LOUISIANA WORKFORCE COMMISSION

# Commission on Streamlining Government Report

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# Section One: Agency Overview

## 1.1 Identify your overarching reform goal(s) for the agency.

The Louisiana Workforce Commission's (LWC) overarching goal is to provide workforce solutions for the state. To meet that overarching goal, the following supporting reform goals must be met.

- The LWC must grow the workforce to meet the demands of business and industry today and long term.
- The LWC processes for providing workforce assessment, education, training, and job placement must be aligned with accurate forecasting of employment opportunities and business drivers, so that gaps between employer needs and employee readiness are closed.
- The LWC processes for providing a safety net for unemployed/injured workers must be robust enough to sustain them until they can return to work.
- The LWC processes for providing oversight and enforcement must ensure work environment expectations are adequately met in the areas of safety and labor laws.
- LWC processes must be aligned, integrated, and coordinated with sister state agency processes, to provide a comprehensive suite of services at the most efficient and economical cost.
- LWC services must be driven by performance and outcome-based metrics to ensure customer-focused delivery and maximum social return on investment.
- LWC must exercise effective stewardship of state and federal resources

## 1.2 Review and briefly outline the constitutional and statutory mandates for your agency.

**Chapter 14 of Title 23** establishes, through Act 743 of the 2008 Legislative Session, the Louisiana Workforce Commission.

LSA – R.S. 23:1 *et seq* enumerates the powers and duties of the Louisiana Workforce Commission.

**Chapter 1, Part I of Title 23** concerns the establishment, powers and duties of LWC

**Under Part I**, the Executive Director:

- shall have charge of the administration and enforcement of all laws, rules, policies, and regulations, which it is the duty of the commission to administer and enforce;

- appoint such assistants, such heads of divisions or bureaus, and such inspectors, statisticians, accountants, attorneys, and other employees as may be deemed necessary for the exercise of the powers and the performance of the duties of the commission;

- may establish any division or bureau deemed advisable for the administration or enforcement of any law with which he is charged. The executive director may combine or consolidate the activities of two or more divisions or bureaus of the commission, or provide for the establishment of any other when such action is deemed advisable for the more efficient and economical administration of the work and duties of the commission.

The specific powers and duties of the Executive Director are listed in R.S. 23:6. Included in these duties is the responsibility to "enforce all labor laws"

**Chapter 1, Part II of Title 23** concerns the State Board of Boiler Inspector Examiners which is statutorily established as part of the Louisiana Workforce Commission. The Board conducts written examinations for all persons desiring to secure certificates of competency and commissions as boiler inspectors in this state. A fee of forty dollars is to be charged by the Executive Director for the issuance of the initial certificate of competency and commission along with an identification card denoting that the person whose name appears thereon has been issued such a certificate and is therefore a certified boiler inspector. A fee of twenty dollars shall be charged each year thereafter for renewal of the identification card.

**Chapter 1, Part III of Title 23** concerns the Administration of Community Action Agencies. This (CSBG) is a federally funded program. State laws says that if the administration of Community Services Block Grant funds is transferred to another department, the responsibilities and authorities of the Louisiana Workforce Commission in this Part shall likewise transfer to that department.

**Chapter 1, Part IV of Title 23** concerns the Comprehensive Labor Market Information System, including a report card information and forecasting information component of the system.

**Chapter 2 of Title 23** concerns the regulation of Private Employment Services. Several years ago the regulation of private employment agencies was severely restricted. No longer is employer-fee paid employment services regulated. There is a small number of employee fee paid employment service agencies regulated by our office. (Many states do not regulate Private Employment Agencies.) Each applicant for a PES license pays a three hundred dollar investigation fee and an examination fee of one hundred dollars. There is a license fee of two hundred dollars per year for each location. Under state law, the assistant secretary may pay expenses incurred in administering this law through any funds that have been collected. Also, no expenses incurred by the assistant secretary in administering this law shall be charged to the funds of the state. All excess funds generated shall annually be credited to the general fund of the treasury of the state

**Chapter 3, Part I of Title 23** concerns the regulation of the employment of minors. Similar laws are enforced by the USDOL. State Agencies, however, are much more efficient in protecting minors in the workplace and in enforcing the child labor laws. Historically, our Minor Labor Law Division conducts investigations and issues a report if any violations are found. A follow-up investigation is conducted a few weeks later. It is only then that a fine will be imposed if the employer has failed to correct the violations or has new violations.

**Chapter 3-A of Title 23** concerns the regulation of employment discrimination. This area is enforced by the Louisiana Commission on Human Rights.

**Chapter 4 of Title 23** concerns Apprentices. The Apprenticeship program specifically falls within the general responsibilities of the Executive Director found in R.S. 23:6. However, federal law does not specifically require that apprenticeship programs be operated by the state. Louisiana RS 23:381-392 Authorizes the establishment of a Registered Apprenticeship training program for a trade that provides at least two thousand hours of OJT, Requires a course of related and supplemental instruction consisting of a minimum of 144 hours per year. This law requires that employers or organizations must submit written standards detailing the specific terms of the training to be provided, which reflect the National Apprenticeship Act requirements in order to establish a formal Registered Apprenticeship program.

**Chapter 5 of Title 23** deals with Health and Safety – specifically of divers, tunnel and caisson workers. Other than recognizing or acknowledging the general provision that the Executive Director "enforce all labor laws", LWC has had no involvement in the regulation of this Chapter. Similarly, LWC has had no enforcement involvement in **Chapters 6** (Payment of Employees), **7** (Loans by Employers), **8** (Labor Organizations and Labor Disputes), and much of **Chapter 9** (Miscellaneous Provisions) of Title 23. Other than for the few exceptions noted below, no state funds are expended in connection with the provisions included within Chapters 5-9 of Title 23 of Louisiana's Revised Statutes.

Within Chapter 9, however, LWC does have regulatory and enforcement authority contained within R.S. 23:897. Our Labor Program Division enforces the provision of this statute which prohibits employers form charging employees the cost of fingerprinting, a pre-employment drug screen, physical, or the cost of furnishing any records available to the employer or required by the employer as a condition of employment. Activity in this area is light, but fairly constant.

R.S 23:964 permits the Director of OUIA to impose civil penalties if an employer discharges or in any other manner discriminates against any employee because the employee has testified or furnished any other information in any investigation or proceeding relative to the enforcement of any of the labor laws of this state.

R.S. 23:965 requires that the Executive Director enforce the provisions of law which prohibit an employer from employing, hiring, recruiting, or referring for employment an alien not entitled to reside or work in the U.S. This provision has rarely been applied, thus few if any state funds have been utilized in enforcing or administering this law.

R.S 23:1017.3 requires that the Executive Director “render aid and assistance” in the reinstatement of persons who had been called to duty under GOSHEP (should the employer refuse to reinstate the person to their job.) This law has rarely been applied, thus few if any state funds have been utilized in enforcing or administering this law.

**Chapter 11-A** of Title 23 requires LWC to operate a work opportunity (STEP) program.

The following Chapters of Title 23 are primarily operated through the WIA program:

- **Chapter 11- B –** Youth Corps Litter Control and Incentive Employment Program
- **Chapter 11- C –** Displaced Workers Retraining Program
- **Chapter 11- D –** Youth Summer Employment Program
- **Chapter 11-E –** Workforce Preparation Program

**Chapter 12 of Title 23** concerning the Physically Handicapped has been repealed.

**Chapter 13 of Title 23** (Equal Pay Commission) has no current purpose and this law should be repealed. Specifically, R.S. 23:2024 states that the authority and operation under this chapter expires July 1, 2006.

**La. R.S. 23:1514** establishes the Incumbent Worker Training Program (IWTP). LAC Title 40 Part XVI, Section 101, et seq., establishes the rules of operation of the IWTP.

**Chapter 10 establishes the Office of Workers Compensation**

La. R.S. 23:1291 provides the statutory basis for the operation of the Office of Workers Compensation Administration. La. R.S. 23:1291(C)(1) further directs the establishment of the following divisions within the OWCA:

- **Hearings Division**: Further, Louisiana Constitution Article 5, Section 16 transferred original, exclusive jurisdiction of workers’ compensation claims from the state’s district courts to agency determination within this Hearings Division. In addition, La. R.S. 23:1310.1 provides for “at least ten judges within the office of workers’ compensation administration”.

- **Medical Services Division:** This division oversees the regulatory responsibilities related to the delivery of medical benefits to injured workers.

- **Workplace Safety Division**: This division oversees the implementation of the Cost Containment Program, established pursuant to La. R.S. 23:1175, et seq., regulatory oversight of employer compliance with the implementation of a safety plan pursuant to La. R.S. 23:1291(B)(4), and oversight of the OSHA safety and health program established in accordance with La. R.S. 23:1179.

- **Records Management Division**: This division receives and retrieves all records of accidents, medical treatment, payments made in connection with a workers compensation claim as well as serving as the clerk of court for the 10 OWCA courts in the Hearings Division.
- **Fraud Division**: This division operates as the investigatory and regulatory arm of the OWCA relative to enforcement of statutory prohibitions against employee or employer fraud in the context of workers compensation claims and coverage.

The OWCA also maintains a Finance and Compliance Division which oversees individual self-insured employers and their application for such a designation. Further, they operate as the financial support staff to the Hearings and Records Management Divisions as well as being responsible for the collection of annual assessments from employers and insurers, pursuant to La. R.S. 1291.1. This division also operates as a partner with the Fraud Division in order to assist in identifying employers who are failing to comply with their duty to maintain workers compensation insurance pursuant to La. R.S. 23:1168.

The OWCA also maintains an OIS Division which serves as the technical support staff to the OWCA and the Second Injury Fund.

Finally, La. R.S. 23:1371,et seq established the Second Injury Fund, which is responsible for the collection of annual assessments necessary for the operation of the Fund, as well as processing all requests for reimbursement to employers/insurers who claim entitlement to such reimbursement based on their having hired or retained an employee with a pre-existing permanent partial disability who suffered a subsequent accident and injury that merged with their pre-existing condition.

The State's Unemployment Insurance system is based primarily on the Federal Unemployment Tax Act (FUTA) which imposes an employer tax and is required for the administration of federal and state unemployment insurance programs. FUTA was passed to comply with the Social Security Act of 1935. Louisiana law establishes our Unemployment Compensation fund at R.S. 23:1491 and the Employment Security Administration fund at R.S. 23:1511

# Section Two: Efficiency and Benchmarking

## 2.1 Identify under-performing programs that should be overhauled or eliminated.

### 2.11 Office of Unemployment Benefits Administration

The unemployment insurance benefits claims operation has been swamped by the increase in initial and weekly claims caused by economic conditions and federal extensions of benefits. Figures show that initial claims are 5,038 per week, which is a 33% increase from the same period last year. Weekly claims are 64,763, which is a 109% increase over the same period in July 2008. Annual surges in new claims in May and June from school employees and mass layoffs from General Motors, Weyerhaeuser, Boise, and other large employers are adding significantly to this overload. The overload causes customer service to suffer and results in numerous complaint calls.

The two main complaints are (1) difficulty in getting through on the telephone to file initial claims or to resolve problems and (2) the extended time until the first payment caused by the bottleneck in adjudicating claims with issues. We are striving to improve the hold time on the call processing system to less than thirty minutes and the time to first payments to no more than four weeks. The UI administration has hired additional staff in the call center. Also, we are in the process of totally redesigning the UI Benefits and Tax automation system.

We have recently implemented a new call processing system, which enables individuals to have twenty-four hour access to automated information. This increases our ability to handle large numbers of claims quicker. Currently, we are in the final stages of implementing a state-of-the-art imaging and remittance processing system. We expect to release a Request for Proposal in the next twelve months to purchase software that will automate the internal processing functions of the payment system. We have expanded web-based services to include weekly continued claims filing and employer registration, and made the process more user friendly for claimants and employers.

### 2.12 Office of Workers Compensation

**Second Injury Fund**: The Second Injury Fund is being evaluated for overhaul or elimination. The Governor's Advisory Council on Workers Compensation created a subcommittee in early 2009 to thoroughly evaluate the administration of the Second Injury Fund, whether it meets its stated purpose and provide recommendations for overhaul or elimination. Initial reports are expected in the fall of 2009. ***(For further analysis and specific recommendations, see Section 5)***

**Mediation**: La. R.S. 23:1310.3(B) (1) provides for a mandatory pretrial mediation conference to be set in every disputed claim filed with the Office of Workers' Compensation. The pretrial mediation conference is to be held before a workers' compensation mediator who shall mediate and encourage settlement of the case or determine issues in dispute. By statute, a pretrial mediation conference is required in every disputed claim filed with the Office of Workers' Compensation before that claim can ever proceed to trial. The statute also provides that an initial mediation conference shall be set in any claim when and if requested by an injured employee.

Currently, the OWCA employs 11 full-time mediators who are attorneys licensed to practice law in Louisiana. The total cost for salaries and benefits of these mediators is approximately $825,000.00. While the Hearings Division calculates the percentage of resolution resulting from mediation to be in the range of 30%, several insurers who jointly represent a significant market share in the Louisiana workers compensation market have reported to the Louisiana Workforce Commission that their rate of success with OWCA mediators ranges from 15% - 25%. Conversely, they report that, in addition to the mandatory OWCA mediation, they have been privately contracting with mediation services and their annual rate of success with private mediation services ranges from 77% - 90%.

As such, one option that may provide a greater return on investment and greater efficiencies within the OWCA would be to make mediation voluntary and allow the parties, upon the advice of counsel, to determine when mediation makes sense for them. In addition, vest the OWCA hearing officers with the authority to order mediation when they believe it provides the best opportunity for resolution. When the parties elect mediation, or are ordered to participate, they would have two options: 1.) select and pay for a private mediator, as many are already doing; or, 2.) utilize one of 5 mediators who would be retained by the OWCA to provide free mediation services to those parties who are unable to pay for a private mediation or have confidence in the abilities of the OWCA mediation staff. Once the mediations become voluntary, one would assume that volume would decrease, which would allow existing OWCA mediators to focus more attention on cases they are mediating and increase their opportunity for success. Or, based upon the decrease in volume, a reduction in force could be an alternative in this division, with an average annual savings of $75,000.00 for each mediator that is not retained.

***Recommendation***: Request the Governor's Advisory Counsel on Workers Compensation to review the mediation process and create a model that converts mediation to a voluntary process, but vesting within the OWCA Judge the authority to order mediation when they believe it to be appropriate. This report should be requested to be delivered to the Commission on or before November 1, 2009.

**2.13 Recovery Workforce Training Program (RWTP)**

The Recovery Workforce Training Program (RWTP) is funded through a community development block grant. It consists of a framework for the recruitment, assessment, training, and employment of disadvantaged individuals living or willing to work in the 20 parishes most impacted by Hurricanes Katrina and Rita. Sixteen subrecipients were awarded contracts to focus on high demand sectors such as healthcare, transportation, construction, and energy. Each of the sixteen subrecipients also identified a workforce intermediary, fiscal agent, and administrative staff.

As the Community Development Block Grant Program moves into the third quarter of 2009, which is the third year of this three year grant, the program has had about 8,300 participants enter training in the six sectors on which this grant focuses. Of the number that have entered training, about 6,279 of those have completed training and 3,501 or 42% have been placed in employment.

A team is addressing the issue of low employment outcomes within the construction sector, which has lowered the grant participant placement numbers. We will also conduct an employment verification match to determine if we have additional placements. I expect the placement rate will increase after the employment verification process is completed. Additional corrective action for this program is included in Section six (6) of this report.

# Section Three: Outsourcing and privatization

## 3.1 List programs, functions, or activities that can be privatized or outsourced.

### 3.11 Office of Workforce Development

In the course of reviewing its statewide operations with the goal of establishing an efficient, consistent and repeatable business model, LWC has identified the need to adopt a uniform assessment tool for use by all One Stop Business Career and Solution Centers and affiliated partners and to eliminate its current responsibility for the production and distribution of participant certificates. LWC has selected Work Keys as its statewide assessment tool for all registered participants.

LWC is currently in negotiations to outsource the data aggregation for participant testing and certification documentation through an agreement with ACT, whereby participant testing activity and outcomes are recorded and available through on line access. Each participant would be provided with a “myWorkKeys” account, providing them unlimited access to their testing history on a self serve basis.

***Recommendation***: Finalize an agreement with ACT whereby all participant testing outcomes would be captured and available through an electronic database, along with the creation and delivery of the initial certification document.

# Section Four: Information Technology Integration

## 4.1 List projects already underway designed to improve efficiency and effectives as well as potential projects.

**4.11 Office of Unemployment Insurance Administration – LACATS**

LaCATS (Louisiana Claims & Tax System) is an on-going project to modernize the current mainframe based UI information technology system, which processes UI claims and employer tax collections.

To- date three major initiatives have been completed:

- Implementation and integration of a call processing system with interactive voice response services. Benefits include processing claims quicker, better response to surges in claims volume, and 24x7 accesses to claimant and employer information.
- Implementation of a number of web based services for both employers and claimants including filing for initial and weekly claims, filing wage and tax reports and on-line inquiry of claim and employer records.
- Implementation of a state of the art document imaging, workflow and retrieval system. The system will automate manual processes, eliminates paper and provides quicker and more accurate bank deposits.

In the future, LWC proposes to enhance the current appeals, adjudication and overpayment processes. We will continue to automate remaining functions, integrate tax and benefits functions and migrate from mainframe to open system completely. These enhancements will enable the LWC to issue a larger volume of correct determinations in a timely fashion.

**4.12 Centralized Employer Registration:** Currently, new employers are required to register with multiple state agencies, such as the Louisiana Workforce Commission (LWC), Department of Revenue (DOR), and Secretary of State (SOS). Also, they are required to notify these agencies when they make business changes or are no longer doing business with Louisiana. The LWC is responsible for the enforcement of UI state tax laws, including review of all new employers for potential liability, registration of employers, issuance of appropriate rate/liability determinations, collection of UI taxes and deposit of funds into the UI Trust Fund. LWC must issue account numbers and UI tax rates to 83% of liable employers within 180 days of liability to meet Federal time-lapse regulations.

Employers are not always aware of the various agencies with which they must register. Delay or failure to register with LWC may cause a revenue loss to the UI trust fund and an increase in administrative costs. Hardcopy listing of employers liable for revenue taxes have been received from DOR to assist LWC in determining employer liability for UI taxes but this manual method is cumbersome, time consuming and inefficient. Likewise, contact from SOS for verification of employer compliance with the LWC regulations prior to issuance of business dissolutions currently occurs but the method would be enhanced by utilizing a centralized interactive site.

***Recommendation***: LWC proposes would enter into discussions with the Department of Revenue, Department of Environmental Quality, Secretary of State and any other state agency requiring employer registration. LWC proposes that the IT Directors of participating agencies explore the feasibility and benefits of a centralized, interactive, website for employer registration. This process would enable agencies to obtain information specific to their needs and to share data on a continuous basis. This would simplify registration and updating of information for employers initiating, modifying, or ceasing business operations in Louisiana. The cost to develop and maintain the system will be shared among the participating agencies. The state of Utah has already successfully implemented this solution with the assistance of a private IT vendor. We will use them as a resource in the development of Louisiana system.

**4.13 Electronic Filing of Wage Reports:** Employee wage data submitted by paper is imaged and keypunched each quarter. This manual process is time consuming, prone to errors, and could possible cause a delay in benefits being paid. Incomplete or inaccurate payroll reports require additional staff to obtain corrected data.

Quarterly payroll reports are mailed to approximately 104,000 employers at an annual cost of $120,000. Five permanent staff at an annual cost of $335,000 and ten temporary staff at an annual cost of $$77,000 are used to open, image, and keypunch data. Automation of this process will reduce annual recurring cost by $532,000. The total savings will be $1.59 M over the 3 year period.

***Recommendation***: Amend Act 89 of the 2007 Legislative Session to require all employers to file quarterly payroll reports electronically by 2011. This effectively accelerates the period of time to comply with this requirement from 2014 to 2011.

**4.14 Records Management**: This division is currently operating a system that is largely reliant on receipt of paper forms which are scanned into an electronic system and data from these forms is manually entered into the system. The OWCA has obtained a quote in the amount of $180,000.00 annually for the installation, implementation and support of and electronic data interface that utilizes electronic forms that allow for insurers and employers to dump their data into an OWCA system which would also have the capability of running analytical models for reports and projections. If such a system were implemented and the insurance industry was also given 6 months to a year to implement the system (which many insurers have advised they could do at a low cost, or they are already capable of interfacing with this system due to their functioning in states utilizing the same system), it is estimated that only 6-8 employees would be required in the Records Management Division and the annual cost savings in salary and benefits alone would be approximately $450,000.00.

***Recommendation***: Adoption of Electronic Data Interchange (EDI) and collaboration with OIS and insurance industry to coordinate upgrade of the system.

**4.15 Fraud Analytics Software**: The OWCA Fraud unit is currently tip reliant. As such, the identification, investigation and prosecution of fraud offenders is significantly limited and the result is a significantly increased cost to the workers compensation industry. However, the OWCA believes that the integration of an analytics software package could mine data from the OWCA, Unemployment Insurance, Revenue and Taxation, NCCI, Contractor Licensing Board, Secretary of State Corporations Database, and Office of Motor Vehicles to identify and rank individuals who are committing workers compensation, unemployment and/or state tax fraud. The OWCA has reviewed the availability of such software and has received estimates of $250,000.00 for the implementation and ongoing support. The city of New York recently implemented a similar program relative solely to corporate taxes and the initial projections were a return on investment of $30 million. We are currently awaiting projections for increased recovery in Revenue, UI and WC if implementation of such a program were to occur in Louisiana. However, it is expected that implementation of this software would create more efficiencies in operation while likely providing a significant increase in revenue for Dept. of Revenue, Unemployment Insurance and Office of Workers Compensation.

***Recommendation***: Purchase and implement software.

**4.16 Compliance**: Currently, La. R.S. 23:1293 restricts the release of virtually any information regarding workers compensation coverage or claims. As such, employees and employers must submit tips to the OWCA Compliance Division where 6 employees investigate any allegation that an employer is failing to maintain workers compensation coverage. This involves the mailing of subpoenas via certified mail or personal service on employers. However, many states have relaxed their confidentiality provision to allow for the public to utilize the Workforce Commission website to determine, via a link to the NCCI database, whether a particular employer is complying with their duty to maintain insurance pursuant to La. R.S. 23:1168.

Amend La. R.S. 23:1293 and post a link to the NCCI database, employers could check their competitors to determine whether they are underbidding them as a result of lower overhead due to being uninsured. Employees could check to ensure their employers are providing protection for them in the event they are injured at work. The result would be a drastic reduction in bad tips coming in to the department which currently causes inefficiencies. Further, by enabling the public to assist in checking compliance, it would be expected that more employers would comply with their obligations. This would provide greater protection to employees and even out the risk paid for by employers who have insurance. As such, some level of premium reduction could be expected.

***Recommendation***: Amend La. R.S. 23:1293

**4.17 Electronic Filing for Hearings Division**: In conjunction with implementation of and electronic data interface, consideration should be given to the development and implementation of an electronic court filing system similar to the system utilized by the U.S. Federal Courts. Such a system allows easy access by attorneys, as well as electronic filing and notification of hearing dates so that all parties and the court save money on certified letters. The current OWCA budget for postage is approximately $300,000.00. By moving to an electronic notification system, it is expected that these costs can be reduced at least by 50%. Further, access to case files can be provided to attorneys without the need for requests to OWCA staff. Further, the federal court system automatically generates a bill at 8 cents per page. Such a system would also free up administrative staff by reducing the amount of paper they are required to process, stamp, file and/or mail. Discussions are underway with the OWCA in Florida and Maryland regarding the costs of their electronic filing systems and implementation obstacles.

***Recommendation***: Purchase and implement new electronic filing system.

**4.18 LAVOS**: The Office of Unemployment Insurance and the Office of Workforce Development provide unemployment insurance benefits and job training and placement services, respectively to the unemployed citizens of Louisiana. During this period of high unemployment it has become critical that the two entities within the Louisiana workforce commission work to improve services.

The agency is working towards an integrated service delivery approach by automating the matching of UI benefit recipients to available jobs. The job referrals would occur at the time an initial UII claim is filed. The individual would receive job referrals regardless of whether the claim was filed over the Internet or through the UI Call Center. The referrals would be given to the claimant at the time of filing which would improve the individual’s prospect of returning to work prior to receiving UI benefits.

LWC is currently pursuing upgrades and enhancements to its LAVOS system in order to better integrate the data capture between its Unemployment Insurance and One Stop participant population. The pending upgrade will facilitate the seamless identification of UI participants and Workers Compensation claimants who enter a One-Stop center in search of employment opportunities and permit One-Stop staff access to UI claimants for job match and targeted job search activities.

Much benefit would be gained through the development of a single point of entry system, whereby ALL recipients of state and federally funded assistance may be identified, tracked, and properly qualified for any and all eligible services. Such a system would provide universal access across agencies to participant data, and limit the likelihood that participants could be "double served" through complimentary funding sources.

***Recommendation***: Upgrade LAVOS software to integrate program services and provide universal access across partner agencies.

# Section Five: Elimination of Duplicative and Unnecessary Services

## 5.1 List the activities of your department that fall outside of your constitutional and statutory mandates. Briefly describe the history of these programs, offices, or activities and how they became a part of your mission.

There are no programs or activities currently being performed outside of agency's state and /or federal mandates.

## 5.2 Identify outdated activities that should no longer be part of the mission of your agency.

**5.21 Second Injury Fund**: This program was created for the specific purpose of encouraging employers to hire or retain employees with pre-existing permanent partial disabilities by providing a type of catastrophic insurance coverage that could offset the risk of integrating these disabled individuals back into the workforce. Currently, employers who can show that they knowingly hired or retained such individuals who have a subsequent accident and injury that merges with the pre-existing condition may be reimbursed for indemnity payments made after 104 weeks of payments have been made and medical payments in excess of the first $7,500.00. The program has grown to operate an annual budget in excess of $46,000,000.00 and currently has estimated unfunded liabilities of approximately $149,500,000.00 ($111,200,000.00 when discounted to present value at 8%).

Many states have dismantled such funds under the premise that they do not meet their stated purpose and operate as an additional unnecessary expense to business due to the administrative costs associated with managing the fund. There are no measures in place which can adequately quantify what percentage of employees were hired specifically because of the existence of this fund versus what percentage of reimbursements are obtained from the fund due to happenstance wherein an employer learns from his insurer that he may qualify for reimbursements. Conventional wisdom within the workers compensation industry is that the fund serves as an ancillary benefit, but it does not encourage the hiring of disabled workers. However, support for the dismantling of the fund is mixed even within some sectors of the insurance industry (largely due to the return on investment realized by individual insurers). The impact on workers compensation premiums should be a guiding factor in the evaluation of such a move and NCCI is currently running an actuarial analysis for the OWCA as to the effect on premiums if the fund were dismantled with and 8, 10 and 12 year run off period. Arkansas recently dismantled their fund and NCCI expected to see an initial increase of 1-2% in premiums. A similar result is likely in Louisiana as well.

***Recommendation***: The Governor's Advisory Council on Workers Compensation created a subcommittee in early 2009 to thoroughly evaluate the administration of the Second Injury Fund, whether it meets its stated purpose and provide recommendations for overhaul or elimination. The Commission should request that this report be delivered to the Commission, with recommendations for overhaul or elimination, on or before November 1, 2009.

**5.22 State Board of Boiler Inspector Examiners:** Chapter 1, Part II of Title 23 concerns the State Board of Boiler Inspector Examiners which is statutorily established as part of the Louisiana Workforce Commission. The Board conducts written examinations for all persons desiring to secure certificates of competency and commissions as boiler inspectors in this state. A fee of forty dollars is to be charged by the Executive Director for the issuance of the initial certificate of competency and commission along with an identification card denoting that the person whose name appears thereon has been issued such a certificate and is therefore a certified boiler inspector. A fee of twenty dollars shall be charged each year thereafter for renewal of the identification card.

State law implies that LWC has a boiler inspection division and that we receive fees for individuals wishing to be certified as boiler inspectors. This actually falls under the jurisdiction of the State Fire Marshal.

***Recommendation***: This law should be repealed to remove LWC from the administration of this program.

## 5.3 Identify duplication or overlap with other state agencies, with the federal government, or with public or private stakeholder groups.

The Louisiana Workforce Commission consists of two separate agencies:

- The Office of Workforce Development
- The Office of Workers Compensation

### 5.31 Office of Workforce Development

The Louisiana Workforce Commission has the responsibility of administering the state's federally funded public workforce development system. In order to meet the challenge of the 21st century global economy, the public workforce system works in partnership with employers, educators, and community leaders to foster economic development and high-growth opportunities in regional economies. This system exists to help businesses find qualified workers to meet their present and future workforce needs.

Legislation was adopted during the 2008 Regular Session of the Legislature that created the Louisiana Workforce Commission. The Louisiana Workforce Commission was created and established to operate an integrated workforce development delivery system in this state, in particular through the integration of job training, employment and employment-related educational and training programs, and to administer the state's unemployment and workers' compensation programs.

The cornerstone of the state's workforce investment system is One-Stop service delivery which unifies numerous training, education and employment programs into a single, customer-friendly system in each community. The underlying notion of One-Stop is the coordination of programs, services and governance structures so that the customer has access to a seamless system of workforce investment services.

Louisiana benefits from many workforce training programs funded by federal, state, and local sources. However, this framework has produced a patchwork of workforce training programs scattered throughout many different agencies leading to poor alignment of resources, duplication of administrative processes, and an unacceptable level of performance.

We envision that a variety of programs could consolidated and / integrated in order to take full advantage of the One-Stop' potential for efficiency and effectiveness. A wide range of services from a variety of training and employment programs throughout state government are available to meet the needs of employers and job seekers. The challenge in making One-Stop live up to its potential is to make sure that the State effectively coordinates and collaborates with the network of other state agencies that deliver employment and training related services.

The Louisiana Workforce Commission has designed and is implementing a fully integrated service delivery system through a network of Local Workforce Investment Boards / and One-stop centers (know as Business and Career Solution Centers) led by business representatives. Many of the programs and funding streams that fall under the authority of the commission are administered through Business and Career Solution Centers made up of integrated teams with common goals and objectives. We envision that a variety of other state administered programs could be consolidated and / or integrated into this model to reduce overhead and significantly improve performance. Since its inception, the number of individuals served through the local centers has significantly increased year after year. This system was created with understanding that other workforce development programs (i.e. Department of Social Services TANF STEP and Vocational Rehabilitation) would eventually be added to the system to:

- Streamline services in order to promote more effective programs
- Reduce bureaucracy and duplicative infrastructure in order to achieve cost savings
- Improve performance

- Dedicate more funds directly to worker training

The Louisiana Workforce Commission has studied the workforce development programs of the State and offers the following opportunities for coordination, consolidation, integration:

**5.32 LWC/DSS Integration Model**

The Louisiana Workforce Commission and the Department of Social Services are working together to implement an integrated approach to job search, readiness training, and job placement services. The primary goal of this integration is to increase the number of DSS clients that achieve financial independence through employment.

With the goal of increasing workforce participation and entry into career paths by clients currently served by DSS, DSS is working closely with LWC to streamline and improve job training activities for food stamp participants, welfare to work job training, vocational rehab job training, and foster care transitions into the workforce. For instance, currently 136 thousand Louisiana food stamp participants require mandatory work registration. Of these, 51 thousand are working and 85 thousand are not. Only 9 parishes currently have a training and education program for the non-working food stamp population. 15% of households receiving food stamps statewide also receive some form of public assistance (Kinship Care, Child Care Assistant, FITAP/STEP, etc). The opportunity exists to link workforce readiness efforts by LWC with the non-working food stamp population and other clients served by DSS.

In order to maximize this opportunity to link workforce readiness programs, LWC and DSS will begin a pilot initiative in Lafayette in September. This initiative will be accomplished without incurring additional costs. Key collaborations will be the business community, WIA Boards and employers in the greater Lafayette metropolitan area. Currently, LWC provides training and assistance to STEP/TANF participants in order to prepare and place them in long-term jobs that will meet the demands of current and future employers. Services provided include initial intake, career assessment, career counseling, job search, job training assistance, and work readiness seminars.

This collaborative effort between LWC and DSS focuses on the design of a practical operations model that would more effectively utilize available LWC and DSS resources to identify *job- ready* customers and efficiently place them into demand-sector jobs that offer a reasonable opportunity/career path. Streamlining the department's parallel but disparate workforce activities currently taking place across agencies will ensure that clients who are able to do so transition through a system that provides a career pathway that includes job readiness and placement services.

The focus of Louisiana Job Employment and Training (LaJET) which provides work opportunities for Food Stamp recipients) and Strategies to Empower People (STEP which serves FITAP beneficiaries who are required to participate in work activities) programs are to provide job readiness and placement services to low income families currently receiving SNAP or cash assistance benefits through DSS. As workforce development is a core competency of the LWC, DSS and LWC jointly proposes outsourcing the delivery of these services to LWC and collaborating with LWC in providing child care assistance for parents actively participating in job search activities.

***Recommendation***: Integrate the delivery of these services within the existing integrated service delivery model in use by the Business and Career Solutions Centers.

**Expected Results**

- Because service delivery will be more closely aligned with LWC core programs, DSS will realize a reduction in the administrative burden.
- As all workforce services migrate to LWC there will also be a redistribution of staff responsibilities which will contribute to improved workload and performance in other program areas.
- Currently, around 1,000 STEP participants (about 50% of all STEP participants) and 51,000 Food Stamp recipients (about 40% of all eligible recipients) meet the work requirements in the programs and actively participate in workforce readiness and placement activities. The ratio of benefit recipients to participants could increase significantly as stronger connections to the core services of LWC are developed. This will lower the dependence on public assistance among this population as they enter and progress in the workforce.
- In order to maximize the use of this funding and better monitor contract performance, the department is working closely with LWC to develop real performance outcomes and service delivery mechanisms that will be an integral part of contracts between the departments.

### 5.33 Louisiana Department of Veterans Affairs

The Louisiana Workforce Commission is required by the Jobs for Veterans Act (P.L. 107-288) to provide employment, training and placement services for veterans required by Chapter 41, Title 38, United Stated Code (38 U.S.C. 41), as amended.

The commission's primary objective is to grow the workforce by providing opportunities for all individuals to take advantage of the various training programs and support agencies available to enter the workforce. Under the existing one stop service delivery model there are 28 full time employees located in the Business Career Solution Centers across the state that focus primarily on job search, job training, and placement of veterans in suitable employment.

Disabled Veteran's Outreach Program (DVOP) Specialists primary function is to provide intensive services for special disabled and disabled veterans. DVOP roles and responsibilities will be consistent with VPL 07-05. They outreach on behalf of disabled veterans and provide labor exchange services in their support. Their facilitation of intensive services encompasses a complete case management approach. When special disabled and disabled veterans are identified through an assessment process as having barriers to employment, which prevent them from obtaining and maintaining employment, intensive services are provided. Case management requires the DVOP to conduct an initial assessment which may include the use of Interest Inventory, Work Keys, SAGE or other assessment tools.

The Local Veteran's Employment Representative (LVER) responsibilities in Louisiana's One-Stop system are designed to build capacity, advocate for veterans employment and training, establish employer relations, develop jobs, provide labor exchange services and report quarterly to the site manager, regarding implementation of priority services to veterans and their effectiveness. LVER roles and responsibilities are consistent with VPL 07-05. The LVER is an important part of the Recruitment and Placement Team in Louisiana.

The Louisiana Department of Veterans Affairs also caters to the special needs of Veterans with 78 local Parish Service Offices throughout the state. These offices offer a comprehensive array of services to veterans including health care, disability benefits, burial and memorial benefits, home loan programs, and counseling.

***Recommendation***: While these two agencies have established referral mechanisms in place such that the full array of services can be offered to veterans by both agencies, the LWC recommends that the LWC Veterans' program operations be transferred to the LDVA. The current 28 LWC employees dedicated to the Veterans' program will be collocated in the various Parish Service Offices such that Veterans can receive the full array of services in a one stop environment. This action will require USDOL approval of a modification of the state's workforce development plan. (Annotate national discussion)

**5.34 Community Service Block Grant Integration**

The starting point for the federal Community Services Block Grant (CSBG) program began with the federal Economic Opportunity Act of 1964 and Congress's declaration of "war on poverty." Legislation provided for the CSBG program in the federal Omnibus Budget Reconciliation Act of 2009 to help eliminate the causes and ameliorate the conditions of poverty.

The Louisiana Workforce Commission receives an allocation of funds from the Department of Health and Human Services and distributes the funds to forty-two local Community Action

Agencies who provide a variety of services to low-income families and individuals in rural and urban areas to become fully self-sufficient (particularly families who are attempting to transition off a State program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.))

Many of the clients served by the CSBG program are also participants serviced by the Business and Career Solution Centers. However, there is a significant lack of coordination between local Community Action Agencies that administer the CSBG program and the Business and Career Solutions Centers resulting in poorly aligned resources. Currently, there is a CSBG administrative infrastructure that runs parallel to the existing WIA service delivery system resulting in duplication of effort, confusion, and unnecessary expenditures.

The Community Action Network is made up of private non-profit and public agencies that coordinate and manage multiple programs that create opportunities for clients to obtain employment skills and education to become self-sufficient as well as provide support activities (i.e., child care, transportation, nutrition, emergency services, health care, etc.) to remove obstacles from clients moving toward self-sufficiency.

Many of the activities funded by CSBG and the WIA system are identical. If the systems were fully integrated, the employees in the Business and Career Solution Centers could address the needs of customers in a holistic approach. Customers would receive the full array of services available under each source of revenue providing the client with essential services appropriate under that funding source. This alignment of resources would increase the system's capacity to service more clients and achieve higher levels of success with each client.

***Recommendation***: Integrate the CSBG service delivery system into the WIA regionally integrated service delivery model.

### 5.35 The Recovery Workforce Training Program

The Recovery Workforce Training Program (RWTP) is funded through a Community Development Block Grant (CDBG). The LWC received these funds as part of the Hurricane Recovery funds provided by the Department of Health and Human Services and administered through the Louisiana Recovery Authority and the Office of Community Development. It consists of a framework for the recruitment, assessment, training, and employment of disadvantaged individuals living or willing to work in the 20 parishes most impacted by Hurricanes Katrina and Rita. Sixteen subrecipients were awarded contracts to focus on high demand sectors such as healthcare, transportation, construction, and energy. Each of the sixteen subrecipients also identified a workforce intermediary, fiscal agent, and administrative staff.

The RWTP has placed 42% of participants in employment. The WIA program has placed 67% of participants in employment. One of the goals of this integration is to dramatically increase employment of RWTP participants.

The RWTP contracts essentially replicated the existing WIA service delivery system. Immediate savings can be realized by eliminating the duplicate administrative entities and intermediaries that were erected with the implementation of this program. The contractors that are not achieving an acceptable level of performance level will be allowed to expire December 31, 2009. The successful contractors will be encouraged to continue but closely coordinate their activities with the local boards to avoid duplication of effort. All future workforce related programs will be delivered through the Workforce Investment Act (WIA) structure.

A plan has been developed to transition the program to an Individual Training Account (ITA) process and transfer that responsibility to local Business and Career Solutions Centers. The strength of this framework is that it would leverage the resources of our local Business and Career Solution Centers, significantly reduce administrative costs, and empower customers with the option to choose their training providers.

***Recommendation:*** Integrate existing contracts into the regional service delivery model and transition the program to an ITA process administered by the local Business and Career Solutions Centers.

**5.36 Centralized Employer Tax Collection**

Currently, the Louisiana Workforce Commission (LWC) and the Louisiana Department of Revenue (LDOR) collect and process employer taxes and wage data. This includes opening mail, imaging documents, extracting data, and depositing the funds. These functions cost LWC approximately $1.5M annually.

***Recommendation***: Combine these functions under the Department of Revenue. Employers would remit taxes and report wage data to a single entity. By combining resources we would improve efficiency, reduce costs, enhance customer service for Louisiana employers and protect the integrity of the UI Trust Fund.

# Section Six: Civil Service and Employee Benefits

## 6.1 List and indentify any current initiatives or ideas related to employee benefits, hiring and promotion, and other employee regulations.

The LWC has begun an aggressive program to improve the internal performance of department staff individually and the department as a whole by aligning each employee's job description, expectations and daily tasks with the mission and priorities of the LWC. The ultimate goal is to build a high-performance culture throughout the LWC in which all employees and their supervisors participate in defining how they add value to our organization and customers, get the feedback they need to measure progress and the tools they need to succeed.

The program began this spring with a series of changes to the LWC's performance planning and review (PPR), merit and special rewards programs. LWC leadership and Human Resources personnel have worked closely with the State Civil Service System to develop the new performance management program.

All employees and supervisors have undergone mandatory training on how the program is being implemented and how it will operate in the long term. Supervisors also have received training on how to write effective job descriptions.

Key components are:

- A move to quarterly PPRs to accelerate the speed at which employees can be aligned with the LWC's mission and priorities and to accelerate the pace of improvement. An electronic system for recording, tracking and retrieving planning and evaluation documents has reduced the workload that otherwise would have been created by the introduction of more frequent reviews.

- Tying merit pay policy to performance by quarter. Employees must perform well in three of the preceding four quarters to qualify for merit raises.

- Establishment of true high performance rewards policy to motivate high performance. High performers qualify quarterly for certain non-monetary rewards, such as preferred parking and agency-wide recognition, and exceptional performers qualify quarterly for those non-monetary rewards in addition to up to 2.5% of base pay per quarter, if funding is available.

We are still in our second quarterly review period for most employees and expect to be able to report results later in 2009.

A second, parallel phase involves turning the LWC strategic plan into real work tasks that are focused on results, all the way through front-line service delivery mechanisms. The overarching objectives of the Strategic plan are defined in terms of desired future states for the internal business units.

That challenge will be met through the establishment of key process teams from each functional unit. These teams will be populated by front-line employees who have complimentary skills, clear and specific purpose and performance goals, and a common working approach. Each team will share mutual internal accountability for achieving its performance goals, with oversight and coaching provided by their management sponsors. Management oversight will be maintained through regular reporting of team progress against approved metrics and from periodic in-person progress reports to the Executive Team.

The deliverables from this approach are: Specific Performance Improvement, Collective Work Products, Individual Employee Growth and Development, and a Change to a Culture of Increased Accountability.

**See Attachments**: Policy 21 Performance Planning and Review
Policy 54 Merit Increase
Policy 55 High Performance Rewards

# Section Seven: Studies and other Resources

## 7.1 Please list any studies (with a brief description) your agency has conducted that may be of interest to the Commission.

**7.11 Office of Workers Compensation**: The OWCA contracts annually with the Workers Compensation Research Institute in order to obtain an analysis of workers compensation claims costs, durations and trends in Louisiana and how these numbers compare with other states. In addition, the National Commission on Compensation Insurance provides an annual report that also analyzes claims data and provides recommendations regarding workers compensation insurer's rate filings. These organizations websites are:

- http://www.wcrinet.org/
- http://www.ncci.com/

## 7.2 Please list any national studies or studies in other states that might be of relevance

**7.21 UWorks**: A delegation from Louisiana visited the State of Utah and participated in a UWorks demonstration, the focus of which was a "single point of entry: system that bridged across state agencies.

## 7.3 Please list any national organizations that might be a source of potential best practices for Louisiana. If a website exists for the organization, please provide it.

**7.31 National Association of State Workforce Agencies (NASWA)**

- http://www.workforceatm.org

# Section Eight: Agency Best Practices

## 8.1 List and indentify any current successful streamlining initiatives taking place (or has taken place) within your agency.

**8.11 LWC/DSS Integration**: The Louisiana Workforce Commission and the Department of Social Services are working together to implement an integrated approach to job search, job readiness and training services. The primary goal of this integration would be to expand the number of clients DSS refers to LWC for these services. (Listed above)

**8.12 Review of facility lease contracts**: The OWCA is currently reviewing its 10 lease contracts to determine whether a more sensible location exists. For example, the OWCA lease for the District 6 court in Covington expires in early 2010. The current location costs $16.17 per square foot annually for 3,535 square feet. It is expected that the price per square foot in Covington may increase if the 5 year option is exercised. However, Hammond is more centrally located in the district and commercial space in downtown Hammond is available in the ballpark of $12.00 per square foot. Even if the Covington cost were to remain neutral, the annual savings on this contract would be approximately $14,000.00. If the lease increased to $20.00 per square foot, the savings would be approximately $28,000.00. Review of all leases is underway.

**8.13 Security and Janitorial Services**: The LWC discovered two areas of services provided by internal staff that could be outsourced. Six (6) full-time, permanent employees were assigned to security detail. However, the individuals hired for these positions did not possess the necessary skills to satisfactorily provide late night security responsibilities particularly with the facility's location in a high crime area. Equally as important, janitorial duties were inadequately performed by full-time permanent staff but they were unable to keep the facility sufficiently clean and in an orderly condition to serve the public.

Today, the agency has outsourced janitorial duties to the Department of Corrections. This arrangement has proven to be very successful. Rather than layoff employees previously assigned these duties, the agency was able to provide training in new areas of responsibility and transferred the employees to new assignments.

Campus security has also been outsourced to a private company with professional security employees that possess the necessary skills to provide adequate security 24 / 7. Previous employees have been retrained and assigned to new areas of responsibilities.

While the agency did not experience significant savings with these two endeavors, the quality of work performed by these contractors is considerably higher and employees are happier in positions that they can successfully perform.

**8.14 Customized Business Solutions**: The Customized Workforce Solution concept was developed to address the work force challenges of large employers, industry sectors, regions, and agencies across Louisiana. It intends to be an indispensable source of demand driven, customized, and total solutions responses.

The abilities and resources of LWC, other state agencies as well as private and non-profit organizations will be utilized to develop detailed workforce plans. Each plan will identify specific challenges and include a detailed action plan consisting of stakeholder responsibilities, timelines for execution and anticipated outcomes. The LWC team will draw from its full complement of available resources in the areas of employee recruitment, training and development, and funding.

**8.15 Alignment with Louisiana Economic Development**: Alignment between LWC and LED is critical for the state's long-term economic vitality. This alignment already is occurring at the Workforce Investment Council (WIC) level and at the Workforce Investment Board (WIB) level.

The LED secretary is a member of WIC, which has statutory duties to develop a statewide workforce development strategy to coordinate and integrate a workforce development delivery system. The WIC is charged with assuring efficiency and cooperation between public and private entities by advising the governor on the needs of Louisiana's employers and its workforce. The Council also is responsible for occupational forecasting, which is used to drive programs and funding for job training.

The WIBs operate in 18 areas across the state and oversea the operation of a network of Business and Career Solution Centers where most of the LWC's workforce services are delivered. Local economic development leaders are represented on the WIBs, along with the community and technical colleges, employers and others.

The LWC also is working with LED to improve integration of the data each agency gathers on the economy, labor markets and the needs of existing and emerging businesses and industries.

Both agencies are charged with supporting growth of Louisiana's economy, LWC by improving its workforce and LED by recruiting businesses to expand or relocate to the state. LWC's role is to help deliver the workforce needed to sustain existing business and industry and to help them improve the competitiveness of their existing operations. LED's role is to deliver customized solutions to support expansion or relocation projects, which then factor into WIC's occupational forecast. They are further aligned through the primary training provider for both, the Louisiana Community and Technical College System.

**See Attachment**: Aligning State Workforce Development and Economic Development Initiatives

# LOUISIANA WORKFORCE COMMISSION

| **Policy Number** | **Policy Name** | **Original Effective Date** |
|---|---|---|
| 21 | Performance Planning and Review | January 1, 2009 |

| | |
|---|---|
| **Contact:**<br>Human Resources Division, 225-342-3055 | **Revision Dates** |
| **Executive Director**<br>Tim Barfield | **Signature** |

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**PURPOSE:**

The Louisiana Workforce Commission (LWC) has established this policy for classified employees with the approval of the Department of State Civil Service. The purpose of this policy is to continuously improve agency performance using a modified employee performance planning and review (PPR) system, which allows for planning and rating sessions more frequently than is required by the Department of Civil Service. The rating cycle used by LWC is outlined in greater detail in the attached procedures.

LWC will use this modified PPR system to provide employees with expectations that are clearly aligned with the agency's mission and goals and to facilitate on-going communication between supervisors and subordinates regarding the individual employee's contributions towards the agency's accomplishment of its goals. Frequent performance reviews encourage supervisors and subordinates to focus more specifically on the targeted objectives, tasks and priorities of the rating cycle. The rating cycles will be as scheduled in the attached PPR procedures. Planning and rating sessions will be conducted at least annually.

**POLICY STATEMENT(S):**

Performance Planning and Review sessions shall occur on a regular basis according to the attached procedures.

All evaluations received by an employee during the rating year shall factor in decisions concerning merit increases, permanent status, promotion, and disciplinary action.

Employees may be eligible for merit increases as described in Personnel Policy #54, Merit Increases.

The Commission's grievance procedure shall not be used to contest disputed employee evaluations. Employees may use the Request for Review process outlined in Civil Service Rules 10.13 and 10.14. Only employees with permanent status may request a review of his/her rating.

**RESPONSIBILITIES:**

Supervisors and Employees

- Adhere to Performance Planning and Review Policy and Procedures.

Human Resources

- Post, distribute and interpret policy statements regarding reporting requirements.
- Advise management regarding the Performance Planning and Review Process.
- Monitor the process and manage the data in the online PPR System.
- Report annually to Department of State Civil Service.

Appointing Authorities

- Require that all managers and supervisors within their chain of command conduct performance planning sessions and performance reviews as required by the attached procedure.

**RELATED POLICIES:**

Personnel Policy #54, Merit Increases
Personnel Policy #36, High Performance Rewards Policy

# Performance Planning and Review Procedures

The Louisiana Workforce Commission (LWC) has implemented a quarterly Performance Planning and Review (PPR) system. This modified PPR system requires that all employees have quarterly planning and review sessions.

This quarterly PPR system has been established to help employees and supervisors to:

- Identify important performance factors for each employee's job that will contribute to the effectiveness of the agency's mission.
- Establish clear and measurable individual performance expectations and goals that are directly aligned with the agency's mission.
- Communicate effectively regarding the targeted objectives, tasks and priorities of each quarter and improve feedback between employees and supervisors.
- Evaluate employee performance on the basis of objective, written documentation maintained by each supervisor.
- Address substandard performance through additional training and coaching or through the disciplinary process when an employee's performance remains unacceptable.

## Determining Rating Periods:

An employee's quarterly rating periods are at three-month intervals based on his/her anniversary date. For instance, if an employee has an anniversary date of February 1, the employee's quarterly ratings would be conducted by February 1, May 1, August 1, and November 1.

## Planning Sessions:

Existing Employees
A supervisor must conduct a performance planning session no later than 21 days after the rating deadline for each employee.

New Employees
A supervisor must conduct a performance planning session no later than 21 days after the appointment of a new employee.

Transferring Employees
A supervisor must conduct a performance planning session no later than 21 days after an employee transfers into the Commission or an employee moves into a position with significantly different duties.

New Supervisor or Performance Expectations Changes
A supervisor should conduct a performance planning session when an employee gets a new rating supervisor, when performance expectations change because of changes in duties or when otherwise deemed appropriate by the rating supervisor.

The employee must receive a copy of the completed form following each planning session and a copy must also be sent to Human Resources.

# Performance Planning and Review Procedures

## Rating Sessions:

A performance review session is to be held during the three weeks (21 calendar days) prior to the end of each quarter. The rating is to be based on the employee's overall performance for that quarter. The rating supervisor must complete the performance appraisal form and provide feedback to the employee. The employee must receive a copy of the completed form following each rating session and the original must be sent to Human Resources.

## Automated PPR System

Upon implementation, supervisors are to enter performance expectations and conduct performance evaluations using the automated PPR system. The automated system will replace all hard copies.

## Requests for Review of Rating

The Commission will adhere to Civil Service procedures with regard to the rating conducted on the anniversary date. When the Commission's rating cycle shorter than one year, ratings conducted on dates other than the anniversary date are not subject to review.

## Contact

Human Resources Division, 225-342-3055.

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<tr><td colspan="2">Contact:<br>Human Resources Division, 225-342-3055</td><td>Revision Dates</td></tr>
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## PURPOSE

The Louisiana Workforce Commission (LWC) establishes this merit increase policy for classified employees in accordance with Civil Service Rules. Merit increases are awarded as part of the LWC's overall performance management program to drive performance among all employees. Expectations for staff performance are high. Merit increases are earned based on work performance, behavior on the job, attendance record and other areas that are considered important by the supervisor and management.

## POLICY

Performance reviews under this system are a factor in decisions concerning merit increases.

An employee's performance is reviewed according to a scheduled rating cycle contained in the Performance Planning and Review Procedures. His merit review date is calculated from the end of the rating period during which a merit increase was last granted or denied. It is the supervisor's responsibility to recommend whether an employee is granted a merit increase. It is the appointing authority's responsibility to determine whether a merit increase is granted.

When a new employee has been continuously employed for six months, he becomes eligible for consideration for his first merit increase. This date becomes his anniversary date. To be granted his first merit increase, he must have earned an overall rating of at least Meets Requirements for each rating session during his first six months of employment.

For his second and subsequent merit increases, the earliest an employee may be considered is one year after his latest merit approval.

When an employee transfers in from another state agency, the Commission may assume that his performance at his previous agency since his latest performance review was at least Meets Requirements. Therefore, he may be eligible for a merit increase on his next anniversary date.

When rating periods are shorter than one year, eligibility for merit increases will include the following:

- When the rating period is three months, employees must achieve an overall rating of at least Meets Requirements in three of the four preceding rating periods.
- When the rating period is four months, employees must achieve a rating of at least Meets Requirements in at least two of the three preceding rating periods.
- When the rating period is six months, employees must achieve a rating of at least Meets Requirements in both preceding rating periods.

If a supervisor fails to rate an employee for a particular rating period, the lack of a rating will not adversely affect the employee's merit eligibility.

## RESPONSIBILITIES

### Supervisors

Review employee performance and make a recommendation regarding the awarding of a merit increase.

### Appointing Authorities

Review all pertinent information and make a determination regarding the awarding of a merit increase.

### Human Resources

Support the implementation and administration of this policy.

### Legal

Provide legal support for actual and suspected violations.

## RELATED POLICIES

Personnel Policy #21, Performance Planning and Review
Personnel Policy #55, High Performance Rewards Policy

<table>
<tr><th colspan="3">LOUISIANA WORKFORCE COMMISSION</th></tr>
<tr><td>Policy Number<br>55</td><td>Policy Name<br>High Performance Rewards</td><td>Original Effective Date</td></tr>
<tr><td colspan="2">Contact:<br>Human Resources Division, 225-342-3055</td><td>Revision Dates</td></tr>
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## PURPOSE

The Louisiana Workforce Commission will provide fair and equitable means of recognizing and rewarding exceptional performance within the framework of the Commission's performance management program. Timely and meaningful recognition of such performance is important for motivating continued high performance by individuals and by the Commission as a whole. This policy is established with the approval of the Department of State Civil Service.

## POLICY

1. The High Performance Rewards Policy will have both monetary and non-monetary rewards.
2. The lists of monetary and non-monetary rewards are maintained within the Human Resources Division.
3. A High Performance Rewards Committee will make the final decision on all recommendations regarding high performance rewards under this policy, subject to the availability of funding.
4. The committee will include executives from all major units of the Commission, ensuring consistent application of this policy across the Commission.
5. Eligibility is based on performance during the most recent rating period, without regard to performance in earlier rating periods.
6. No one is automatically approved for a reward only on the basis of their performance rating. High Performance Rewards Committee approval is also required.
7. In addition to the policy being a part of the LDOL Personnel Policy Manual, it will also be posted on the Human Resources Information Bulletin Board in the administrative complex area and a copy should be posted in the general employee areas of each local office. The purpose of this posting is to serve as a reminder to all employees that this policy is in effect and to encourage participation. A list of all recipients and the award granted will be posted in the same manner for at least 30 days after an award is granted. A list of recipients and the award granted will be reported to the Department of Civil Service in accordance with Civil Service Rules.

8. Eligible employees can be considered for reward payments totaling up to 10% of their base pay per fiscal year. These payments do not raise base pay. Pro-rated amounts can be awarded at each rating period when the rating periods are shorter than one year, e.g. up to 2.5% reward payment can be awarded up to four times a year if the rating periods are three months each.
9. Non-monetary rewards may be granted individually or in combination with an approximate value up to $50. Non-monetary rewards may include certificates, pens, parking spaces, etc. as determined by the Executive Director or his designee.

## PROCEDURE

1. Within one week of each performance review session in which an employee meets the minimum requirements for consideration under the High Performance Rewards Policy, the rating supervisor must:
    a. Recommend in writing to their manager for or against the employee receiving a high performance reward;
    b. If the recommendation is favorable, the supervisor also must recommend the type of reward and, if appropriate, the level of that reward.
    c. A copy of all recommendations, both favorable and unfavorable, including the bases for those recommendations, will be sent to the Human Resources Division and the appointing authority.
2. Within two weeks of receiving the recommendation, the manager will either approve or deny it. The manager may require a meeting with the rating supervisor to discuss the recommendation prior to reaching a determination.
3. All actions taken by the manager must be reported to the Human Resources Division, the appropriate appointing authority, and the High Performance Rewards Committee.
4. The High Performance Rewards Committee will convene regularly to consider all recommendations, both for approval and denial, and will either confirm or override each recommendation.

## ELIGIBILITY

1. Only employees who receive an overall rating of Outstanding or Exceeds Requirements without a rating of Needs Improvement or lower on any single factor are eligible to be considered under the High Performance Rewards Policy.
2. Only employees who receive an overall rating of Outstanding without a rating of Needs Improvement or lower on any single factor are eligible to be considered for monetary rewards.
3. Eligibility is determined at each rating period.

## RESPONSIBILITIES

Executive Director:

- Determines the items on the high performance rewards lists.
- Appoints the members of the High Performance Rewards Committee.
- Determines the meeting schedule of the High Performance Rewards Committee.
- Sets the schedule by which the Chief Financial Officer will certify the availability of funding to award monetary rewards.

Chief Financial Officer:

- Certifies the availability of funding for monetary rewards.

High Performance Rewards Committee

- Reviews all recommendations for rewards to ensure consistent application of this policy across the Commission.
- Makes the final decision on all recommendations.

Managers

- Must review all supervisors' recommendations regarding rewards.

Rating Supervisors

- Must make a rewards recommendation in writing for all eligible employees.

Human Resources Department

- Logs and tracks all rewards recommendations and reports regularly to the High Performance Rewards Committee.

**RELATED POLICIES**

Personnel Policy #21, Performance Planning and Review

# Available High Performance Rewards

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## MONETARY REWARDS

Eligible employees can be considered for reward payments totaling up to 10% of their base pay per year. These payments do not raise base pay. Pro-rated amounts can be awarded at each rating period when the rating periods are shorter than one year, e.g. a 2.5% reward payment can be awarded up to four times a year if the rating periods are three months each.

## NON-MONETARY REWARDS

Non-monetary rewards can be issued individually or in combination. They are:

- Certificate of Appreciation signed by the executive director.
- Meritorious Service Award. Recipients will receive a plaque presented by the executive director.
- LWC High Performance Team Membership. Team members are recognized on the Intranet with their pictures and descriptions of why they were selected. Team membership lasts for three months.
- Reserved Parking. Parking spaces can be reserved for high performers in lots close to workplace entrances. They will be reserved for one rating period at a time.

NGA Center for BEST PRACTICES

# Issue Brief

Social, Economic and Workforce Programs Division
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## Aligning State Workforce Development and Economic Development Initiatives[*]

### Executive Summary

Driven by the rapidly changing, highly competitive global economy that puts a premium on skilled workers, many states are taking steps to better align their workforce and economic development programs. When these programs are well-aligned, economic development officials work closely with their counterparts in workforce development to ensure that both long-term planning and current recruitment and expansion efforts take into account the skills of the region's workforce and the workforce development systems capacity to train additional workers. Similarly, workforce development professionals work closely with economic development officials and employers to ensure that their training and job placement efforts are designed to meet the skill needs of regional industries—especially those viewed as key to future economic growth.

In pursuing this alignment, states are confronted with the challenge of two systems that operate very differently, with workforce programs historically targeted to individuals and funded primarily through federal funds, and economic development focused on business with state and local funding. The different funding streams add a level of complexity to differences among governance and planning structures, performance and reporting requirements, and geographic focus areas. Complicating matters are very distinct institutional cultures: people in the workforce system are trained in the helping professions, while economic developers see themselves as "deal makers." Overcoming these challenges is not easy; it requires persistent leadership from officials at all levels, but particularly the governor.

This issue brief examines the reasons governors undertake such efforts, the challenges involved, and several promising state practices that highlight the critical role of governors. Some governors have merged agencies or created new coordinating bodies. Others have established common missions, goals, and performance measures. Still others have pursued economic and workforce development strategies, such as cluster-based initiatives and regional skill alliances, that by their nature promote collaboration. Their efforts point to several basic lessons for states that are considering the alignment of workforce and economic development.

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[*] This *Issue Brief* was written by Mark Troppe, National Center on Education and the Economy, with Stephen Crawford and Martin Simon, NGA Center for Best Practices.

- Complete a candid assessment of the status quo as the essential first step in determining appropriate actions.
- Evaluate the positive and negative aspects of each reform option (including restructuring versus other alternatives) and create a sequence of decisions based on the current state of affairs.
- Strengthen the quality of the economic and workforce information available to decisionmakers by revamping the data collection, analysis, and dissemination systems.
- Organize economic and workforce development activities around regions and groupings of firms to improve labor market performance.
- Use financial incentives and administrative actions to resolve the administrative and jurisdictional differences between economic and workforce development.
- Set broad performance measures across multiple workforce programs so they align with state economic goals.

## Background

Traditionally, economic and workforce development agencies, and the professionals who staff them, have gone their separate ways. Economic development agencies focused on mobilizing the state and local resources needed to achieve business recruitment or expansion deals. Workforce development agencies focused on administering a "second-chance" system of federal employment and training programs. With the emergence of a knowledge-based economy, however, it became evident that economic development requires a skilled, innovative, and flexible workforce. The severe "skill gaps" that appeared in the 1990s showed that workforce development is about much more than assisting the unemployed and disadvantaged; it also is about producing a workforce with the skills that employers need if they are to succeed in a rapidly changing and highly competitive global economy. It became clear that economic development and workforce development are two sides of the same coin, and therefore their strategies and activities needed to be aligned.

When economic and workforce development are well-aligned, economic development officials work closely with their counterparts in workforce development to ensure that both long-term planning and current recruitment and expansion efforts take into account the skills of the region's workforce and its capacity to train additional workers. Similarly, workforce development professionals work closely with economic development officials and employers to ensure that their training and job placement efforts are designed to meet the skill needs of regional industries—especially those viewed as key to future economic growth.

Such collaboration requires a level of mutual trust that takes time to develop. Trust can be nourished through committed leadership, shared missions, joint planning and reporting, and shared performance measures. Building a trusting relationship can include other approaches, such as joint staffing of governance bodies and merged research teams, jurisdictional alignments, and regional and sectoral strategies.

Yet, genuine alignment goes further than mutual consideration and assistance. When their agencies are fully aligned, economic and workforce development officials work together to create a common vision for the regional economy and its various parts that transcends employment to include innovation and entrepreneurship. They develop a unified set of goals spelling out this vision and an integrated strategy—with common performance measures and shared incentives—for achieving them.

Such advanced alignment is rare, especially at the state level, in part because states are just beginning to work at alignment and in part because it is not easy to accomplish. The quip that "economic developers are from Mars and workforce developers are from Venus" speaks to real differences in occupational cultures and institutional settings that complicate alignment efforts. A growing number of governors are taking steps to overcome the obstacles because they are concerned about their states' ability to compete in a knowledge-based global economy, increasingly aware that workforce quality is critical for economic development and job creation, and committed to making better use of resources in tight fiscal times.

***Obstacles and Challenges***

For economic and workforce developers to collaborate effectively, each party must understand the very different operational contexts in which they operate. For several decades, the publicly funded workforce system operated under strict eligibility requirements that provided services almost exclusively to economically disadvantaged and unemployed persons. This severely limited the programs' usefulness to economic developers. Although the Workforce Investment Act has provided more flexibility for working with different customers, including employed workers and employers, it takes time to change long-engrained habits, and longer yet to change the program's reputation.

Complicating matters are two very different institutional cultures. Economic developers frequently have a business background and view themselves as "deal makers." They tend to focus on companies as their primary customer, helping them with real-estate development, financing, and water or sewer infrastructure issues. They excel in putting together funding packages using multiple local, state, federal, and private resources from a variety of programs and agencies.

In contrast, workforce system staffs typically were trained in the helping professions and saw individuals as their primary client. Only in recent years have they taken a more demand-driven approach that addresses individual needs in the context of the needs of a company, industry, or regional economy.

Another ongoing difference between most economic and workforce developers is the source of their funding. While workforce agencies depend on the federal government for the vast majority of their funding, most economic development activities are funded by state and local governments. Differences among funding streams create tensions because each funding source has its own policy, reporting, and performance requirements.

To fulfill diverse and varied missions, workforce and economic development organizations typically seek to meet these requirements based on guidance from different governance boards or councils, which use different tools and engage in different planning processes that cover different geographic areas and adhere to different schedules. The responsible program officials collect data on different performance indicators that are submitted to different oversight authorities via different reporting processes. This "silo" approach occurs despite the often considerable overlap among the issues addressed and strategies outlined in the individual plans and initiatives.

## Governance Solutions to Alignment

Overcoming the alignment barriers—both structural and cultural—does not happen naturally or easily. It takes creative and persistent leadership from officials at many levels, and most critically the governor. Only governors have the authority and influence to reorganize departments, redefine missions, undertake major strategic initiatives, or reallocate state government's resources. Only governors are in a position to bargain with the legislature if necessary. Once governors decide to act, the key question is how best to achieve the desired results.

One governance approach to promoting greater alignment of economic and workforce development is to consolidate multiple workforce and economic development agencies and programs into one department under a single commissioner or secretary. Another approach uses mechanisms, such as mini-cabinets, that facilitate "structured coordination" among existing agencies.

### *Consolidation*

In theory, consolidation is a fairly straightforward way to align workforce and economic development. It typically involves merging similar agencies and programs into a single existing department or creating a new department with programs pulled from other agencies. In practice, it is usually more challenging. It can consume a great deal of time and energy due to the resistance and maneuvering of those affected. Legislators and advocacy groups may get involved, causing the governor to expend political capital in the process.

In addition, the results of reorganization often are quite disappointing. Employees sometimes spend considerable time figuring out their new roles and responsibilities, old habits can persist under new arrangements, and long-lamented silos may continue, only now within the same department. This is especially likely when the agencies opposed the consolidation and are as culturally different as economic and workforce development.[i]

Despite these challenges, organizational consolidation can produce many benefits and lasting change that justify the effort, such as unified authority and its potential for ensuring more coordinated planning, implementation, and evaluation. In addition, consolidating agencies can break up dysfunctional bureaucracies and send strong signals about new directions and expectations. The difficulty of achieving consolidation discourages subsequent political leaders from reversing direction. Because it makes intuitive sense, it is difficult to justify returning to agencies reflecting programmatic silos.

Several states have consolidated agencies and departments, usually by executive order. As far back as 1995, **Texas** consolidated 24 workforce programs scattered across 10 agencies into one new agency, the Texas Workforce Commission (TWC). Within this framework, the Texas Workforce Solutions emerged, a partnership among TWC, 28 local Workforce Development Boards (WDBs), service providers, and other stakeholders.

TWC allocates federal funds through annual contracts with the WDBs to provide services in five programs: Temporary Assistance to Needy Families (TANF), Workforce Investment Act (WIA), Food Stamp Employment and Training, Child Care and Development Fund, and Welfare to Work. TWC also contracts with local boards to operate the Trade Adjustment Assistance program and Project RIO (Re-integration of Offenders) and to locally manage Wagner Peyser staff, who remain state merit staff. This gives WDBs the opportunity to manage a broader set of funding streams and program requirements. Later, an Office of

Employer Initiatives was established in the TWC to coordinate with the Governor's Office of Economic Development and ensure that the training needs of industry sectors are served. Coordination between workforce and economic development was further strengthened when the Department of Economic Development was moved to the Governor's Office through legislation enacted by the legislature and signed by Governor Rick Perry.

Former **Missouri** Gov. Mel Carnahan and **Oklahoma** Gov. Brad Henry also consolidated their states' various employment and job-training programs and moved them into the economic development agency. In **Missouri**, Gov. Carnahan placed the resulting division of workforce development in the Department of Economic Development and Commerce under a sub-cabinet appointee.

Gov. Henry moved the **Oklahoma** Employment Security Commission (OESC)—the primary agency responsible for administering WIA programs—under the Cabinet of the Secretary of Commerce to work more closely with the business recruitment team. In part, this realignment involved local one-stop centers and employment offices and personnel who serve as initial contact points and action agents for the state's economic development efforts. A newly appointed deputy secretary of commerce for workforce development oversees the effort and reports directly to the DOC Secretary. The deputy secretary also directs the Governor's Council for Workforce and Economic Development, established by Gov. Henry to serve as the state's reconstituted WIB. The council is supported by the Workforce Solutions Staff Team, created when the Governor asked workforce department heads to designate senior executives to support the council and align department objectives and resources with economic development.

Other states have gone still further, including several that created new, consolidated departments. In 2003, after four years of restructuring efforts that included a governor's mini-cabinet and a transition team that managed the final merger, **Minnesota** Gov. Tim Pawlenty established a single Department of Employment and Economic Development. That same year, **Michigan** Gov. Jennifer Granholm created by executive order a consolidated Department of Labor and Economic Growth, and saw to it that the state's workforce investment and economic development boards shared members.

In 2004, the **Idaho** legislature passed and Gov. Dirk Kempthorne signed legislation creating a combined workforce and economic development agency, the Department of Commerce and Labor. As an outgrowth of the merger, the state held a joint meeting of economic and workforce development leaders to refine goals for better integration of economic and workforce development services. In addition, the one-stop and former job service offices added the full spectrum of economic development, community development, and related services to the menu of services in the new agency's service centers.

**Kansas** Gov. Kathleen Sebelius included higher education in the alignment of workforce and economic development. In January 2004, she issued an executive order that transferred WIA, Wagner Peyser, and adult education funds for employment and training from the Department of Labor to the Department of Commerce (DOC). The connection with community colleges was strengthened through a partnership with the Kansas Board of Regents, which cofunded an executive position with DOC to oversee the partnership.

***Structured Coordination***

Some governors are tackling the governance challenge by developing mechanisms to improve coordination among economic and workforce development agencies. For example, jobs cabinets are mini-cabinets that coordinate and focus state efforts to attract and retain good jobs. Typically they operate within the existing agency structures and are charged with bringing focus and resources from across agency lines to achieve some common objectives. **Tennessee's** Department of Economic and Community Development administers a Jobs Cabinet and Gov. Phil Bredesen chairs its meetings. In **Ohio**, Gov. Bob Taft's policy director has hosted monthly meetings of the relevant cabinet directors to promote mutual understanding.

Other states have developed additional mechanisms for promoting the desired alignment. **Virginia** former Gov. James Gilmore moved the state's WIA programs from the Department of Health and Human Services to the Department of Commerce and Trade, and current Gov. Mark Warner appointed a Governor's Special Advisor for Workforce Development to forge a system that meets the needs of workers and employers. **Florida** created Workforce Florida, Inc. (WFI), a corporate entity that oversees the Florida Agency for Workforce Innovation, with strong leadership from the legislature. Representatives from WFI sit on the state economic development board, Enterprise Florida, Inc., and the board's representatives sit on WFI.

In **Florida**, WIBs control not only WIA funding, but TANF and Wagner Peyser funds as well. Each local board has signed a memorandum of understanding with the state. The state employs career service employees and Veterans Reps, who are paid with Wagner Peyser funds but work under the day-to-day supervision of local WIB managers. Funding for salaries and benefits stays at the state level, where payroll is managed, but all other funding comes down to the regional WIBs.

In **Pennsylvania**, Gov. Edward Rendell appointed a deputy secretary of workforce development in the state's Department of Labor and Industry to oversee alignment issues among five agencies: Aging, Education, Community and Economic Development, Labor and Industry, and Public Welfare. In **Massachusetts**, Gov. Mitt Romney's cabinet-level Executive Office of Economic Development (EED) oversees four departments: business and technology, workforce development, labor, and consumer affairs and business regulation. The directors of all four departments within the EED are members of the Governor's cabinet.

**Missouri** merged its workforce development agencies into the Department of Economic Development, but also formed a team among the departments of Economic Development, Labor and Industrial Relations, and Social Services that led to the creation of nine task forces to examine specific issues and make recommendations for better aligning and coordinating their activities. State officials point to impressive results, including significant savings in administrative costs and substantially higher rates of job placement and retention. Sometimes such planning is part of a more comprehensive assessment of the state's economic and social policies.

It is important to note that such structured coordination can complement as well as substitute for consolidating programs and agencies. No organizational structure is sufficient to efficiently address the multitude of issues and populations that come and go without effective coordination across agencies. Governors need to promote such coordination, whether through *ad hoc* and temporary bodies or more permanent ones.

## Strategies and Tactics to Achieve Greater Alignment

To align economic and workforce development, reorganizing governance structures is often helpful, but it is neither necessary nor sufficient. Strategies and tactics are needed to align the everyday activities of state and local economic and workforce development officials, one-stop career center operators, community college leaders, and other key personnel. Three strategic approaches show special promise: focusing on specific industries and occupations, joint planning and information management, and integrated performance management.

***Segmenting the Market by Industry and Occupation***

A common criticism of job training programs has been that they did not train workers to meet the real needs of local employers. Often as a result, workers lack the skills they need to qualify for existing jobs, while employers have difficulty filling vacant positions, especially in high-skill, high-growth occupations and industries.

A growing body of research suggests that the most practical way to match supply and demand is to organize communications between skill providers and skill consumers according to some subsegment of the broader universe of employers. Some of this segmentation happens anyway, but states are finding that they can promote improved labor market performance by organizing their own economic and workforce development efforts around particular occupations, industry sectors, or clusters of employers with common characteristics (e.g., members of a supply chain or companies in a specific stage of growth, such as start-up firms or at-risk companies). The National Network of Sector Partners recently published a paper[ii] on sector-responsive state policy models that identifies the following common elements.

- Combining economic development goals with workforce development goals by targeting specific industries that are critical to the state or regional economy, and analyzing the workforce needs in those industries.
- Encouraging and sometimes providing incentives for the development of partnerships among multiple stakeholders such as employers, education and training providers, workforce boards, philanthropic organizations, and organized labor.
- Investing in helping employers within those industries to prepare their workforce to become more skilled and productive, and also in preparing new, dislocated, or disadvantaged workers for jobs in those industries.
- Supporting a variety of solutions to meet employer and worker needs, in addition to traditional workforce training, such as business services, supervisory training, and supportive services or ESL training for disadvantaged clients.
- Encouraging regional collaborations that cross traditional workforce and economic development boundaries or link traditional education and training systems.
- Including accountability measures that enable the state to ensure that the investments are producing the intended outcomes.

Several states have launched initiatives that exemplify this sectoral approach. Typically, these efforts are regional in geographic scope rather than statewide or local, reflecting the regional nature of labor markets. Indeed, one of the helpful steps that state leaders can take is to align economic and workforce development jurisdictions around the same regional labor markets.

**Michigan's** Regional Skills Alliances are public-private partnerships that convene key stakeholders in a particular industry to address the employers' workforce needs. The conveners of such partnerships can come from various institutions, including industry associations, labor unions, workforce boards, and community colleges. They mobilize the various stakeholders and facilitate the needs assessment, planning, and implementation of the sector initiative. Activities include examining, designing, and implementing improvements to the sector's human-resource practices; realigning training curricula; and addressing such nonworkplace issues as transportation. In 2004, the state invested $1.05 million to foster the development of 12 alliances, with no single grant exceeding $100,000. The state also offers direct technical assistance to each alliance.

**Washington's** Skill Panels, initiated by the Governor and State Legislature, are public-private partnerships of business, labor, and education working together through regional alliances to improve the skills of workers in industries vital to Washington. Industries see the skill panels approach as a successful model, providing leadership, innovation, and solutions to grow and keep a competitive workforce. The state workforce investment board provides funding to each skill panel, which leverages additional financial support from other public and private sources.

The industry skill panels continuously examine the workforce needs of the industries they serve. Panels push for change and recommend new training programs where none existed before. They demand more training capacity when there are not enough graduates to meet the industry's needs. They press for modernized training for the industry's current workforce. They demand that public training budgets are strategically used. They support economic development initiatives aimed at building industry competitiveness.

Industry skill panels increasingly influence Washington's workforce development system. Effective industry skill panels allow private enterprise to contribute intellectual and financial resources to ensure both workers and employers stay competitive. Community colleges are responding to employer needs with more flexible, higher quality training. They are expanding and creating more modular courseware options, providing additional weekend and evening classes, offering greater numbers of distance learning opportunities, and improving their systems in numerous other ways. As a result, participants in the workforce development system are better trained and prepared for industries' skill demands.

**New York** State officials decided five years ago to invest WIA discretionary funding in helping local areas meet specific business needs in important industry sectors. They launched a series of initiatives incrementally, building on lessons learned in each step. The state funded projects to understand and support career ladders, targeting key industries that use developing technologies such as information technology, biotechnology, and nanotechnology.

New York created Building Skills in New York State (BUSINYS) to provide process-improvement training that helps employees reduce production costs and increase efficiencies through processes such as lean manufacturing and six sigma. More than $20 million has been awarded to businesses of all sizes, with a significant number of awards going to small and emerging businesses. The state also initiated Accelerate New York to help companies in key industries with business planning—after state economic development officials observed that businesses' incumbent-worker training funding requests often did not demonstrate a strategic approach to training or take advantage of the opportunity to use the training to advance overall company objectives.

**Oregon** Governor Ted Kulongoski, as part of his initiatives to create and maintain jobs in the state, implemented an incumbent worker training project, the Employer Workforce Training Fund. The fund was specifically designed to increase the coordination among workforce, education and economic development entities at the local level.

Funds are awarded directly to employers for training their workforce. Projects are selected and managed by a Workforce Response Team (WRT) in each of Oregon's fifteen regions. Required membership on the WRTs includes the WIA Title IB provider, the state employment department, the community college, and local and state economic development entities. Besides assisting local employers in creating and maintaining jobs, the funds have provided an incentive for economic development, workforce development and education to work together on real projects. This has resulted in a growing awareness among economic development practitioners on the importance of workforce development and education and more demand-side thinking on the part of the workforce development and education partners.

***Joint Planning and Information Management***

Because of the myriad sources of federal and state funds, the varied planning requirements that accompany the funds, and the different agencies, elected officials, and jurisdictions responsible for them, planning efforts often occur independently from one another. Aligning planning efforts provides a practical opportunity for states to focus multiple resources on priorities agreed upon by the Governor and other state leaders.

**Illinois** Gov. Rod Blagojevich designated 10 Economic Development Regions to develop individual "Opportunity Returns" economic development plans. As part of Opportunity Returns, the Critical Skills Shortage Initiative is designed to establish local WIB-led coalitions that identify key industry sectors, collect and analyze information about shortages in key occupations, determine root causes and solutions, and develop proposals to test and implement solutions that leverage existing resources.

Using WIA discretionary funds, the Illinois Department of Commerce and Economic Opportunity awards $3 million in planning grants to these coalitions on a noncompetitive basis and $15 million in total training grants on a competitive basis to those that submit the best plans. In the first year, the training grant funds 100 percent of the cost of activities authorized under WIA. Grants are renewable for a second year to fund up to 50 percent of costs, with each region expected to secure funds from other sources to make up the difference and continue without any state funds in subsequent years.

**Indiana** Gov. Mitch Daniels is pursuing a strategy similar to the Illinois approach, with the major exception of asking the U.S. Department of Labor for a waiver to create a single state-designated WIB (plus an Indianapolis WIB). Under this single state WIB, Indiana will designate regional workforce boards with greater flexibility and accountability. In the process, the state proposed consolidating 16 local WIB areas into 11 regions that correspond with economic development and community college boundaries.

**Missouri** took a different approach, merging its economic and workforce development research units, along with the Missouri Occupational Information Coordinating Committee staff, to create the Missouri Economic Research and Information Center (MERIC). In 2004, the center began to provide comprehensive services to local WIBs. In addition, Missouri developed a performance scorecard that includes measures in three major categories: workforce development, education, and the economy. MERIC collects and analyzes the data across the three categories of indicators and reports the results to the Missouri Training and Employment Council. The combination of MERIC and the scorecard provide management with valuable information to clarify policy direction and priorities and direct their investments toward desired results.

**New Jersey** initiated a demand-side skills assessment project to strengthen the relationship between workforce and economic development and better inform the planning processes across these systems. As a first step, the state identified key growth industries in the state. Then, working with local WIBs in four regions of the state with a concentration of these industries, the state gathered data on the skills required by specific industry clusters.

During the project, the four participating WIBs formed industry advisory groups composed of local employers, educational providers, economic developers, and training specialists. These groups helped the local WIBs identify key demand occupations in their regions and the skills employers needed in these occupations. Information gathered through this process was made available to state agencies, one-stop centers, and institutions of higher education to better align the services and occupational training available through the education and workforce systems with the demands of employers in the regional economies. The effort has expanded to other regions of the state, with information on this initiative available online (see www.NJNextStop.org).

***Integrated Performance Information***

The multiple programs that invest in workforce development have dozens of different measures with numerous definitions that make it difficult for policymakers to accurately assess their collective benefits and contributions to statewide economic competitiveness. Because workforce development is recognized as a critical factor in state and regional economic development strategies, a clear understanding of its results is increasingly important to governors and other state policymakers.

Many states have taken on the challenge of aligning the measures and integrating the performance information across workforce programs, and several have made significant progress, including Florida, Oregon, Texas, and Washington. In 2004, these states joined with two other states, Michigan and Montana, in the Integrated Performance Information project funded by the U.S. Department of Labor and led by the Washington State Workforce Training and Coordinating Board. The project aimed to develop a guide for states interested in creating or further developing integrated performance information to better align workforce development programs and provide policymakers with the information necessary to make strategic investment decisions.

The project produced a "blueprint"[iii] or state guide for simplifying measures and developing integrated performance information, drawing heavily on the experiences of the participating states—particularly Florida, Oregon, Texas, and Washington. Each of these states took a separate path to integrated performance information, but they all experienced a journey that took many years and multiple steps.

**Florida**'s journey, spanning more than 20 years, involved close collaboration between the Governor's office and the State Legislature to create the Florida Education and Training Placement Information Program (FETPIP). Today FETPIP is the primary tool for informing policymakers about the performance of education and workforce programs and how these investments contribute to Florida's economic competitiveness.

The path to creating FETIP started in 1982 when the Governor's office sought to use unemployment wage records to analyze the labor-market outcomes of vocational education students. This led to legislation in 1984 to create the Occupational Identifier Project, which used unemployment wage records to measure post-program employment. The legislation also enacted performance requirements for secondary and post-secondary education that tied funding to outcomes. Building on this effort, in 1988 the legislature created FETPIP within the education agency.  Since then, the program scope has broadened to include most education programs and a variety of employment and training programs. Its functions have broadened as well to include program evaluation, performance-based funding, consumer information, and research.

**Oregon** tied the development of its integrated performance information to building a vital state economy and a competitive workforce. Today the state has a culture of shared accountability, focused on outcomes and imbedded in programs, agencies, and sectors at all levels. The Governor initiated this effort in 1988 in response to a severe economic recession. It started with a strategic-planning process, “Oregon Shines,” with the goal of creating the most competent workforce in America by 2000 and in the world by 2010.

Oregon’s process involved leaders from business, labor, education, and government and led to the formation of the Progress Board, chaired by the Governor. It also resulted in the Oregon Benchmarks: 259 measures that crossed multiple programs, agencies, levels of government, and the public and private sectors, with shared responsibility for achieving the benchmark goals. The Progress Board issued “Oregon Shines II” in 1997, which updated the benchmarks, reduced the number of measures from 259 to 100, and recognized the importance of workforce training and academic skills to jobs and the economy. Oregon’s system of cross-system workforce performance indicators has evolved into three tiers of measures: the broadest measures or benchmarks, systemwide measures, and program-specific measures.

**Texas** took the governance path to creating a system of integrated performance information by creating Texas Workforce Investment Council to assist the Governor and Legislature with strategic planning and evaluation of the Texas workforce system. Today, the council is the state’s primary source of information on building a competitive workforce.

The Texas Legislature established the council in 1993 and gave it broad strategic planning authority and oversight of the state’s workforce programs. With its majority private sector and cross-agency membership, the council also serves as a vehicle for linking workforce and economic development programs. The 1995 legislation that consolidated 24 workforce programs under the Texas Workforce Commission enhanced the council’s role by giving it responsibility for establishing systemwide performance measures for all workforce programs and moving it to the Governor’s office. Subsequent legislation has reinforced the council’s role in establishing systemwide performance measures.

**Washington** also took the governance path to integrated performance information, creating the Workforce Training and Education Coordinating Board as an independent agency responsible for policy planning and performance accountability. Today, both business and labor view the board’s performance information system as a key source of information on the performance of workforce programs and their impact on the state’s economic competitiveness.

Legislation enacted in 1991 created the board with strong support from the business community, which was concerned that the state lacked a good system for tracking the results of its workforce investments. With a majority of private-sector members and no responsibility for program operation, the board is seen as a neutral third party in establishing common measures and evaluating program performance across state agencies. The board led a two-year process of developing and adopting a performance accountability system with common performance measures. After using the system for several years, the board refined the measures to a core set of indicators.

## Conclusions and Recommendations

The emergence of regional knowledge economies and evolution of federal workforce-development programs have created new opportunities for fruitful collaboration among economic and workforce development agencies. Where that collaboration works well, the resulting partnerships facilitate progress in several areas. Most notably, they help establish combined regional entities and identities that create a climate for seeking region wide solutions to competitiveness challenges and opportunities—including those of marketing and of improving the skills and agility of the workforce.

Governors are in an ideal position to promote such alignment. They can define a vision that will win support from a wide variety of key individuals and organizations. They can use the bully pulpit to amplify the message. They can use discretionary funding to encourage collaboration in desired areas, including planning, research, staff cross-training and collocating, and even the merging of agencies or aligning of agency missions and funding streams.

There is no single right way to do any of this. Rather, the chosen path—whether it involves agency consolidation, pooled funding, joint research shops, unified regional districts and entities, or other methods—should reflect each state's economic, political, and institutional realities and be designed to achieve intended outcomes.

Nevertheless, universal lessons emerge from the experiences summarized in this Issue Brief. First, governors can play a critical role in promoting alignment. Although many economic development decisions are made at the regional or local level, governors can define the vision, use the bully pulpit to promote change, and advance specific strategies for aligning economic and workforce development activities at all levels of government. In addition, states that are successfully moving toward alignment have incorporated many of the following practices or lessons.

- Complete a candid assessment of the status quo as the essential first step in determining appropriate actions. The assessment can identify areas of misalignment and illuminate their nature and implications, relevant actors and stakeholders, the history of any previous attempts to address it, and the potential costs and benefits of reform.
- Evaluate the positive and negative aspects of each reform option (including restructuring versus other alternatives) and create a sequence of decisions based on the current state of affairs. With a clear understanding of the status quo, state leadership can begin to assess the relative merits of various approaches, from changes in governance structures to less dramatic reform options. Good decisions about consolidating economic and workforce development agencies versus alternative methods for eliciting the needed collaboration—such as jobs cabinets and other forms of structured coordination—are made with careful consideration of the political and economic contexts, history of relationships among relevant agencies, and other such variables.
- Strengthen the quality of the economic and workforce information available to decision makers by revamping the data collection, analysis, and dissemination systems. Accurate assessments and effective plans both depend on access to quality, real-time data about practices and economic conditions. Many states have improved the quality of relevant data available to key decision makers by revamping the mechanisms for data definition, collection, analysis, packaging, and

dissemination. Some states have required regional and local entities to incorporate the use of this data into plans and proposed initiatives in order to compete for discretionary funding.

- Organize economic and workforce development activities around regions and groupings of firms to improve labor-market performance. Increasingly, states are using various levers at their disposal to encourage regional and local entities to segment the marketplace into groups of employers that have a more meaningful economic context. This includes customizing targeted economic and workforce development activities to the needs of specific industries or economic sectors, clusters, start-up companies—whatever groupings make sense—to improve labor market performance.
- Use financial incentives and administrative actions to resolve the administrative and jurisdictional differences between economic and workforce development. The state can help regional and local entities sort out the confusing array of administrative and jurisdictional differences (e.g., different agencies, counties, cities, regional authorities, etc.) when studying trends or organizing responses. State leaders can use discretionary funds, reporting guidance or administrative measures such as jobs cabinets to promote the creation of aligned economic and workforce development jurisdictions and joint planning within them.
- Set broad performance measures across multiple workforce programs so they align with state economic goals. Because "you get what you measure," many states are establishing broad performance metrics that encourage collaboration and alignment across programs and funding streams. Innovative performance strategies such as an integrated performance information systems, system wide performance measures, and cross-system performance scorecards can advance these efforts.

## End Notes

[i] In *The Price of Government*, David Osborne and Peter Hutchinson go further, suggesting that "simply moving boxes on an organization chart can actually make matters worse, increasing costs while sowing confusion that hampers performance." They recommend "consolidat[ing] funding streams and 'steering' authority, so steering (policy) organizations can purchase results from any 'rowing' organizations—public or private—that can best produce them. See *The Price of Government:Getting the Results We Need in an Age of Permanent Fiscal Crisis* (Basic Books, 2004), p.13-14.

[ii] Marano, Cindy and Dexter Ligot-Gordon. *From food Processing to Fabricating Metals: a Profile of Manufacturing Sector Initiatives Across the Country*, Oakland, CA: National Network of Sector Partners, 2004.

[iii] Washington State Workforce Training and Education Coordinating Board, *Integrated Performance Information for Workforce Development: A Blueprint for States*, Olympia, WA: Washington State Workforce Training and Education Coordinating Board, 2005.