

**V E R M O N T**

**Workforce Development Council**

*Annual Report*

2009

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**2008 Annual Report**

The Workforce Development Council (WDC) was established in State law in 2006 as the successor to the Human Resources Investment Council, originally established in 1993. The mission of the Council is to ensure that Vermonters have the skills they need to get and keep good jobs, and that Vermont employers have the skilled workers they need to compete in a rapidly changing world economy. The Council advises the Governor on the development and implementation of a comprehensive, coordinated, and responsive workforce education and training system. The Council is also designated as the State and Local Workforce Investment Board under the Federal Workforce Investment Act.

The WDC is a business majority council, appointed by the Governor, with members representing all sectors of the economy and all geographic regions of the State. In addition, Council membership includes top officials from State agencies and higher education institutions, representatives of labor and the low income community, and members of the Senate and House. The Chair is appointed from the business members by the Governor.

**Act 46 Next Generation Initiatives:**

2009 saw the third year of implementation the Next Generation Legislation (Act 46) that provided funding for a number of new and expanded initiatives designed to prepare the State's workforce. These investments responded to the recommendations of the Next Generation Commission, and were echoed in reports from the Workforce Development Council, the Vermont Business Roundtable, the Vermont State Colleges, the Lake Champlain WIB/Chamber/GBIC, the Coalition for Workforce Solutions, and others.

These organizations continue to support a number of common strategies designed to respond to the lagging economy, the aging workforce, the shrinking cohort of younger workers, and the escalating skill requirements and technology requirements in the workplace. Act 46 was drafted to address these challenges by linking training and economic development efforts with a range of immediate and longer term strategies. Over the past year it provided seven million dollars to be distributed from July 1, 2008 through June 30, 2009. Included were funds for college scholarships, a targeted student loan repayment program, funding for the VSAC Non-Degree Grant Program, and dual enrollment opportunities, as well as funding for the Workforce Education and Training Fund, and the Vermont Training Program that provide grants to assist employers to meet their needs for training new

and incumbent workers. These programs suffered funding reductions in 2009, but their core missions remained in tact. In spite of the poor economy, employers continue to apply for training funds and in most cases commit to matching these grants with private funding. With fewer new jobs being created, there has been a shift in the skill training grant programs toward up-skilling to raise the wages of incumbent workers and cross-training workers to avoid lay offs.

Act 46 also established new programs for secondary and postsecondary internships, adult programs at the regional technical centers, career awareness programs, alternative secondary vocational/academic programs, and funds for regional pilots of workplace readiness credential classes conducted by CCV. The response to the Act 46 programs from employers, schools, colleges, trade associations, and non-profit organizations was very strong. Over 200 applications were received by the Departments of Labor and Economic Development and more than 150 projects were funded. Funding was exhausted in most categories within six months. Funding for two Next Generation programs, Alternative and Intensive Technical Education and Career Awareness was eliminated in the 2009 Legislative session. The need for such programs remains and will need to be addressed in the future. Each of the agencies and institutions that were funded through the Act will provide detailed reports on these activities.

#### **New Strategic Approaches to Workforce Development:**

Act 46 and subsequent legislation also established a new committee of the WDC, the Workforce Leadership Committee, as a standing committee of the Council chaired by the Commissioner of Labor. The Committee includes the Commissioners of Education and Economic Development as well as the Secretary of Human Services, the Chancellor of the State Colleges, the Chair of the WDC, and three business members of the WDC. The committee was charged with "developing a limited number of over-arching goals and measurable criteria for the workforce development system", and "reviewing reports from each entity that receives funding" to determine the contribution made to accomplishment of the goals. The committee completed its second full report in December of 2009. It identified four broad goals supported by strategies and performance measures. Copies are available on the Workforce Development Council website.

This year, the Council has continued to work on several new initiatives in partnership with the Department of Education. First, recognizing the need to create more effective pathways from secondary career and technical education programs to further education and to better meet needs of employers, the WDC and DOE have formed a partnership with the State Chamber of Commerce. This partnership will develop the first Industry and Education Center of Excellence (IECE) which will focus on the Hospitality sector. The project will produce a report on the Hospitality sector that outlines a strategic plan for the creation of a virtual career academy that builds on existing programs at the

Regional Technical Centers, and public and private colleges and strengthens partnerships with the private sector. A second Industry Education Center of Excellence was initiated in 2009 focusing on the green construction sector. A phase one report on the potential opportunities in this sector is due in early 2010.

Finally, discussions are underway with DOE to explore the potential for utilizing the Department of Labor's Federal Workforce Investment Act youth programs, and the Next Generation secondary programs, including the WETF Internship Program in support of DOE's School Transformation initiative.

**Act 176 High School Completion Program:**

2008 was the third year of implementation of the High School Completion Program by the recently established Learning Works statewide adult education system (formerly Adult Basic Education). The creation of such a program was part of the WDC's strategic plan and was supported by the Council throughout its development. It is estimated that between 1,000 And 1,200 students leave Vermont's public schools each year without a diploma. This is an important workforce development issue because Vermont has a shortage of young workers, and those lacking basic skills are often unable to meet entry level job requirements. This new program, the first of its kind in the nation, has enrolled over 700 students and graduated 407 students through June of 2009. To date 85% of participants are successful in earning their high school diploma. Under the supervision of the Learning Works instructors, students can access classes at the high school or regional technical center, enroll in adult education programs, take college courses, or participate in a wide range of educational options that meet their individual needs. Once the goals in their plan are completed, students may participate in graduation ceremonies at their high school and receive a diploma. This program has received national attention for its innovative approach. Plans are underway to utilize the DOL's data base to undertake a targeted outreach effort to all recipients of unemployment insurance and others individuals registered at local DOL offices who lack a high school diploma.

**Regional Workforce Investment Boards:**

The WDC is charged in State law with authorizing Regional Workforce Investment Boards (WIBs). These twelve regional volunteer boards are the local component of the system, working closely with employers, schools, colleges and community organizations to identify needs and implement training solutions. The Regional WIBs continued to address the workforce needs of specific employment sectors in their regions that are experiencing shortages of skilled workers. These include travel and tourism, healthcare, information technology and others. The WIBs were assigned formal responsibility in Act 46 for the local review of WETF Training and Internship applications to

make sure the proposed projects meet real local needs, do not duplicate existing services, and will lead to good jobs. In regions that are generating a significant number of new grant applications this substantially increased their workload, and in regions with fewer applications, the WIBs are taking the lead by reaching out to employers, Chambers, and Regional Development Corporations with the goal of developing applications and bringing training funds into the their region. Several WIBs were reorganized in 2009 and the Bradford and Upper Valley have merged their efforts into a single board for the region. Other WIB activities in 2009 included; organizing local groups of employers to apply for training grants from the Workforce Education and Training Program (WETF), the Vermont Training Program (VTP) and organizing Career Fairs for youth and adults.

In 2009, the WDC stepped up targeted assistance to selected Boards. On-site technical assistance was provided to four WIB regions in two key areas. On the demand side of the labor market, these WIBs were trained to implement systematic outreach to employers using surveys and focus groups in sectors that were experiencing workforce skill challenges to develop specific action plans. On the supply side of the labor market, these WIBs were provided with assistance in conducting agency cross-walks that inventoried local resources and identified gaps in education and training services, resulting in the identification of priority areas for program coordination.

### **Challenges for 2010:**

We expect a re-write of the federal Workforce Investment Act in 2010. Past experience indicates that we will need to work closely with or Washington delegation to make sure that this legislation will not overlook the unique needs of rural areas. The re-write is an opportunity to substantially improve the WIA which was originally passed in the late 1990s when workforce development needs were very different from today.

Closer to home, significant progress in preparing the State's workforce has been made over the past year, however the underlying trends remain a concern. First, the aging-out of current workers is not being offset by a sufficient number of new entrants into the workforce, creating a shortage in most sectors.

- The available workforce in Vermont is has shown little growth in recent years and will begin to shrink in 2012, continuing to decline over the next decade.
- Vermont's workforce is older than the average in most other states, and as these baby boomers retire, a large number of skilled workers will leave the workforce.
- Census data continues to show a decline the 20-34 year old population.
- There will be an 18% decline in Vermont's high school population over the next ten years.

Second, much higher skills are required to get and keep a good job than in the past, and even with the current high rates of unemployment, employers report skilled workers are often difficult to find;

- Good jobs that were once available to workers with limited academic skills now require strong skills in reading, communication, math, and the use of computers.
- Those without a high school diploma earn only 65% of the US average wage. High school graduates earn 83%, and those with a bachelors degree (or other industry specific credentials) earn 131%.
- Employers invest more in skilled workers. Half of college graduates receive training on the job, but fewer than 20% of school dropouts receive such training.
- Of the top ten fastest growing jobs in Vermont, seven require two year college degrees or more for entry, and two others require specific post-high school training.
- Specialized information technology, software, and computer skills are required in 95% of jobs in banking/insurance, graphics/printing, and healthcare.

To address these challenges, we will focus on education and training strategies to increase worker productivity, provide the training necessary to help underemployed Vermonters move up into better jobs, and meet the needs of employers for skilled workers.

**Plans for 2010:**

- Work closely with the our Washington representatives to make sure the re-authorization of the WIA provides the right policies and adequate resources for Vermont.
- Evaluate the implementation of the Act 46 programs and make recommendations for future funding priorities and continue efforts to streamline administrative processes.
- Expand partnerships with leading business and trade associations to build consensus on strategies to address worker skill shortages in the "Green" sector and other key economic sectors across the State.
- Continue to respond to the workforce needs of the Healthcare sectors with new and innovative training solutions.
- Continued successful implementation of the Workforce Investment Act, including exceeding performance objectives in order to qualify for WIA Title V performance incentive grants, and the development of a new State Plan for implementation of the reauthorized Workforce Investment Act.
- Continue implementation Industry and Education Center of Excellence in Hospitality as a pilot for the concept of forming close partnerships with employers to create comprehensive career pathways that improve student success and that provide employers with fully prepared workers.

