



VIA ELECTRONIC SUBMISSION

June 15, 2015

Adele Gagliardi
Administrator
Office of Policy Development and Research
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Re: Docket ID ETA-2015-0002, Comments on DOL and DOE's Proposed Rulemaking on the Workforce Innovation and Opportunity Act; Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions (RIN 1205-AB74 and RIN 1830-AA21)

Dear Administrator Gagliardi:

The undersigned organizations hereby submit the following comments to the Department of Labor and Department of Education in response to the above referenced notice of proposed rulemaking (NPRM), published in the *Federal Register* on April 16, 2015, at 80 Fed. Reg. 20574.

Of all the improvements mandated by the Workforce Innovation and Opportunity Act (WIOA), by far the most significant are the enhanced incentives for employers to partner with the workforce system to design and provide occupational training.

Educators, employers and policymakers increasingly agree that employer engagement is vital and the key to effective, up-to-date training. We appreciate the ways in which WIOA promises to revamp the workforce system to be more responsive to employers: the enhanced opportunities for employers to offer training themselves, to partner with local educational institutions to make training more relevant and effective, and to serve in more meaningful and constructive ways on state and local bodies that plan and oversee training.

These incentives are enticing to the employers we represent. These and other opportunities will be lacking if the system does not work on the ground to engage employers (i.e., if incentives are inappropriate or unappealing, partnerships are poorly structured, requirements are too burdensome or employer input is ignored).

We appreciate the opportunity to comment on the NPRM for WIOA, and believe our comments offer constructive insight into improvements the U.S. Department of Labor and the U.S. Department of Education can make to streamline the workforce and one-stop system, improve the engagement of employers in the system, and reduce inefficiencies in

order to target more investments in worker training connected to employer skill needs. Following are our specific comments on the NPRM:

Employment Measure

Analysis: WIOA lists new primary indicators of performance. The first requires states to report on the percentage of participants in unsubsidized employment in the second quarter after exit from the program. The Labor and Education Departments seek comment on whether and how to collect information on the quality of employment and how WIOA's programs help employed and underemployed individuals find new or better jobs.¹

Comment: We do not believe the term "quality of employment" should be used or is an effective measure as part of the primary indicators of performance. Trying to utilize "quality of employment" will cause too much subjectivity to enter into the performance system, and may bias local providers to ignore industries or companies under the false premise that employment is not of a certain "quality."

Employer Measure

Analysis: WIOA creates a new Employer Measure as the sixth primary indicator of performance. The Labor and Education Departments suggest a number of approaches and seek comments on how to implement this measure.²

Comment: We believe the employer measure starts with two overarching principles:

1. All elements of the employer measure should be objective, not subjective.

In developing an employer measure, our preferred approach is the utilization of quantitative data—not whether employers *like* the workforce system, but how often and in what ways they engage with the system, as well as the outcomes of that engagement. We are more interested in *workability* and *results* than *satisfaction*.

Among the many problems with trying to measure satisfaction, it is highly dependent on differing expectations and perceptions. One employer may report satisfaction with a level of service that another employer finds sorely lacking. All these problems plagued the "customer satisfaction" measures in the 1998 Workforce Investment Act, and we strongly urge the departments to go in a different direction with WIOA: measuring actual performance.

2. The employer measure should be as streamlined as possible and keep employer burdens to a minimum.

We urge the Labor and Education Departments to implement a measure that does not require additional paperwork, follow-up or interviews. We worry these burdens would be a deterrent for employer use of the workforce system. Rather than add surveys, questionnaires or other reporting requirements, the employer measure should draw on information already collected, such as unemployment insurance wage records or state directories of new hires.

¹ 80 Fed. Reg., at 20585; § 677.155

² 80 Fed. Reg., at 20584; § 677.155

Together, these two overarching concerns lead us to propose that the employer measure focus on a short list of objective performance indicators.

We believe it is important to consider a variety of indicators; no single metric captures all the things employers seek from the system.

We also feel it is important to measure and hold states and Local Boards accountable for outcomes rather than inputs. We care about inputs, especially how training is structured and provided. Of particular interest and concern: how often and in what ways a state workforce system engages employers in some capacity, whether as eligible training providers, participants in sector partnerships, or reviewers of curriculum and courses aligned to occupations.

We hope every state will track its engagement with employers along all of these dimensions and seek to augment that engagement from year to year, holding Local Boards and one-stop centers accountable for the extent to which they succeed in partnering with employers.

We believe the Labor and Education Departments should propose a set of standardized measures for tracking this engagement. We also understand that success or failure on these metrics may be determined to some degree by circumstances, and as a result it may be difficult to include a direct measure of employer engagement among the factors for which states are held accountable.

Together, these considerations point us toward a short but critical list of items to include in the employer measure for which states and Local Boards are held accountable. Following are five quantifiable outcomes that capture what the employers want and need from the workforce system.

- **Hires.** The percentage of workforce system job referrals who are hired by employers.
- **Retention rates.** The percentage of those hired who are retained by the employer for 12 months or longer, and the percentage that have been promoted one year later. When an employee transitions to work directly for an employer after having been assigned there by a temporary staffing employer, both periods of employment will be included towards the 12 month threshold.
- **Money spent on training.** The percentage of the state or local area WIOA budget that is spent on direct workforce training, as opposed to administration, soft skill training or auxiliary services, such as counseling and job searches.
- **In-demand industries and occupations.** The proportion of training funds spent on preparing workers for in-demand industries and occupations, as defined by the state or local workforce board.
- **Industry credentials.** The percentage of youth and adults trained with WIOA funds who earn a competency-based industry credential demonstrating mastery of core occupational skills.

Conclusion

On behalf of the thousands of employers and millions of workers represented by our

organizations, we appreciate the Labor and Education Departments consideration of our comments and recommendations on this very important issue. We believe that aligning the public workforce system with employer needs will ultimately result in a stronger economy and a better future for job seekers. Our organizations look forward to continuing our work with the public workforce system at all levels to get employers engaged and help provide individuals with skilled training and industry-recognized credentials that lead to a successful career. We would welcome any future opportunities to assist the agencies in achieving this goal.

Sincerely,

American Staffing Association
Associated Builders and Contractors
Associated General Contractors of America
Independent Electrical Contractors
Opportunity America
National Roofing Contractors Association