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Creating Job-Driven Workforce Programs for the 21st Century

By tapping into rich business and employment information from third-party data providers, state and local agencies can gain predictive insights to improve workforce development programs

U.S. lawmakers passed the Workforce Innovation and Opportunity Act (WIOA) of 2014 to improve existing federal workforce development programs and build a 21st-century workforce with the skills required to meet the evolving needs of American businesses. A key component of this initiative is helping state and local governments create training and assistance programs that are backed by solid evidence of their efficacy. With the right data and analytics to provide greater insight into regional economies and job markets, government officials are better aligning workforce development programs with precise employer needs. Equally important, governments are becoming more proactive in helping companies avert layoffs and, if layoffs do occur, improving their Rapid Response programs to help displaced employees quickly reenter the workforce. Overall, WIOA contributes more than $10 billion annually to education and training programs aimed at equipping U.S. workers with in-demand training and skills.

State and local governments are now wrestling with the challenge of how to define, collect, and analyze the necessary data to create objective, evidence-based jobs programs. Although many agencies already draw upon extensive government economic and labor market information (LMI) data to help guide their workforce development programs, these data sets fail to provide the full spectrum of analytic insight mandated by WIOA. Globalization, accelerating technological change, increasingly mobile job seekers, and rapidly changing job requirements demand more timely and detailed information than are contained in traditional government databases. Consequently, agencies must build on existing data by tapping into the rich business and employment data available from third-party data providers.

Recent efforts by state and local agencies to expand and enrich their data with external data sources have achieved powerful results in terms of realizing WIOA's goals, such as averting layoffs, supporting regional industries, and developing workforce training and assistance programs geared to the precise hiring needs of local businesses. The insights derived from the expanded data sets enable government agencies to proactively deliver assistance to both workers and businesses, making government a true partner in achieving economic growth and full employment.

Among its major requirements and
goals, the Workforce Innovation
and Opportunity Act (WIOA):

– Aligns workforce development
  programs with employer
  needs, so workers obtain the
  education and skills required by
  employers.

– Promotes accountability and
  transparency through evidence-
  based employment and training
  programs.

– Fosters regional collaboration
  to align workforce development
  programs with regional
  economic development
  strategies.

– Improves services to employers
  and promotes work-based
  training that contributes to
  economic growth.

– Streamlines and strengthens
  the strategic roles of workforce
  development boards.

ESTABLISHING DATA-DRIVEN JOB TRAINING AND EDUCATION

The Federal Workforce Innovation and Opportunity Act (WIOA) of 2014 modernizes U.S. workforce development programs. Among its initiatives, WIOA consolidates and streamlines programs for workers seeking training and assistance. It emphasizes the important role of not just employees but also employers—more so than the earlier Workforce Investment Act (WIA)—in creating meaningful development programs. Toward this goal, it facilitates greater collaboration among stakeholders, including government agencies, industry, educational institutions, and labor groups, in the strategic planning and execution of these programs. WIOA aims to create worker development programs that are "job-driven," which means the programs teach the skills most in-demand by employers and prepare workers for 21st-century jobs.

Essential to WIOA's success is creating evidence-based, data-driven job training and education programs. WIOA calls for state and local organizations to conduct objective analyses to better understand labor and job markets. For example, in order to help workers, agencies need to know: Which local industries and companies are growing and hiring more workers, and which industries are projected to expand in the future? Which skillsets are in limited supply—and thus, in heavy demand? Do our training and development programs align with employers' demands? Similarly, WIOA also requires better performance reporting, so program officials can see which programs are achieving their goals—and which are not. In short, WIOA requires agencies to expand their use of business and labor data to provide objective analyses and insight.

To help states improve their use of data, the federal government has proposed significant funding for areas such as data science, data quality, data integration and exchange, and analytics. The proposed fiscal year 2017 budget for the Department of Labor's Employment and Training Administration provides $500 million over five years for the Workforce Data Science and Innovation Fund. Among its goals, the fund aims to reduce the costs and increase the quality of integrated state labor data systems this effort includes, the development of open source data analytics tools, standard data exchange formats, and scalable, open-source database architectures to facilitate integration of fiscal and case management information with performance and outcome data at the federal, state, and local levels.[1] In addition, the budget provides $40 million for the Workforce Data Quality Initiative, which offers competitive grants to states for the development and enhancement of longitudinal data systems that integrate education and workforce data.[2] This funding, which is a $34 million increase over 2016 funding, will help improve the quality and accessibility of performance data reported by training providers, helping employers and displaced workers select training programs that best meet their needs.

[1] Department of Labor Budget in Brief, Fiscal Year 2017, Excerpts for the Employment and Training Administration, p. 26.
[2] Ibid., pp. 12-13.

ENRICHING WORKFORCE AND EMPLOYMENT DATA

States have begun expanding their data-gathering in response to WIOA, according to the Government Accountability Office (GAO). After surveying five states, the GAO reported that the states are using multiple sources of labor market information to help them better align career pathways programs with the needs of employers in their states.[3] For example, Ohio officials said they surveyed employers regarding their most urgent workforce needs and then incorporated the information into a searchable online database. By gathering and validating data directly with employers, officials in Ohio and other states obtained objective information to guide the development of workforce programs serving both workers and employers.

In addition to these efforts, state and local agencies are beginning to tap into valuable stores of comprehensive business and workforce data already collected by third-party providers. Such data can provide a wealth of valuable insight aimed directly at WIOA's mandates and goals.

EMPLOYEE INFORMATION

Companies that provide payroll process outsourcing services collect a wealth of information regarding employment and hiring trends among a host of variables, including wages and wage growth, jobs and jobs growth, and turnover, which can be analyzed across job classifications, industries, demographics and regions. Unlike government data which is survey based, the employee data is timely and empirical.

Payroll processing companies use this data to help their clients with strategic workforce planning, so they can anticipate the skills they will need in the future, and then take proactive steps to recruit, train, and retain the required workers. "Payroll data is incredibly rich and can provide critical insights for employers looking at strategic workforce planning," said Ahu Yildirmaz, co-head of the ADP Research Institute. "Our Workforce Vitality Report, for example, provides benchmarks that employers can use to better understand their workforce and labor market as they look to determine what workforce initiatives they will invest in, such as hiring more staff or offering more training, to accomplish their business objectives." The data can also yield insightful reports on turnover rates, wage growth, and other variables by states and regions, age groups, gender, and business size. Government agencies could also use this data—which would be stripped of individual employee information—to identify in-demand skills and employment trends to create even more effective career pathways and employment assistance programs.

BENEFITS OF THIRD-PARTY EMPLOYEE AND BUSINESS DATA

By enriching government data with third-party business and employee data, agencies can gain insights to improve mission capabilities in such areas as:

– Layoff Aversion—agencies can better identify struggling businesses and take proactive steps to avert layoffs.

– Rapid Response—agencies can retrain laid-off workers and help them find work more quickly by equipping them with needed skills.

– Regional Economic Development—agencies can provide proactive assistance that matches worker training and skills with employer needs.

– Stakeholder Collaboration—agencies can identify all potential business stakeholders to expand regional participation and create stronger workforce development programs.

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[3] "Workforce Innovation and Opportunity Act: Selected States' Planning Approaches for Serving Job Seekers and Employers," November 2016 (GAO-17-31), pp. 13-14.

EMPLOYER INFORMATION

Companies that provide commercial database services collect a wealth of information about employers and their financial viability. These databases contain information about hundreds of millions of companies across the world, including contact information, locations, number of employees, corporate linkages, revenue and growth, litigation (such as bankruptcies, suits, judgments and liens), and much more—with all of the data updated and validated on a daily basis. Equally important, data analytics yields predictive insights into business entities: Are they growing? Are they under financial stress that could result in layoffs? Are there red flags indicating possible financial struggles ahead, such as late payments or defaults on loans? Such information is used by banks to evaluate prospective customers seeking loans, by government agencies to combat fraud and abuse in grants, loans, and assistance programs, and by corporations to assess risk among their supply-chain partners.

This same business data delivers valuable insights to state and local governments seeking to implement WIOA requirements. Predictive performance insight into local and regional businesses helps agencies develop strategic layoff-aversion and Rapid Response programs. With this information, agencies can identify businesses truly in need of assistance and provide proactive help to avert layoffs. Similarly, an increased awareness of companies in need of skilled labor can help agencies respond quickly to train workers and direct them to these companies.

"These capabilities enable agencies to carry out 'targeted interventions' that not only save jobs, but also increase the economic viability of the impacted regions," said Mark Muckerman, Dun & Bradstreet Vice President of State & Local Government Solutions. "A targeted intervention provides significant benefits not just to employees but also to employers as they try to manage their business operations and workforce challenges."

Comprehensive data about regional and local businesses can also improve public-private sector collaboration by helping agencies identify businesses and business leaders to participate in economic and workforce development initiatives. A survey of U.S. employers found that only 8 percent of businesses use government services extensively to find needed workforce skills, and nearly half do not use government services at all when trying to fill talent needs. A greater understanding of regional employers will help agencies reach out to businesses and gain their participation.

State and local officials are often surprised by the many little-known but vibrant businesses in their region.

These companies can offer significant insight into workforce needs and assistance in establishing the right education and training programs."

William Greene, Strategic Government Solutions Executive at Dun & Bradstreet.

⁴ Accenture, "U.S. States: For Richer, For Poorer? Winning the battle for talent and securing our standard of living," p. 5.

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Many state and local agencies have used third-party data to strengthen their insights into regional economies and labor markets. For example, government organizations use the Dun & Bradstreet Financial Stress Score™ (FSS) to help them identify businesses that may be struggling financially and could benefit from early intervention support programs. FSS predicts the probability of adverse events, such as the likelihood that a business will seek legal relief from its creditors or cease business operations without paying all its creditors in full. The FSS is a demonstrated best practice that provides an "early warning system" to help Workforce Investment Boards, economic development agencies, and state labor departments identify candidates for layoff aversion support and Rapid Response assistance—thus enabling them to focus scarce resources and take proactive steps to help businesses and workers most in need.

One example of a best practice has been the work of the Los Angeles Economic Development Corporation (LAEDC), a recognized leader in layoff aversion not only in California but nationally as well. In the most recent study of its layoff aversion program, the LAEDC reported that it had exceeded its goal for identification of at-risk-businesses by 25 percent and its consultation/site visit goal by more than 50 percent.[5] LAEDC also reported exceeding its goal for saving jobs. According to the LAEDC, the jobs saved through layoff aversion were expected to generate almost $2.3 billion in economic activity in Los Angeles County and support 11,886 jobs with labor income (direct and indirect) of $690.5 million. The LAEDC expected the increased economic activity to generate additional tax revenues of $209 million for federal, state and local governments.[6]

Third-party data can be combined in many powerful ways to assist agencies. New cloud computing tools can analyze geographic, business, and employment data from multiple data sets to show how neighborhoods, cities, and regions have developed over time. Geographic information system (GIS) tools can help with layoff aversion and Rapid Response by finding employers that are exhibiting financial stress, so agencies can provide business assistance to the employers and help displaced workers find employment quickly. Similarly, GIS tools can help with economic development by identifying industries and businesses that are exhibiting strong financial characteristics within specific geographic regions, so agencies can help build a strong pipeline of skilled workers for those businesses.

"Data-driven cloud platforms offer numerous opportunities for state and local agencies to use external data to improve market and workforce analyses," Dun & Bradstreet's Muckerman said. And as illustrated by the LAEDC, resources invested in saving jobs can generate significant economic activity and tax revenue.

Data-driven cloud platforms offer numerous opportunities for state and local agencies to use external data to improve market and workforce analyses."

Dun & Bradstreet's Muckerman

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[5] Los Angeles City Workforce Investment Board, "Layoff Aversion Program FY2014: Economic Impact Analysis," p. 4.
[6] Ibid., p. 9.

PREDICTIVE INSIGHTS FOR PROACTIVE WORKFORCE DEVELOPMENT

Increasing globalization and technological advancement is spurring the rapid creation, destruction, and relocation of jobs across regions, states, provinces, and nations. Job openings abound, but many workers struggle to find jobs that match their skills, and many companies struggle to find workers with skills that match their needs. State and local agencies tasked with economic and workforce development face a similar challenge: Supporting the jobs of today while preparing workers for the requirements of tomorrow. Agencies nationwide seek to identify the skills workers will need to find employment, especially jobs with high wages and long-term prospects, so they can help both workers and businesses thrive in a hyper-competitive, dynamic economy. In passing WIOA, U.S. lawmakers mandated that state and local agencies create job-driven workforce development programs that rely on objective data to guide their activities.

Forward-thinking agencies are now creating evidenced-based programs that meet WIOA's objectives by tapping into third-party commercial and employment data. By enriching their own data with comprehensive, reliable, and timely commercial data, decision makers can gain insights to anticipate the needs of regional employers, so they can train workers with in-demand skills. In addition, they can use predictive analytics to identify struggling business, so they can take proactive steps to avert layoffs. These same predictive capabilities will also enable them to implement effective Rapid Response program to retrain laid-off workers in the skills they need to quickly find new jobs. And these capabilities will help them improve stakeholder collaboration and identify industries and businesses that can thrive in their regional economies. Agencies have found that programs enriched with external commercial and employment data generate a significant return on investment by creating data-driven programs to help them avert layoffs, train workers with needed skills, and boost both employment and business in regional economies.

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