

# Closing Skill Gaps

By Bryan Wilson

*State policymakers hear frequently from employers that they cannot find skilled workers for open positions. Many of these positions are middle-skill jobs that require some form of postsecondary training, but not a bachelor's degree. This article discusses state strategies to close skill gaps and meet employer skill needs.*

State policymakers hear frequently from employers that they cannot find skilled workers for open positions. Many of these are middle-skill jobs that require postsecondary training, but not a bachelor's degree. Even when the nation was slowly recovering from the Great Recession, employers expressed frustration.<sup>1</sup> As unemployment rates continue to fall, shortages of skilled workers will become more pronounced, especially with baby boomers retiring in increasing numbers.

Each state has multiple programs that help individuals prepare for middle-skill jobs. Most of these programs operate outside the traditional K-12-to-university pipeline. These programs include:

- Workforce Investment Act (WIA) Title I Program for Adults<sup>2</sup>
- WIA Title I Program for Dislocated Workers
- WIA Title I Program for Youth
- Employment Service
- Trade Adjustment Assistance Act
- Adult Basic Education
- Vocational Rehabilitation
- Temporary Assistance for Needy Families (TANF) Employment and Training
- Supplemental Nutrition Assistance Program (SNAP) Employment and Training
- Secondary Career and Technical Education
- Community and Technical College Workforce Education and Training (Postsecondary Career and Technical Education)
- Apprenticeship
- Corrections Employment and Training
- Customized Training for Employers

In addition, there is a vast sector of private, for-profit training institutions that are licensed by states and receive extensive public support indirectly in the form of student financial aid.

Too often these programs operate in silos rather than as part of a broad workforce development system, even though they serve many of the

same individuals. When the programs do not work together, they are less effective in closing skill gaps.

Some states have coordinated middle-skill programs around common strategies. Key strategies are sector partnerships, career pathways, job-driven investments, and cross-agency data and measurement. These strategies align programs with employer skill needs and are incorporated in the newly enacted Workforce Innovation and Opportunity Act (WIOA)—the main federal law providing a workforce development framework for states.

## Sector Partnerships

Sector partnerships are a proven strategy for closing skill gaps and meeting the needs of both workers and employers.<sup>3</sup> Sector partnerships bring together multiple employers within an industry to collaborate with colleges, schools, labor, workforce agencies, community organizations and other community stakeholders to align training with the skills needed for that industry to grow and compete. The partnerships identify skill gaps that are negatively affecting sector employers in the region, develop plans to close those gaps and implement the plans.

There are 21 states that have some form of state policy supporting local sector partnerships.<sup>4</sup> Of these, 15 provide financial assistance to local partnerships. States typically rely on either state general funds, an offset through the Unemployment Insurance system, or Workforce Investment Act/Workforce Innovation and Opportunity Act funds. State funding for local sector partnerships varies from a few hundred thousand dollars to \$5 million per year.

Typically, an intermediary organization—such as a local workforce board, a nonprofit community-based organization or a community college—convenes the local partnership. Yet critically, employers lead the partnership so that it meets their skill needs. Common partnership activities include developing or modifying job training, establishing a K-12 to postsecondary pipeline,

informing career pathways, identifying skill standards, and identifying or creating industry-based certifications.

### **Career Pathways**

Career pathways align and integrate education, job training, counseling and support services to create seamless pathways to postsecondary credentials and employment.<sup>5</sup> Pathways may begin in secondary school with career and technical education. For low-skilled adults, career pathways may begin later in life. A complete career pathway system enables individuals to enter at any skill level, to stop when they need to and to re-enter without having to repeat what they already have learned.

Pathways involve a wide range of agencies and other entities. Potential partners include community colleges, state and local workforce boards, community-based organizations, support service agencies and providers, employers and labor. A state career pathway system should specify the different roles and responsibilities of each partner.

An estimated 36 million U.S. adults have low basic literacy and numeracy skills.<sup>6</sup> For these individuals, pathways may begin with adult basic education programs. In recent years, states have learned how to make these programs more effective by building bridge programs that prepare low-skilled adults to enter and succeed in postsecondary education, integrating adult education with occupational skills training in the same classroom and providing an occupational context for education.

Support services, such as transportation and child care, are critical for reducing barriers preventing low-income adults from persisting in career pathways. Counseling and career guidance connect individuals to needed services and draw a roadmap to a career. States increasingly are using professional navigators to work closely with participants—connecting them with the right support services and providing guidance on transitions from one program to the next.

Career pathway participants often need access to financial aid for postsecondary education. Traditional financial aid, however, is less accessible to students who are working, attending school less than half-time, or enrolled in non-credit occupational courses. Some states have responded to this challenge by providing financial aid for non-traditional students.

To help pay for pathway services, states can turn to the Supplemental Nutrition and Assistance Pro-

gram (SNAP), formerly known as food stamps.<sup>7</sup> SNAP includes an Employment and Training program that pays for services for recipients. SNAP allocates some employment and training funds by formula and also offers 50-50 funds that can reimburse 50 percent of the costs of supportive services. There is no cap on 50-50 funds.

### **Job-Driven Investment**

As U.S. Secretary of Labor Thomas Perez likes to say, we shouldn't just "train and pray" that there will be jobs at the end of training. We should invest in forms of training that are connected directly to jobs and training should be guided by the type and number of jobs that are available in the labor market.<sup>8</sup> Examples of training directly connected to jobs include incumbent worker training, on-the-job training, internships and apprenticeship.

Apprenticeship is the principle training strategy in many nations, but rare in the U.S. outside of construction. Some states are trying to change this. South Carolina offers a \$1,000 tax credit to employers per apprentice and aggressively markets apprenticeship through its technical colleges. Virtually every state offers customized training for employers, often including training for incumbent workers. States may use WIOA funds, in addition to their own, to offer incumbent worker training and on-the-job training. Work-based learning opportunities like internships are a newly required element of the WIOA youth program.

Job-driven investment also means there should be a good match between the types of jobs that people are trained for and the types of jobs available. Middle-skill jobs account for the largest share of the labor market in each of the 50 states, yet most states don't have enough workers trained with mid-level skills. States also tend to invest far less in middle-skill training than other levels of higher education.<sup>9</sup>

All too frequently, there are mismatches between the fields students are being trained in and the occupations that are available. For example, there may be too few students preparing for careers in health care, manufacturing, information technology or certain fields of engineering. As discussed in the next section, states can take advantage of data tools to identify such mismatches and increase capacity where supply falls short of demand.

### **Cross-Agency Data and Measurement**

While state policymakers generally have information on individual programs preparing people for

## WORKFORCE DEVELOPMENT

middle-skill jobs, the often lack information on the workforce development system as a whole. They typically do not have information on:

- The total number of newly skilled workers programs supply;
- The employment and earnings outcomes of program participants across the system;
- How well the programs work together; and
- How well training matches employer demand.

States can use cross-agency data and measurement to better align workforce and education programs with each other and with employer skill needs. Three tools in particular can offer high-level information useful to state policymakers.

- *Dashboards* use a small number of common metrics to report education and employment outcomes across workforce development programs. Key metrics indicate completion rates, employment and earnings, and answer policymaker questions such as: *Do participants complete skills training? Do they get jobs? How much do they earn?*<sup>10</sup>
- *Pathway evaluators*<sup>10</sup> show different patterns of participation across programs and the associated credential and labor market outcomes. They answer questions policymakers have about: *What pathways achieve the best employment and earnings outcomes for which groups of people?*<sup>11</sup>
- *Supply and demand reports* compare the number of newly trained workers with employer demand as measured by the number of job openings. Comparisons are broken down by level of education and occupational field. Supply and demand reports answer policymaker questions such as: *What fields need additional capacity in order to match employer demand?*<sup>12</sup>

A comprehensive cross-agency data and measurement system also includes postsecondary scorecards used to inform students' decisions. Scorecards use common metrics to show the performance of individual programs of study at local institutions—how many students graduate, how many get jobs and what the jobs pay. Scorecards can include other information, such as student costs and demographics, and links to information on career guidance and financial aid. Scorecards help students make market-based decisions, moving dollars from lesser- to better-performing programs.

## WIOA

Many states already have implemented these strategies to better align middle-skill programs to meet employer skill needs. Congress built on state experiences and incorporated these strategies into Workforce Innovation and Opportunity Act. Under WIOA, effective July 1, 2015, states that have not already moved in these directions must soon make progress.<sup>13</sup>

Under WIOA, states must:

- Develop strategies for meeting the needs of employers, workers and jobseekers through sector partnerships;
- Develop strategies to use career pathways to provide low-income adults and youth with education, training and support services;
- Report state and local program performance using common metrics; and
- Expand training directly connected to jobs for out-of-school youth.

As we look to the future, there is great opportunity to move state workforce development systems forward using proven strategies to close skill gaps.

---

## Notes

<sup>1</sup>For example, see, “Out of Inventory: Skill Shortage Threatens Growth for U.S. Manufacturing,” Accenture, 2014.

<sup>2</sup>WIA will be replaced by the Workforce Innovation and Opportunity Act (WIOA) on July 1, 2015.

<sup>3</sup>“Connecting People to Work: Workforce Intermediaries and Sector Strategies,” Edited by Maureen Conway and Robert P. Giloth, The Aspen Institute, 2014.

<sup>4</sup>Based on a National Skills Coalition scan of states.

<sup>5</sup>For more information on career pathways, see the web site of the Career Pathways Initiative, at: <https://learn-work.workforce3one.org/page/home>.

<sup>6</sup>“Survey of Adult Skills,” Programme for the International Assessment of Adult Competencies, the Organization for Economic Co-operation and Development, 2013.

<sup>7</sup>“Training Policy in Brief: SNAP Employment and Training Program,” National Skills Coalition, 2014.

<sup>8</sup>See, “Job-Driven Training and American Opportunity,” The White House, July 2014.

<sup>9</sup>“Middle-School Job Fact Sheets,” National Skills Coalition, 2015.

<sup>10</sup>“Are People Getting Credentials that Lead to Jobs: Using Dashboards for State Workforce Planning,” Heath Prince, Christopher T. King, Bryan Wilson, and Brooke DeRenzis; National Skills Coalition; February 2015.

<sup>11</sup>“Who is Being Served Well: Using Pathway Evaluators for State Workforce Planning,” Christopher T. King, Heath Prince, Bryan Wilson, and Brooke DeRenzis; National Skills Coalition; February 2015.

<sup>12</sup>“How Many More Skilled Workers Do We Need: Using Supply and Demand Reports for State Workforce Planning,” Bryan Wilson, National Skills Coalition, June 2014.

<sup>13</sup>“Realizing Innovation and Opportunity: A Playbook for Creating Effective State Plans,” Bryan Wilson and Brooke DeRenzi, National Skills Coalition, November 2014.

---

### **About the Author**

As state policy director for the National Skills Coalition, **Bryan Wilson** leads the organization’s efforts to assist state-based coalitions and policymakers in the development of specific policy proposals, including providing in-depth analyses of model state policies and proposals. He also provides assistance with policy implementation and measuring the impact of policy changes.