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Employer Engagement Policy

Shifting from Customers to Partnerships

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For two decades, a consistent challenge has been posed to our nation's workforce development programs: do a better job of engaging employers, so that your clients land skilled jobs with local companies. With every passage of a new federal law—the new Workforce Investment Act (WIA) in 1998, its reauthorization as the Workforce Innovation and Opportunity Act (WIOA) of 2014, and the revised Perkins Career and Technical Education (CTE) Act in 2006—policymakers have claimed "we got it right this time" in meeting that challenge. Yet 20 years after WIA's initial passage, too many employers are still reportedly dissatisfied with how they are being engaged.

Our coalition of workforce stakeholders is aware of the frustration, having long advocated for more effective employer engagement policies. Today's workforce and CTE programs can point to many exciting local collaborations with industry; indeed, the level of local employer engagement is better than it has ever been. But those achievements are uneven across our nation's 300+ regional labor markets.

This inconsistency arises in part from a continuing lack of clarity about the particular types of employer engagement our federal policies intend to encourage. While most workforce and CTE systems are motivated to be responsive to local industry needs, many focus their energy on the specific types of employer engagement that are mandated, explicitly funded, or captured in government performance metrics. Unfortunately, the type of engagement that local employers are often seeking is not what our policies are effectively prioritizing.

WE'RE WELL PAST "TRAIN AND PRAY"

Former Labor Secretary Tom Perez had a popular, go-to line in his stump speeches: "We just can't 'train and pray' anymore." The line worked because it invoked the still common belief that workforce programs are training clients without talking to prospective employers.

Yet if the proof point of the workforce system's engagement of employers was simply whether clients were finding jobs, then practitioners had long ago put down their prayer books. In 2016, the U.S. Department of Labor (USDOL) reported that more than two-thirds of WIOA adult and dislocated worker participants found jobs. Placement rates were closer to 75 percent for workers served by Trade Adjustment Assistance (TAA) programs, registered apprenticeships, National Emergency Grants issued in response to mass layoffs, and other discretionary grant programs. In addition, retention rates were in the 85 to 95 percent range across most programs (U.S. Department of Labor 2016a).

That quantitative assessment does not change the fact that, qualitatively, many local employers still feel disengaged from local workforce and CTE systems. For some, being approached for purely transactional purposes—that is, to see if they would be willing to hire a local trainee—does not actually feel like engagement. Therein lies the policy challenge: "employer engagement" has many definitions.

Unpacking the Concept of Employer Engagement

"Working to build a high quality sector partnership in my community has added hiring and training capacity to our midsized, family-owned company. Together, we work as a team to address the evolving skill needs of my company, and my industry" (Liza Smitherman, vice president of Professional Development, Jostin Construction Inc., Cincinnati, OH [Business Leaders United 2016]).

The various types of employer engagement required by our workforce and CTE policies can be categorized across two different dimensions (see Table 12.1):

1) **Number of companies engaged (single vs. multi-firm):** At one end of this continuum, local employer engagement focuses

on a single company, perhaps the dominant large firm in a local industry, to inform local workforce programs. One tick up from this would involve one-on-one engagements with a number of individual companies, but pursued independently from each other. Then there are multi-firm engagement strategies, in which companies are addressed as a group, typically as members of a common industry. At its most developed, multi-firm engagement attempts to not just get a group of companies to provide collective input to local workforce or CTE programs, but to get those companies to collaborate with each other on common workforce needs even though they are commercial competitors.

2) **Intensity of company engagement (advisor vs. customer vs. partner):** At its most limited, employer engagement can be episodic with no impact on a company's day-to-day operations, such as serving as a volunteer advisor. Employers can be further engaged as customers, whereby a company is actually hiring clients, perhaps with some basic input to confirm that trainees meet the company's needs. More in-depth is when employers are engaged as partners or co-owners of the workforce or CTE programs. In this context, business leaders are not only communicating their own company's immediate needs, but also working with programs to help them respond to the broader, long-term priorities of their entire industry. At its most developed, these industry partners are not only providing feedback on how workforce and CTE programs could improve, but also adjusting how their companies hire, train, or promote workers to ensure the collaboration's long-term success.

EXAMPLES OF ENGAGEMENT UNDER WORKFORCE POLICIES

Let's apply this rubric to identify different types of employer engagement required or supported by workforce programs administered by USDOL.

Table 12.1 Examples of Employer Engagement under WIA/WIOA

Single firm	One-off calls for advice with a targeted company	Job developer/sales calls with individual companies to facilitate client placements Sample policies: • Performance measurements for client placement, retention	Mutual collaboration/ investment with a targeted company Sample policies: • Customized job training/on-the-job training contracts • Apprenticeship
Multi-firm	Periodically convening group of companies to advise system Sample policies: • Workforce Investment Boards (now Workforce Development Boards)	Same as above, except with more than one company Sample policies: • New "employer effectiveness" measures on repeat customers, etc.	Group of companies given shared authority and investment in local industry-focused strategy Sample policies: • Sector/Industry Partnerships

Employers as Advisors

WIA's creators responded to employer dissatisfaction with the Job Training Partnership Act by mandating that local businesses control the majority of seats, as well as the chair, on the system's newly created Workforce Investment Boards (WIBs). Yet the number of companies that could possibly participate on these WIBs was always going to be finite. What's more, the participating business leaders were being asked to play more of an oversight function over the administration of public workforce systems rather than solve the workforce needs of their own companies. In fact, to this day, many private-sector WIB members are not actual customers hiring clients trained by the workforce system.

Employers as Customers

As noted above, the primary performance metrics for both WIA and WIOA relate to the placement of clients with local companies.[1] However, during the final year of deliberations about WIA's reauthorization, the Obama White House, the Department of Labor, and Congressional authorizers all acknowledged that these measures fell short of documenting deeper employer engagement. A range of organizations were asked to weigh in—workforce boards, training providers, industry intermediaries, business associations, and groups of small employers themselves—regarding the types of practices whereby local business leaders seem most engaged.[2] Yet it proved difficult for authorizers to translate these activities and their qualitative impacts into legislative language with scalable, easy-to-measure metrics. Hence, the final WIOA bill shifted from proposing new measures of "employer engagement" to those that document the workforce system's "employer effectiveness," and instructed USDOL to continue working with the field to develop the specific metrics as part of WIOA's initial implementation.

In 2016, USDOL proposed three pilot measures to be tested for measuring effectiveness in serving employers (U.S. Department of Labor 2016b):

1) **Retention with the Same Employer**, to assess how well programs were providing employers with skilled workers who succeed with or stay at their companies
2) **Repeat Business Customers**, to assess employers' level of satisfaction with provided skilled workers, such that they continue to come back to hire more from the WIOA system
3) **Employer Penetration Rate**, to assess what portions of employers within a state or local economy were being engaged as customers by the WIOA system

These measures will certainly tell us more about relative levels of employer utilization of the workforce system, but they are for the most part just re-categorizations of the types of transactional data already collected about individual company decisions to hire or retain workers. As such, while they may tell us more about whether local systems are more effective in meeting local employer needs, they do not really tell us much—except what some might choose to infer—about the extent to which employers had been engaged in designing or implementing the workforce strategies being funded by the local WIOA system.

Employers as Partners

The additional step taken by WIOA intended to actually spur deeper employer engagement was its requirement that states and localities begin to "develop, convene or implement" sector partnerships as a means to bring more companies into the execution of workforce programs.[3]

Fully implemented, sector partnerships bring together multiple employers with education, training, labor, and community-based organizations to address both the current and anticipated future skill needs of a local industry. Such partnerships can identify common skill and credential standards that are then adopted both by local programs when they train prospective workers, as well as by local companies when they post hiring requirements. Through these partnerships, companies can jointly design training programs and curricula that are then adopted by local high schools, community colleges, labor-management training funds, and other workforce practitioners. Sector partnerships' conveners or "intermediaries" can include local workforce boards, community colleges, chambers of commerce, community-based organizations, funder collaboratives, and economic development organizations (DeRenzis and Wilson 2015).

In many ways, WIOA's inclusion of sector partnerships was Congress's catching up to a practice that had already been tested and adopted by states during the first decade of WIA's implementation. In the final phases of WIA's reauthorization, increasing numbers of local business leaders—particularly those associated with small- and medium-sized enterprises participating in such partnerships—had begun advocating with Congress for the practice's adoption as a required and explicitly funded element of the federal workforce infrastructure (Van Kleunen 2014). Many of these companies advocated for legislation that specified standards for how businesses were to be engaged as part of these multi-stakeholder industry partnerships.[4] Unfortunately, in the end, Congress opted for a much less defined partnership structure in law. Similarly, USDOL chose to provide relatively little additional guidance or regulation on how such partnerships should be structured or function, or on how the agency might assess if claimed partnerships were actually achieving the kinds of employer engagement that had led to the practice's popularity within the business community in the first place.[5]

Hence, while WIOA's inclusion of sector partnerships was an incredibly important step in the right direction, there is likely going to be a continued inconsistency in how 550 workforce investment areas use those partnerships to engage local companies, largely because both the law and resulting regulations are weak compared to those used to enforce the functioning of workforce boards (employers as advisors) or to variously measure client placements (employers as customers).

OTHER POLICY OPTIONS FOR PARTNERSHIP DEVELOPMENT

While we wait to see if WIOA's new sector partnership requirement achieves more broad-based employer engagement, we also need to look at other areas of federal policy where similar issues are being considered.

Sector Partnerships within Perkins CTE

Although the current Perkins Act, as reauthorized in 2006, does not explicitly require high schools and colleges to actively partner with local employers, states and localities are required to at least consult with representatives of business and industry during the development of their Perkins plans.[6] As such, many states have created industry advisory committees, and a smaller subset has actually required active local partnerships with companies and industry associations to design and roll-out CTE programs (National Association of State Directors 2014). To build beyond what Secretary of Education Arne Duncan described as these select "islands of excellence," the Obama administration in 2012 issued a "Blueprint for Transforming Career and Technical Education" (Duncan 2011). Among its more controversial proposals was the recommendation that Perkins funding, rather than being automatically distributed by state and local formula, should be awarded on an application basis only to those "programs of study" that demonstrated an active engagement of industry leaders in its implementation (U.S. Department of Education 2010).

A higher bar for CTE employer engagement was hailed by many. However, some concerns were voiced regarding how this new emphasis could have unintended consequences if it were not thoughtfully aligned with employer partnership requirements being developed for WIA's replacement. Asking willing employers to both help lead their industry's sector partnership and simultaneously sit on their local high school's or community college's Perkins advisory council could potentially burn out engageable business leaders. It could also work against the goal of these sector partnerships, which was to provide a single place where an industry's small- and medium-sized businesses could gather to set common skill standards and then communicate them back to all local programs preparing students and workers for employment in that sector.

One proposed solution to this potential dilemma was to authorize local Perkins programs to use or contribute to the capacity of existing sector partnerships in their region, including those developed under the new WIOA standards. This would allow local companies to use a single industry platform to communicate shared workforce needs to CTE and WIOA programs. To facilitate this alignment, Congress could provide additional Perkins funding to secondary or postsecondary CTE programs that are participating in a WIOA-sponsored or other existing sector partnership. Congress could also require state CTE plans to describe how they would support state efforts to develop and implement sector partnerships, and require postsecondary grant recipients to coordinate with industry or sector partnerships in their area, where appropriate (National Skills Coalition 2015b).

Sector Partnerships and Community Colleges

During the second term of the Obama administration, the most dramatic boost in federal support for sector partnership development came not from the Congressional passage of WIOA, but from administration initiatives right before and after the July 2014 release of the White House's Job-Driven Training plan. The plan was in response to President Obama's call for a government-wide review of all federal job training, CTE, higher education, and other programs that prepared Americans for employment to assess how those programs could be better aligned and more effective at moving people into skilled careers with American companies. The plan outlined seven principles that would be used as evaluative standards to better ensure that all relevant federal policies and grant programs were effectively moving Americans into skilled careers, starting with:

- **Engaging employers**: "Work up-front with employers to determine local or regional hiring needs and design training programs that are responsive to those needs," and ending with
- **Regional partnerships**: "Create regional collaborations among American Job Centers, education institutions, labor, and nonprofits" to work with local employers (Offices of the President and Vice-President 2014, p. 10).

Those principles thereafter shaped nearly $2.5 billion worth of discretionary grants subsequently given out by the Departments of Labor, Education, and Commerce, among others. Included among these was the final round of grants issued under the Trade Adjustment Assistance Community College Career Training (TAACCCT) program. TAACCCT was a four-year, $2 billion initiative created by the administration in 2011 with a portion of the savings from the Department of Education's restructuring of the federal subsidized student loan program. Originally conceived as an Education initiative, the program came to be administered by USDOL due to a Congressional rule related to the process of budget reconciliation that required the newly available funding to be used with an already existing program. An unfunded community college grant program authorized during the preceding reauthorization of the USDOL's TAA program thus became the vehicle to spend these Education resources.

While TAACCCT had originally been intended to focus on the retraining and reemployment of workers displaced by the Great Recession, the grant program's requirements that colleges actively engage local industry were relatively loose. This changed with the last round of TAACCCT, the guidelines of which were being developed at the same time the Obama administration was preparing its Job-Driven Training plan. The White House pushed to require that TAACCCT colleges demonstrate collaboration with multi-firm sector partnerships. Recognizing that TAACCCT was coming to an end, the administration also included in its FY2015 budget proposal an even larger, $6 billion "Community College Job-Driven Training Grant" initiative to further build these collaborations between community colleges and local sector partnerships (National Skills Coalition 2014). When Congress failed to take up the President's budget, members of Congress, with the support of the business community, stepped up to propose new legislation, the "Community College to Career Fund Act," to further this effort to support community college collaboration with local sector partnerships. That legislation has since been reintroduced in the 115th Congress, and may be considered as part of the Perkins Act legislation currently being considered for reauthorization by the Senate.[7]

Sector Partnerships, Intermediaries, and Apprenticeships

The workforce development strategy that has received the most new attention in Washington has been apprenticeship. President Obama proposed to double the number of registered apprentices (from 500,000 to 1 million), and President Trump has since gone further to embrace goals of anywhere from 2 million to 5 million apprentices in the next five years. Between 2015 and 2017 nearly $250 million in grants were distributed by USDOL to promote new apprenticeship development, including $90 million appropriated by Congress on a bipartisan basis to promote the concept.

However, the very thing that makes apprenticeship so attractive to policymakers—that is, apprentices are, by definition, employed while training on and off the job—also makes it one of the more difficult workforce strategies to scale. A new apprenticeship slot is not created without an employer first agreeing to hire an untrained worker and thereafter providing time and resources toward his/her development. This poses a significant operational shift for companies not accustomed to taking on that level of financial and legal risk with a new employee, particularly one who is explicitly not qualified to fill a skilled job. As such, broad-based and intensive employer engagement—whether accomplished one-on-one with prospective company sponsors or across a number of companies as a sector—is going to be necessary if millions of new apprentices are going to be placed in the years ahead.

Many federal policies have been proposed to incentivize or compensate individual companies to create new apprenticeship slots, including the use of employer tax credits as well as up-front wage subsidies, the latter particularly for smaller firms (National Skills Coalition 2017). These types of offsets have worked in the past for some companies, including at the state level, and as such, they each play an important role. But the policy option for employer engagement that we feel holds the most promise for this burgeoning apprenticeship renaissance is the use of industry-based intermediaries, which, like the best of sector partnerships, work with multiple employers within the same industry to help those companies quickly take apprenticeship to scale. When it comes to smaller companies, as well as firms in industries unfamiliar to the processes of setting up an apprenticeship, assistance is often more highly prized than financial incentives when taking their first foray into apprenticeship.

Such intermediaries can simultaneously work with multiple companies to develop shared curricula, submit the paperwork for federal or state registration, and connect new apprentices to the necessary pre- and posthire training and support services to ensure their success. Intermediaries in some cases can even serve as the apprentices' employer of record for their first several months of employment, thereby reducing companies' financial and legal exposure until they are sure a new apprentice is a fit for their operation.

A single partnership or intermediary organization working across multiple firms within a regional industry is much better positioned to take apprenticeship to scale than companies attempting to do so one at a time. Intermediary experiences in countries like the United Kingdom, which recently jumped into the apprenticeship pool and quickly outlapped the United States, would seem to confirm this observation (Lerman 2016). The United Kingdom went from 400,000 to over 800,000 apprentices in the space of five years largely through a national infrastructure of private-sector and nonprofit intermediaries that combine both public and private resources in the preparation of apprentices to meet industry-wide skills standards set by industry-led sector councils (Ayres and Gurwitz 2014). A national infrastructure of sector partnerships here in the United States, enabled not only by WIOA but also by support from the CTE and higher education systems, and buttressed by other discretionary grants made by the federal government, could position the United States for the types of apprenticeship expansion enjoyed by our competitors overseas.

CONCLUSION

For decades the United States has sought to increase employer engagement within its workforce and CTE programs, but it is only in recent years that federal policies have invested in engaging local business leaders in meaningful and scalable ways. Policies that have tried to engage employers either as episodic advisors or transactional customers have made their contributions, but they have fallen short of making local companies feel invested in their local workforce and CTE systems. More recent policies focused on employer engagement through multi-firm, sector-based partnerships are where the United States needs to drive all of its employment-related workforce and education programs in the future.

Unfortunately, even with new sector partnership policies such as those included in WIOA, we are concerned that the type of performance measurement required by federal agencies is missing the purpose of these partnerships, and instead is defaulting to a traditional reliance on single-firm, client-focused measures of success. If we do not push beyond that, state and local systems will deliver what they are required, and deeper employer engagement may still be uneven across this rebooted workforce system.

The growing desire for greater employer engagement within newly developing CTE, higher education, and apprenticeship policies offers a singular opportunity to capitalize on the sector partnership reforms in WIOA. Aligning such partnerships across all of these federal programs could serve as a down payment on the development of a truly national infrastructure of industry-based partnerships that could engage tens of thousands of employers in a manner that could in turn help millions more Americans access available skilled jobs.[8] Congress and the federal administration should recognize and act on this opportunity.

Notes

1. Under WIOA, those measures include the percentage of program completers who are employed in the second quarter after program exit, the percentage who are employed in the fourth quarter after program exit, median earnings in the second quarter after exit, and the percentage attaining some form of credential (U.S. Department of Labor 2016b).
2. For an example of the types of recommendations made, see National Fund for Workforce Solutions (2014).
3. WIOA takes several steps to encourage the development and expansion of sector partnerships. WIOA section 101(d)(3)(D) requires state workforce development boards to assist the Governor in the development and expansion of strategies for meeting the needs of employers, workers, and jobseekers, *particularly through industry or sector partnerships* related to in-demand industry sectors and occupations (emphasis added). WIOA section 134(a)(2)(B) provides that states must use a portion of state set-aside funds to assist local areas by providing information on and support for the effective development, convening, and implementation of industry or sector partnerships. Section 134(c)(1)(A)(v) requires that Title I-B funds allocated to local areas must be used to "develop, convene, or implement industry or sector partnerships."
4. For a description of the SECTORS Act, see National Skills Coalition (2013).
5. See comments on sector partnerships in National Skills Coalition (2015a).
6. See Carl D. Perkins Career and Technical Education Act of 2006.
7. See the Community College to Career Fund Act, S.620, introduced March 2017.
8. See the recommendation for a national infrastructure of regional industry workforce partnerships in National Skills Coalition (2016).

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