



TO: Education and Labor Subcommittee on Higher Education and Workforce Investment
FROM: Patrick (PJ) McGrew, Executive Director, Governor's Workforce Cabinet
RE: Workforce Innovation and Opportunity Act Reauthorization: Creating Employment
Pathways for Dislocated Workers
DATE: May 25, 2021

My name is Patrick J. (PJ) McGrew, and I serve as the Executive Director for Indiana Governor Eric J. Holcomb's Workforce Cabinet. Thank you Chairwoman Wilson and Ranking Member Murphy for the opportunity to speak today about the unique and successful programs we have implemented in Indiana to address critical workforce shortages providing Hoosiers with the skills they need for greater economic mobility. Governor Holcomb listed Workforce Development among his top tier priorities in his first and second terms as the record-breaking expansion and business investment in Indiana continues.

The Workforce Cabinet serves as the state's workforce board as outlined in the Workforce Innovation and Opportunity Act (WIOA). However, we serve as much more than a typical workforce board. Early in his first term, Governor Holcomb recognized that finding solutions to our workforce issues were paramount to both Indiana's long term economic viability and the economic mobility of Hoosiers. As such, in 2018, at the direction of Governor Holcomb we were tasked to re-think how our workforce system operated. We worked with the state legislature to separate and elevate our workforce board from within the Department of Workforce Development, restructure the membership (the board had grown to an unwieldy 53 members), added additional responsibilities that would allow us to begin to break down the silos that exist between state and federal programs that are administered by different agencies, and began our work toward a common goal of providing individuals opportunities to receive the services they need to move into quality employment with a chance for greater economic mobility.

The restructuring of our workforce board did necessitate a waiver from the US Department of Labor (USDOL). The Cabinet is still comprised of a majority of employer partners. However, to truly operationalize the system to better serve Hoosiers, we felt that it was important to have someone from within state government be the chair rather than a CEO that does not have the time necessary to gather the goals and prioritize implementation with partner agencies for true systems change.

The Governor's Workforce Cabinet is able to coordinate activity across the Department of Workforce Development and the Commission for Higher Education on the state's signature state-funded workforce program, NextLevel Jobs that was created in partnership with Governor Holcomb and the Indiana General Assembly in 2017. The NextLevel Jobs program is Indiana's umbrella program for two different funding streams: the Workforce Ready Grant and the Employer Training Grant.

The Workforce Ready Grant is targeted to individuals and includes free training for up to a one-year certificate program at several postsecondary institutions as well as qualifying providers on our Eligible Training Provider List (ETPL), maintained through WIOA. We do have criteria for provider access that goes above and beyond our traditional ETPL. Each program must be in one of five targeted sectors that are vital to the state's economic growth: Advanced Manufacturing, Building and Construction Trades, Business and IT, Health and Life Science, and Transportation and Logistics. The training must also meet a threshold for wages, current demand, 2-year demand, and 10-year demand to be eligible. The results of

the program are overwhelmingly positive. In just three years of operation, we have had over 44,000 individuals enroll in training, over 22,000 individuals complete training, and are seeing wage gains of \$6,800 one-year post program completion.

The Cabinet plays a critical role in ensuring alignment of the programs that are available through our postsecondary providers that work with the Commission for Higher Education and those providers that work with the Department of Workforce Development through the ETPL.

Last year, under the leadership of Governor Holcomb and the new Cabinet structure, Indiana submitted its first Combined WIOA Plan, A Better Future for Every Hoosier. In the Plan, we prioritized better integration across state and federal programs, and we are now leveraging our local workforce development boards to help implement our NextLevel Jobs programs. This is a significant change to how state-funded programs and the federal workforce system have operated previously. This type of collaboration would not be possible without restructuring and redesigning the role of the state workforce board to be more intentionally focused on other parts of the talent development system rather than just WIOA. The Governor's focus has been on meeting people where they are and helping them get to the next level. With that in mind, we took a much different approach to the development of our WIOA plan and used a human-centered design process to put the emphasis on the people that were being served across the system rather than on the programs themselves.

While a focus of WIOA is to include better employer engagement between the local workforce boards and employers within their communities, we have decided to equip them with additional resources through NextLevel Jobs funding to help facilitate meeting employers' training needs.

Another critical component of our NextLevel Jobs program includes an investment in employer-led training through our Employer Training Grant program. Like the Workforce Ready Grant program, the outcomes we have seen since the inception of this program are noteworthy. Over the past three years, over 2,900 employers participated in this program, serving 26,500 individuals enrolled in training, resulting in average wage gains of \$5,900 per year.

The program was intentionally streamlined and designed not to be time consuming for employers to enroll. Employers can now work with a business service representative from their local workforce board or directly with the Department of Workforce Development team to access the grants. A state or local partner will put together a training plan that outlines the type of training that will take place, the occupation that the training will provide the individual, and the wage gain that the trainee will realize if the training is for an incumbent worker. Once the training is complete and we have verified wage gains and employee retention, then the employer is eligible for up to a \$50,000 reimbursement to cover the cost of training.

Access to training is only one variable in the equation to help provide Hoosiers an opportunity to gain quality employment. Career Coaching and working with employers to identify their needs are reasons that we have been proud to partner with Skillful Indiana the past three years. In the fall of 2018 Governor Holcomb and Markle Foundation CEO and President Zoe Baird announced that Indiana would become the 2nd Skillful state. Skillful is a non-profit initiative of the Markle Foundation aimed at enabling all Americans to secure good jobs. In partnership with Skillful, we have launched the Governor's Coaching Corps. This annual cohort of career coaches was established to provide comprehensive training to career coaches from across the system. Participation has included coaches from K-12, Vocational Rehabilitation, the workforce boards, community college, and adult education all working together to provide comprehensive career coaching to clients regardless of where they access those opportunities. The nature of the training was an intensive, in-person model that was disrupted by the pandemic. We were fortunate

to receive grant funding enabling us to transition the training for career coaches into online modules and are now using them to help train all our career coaches within the community college system and beyond. Skillful also plans to utilize that training as a model in other states they partner.

Skillful has also been working with our local boards and employers across the state to take a deeper look at the skills necessary for the 100,000+ open positions throughout Indiana. This has resulted in a train-the-trainer model where employers are transitioning to more skills-based hiring practices rather than simply using a degree as a proxy for what is necessary for employment.

We are extremely proud of the progress we have made in Indiana to address critical workforce shortages while providing Hoosiers with 21st century skills. However, there is always room for improvement especially as we work to connect Hoosiers to programs and resources needed to move from unemployment or low paying job to a promising career pathway.

The Workforce Innovation and Opportunity Act has lofty goals, but some of those concepts have had a negative impact in practice. For example, changes to the infrastructure agreement concept and process can be improved upon so there is less friction between core programs and partner programs by allowing state boards to help facilitate those conversations. Incentivizing collaboration may be a way to help strengthen those partnerships.

Flexibility in how funding can be utilized and the way in which the system is funded could provide enhanced implementation of programs through the local boards. The pandemic has taught us that shifts in employment can happen rather quickly, and reliance on the unemployment rate for the amount of funding available could be examined.

Better connectivity between the workforce and education systems would provide a bridge from current employment to lifelong learning and an actualized career pathway. We hear quite often from our boards that there are not enough training funds available. If there was some connection to the education system, financial aid dollars could be utilized to help offset training costs, in particular through the community college system. Any additional flexibility regarding Pell eligibility for non-credit programs on a state's ETPL that count toward credit bearing programs through prior learning assessments would make a great pilot for states that have set up programs like our NextLevel Jobs program.

Restructuring of state workforce board membership requirements could also provide better connectivity between state and federal programs similar to Indiana's positive results with the creation of the Governor's Workforce Cabinet and subsequent waiver from USDOL.

In summary, again, thank you for the opportunity to provide members of the Committee with Indiana's experience and recommendations for improvements in WIOA as debate begins to reauthorize this important federal legislation. Indiana stands ready to serve as a model program, measuring results and impact in wage growth and upward mobility in key sectors of our growing economy.