

Transforming Workforce Development in the District

Building a Strong Leadership Structure and Contributing to an Economic Opportunity Agenda

Too many District residents are disconnected from employment, economic, and educational opportunities. With the national economic downturn, it's true that times are tough and likely to stay that way for some time—but the District can do more to leverage its considerable assets to help District residents increase their skills, employment, and earnings.

With a more strategic approach to employment and training, Mayor-elect Gray could make better use of existing funding to get more DC residents into steady jobs and help them move onto career ladders that improve their income prospects.

A clear mayoral mandate—with the leadership structure to back it up—to connect adults and young people to career pathways would provide government leaders, employers, and service providers a shared goal and offer a framework for working together. With a more strategic approach to employment and training, Mayor-elect Gray could make better use of existing funding to get more DC residents into steady jobs and help them move onto career ladders that improve their income prospects.

In this memo, we propose several specific first steps Mayor-elect Gray can take in order to set a strong **economic opportunity agenda** for District residents.

To be compelling, the agenda needs a clear vision. Vince Gray's *Plan for Jobs and Economic Development* committed to prioritizing workforce development initiatives that will provide jobs for citizens in all parts of the city. **Building on that commitment, we propose that the Mayor-elect develop a mandate to promote inclusive economic growth in the District of Columbia by a) helping District residents bolster their skills, education, and earnings; b) matching qualified District residents with employers who are ready to hire them; and c) growing the economy by developing a strategy to attract and retain key industry sectors.** The first two items (building skills and matching workers with jobs) focus on workforce development, which would be carried out in close coordination with the third item, centered on economic development.

The following recommendations should be acted upon early in the Gray administration, but they are focused on systemic change, not quick fixes. We are aware of the urgent need to address the city's high un/underemployment rate and are supportive of actions that would do so—

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some of the authors have participated in the workforce transition subcommittee and have contributed to short-term recommendations. However, this memo takes the long view. Creating tighter linkages between education, training, supportive services, and employers in order to improve skills and employment outcomes for District residents requires a

long-term investment. Success should not be measured in the number of District residents placed in jobs in the second quarter of 2011. There are many interim steps and progress measures the Gray administration can and should track, but it should be thinking about the improved program capacity and outcomes it wants to see in 2014 and 2018.

Consistent with and building upon the ideas put forth in Mayor-elect Gray's *Plan for Jobs*, we recommend that the Mayor-elect **overhaul the Workforce Investment Council (WIC), including the WIC's Youth Investment Council (YIC), and make the WIC the vehicle for spearheading the workforce development component of the Mayor-elect's economic opportunity agenda.**

We suggest the following changes to transform the WIC:

1. Charge the WIC with spearheading the workforce development component of the Mayor-elect's economic opportunity agenda.
2. Transform the WIC's organizational structure:
 - a. **Step One.** Transfer the WIC from the Department of Employment Services to the office of the Deputy Mayor for Planning and Economic Development and build workforce development-economic development connections and capacity.
 - b. **Step Two.** Within two to three months, determine whether to incorporate the WIC as a 501(c) 3.
3. Identify a strong WIC Executive Director and qualified staff.

4. Reconstitute the WIC membership.

5. Develop and release a plan for the WIC with measurable goals and interim progress measures. The plan should define the WIC's role in overseeing federal Workforce Investment Act dollars as well as guiding other local and federal dollars supporting education, training and employment-related activities.

6. Connect the WIC with reforms in the Department of Employment Services.

Background on the role and duties of the Workforce Investment Council

The Workforce Investment Council (WIC), including its subcommittee, the Youth Investment Council (YIC), is a federally-mandated entity charged with setting workforce development policy and overseeing workforce development programs. DC's WIC functions as both a state and local-level board. The Mayor appoints the WIC's members. Over half (51 percent) of members must come from the business community. The federal Workforce Investment Act of 1998 (WIA) and DC Mayor's Order 2007-88 outline the WIC's specific duties. These include:

- Developing policies to increase and enhance employment opportunities for residents, and grow a labor force prepared to meet the needs of current and prospective employers;
- Facilitating collaboration across business, education, training, human services and economic development, including employers, city agencies,

educational institutions, and community-based organizations;

- Establishing, and guiding the implementation of, a strategic workforce investment plan for the city;
- Establishing performance standards and performance measures;
- Assisting in developing and monitoring an employment statistics system;
- Identifying service providers;
- Overseeing workforce development services provided to youth and adults, including One-Stop Career Centers; and
- Assessing the effectiveness of workforce development policies and investments and continuously improving them.

Unfortunately, in practice **DC's WIC has been dormant and ineffective**, accomplishing few of its functions. **However, with changes to the WIC's charge, structure, staffing and operations, the WIC has the potential to spearhead the workforce development component of the Mayor-elect's economic opportunity agenda.** Communities around the country have utilized their WICs to forge successful workforce development systems that serve residents and employers and contribute to economic prosperity.

A successful WIC in the District would have the following characteristics:

- It would meaningfully engage top business, education, nonprofit and government leaders across multiple

agencies to establish and implement a strategic workforce investment agenda.

- It would be closely allied with economic development officials and plans. The workforce system itself does not create jobs. The WIC's role is to help meet employer needs and prepare residents for available and projected jobs.
- It would have a very strong connection to the Mayor. The Mayor should see the WIC as a key vehicle for setting and accomplishing his workforce investment priorities.
- It would have a senior-level, highly respected director who executes the WIC's efforts.
- It would have direct influence over how workforce funding (including but not limited to WIA) is allocated—investments should follow the agenda and policies established by the WIC.

We suggest the following changes to transform the WIC:

RECOMMENDATION 1. Charge the WIC with spearheading the workforce development component of the Mayor-elect's economic opportunity agenda

through a) helping District residents increase their skills and earnings; and b) matching qualified District residents with employers who are ready to hire them.

Carrying out this agenda will require several paradigm shifts in how workforce development is conceptualized and carried out in the District:

- Workforce development should be a component of economic development.

Strategies to promote economic growth must include strategies to link the District's un/underemployed residents with the city's prosperity.

- Although workforce development incorporates social and supportive services, it should not be defined as a social service. It must meet the needs of employers and provide them a valuable service by increasing their talent pool. Workforce development should not rely on employers' charitable instincts.
- The regulatory and enforcement approach of First Source and other efforts to promote the hiring of District residents should be accompanied by strategies to improve the District's capacity to provide qualified, job-ready candidates. As the District requires entities doing business in the District to hire residents, it should strengthen its ability to direct competitive job applicants to those entities.

The WIC will be a critical vehicle in pushing policy and programmatic changes that support these principles.

RECOMMENDATION 2. Transform the WIC's organizational structure.

We see **two major options** for restructuring the WIC:

- Retain the WIC as a governmental entity, with stronger authority and flexibility; or
- Incorporate the WIC as a 501(c)-3.

Both have pros and cons. **Whichever option is chosen needs to have the full backing of the Mayor, so that the WIC is**

fully integrated into the District's workforce and economic development structures. It will be important to consider the WIC's influence over how workforce funding is allocated. In many jurisdictions, the WIC serves as the "grant recipient" of federal funds, giving the WIC direct authority over disbursement of funds. In other areas, the WIC shares this responsibility with agencies such as DOES. Whether the WIC becomes a 501(c) 3 or stays in DMPED, we suggest considering various options to ensure that investments follow the agenda and policies established by the WIC. We can share resources that can inform the Mayor-elect and his team in this area.

Whichever option is chosen, we believe the **first step** should be a transfer of WIC within government, from DOES to the Deputy Mayor for Planning and Economic Development (DMPED). The **second step** should be making a decision early in the administration whether to retain the WIC in government or facilitate the incorporation of an independent 501(c) 3. We detail these steps below.

STEP ONE. Transfer the WIC from DOES to DMPED and build workforce development-economic development connections and capacity.

DC's Mayor's Order 2007-88 transferred the management and oversight of the WIC from the Department of Employment Services, which administers WIA funding, to the Deputy Mayor for Planning and Economic Development. The Order also established that the Executive Committee of the WIC may appoint a WIC Executive Director. However, to date, the WIC has remained within DOES. The Executive Director nominally answers to the mayor-appointed Chair of the WIC, but

in practice functions more as a DOES employee. Staff has lacked the authority to implement WIC efforts outside of the DOES management structure. This has compromised the WIC's ability to carry out its duties. For example:

- The WIC is charged with setting policy priorities under the Workforce Investment Act, and oversees WIA programs and funding. Instead, the WIC has lacked authority either inside or outside DOES to engage in policy or oversight.
- The WIC is meant to engage multiple agencies, employers and other stakeholders to develop a workforce development strategy. Instead, employers have viewed the WIC as part of an unresponsive government bureaucracy. In addition, the WIC's lack of influence has hampered its ability to bring other DC agencies to the table in a meaningful way.

We recommend that the Mayor-elect transfer the WIC to DMPED immediately, following the existing executive order. This would greatly facilitate the connection between economic development and workforce development, and allow the WIC more independence and authority to carry out its work.

It will be critical to establish workforce development capacity within DMPED, since to date the office has not focused on workforce development in a meaningful way. We recommend that the individual the Mayor-elect appoints to serve as Deputy Mayor-elect have a strong interest in connecting economic and workforce development, and ideally some background doing that. The WIC Executive Director should be a senior

official who reports directly to the Deputy Mayor and works with the active backing and engagement of DMPED and the Mayor. In addition, the Director will need a team of staff members with the appropriate skills and background to help the WIC accomplish its charge. We discuss the types of characteristics needed in the WIC Director and staff members in more detail below. The WIC's Director and staff should also work closely with DMPED staff focused on development deals and business attraction and retention efforts. In addition, since literacy skills and educational credentials play such a critical role in residents' ability to gain and retain employment, the WIC's Director and staff should work closely with education officials, including the State Superintendent of Education, the Deputy Mayor for Education, and leadership of the University of the District of Columbia (UDC)/Community College of the District of Columbia (CCDC), DC Public Schools and public charter schools.

Transferring the WIC to DMPED runs the risk of disconnecting the WIC from the operations of the workforce programming through DOES and from critical DOES reforms. The Mayor-elect should establish a central role for the WIC Director with the new DOES director. DMPED and the WIC ED should be actively engaged in the development and implementation of DOES reforms. In addition, DOES should continuously provide the WIC the information needed for the WIC to perform its oversight of workforce development investments, and DOES staff should work closely with the WIC staff in developing effective monitoring and continuous improvement systems. We discuss DOES reform in more detail below.

In order for the WIC to spearhead the workforce development component of the Mayor-elect's economic opportunity agenda, it needs to engage with government entities responsible for operating or funding training and education programs. That includes DOES, obviously, but also the Income Maintenance Administration within the Department of Human Services, and career and technical education in the public schools, UDC/CCDC and adult literacy funded through the Office of the State Superintendent for Education. The WIC also needs to engage with DMPED's economic development strategies. The Mayor-elect should charge the DMPED, the DOES Director, the State Superintendent of Education, and the WIC Director and Chair as his **Economic Opportunity Cabinet**, his senior team with the responsibility to implement the Mayor's economic opportunity agenda.

STEP TWO. Within two to three months, determine whether to incorporate the WIC as a 501(c) 3.

Around the country, some localities have developed successful WICs within government. However, many of the highly successful WICs function as independent nonprofit organizations. A few years ago, DC investigated the possibility of incorporating the WIC. We recommend that the Mayor-elect revisit this issue and make a decision within the first few months of his administration whether or not to establish the WIC as an independent nonprofit. We believe that adequate information exists to fully inform the Mayor-elect and we can point the transition team to helpful resources.

If the Mayor-elect chooses this route, we expect the transition, which would

include planning, WIC restructuring and incorporation, could be accomplished within 12 months. During that time the WIC would operate under DMPED, implementing the planning and restructuring that would prepare the WIC for an effective transition to nonprofit status.

The Mayor would retain the responsibility of appointing the WIC members even if the WIC became a 501(c) 3.

Making the WIC an independent entity could offer a number of advantages to the Mayor and the District. These include:

- Heightening the WIC's credibility and standing, in the wider community and particularly in the business sector, as an independent entity, not tied to a particular government agency or bureaucracy.
- The ability to be more flexible, entrepreneurial, dynamic, and nimble than a government agency, responding more quickly to new opportunities and developments.
- The ability to implement the efforts of the WIC more directly, so that high-level representatives from business, education, and other community institutions see the value of their involvement.
- The ability to raise and leverage additional resources outside existing public workforce funding.
- The potential to receive granting authority for all or parts of workforce dollars, which could align resources and streamline procurement processes.

However, making the WIC an independent entity could pose a number of potential challenges which would need to be carefully weighed before moving ahead:

- **Lack of connection to the Mayor-elect and city agencies.** Moving the WIC out of government would weaken the structural connection to the administration. The Mayor-elect would need to see the 501(c)3 as fitting into his vision for how to accomplish his agenda, and reinforce that by establishing formal connections between the WIC and DC agencies, particularly DOES, DMPED, DCPS, public charter schools, and UDC/CCDC. These would need to be continually reinforced by WIC and agency practices under the leadership of the Mayor. In addition, the Mayor would need to actively support the 501(c)-3's work.
- **Divisiveness,** if stakeholders were concerned about the creation of the 501(c)-3, which could undermine the effectiveness of the new entity. Mayoral leadership would be essential here, and would need to be used in part to create consensus around the structure and expectations of the 501(c)-3.
- **Time and effort that a shift to a new structure would take.** To set the stage for a successful 501(c)-3, time, effort and resources would need to be invested in planning and reorganization. In DC's case, reorganization will have to occur to revitalize the WIC in any case, whether the WIC stays in government or becomes a 501(c)-3. If the 501(c)-3 is the option that the Mayor-elect chooses to pursue, the organizational improvements under

DMPED would need to be done with the purpose of preparing for a successful nonprofit transition.

We urge that the decision regarding the nonprofit transition be made within the first two to three months of the administration, so that the decision can inform the restructuring as that moves ahead.

RECOMMENDATION 3. Identify a strong WIC Executive Director and qualified staff.

As the operational leader and implementer of the WIC's efforts, a strong Executive Director is vital to the success of the WIC. The Director will function as the day-to-day lead in policy development, employer engagement, and promoting collaboration between agencies and with nonprofits and other stakeholders. The Director will serve as a point person for helping the city's public education, training, and social service programs align their priorities, programs, contracts, and grants towards the goals of helping residents improve their skills and employment. The Director also will lead the development of strategies and incentives for programs with different funding sources and performance measures to work collaboratively.

The Director should be a senior, highly respected official, serving as one of the Mayor's top advisors on workforce development. The Director should be politically savvy, able to facilitate a broad range of top-level community collaborations, and be recognized as a key leadership face in the community on workforce investment issues. The Director will need the skills and personality to communicate effectively with community stakeholders, government

agencies and nonprofit service providers, to forge strong connections with employers, and to develop relationships with Councilmembers overseeing economic and workforce development. The selection of the WIC Director should go hand-in-hand with selection of the DOES Director, the DMPED, and the WIC Chair, since the WIC Director will work in partnership with them to implement the Mayor's economic opportunity agenda. The WIC Director's job description and compensation level should reflect the type of individual needed.

The Director will need a number of staff members to implement the WIC's functions. As noted above, the office of the DMPED does not currently have staff capacity in the area of workforce development. DOES recently detailed several staff to support the WIC and YIC. While helpful in the short-term, assigning staff temporarily from another agency will not serve as a long-term solution. The WIC and the YIC need sufficient and qualified staff to carry out their work. The current and previous chairs (Bill Dean, CEO of MC Dean and Barbara Lang, CEO of the DC Chamber of Commerce, respectively), have had to dedicate their own staff to work on WIC matters. The WIC should be a hub of relationships, linking employers, government agencies, nonprofit service providers, DCPS, and charter schools, UDC, CCDC, and others and providing policy leadership. In order to do that, staff members need to be skilled in outreach, research, analysis, written and oral communication, and strategic planning. Federal WIA funds can cover the cost of these staff members.

If the decision is made to establish the WIC as an independent nonprofit, the WIC membership—acting as the Board of

Trustees—would select the director of the nonprofit. As we noted above, we expect the transition to the nonprofit would be complete within 12 months. If the person who has served as Director under DMPED would like to continue, he or she could apply for the position.

RECOMMENDATION 4. Reconstitute the WIC membership.

We recommend that the Mayor-elect reconstitute the membership of the Workforce Investment Council, including its subcommittee, the Youth Investment Council. We suggest that the Mayor ask all current members to resign and reapply if interested. The Mayor can convey that he is not questioning the dedication of existing members, but fulfilling his responsibility under federal and local law to ensure that the WIC has the requisite mix of members to accomplish its functions.

The reconstitution should ensure that membership meets the requirements of federal law for state and local boards and Mayor's Order 2007-88, including representatives of employers, public entities and community members. Membership should reflect interest in and ability to contribute to policies in support of the Mayor-elect's economic opportunity agenda. Membership recruitment should target employers in the city and region who represent stable and growing sectors of the economy. In addition, membership should include the DC Councilmember who chairs the workforce committee.

The chairs of the Workforce Investment Council and Youth Investment Council are obviously key leadership positions. The Mayor-elect and his team should review these positions both for the

capabilities of the individuals and the strength of the industry sectors represented. The chairs should have good chemistry with the Executive Director. Between them, the ED and chairs should have a mix of leadership skills—tactical and operational as well as visionary and agenda-setting.

WIC and YIC members must have decision-making authority within their respective organizations and attend meetings themselves or send delegates with decision-making authority. The Mayor should mandate that local agency directors participate or send a senior level administrator. While nonprofit and private sector members do not function under the Mayor's direct authority, WIC membership requirements should dictate that they send senior representatives. The WIC culture and activities should reinforce the engagement of senior officials.

We suggest that Mayor attend at least one meeting a year in person to emphasize the priority he places on workforce issues and on the WIC's efforts. We also suggest that the Councilmember heading the workforce committee attend at least one meeting a year in person.

RECOMMENDATION 5. Develop and release a plan for the WIC with measurable goals and interim progress measures.

We believe the WIC should, early in the administration, identify specific goals it hopes to achieve and measures of progress toward those goals. The WIC, and the wider community, can then see the WIC's progress.

Among its priorities, we suggest the WIC consider an industry sector initiative to

meet unmet labor force needs in stable or growing industries in the city and region. Some of the most promising workforce development efforts in other communities today incorporate sectoral approaches. We can provide examples that could inform a DC initiative.

Suggested key priorities for the WIC moving forward:

- Improve the quality and transparency of data on the performance of federally and locally-funded workforce development programs.
- Develop initiatives focused on key industry sectors.
- Resolve deficiencies identified by the U.S. Department of Labor in the workforce development system.
- Facilitate alignment and connection of resources across workforce, education, human services and economic development.

RECOMMENDATION 6. Contribute to Reform of DOES.

The WIC's charge is broader than guiding and monitoring WIA-funded programs and other DOES initiatives, but improving the administration of WIA funds and overall DOES performance is vital. As noted above, it will be critical to ensure that WIC activities align with DOES reforms. For example, one of the WIC's duties is setting standards and performance measures; this should go hand-in-hand with operational improvements at DOES.

To begin, we suggest that the WIC contribute to a Mayoral review of DOES organizational structure, staffing,

policies, and procedures to ensure they support the agency's ability to meet the needs of residents and employers.

We suggest that the Mayor-elect utilize the U.S. Department of Labor (U.S. DOL) as a resource. The Philadelphia Regional Office has been working actively with DC to identify and resolve deficiencies and could provide an external perspective. We understand that U.S. DOL regularly provides briefings to incoming officials who request it. In addition, the National Governors Association (NGA) routinely assists new executives in developing a workforce development strategy and may also be available to provide technical assistance. As the sponsor of the National Association of State Workforce Liaisons—the national association for state workforce agency directors—and the National Association of State Workforce Board Chairs, the NGA has extensive experience helping new agency directors develop high-performing organizations.

Lastly, the review should acknowledge and build upon areas of progress. For example, the youth division recently revamped its Requests for Proposals for year-round programs, engaged an outside evaluator to study the Summer Youth Employment Program, and is supporting the Youth Investment Council in developing a strategic plan.

The Goal: An Effective Workforce System

Currently, the District does not have a workforce development system, it has a fragmented set of programs and services. While there are pockets of excellence, there is no overarching system to connect or reconnect residents to educational and career pathways.

The federal Workforce Investment Act (WIA) lays the foundation for the public workforce development system: it mandates the creation of Workforce Investment Councils and provides specific workforce development funding streams administered by DOES. However, an effective workforce system should engage more than WIA-funded programs and the Department of Employment Services. It should coordinate WIA funds with economic development strategies and the multiple other federal and local funding streams focused on education, training, and employment-related services. The city could multiply the return on its investments by aligning the various workforce-related funds flowing through the District—such as Temporary Assistance for Needy Families, Wagner-Peyser, Supplemental Nutrition Assistance Program, Employment and Training, vocational rehabilitation, adult literacy, and career and technical education at the high school and post-secondary levels—to ensure they are working towards shared goals. This type of alignment would move the District a long way towards maximizing economic opportunity for residents, meeting the labor force needs of employers, and promoting the city's economic competitiveness. A strong WIC can help the District realize this goal.

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