

Vermont Workforce Education and Training Report

Report to
The Vermont Legislature

In Accordance with Sec. E.400 of Act 172 of 2016
An Act Relating to Making Appropriations for the Support of Government

Submitted to:

House Committee on Commerce and Economic Development

House Committee on Appropriations

Senate Committee on Economic Development, Housing and General Affairs

Senate Committee on Appropriations

Submitted by:

Secretary of Commerce and Community Development

Secretary of Education

Secretary of Human Services

Commissioner of Labor

Report Date: December 15, 2016

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I. Introduction

This report is intended to serve as a status-update of several specific initiatives relating to workforce development that the four reporting entities of State Government (Agency of Commerce and Community Development, Economic Development; Agency of Education, Adult Education and Literacy Services; Agency of Human Services; and Department of Labor), have engaged in over the last few years. This directive is the result of Sec. E.400 of Act 172 of 2016, An Act Relating to Making Appropriations for the Support of Government:

(a) 2013 Acts and Resolves No. 81, Sec. 1 created a Workforce Development Work Group charged with the duty to research, inventory, and collect certain data concerning workforce education and training programs and activities in Vermont. Representing the Administration on that work group were: the Secretary of Commerce and Community Development, the Secretary of Education, and the Commissioner of Labor. The purpose of this section is to require a report which will inform the General Assembly on the status of this and other similar efforts being carried out by the Administration.

(1) The Secretary of Commerce and Community Development, the Secretary of Education, the Secretary of Human Services, and the Commissioner of Labor shall jointly report, on or before December 15, 2016, to the House Committees on Commerce and Economic Development and on Appropriations and to the Senate Committees on Economic Development, Housing and General Affairs and on Appropriations the following:

(A) A summary of the work product of the 2013 Workforce Development Work Group referenced in this subsection (a);

(B) A detailed report on the follow-up to that effort, including the resulting work product; and

(C) Summaries of all other related initiatives and activities taking place in the State in which these four agencies are involved, including: the joint agency employer workforce needs assessment; the 10 V.S.A. § 540(1)(B) requirement that the Commissioner of Labor, in consultation with the State Workforce Development Board, create and maintain an inventory of all existing workforce education and training programs in the State; and the Workforce Innovation and Opportunity Act (WIOA) requirements which include the Unified State Plan and the development of common intake and common performance evaluations and the development of common intake and common performance evaluations

II. The Report

(A) A summary of the work product of the 2013 Workforce Development Work Group of the 2013 Acts and Resolves No. 81, Sec. 1.

The 2013 Acts and Resolves No. 81, Sec. 1 created a Workforce Development Work Group charged to research, inventory, and collect certain data concerning workforce education and training programs and activities in Vermont. The group was comprised of four legislators and two executive branch appointees, with technical assistance provided by executive and legislative staff. Meetings were held between June of 2013 and January of 2014. The final work product included information about the funding for and services of four core executive workforce development providers (Labor, Commerce, Human Services, Agriculture), secondary education, and

higher education. The process and work-product of this effort formed the basis for the development of the next iteration of this effort: The Workforce Education and Training Inventory carried out by the Vermont Department of Labor. Please see Section (B) below.

(B) A detailed report on the follow-up to that effort, including the resulting work product:

10 V.S.A. § 540(1)(B) requires that the Commissioner of Labor, in consultation with the State Workforce Development Board, create and maintain an inventory of all existing workforce education and training programs in the State. With lessons learned from the 2013 Workforce Development Work Group effort, in the fall of 2015 an information-request was distributed to nine organizations of Vermont state government, including: Agency of Human Services; Department of Economic Development; Agency of Education, Adult Education and Literacy Services; Vermont Student Assistance Corporation; Department of Health; Agency of Transportation; Agency of Agriculture Food & Markets; Department of Corrections; and Vermont Department of Labor.

This effort was completed in 2016. The information collected and compiled includes: program name; program description; industry sector; education/training type; outcomes; numbers served; program delivered by; funding sources; annual amounts; restrictions on the program and use of funds; whether support services are allowed; whether incumbent worker training; and whether post education/training employment is guaranteed. For the full 2016 Inventory see *Attachment A*.

(C) Summaries of the workforce initiatives covered in this report:

- a. Workforce Needs Assessment: The Vermont Department of Labor and the Agency of Commerce and Community Development, Department of Economic Development, coordinated and collaborated on collecting information from employers in Vermont relating to their workforce needs. The two activities are detailed here.

1. Agency of Commerce and Community Development, Department of Economic Development

In accordance with Vermont's 2020 Comprehensive Economic Development Strategy (CEDS) and the Report of the Employee Relocation Tax Credit Study Committee, the Vermont Department of Economic Development (DED) is conducting a statewide workforce needs assessment. Beginning in the spring of 2016 DED staff—in conjunction with Vermont's Regional Development Corporations (RDCs) and with the support of the Vermont Department of Labor—began administering employer interviews to better understand the needs of Vermont businesses. Employer feedback was combined with labor data to identify obstacles with respect to the occupations that are poised for growth or will need replacement during the coming years, the skill sets and training required of successful candidates for those occupations, and the overall skills and training needs of Vermont businesses. While the work is ongoing, the findings and recommendations presented will be used to help catalyze relationships between Vermont's businesses and its education and training community. In addition, the information gathered during employer interviews can inform economic development professionals, government officials, educational administrators and state agencies as they look to identify current gaps, develop possible solutions and prioritize initiatives related to workforce development, vocational training and employee recruitment programs.

Having now conducted over 40 workforce needs assessment visits with employers representing more than 20,000 Vermont employees, it has become clear that the state has neither the breadth nor depth of talent in place to meet its business demands. The critical implications of this issue should prompt stakeholders—including government agencies, economic development practitioners, employers, and educators—to rethink the alignment of its talent and workforce development strategies. That is, everything we do as part of our strategic approach needs to be designed with business in mind; program curriculums should be developed with input from business partners, core

competencies should be aligned with industry-defined credentials and talent management strategies should focus on meeting the demands of the marketplace.

To encourage this kind of employer-led, demand-driven approach the Vermont Department of Economic Development—in partnership with the Vermont Business Roundtable—has begun engaging with the US Chamber of Commerce Foundation’s (USCCF) Center for Education and Workforce to help build a talent pipeline in Vermont. TPM argues that employers can close the skills gap by applying lessons learned from supply chain management. Under this framework, employers are positioned as the “end-use customer” in order to create and share value among all partners in the talent supply chain. This new approach will add value to Vermont employers by reducing the skills gap and providing a better prepared workforce. While the implementation of TPM is in its infancy and the Department’s workforce needs assessment is ongoing, DED remains committed to helping Vermont business and industry solve their acute talent shortages.

Examples of the ancillary benefits from our Department’s workforce needs assessment include:

- The support of enhanced English Language Learning (ELL) programming in partnership with the Community College of Vermont (CCV) to better meet the needs of advanced manufacturers in Vermont;
- initiating discussions between Central Vermont Medical Center (CVMC), UVM Medical Center (UVMC) and Vermont Technical College (VTC) to expand targeted education and training opportunities for licensed practical nurses (LPNs) and licensed nursing assistants (LNAs);
- amending the statute language of the Vermont Training Program (VTP) to promote interest in pipeline development activities; and
- the creation of a working group in South Burlington School District committed to developing the foundational skills of students in primary and secondary schools through work-based learning activities.

Collectively, DED has supported and will continue to promote competency-focused training and customized work-based learning experiences that meet employer needs. We strongly encourage developing ways to accelerate skill attainment based on individuals’ prior training, experience or aptitude; leveraging federal funds to create standardized and industry-tailored degree programs for business; and utilizing our community college partners and career and technical education (CTE) programs to deliver demand-driven, industry-defined, stackable credentials for students. This type of activity enables companies to shape the education of its future workforce and effectively turn program participants into interns and full-time hires.

In many cases, we need to reduce risks and costs associated with hiring for potential employers by helping to subsidize internship wages— allowing for employers to ‘try before they buy’. As of July 2016, the Vermont Training Program (VTP) began leveraging its \$1.3 million dollar grant to help fund work-based learning programs and activities. The new legislative carve out allows eligible employers to introduce Vermont students in middle school, secondary school, career technical education programs, or post-secondary schools to Vermont manufacturers and other regionally significant employers. This kind of activity can help to offset the costs the employer incurs when promoting work-based learning programs, including the costs of transportation, curriculum development and materials.

Increasingly across the country, economic development agencies and chambers of commerce are playing leading roles in workforce development. It is the chief function of economic development organizations and commerce agencies to support the growth of business and the economy. These organizations—by virtue of their mission—are well positioned to coordinate with and support employers in the planning, development and execution of talent

pipelines linked to core business strategy. As such, the Department's ongoing workforce needs assessment seeks to help industries work collaboratively to identify the core skills required for entry-level positions, take inventory of local providers that could equip people with these skills and determine effective approaches to prepare entry-level talent for the workforce. The end result will mean a more qualified workforce for Vermont companies.

2. Vermont Department of Labor, Employer Needs Assessment

Introduction

As part of its commitment to understand and address workforce needs in the state, the Vermont Department of Labor (VDOL) contacts employers throughout the state on a daily basis. The goal of these calls is to enable VDOL to learn about job openings, better match those seeking work with available positions, and identify barriers or constraints in the Vermont labor market from the perspective of individual employers. This project contacts approximately hundreds of businesses each month since its inception in 2012 under the Make Vermont Home initiative as a means to encourage young people to stay and work in Vermont. Since that time it has also expanded into a general workforce needs assessment.

Data from the program is shared with VDOL staff at the end of each day, including our WIOA Caseworkers and our Labor Exchange and Veterans Job Specialists and Counselors in VDOL's 12 regional Career Resource Offices. We also share this data with partner agencies. This daily report provides up-to-date, employer-reported information about current and potential job openings. It is not designed as a quantitative economic research survey; however, compiling a long period of results provides insights into the labor market. Below, we make use of this data to identify the most common concerns and themes from employers regarding the ability to find, hire and retain talent in Vermont.

Results

In the 2015 calendar year, 3,821 employers were surveyed. Of those, 1,791 (47%) stated that they had current job openings or projected having openings in the upcoming weeks or months. In total, the firms reported 8,006 current or expected openings. The largest number of openings (3,348) were in Vermont's northwestern counties, followed by central Vermont. The fewest number came from the Northeast Kingdom (295). Firms engaged in Health Care & Social Assistance identified the most openings (1,528) followed by Accommodation & Food Service (1,258) and Retail Trade (1,082). Combined, those three industries account for nearly half (48.3%) of all reported openings. The largest number of openings was in the Health Care & Social Assistance industry, one of the largest and fastest growing industries in the state. The occupational group in which Vermont employers stated the most difficulty recruiting was Food Preparation and Serving Related Occupations, a large occupation with high turnover rates. Twenty-nine percent of all firms and 61% of firms with current or expected openings reported difficulties recruiting for a specific position. Employers consistently stated that they had difficulty finding qualified, skilled and motivated candidates for the job offered.

Occupational Groups Analysis

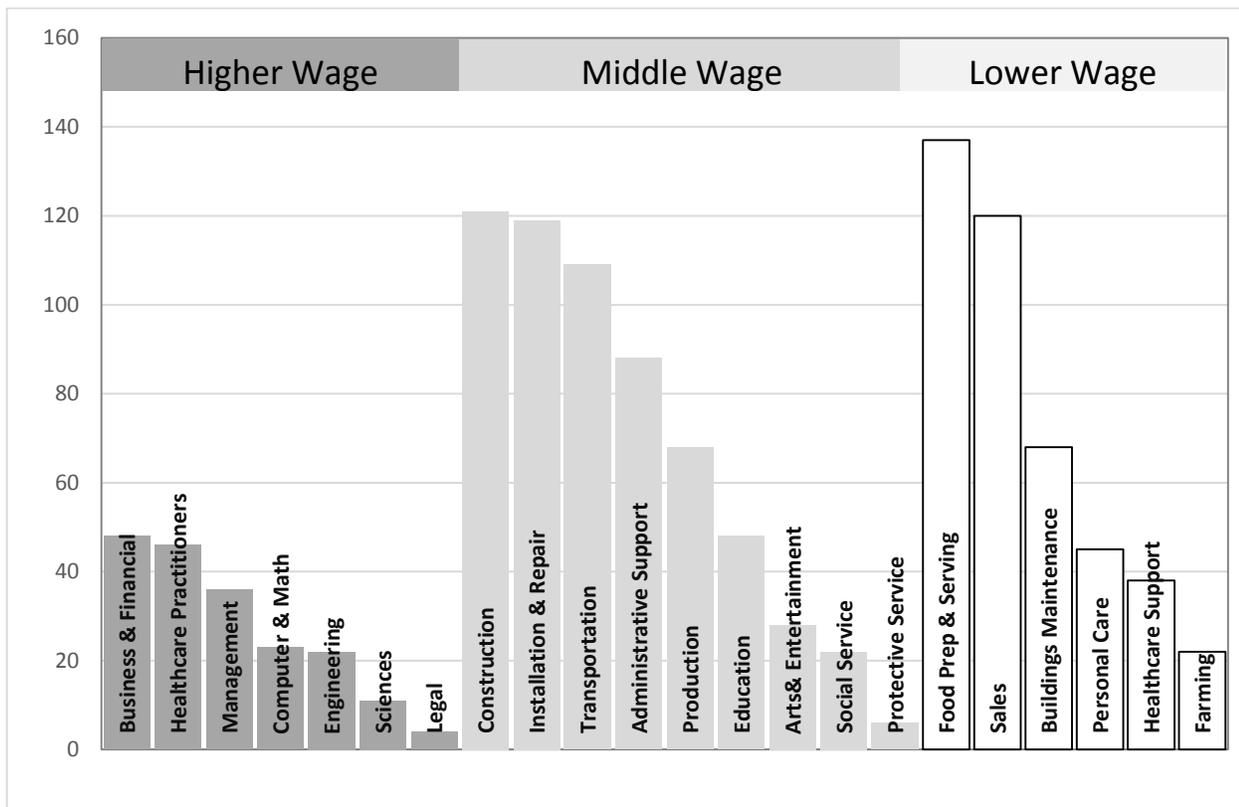
Difficulty recruiting talent was often found in Food Preparation and Serving Related Occupations. This occupational group was cited 131 times or 11% of all openings identified as difficult to fill. Construction and Extraction Occupations were the second most cited as difficult to fill, with 121 identified positions, 9.8% of the total. The third most-cited occupational group was Sales and Related Occupations with 120 identified positions or 9.8% of the total. The Installation, Maintenance and Repair Occupations group was the only other group with more than 100 identified positions. This group was cited 119 times as difficult to fill, 9.7% of the total. The least cited occupational groups included Life, Physical and Social Science Occupations (11 positions cited as difficult to fill); Protective Service Occupations (6 positions cited) and Legal Occupations (4 positions).

Table 1: Positions Most Often Identified as Difficult to Fill

Occupations	Positions	Share of Total
Food Preparation & Serving	137	11.1%
Construction & Extraction	121	9.8%
Sales & Related	120	9.8%
Installation, Maintenance & Repair	119	9.7%
Transportation & Material Moving	109	8.9%

Positions that are difficult to fill span across the wage range. As Figure 1 shows, the largest number of positions that employers indicate are difficult to fill fall into the middle wage range with Construction and Installation & Repair leading the way. Several lower wage occupations are reported as difficult to fill as well.

Figure 1: Reported Openings Difficult to Fill in 2015, sorted by wage

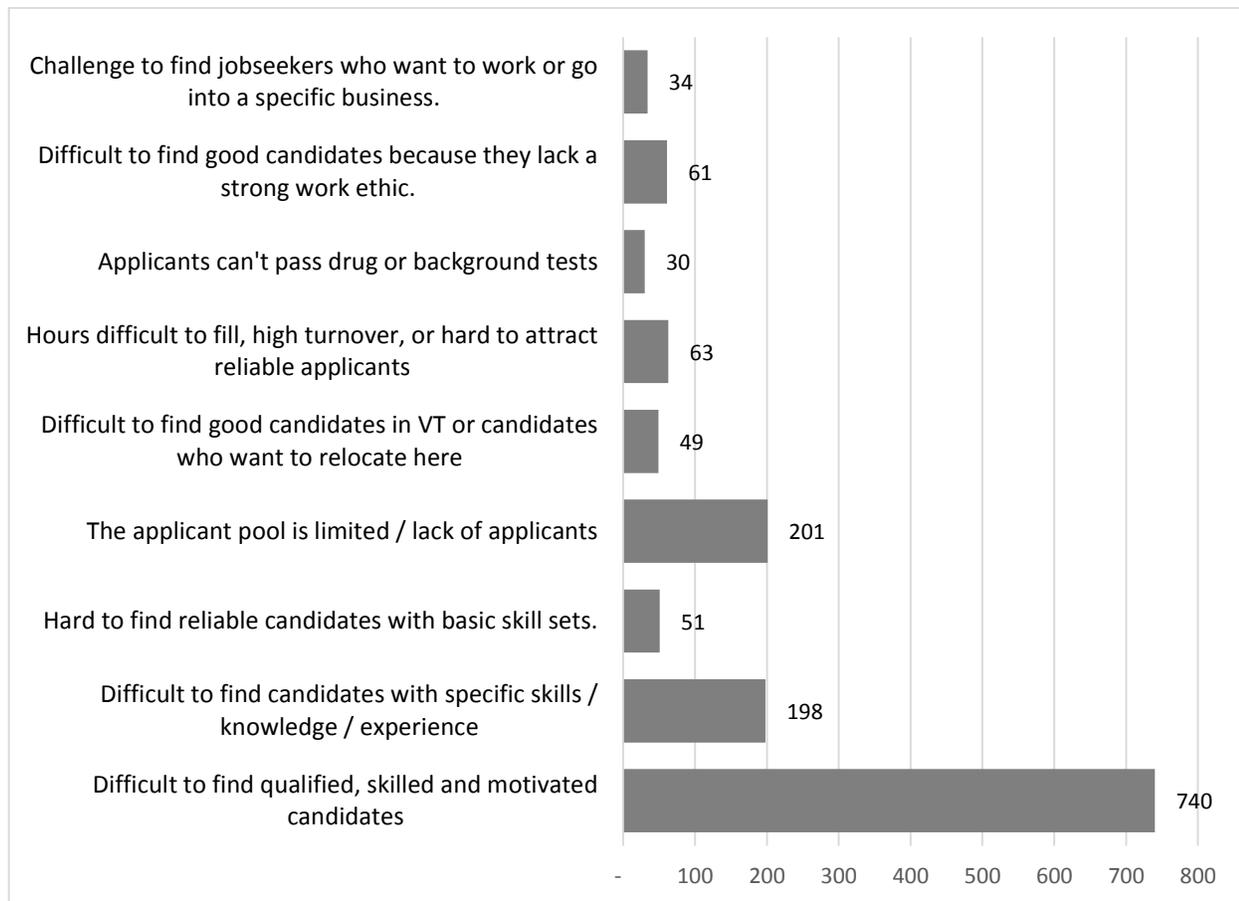


Identified Labor Pool and Hiring Challenges

Of the 3,821 employers that participated in the survey in 2015, 1,427 chose to provide a comment regarding the employment pool and hiring difficulties. These responses were recoded into a range of categories. The results from this aggregation can be found in Figure 2.

As the figure demonstrates, the most often cited comment was that it is difficult to find qualified, skilled and motivated candidates for the job(s) offered. This was reported by over half (51.9%) of all respondents. Other frequently reported comments include that the applicant pool is limited (14.1%) and that it is difficult to find candidates with specific skills, knowledge or education required for a position (13.9%). No other category garnered more than 10% of the comments.

Figure 2: Most Frequent Labor Pool and Hiring Comments



Methodology

The workforce needs assessment is based on a series of daily phone interviews conducted by a Vermont Department of Labor staff person, who conducts this outreach based upon a designated list of firms to contact each day. The staff member calls each firm on the list and speaks to the owner or an appropriate Human Resources person, and a series of questions are asked regarding open positions, projected openings, and hiring challenges. The response is paired with firm-level data from the Unemployment Insurance program. This provides VDOL with additional information including the industry, geographic location and firm size.

The daily contact lists are not created to achieve a statistically accurate randomized sample of Vermont firms. Instead, daily contacts are often created in order to gather information for a specific region or to meet another specific need. For example, if VDOL is preparing for a business closing or downsizing through prior notification by the employer – which may be voluntary, or through state or federal “WARN” process (advance notice of layoff), or through VDOL Rapid Response under Dislocated Worker or Trade Adjustment programs, we will target and increase our daily calls to the other employers in that specific region, specific industry, or that employ workers in similar job occupations. In this way, VDOL’s calls are both “marketing” the available workers (who have or will become dislocated), and soliciting real-time data on job openings to share with the job seekers. For these reasons, one must use caution if attempting to generalize from this sample.

The VDOL survey consists of simple questions with brief follow ups:

1. How many position openings do you currently have?
2. What are the job titles of the positions that are currently open?
3. Do you project any openings in the upcoming weeks or months?
4. (If yes) What are the job titles of those projected jobs?
5. In general, are you having any difficulty filling a particular position or finding a special skill set?

6. (If yes) What position or skill set are you having difficulty filling or locating?

7. Are you a veteran-owned business?

8. Are you a federal contractor?

The last two questions assist VDOL with our required “Veterans Priority of Service” in our regional offices and under our federal grants from USDOL.

Employers are also encouraged to provide any comments about the available labor pool and/or their hiring difficulties and obstacles. These statements are recoded into various categories for the purpose of analysis.

The collected information is summarized in an internal, monthly report that identifies what percentage of firms are currently hiring or expect to do so in the next few weeks or months, the total number of positions open among surveyed firms and the portion having difficulty recruiting for a specific position. Comments are categorized into one of nine ‘challenges’ in the labor market or a tenth option for comments that don’t fall into a category.

Because employers are asked which specific jobs titles they are attempting to hire, VDOL is able to recode the job titles into occupations based on the Standard Occupational Classification(SOC) system. From this, we are able to estimate which occupational groups employers identify most often when they have difficulty recruiting.

Responses are aggregated into annual summaries. The results reported in Figure 2 above are from the annual report for calendar year 2015.

b. Inventory of workforce education and training programs taking place in the State (See Section (B) above and Attachment A contained herein.

c. Workforce Innovation and Opportunity Act (WIOA) requirements.

Since the Workforce Innovation and Opportunity Act (WIOA) was signed into law on July 22, 2014 many action steps have been taken to implement the law in Vermont. In 2015, the State Workforce Development Board (SWDB) membership was brought into full compliance with WIOA. The Eligible Training Provider procedures were updated, and the WIOA and Employment Services Complaint Procedures underwent a massive rewrite to come into compliance with the new law. Additionally, at the end of 2015, the SWDB Governance Document was approved, and a MOU between the SWDB and the Vermont Department of Labor (VDOL) was signed that officially designated VDOL as the One-Stop Operator, as the provider of administrative support for the SWDB, and as a WIOA service provider.

In 2016, the Vermont Unified State Plan was submitted to USDOL following a lengthy collaborative process. Each Unified Plan Partner (Vermont Department of Labor, Agency of Education Adult Education, AHS Vocational Rehabilitation Division and Division for the Blind and Visually Impaired) contributed to writing their specific portions, and some common portions of the Unified Plan. The Plan was required to be open for public comment and for the SWDB oversight, review and approval before submission. In March 2016, after public comments and SWDB comments were incorporated, the SWDB approved the Plan. On April 1, 2016, the Unified State Plan was submitted to the federal agencies charged with overseeing WIOA implementation: U.S. Departments of Labor, Education, and Health and Human Services. Almost three months later, at the end of June 2016, the federal agencies returned their comments on the Plan to Governor Shumlin and the heads of the unified plan agencies (VDOL, AoE, VR), and requested revisions for compliance with WIOA under the newly released, final federal regulations. Over the following months, Vermont’s three Unified Plan Partners worked together to complete and submit their revisions by the September 1, 2016 deadline. The revisions were accepted and approved by the federal agencies in October 2016.

At the end of June 2016, at the same time that the final regulations were made public and Vermont was notified of the required Unified State Plan revisions, the Partners also met and identified key priorities to WIOA

implementation. As a result, the Core Partners set up regular subgroup meetings to work on those priority issues. The meeting participants included staff and directors from all of the Core Partners, as well as, when appropriate, the Department for Children and Families (DCF). DCF administers the Temporary Assistance for Needy Families program in Vermont which has been made a priority One-Stop Partner under WIOA. The subgroup meetings focused on issues of cost sharing, cross training, common intake, data sharing, common performance measures, and business outreach. The recommendations of these subgroups have been shared with the heads of the Core Partners. The purpose of these recommendations is to facilitate policy decision-making at a statewide level, which can then be operationalized through the training of local management teams and staff, including cross training that is uniform across partners, to further enhance communication and understanding on a local level.

Common intake subgroup: The Core Partners have shared intake forms and procedures and are analyzing the existing practices to identify best practices. Regional practices exist for the referral and sharing of information including local and regional meetings, trainings and conferences that will be considered in the development of statewide policies and procedures.

Data collection and sharing subgroup: In order to bring operating systems into alignment with the purposes of WIOA, and to support the implementation of the State's strategies to improve services for individuals, the Core Partners are discussing ways to identify cost-effective approaches to connecting their data systems. The long-term goal is to facilitate interconnection and alignment between the data systems involved in case management, job banks, performance reporting, and labor market information, among others, so that the information is shared in real time. The Core Partners are reviewing the challenges faced in the data sharing, collection and reporting required by WIOA. Some MOUs exist, but have expired, and new ones are being developed to allow for sharing of appropriate data and performance information.

VDOL has advocated for systems solutions to issues that are faced by the states. As member of the National Governors Association (NGA) and National Association of Workforce Agencies (NASWA), VDOL has advocated for a consortium approach to identifying data collection and performance reporting. As a member of the multi-state consortium, American Job Link Association (AJLA), VDOL is working to identify solutions to the connectivity and interface issues with partner systems. VDOL UI Division recently signed an MOU with an existing UI system consortium. VDOL will integrate and plan a connection to JobLink from VDOL's UI system as part of the system development. This will allow for more efficiency and improve services for WIOA participants.

WIOA and the federal regulations require that the workforce development board competitively bid out operations of the One-Stop. The Vermont State Workforce Development Board put out a Request for Proposals for the Vermont One-Stop Center Operations and the WIOA Title I Adult and Dislocated Worker services on September 21, 2016. The State of Vermont's Department of Building and General Services, Office of Purchasing and Contracting (BGS) managed the RFP process on behalf of the SWDB. The bids received in response to the RFP were opened on October 24, 2016. The two bidders were: Vermont Department of Labor (VDOL), and Ross Innovative Employment Solutions, Inc. (Ross). The SWDB Operating Committee, made up of a majority of members from the business community, was charged by the SWDB Chair to review the bids and make a recommendation to the SWDB on which bid to select. After an in-depth vetting process, the Operating Committee voted unanimously to recommend to the full board that the contract be awarded to VDOL. The SWDB met on December 8, 2016 and unanimously accepted the recommendation of the SWDB Operating Committee.

Additionally, in September 2016, VDOL was awarded a \$1.1 million technology grant by U.S. Department of Labor. The Reemployment & System Integration Dislocated Worker Grant (RSI-DWG) will allow VDOL and the partners to examine inter-connectivity and systems alignment. The grant was awarded to support high quality service delivery and improve employment outcomes for dislocated workers through investment in technology solutions that support connectivity across programs. The funds received from this grant will be used by VDOL to improve and expand IT integration and communication in UI, Wagner-Peyser/Employment Services and

WIOA, including systems for the Dislocated Worker program. VDOL is expected to further the goal of a seamless experience for dislocated workers and provide for:

- More effective connections to all available services of an integrated One Stop Service, ensuring a “no wrong door” approach, and enhancing on-line services
- Prevention of Long-Term-Unemployment
- Increased Early Intervention and Layoff Aversion with Vermont businesses
- Increased Accessibility to Services through Automation and Self-Service
- Enhanced Identification of Service Delivery Needs

Initially, VDOL has decided to focus on research and evaluation of available technologies that will best promote an integrated One Stop service system. VDOL will determine whether Vermont should adapt an existing system to meet this goal, with a focus on states who use a web-based platform.

Business Outreach subgroup: This subgroup has been focused on professional development training to enable staff to better plan and coordinate outreach by the Core Partners to the Vermont business community. A Business Intake Form and procedures are being developed to ensure that staff from each agency are prepared to contact each business by being well-versed on each Core Partner’s programs.

Conclusion

This report responds to the Legislature’s request for summaries and work product of several specific workforce development initiatives, directed by that body over the past several years. The contributors to this report sincerely hope that this update will facilitate the Legislature’s decision-making regarding future initiatives of the same or similar nature. The contributors stand poised to provide more detailed information as needed and to assist in any way requested.

See Attachments:

A: Workforce Education and Training Inventory, 2016

B: Vermont Unified State Plan