The future of workforce agencies

Workforce support systems must be built for challenges today and in the future

Contents

State and local workforce development agencies can reframe their future and play a vital role in getting people back to work by transforming the reemployment experience.

In brief:

- Unemployment has reached new levels with the pandemic. Workforce development agencies want to get people back to work; however, they are having difficulty executing their aspirational plans.

- State and local governments have an opportunity to play a larger role in connecting residents, employers, community education and local economic development organizations.

- A "one-stop shop" can provide residents with a single point of entry for all workforce services, assess their needs and connect them with relevant reskilling and employment opportunities.

Navigating today's challenges and beyond

The challenges that agencies face have only been magnified by the COVID-19 pandemic.

Unemployment has reached unprecedented numbers, and the scale of need for reemployment services is bigger today than any state or local government agency has ever dealt with. Yet, even before the pandemic, many workforce development agencies were facing challenges in fulfilling their mission of providing reskilling, upskilling and new employment opportunities for out-of-work residents.

44% of American workers age 18 to 64 were working in low-wage jobs prior to COVID-19.

"Congress should invest in our nation's workforce development system," *The Press-Enterprise website*, https://www.pe.com/2020/10/03/congress-should-invest-in-our-nations-workforce-development-system, 3 October 2020.

10% of unemployed workers took advantage of services funded by the Workforce Innovation and Opportunity Act (WIOA) in 2018.

"WIOA Adult Performance Report," *U.S. Department of Labor Employment and Training Administration website*, https://www.doleta.gov/Performance/Results/AnnualReports/PY2018/PY-2018-WIOA-National-Performance-Summary-3.27.2020.pdf, expiration date 31 March 2021.

11% of dislocated workers participating in WIOA programs received any training in 2018.

"Extending Unemployment Insurance Benefits to Workers in Precarious and Nonstandard Arrangements," *MIT Work of the Future website*, https://workofthefuture.mit.edu/wp-content/uploads/2020/11/2020-Research-Brief-Abraham-Houseman-OLeary.pdf, November 2020.

This means only **1%** of unemployed people are receiving training.

Citizens usually first become introduced to workforce service programs when they file for unemployment. Today, the number of programs and the way they are organized can seem overwhelming and hard to navigate to some citizens, presenting barriers to accessing relevant services. There is often little connectivity between application processes for unemployment and reemployment, leading to redundancy in the application processes where data could be shared to maximize efficiencies and personalize services. During the pandemic, the in-person appointments and manual application and case management processes that are typical in many states have become a significant impediment to citizens' ability to swiftly access and enroll in needed reskilling and job placement programs.

Looking beyond COVID-19 to the future of workforce services, the question of whether workforce development agencies can engage citizens at an earlier stage in their career journey rather than being the resource of last resort becomes more relevant. Seeking employment and training for new skills and certifications has moved increasingly online in the last two decades, a trend that is only likely to continue to accelerate. With commercial digital platforms growing increasingly dominant in this space, state and local workforce services will face declining usage unless they can evolve to match the experience and utility of private enterprise.

We see four key challenges facing workforce development agencies that must be overcome for them to increase their relevance to citizens today and to position themselves as long-term career partners of citizens in the future of work.

Four key challenges facing agencies:

1. **Structural:** While many workforce development agencies understand this current state and have envisioned ambitious programs to transform the services they offer and how they offer them, such programs are often the victim of lengthy delays and failed initiatives. There are structural reasons for this. Transformation is an expensive and time-consuming endeavor. Many agencies have difficulty securing (and keeping) funding, and others lack the human resources and required skills to execute. While states may take incremental steps in developing point programs, they do not tie them into a larger, holistic strategy. Additionally, there is often misalignment between state agencies and local initiatives.

2. **Data and intelligence:** Skilled talent is the driving factor in business location decisions today, though the full picture of skill sets required is hard to quantify. Employers have a wealth of information, but there is no easy way to specify the skills that are in demand. Even when workforce development agencies have access to data, they are not making this intelligence clear to end users, nor sharing it with employers and partners.

3. **Employer-agency alignment:** The fragmentation of workforce services makes alignment challenging. Too many entities, including educational organizations, private job search and reskilling enterprises, and state and local agencies that may or may not be coordinated, are trying to collaborate with employers, leading to communications that are redundant, inconsistent or missing key players in the ecosystem to be effective. The rapid displacement of workers driven by COVID-19 and the ensuing mass relocation increase the need for data sharing between partnering entities to keep tabs on the shifting demographics of local and regional workforces.

4. **Skills development:** Community colleges, technical schools and workforce agencies often compete to close the skills gap rather than working collaboratively. Available training may not meet the consumer-grade expectations of citizens or be responsive to employer needs. Supply-and-demand opacity creates a constantly moving target for programs and leaves citizens feeling frustrated when they have invested in training that may not be relevant to the needs of employers.

How can workforce agencies overcome these challenges? Some of the key changes will include becoming more stakeholder-focused, stripping out complexity to make processes simple and efficient, developing best-of-breed curricula that meet the needs of tomorrow's workforce and creating a unified experience for residents to find various types of support along their career journeys.

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The future of workforce services puts people first

To better meet constituent needs, workforce agencies should pivot from being a safety net to a sought-after resource for career development, reskilling and new employment opportunities.

During the pandemic, the priority of states has been to return displaced citizens to the workforce as soon as possible. Not only do states have a vested interest in supporting their citizens, a healthy workforce also means increased tax revenue, economic growth and a boost to attracting the best employers and workforce to the state. By focusing on modernizing workforce development services, states can also realize performance gains through process efficiencies, cost savings and interagency collaboration.

Looking beyond the pandemic, states will need to adapt their services to meet the needs of tomorrow's workforce. They will need to help close the technical skills gap, starting with less-educated workers who are at risk of sinking below the poverty line, and moving upstream to serve a broader range of citizens who are looking to reskill to stay relevant in a rapidly changing job market.

Employers will continue to value employees with relevant training and certifications as four-year degrees begin to look less desirable by comparison in a world where workers need to focus on lifelong learning to stay relevant.

Shifting from being a resource of last resort to a connected employment journey

Today, a citizen's engagement with unemployment and workforce development services begins when they lose their job. Services are siloed, with citizens at first filing an unemployment insurance claim. At the same time, in some states, they might be asked to complete an application for workforce development services as a prerequisite to accessing unemployment relief. In the current state journey, access to employment and reskilling services becomes just another barrier to receiving funds rather than an integrated, supportive experience.

The ideal future state we envision for states is one in which they play a much larger and connected role in the lives of their constituents. States need to consider the full career journey of a citizen and seek to play a supportive role in as many phases as possible, to be viewed as a trusted partner rather than an outpost to be visited at the lowest point of the career path.

States can start to engage as early as secondary education by finding ways to get involved in helping students learn about their career options through services such as guidance counseling, state financial aid, refinancing, job search assistance and school housing. By establishing a bond with students from a young age, workforce agencies will be more likely to be viewed as a partner of choice as they continue to progress in their careers and look for resources such as career counseling and training programs.

Modernizing the reemployment experience

Playing a more connected role in citizens' lives will require a technological leap forward for most workforce development agencies. Citizens have been conditioned through years of interactions with commercial e-commerce platforms and digital consumer services to expect seamless, pain-free interactions and transactions. Today's enrollment and case management processes at states tend to be paper-based, in-person and manual, creating numerous pain points for citizens. These include confusion about

the enrollment process and eligibility requirements, advocacy that is program-oriented rather than citizen-oriented, and time-consuming processes requiring multiple, in-person visits to agency offices. While some degree of in-person and paper-based services is required today to support low-income workers with limited access to technology, as the digital divide is bridged, consumer-grade digital services will be increasingly expected.

Workforce agencies should look to accelerate the modernization of their systems to meet citizen expectations and improve their service levels. This means both designing user experiences for onboarding and case management that are simple and intuitive, while also building a flexible and scalable back-end architecture to reduce long-term costs and accelerate future enhancements. Architectures that leverage contemporary design standards such as the use of microservices and select best-of-breed vendors to support modules such as data management, identity management, learning management and content management will stand

The future: a connected employment journey

Interactions begin with positive support across a lifetime and provide an integrated re-employment experience to intelligently map skills and accelerate re-entry into the workforce
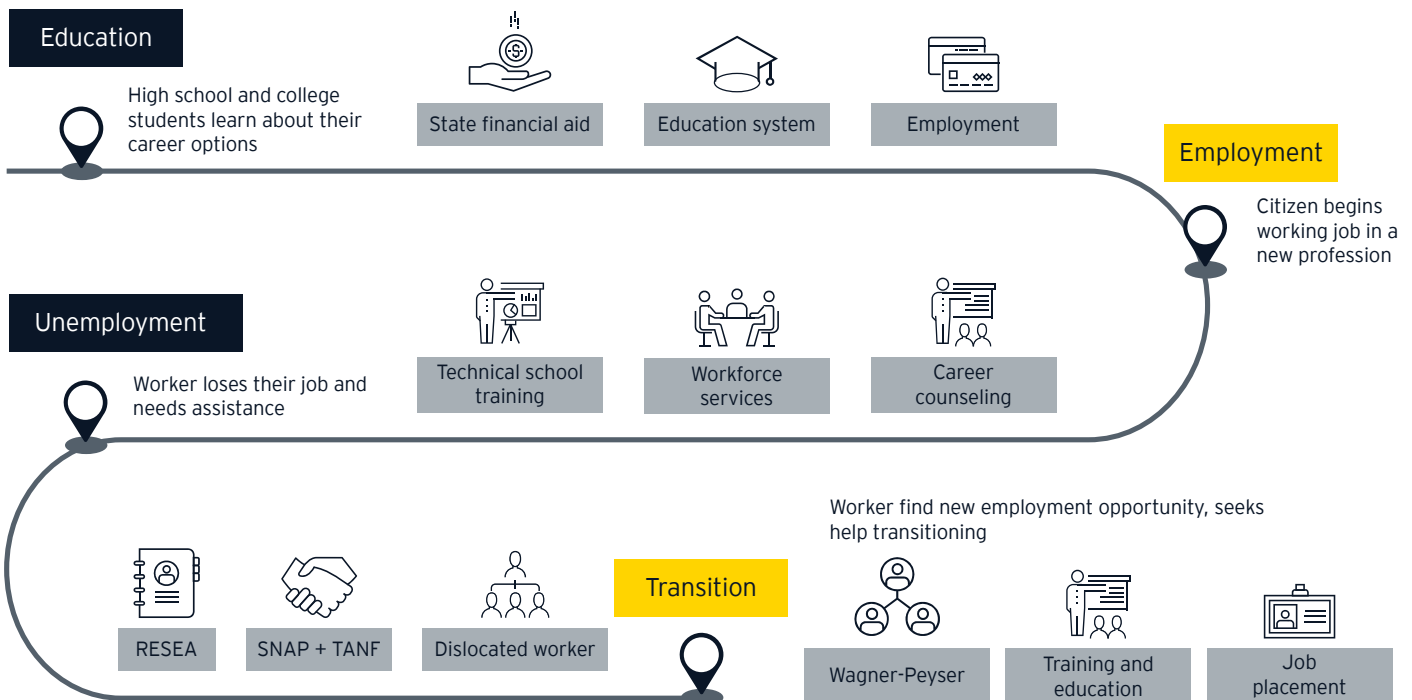
a better chance of being able to pivot quickly to match the speed of change in the jobs market. Advantages of this style of architecture include enhanced integration with third parties that allows for faster deployment of new services, data interoperability and functional modules that can be repurposed and extended rather than rebuilt (reducing the cost of maintenance), and the ability to offer data-driven recommendations that are smart and personalized.

Reskilling is a team sport

The third element that complements a citizen-first consumer lens and modernizing systems to position states for success in the future of workforce development is building the right ecosystem of partners. The landscape of training and learning looks radically different than it did just 10 years ago, with a blooming of new entrants into specialized fields such as digital academies, content delivery channels, talent marketplaces, learning management systems and talent assessments. States will need to take a strategic approach to how they leverage such organizations and how they can strengthen relationships with more traditional partners such as universities, employers and job boards. As different stakeholders in the ecosystem have different needs, states should look to develop mutually beneficial alliances. For example, employers want better data about the talent pools of the areas in which they invest in campuses and office space. States want better data about the types of skills that are in demand in the marketplace so that they can adjust their training programs accordingly. Effective partnerships and programs are now being developed that allow for these kinds of exchanges to take place.

Data becomes the fuel that makes these alliances run. State agencies need to improve their ability to collect, manage and use data effectively for decision-making and providing added value to citizens and partner organizations. At a fundamental level, states should be trying to crack the code on using available data to help residents and education partners make better decisions about program content and training plans as well as matching applicants with the services and reskilling classes that will provide them the best opportunities to improve their career outlook.

The citizen experience: today and tomorrow

Robin, 45 years old, lost her job working as a receptionist at a dental office during the COVID-19 pandemic. Let's take a look at how her experience differs today from in the future.

Current state	Future state
▸ Overwhelmed by the different programs available and doesn't know where to start	▸ Mobile guided onboarding tool makes it easy to apply for the right program
▸ Spends a lot of time just getting connected to different programs	▸ Data analytics platform helps connect her to the best programs to help her skill up
▸ Doesn't know if the training program she signed up for will help her get a new job	▸ State program with employers provides employment options when she has completed training

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Are you ready to tackle the future of workforce development?

Three steps to visualize and design a blueprint for the workforce journey.

1. Define your future

‣ Detail agency vision, goals and outcomes

‣ Map out citizen pain points and determine what changes are required to transform their engagement with your agency

‣ Analyze current-state infrastructure (e.g., technology, process, data, partnerships)

‣ Set quantifiable benchmarks and goals to measure success

2. Build the road map

‣ Identify gaps in technology, processes, data and talent

‣ Determine what is required to fill gaps and turn them into "win-win" situations

‣ Prioritize projects based on a scoring system that balances agency and resident goals

‣ Sequence projects on a technology road map based on priority, dependency, delivery and resource requirements

3. Execute transformation

‣ Assemble a team to deliver on transformation

‣ Socialize with internal stakeholders to ensure buy-in of new initiatives

‣ Confirm monitoring, governance and oversight to ensure compliance and reduce risk

‣ Produce tangible "wins" on a regular basis to maintain stakeholder support

Summary

States face challenges relating to structure, data, employer alignment and skills development that must be overcome for them to stay relevant and thrive in the future. By focusing on the citizen's lifetime career journey and systems modernization and building a data-driven ecosystem of complementary partners, states can enhance the value they provide to citizens in the arena of workforce development and become trusted partners that are more than just the last resort in the time of greatest need.

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