



**North Carolina Workforce System Review
and
Options for Reform
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North Carolina Workforce System Review

and

Options for Reform

Introduction

North Carolina is in the process of transition economically, in political leadership, and in the organization of the state workforce system. In 2011 the state reorganized the delivery of workforce system through administrative restructuring that placed responsibility for the primary federally funded workforce programs and unemployment compensation within the Commerce Department. In 2013 the North Carolina General Assembly enacted HB 4, significantly reforming the state unemployment compensation law; and the Governor and general assembly also increased legislative and administrative review of the overall system. Employers in North Carolina play a central role in workforce development, and have increased participation in the development and implementation of a series of reforms designed to improve the effectiveness and efficiency of the publicly funded workforce system, with particular emphasis on jobs.

Consistent with the increased role of employers in the state workforce system, business representatives have indicated an interest in obtaining an objective evaluation of the current workforce system in North Carolina, with special emphasis on the delivery of services and administration of programs under the Workforce Investment Act, the Wagner Peyser Act, the Trade Adjustment Assistance Act, and related state workforce services.

There is an increased need for effective coordination and delivery of employment and training services and to match more effectively and efficiently the workforce needs of North Carolina employers with individuals seeking work.

In reviewing the current system it should be noted that many aspects of the program delivery and performance are in transition through efforts by Governor McCrory and the enactment of SB 815 in 2012.

Reforms in Progress

SB 815

In June 2012, Senate Bill 815, An Act Initiating Reform of the Workforce Development Laws of North Carolina, was enacted. The Act established a Joint Legislative Workforce Development System Reform Committee.

The legislation also established a number of key requirements for the Commission on Workforce Development, including:

1. Submit annual comprehensive reports on workforce development initiatives;
2. Assess and report on the performance of workforce development programs;
3. Take the lead role in developing the memorandum of understanding for workforce development programs with the Department of Commerce, the Department of Health and Human Services, the Community Colleges System Office, and the Department of Administration;
4. Collaborate with the Department of Commerce on the common follow-up information management system;
5. Appoint an Advisory Work Group composed of representatives from the State and local entities engaged in workforce development activities to assist with the development of performance measures.

Duties of the Commission on Workforce Development include:

1. Setting criteria and standards for JobLink Career Centers;
2. Requiring center staff to engage in cross-education or cross training all staff on state, federal and local programs;
3. Requiring Centers to partner with the community college or colleges in the service area;
4. Requiring Centers to maintain an on-line presence on the Internet.

In addition, the Commission in collaboration with other agencies is required to conduct a review and revision of the Memorandum of Understanding for JobLink Career Centers and evaluate whether the MOU includes:

1. Commitments to provide staff to the centers and use of technology to provide a virtual presence for partner workforce development agencies that cannot provide on-site staff;
2. Development and coordination of local job development and placement processes;
3. Integration of job placement with job training provided by community colleges;
4. Establishment of cross-education and cross-training of center staff;
5. Participation in cost-and resource-sharing arrangements;

6. Mandated participation of locally administered programs such as county departments of social services;
7. Use of technology to improve center efficiencies, such as a common Web-based intake system.

The multi-agency group, which includes the Department of Commerce, was required to appoint a workgroup made up of representatives from their respective workforce development programs to assist in the review and revisions of the MOU for the JobLink Career Center.

The legislation also provided that the Commission on Workforce Development and the Department of Commerce provide programmatic, technical, and other assistance to any local Workforce Development Board that realigns its service area with the boundaries of a local regional council of governments.

A newly named Labor and Economic Analysis Division (LEAD) within the Department of Commerce was created to develop common data definitions that are shared across agencies and a common follow-up system not only for management and tracking but also for evaluation of performance.

The Department of Commerce reports quarterly to the Joint Legislative Workforce Development System Reform Oversight Committee on its efforts to strengthen the common follow-up information management system with a final report due December 15, 2014.

The legislation requires the Department of Commerce to convene a group of program administrators to develop a plan that expands the Department of Commerce intake system to include workforce development programs administered by all three State agencies.

Joint Legislative Workforce Development System Reform Oversight Committee

A Joint Legislative Workforce Development System Reform Oversight Committee was formed to monitor and oversee efforts to streamline the workforce development system, enhance accountability for the workforce development system, strengthen the JobLink Career Center system, implement technology to integrate programs at JobLink Career Centers, and improve access to workforce development activities.

The committee is required to:

1. Review reports related to the workforce development system;
2. Monitor the integration of workforce development programs;
3. Monitor the implementation of any realignment of the local workforce development areas based on the regional councils structure;
4. Monitor and review the development and implementation of the performance measures developed by the Commission on Workforce Development;
5. Monitor the implementation of improvements to the common follow-up information management system;

6. Monitor and review the programmatic requirements and the memorandum of understanding for the JobLink Career Center system;
7. Monitor and review the development plan of the common Web-based intake form for workforce development programs.

Governor McCrory's Job Plan

In December of 2013 Governor Pat McCrory released the Governor's North Carolina Jobs Plan.

Within the plan were a number of Goals for the state that impact the workforce development system.

Goal: Streamline economic, workforce and community development functions and measure the effectiveness of state developmental activities.

- 1. Develop a bold statewide approach to (i) coordinate the state's economic, workforce and community development efforts, (ii) maximize state resources, and (iii) provide high quality customer services to citizens across the state.**
 - a. Clearly define the economic development roles and activities of the new Economic Development Partnership of North Carolina (EDPNC) and relevant state agencies.
 - b. Utilize a TEAM concept between state agencies, EDPNC and local partners to deliver services to each Prosperity Zone in North Carolina.
 - c. In each Prosperity Zone, co-locate, coordinate strategic planning and streamline customer access to all state economic development resources, including business developers, tourism and marketing developers, community planners, DOT and other infrastructure planners, local DENR permitting officers, local government developers, community colleges, workforce officers, and veterans and National Guard workforce officers.
 - d. Recognize the uniqueness of each Prosperity Zone within the State of North Carolina and customize state services accordingly to avoid duplication of existing efforts.
 - e. Enhance the relationships between state agencies, the EDPNC and local partners to take advantage of each of their strengths. Measure how the EDPNC activities produce outputs, and how their outputs produce meaningful economic outcomes.
- 2. Develop measures of success through conducting an annual review of metrics and a benchmarking of competitors.**
 - a. Focus on
 - i. Greater emphasis on retaining and growing existing business
 - ii. Targeted recruiting of industry sectors
 - iii. Rural NC
 - iv. Net job growth
 - v. Average wage growth

- b. Measure outcomes that
 - i. Result in more, better jobs where people live
 - ii. Monitor activities and outputs of public-private partnership
 - iii. Measure fiscal year expenditures and source of funds
 - iv. Measure outcomes meaningful to leadership and citizens
 - v. Measure net new jobs created
- c. Develop specific longitudinal and comparative metrics at the state, Prosperity Zone, county, and industry level.

3. Integrate Key Economic Indicators Dashboard and NC Today Report for the public to access.

Commission on Workforce Development Vision, Mission and Goals

The Commission on Workforce Development – Strategic Plan, 2014-2016 includes a vision, mission and goals.

Vision – Growing the North Carolina economy by strengthening the state’s workforce and connecting employers to high quality employees.

Mission – To ensure North Carolina has an innovative, relevant, effective, and efficient workforce development system that develops adaptable, work-ready, skilled talent to meet the current and future needs of workers and businesses to achieve and sustain economic prosperity.

Goals

1. **Create an integrated, seamless, and customer-centered workforce system**
2. **Create a workforce system that is responsive to the needs of the economy**
3. **Prepare workers to succeed in the North Carolina economy and continuously improve their skills**
4. **Use data to drive strategies and ensure accountability**

Key Areas for Additional Reform

Alignment

Geographic Alignment

The North Carolina General Assembly and Governor McCrory have both made it clear that there should be improved alignment of the workforce system within the state to minimize duplication, improve efficiency and increase return on investment. The Commission on Workforce Development also included in its Strategic Plan the need for an integrated, seamless, and customer-centered workforce system with part of its mission to achieve and sustain economic prosperity.

Alignment with the overall goals of the state with respect to job development is needed and the workforce system can be coordinated more effectively if delivered through a coordinated geographically aligned delivery system.

The Department of Commerce is in the process of reorganizing JobLink Centers and local offices to assure delivery of services, particularly in light of reductions in administrative funding.

The WIA requires that there be at least one identified one-stop physical location in each local area. The Department is in the process of implementing its policy under which one-stop centers may be certified and requiring that there be at least one certified one-stop center in each WIA local area. The additional certification criteria developed by the Department is a best practice in administration of WIA. Finalizing the certification process will assist in effective coordination with each local area.

Alignment of WIA local areas with local offices that were established for delivery of UI and Wagner Peyser services can be challenging with respect to management of leases, shared space arrangements, cost allocation issues, staffing issues and customer notification.

Alignment with state goals can also be challenging when the geographic areas to be served are not aligned. Geographic alignment improves coordination of effort, efficient use of resources and continuity of services to employers and the public.

The coordination of workforce services through WIA local areas and with the broad spectrum of employment service and training providers can be challenging when alignment is lacking. Coordination of federal training grants and effective delivery of service has been recognized by Congress and legislation developed by North Carolina Rep. Virginia Foxx to address the issue at the federal level.

On March 25, 2013 a bill sponsored by Representative Foxx passed the US House of Representatives. The bill, HR 803, the Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act includes a number of provisions designed to streamline federal employment service and training programs.

The bill as passed by the House authorizes the state WIA board to designate a state as a single state local area designation and allows a state to require the local boards for a designated region to prepare a single regional plan that incorporates the elements of the local plan and is approved in lieu of separate local plans.

Even without enactment of the streamlining called for in Rep. Foxx's bill, the state has authority in federal law to require planning and collaboration across WIA local areas within the framework outlined in the statute and can seek alignment of these areas with economic development areas established in the state. HR 815 included legislative authority for the Department of Commerce to assist WIA local areas in alignment and Governor McCrory identified as one of his job development goals that workforce services be aligned with prosperity zones in the state.

Adjusting WIA local areas would call for adjustments in WIA plans and may affect funding levels and performance evaluation. However, the state may facilitate adjustments and could do so over a reasonable period of time. Incentive funds, for example, could be made available to individual areas as well as technical assistance to assure that service to customers is not impacted during transition. A more specific provision in the statewide WIA plan requiring planning for geographic alignment could be used as the point of reference and the impetus for transition.

There are a number of advantages to geographic alignment, including consistency of planning, avoiding duplication, increasing efficiency of operations and enabling the leveraging of multiple grants to serve a specific geographic area. Economic development calls for effective use of resources to create an overall package of benefits for a prospective employer that may leverage funds from multiple sources inside and outside of the workforce system. Job development grants may include the need for customized training in concert with enterprise zone designation, tax breaks, and special infrastructure arrangements in order for North Carolina to compete with other states and for that matter other countries.

Absent geographical alignment, the development of the WIA state and local plans can be adjusted to assure that there is policy alignment with economic development activities within the identified local areas and should likewise be noted in economic development plans.

Organizational Alignment

The alignment of the state workforce system operationally has a significant impact on the efficiency and effectiveness of operations and program and system performance. With respect to WIA and WP and other programs that are federally funded through the Employment and Training Administration, the state has largely consolidated program administration through the Department of Commerce, and recently added the apprenticeship program to the department as well. This alignment will assist the state in assuring the delivery of services consistent with state policy and enable more efficient use of resources.

Community colleges are an important resource for the delivery of training that may be funded through the workforce system at the state and local level, and in North Carolina community colleges have developed customized training in conjunction with a number of employers within the business community. Customized training is one of the workforce development services that has been shown to be effective not only in placing individuals in jobs that they are able to retain but also in effectively filling workforce needs for employers.

Customized training at community colleges should be coordinated through the workforce system to assure alignment in the delivery of services, to avoid duplication, and to assure consistent program administration and performance measurement.

In a diagram of the 2012 Workforce Development System employers were identified at the bottom of the flow chart receiving the benefit of apprenticeship, local offices, and JobLink. Employers should actually be significant drivers of the system. A new flow chart is needed in which employers are identified at the top of the flow chart as customers actively participating in the development and continuous improvement of services, as well as being the beneficiaries of the services.

Employers are the job creators, the entities that identify workforce needs, and are primary customers along with workers for the workforce system. Organizational alignment should recognize the active role to be played by employers in the system and should be reflected in organization charts and administration.

Physical plan (WIA and ES)

The relationship between WIA one-stop locations and local offices that may have been established for administration of UI and ES services can be complicated in developing the plan of service at the local and state level.

Since the 1980s when federal Wagner Peyser grant funding began to erode, many states have reduced physical locations for in-person service delivery, reduced staff, and relied more on telephone, electronic access to information and the internet as the primary method of UI administration and the delivery of employment services. The number of physical local office locations established for employment security administration remains at high levels in North Carolina in comparison to other states. The Department of Commerce is in the process of downsizing the physical plan while realigning service delivery and cross training staff.

In implementing the reorganization plan, a key element is the use of standards connected to customer service as a touch point for changing the physical plan. The number of job seekers and employers using local services, the distance between offices, the availability of specialized services to populations that may be centered in proximity to an office, and the availability of space with partnering community organizations and community colleges are all important factors to consider.

Branding

Another important element in setting goals for the state with respect to job development and the workforce system is the need for consistent branding throughout the state's workforce system.

The state plans to announce a statewide branding theme in June of 2014 which will provide a consistent workforce brand for the system statewide. In the meantime, the workforce system is using NCWorks as the name of the system through which labor exchange and workforce services are being provided.

We assume that the branding will be carried through the local office and one-stop system as well as other materials used in the workforce system, and that the branding will also provide an opportunity to review the quality of various products to assure consistency and build credibility and a positive image for the system.

Employer representation and participation

A key to job creation and economic development is creating an environment in the state in which employers are willing to take the risk of creating jobs. Along with reasonable tax rates, regulatory burdens that are not too imposing, solid infrastructure, and natural resources, access to a skilled and dependable workforce is necessary for a business to grow.

Employers must be actively engaged in the design and implementation of workforce system reforms, as well as oversight and continuous improvement of workforce systems.

Employer participation has been addressed in North Carolina in a number of ways.

The state Commission on Workforce Development now consists of 25 members, 13 of which are designated members representing business and industry. Federal law requires that a state WIA Board have a majority of members who are representing business and industry.

Attracting and maintaining employer representatives who reflect the interests of the business community and are actively engaged themselves at responsible levels in the companies they represent can be challenging in any state. Employer representatives should be actively recruited to participate.

SB 815 called for the appointment of an Advisory Work Group composed of representatives from State and local entities to assist the Commission with the development of performance measures. The statute did not require employer representatives. The Commission took the initiative to include employer representatives from the Commission membership on the Advisory Group. The development of performance measures should include active engagement by employers who will be evaluating whether to use the workforce system.

SB 815 called for the appointment of a work group that includes representatives from workforce development programs to assist in the review and revision of the MOU for the JobLink Career Center

system. The statute did not require employer representation; however, the Commission included employer representatives who were Commission members to be included in the group. The MOU will have a direct impact on services provided for employers and/or their participation in the workforce system.

There is no question that agency program staff have the most complete knowledge of program requirements, staff and agency budgets. However, adding employer participation in the development of performance measures by which employers will evaluate the system and/or the plan for organization of offices, systems and staff to provide services for employers, improves the development process and will lead to greater relevance to, and therefore long-term participation by, employers. Employer representatives were consulted in the initial review of NCWorks and a webinar conducted for employers. Ongoing consultations with employers should be incorporated into standard operating procedures.

For example, employers relying on access to job applicant information from NCWorks have an interest in assuring that their own systems communicate effectively with NCWorks. They should be engaged in improvements on the front end of the process as changes to the system are considered, instead of being “notified” after a change has been made.

A recent example of the value of employer consultation at the development stage is the recognition that the current NCWorks system did not as yet provide job applications and receive job postings through the DirectEmployers national labor exchange system in which nearly half of the job openings in the country are posted; many North Carolina employers post positions in that system to comply with USDOL Office of Federal Contract Compliance regulations. After recent consultations the Department recognized the need to add this capability and is in the process of adding the connection in concert with the NCWorks system support contractor.

The Vision statement adopted by the Commission on Workforce Development states

“Growing the North Carolina economy by strengthening the state’s workforce and connecting employers to high quality employees”

Yet, there is little specific mention of employer participation.

Greater participation by employers at all stages, especially the development stage, would improve the state’s ability to connect employers to high quality employees more effectively.

The North Carolina State Plan approved in December 2012 did include specific reference to employers as partners in setting policy, stating

A primary goal of the merger of what was formerly the Employment Security Commission and the Division of Workforce Development is to improve customer service, with an enhanced focus on business customers.

The development of a Business Services Section within the new Division of Workforce Solutions offers the structure for enhancing the engagement of employers, economic developers and other business-related stakeholders.

The 2011 State of the Workforce Report, published by the state's Commission on Workforce Development, speaks to the continued loss of middle class jobs and worker skill gaps that keep individuals from obtaining or moving into self-sustaining jobs.

The Commission on Workforce Development reviewed key trends indicated in the report, collected input from key workforce stakeholders and professionals, and made recommendations for enhancement of services.

These recommendations center on four recurring themes noted in the feedback:

- Creating a more demand-driven system through employer engagement and involvement
- Strengthening the service delivery system for all
- Developing more flexible and innovative training and education options
- Investing in common staff development and technology.

The merger of WIA and Wagner-Peyser services and the Commission's recommendations will lead to better alignment of business services and build upon existing collaborations with the business community at both the state and local levels.

Cross-program strategies will continue to include the North Carolina Community College system, the local workforce system, the economic development community and other key workforce stakeholders.

North Carolina was recently awarded a U.S. Department of Labor Expanding Business Engagement grant.

Participation in the Expanding Business Engagement Initiative will be a key technical assistance opportunity to thoughtfully align and improve business services in a manner that moves to a more business based service delivery model, not one that is agency-, or silo-based.

A quality, business-driven approach results in services that:

- Expand the array of business-valued services offered;
- Increase the satisfaction of employers using the One-Stop system services;
- Increase the number of employers accessing services for the first time; and,
- Increase the number of repeat employer customers.

A Business Services Section of the Division of Workforce Solutions has been created. The section is coordinated at the state level but employees are hired for each WIA local area. The section staff serve as liaisons between business and WIA local areas. Continued focus on collaboration with business locally

with state coordination can improve relationships with employers and lead to more efficient and effective use of resources.

Workforce System Funding

The workforce system is primarily funded by a series of federal program grants, including the Workforce Investment Act, the Wagner Peyser Act, the Trade Adjustment Assistance Act, the Jobs for Veterans State grants, Apprenticeship and Bureau of Labor Statistics Grants. Each of these grants, along with allocated funds from the Unemployment Insurance and Trade Act Reemployment grants are used to fund staff, systems, facilities and training in the workforce system. In many cases these grants may be allocated to enable proper administration as provided by federal rules, particularly OMB Circular A-87.

The use of grant funds in many cases may be restricted by the terms of the grant or in some cases sub-grants or special grants, creating administrative challenges for one-stops and efforts to collaborate in service delivery.

The limitation in the use of these various grant funds is often the subject of requests for waiver of such limitations at the state and/or federal level. Federal legislation has been considered on a regular basis to increase flexibility in the use of funds to better meet state and/or local needs.

North Carolina has recognized the need for flexibility and currently has a number of approved waivers, including waivers to transfer a percentage of funds between Adult and Dislocated Worker funds and to allow rapid response funds to be used for incumbent worker training. North Carolina Representative Virginia Foxx has also sponsored legislation that would provide greater flexibility in the use of workforce grant funds.

North Carolina grant funding levels are consistent with other states its size.

According to the Fiscal Research Division of the NC Department of Commerce, for Fiscal Year 2013-14 the funding levels included:

Wagner Peyser	\$19,585,198
Veterans	\$ 6,000,000
Trade Adjustment Assistance	\$28,000,000
Workforce Investment Act	\$88,561,189
Apprenticeship	\$ 1,474,447
Labor & Economic Analysis	\$ 980,980

It should be noted that each of these indicates an amount that is authorized and may be obligated with reference to that year, but a review of carry-over funds, if any, from prior years should also be conducted to get a complete handle on the amount of funds spent and remaining available. A similar review of funding streams to each WIA local area should be conducted to determine funding amounts available, spent, and restrictions as to use.

Wagner Peyser grant funding across the country and for North Carolina has been virtually flat for decades, limiting the state's ability to provide the broad spectrum of services that are listed as allowable under the Wagner Peyser grant. The grant provides sufficient funds to serve a smaller and smaller percentage of those seeking employment services. With reduced funding, the Wagner Peyser grant has become the baseline general funding grant for general employment services available to UI claimants and individuals seeking self-service. Wagner Peyser grant funds are also typically used for activities and services that are not otherwise covered by other workforce grants.

Each state is permitted to use 10% of the WP grant for special initiatives at the state level. A review of how the 10% money has been spent and is planned to be spent would assist in evaluating funds available. Wagner Peyser 10% funds could be used, for example, for staff to coordinate employment services in assisting with job creation.

The WP grant in particular is also identified as a source of funds for staff to conduct the work search test for UI claimants who are otherwise served through the UI grant. In recent years, because of the lack of sufficient WP grant funds, the use of UI grant funds and special reemployment eligibility assistance and reemployment grant funds has increased.

Veterans funding includes funds to provide services to veterans, especially disabled veterans and those with significant barriers to employment, through Disabled Veterans' Outreach Program (DVOP) and Local Veterans Employment Representatives (LVER) staff in the NC Career Centers. More general employment services for veterans are largely funded through the Wagner Peyser program and monitored by LVERs to assure veterans preference and adequate service levels.

The TAA grant includes funding for Trade Readjustment Allowance payments, training and related services for individuals who have become unemployed as a result of foreign competition. The funding level may appear high in part because it includes benefit payments, as well as funding for administration and training and other services for individuals who were laid off from trade-impacted employers.

Labor and Economic Analysis funding includes some direct funding through the Wagner Peyser Grant and a series of survey grants from the Bureau of Labor Statistics. WIA funding can also be used for the development of core labor market information and products. Federal funding for the array of labor market analysis reports and surveys has also not kept pace with costs, reducing federally funded labor market information and prompting many states to supplement federal funding to assure the capacity to

provide accurate and up to date labor market information. Properly funded LEA is key in targeting all resources of funding for workforce services and to identify occupations in demand.

The relatively small amount for Apprenticeship funding in North Carolina has thus far limited the state's ability to expand this program beyond existing apprenticeship relationships maintained in construction and industries that have historically relied on apprenticeship programs. There is a recent trend across the country to expand apprenticeship programs as a way to assure that employers are confident that prospective workers have the skills necessary to perform successfully in skilled occupations. In the absence of additional federal funding, states have entered into partnership with industries and employers to develop and maintain apprenticeship programs and some states have provided incentives to encourage employers to become involved with apprenticeship.

Automation/connectivity

North Carolina recently developed and relies on the NCWorks system and the UI GUIDE systems for administration of workforce services. The UI GUIDE system is being updated as part of a multi-state system redesign project called the Southeastern Consortium Unemployment Insurance Benefits Initiative (SCUBI). States involved in the initiative include South Carolina, North Carolina and Georgia.

The NCWorks system is designed not only to receive and maintain job orders from employers but also to receive and maintain registrations by individuals, including UI claimants. The system also enables reporting to meet the requirements of the Wagner Peyser ETA 9002 and VETS 200 reports and the WIASRD reports for WIA.

As of the writing of this report, North Carolina has agreed to use the DirectEmployers system to upload job orders from employers so that they can meet OFCCP requirements and to include these job orders and registrations in addition to the NCWorks system.

The lack of job orders from DirectEmployers in the NCWorks system may have contributed to the smaller number of job orders in the system as compared to other similarly sized states.

The North Carolina UI GUIDE system is used to process UI applications and claims. There is no cross walk between the system and NCWorks; however, staff in the career centers are required to access the system independently to enter work search information. Staff have been trained to assure that appropriate entries are made to implement the DES/DWS MOU.

The Community College connection

The Community College system plays an important role in North Carolina, both providing skills training and hosting 23 full time or part time career centers at community colleges across the state. North Carolina is among the states with the most active participation from community colleges, particularly with respect to customized training.

The Customized Training Program provides education, training and support services for new, expanding and existing business and industry in North Carolina through a network of 58 community colleges, serving all 100 counties of the state. The customized training goal is to foster and support, job growth, Technology Investment, and productivity enhancement

The Customized Training Program creates customized media development, including process manuals, orientation and process DVDs and interactive learning solutions. The program includes the development of high-quality learning solutions including classroom, lab and on-the-job training, and computer-based interactive programs and immersive 3-D simulation.

Veterans Workforce Services

According to the Bureau of Labor Statistics in its report for 2013, North Carolina ranked 8th among states in the number of veterans in its workforce. In 2013 there were 773,000 veterans 18 years and over in the civilian population. 336,000 of them were not considered to be in the work force. Approximately 408,000 were in the labor force (52.7% labor participation) and 25,000 of them were unemployed (6.2%).

The concentration of veterans in North Carolina provides a valuable human resource as well as challenges to employ those veterans who may be disabled.

Veterans as a group are typically job ready and have skills from their military experience that can transfer to civilian employment. To the extent that military training can be recognized as skill achievement for the purposes of meeting job qualifications, cross walks should be developed to enable placement of veterans.

A comprehensive report by the Labor and Economic Analysis Division of the North Carolina Department of Commerce details the number of veterans and job opportunities that may be available to them. The report notes that

The military occupational mix shows areas of overlap with some of North Carolina's largest civilian occupational groups, including concentrations in health care, automotive and transportation-related occupations, and food service occupations. In addition, several occupational specializations within the military have relevance to emerging industry clusters in North Carolina, including aerospace and aviation-related industries.

North Carolina has already enacted legislation (HB 322) to recognize military skill in determining whether a veteran qualifies for a commercial driver's license. Additional skill cross walks should be identified, as well as expansion of the North Carolina training and apprenticeship programs with veterans as a target group.

Relationship to Unemployment Insurance

The relationship between the Unemployment Insurance system and the workforce development system is one that calls for careful planning in the use of public and private resources. The number of individuals

who claim unemployment compensation on a yearly basis is much larger than the system's capacity to serve through intensive services or training under Wagner Peyser and WIA. Wagner Peyser and WIA services are available to all job seekers but the programs are limited in capacity.

In 2013, 503,975 initial claims for unemployment compensation were filed in North Carolina, 210,584 first payments were received, and 129,530 individuals exhausted state UI benefits. The overall size of the civilian labor force in North Carolina is 4,965,000 with 3,913,000 covered as in employment for purposes of the state UI program.

Recognizing resource limitations, workforce agencies generally seek to provide UI claimants with basic registration for employment services and entry into the state job matching system for UI claimants who are not job attached and are required to search for work. In the event that a UI claimant refuses to seek work or refuses an offer of work, Wagner Peyser grant funded staff may be called on to determine whether work that has been offered is suitable for a claimant.

Other services are broadly available through the Wagner Peyser grant, including labor market and occupation information, job order information, job search and development assistance, assessment and counseling services, but funds are limited.

Recognizing the need to assure that UI claimants are able to work, available to work and actively seeking work, the Department of Commerce's Workforce Solutions Division and the Division of Employment Security have entered into a Memorandum of Understanding (MOU) that describes the workforces services to be provided and available for UI claimants.

The MOU provides UI grant funding for eligibility and work search services for approximately 100,000 UI claimants in 2014, a significant percentage of UI claimants. The Department is committed to providing eligibility and work search services for individuals receiving a first week payment, and will evaluate the results of the MOU and consider the continuation of services under the MOU to even more claimants if the number of individuals receiving a first week payment exceeds 100,000 through the balance of 2014. The MOU provides for best practice services to return claimants to work more quickly and place them into jobs that they are able to retain. A review of the use of funds under the MOU would be helpful in targeting individuals who are not already job attached and focus on claimants who are able to benefit from the enhanced services.

Performance Measurement

Effectively managing the performance of a workforce system is challenging for a number of reasons, including:

1. Data may not be available;
2. Performance measurement differs based on existing grant performance measures, definitions, and reporting cycles;
3. Data that is available relies on reporting that may not be accurate;
4. The data available may not accurately measure the performance;
5. Common measures across programs provide general information that may not be sufficient to closely evaluate and change program administration to improve performance.

Wagner Peyser and WIA Performance

Workforce Investment Act Federal Performance

The Workforce Investment Act (WIA), as a condition of federal funding, requires that states enter data in the Workforce Investment Act State Record Data (WIASRD) system. Performance measurement is calculated from entries in this system on a quarterly basis. The most recent data available from US DOL is for Program Year 2012.

Appendix B is the chart from the Employment and Training Administration Atlanta Regional Office which shows performance against Workforce Investment Act (WIA) and Wagner-Peyser (WP) negotiated standards for the eight states in the Employment and Training Administration's Southeast region for Program Year 2012 (July 1, 2012 through June 30, 2013),.

North Carolina met all twelve (12) and exceeded five (5) of its negotiated performance levels for PY-12. Equally noteworthy is that North Carolina surpassed by a rather large margin nine of the twelve national performance goals established under the Government Performance and Results Act (GPRA) of 2010, falling short only on the three Average Earnings goals, which reflect national, not state-specific, wage levels. (Note: GPRA goals are in the second column on the left in the chart. Only two states in the region met even one of the GPRA wage goals (FL and TN for adults), an indication that earnings regionally lag behind other areas of the country.)

WIA Program National Outcomes for Adults Who Received Training

Entered Employment Rate	74.5%
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Employment Retention Rate	87.3%
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North Carolina

Entered Employment Rate	70.8%
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Employment Retention Rate	86.8%
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A review of the detail with respect to entered employment rate and employment retention rate for individuals receiving only core services or core and intensive services is pending.

A closer review of the staff assisted services under WIA would be helpful in evaluating performance.

Wagner Peyser Federal Performance

The US DOL requires as a condition of the Wagner Peyser Grant that states compile information to be reported about services provided through the grant. The primary report is the ETA 9002.

This report describes the number of individuals provided some service, the number of UI claimants and veterans served, entered employment rate and other information on a program year basis. The most recent national information available is for Program Year (PY) 2012. This program covers the period from July 1, 2012 to June 30, 2013.

Below is selected data from the summary of the National ETA 9002 report available on the US DOL website along with the report for the Atlanta Region and North Carolina. It should be noted that each state is different in industrial make up, claimant and veteran population. Each state has also made judgments about how it uses the limited resources available through the Wagner Peyser grant. Individuals reported as being served through the WP grant may also have been served and reported under the UI and WIA grant reporting. However, the report provides the grant specific data as a snap shot for comparison and evaluation.

National Summary

Number of Participants	18,383,917	100%
Eligible Claimants	8,534,972	46.4%
Veterans and Eligible Persons	1,389,207	7.4%
Persons with Disabilities	568,691	3.1%
Migrant and Seasonal Farmworkers	151,854	0.8%

Atlanta Region

Number of Participants	3,985,343	100%
Eligible Claimants	1,667,678	41.8%
Veterans and Eligible Persons	331,859	8.3%
Persons with Disabilities	130,649	3.3%
Migrant and Seasonal Farmworkers	33,821	0.8%

North Carolina

Number of Participants	471,215	100%
Eligible Claimants	146,799	31.2%
Veterans and Eligible Persons	51,326	10.9%
Persons with Disabilities	36,045	15.0%
Migrant and Seasonal Farmworkers	6,649	1.4%

The number of participants in the system for the size of North Carolina is slightly smaller than other states in the region. As a point of reference, Georgia reported 531,884 participants, Florida, 1,273,415, and South Carolina 418,008.

Of those reported as participating, the percentage of eligible UI claimants is significantly below other states in the region and nationally. This could be due to policy that waives work registration for claimants, and/or a greater concentration of employers that have a job attached workforce. The recent memorandum of understanding with UI should, however, increase this percentage.

It is a requirement of federal law that claimants be able to work, available to work and actively seeking work as a condition of being paid a week or weeks of unemployment compensation. A best practice in defining these terms is to require that UI claimants be registered as available for work and searching for work. The recently signed Memorandum between the Department of Commerce Division of Employment Security and the Division of Workforce Solutions includes enhanced registration and work search.

North Carolina includes a high percentage of those participating as Veterans and Eligible Persons. This concentration of veterans could be an advantage for effectively connecting returning veterans with skills to emerging jobs in fields calling for technical skills and a job ready workforce. Recent emphasis at the national level in support of returning veterans and the projected increase in veterans returning from military service should provide opportunities for special grants to the state from the US Department of Labor and from private foundations.

The percentage of persons with disabilities reported is nearly 5 times higher than the national and regional percentages. It is possible that this could be due in part to the larger population of veterans that have disabilities; however, the percentage is so high that further examination is needed. A number the size reported would suggest that special initiatives may be needed in conjunction with vocational rehabilitation and enhanced assessment and referral to other programs designed to assist individuals with disabilities in returning to work. It could also be an error in reporting or posting by US DOL. The Division of Workforce Services is looking into this.

Wagner Peyser – Types of Services

National Summary

Received Staff Assisted Services	12,001,142	65.3%
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Career Guidance	2,847,415	15.5%
Job Search Activities	6,130,616	33.3%
Referred to Employment	3,907,748	21.3%
Referred to WIA Services	1,431,286	7.6%
Received Workforce Info Services	10,860,520	59.1%

Atlanta Region

Received Staff Assisted Services	3,184,520	79.9%
Career Guidance	939,435	23.6%
Job Search Activities	1,723,512	43.2%
Referred to Employment	1,372,425	34.4%
Referred to WIA Services	165,583	4.2%
Received Workforce Info Services	2,796,917	70.2%

North Carolina

Received Staff Assisted Services	431,697	91.5%
Career Guidance	40,790	8.7%
Job Search Activities	153,415	32.6%
Referred to Employment	302,064	64.1%
Referred to WIA Services	16,717	3.5%
Received Workforce Info Services	115,855	24.6%

North Carolina is reporting a relatively high percentage of job seekers served receiving staff assisted services. The percentage (91.5%) is higher than the region and much higher than the national average. However, the services reported as being provided are significantly below the national and regional averages for career guidance, job search activities, referral to WIA services and workforce info services.

The one significant area of staff assisted services is reported as referral to employment. The high percentage of referral to employment could be the result of an emphasis on job order matching and referral, and taken independently, could indicate a successful focus on jobs. However, despite the high reported referral to employment percentage, the entered employment rate reported is not significantly different from the national or regional rate. This suggests that there may be a significant amount of churning of referrals to low wage employment.

An increased focus on targeted staff assisted services in conjunction with more careful referral could positively impact the average earnings and retention rates.

North Carolina Common Measurement

In January of 2014 the North Carolina Department of Commerce Division of Workforce Solutions issued a “first look” report at the issue of performance measurement for the workforce development system. The report includes a report from the Commission on Workforce Development and data from the department’s Division of Labor and Economic Analysis.

In 2013 the North Carolina Commission on Workforce Development convened a task force of its members and an advisory group representing each of the State workforce agencies.

According to the report, after extensive stakeholder work, core measures were developed to provide a common framework to analyze the performance of the State’s workforce development system.

The working group identified five questions to begin to assess the performance of the system:

- How many individuals participated in the workforce development system?
- How many individuals continued to participate in the system after the base year?
- How many individuals were employed?
- What were the average wages of those employed?
- How many individuals continued their education in the public higher education system in North Carolina?

Staff from the Labor and Economic Analysis Division in the Department of Commerce analyzed data from the Common Follow-up System to answer the questions above. This analysis found:

- 1.6 million people benefited from the workforce development system in Fiscal Year 2009-10;
- 59% continued to participate one year later and 43% were participating two years later;
- over half of workforce development participants work during the same year they received workforce services;
- wages increased for both adults and youth after their initial year of participation; and
- two years after participation in the system, 27% of youth were enrolled in public higher education.

The information contained in the report is said to provide the initial phase in the development of a performance metric system for North Carolina’s Workforce Development System.

The task force and advisory group will continue to meet to address questions related to:

- program specific measures,
- expected performance levels,
- levels of employer participation, and
- customer satisfaction

There are a number of areas addressed initially in the report that could benefit from further review and development.

The methodology used to develop the report so far simply uses a match of the quarterly UI wage record data by social security number against the social security numbers of program participants and then uses the wage record data reported to draw conclusions about earnings.

The methodology can be improved in a number of ways, including expanding the matching data base to include 1) national and state new hire reports, 2) wages reported to other states with respect to individuals working in North Carolina, 3) federal employees, and 4) individuals who may be incarcerated or deceased. The LEAD Division is currently working on agreements through which to access wage information from other states and federal employee information. A data base that includes individuals who are incarcerated in North Carolina is also available.

Out of state wage data may be obtained through agreement with other states to share such information and through the interstate benefit system. Federal employee wage information may be accessed through agreement with the federal government (MD and VA have such agreements), information is available with respect to individuals who are incarcerated through the Social Security Administration and prison data bases and records of individuals who have died are available. An expanded base of match information would provide an even clearer picture of performance.

An issue nationally that has gained attention is the failure generally of program measures to evaluate whether services provided by workforce development programs meaningfully contributed to the positive outcomes reported. Individuals may be reported as having received core services under WIA and subsequently are hired or rehired by an employer that was not aware that the individual was participating in core services. Individuals may register on-line under the Wagner Peyser grant only because registration is required as a condition of eligibility for unemployment compensation and subsequently be hired or rehired without any interaction with the workforce agency.

Individuals participating in training may or may not become employed as a result of their receiving the training. Growth in average wages may be associated with greater skills obtained through training or the average growth in wages may be due to an increase in minimum wage or the normal increases in wages in general in the labor market.

Leadership Opportunity for North Carolina in Performance Measurement

Although UI wage record reports are an important indicator of employment and wages of individuals who may have also been enrolled in workforce development programs the connection between hiring and workforce programs deserves closer attention with respect to whether the services provided are connected to employer hiring decisions.

What percentage of employers list job orders with the NCWorks system? How many employers use the NCWorks system to identify individuals to interview and/or hire into job openings? How

many individuals are actively referred to employers with job openings by workforce program staff? Of those referred how many are hired?

How many employers rely on workforce training services to identify qualified applicants to interview? How many of those trained and interviewed are hired?

What Customer Satisfaction information is being requested and reviewed in evaluating performance? Is continuous improvement tied to customer satisfaction?

Did people who received training obtain employment related to their training?

Did individuals employed after training or other services receive increases in wages that exceeded increases that would be provided without additional training or other services?

In evaluating program performance greater attention should be paid to claiming employment results when an individual is served through multiple programs. An individual may be registered through Wagner Peyser, claimed as receiving core and/or intensive services under WIA and also served as a veteran and the hiring may be claimed as an outcome of all programs.

Program evaluation should seek to identify the discrete number of individuals being served by each program, and the range of services provided to the individual through multiple programs that may have led to employment.

Tracking of services provided across programs can be accomplished by social security number as a unique identifier in real time as well as after completion of services. The methods used to enroll program participants and exit them from programs as having completed services should also be reviewed to assure that there is consistency in performance data that is meaningful and can be used to continuously improve services to individuals and employers.

This level of performance measurement is common in private business seeking to minimize cost and maximize customer satisfaction, but has been viewed as difficult to achieve over the span of multiple programs delivered by different state and local agencies. However, paying close attention can not only improve alignment but build credibility for the workforce system and efficient use of resources.

Best Practices

What actually works in assisting employers in filling their workforce needs and in assisting unemployed workers and job seekers in finding work that fits their knowledge, skills and abilities?

Within the workforce system there are certain recognized best practices that are most effective and recent applications of them that are worthy of consideration for implementation. The use of these tools varies by industry, by employer, and by job seeker, but all of them should be employed in order to meet varying needs of employers and workers.

On the Job Training (OJT)

On the Job Training can be effective in a number of ways. It is a service that is typically recommended to workers who are looking for immediate employment that may not require advanced skills and wages paid are entry level. OJTs are often used in the retail and other industries that are staff intensive and may be cyclical.

The typical OJT grant provides a reimbursement to the employer of 50% of the wages paid (sometimes more) to offset the employer's investment in training the individual and as an inducement to hire. Individuals participating in OJTs benefit from immediate work experience and earnings, training in the skills needed for the job, familiarity with the policies and work in the industry and with the particular employer. OJTs can also be a first step in an overall plan that includes other longer term training to enable the individual to develop skills and abilities needed for advancement to the next level of employment with higher wages.

Customized Training

Customized training is used by workforce agencies in close cooperation with employers to design a curriculum that meets the workforce needs of the employer. It may focus on one or more particular areas in which the employer is having difficulty finding staff with the skills needed to perform certain jobs in the company and may also be employed to assist in hiring for work in certain geographic areas in which it is difficult to attract employees.

Workers benefit from customized training as they not only learn a skill that is in demand but have a likelihood of placement with the employer that has designed the training.

CVS has established unique customized training program in a number of states designed to identify workers for training as pharmacy technicians, administrative support and even to prepare them for education as pharmacists.

The impetus for the CVS program was the realization that medical services, including prescription drug handling and dispensing was a growing market that required a trained staff. CVS sought to expand its presence throughout the country in all neighborhoods in order to meet the growing national demand. The program requires initial screening of applicants and referral to customized training for a range of CVS positions.

The program not only increases the entered employment rate for individuals participating in workforce services but in many cases increases the earnings at placement, the retention rate and provides individuals with a potential career ladder within the company and transferrable skills within the industry.

Through six CVS centers co-located in public labor department One-Stop Career Centers, training is delivered to over 1,500 entry-level and incumbent workers per year at each site for CVS Caremark. Traditionally, the public entities assume operation cost of the learning centers and CVS Caremark assumes the costs of training, staff, and equipment. Additionally, the partners tap training dollars available through federal and state Workforce Investment Act (WIA) legislation to support programming.

Since 1996, over 80,000 entry-level workers have been hired out of the public assistance population, and recent research shows that CVS retail stores retain 60 percent of employees referred from RLCs compared to 30 percent retention among regular employees.

The CVS Caremark Workforce Initiatives team of 25 colleagues comprises a significant investment in talent development, in addition to the cost of training and equipment. However, the corporation offsets the expense by partnering with state and federal workforce development entities and community colleges to apply for grant opportunities targeted at recruiting underserved individuals, offering them training and education, and advancing them along career pathways.

The company shows a respectable return on that investment through the leading business practice of claiming Work Opportunity Tax Credits (WOTC). By hiring from 12 groups targeted for WOTC, CVS Caremark receives the following credits:

- \$2,400 for each new adult hire;
- \$1,200 for each new summer youth hire (age 16-17);
- \$4,800 for each new disabled vet hire; and
- \$9,000 for each new long-term family assistance recipient hired over a two-year period.

Customized Training can be used as a strategy in virtually any industry and with any employer willing to work in collaboration with the workforce agency in development.

North Carolina currently has a customized training program administered statewide through the Community College System.

Incumbent worker training

Similar to customized training, incumbent worker training seeks to assist employers in identifying training needs of their workforce and provide training in concert with the workforce agency to avoid lay-off of employees or assure that the employer is able to retain current workers for work that is available.

Incumbent worker training is often combined with other incentives to retain employers in a state.

It is an additional tool that is currently available in North Carolina.

Assistance to Long Term Unemployed

The number of long term unemployed since the end of the Great Recession has been greater than any time since the Great Depression. North Carolina continues to have a significant number of long term unemployed workers who have exhausted state Unemployment Insurance benefits.

Many within this group continue to seek workforce services. The length of their unemployment in many cases makes it even more difficult for individuals to keep up with work skills and to continue actively seeking work. A best practice in serving the long term unemployed has been recognized in the state of Connecticut. It is the Platform to Employment program and is expanding to other states with private foundation support. Replication sites include Dallas, Cincinnati, San Diego and Chicago.

The Platform to Employment (P2E) program is designed first to create a pathway to employment for the long-term unemployed and to address the need for the long-term unemployed to return to work and the employer need to recruit skilled workers. The program is a public-private partnership which gives businesses a risk-free opportunity to evaluate and consider hiring participants during an eight-week work experience program.

The program includes a five-week preparatory program, including skills assessment, career readiness workshops, employee assistance programs, coaching and more. Upon program completion, the program helps participants find open positions at local companies.

Placements are made on a trial basis, paid for by the state workforce agency. The expectation is that if the company is satisfied with the performance of the candidate, a full-time job will ensue.

The program track record is very good in that 85% of participants are being placed in a work experience program and 86% of those individuals are hired onto the employer payrolls. The program has been recognized nationally and was the subject of a feature on 60 minutes in 2012.

The program works well for individuals who are long term unemployed but have significant prior work experience and skills and have not been able to transition skills to new employment. It is however an expensive program that would be difficult to scale up to larger numbers of individuals.

Reemployment Eligibility and Assessment (REA) and Reemployment Services (RES) Programs

At the end of the 1990s recession Congress enacted a provision in unemployment insurance law that required states to identify individuals who are likely to exhaust state UI benefits and provide them with enhanced reemployment eligibility assessments and reemployment services.

A pilot program involving a small number of states demonstrated that enhanced job search assistance and reemployment services could speed the return of UI claimants to work by a number of weeks, saving unemployment insurance benefit dollars, returning the individuals to work more quickly and thereby increasing tax revenue and reducing payout in public assistance.

The program grew with each state developing its own REA program until Congress began to provide specially designated REA funding each year. The EUC program recently included a modified version of REAs as a condition of individuals receiving EUC benefits.

To be most effective, however, the REA program should be implemented immediately as individuals apply for unemployment compensation and targeted to claimants who volunteer for the additional work associated with self-assessment and the development of a plan. The expansion of REA and associated reemployment services is broadly supported as a best practice to reduce the duration of unemployment and return unemployed workers to work.

The North Carolina Department of Commerce Division of Employment Security and the Division of Workforce Solutions recently entered into a Memorandum of Understanding (MOU) that would require assessments and reemployment services for every UI claimant after receiving a first week claimed. The MOU is among the most comprehensive of similar arrangements in the country. The results of the new arrangement with respect to the duration of unemployment compensation, exhaustion rate and entered employment rate will be helpful in designing continuous improvement methods.

Skills Certification

In some industries (particularly manufacturing and construction) employers wish to assure that manufactured products and/or structures meet standards set by the industry or as a matter of law.

The need for a skilled workforce is critical to a state as a tool to attract employers and to retain business that relies on access to a skilled workforce. Programs that produce skill certifications enable business to rely on a supply of workers it needs and also provides an avenue for job seekers to increase their skills and employability.

The Manufacturing Institute serves as a national source of information about manufacturing skill certification, and has developed a skills certification system.

The following areas are currently covered by the Skills Certification System:

- Foundation Skills
- Cross-Cutting Technical Skills
- Machining & Metalworking
- Welding
- Automation
- Construction
- Die Casting
- Fabrication
- Fluid Power
- Lean
- Mechatronics
- Quality
- Transportation, Distribution, & Logistics
- Technology & Engineering

The Institute is currently developing certification pathways for the following sectors:

Aviation & Aerospace
Bioscience

North Carolina has a number of community colleges that have joined as partners with the Skills Certification System and has developed a Career Readiness Certification.

Continued expansion and use of these certifications provide an additional tool for the workforce system to make effective connections to training and employment.

As mentioned in the earlier review of veterans services, an expansion to include additional skills certifications to recognize training while serving in the armed services could assist in serving veterans for placement into private sector jobs.

A review of activity in other states shows an increasing list of certifications for which military training may count in determining certification. The list includes Emergency Medical Technicians/Paramedics, Certified Nurses Assistants, Police officers, physical therapist assistants, license practical nurses, and registered nurses.

Options for Reform

1. Align the economic development areas (prosperity zones) and the WIA local areas geographically and operationally.

Governor McCrory, the Workforce Development Commission, the Commerce Department and the Legislative Oversight Committee have all recognized the value of aligning workforce services to more effectively and efficiently deliver workforce services and assist with economic development.

A review of the prosperity zones in comparison to WIA local areas, however, shows that geographic alignment at present is limited.

None of the eight prosperity zone boundaries established for economic development are coincident with the boundaries of one or more WIA local areas.

Only 12 of the 23 WIA local areas are wholly within one of the eight prosperity zones.

Geographic alignment enables the state to be more efficient in the use of resources for workforce services and economic development as it better enables collaboration in planning of services and connecting employers seeking to create jobs and to fill staffing needs with the agencies responsible for delivery of services.

Organizing outreach and service to business around economic development zones with Local WIAs and others who provide business services can form effective collaborative teams. Team members may specialize, for instance, in a particular regional industry, so that someone becomes THE business representative for advanced manufacturing or aerospace or hospitality within the region. Everyone shares resources and information to the benefit of both the individual Local WIAs and the entire region. There should be a careful review of the prosperity zones and WIA local areas to optimize the delivery of workforce services and economic development in the state.

WIA local areas are established pursuant to federal law, and the Governor and the Workforce Development Commission, within statutory constraints, have some authority under federal law to require collaboration across WIA local area boundaries. In addition, the Governor, the Workforce Development Commission, the North Carolina General Assembly and the Commerce Department have the resources and authority to provide incentives for re-alignment and to set goals and objectives for the state that take into consideration WIA local area adjustments that may be made consistent with the state plan.

Adjustments in WIA local areas and/or prosperity zones should be incorporated in coordinated state and local plans and should be encouraged along with technical assistance from the workforce commission and the Department of Commerce to improve services to employers and job seekers across the state. The re-alignment should not be expected overnight and requires careful planning over multiple program years.

Legislation should be considered to require improved alignment within a reasonable amount of time. The workforce solutions division and the Workforce Development Commission can also help by including the alignment in the state WIA plan, providing incentive funding, and assisting local areas to make adjustments with increased flexibility in the use of program funds and/or funding from WP and recognizing the impact of the transition in performance measures.

2. Establish a statewide mission and vision that is shared by the Governor, state departments and the workforce development commission.

The current mission, vision and goals for the workforce system in North Carolina are close, but could be better aligned to provide an even clearer driving mission and vision to use in the development of specific goals and objectives.

Job creation and workforce services in support of economic development should be a driving theme.

3. Review the funds from all sources that may be available to support the workforce system and reallocate funds and make strategic use of funds as necessary to meet goals and objectives across programs.

An initial review of funding sources indicates that a review of spending and funds available by grant and program will be helpful in assessing the bottom line funds available.

Federal law permits the carryover of funds under the WIA and Wagner Peyser programs from one program or fiscal year to the next. The Wagner Peyser grant has been funded at approximately \$19 million per year yet the carry over amounts have ranged until recently in the \$2 -\$6 million range. Although some carryover is to be expected, amounts in the \$4 -\$6 million range could indicate that funds should be more effectively spent.

It should be noted that the state is in the process of downsizing in light of reductions in dedicated funding from state taxes collected along with state unemployment tax; however, an analysis of the net amount of carryover funds available and their use in PY 2014 and planned use thereafter would be helpful. Reductions in spending should have a target to be met in order to arrive at a sustainable budget.

The WIA grant funds should also be analyzed at the state and local area level to assess the amounts being carried over and whether amounts obligated have been spent. Amounts obligated in areas that routinely significantly underspend should be identified and consideration given to redistributing unspent funds. The WIA grant is carrying over in excess of \$40 million each year from an annual obligation amount of \$88 million. Although there is a program need in many cases to obligate funds to assure that they are available to be spent at a future point in time (e.g. for training that lasts beyond program years), large amounts may be carried over that could be redistributed more effectively and efficiently on a statewide basis.

The Wagner Peyser 10% grant should be reviewed to determine whether it is being spent consistently with the state mission, vision and goals and in accord with federal limitations. These funds are more flexible than other funds and may be used at the Governor's discretion for performance incentives for

public employment service offices and programs, consistent with performance standards, services for groups with special needs, carried out pursuant to joint agreements between the employment service and the appropriate local workforce investment boards and chief elected officials or other public agencies or private nonprofit organizations; and **the extra costs of exemplary models for delivering services.**

4. Review the status of the NCWorks system, the UI GUIDE system and other systems in the workforce system to determine whether they are maximizing access to job orders enabling employers to effectively access information about job seekers and enabling efficient and effective administration.

Are the state of North Carolina, universities, community colleges and hospitals placing their job openings in NCWorks? Until recently the NCWorks system did not have a connection to the DirectEmployers national job bank and labor market exchange. DirectEmployers includes in its files nearly half of the job openings available publicly in the country. The addition of this connection should significantly increase the number of job orders and applications exchanged through NCWorks and positively impact employer rates.

Attention should also be paid to effective and confidential access to unemployment compensation, job search and reemployment information across programs to improve the speed, accuracy and effectiveness of work search efforts by claimants and in identifying UI integrity issues for resolution. The NCWorks and UI GUIDE systems are not currently connected, requiring additional staff work and making cross training more difficult. Long term plans should seek to improve the systems connections.

5. Continue review of the implementation of the MOU between the Department of Commerce Division of Employment Security and Division of Workforce Solutions.

The MOU provides funding for the Division of Workforce Solutions and authorized third parties to conduct Employability Assistance Interviews (EAI) for all intrastate UI claimants who have received their first payment of unemployment compensation.

The EAI requirements are detailed and adopt best practices. Claimants are required as a condition of being paid unemployment compensation that they be able to work, available to work and actively seeking work from the first week they claim benefits. The EAI includes a review of work search efforts as part of the interview and assures that each individual develops an employability plan.

The funding provided at \$25 per interview would only fund 100,000 interviews through the end of 2014 although the number of first payments may be a higher number. North Carolina made 210,584 first payments in 2013. The number of claims filed has been dropping since 2013, but a follow-up later in the year would help determine how continuing EAIs would be funded.

North Carolina is in an improved position with this MOU to reduce the duration of unemployment and return unemployed workers back to work more quickly. Updates on progress are important to assess 1) the quality and completeness of EAIs conducted, 2) whether claimants followed the EAI employability plans developed, 3) whether DWS staff actively referred claimants to DES for issue adjudication when

claimants failed and 4) the impact on duration and exhaustion rates as well as entered employment rates.

It is very important at the outset of EAI programs to send the signal that 1) claimants are required to complete them as a condition of being paid, 2) the employability plans must be followed, and 3) failure on the part of the claimant will mean that the claimant is denied unemployment compensation for the weeks that he or she fails to follow the plan. There is a tendency among workforce staff in all states not to identify UI claims issues. All claimants are not equally motivated. Many claimants are self-motivated and will immediately recognize the value of the EAI as part of their work search efforts; however, in many cases the imposition of the sanction is critical in changing behavior of the claimant to more actively and effectively search for work.

6. Actively engage the business community at the state and local level in a meaningful way and provide specialized services to attract new business to North Carolina.

On April 14th, Governor McCrory and Commerce Secretary Sharon Decker launched “NCWorks”. Under the NCWorks plan the Department of Commerce Workforce Solutions Division staff will visit with 1,000 businesses in all 100 counties in 100 days.

The plan sets forth five steps designed to help connect NC employers to the NC employees they need to succeed.

- 1) Work with one name -- NCWorks, one portal and one goal for all our workforce development partners.
- 2) Optimize a stronger response to business needs by creating a unified position in Community Colleges and Commerce. In six months, the Division will develop a plan for how business-focused workforce services can work better together.
- 3) Recharge the Commission on Workforce Development to take advantage of the industry and state leaders who sit on that commission to lead a new strategic era of workforce collaboration.
- 4) Keep a consistent flow of timely, high-quality data going to workforce partners so decisions are based on the best data available.
- 5) Scan the needs of businesses and the effectiveness of our workforce programs based on industry feedback: 1,000 companies in 100 counties in 100 days.

It can be difficult for workforce agencies to meaningfully engage employers in the development, implementation and use of the public workforce system. Employers dedicate their time to their own businesses and to assuring that they are able to survive and make a profit in a very competitive local, state, national and international environment. There must be a clear connection between active employer engagement and positive impact on the bottom line for the employer. In addition, engagement must not only be as a matter of serving on boards and discussing general workforce policy but also in hands on operational impact.

Human Resource managers and staff recruiters should be engaged on a daily basis, as well as public affairs staff and training providers.

Workforce staff should be dedicated to outreach and liaison with business in the design, implementation and continuous improvement of the systems and operations of the workforce system. Best practice models include membership and/or attendance by workforce staff at meetings of local chambers of commerce or rotary clubs, employer advisory councils or associations focused on workforce issues, dedicated space in one stops for employer representatives, and possible co-location of employer training facilities with one-stop centers. Georgia and Oregon provide workforce staff support through the Wagner- Peyser grant for employer councils that meet regularly with the workforce agency. Efforts to engage employers should be coordinated with workforce system partners as well to avoid duplication of effort and to share feedback about ways to improve customer service. The most effective coordination is not only to make contact, but to be ready with the ability to deliver services of value to employers.

What customized training would assist the employer in developing staff with skills needed specifically for work with the employer? What On the Job Training is available? What hiring tax credits are available? What apprenticeships might fit with the employers' needs? Are there skills certifications that are required or helpful, and if so, how may the employer participate in skills certification development or secure access to job seekers with skills needed for work with the employer? How can the employer enter job orders into NCWorks? What can the employer expect in the way of referrals from the Workforce Solutions Division and other workforce agencies? Have applicants referred been assessed for appropriate skills and abilities? Are they Job Ready?

A marketing plan is needed that addresses the fundamental questions above and beyond marketing there must be effective service delivery.

The publicly funded workforce system must also work with the private workforce and training sector. Collaboration with staffing companies and private training providers increases the capacity of the overall workforce system to the benefit of employers and job creation in North Carolina.

Workforce development and services must also be coordinated closely with economic development in order to attract employers to locate in North Carolina and to remain in North Carolina. The Georgia Quick Start program is a national leader in connecting effectively with prospective employers. The program is successful primarily because it bases its success on meeting employer needs.

The program is one of the state's key assets for supporting new and expanding industries. Quick Start delivers training in classrooms, mobile labs or directly on the plant floor, wherever it works best for a company. To ensure that all economic development personnel are prepared with the latest skills and strategies for workforce training, Quick Start also administers an ongoing program for professional development, the Certified Economic Developer Trainer program.

Quick Start maintains five regional offices so that no matter where in Georgia a company chooses to locate, a Quick Start team of experts is available to provide local support for any project. Training coordinators familiar with their areas and the local workforce are uniquely positioned to provide timely, customized training. Each office is also staffed with a team of graphic designers, illustrators and desktop publishers, to produce training materials, tailored to employer needs, quickly and efficiently.

In FY 2013 Georgia Quick Start delivered 133 customized workforce training programs to companies creating or retaining jobs in Georgia. 70% of projects were located outside Metro Atlanta, representing 68% of FY 2013 trainees. 90% of Quick Start projects supported Georgia's advanced manufacturing operation. 12,428 jobs were created or saved as the result of Quick start efforts. Quick start delivered 38% of its projects to companies of international origin, coming from 15 different countries involved in 50 projects.

Another best practice to consider is the Texas Skills Development Fund administered by the Texas Workforce Commission (TWC) and funded by state general funds. By using state funds with lesser restrictions and leveraging with other federal and state funds the state is able to craft customized training to meet employer needs.

In FY 2013, TWC's Skills Development Fund received 60 proposal submissions for \$24,882,285 in Skills grants; funded 40 grants, with an average award of \$537,058; served 70 businesses; supported the creation of 3,409 new jobs; and retrained 10,833 current workers in existing jobs.

TWC's Skills for Small Business initiative provides small businesses with opportunities to request training for their workers and improve overall business operations. TWC offers the Skills for Small Business initiative in coordination with the Office of the Governor's Small Business Forums. This initiative allows small businesses to select courses provided by their local public community colleges, technical colleges, or TEEX, and obtain the training they determine to be necessary for their success. Businesses apply directly to TWC for training, and TWC arranges funding with the local public community or technical college. This streamlined process allows small businesses quick access to needed training.

To help meet the Oil and Gas industry need for skilled workers resulting from the rapid growth of oil and gas exploration and production activity in the Eagle Ford Shale and Cline/Permian Basin Shale regions, TWC created the Oil and Gas Exploration and Production Capacity Building Initiative (Oil and Gas Initiative). Community colleges in these regions collaborated with Local Workforce Development Boards and industry partners, developing regional strategies to meet the workforce and capacity shortage of the oil and gas industry. TWC's Oil and Gas Initiative offered funding to public community colleges and technical colleges in the Eagle Ford Shale and Cline/Permian Basin Shale regions to develop customized curriculum and instructor training and certifications, and to purchase equipment and simulation software for use in training individuals for employment in oil and gas exploration and production.

TWC requires that the grants be in targeted demand and high growth areas and the average wages are around \$23 per hour. TWC also requires that WIBs be involved on the front end and actually compensate them with a \$5,000 fee on any grants the local WIBs originate.

Funds go to community colleges, but may also pass through businesses if businesses have their own trainers or third party trainers. TWC allows equipment purchases that can remain property of the college where there is capacity need and residual demand by employers. TWC also teams with

economic development at the local and state level to use these grants as incentives for new or expanded prospects. TWC was part of incentive packages for Toyota and GE.

7. Establish employer based performance measures in addition to tracking the broad measures of entered employment rate, retention rate and average wages, and engage employers on a regular basis with customer satisfaction surveys and focus groups to enable continuous improvement.

Are employers finding value in workforce services?

Although UI wage record reports are an important indicator of employment and wages of individuals who may have also been enrolled in workforce development programs, the connection between hiring and workforce programs deserves closer attention with respect to whether the services provided are connected to employer hiring decisions.

Tracking of services across programs can be accomplished by social security number as a unique identifier in real time as well as after completion of services. Reviews of the methods used to enroll program participants and exit them from programs as having completed services should also be reviewed to assure that there is consistency in performance data that is meaningful and can be used to continuously improve services to individuals and employers.

This level of performance measurement and customer satisfaction is common in private business seeking to minimize cost and maximize customer satisfaction, but has been viewed as difficult to achieve over the span of multiple programs delivered by different state and local agencies. However, paying close attention can build credibility for the workforce system and continuously improve performance and the efficient use of resources.

8. Establish special initiatives for veterans to enable effective return to work and increase skills certification and effective reemployment services.

North Carolina is already well aware of the opportunity and need to serve veterans effectively. The state has identified where veterans are within the state, enacted legislation to assist veterans in receiving credit for military training in determining certification for commercial driver's licenses and begun to address expanded services for the increasing veteran population that is projected.

Skills certification initiatives in other states have addressed giving credit for civilian skills certification for military training and experience and in at least one state individuals returning from military service are permitted to retain certifications that would otherwise have been lost while they were in military service.

Veterans have been identified as having skills and experience in a number of growing occupations, including health care, automotive and transportation-related occupations, and food service occupations. They may also have training and or experience that qualifies them for employment or advanced skills certification in aerospace and aviation related industries. The Management Institute is developing skill

certifications in aviation and aerospace that should be reviewed as possible connections for returning veterans.

In October of 2013, the National Governors Association selected Illinois, Iowa, Minnesota, Nevada, Virginia and Wisconsin to develop initiatives to assist states in easing veterans' transition from military service to civilian life and meaningful employment and to participate in the Veterans' Licensing and Certification Demonstration Policy Academy.

Each state is developing a plan to help service members leaving the military gain the necessary civilian credentials in three of the five following occupations (which all require state-level credentials): truck drivers, police officers, EMTs/paramedics, licensed practical nurses, plus one health care occupation of the state's choosing based on its particular needs.

Selected states are also working to reduce the number of unemployment insurance claims and the length of time for which veterans draw benefits. They are also charged with studying ways to reduce costs associated with veterans receiving credentials.

The National Governors Association maintains a Veterans' Licensing and Certification Academy that includes a list licensing and certification initiatives that should be helpful in expanding services to returning veterans.

9. Maximize grant writing and coordinate across agencies with special attention to use of funds and performance.

An effective grant writing and coordination effort can produce significant additional resources for North Carolina and enable special targeted initiatives that would otherwise not be possible. Grant writing with respect to workforce service funding should be actively coordinated at the state and local level across program and agencies to maximize the state's ability to compete effectively and properly spend grant funds.

Grant funding should be sought not only from the US Department of Labor, but also other federal agencies and private foundations. If there are limitations with respect to the entities that may apply for grants as between governmental and non-profit entities, there should be coordination to enable application and coordination of delivery of services through sub-grantees or other arrangements.

Grant funds often lapse simply because there are insufficient applications or funding becomes available toward the end of a budget period.

Also, grant applications increasingly require collaboration with employers at the local, regional and/or state basis. Employer representatives should be part of the team engaged in development of grant proposals.

A multi-agency state and local team is needed to maximize access to funds available for workforce services and development.

10. Make sure that the system uses the best practice tools that have been shown to be effective in filling employer workforce needs and assisting job seekers.

Employers in all industries should be consulted about the services that work best for them. OJT may work well for retail (with WOTC) and skill certification and customized training may work best for manufacturing. However, there is no set “formula” for effective services, so staff need to be flexible and creative in addressing employer needs.

North Carolina already provides these tools through WIA local areas, the community college system and private contractors. However, employers may not be fully aware of the benefits available to them in choosing to hire through the workforce system. Outreach to employers to make these tools widely available will increase participation by employers and connect more job seekers effectively.

It should also be noted that there may be funding limitations under WIA and other training programs that need to be managed along with outreach efforts.

11. Review the community college customized training program curriculum along with changing employer needs to keep training up to date and assure that customized training is coordinated with the state mission, vision and goals and objectives as well as delivery of services through local areas.

North Carolina has a very active community college system engaged in workforce training throughout the state. With 23 full or part-time workforce offices located at community colleges, North Carolina has an organizational connection between the WIA funded system and the community colleges that is among the most active in the country.

It is critical that customized training be developed in accord with individual employer needs to assure that the individuals completing training are prepared for employment with the employer and the employer has confidence in their ability to perform with the skills and abilities required for the job.

Flexibility to modify training curriculum through a community college or a private training contractor is needed to assure that the training meets employer needs. Customer needs should drive and inflexible curriculum should be avoided. Continuing employer feedback, through focus groups, customer surveys or regular contact, should be used by WIA local areas and community colleges to evaluate when training curriculum may need to be revised and the local WIA area and community colleges should meet customer needs on a timely and responsive basis.

12. Institute continuous improvement and meaningful customer service surveys to evaluate performance.

The reputation of the public workforce system is key to its increased use by employers, the confidence of job seekers in the value of services provided, and the public view of the agencies providing services.

North Carolina is already planning new branding for the state and for the workforce system. Branding is an important first step, along with staff customer service training. North Carolina should also create a continuous improvement approach to service delivery that drives the system and is measured by

customer satisfaction in addition to the various program evaluation numbers of entered employment and wages at placement.

The workforce solutions division has implemented a customer service survey for new individual NCWorks users and plans to use the results of these surveys for continuous improvement in local offices. A survey for employers is in the process of development.

Continuous improvement calls for regular performance reviews that include customer satisfaction. Reports of customer satisfaction and focus groups should be provided on at least a quarterly basis.

13. Reorganize and expand the Apprenticeship program

Apprenticeship is expanding in many states beyond the traditional building and construction and specialized manufacturing trades to many more industries. A model state that is very close to North Carolina, South Carolina has expanded Apprenticeship through the Apprenticeship Carolina program and has become a recognized model for other states to consider.

The South Carolina model not only continues to serve the traditional apprenticeship programs but has expanded to include Healthcare, Transportation and Logistics, Tourism, Energy/Utilities, and Information Technology.

The program includes a combination of apprenticeship training designed with an employer with a \$1,000 credit to the employer for each registered apprentice employed for seven or more months in a year while in the program.

South Carolina developed a specialized program with BMW called “BMW Scholars’ through which apprentices are placed with BMW in South Carolina.

The current Apprenticeship in North Carolina was recently moved to the Department of Commerce and has had limited funding for a number of years. A review of the operations in light of the need for expanded use of Apprenticeship is needed.

Reviewing Team

The reviewing team includes Doug Holmes, President of UWC - Strategic Services on Unemployment & Workers' Compensation, the primary national association representing business in unemployment insurance legislation and policy and Helen Parker, former Regional Administrator for the U.S. Department of Labor, Employment and Training Administration, Southeastern Region.

Douglas J. Holmes, President, UWC-Strategic Services on Unemployment & Workers' Compensation



Douglas J. Holmes began as President of UWC in November, 2006. In his position as President of UWC, Doug serves as a legislative and policy resource for business. UWC counts as members an array of national and state business trade associations, Fortune 500 companies and third party administrators. Doug also serves as President of the National Foundation for Unemployment Compensation & Workers' Compensation, which produces regular comparisons of state law and hosts the annual national unemployment insurance issues conference.

Doug previously assisted the North Carolina Chamber in formulating the review and recommendations related to unemployment insurance reform legislation that was enacted in 2013. Mr. Holmes joined UWC after more than 22 years in positions in the public sector in which he developed policy and administered the federal/state unemployment insurance system and workforce programs.

During his tenure in state government, Mr. Holmes served as Deputy Administrator of the Ohio Bureau of Employment Services, Deputy Director of the Ohio Department of Job and Family Services, Ohio Unemployment Insurance Director, Chief Counsel for Unemployment Insurance, and Secretary of the Ohio Unemployment Compensation Advisory Council appointed by the Governor.

As Deputy Administrator of the Ohio Bureau of Employment Services, Mr. Holmes was responsible for statewide administration of workforce programs funded through the US DOL Employment and Training Administration. He also served as Assistant Director/Chief of Staff of the Franklin County Department of Job and Family Services and on the Board of the Central Ohio Workforce Investment Council.

In addition to his work in Ohio, Mr. Holmes served as Chairman of the UI/ES Reform Workgroup for the National Governors' Association, coordinator of the Coalition for Employment Security Financing Reform, and a member of the US Department of Labor UI Reform Workgroup. He has been a frequent speaker on the topic of the unemployment insurance system before Congress, state legislatures, state and national business organizations, state agencies, and labor organizations.

UWC has served as the coordinator of a broad based UI business coalition seeking relief from federal unemployment taxes and advocating for improved integrity of the UI system. Mr. Holmes is an Attorney, and graduate of the Ohio State University and the University of Toledo College of Law.

Helen N. Parker



Helen Parker served as Regional Administrator, Region 3 Employment and Training Administration – Atlanta. March 9, 2003- February 28, 2013.

As Regional Administrator, Helen led a staff of 43 employees who provided leadership to national, state and local leaders to develop workforce solutions to meet the needs of employers, workers, and communities. In her role she managed a grant portfolio averaging \$4 billion across eight (8) states, including North Carolina.

Prior to her tenure at the US Department of Labor, Helen served for 19 years as Assistant Commissioner for Employment Services, with the Georgia Department of Labor. She also served as Chief of Job Training, Metro Atlanta Service Delivery Area (SDA) where she ran a 5-County JTPA Program, various positions with the Georgia Department of Labor, and from 1974 until 1976, Helen served as an Employment Interviewer with the North Carolina Employment Security Commission in the Durham Local Office.

Ms. Parker attended the University of North Carolina at Chapel Hill where she earned both a B.A. in 1968 and M.A. in 1970. In 1977 Helen earned a Ph.D. in 1997 from Duke University and in 1989 she earned an M.P.A. from the University of Georgia.

Appendix A

Division of Workforce Solutions

Responses to Legislative Questions

Submitted March 25, 2014

1. What are the state criteria for certification as a one-stop?

Please see attached criteria that were established by the Commission on Workforce Development.

2. Did all local areas have applications for certification of at least one one-stop?

All local areas were required to submit an application to the Commission on Workforce Development for certification for at least one one-stop by March 1. Sixteen local workforce boards have submitted applications and an additional seven boards have requested additional time ranging from two to eight weeks.

3. Which local areas currently have certified one stops and where are they located?

Two workforce offices have been certified – Waynesville (Haywood County) and Lenoir (Caldwell County).

4. How many one-stops are located in previous employment security buildings? How many are located in other facilities, broken down by address and kind of facility (leased, donated space in library, etc.)

Please see the attached map that shows the locations of all of our workforce offices. These offices are locations where we are providing Wagner-Peyser and/or Workforce Investment Act services. We are in the process of integrating the staffs of these two programs and working towards having all workforce offices fully integrated to provide the best customer services. Overall there are 98 full-time and 27 part-time workforce offices across the state that provide Wagner-Peyser and/or Workforce Investment Act services.

- 70 offices are in former Employment Security Commission Buildings
- 12 full-time and 11 part-time offices are located on community college campuses

5. How many ancillary or spoke physical sites remain in each local area? Where are they?

Please see the attached map. In addition to the full-time offices mentioned above in question 4, Wagner-Peyser and/or Workforce Investment Act services are provided at 27 locations on a part-time basis.

6. Which certified one-stops and ancillary physical sites are located in facilities in which there is federal equity (e.g. purchased with Reed Act or UI or Wagner Peyser grant funds)

DWS does not own any offices.

7. How do the economic development areas compare to the WIA local areas?

Please see the attached map that show the proposed Prosperity Zones and the local workforce development board areas.

8. Is NCWorks the system that is currently being used as the labor exchange system in which individuals register for work and employers place job orders?

Yes. NCWorks Online was launched in August 2013 as the state's new labor exchange system.

9. Is NCWorks the system that is used to generate the information for the WIASRD report and the 9002 ES report to the US Department of Labor?

Yes. NCWorks Online is used for job matching, case management, and performance reporting. Information from NCWorks Online is used for the WIASRD and 9002 reports.

10. What is the relationship between the Charlotte Works and NCWorks systems? Is Charlotte Works an enhanced application to enable individual employers to effectively recruit?

Charlotte Works is one of the local workforce investment areas established in the Workforce Investment Act. The Charlotte Works area covers Mecklenburg County.

11. What is the 10% (Governor's Discretionary fund) of the Wagner Peyser grant currently being used for?

The Wagner-Peyser program includes a 10% discretionary fund that according to the federal law must be spent on performance incentives, services for groups with special needs, or the extra costs of exemplary models for delivering service. North Carolina has used this 10% discretionary funds to provide incentive staffing for offices with the highest productivity and to serve special populations such as former offenders, migrant workers, and people with limited English.

12. Over the last five years, how much of the Wagner Peyser grant has been carried over from one program year to the next? How much of the WIA grant has been carried over each year for the last three years? Has North Carolina ever lost the use of WIA funds because of the carry over limitation?

Below is a summary of the funds that have been carried over for Wagner-Peyser and WIA. North Carolina has never lost Wagner-Peyser or WIA funds due to carry over limitations.

Wagner-Peyser

Program Year	Carry Over
PY2009	\$2,022,362
PY2010	\$4,071,608
PY2011	\$4,600,119
PY2012	\$2,553,709
PY2013	\$6,702,439
PY2014	\$0 (estimate)

WIA (includes funding obligated to local areas but not yet spent)

Program Year	Carry Over
PY2011	\$47,800,891
PY2012	\$38,063,445
PY2013	\$41,212,950

13. How is NCWorks and the UI benefits system connected? How do either or both systems track claimant job search, referral and training activity?

NCWorks Online and the UI benefits system (GUIDE) are not connected. NCWorks Online captures information on services provided to individuals including, but not limited to registration, job referrals, and training. UI GUIDE captures data on UI claimants and claims filed.

Division of Employment Security staff can obtain access to the NCWorks Online system to access registration data, work and salary history, job availabilities within a certain area, and imaged work-search and driver's license documents.

14. If there is a failure by a UI claimant to search for work or failure to participate in REA or other required employment services how is the issue flagged for UI adjudication?

The Divisions of Workforce Solutions (DWS) and Employment Security (DES) have worked together to develop electronic methods to refer claimant issues such as failure to report or failure to seek work. DWS staff has access to the UI benefits system and can enter notes regarding specific claimants and report claims issues. DWS staff also use an electronic form that is completed and sent to appropriate

DES staff when a potential claims problem has been identified during an (Reemployment Eligibility Assessment) REA interview or during other contact with a UI claimant.

DWS and DES recently signed an MOU for the Employability Assessment Interview (EAI) program. This program requires individuals receiving unemployment insurance benefits to visit a workforce office for an in-person, one-on-one meeting with a workforce specialist. These meetings will provide meaningful assistance to help the individual get back to work as quickly as possible. The individual is also required to provide a photo ID and proof of their work search activities. Staff record in the UI benefits system whether or not the individual attended the meeting. If an individual does not report within seven calendar days he/she is ineligible for UI benefits until he/she attends a meeting. Depending on the reasons for missing the meeting, an individual may be disqualified for any weeks during which he/she did not report through the DES adjudication process.

15. What is the process of verifying that an individual who is claiming UI and participating in approved training continuing in training so as to be eligible for UI?

Claimants participating in approved training (WIA or Trade Adjustment Act) are required to report to their local workforce office every four weeks. They must bring their class attendance sheet and at the end of every semester their course grades to show they remain in training and are progressing successfully. Follow-up appointments continue for one year after completing training to determine their employment status and job retention.

16. Who performs assessments of individuals registering for work and UI claimants to develop employability plans in anticipation of referral to employment and/or training? How is the assessment performed? (Self-assessment tool, one-stop staff). How is assessment conducted? (On-line, face to face) Paper documentation? How many are done on an annual basis?

Assessments are performed by staff in the local workforce offices. A variety of assessments are used to determine an individual's skills, interests, and other necessary information. Assessments are performed in many ways including self-assessments and staff assisted use multiple methods including online and face-to-face depending on the individual's needs and skills.

In addition, staff work with individuals to develop an individual employment plan which contains information on:

- Barriers to employment
- Referrals to services to address barriers
- Skills assessment
- Job development contacts
- Job search and placement assistance
- Labor market and career information
- Detailed outline of job search provisions including types of work being sought, geographical area for work search, and minimum salary desired.

The plans are required for individuals attending an EAI or REA appointment and are stored in NCWorks Online or in local workforce office files.

17. How is social media being used to facilitate labor exchange activity between UI claimants and registrants and employers?

DWS launched and regularly updates its Twitter, Facebook, and LinkedIn pages to promote the services available through our workforce offices, news about upcoming job fairs, and other employment-related events and subjects that may be of interest to our customers. Staff are always exploring ways to use social media more effectively.

18. Is the NCWorks system feeding information to the Directemployers system? How is the Directemployers system connected?

NCWorks Online uploads NC job openings to the National Labor Exchange (NLX), a national job bank operated jointly by the Direct Employers Association and the National Association of State Workforce Agencies. An upgrade in March 2014 allows NLX jobs from other states to be downloaded into NCWorks Online.

19. What is the scope of the current Apprenticeship program? What occupations are covered? How many are being served? How much is being spent?

In January 2014, the U.S. Department of Labor, Apprenticeship and Training Bureau moved from the N.C. Department of Labor to the N.C. Department of Commerce. This move helps to continue to integrate the state's workforce programs to ensure alignment and coordination across programs.

The Registered Apprenticeship program helps workers learn new specialized skills needed in today's workforce which combines on-the-job training with classroom instruction so participants can become fully competent in the professional knowledge, skills, and proficiency of an occupation.

In calendar year 2013, the apprenticeship program served 4,608 people including 1,312 veterans. There are currently 1,675 different trades in which apprentices can work.

The current budget of the Registered Apprenticeship program is \$1,604,447

20. What is the scope of current efforts to serve veterans? How many are served? How served?

The Division of Workforce Solutions receives a federal grant annually from the U.S. Department of Labor, Veterans Employment and Training Services (USDOL/VETS) specifically for employing veteran program staff to assist military veterans seeking employment and training opportunities. The Jobs for Veterans State Grant (JVSG) currently provides funds for 84 veteran staff in workforce offices located throughout the state.

JVSG veteran staff serve transitioning service members, veterans who served on active duty in any of the U.S. Armed Forces, and other eligible persons by providing them employment, education, and training assistance and referrals.

Forty four staff members are classified as full-time Local Veteran Employment Representatives (LVER). These veteran staff members have primary responsibilities to conduct employer outreach by visiting federal and local employers acting as an advocate for veterans to create employment opportunities. They provide direct reemployment and referral services to all military veterans and provide training to other workforce system partners and their staff to provide current information on veteran program policies, procedures, and issues affecting veterans. LVER act as a liaison with veteran service organizations, other service agencies, and participate in the organizing and execution of veteran job fairs, homeless veteran stand downs, employment workshops, and Yellow Ribbon events for the Guard and Reserve.

Forty staff members are designated full-time Disabled Veteran Outreach Program Specialist (DVOPS) who work with disabled veterans and veterans with significant barriers to employment. They conduct

outreach within their local areas of responsibility by visiting homeless shelters, soup kitchens, half-way homes, VA medical centers and clinics, bridges and parks to locate and identify homeless veterans, disabled veterans, veterans who are economically or educationally disadvantaged and other veterans deemed to have significant barriers to employment. DVOPS staff provides intensive services and assistance utilizing the case management approach to these targeted veterans to assist them in overcoming their barriers and obtaining gainful employment.

This past year veteran program staff members, working with local partners, organized and participated in 52 veteran job fairs and 13 veteran stand down events. Stand downs are community service efforts to provide a broad range of services and supplies to disadvantaged and homeless veterans. Services range from local dentists and barbers donating their services for the day, to warm winter clothing and footwear for veterans.

During the most recent completed program year 51,326 veterans registered for employment services, 47,996 received staff assisted services, and 13,270 veterans received intensive services. These services resulted in 23,460 obtaining employment. North Carolina has recently been awarded additional funding for serving veterans with barriers to employment and has submitted a plan to USDOL/VETS which will allow us to hire an additional 12 DVOPS staff members. These staff will be assigned to locations with significant veteran populations that currently do not have assigned DVOPS staff.

All veterans program staff members in our DWS offices are military veterans. These staff members are dedicated to assisting other veterans and to providing them the services and assistance they need to make a smooth transition from the military to civilian life.

21. Who is responsible to develop responses to grant proposals that may come from federal agencies for funds for workforce services? How are the various state agencies and employers coordinated to respond to grants and to coordinate efforts to deliver services to meet the requirements of grant funding that may be obtained?

When the division is an eligible applicant, staff from the Grants Management Section within the Division of Workforce Solutions are responsible for the development of responses to grant proposals. Other program staff within the division are utilized in grant preparation based upon the focus of the grant, for example Veterans Program staff are used when applying for grants related to veterans. Coordination

with other state agencies and/or employers occurs based upon the focus and target populations of the grant opportunities.

22. Have the staff responsible for delivering workforce services been trained in customer service? What training and when was it provided?

Career center (one-stop) certification requires all workforce office staff to have customer service training. This training was provided across the state to workforce office staff during 2012 and 2013. Nearly 1,500 people were trained in 2012 and almost 1,300 in 2013. Since January 2014, the Workforce Development Training Center has been offering customer service training in an integrated services environment and nearly 800 people have participated since the beginning of the year.

23. What has NC reported to US DOL through the WIASRD and 90002 reports for the last three years for the state as a whole? What have the individual WIA local areas reported with respect to WIA performance measures?

Please see attached.

Note: attachment names correspond to the question requesting the information.

Appendix B

The federally mandated measures and abbreviations displayed on the following chart are:

For the Adult and Dislocated Worker (DW) programs under the Workforce Investment Act and for Wagner-Peyser (WP) services: Entered Employment Rate (ERR), Employment Retention Rate (ERR), and Average Earnings (AE).

For WIA Youth (Y) programs: Placement (in further education, employment or the military), Degree attainment, and Literacy/Numeracy (Lit/Num) gains.

White boxes indicate that the state met the standard (by federal definition, achieved at least 80% of the negotiated measure). Blue boxes indicate that the state exceeded its negotiated standard. Although no state in the region failed to meet a negotiated standard, red numbers would mean that a state failed to meet a standard.