26 counties along the I-65 corridor spanning Kentucky and Indiana.

Seven years ago, realizing that their labor markets were becoming increasingly interconnected and looking for ways to increase operational and strategic efficiency, workforce development, economic development, and education leaders in this bistate region came together to promote economic competitiveness through better connections between economic and workforce development across the regional labor market. The initial catalyst was the successful application for a \$5 million U.S. Department of Labor (USDOL) Workforce Innovation in Regional Economic Development (WIRED) grant. Wired65 was one of 39 regions nationwide to receive one of these grants between 2006 and 2007, which rewarded strategies to transform economies through an emphasis on sectors and talent development. Wired65 invested in initiatives to connect students to careers, train individuals for higher-skilled jobs, and align regional institutions and resources toward the common goal of developing, retaining, and attracting individuals who can drive a twenty-first century economy (Wired65).

Wired65 is composed of four local WIBs: KentuckianaWorks, Lincoln Trail, and Cumberlands in Kentucky; and Workforce Development Association/Region 10 in Indiana. All too aware that their region's historically low skill and education levels have hampered economic growth since the decline of manufacturing began several decades ago, these publicly funded WIBs committed to work outside their traditional boxes to reorient the region's workforce development system, which was a traditional supply-side approach to a demand-driven, sector-based approach.

The regional partnership has grown and matured since the federal grant ended after 2010. Its evolution has been bolstered in recent years by participation in the National Fund for Workforce Solutions (National Fund), an initiative of national and local funders that partners with businesses and philanthropy to develop employer-driven workforce strategies to help low-wage workers and job seekers obtain career opportunities, while creating talent supply chains that close skills gaps and

strengthen local economies. Wired65 is included as one of the National Fund's regional sites, through a Social Innovation Fund (SIF) grant to Jobs for the Future, the National Fund's implementation partner. The SIF is a program of the Corporation for National and Community Service, which combines public and private resources to grow the impact of innovative, community-based solutions that have compelling evidence of improving the lives of people in low-income communities throughout the United States.

This engagement with a national network of similar partnerships, coupled with an infusion of new federal and philanthropic investment, has helped Wired65 establish a public/private regional funding collaborative, invest in new employer-led workforce partnerships in key sectors, attract new private resources to augment the local workforce boards' public dollars, and drive critical system change efforts to promote expansion and sustainability. Since 2011, a total of \$1,045,000 in leveraged and aligned resources has been committed to support the Wired65 effort, matching \$466,000 awarded from the National Fund.¹ The combined \$1.5 million that has been invested to date has been used to fund training programs and workforce partnerships in key sectors.

PROMOTING COMMON CREDENTIALS TO GET ON A MANUFACTURING CAREER LADDER

Since joining the National Fund in 2011, Wired65 has invested in employer-driven industry partnerships in sectors identified through labor market analysis: food and beverage, moving and storage, and automotive dealerships (National Fund 2010). Across the region's four local workforce investment areas, the greatest traction has been with manufacturing employers around better signaling of entry-level skills and credentials. This traction stems from growth led by major employers such as Ford and GE as well as their ecosystem of suppliers. In general, regional growth in manufacturing was strong compared to state-wide and national data.

The partners decided to push for regional adoption of the entry-level certified production technician (CPT) certification offered by the

Manufacturing Skills Standards Council (MSSC). When they learned the certificate was not offered in Kentucky, they looked into programs in other states, including the Advancing Manufacturing initiative in Lafayette, Indiana, and laid the groundwork for regional implementation. Cumberlands WIB was the first regional entity to offer the MSSC course, followed by the KentuckianaWorks region at the newly formed Kentucky Manufacturing Career Center. With National Fund for Workforce Solutions funding, classes were then introduced at Work One, Southern Indiana's WIB, and in the Lincoln Trail region of south central Kentucky.

The strategy was to foster buy-in through incremental engagement steps. The first MSSC CPT classes were offered to incumbent employees of manufacturing companies in industry partnerships. This enabled employers to evaluate the training and certifications and provide clear feedback to the training provider. Their experience has led many employers to express a preference for the credential among new hires.

While each local WIB has its own manufacturing industry partnerships, the common credentials support regional commuting patterns. MSSC-credentialed candidates from southern Indiana or Elizabethtown, Kentucky, are invited to attend job fairs in Louisville, and credentialed Louisville job seekers have applied at companies in Lincoln Trail knowing that their MSSC credential will be recognized.

KENTUCKY MANUFACTURING CAREER CENTER

In Louisville, KentuckianaWorks has built on the stackable credentials approach to launch a sector-based career center for manufacturing. As defined by USDOL, stackable credentials are a sequence of credentials that can be accumulated over time to build up individuals' qualifications and help them move along a career pathway or up a career ladder to different and potentially higher-paying jobs.

After a year of planning driven by a 30-company Employer Advisory Group, the Kentucky Manufacturing Career Center (KMCC) opened in April 2013. Operated by Jefferson Community and Technical College in Louisville, the center strives to

- supply a ready workforce for growing manufacturing companies,
- provide the skills needed for job seekers and incumbent workers to move into and advance within this growing sector,
- serve as a resource for manufacturing companies to find trained employees or train existing workers,
- encourage a career pathway from manufacturing to engineering based on the National Association of Manufacturers' stackable credentials system (Manufacturing Institute 2014b), and
- encourage more people to consider and pursue a career in manufacturing.

Between May 2013 and July 2014, the center has served more than 674 job seekers and placed over 175 individuals into employment at an average starting wage of \$12.33 an hour. The center has increased job placement success by having its career specialists work more directly and regularly with manufacturing employers. Initial data validate this employer-focused approach: KMCC's rate of placement per career specialist is higher than other One-Stop Career Centers in the region.

EMPLOYER SYSTEM CHANGE

To date, more than 20 companies throughout the Wired65 region have recognized the National Career Readiness Credential and MSSC CPT credentials in hiring decisions. Several members of the KMCC Employer Advisory Group already list the credentials in job postings and on their Web sites; 15 companies have hired MSSC-certified job seekers. Most recently, GE Appliance Park, one of the region's largest manufacturing employers, endorsed both the National Career Readiness Credential and MSSC CPT credentials and has begun giving preference to KMCC applicants in production position hiring.

KMCC Employer Advisory Group firms have formalized the organization by establishing a formal membership agreement that outlines requirements of membership. These requirements include agreeing to pay a \$75 yearly fee; formally recognize the KMCC training programs

on Web sites or job postings (“recognition” means that candidates will be guaranteed an interview if other requirements are met); and provide earnings and retention data on employees hired from the KMCC. Moving forward, they will examine the possibility of requiring employers to pay a fee to the center for placements after 90 days’ retention that will fund training scholarships.

EDUCATION SYSTEM CHANGE

Wired65 worked closely with Jefferson Community and Technical College (JCTC) and Elizabethtown Community & Technical College to make the case for certifying an MSSC instructor and offering the CPT course. The Wired65 collaborative also lobbied the community colleges to provide nine credit hours for the four-week MSSC CPT course, thereby enabling the certification to seamlessly articulate into a comprehensive manufacturing program of study. In November 2013, Jefferson Community and Technical College began offering a new five-credit-hour multiskilled technician course at KMCC.

Recognizing the need to support entry-level workers in their ongoing pursuit of training and education, JCTC also employs a transition counselor to work with all KMCC students. With the Workforce Investment Boards’ support for these kinds of changes, JCTC became one of fewer than 100 colleges in the United States named to the National Association of Manufacturers’ “M-List” for teaching manufacturing students to industry standards (Manufacturing Institute 2014a).

POLICY CHANGE AND ADVOCACY

Commitment to a consistent regional sector-based approach by four WIBs has enabled job seekers and companies across 26 counties to rally around a common set of entry-level credentials. The KMCC is providing a new model of combining federally funded employment services with additional, sector-focused training tied more closely to employer needs. This is not the first sector-based One-Stop Career Center in

the nation—it is predated by others such as the Workforce1 Industrial and Transportation Center in Queens, New York. However, its strong employer connections and focus on systems change in addition to traditional job training outcomes make it unique. The fundamental change has been having the employers take the lead role in driving the training agenda. Through this approach, employers started to realize that they cannot be passive and simply express concerns about the skill level of job candidates. Rather, they need to drive the conversation. As a result, the KMCC has emerged as an attractive model at a time when the workforce field and state and national policymakers are striving to identify and scale more effective job-driven training approaches.

KMCC and other Wired65 initiatives have emerged as promising workforce development practices. U.S. Secretary of Labor Thomas Perez visited the center in late 2013; he toured the facility, watched students in classes, and participated in a discussion with both students and representatives of local manufacturing companies and their training partners. Also in late 2013, KMCC was selected as the location for the Manufacturing Institute's National Manufacturing Day celebration, in recognition of its adoption of industry-recognized credentials and its promotion of manufacturing careers.

At the state level, at the request of the Kentucky Economic Development Cabinet, Wired65 has supported the recruitment of companies looking to relocate in Kentucky. Companies have visited the KMCC and attended Employer Advisory Group meetings, gaining a strong sense of the region's ability to produce a trained workforce response to employer needs.

The establishment and growth of KMCC and the expansion of manufacturing training in Lincoln Trail, Cumberland, and Work One/Southern Indiana come at a critical time for the region's manufacturing sector. The region has experienced recent growth in several manufacturing specialties, significantly outpacing the growth in other industries since the trough of the recession in 2009. Between June 2009 and June 2013, manufacturing employers added 12,890 jobs in the region—a growth rate of 21 percent, which is more than double the 10 percent rate for other jobs. Today, manufacturing accounts for 13 percent of the region's employment.

IMPLICATIONS FOR THE FIELD

Wired65's strategy for addressing both the supply and demand sides of the talent development equation provides three key lessons for the broader workforce field.

- 1) **Local WIBs can drive public-private systems change through their role as workforce intermediaries.** By joining together to tackle common regional labor market challenges, the four WIBs in Wired65 have successfully adopted common priorities and tactics, including focus sectors, common industry-recognized credentials, and employer engagement. Wired65 is an exemplar of a WIB taking on the role of workforce intermediary, highlighting the potential for WIBs to serve as effective regional conveners and brokers.
- 2) **Expand effective practices and discontinue those that do not yield positive results.** Wired65 has made a series of strategic data-driven decisions that have demonstrated their agility and capacity to meet the needs of both employers and job seekers. The region is a leading user of real-time labor market information, which enables leaders to make informed decisions about investments and program design. They also track performance outcomes to be sure that an investment is working. For example, when a transportation and logistics workforce partnership was performing unsatisfactorily, due to difficulty attracting participants, Wired65 staff stopped investing in the effort but also provided specific feedback and recommendations to the industry association partner on how program design changes could improve recruitment. Meanwhile, given KMCC's success to date, Wired65 is developing a request for a proposal for a Health Career One-Stop driven by the industry partnership, the Health Care Careers Collaborative of Greater Louisville.
- 3) **Strong alignment of public and private dollars enables a region to build and deploy demand-driven solutions.** The constraints of federal funding can at times be perceived as a deterrent to innovation, if only because WIBs are understandably cautious in their stewardship of federal funding. At times,

there are unclear interpretations of federal policies that result in fear of audit findings. With the additional flexibility of private dollars leveraged with public funding, the WIBs in the Wired65 Regional Workforce Partners felt more confident moving quickly to respond to employer demands, even when the response took the partnership outside its historical comfort zone of focusing more on supply side issues. In the past, just determining whether an employer-driven project was allowed under federal rules would significantly delay implementation. Surprisingly, as the partners have implemented new approaches with more flexible funding, they have discovered that WIA was perhaps less of an obstacle than long-standing local policies that could be changed by the board. In addition, the very process of going to the private philanthropic sector for investment has helped the WIBs reenvision themselves and their ambition. The region has also benefited from technical assistance from USDOL during the WIRED initiative and from National Fund coaches as part of the Social Innovation Fund investment. These activities have brought significant new energy, ideas, capacity, and partners to the regional workforce landscape.

Note

1. The Wired65 funders are JPMorgan Chase Foundation, Gheens Foundation, Community Foundation of Louisville, James Graham Brown Foundation, PNC Foundation, Network Center for Community Change, Louisville Redevelopment Authority, and Community Foundation of South Central Kentucky.

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