

**State and Local Improvements
Needed for Workforce Development System
Integration and Accountability**



**Final Report to the Joint Legislative
Program Evaluation Oversight Committee**

Report Number 2012-04

March 28, 2012



NORTH CAROLINA GENERAL ASSEMBLY
Legislative Services Office

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March 28, 2012

Representative Julia Howard, Chair, Joint Legislative Program Evaluation Oversight Committee
Senator Fletcher L. Hartsell, Jr., Co-Chair, Joint Legislative Program Evaluation Oversight Committee

North Carolina General Assembly
Legislative Building
16 West Jones Street
Raleigh, NC 27601

Honorable Co-Chairs:

The Joint Legislative Program Evaluation Oversight Committee's 2011–12 Work Plan directed the Program Evaluation Division to complete a full review of North Carolina's workforce development system. This study focused on the organization and structure of the system and ways to foster the most efficient and effective system for North Carolina.

I am pleased to report that the Departments of Administration, Commerce, Health and Human Services, Labor, and Public Instruction; North Carolina Community Colleges System Office; and the North Carolina Rural Economic Development Center cooperated with us fully and were at all times courteous to our evaluators during the evaluation.

Sincerely,

A handwritten signature in cursive script, appearing to read "John W. Turcotte".

John W. Turcotte
Director



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

March 2012

Report No. 2012-04

State and Local Improvements Needed for Workforce Development System Integration and Accountability

Summary

The Joint Legislative Program Evaluation Oversight Committee directed the Program Evaluation Division to evaluate the workforce development system and recommend administrative and organizational improvements. The system was funded with \$1.4 billion in Fiscal Year 2010–11, over half of which came from the General Fund.

North Carolina's workforce development system is a complicated array of 22 programs administered by seven entities that provide services at more than 500 local sites. State-level leadership and the structure of 23 local workforce development areas compromise the system's effectiveness.

State and local program coordination have failed to create an integrated, effective workforce development system. One-stop JobLink Career Centers were created in 1998 to enhance local workforce development service delivery. However, the services offered and the level of integration vary across the 99 JobLink locations because centers rely on local program participation, and centers do not take full advantage of technology that could improve access to off-site programs and businesses. State-level leadership by the Commission on Workforce Development and agencies that provide services has been insufficient to ensure an integrated workforce development system. The recent transfer of the Employment Security Commission to the Department of Commerce is a step toward system integration and streamlining.

Despite investments in a data system to track participants, there are no statewide performance measures for the workforce development system. Although the potential of the common follow-up information management system has not been fulfilled, the existing infrastructure provides an opportunity to implement strong system-wide performance measures.

Based on these findings, the General Assembly should:

- streamline the workforce development system by transferring the Apprenticeship program, encouraging realignment of local workforce development areas, and reducing membership of the Commission on Workforce Development;
- require statewide performance measures;
- strengthen the JobLink Career Center system by revising the charter and updating agency participation agreements;
- direct that technology be used to integrate programs and increase access to workforce development services; and
- create a Joint Legislative Workforce Development Reform Oversight Committee to oversee recommended changes.

Purpose and Scope

The Joint Legislative Program Evaluation Oversight Committee directed the Program Evaluation Division to complete a full review of the workforce development system and present recommendations regarding its appropriate organization and administration to foster the most efficient and effective system for North Carolina.

For the purposes of this evaluation, workforce development was defined as the programs, systems, and networks primarily designed: to enable individuals to succeed in the workplace by providing skills development, training, or employment services; and to help businesses obtain a skilled workforce by providing employment services, training programs, or subsidized employment.

The Program Evaluation Division used the following criteria to identify workforce development programs:

- the program has a separate state funding stream (from all sources, including federal) dedicated to workforce development;
- workforce development must be the primary focus of the program; and
- programs must work toward increasing employment in existing businesses or by creating a business.

This evaluation addressed three central research questions.

- What is the structure of North Carolina's workforce development system?
- How can the state's workforce development system operate more efficiently?
- How can the system be improved to achieve the goals of workforce development?

Based on the evaluation criteria, the division evaluated 22 programs housed in six state agencies and one nonprofit organization (see Appendix A for methodology used to determine which programs were included):

- Department of Administration;
- Department of Commerce;¹
- Department of Health and Human Services;
- Department of Labor;
- Department of Public Instruction;
- North Carolina Community Colleges System; and
- North Carolina Rural Economic Development Center.

The Program Evaluation Division analyzed information from sources including:

- North Carolina and federal legislation and rules;
- program information including funding, expenditures, services, eligibility, organization charts, and descriptions of administrative structures;
- interviews with and queries of workforce development program administrators;

¹ On November 1, 2011 the Employment Security Commission was transferred to the Department of Commerce. The programs that were in the Employment Security Commission before the transfer are included in the information on the Department of Commerce.

- survey of and site visits to JobLink Career Centers; and
- interviews with workforce development administrators in other states.

Background

North Carolina and the federal government have been engaged in workforce development activities for nearly 80 years. The federal and state workforce development system was put into place during the Great Depression when, in 1933, the federal government passed the Wagner-Peyser Act. This act established a nationwide system of public employment offices to provide a variety of employment-related labor exchange services. Since that time, the state and federal governments have enacted new laws to help individuals find work and businesses find qualified workers. For example:

- North Carolina established the Apprenticeship program in 1937;
- the federal Manpower Development Training Act, predecessor to the current Workforce Investment Act, was established in 1962; and
- the federal Rehabilitation Act of 1973 was introduced to provide services for individuals with disabilities.

North Carolina's economy has undergone major changes over the last 80 years. Once dependent on agriculture and low-skilled manufacturing, North Carolina has transformed into a state known for its high-tech companies that attract people from around the world. However, the recession of 2008 has challenged the State's economic growth.

Before 2008, the North Carolina economy was transitioning away from low-skilled manufacturing jobs (such as textiles, tobacco, furniture) to a more knowledge-based economy. Many companies began moving low-skill/middle-income jobs offshore to take advantage of cheaper labor. The recession of 2008 increased the speed of this transition: the unemployment rate in North Carolina nearly tripled from 3.7% in 2000 to 10.6% in 2010.² At the same time, many companies expanded their research and development programs in the State.

According to the *State of the North Carolina Workforce* report,³ as businesses recover from the recession they are unlikely to bring low-skilled jobs back to North Carolina, but instead seek more highly skilled workers. This shift has implications for both workers and businesses. For workers, those with low skills are competing for fewer jobs, many of which pay lower wages than the manufacturing jobs of the past. In order to compete for better paying jobs, many individuals, especially the long-term unemployed, must upgrade their skills to find work.

For businesses, the shift has created a skills gap, meaning employers are having a hard time finding workers with the skills required to fill current jobs. Currently, middle-skill jobs (defined as jobs that require education and training beyond high school, but not a four-year degree) represent a

² The most recent annual unemployment rate data available are for 2010 from the Department of Commerce Labor Market Information section.

³ North Carolina Commission on Workforce Development. (2011, June). *State of the North Carolina Workforce 2011–2020*. Raleigh, NC: North Carolina Commission on Workforce Development. Available at <http://www.nccommerce.com/workforce/about-us/plans-policies-reports-initiatives/reports/2011-state-of-the-workforce-report>

large and growing proportion of jobs. However, even at the height of the recession, employers in North Carolina and across the country stated they had difficulty finding skilled workers despite high unemployment. A recent report by the United States Department of Labor found that two-thirds of workers in the Trade Adjustment Assistance program⁴ lacked any postsecondary education credential and a quarter did not even have a high school diploma.

In order for businesses to grow they need qualified workers. In North Carolina, it is estimated that at least 42% of new jobs will require at least some postsecondary education.

Workforce development programs established by the state and federal governments were designed to help address the high unemployment rate, skills gap, and business growth and competitiveness in a global economy. These programs offer services to both individuals and businesses. Activities fall into three main categories: job placement, job training, and supportive services (see Exhibit 1). Between legacy programs in North Carolina and federal funding for a host of disparate workforce development efforts, the State’s system has evolved into an enormously complex web that is not easily captured or explained. Much of what follows in this report is needed simply to describe system elements and operations.

Exhibit 1: Types of Workforce Development Programs

Service Category	Services to Individuals	Services for Businesses
Job Placement	Helps people find a job through activities such as <ul style="list-style-type: none"> • job searches, • developing resumes, • identifying potential jobs, • applying for jobs, • obtaining interviewing skills, • providing referrals, • providing information about the labor market and occupations in the local area, and • placement in subsidized employment 	Helps businesses find employees through activities such as <ul style="list-style-type: none"> • posting job openings, • holding job fairs, • screening applicants, • providing referrals, • providing information about the local labor market, and • providing subsidies for employees.
Job Training	Helps individuals obtain skills they need to qualify for jobs including <ul style="list-style-type: none"> • basic skills, • skills training for specific occupations, and • skills training for starting a new business. 	Helps businesses train current employees to help the business stay competitive.
Supportive Services	Helps reduce barriers to employment such as transportation, child care, and medical equipment/technology	n/a

Source: Program Evaluation Division.

The State and the country depend on the workforce development system to help recover from the greatest economic crisis since the Great Depression. One program administrator stated North Carolina’s workforce development programs “have never been challenged as they have in the last three to four years.” More than ever, North Carolina needs a system that will help individuals gain the skills they need to return to work and

⁴ The Trade Adjustment Assistance program provides reemployment services and benefits to workers separated from employment as a direct result of increased foreign imports or a shift in production to foreign countries that are party to free trade agreements with the United States.

help businesses find and hire the best qualified applicants. The purpose of this evaluation is to assess whether North Carolina's workforce development system is positioned to meet the challenge.

Findings

Finding 1. North Carolina's workforce development system is a complicated array of 22 programs administered by six state agencies and one nonprofit that provide workforce development services at more than 500 local sites.

Workforce development programs are housed in different agencies and organizations, funded by separate funding streams, have distinct service delivery mechanisms, and provide services to specific populations and businesses. Exhibit 2 shows the structure of the workforce development system in North Carolina and the populations served (Appendix B provides additional information on each program). These programs received \$1.4 billion in funding in Fiscal Year 2010–11.

As shown in Exhibit 2, the system is complicated from the top to the bottom, beginning with the entities that oversee workforce development programs. Within these agencies there are 15 divisions that manage programs providing direct services.⁵ Each program has its own defined set of services and eligibility requirements, and programs are delivered at the local level through hundreds of different service providers spread across the state. These programs receive funding from sources including federal, state, and local governments, each with its own rules and requirements. This complicated maze of programs can be confusing to anyone trying to understand it, let alone to citizens and businesses in need of what it has to offer.

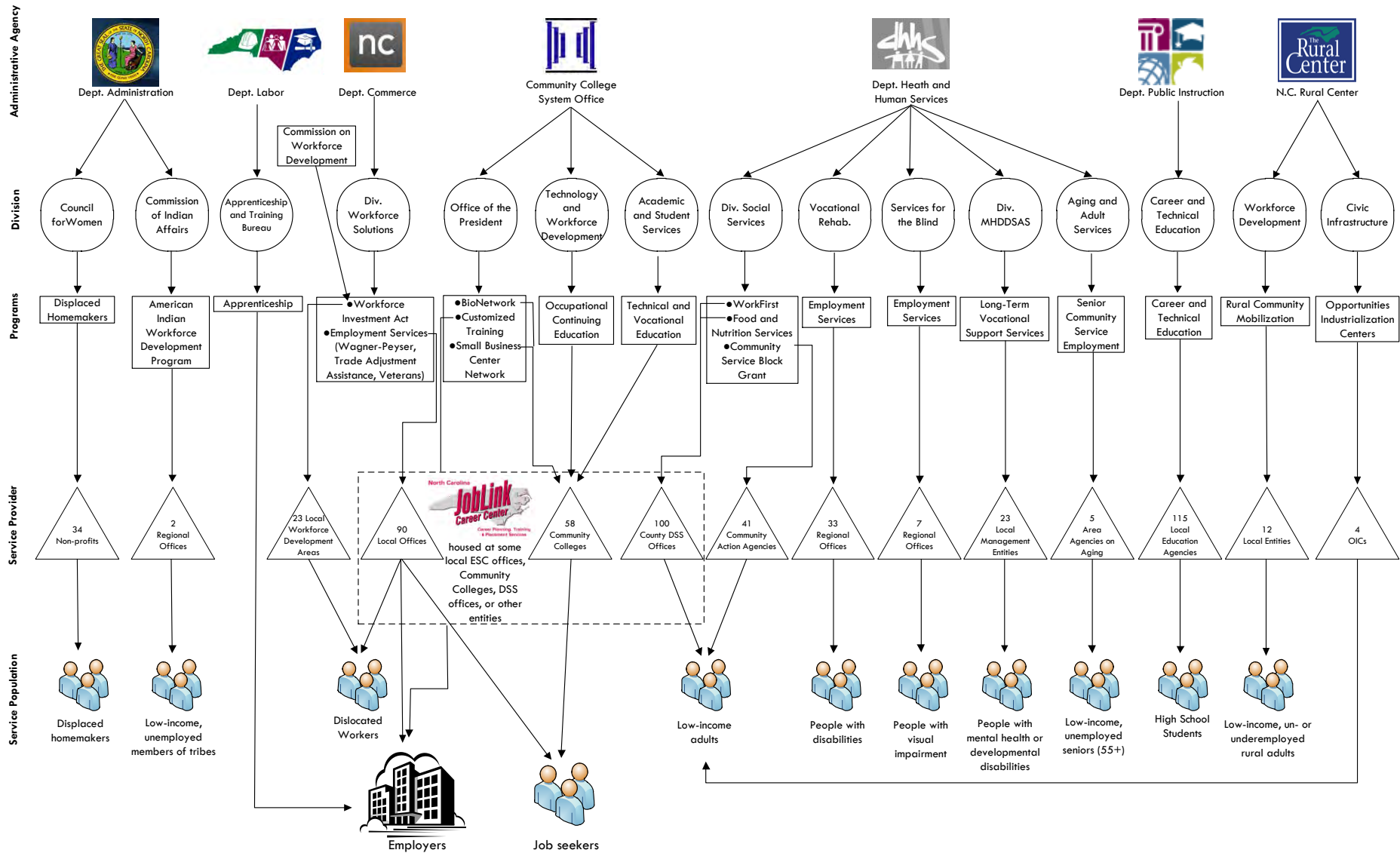
Workforce development programs in North Carolina are housed in six different state agencies and one nonprofit (see the top row of Exhibit 2). The Community Colleges System Office is designated as the primary lead for developing workforce training.⁶ The remaining entities do not have workforce development as a primary focus.

There is one commission that has a primary focus of workforce development. Within the Department of Commerce, the Commission on Workforce Development was established in 1998 with the passage of the federal Workforce Investment Act (WIA) to administer WIA funding, help build the workforce development system, and convene North Carolina's workforce development programs. The commission, which has no authority over programs, plays the role of convener.

⁵ The Division of Labor and Economic Analysis, which, houses the Labor Market Information program is not shown in Exhibit 2. This program does not provide direct services to individuals or businesses. It provides information about the workforce, economy, and labor markets.

⁶ N.C. Gen. Stat. § 115D-1

Exhibit 2: Administrative Structure of 20 Workforce Development Programs Providing Direct Services in North Carolina



Note: MHDDSAS stands for Mental Health, Developmental Disabilities, and Substance Abuse Services. OIC stands for Opportunities Industrialization Centers. The Workforce Initiatives program in the Community Colleges System Office and the Labor Market Information program in the Department of Commerce do not provide direct services and are not shown in this exhibit. The Displaced Homemakers program can provide grants to as many as 35 non-profits. The Food and Nutrition Services Employment and Training Program is only offered at 13 county departments of social services offices. The Rural Community Mobilization program provides services through a variety of types of local providers including four community colleges, four nonprofits, one local government, one Indian Tribe, one OIC, and one community action agency.

Source: Program Evaluation Division based on organizational data from workforce development programs.

Fifteen different divisions administer workforce development programs that provide direct services. As shown in the second row of Exhibit 2, agencies have between one and five divisions that oversee workforce development programs (the Department of Health and Human Services has the greatest number of these divisions with five).

There are 22 different workforce development programs administered in North Carolina. Of these, 20 provide services to individuals and businesses.⁷ Most divisions oversee one workforce development program, but three divisions oversee more than one (see the third row of Exhibit 2). Each program has its own rules, regulations, and reporting requirements, much of which is determined by its funding.

Each program uses different types of service providers, resulting in more than 500 service locations for individuals and businesses. Five different service delivery mechanisms provide services: regionally based state employees; state-operated regional offices; county-run programs; local education entities; and other local entities. Each of these methods is described in Exhibit 3.

JobLink Career Centers were established in the Workforce Investment Act legislation to coordinate services offered by workforce development programs. JobLink Career Centers (represented with the dashed-line box in the Service Provider row in Exhibit 2) are not a separate program, but a service delivery mechanism designed to be one-stop shops for workforce development services. JobLinks are overseen by local workforce development areas and chartered by the Commission on Workforce Development. These centers were established so someone looking for work or needing training can go to one location to receive all their employment and training needs including: conducting job searches, help with job applications, information about programs, assessing what services are needed, participating in or getting referrals to training, and determining program eligibility. Businesses can also access services through JobLinks to help find qualified employees.

Local workforce development boards determine the number of JobLinks needed to serve its local area. The 99 Joblink locations⁸ are housed by existing local service providers, the majority by employment services offices (58) or community colleges (17). Other centers are housed by local governments or community-based organizations.

As shown at the bottom of Exhibit 2, workforce development programs provide a defined set of services to specific populations based on the federal or state rules for the program. Services are provided to individuals and businesses and include:

- skill development and training, including basic skills and entrepreneurial skills;
- employment services including job matching, placement, career planning, labor market information, job referrals, counseling;

⁷ Two workforce programs do not provide direct services to individuals or businesses: Workforce Initiatives in the Community Colleges System Office and Labor Market Information in the Department of Commerce.

⁸ JobLink location refers to the physical location. There are 90 JobLink charters, and some charters may have more than one location.

- subsidized employment (i.e., supplemental wages to the individual or business); and
- supportive services to reduce employment barriers, including transportation, child care, medical assistance, or equipment.

Exhibit 3: Service Providers for the 20 Programs that Provide Direct Services

Service Provider	Programs (number of locations)	Characteristics
Regional Staff	<ul style="list-style-type: none"> • Department of Labor, Apprenticeship (n/a) 	State employees are located across the State to work with businesses.
Regional Offices	<ul style="list-style-type: none"> • Department of Administration, American Indian Workforce Development (2) • Department of Commerce, Employment Services (90) • Department of Health and Human Services, Services for the Blind (7) • Department of Health and Human Services, Vocational Rehabilitation (33) 	Regional offices staffed by state employees provide services to individuals and businesses.
County Divisions of Social Services	<ul style="list-style-type: none"> • Department of Health and Human Services, Food and Nutrition (13) • Department of Health and Human Services, Work First (100) 	Programs are state-supervised and county-administered. Services are provided by county employees.
Local Education Entities	<ul style="list-style-type: none"> • Community Colleges System, BioNetwork (7) • Community Colleges System, Customized Training (58) • Community Colleges System, Occupational Continuing Education (58) • Community Colleges System, Small Business Center Network (58) • Community Colleges System, Technical and Vocational Education (58) • Department of Public Instruction, Career and Technical Education (115) 	Staffs of local community colleges and Local Education Agencies (LEAs) provide training.
Other local entities (e.g., nonprofits, local government, local workforce development boards)	<ul style="list-style-type: none"> • Department of Administration, Displaced Homemakers (34) • Department of Commerce, Workforce Investment Act (23) • Department of Health and Human Services, Community Services Block Grant (41) • Department of Health and Human Services, Long-Term Vocational Support Services (23) • Department of Health and Human Services, Senior Community Services Employment (5) • North Carolina Rural Center, Opportunities Industrialization Centers (4) • North Carolina Rural Center, Rural Community Mobilization (12) 	Programs provide grants to local entities, including nonprofits, local governments, and local workforce development boards to provide the services. Grantees may sub-grant services to other programs.

Note: Two programs (Labor Market Information and Workforce Initiatives) do not provide direct services to individuals and businesses. Only 13 county departments of social services offer the Food and Nutrition Employment and Training Program.

Source: Program Evaluation Division based on service provider information provided by the workforce development programs.

Many programs offer similar services but to different populations. For example, the American Indian Workforce Development and Vocational Rehabilitation programs both provide employment services, but they

provide these services to different populations—members of tribes and individuals with disabilities, respectively. Exhibit 4 shows the services provided and the population served by each program.

There is some overlap in services provided, some of which is mandated by the funding source, and some that ensures individuals and businesses receive the full range of services. For example, low-income individuals are eligible to receive some of the same services from both Work First and WIA programs. However, employment is only one aspect of the Work First program, which also provides a wide range of other services, including cash assistance.

Exhibit 4: Services and Exclusive Eligibility Criteria for the 20 Workforce Development Programs That Provide Direct Services

Agency and Program	Services for Individuals				Services for Businesses			Exclusive Eligibility Criteria										
	Skill development/ training	Employment services	Subsidized employment	Supportive services	Employment Services	Training programs	Subsidized employment	All persons	All businesses	Low-income	Unemployed	Adults	Youth	55 or older	American Indians	Homemakers	MH, DD, or SA	Blind/Disabled
DOA American Indian Workforce Development	✓	✓	✓	✓	✓		✓								✓			
DOA Displaced Homemakers		✓		✓												✓		
DOC Workforce Investment Act	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓		✓
DOC Employment Services (Wagner-Peyser)	✓	✓			✓			✓										
DHHS Community Services Block Grant	✓	✓	✓	✓						✓								
DHHS Food and Nutrition Services	✓	✓		✓						✓	✓							
DHHS MHDDSAS Long-Term Vocational Support		✓										✓					✓	
DHHS Senior Community Service Employment	✓	✓	✓	✓		✓	✓			✓	✓			✓				
DHHS Services for the Blind	✓	✓	✓	✓	✓	✓	✓					✓	✓				✓	✓
DHHS Vocational Rehabilitation	✓	✓	✓	✓	✓	✓	✓					✓	✓				✓	✓
DHHS Work First	✓	✓	✓	✓			✓			✓								
DOL Apprenticeship		✓		✓	✓	✓						✓						
DPI Career and Technical Education	✓	✓			✓								✓					
NCCCS BioNetwork	✓					✓		✓										
NCCCS Customized Training	✓				✓	✓			✓									
NCCCS Occupational Continuing Education	✓							✓										
NCCCS Small Business Center Network	✓	✓						✓										
NCCCS Technical and Vocational Education	✓							✓										
NCRC Opportunities Industrialization Center	✓	✓		✓						✓								
NCRC Rural Community Mobilization	✓	✓	✓	✓	✓	✓	✓			✓	✓							
Total Number of Programs	17	16	8	12	9	8	7	5	1	7	3	7	4	2	2	2	3	3

Notes: See Appendix B for more information on eligibility criteria.

Source: Program Evaluation Division based on information provided by programs.

North Carolina's workforce development programs serve individuals and businesses. In Fiscal Year 2010–11, the number of individuals served by each program ranged from 85 in the American Indian Workforce Development program to 883,544 in the Employment Services program (see Exhibit 5). Because there is no central database that collects information on program participants for all workforce development programs, the numbers provided in Exhibit 5 are not unduplicated, meaning a person could receive services from more than one of these programs, and if program totals were added together individuals would be double counted. As a result, the total number of people who receive workforce development services is not known.

Exhibit 5

Reported Number of
Individuals Served in Fiscal
Year 2010–11

Program	Individuals Served
Department of Administration	
American Indian Workforce Development	85
Displaced Homemakers	5,697
Department of Commerce	
Employment Services	883,544
Workforce Investment Act	24,545
Department of Health and Human Services	
Community Services Block Grant	5,777
Food and Nutrition Services	9,566
Senior Community Service Employment	556
Long-Term Vocational Support Services	1,715
Services for the Blind	3,991
Vocational Rehabilitation	60,424
Work First	14,152
Department of Labor	
Apprenticeship	7,744
Department of Public Instruction	
Career and Technical Education	513,397
North Carolina Community Colleges System Office	
BioNetwork	2,640
Customized Training	27,109
Occupational Continuing Education	292,539
Small Business Center Network	34,764
Technical and Vocational Education	161,108
North Carolina Rural Center	
Opportunities Industrialization Centers	Does not track
Rural Community Mobilization	1,174

Note: Number of individuals served for each program are unduplicated. However, these figures should not be totaled because individuals may have been served by multiple programs. The Labor Market Information and the Workforce Initiatives programs are not listed because these programs do not provide direct services to individuals or businesses.

Source: Program Evaluation Division based on information provided by workforce development programs.

Funding for North Carolina’s workforce development programs is also complicated. Exhibit 6 shows the flow of money from federal agencies, state funds, local funds, fees, and other sources as well as how programs contract with each other to provide services. Most programs receive funding from more than one source. Programs received a total of \$1.4 billion in funding in Fiscal Year 2010–11.

Exhibit 6: Funding Sources for Workforce Development Programs, Fiscal Year 2010–11

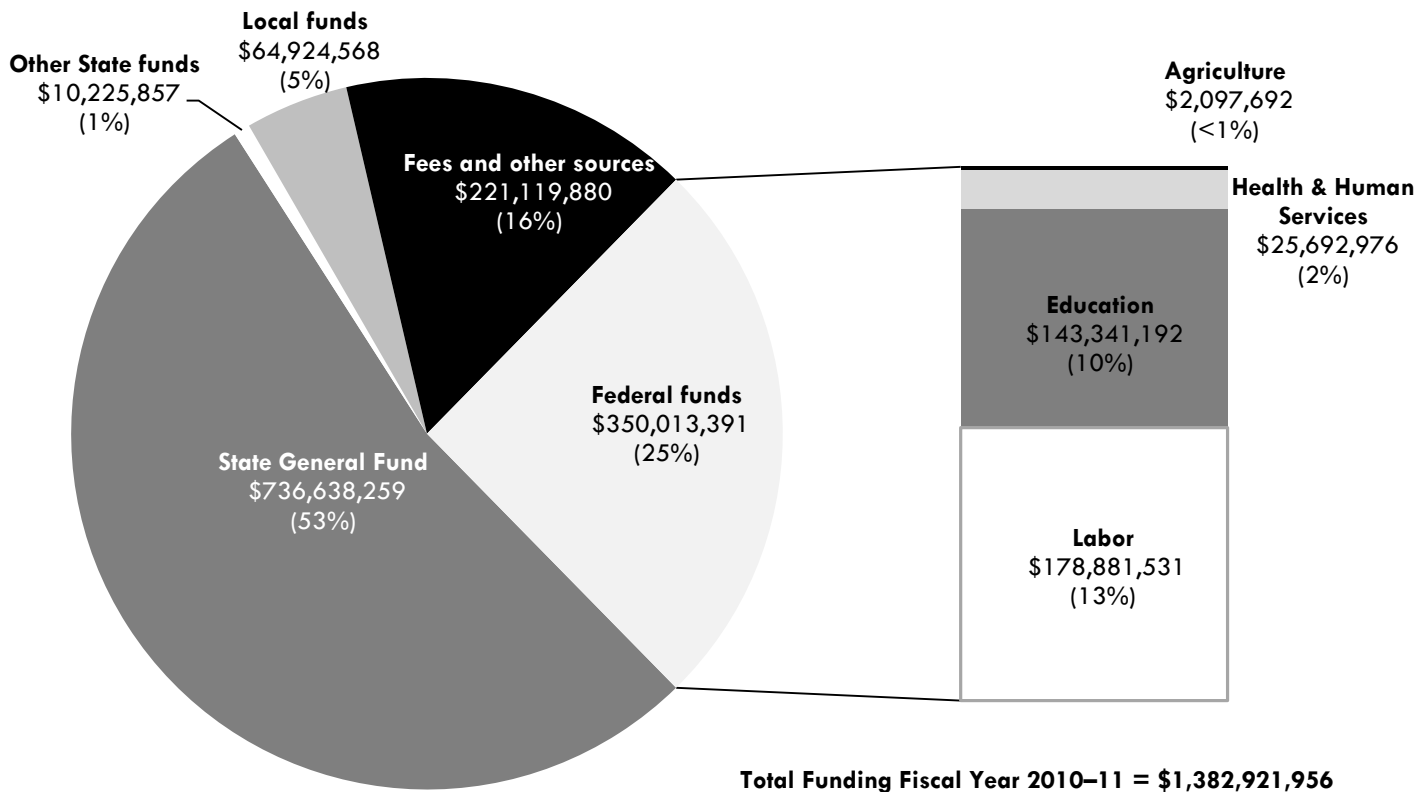
	Federal Government				State		Other Sources			Total Funding From All Sources
	Labor	Education	Health and Human Services	Agriculture	General Fund	Other state funds	Local funds	Fees	Other	
Department of Administration										
American Indian Workforce Development	✓								✓	\$ 498,820
Displaced Homemakers					✓			✓		2,281,936
Department of Commerce										
Employment Services	✓		(✓)			✓	✓		✓	69,266,589*
Labor Market Information						✓				397,041
Workforce Investment Act	✓									114,942,200
Department of Health and Human Services										
Community Services Block Grant			✓							7,099,288
Food and Nutrition Services				✓			✓			3,323,621
Long-Term Vocational Support Services					✓					23,356,728
Senior Community Service Employment	✓				✓		✓			4,766,634
Services for the Blind		✓	✓		✓				✓	20,072,439
Vocational Rehabilitation		✓	✓		✓		✓		✓	118,741,661
Work First			✓				✓			80,410,589
Department of Labor										
Apprenticeship	✓				✓			✓		1,630,557
Department of Public Instruction										
Career and Technical Education		✓			✓					395,584,121
NC Community Colleges System Office										
BioNetwork					✓					4,660,968
Customized Training					✓					24,982,058
Occupational Continuing Education					✓			✓		90,851,438
Small Business Center Network					✓					6,128,335
Technical and Vocational Education		✓			✓			✓		413,601,082
Workforce Initiatives	(✓)									*
NC Rural Center										
Opportunities Industrialization Centers					✓					325,850
Rural Community Mobilization	(✓)									*
Programs Receiving Funds from Source	5	4	4	1	13	2	5	4	4	\$1,382,921,956

Notes: Programs that have a (✓) receive funding from other workforce development programs in North Carolina. Total funding amounts with (*) exclude funding received from other North Carolina workforce development programs. Employment Services received an additional \$2,211,529 from programs in the Department of Health and Human Services. The Workforce Initiatives program received \$7,443,732 from the Department of Commerce. The Rural Community Mobilization program received an additional \$770,501 from the Department of Commerce in American Reinvestment and Recovery Act funds.

Source: Program Evaluation Division based on funding information provided by workforce development programs.

The majority of funding (53%) came from the State General Fund (see Exhibit 7). The State provided most of the funding for workforce training programs administered by the Community Colleges System Office and the Department of Public Instruction. The federal government provided 25% of the funding for North Carolina’s workforce development programs. Funding for workforce development programs was primarily from recurring funding sources. In Fiscal Year 2010–11, workforce development funding was 96% recurring and 4% non-recurring.

Exhibit 7: Funding Sources for Workforce Development Programs, Fiscal Year 2010–11



Source: Program Evaluation Division based on funding information provided by workforce development programs.

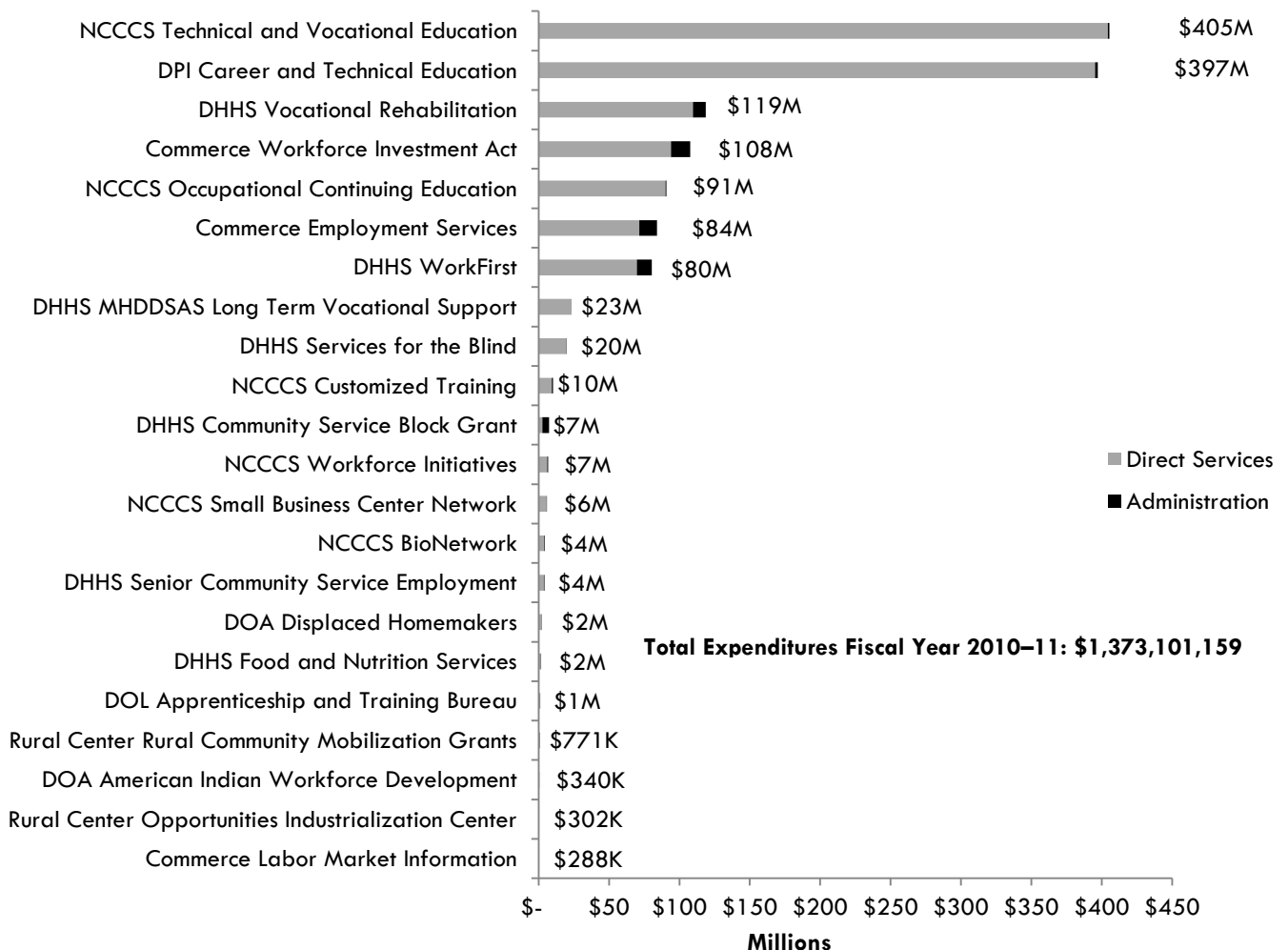
Several programs contract with other workforce development programs to provide services to individuals and businesses. For example, the Division of Workforce Solutions in the Department of Commerce receives federal Workforce Investment Act funds. Before Fiscal Year 2011–12, up to 10% of funding could be used for statewide initiatives.⁹ Funding was used to support demonstration projects (such as the Rural Center’s Rural Community Mobilization program) and to establish new programs (such as the Community Colleges System Office’s Career Readiness Certificate). Contracting also happens at the local level. For example, 13 county departments of social services contract with the Employment Services

⁹ In Fiscal Year 2011–12 the United States Department of Labor changed the amount that states could spend on statewide activities from 15% to 5%.

program in the Division of Workforce Solutions to provide employment and training services available through the Food and Nutrition Service program.

State workforce development programs spent nearly \$1.4 billion in Fiscal Year 2010–11. Expenditures varied by program (see Exhibit 8) from \$287,784 in Labor Market Information to \$405 million in the Technical and Vocational Education program. The majority of the expenditures were for direct services. Programs spent 96% on direct services to individuals and businesses and 4% on administration.

Exhibit 8: Workforce Development Program Expenditures, Fiscal Year 2010–11



Source: Program Evaluation Division based on expenditure information provided by workforce development programs.

In sum, 20 of North Carolina’s 22 workforce development programs provide a variety of direct services to individuals and businesses. Whereas these programs may be offered through JobLink Career Centers, the one-stop shop for workforce development services, they still operate independently due to separate funding streams, rules, and service delivery structures.

Finding 2. North Carolina's local workforce development areas are not strategically aligned with economic development activities in the State and their structure compromises effectiveness.

The Workforce Investment Act (WIA) program is a central component of North Carolina's workforce development system. WIA established JobLink Career Centers to coordinate and integrate all workforce development services at the local level. A key feature of WIA is the local workforce development areas. However, variability among local workforce development areas makes them inefficient and compromises effectiveness.

Federal WIA legislation establishes local authority and guides the creation of local workforce development areas. Authority to designate local workforce development areas lies with the Governor, and federal legislation directs designations should be based on the following considerations:

- geographic areas served by local education agencies, postsecondary education institutions, and area vocational education schools;
- labor market areas;
- the distance individuals will need to travel to receive services; and
- the resources of local areas that are available to effectively administer the activities of the program.

There are two types of designations: automatic and temporary. Automatic designations are given to areas with populations of 500,000 or more. A temporary designation can be made to

- a unit of local government (or group of local governments) with a population of 200,000 or more that was a service delivery area under the Job Training and Partnership Act¹⁰ and had performed successfully and sustained the fiscal integrity of the funds; or
- a unit (or group of local governments) recommended by the state board on workforce development.

Temporary designations are for two years, but can be extended if the Governor determines the area meets local performance measures and has sustained the fiscal integrity of the funds.

North Carolina has 23 local workforce development areas which vary in size from one to ten counties. Federal WIA legislation does not limit the number of areas that may be created in a state. Although the intent of the federal legislation was that areas should meet the population threshold of 500,000, North Carolina areas range in population from 162,878 to 1,069,871. Only 6 of the 23 areas meet the 500,000-person threshold (see Exhibit 9).

¹⁰ The Job Training and Partnership Act was the predecessor of the WIA program.

Exhibit 9: North Carolina's 23 Workforce Development Areas Each Cover from 1 to 10 Counties and Serve Population Areas from Under 200,000 to Over One Million

Workforce Development Board	Number of Counties	Counties	Catchment Area Population
DavidsonWorks, Inc.	1	Davidson	162,878
Northeastern	10	Camden, Chowan, Currituck, Dare, Gates, Hyde, Pasquotank, Perquimans, Tyrrell, Washington	171,996
Southwestern	7	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain	194,102
Gaston County	1	Gaston	206,086
High Country	7	Alleghany, Ashe, Avery, Mitchell, Watauga, Wilkes, Yancey	210,049
Region C	4	Cleveland, McDowell, Polk, Rutherford	231,394
Kerr-Tar	6	Caswell, Franklin, Granville, Person, Vance, Warren	250,112
Durham	1	Durham	267,587
Region Q	5	Beaufort, Bertie, Hertford, Martin, Pitt	286,363
Lumber River	5	Bladen, Hoke, Richmond, Robeson, Scotland	299,106
Triangle South	4	Chatham, Harnett, Lee, Sampson	299,480
Turning Point	5	Edgecombe, Halifax, Nash, Northampton, Wilson	310,416
Cumberland County	1	Cumberland	319,431
Western Piedmont	4	Alexander, Burke, Caldwell, Catawba	365,497
Mountain Area	4	Buncombe, Henderson, Madison, Transylvania	398,912
Cape Fear	4	Brunswick, Columbus, New Hanover, Pender	420,413
Greensboro/High Point/Guilford	1	Guilford	488,406
Regional Partnership	5	Alamance, Montgomery, Moore, Orange, Randolph	542,729
Eastern Carolina	9	Carteret, Craven, Duplin, Greene, Jones, Lenoir, Onslow, Pamlico, Wayne	633,028
Northwest Piedmont	6	Davie, Forsyth, Rockingham, Stokes, Surry, Yadkin	645,033
Centralina	7	Anson, Cabarrus, Iredell, Lincoln, Rowan, Stanly, Union	842,966
Charlotte/Mecklenburg	1	Mecklenburg	919,628
Capital Area	2	Johnston, Wake	1,069,871

Source: Program Evaluation Division based on information from the North Carolina Department of Commerce and 2010 population data from the United States Census Bureau

North Carolina's local workforce development areas are not aligned with the State's labor markets or economic development activities. Local boards were configured in the 1970s and no longer match the State's labor markets. This alignment is one of the considerations for designation of local workforce development areas. Many of the single-county areas are remnants from the federal Comprehensive Employment and Training Act of 1973, and the other areas were created under the federal Job Training and Partnership Act of 1982.

Although workforce development and economic development are interrelated, local workforce development areas are not strategically aligned with North Carolina economic development activities. Existing businesses need qualified workers to grow and a key factor when a business is considering relocating or expanding their business in North Carolina is whether the State's workforce can meet its needs. This interrelation is reflected in the mission statements of the Economic Development Board and the Department of Commerce.

Local workforce development areas are not currently aligned with economic development organizations in North Carolina. Department of Commerce administrators suggested Councils of Governments (COGs) would be a viable structure for local workforce development areas. Currently, COGs are the administrative entity for 13 of the 23 local workforce development areas. All COGs already have an administrative structure in place to manage aging, transportation planning, Housing and Urban Development (HUD) grants, and several other state and federal programs.

State-level workforce development program administrators interviewed for this evaluation expressed concern over the efficiency and effectiveness of local workforce development areas. Local variation was intended to ensure service delivery could be tailored to meet local demands. Each local area has its own administrative structure. Once a local workforce development area is designated by the Governor, chief elected officials name an administrative entity and appoint a local board to administer and oversee the program. The administrative entity receives and oversees the distribution of WIA funds and the board sets policy and oversees the WIA program.

North Carolina has more local workforce development areas than any southeastern state except Florida, which has a population nearly twice that of North Carolina and has 24 areas. Alabama has the fewest local areas with 3. The number of local areas in North Carolina—especially when a majority oversee regions that do not meet the population threshold and/or are geographically small—raises efficiency concerns because each has its own administrative structure and fewer areas would result in less spending for administration versus services.

Department of Commerce administrators associated the number of areas and their variability in structure with variability in their effectiveness. Reducing the number of boards would create larger areas that could improve customer service by offering more job and training opportunities across a larger geographic area. As it is, local areas are not necessarily aligned with workforce development programs funded from sources other than WIA (such as community colleges) or with economic development districts.

Because local areas vary in effectiveness, a customer might be well-served in one area but not in the next. On the one hand, one workforce development program administrator stated “some boards don’t go anywhere,” meaning they offer the standard WIA activities but do not explore innovative ways to serve their community, such as rethinking service delivery or creating inter-area collaborations to work more regionally. On the other hand, some boards are pursuing innovative strategies to improve services.

- The Charlotte/Mecklenburg area is completely revamping its delivery system, developing one comprehensive center that will be the primary service delivery point.
- In order to expand access to services, the Capital Area Workforce Development Board has placed numerous sites for individuals to

access information at community-based organizations and faith-based locations.

- Five workforce development boards in the Triad region are collaborating to create regional programs, and each area contributes funding to support regional activities.

The first two of the examples above are from local areas that exceed the 500,000 population threshold and have access to more resources. The third example illustrates a collaborative approach among a group of smaller areas to increase access to services by partnering to create a larger geographic area.

Although maintaining a local focus is required to meet state and federal rules, reducing the number of local workforce development boards has the advantage of increasing resources available to job seekers because population partly determines area funding. The larger the area, the more funding it receives, and increased funding allows local workforce development areas to have more programs or use their money more effectively by having more types of programs. Further, larger areas can offer more diversified training resources. Because the areas are responsible for keeping track of program participants, WIA counselors are more likely to refer participants to local service providers.

Local areas also vary in effectiveness because some do not provide web access. Electronic access to information about the services provided in the local workforce development areas varies from non-existent in some areas, to websites that exist but are not user friendly, to extensive websites that allow users to learn about and apply for programs online.

The current configuration of local workforce development areas in North Carolina is based on criteria that were established in federal employment and training programs almost 40 years ago. These areas no longer match the current economy and labor markets in the State. Further, the number of areas and the variability in size raises questions about their efficiency and effectiveness. Reconfiguring and better aligning local areas with economic development activities could strengthen workforce and economic development activities.

Finding 3. Although North Carolina has had JobLink Career Centers in place since 1998, local service delivery lacks the integration needed to provide an effective workforce development system.

There is a strong emphasis on local control and provision of workforce development programs in North Carolina. As stated in Finding 1, all of North Carolina's workforce development programs provide services locally, the majority through local service providers. Federal requirements reinforce the local emphasis: Workforce Investment Act (WIA) funding must flow from the State to localities, and each area decides which other services to offer and how to deliver services to best meet local needs. When tailored systems meet these goals, the approach is successful. However, when local decision-making produces disjointed conglomerations of services provided by entities that do not coordinate service delivery, those in need of services are less well-served.

JobLink Career Centers were created to meet WIA requirements and coordinate service delivery at the local level in North Carolina. Although most programs still operate their own independent sites, many have a presence at JobLinks. When services are not present at JobLinks, the centers provide referrals. The goal of JobLinks—which comprise a service delivery system and not a separate program—is to improve the workforce and strengthen the economy by offering labor market information, providing access to career training, connecting employers with qualified workers, meeting other employer needs, and promoting lifelong learning through an integrated service delivery system. JobLinks are required to offer WIA-funded programs (for adults, dislocated workers, and youth) and Employment Services (funded by federal Wagner-Peyser funds), and may partner with the following programs.

- Adult Education and Literacy
- Apprenticeship
- Community Colleges
- Community Services Block Grant
- Displaced Homemakers
- Employment and training for migrant and seasonal farm workers
- Employment and training for Native Americans
- Food Stamp Employment and Training
- HUD-administered employment and training
- Job Corps
- Senior Community Service Employment
- Services for the Blind
- TANF–Work First
- Trade Adjustment Assistance
- Unemployment Insurance
- Veterans’ employment and training programs
- Vocational Education (Perkins Act)
- Vocational Rehabilitation

A memorandum of understanding commits state-level partners to staff the centers, develop coordinated local job development and placement processes, establish cross-training and cross-education among staff (as funding allows), assume center leadership responsibilities, and participate in cost- and resource-sharing plans. On the other hand, JobLink charters, which local workforce development administrative entities submit to the Commission on Workforce Development for approval, describe how local programs are expected to participate in their local JobLink. The memorandum is the only mechanism that enlists state agency and program engagement in the JobLinks.¹¹ As a tool to promote state-level participation in a JobLink system that was designed to provide seamless service delivery, the state agency memorandum covers important features but falls short on several points.

¹¹ The charter document defines the roles of governing bodies and staff, specifies required program (WIA and Wagner-Peyser), defines JobLink types, and lists minimum components of a business plan.

- Not all programs in the above list are covered by the existing JobLink memorandum, which was signed in 2003 by the Secretaries of Commerce and Health and Human Services, the Chairs of the Employment Security Commission and the Commission on Workforce Development, and the President of the Community Colleges System.
- The memorandum has not been updated since 2003, in spite of changes in the State's demographics, labor market, and training needs.
- By emphasizing physical collocation at JobLinks, the memorandum does not capitalize on advances in technology that can greatly enhance participation through virtual means, link customers to programs that are not JobLink partners, and establish stronger ties to local business.

The 23 local workforce development boards operate 99 JobLink Career Centers. To open one or more JobLink sites, local workforce development boards apply to the Commission on Workforce Development for charter approval. Sites may be comprehensive, with full-time, full-service capacity for WIA and Employment Services core and intensive services, or non-comprehensive, offering the same range of services for a minimum of 16 hours per week. Other programs may be offered full time, part time, or by referral. Boards may create additional informational sites, which are typically provided by community- or faith-based organizations in areas where individuals may have difficulty getting to a JobLink Center.¹²

JobLinks must meet standards set by the Commission on Workforce Development, but local boards have flexibility in how to meet these standards, determine where to locate sites, and select the host entity. Because of how JobLinks were conceived, they are hosted by partnering entities out of necessity: sites are operated by Workforce Solutions offices,¹³ community colleges, Division of Social Services, other local government entities, or community-based organizations. Most of the 99 JobLink sites are located in Workforce Solutions offices (58) or on community college campuses (17).

Because JobLinks rely on local partners' participation for staffing and access to services, services provided vary across sites. One administrator explained, the JobLink system "has been encumbered by willingness of agencies to participate." All JobLinks must provide WIA and Employment Services, but which other services are provided, what they consist of, and how they are provided is at local discretion and depends largely on the strength of the partnerships in the community. The Program Evaluation Division surveyed JobLinks to determine the number of programs offered on-site and by referrals. Sixty-nine comprehensive and 22 non-comprehensive JobLinks responded.¹⁴ As expected, comprehensive sites offered more programs on site at least once a month than did non-

¹² Additional sites follow one of two models: Sharing How Access to Resources Empower (SHARE) Network Access Points (SNAP) sites provide resources and access to services to promote self-sufficiency. Information sites provide information about service and self-help resources.

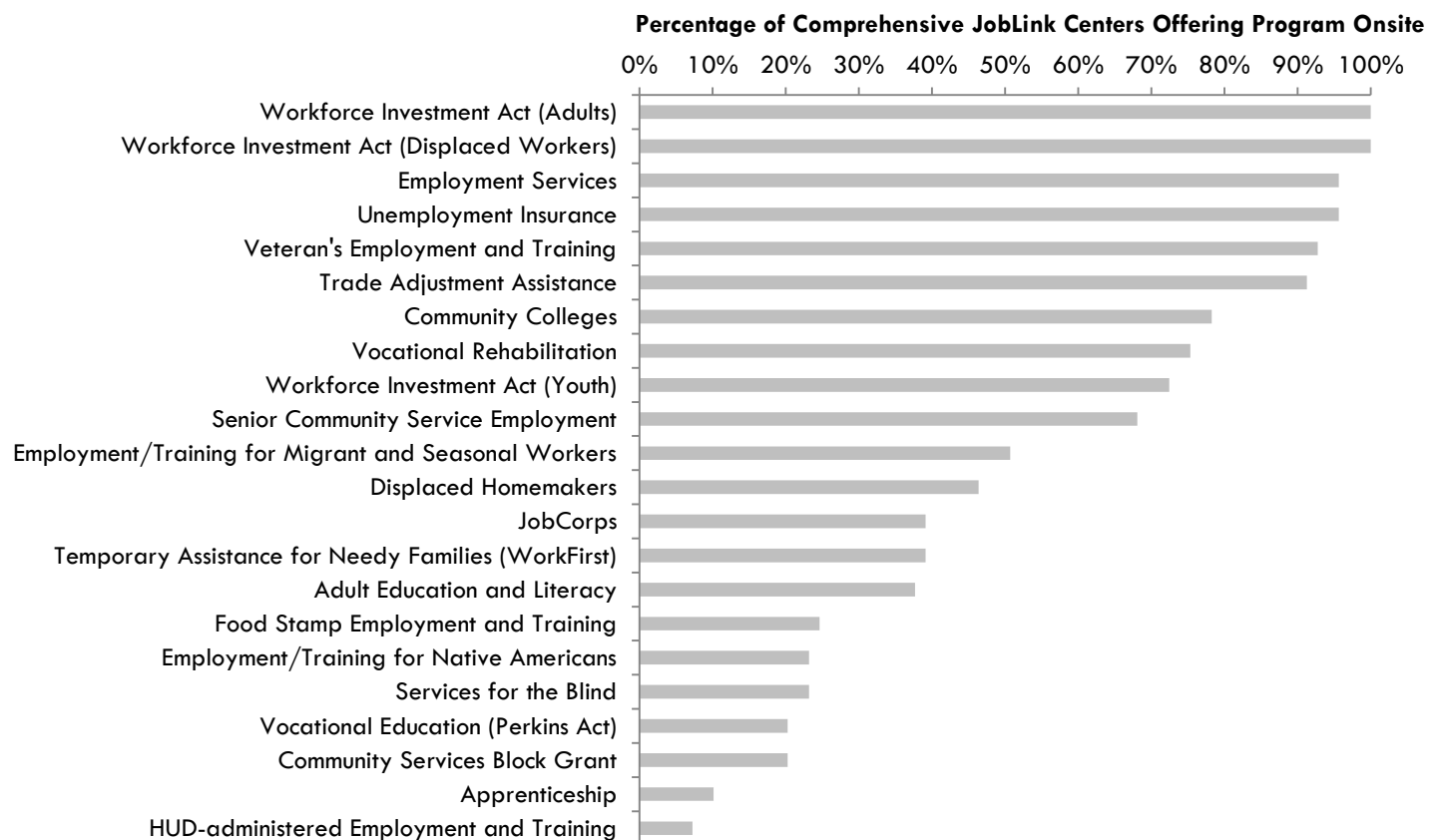
¹³ These centers were operated by the Division of Employment Services in the Employment Security Commission, which was transferred to the Department of Commerce and is now called the Division of Workforce Solutions.

¹⁴ The response rate for each type of JobLink centers was 90% for comprehensive sites and 100% for non-comprehensive sites.

comprehensive sites (12 programs versus 9 programs). Both types of centers provided referrals to at least 12 programs.

Although the intent was to provide all programs available in the community through JobLinks, staff reported this has not occurred and sites vary widely from one to the next in what is offered. Exhibit 10 displays the percentage of comprehensive JobLinks offering each workforce development program. As shown, participation by programs other than WIA or Wagner-Peyser is inconsistent across sites. Interviews suggested relationships between local entities determine which programs are offered and which are not. Participation may also be affected by space limitations at the JobLink and by program staff reductions following recent budget cuts. As shown in Exhibit 10, services provided through the 100 county departments of social services (e.g., Work First) are among the least represented at comprehensive sites. The state memorandum of understanding states the Department of Health and Human Services will “encourage” the county departments to partner in JobLinks, but each may or may not elect to participate.

Exhibit 10: Program Offerings Vary Across Comprehensive JobLink Sites



Note: Table reflects survey responses from 69 comprehensive JobLink Centers.

Source: Program Evaluation Division based on JobLink Center survey.

One source of variability across JobLinks is the host entity, which can affect the level of partnership by what they communicate to partner programs. One JobLink staff member observed their site had high expectations for

collaboration among partners, which demanded partner engagement. Another staff member reported their area held regular meetings that provided program staff a chance to share information, cross-train with other program staff, and coordinate activities.

On site visits, the Program Evaluation Division observed a relationship between the type of host and service emphasis. For example, one site hosted by the county department of social services office emphasized the importance of support services. Another site located at a community college reported the JobLink served 28% to 33% of all students at the college. A third site, hosted by Workforce Solutions (formerly Employment Security Commission), was focused on job placement and less on job training.

Community colleges are represented on each of the local workforce development boards, but they are not always as strongly integrated into JobLinks as the above example suggests. Usually, program integration tends to focus on job placement services, not on integrating placement with training. As is true in other states, community colleges do the majority of workforce training and receive the majority of WIA funding. Creating close alliances between community colleges and job placement programs is an effective strategy to build workforce capacity because addressing the skills gap requires linking training with workforce needs, and hosting classes at JobLinks or locating JobLinks at community colleges both accomplish this aim.

The results of the survey support these observations. For example, all 51 of the comprehensive JobLinks hosted by the Division of Workforce Solutions offer WIA, employment services, unemployment insurance, trade adjustment assistance, and veteran's employment and training. However, only four out of the nine JobLinks hosted by community colleges offer veteran's employment services and seven of these nine sites offer employment services and unemployment insurance. Exhibit 11 shows the percentage of comprehensive JobLink Centers that offer the most common workforce development services by host entity.

Exhibit 11: Programs Located at Comprehensive JobLink Sites Vary by Host Entity

10 Most Prevalent Workforce Development Programs Offered	Host Entity				
	All Comprehensive JobLinks (n = 69)	Employment Services (n = 51)	Community College (n = 9)	County Government (n = 4)	Other Entities (n = 5)
Workforce Investment Act (Adult)	●	●	●	●	●
Workforce Investment Act (Displaced Workers)	●	●	●	●	●
Employment Services	●	●	◐	●	●
Unemployment Insurance	●	●	◐	●	●
Veteran's Employment and Training	●	●	○	●	●
Trade Adjustment Assistance	●	●	◐	◐	◐
Community Colleges	◐	◐	●	◐	●
Vocational Rehabilitation	◐	◐	◐	◐	●
Workforce Investment Act (Youth)	◐	◐	●	●	●
Senior Community Service Employment	◐	◐	○	○	●

● = Program offered at 100% of JobLinks
 ● = Program offered at 80%–99% of JobLinks
 ◐ = Program offered at 60%–79% of JobLinks
 ○ = Program offered at fewer than 60% of JobLinks

Note: Table reflects survey responses from 69 comprehensive JobLink Centers.

Source: Program Evaluation Division based on survey of JobLink Centers.

JobLinks provide collocated local services, but collocation does not necessarily mean services are integrated even among those represented at the site. JobLinks are intended to be one-stop service centers for job seekers and employers, and a series of reports by the Government Accountability Office identified collocation as an effective and efficient service-delivery strategy for workforce development activities. Collocation supports consumer access and may curtail service duplication.¹⁵ However, collocation alone does not ensure integration. Integrating services in a way that makes them accessible and effective requires collaborative, cooperative relationships among providers. An administrator explained

¹⁵ Duplication and overlap are not synonymous. Overlap may be the result of federal program rules that dictate which services to provide to whom, and is not necessarily bad. Duplication—when an individual receives the same service from different programs—is a problem, but a 2011 Government Accountability Office report found the extent of duplication among services provided by WIA, Wagner-Peyser, and TANF was impossible to discern because the programs have separate administrative structures.

that staff members from partnering programs need to commit to working together, but this happens on a local, individual level.

Although programs sharing a narrow focus of services for a similarly defined group (such job placement for displaced workers) may be easier to integrate, programs with differing client service philosophies (such as those focused on holistic self-sufficiency versus those focusing only on employment) may be more difficult to integrate.¹⁶ However, as noted by a Department of Health and Human Services administrator, the employment services function of these programs is an additional resource that could be fully integrated.

Even with a local commitment to integration, JobLink staff must contend with federal funding streams and rules that reinforce a siloed approach to service delivery.

- WIA and Wagner-Peyser must follow their own rules.
- Agencies that are not funded by the United States Department of Labor are not required to participate in JobLinks.
- Vocational Rehabilitation program customers must be served by Vocational Rehabilitation program staff.

In addition, some programs do not have the flexibility to contribute funds to support JobLinks. As a result, the host entity ends up assuming costs even though the intent of the centers was for participating programs to share in the cost.

Finally, partner agency budget and staffing realities may limit the effectiveness of collocation by making it impossible for partners to spare staff to be on site. However, workforce development program administrators observed, “collocation is not the only way to work together,” and partners can work around the lack of collocation with frequent communication, locating offices close to one another, and increasing reliance on technology.

Ultimately, integration requires staff who can talk knowledgeably about all programs offered at the JobLink, not just the one they work for.

Interview data indicated a frequent disconnect between what an individual JobLink customer needs—job placement or job training, regardless of the program—and the orientation of service providers toward their specific program or funding requirements. Customers come to a JobLink seeking help, regardless of which program delivers the service. To provide this level of integration, a common JobLink location is just the first step: staff on site should themselves be able to provide integrated information.

One Department of Commerce administrator noted some JobLinks have “trained, able, and authorized staff” who are cross-trained in WIA and Employment Services core services and can provide both (but not necessarily other programs). Staff from a JobLink hosted by the county department of social services explained they offered outreach from a wide variety of partners such as legal aid and homeless shelters, and also hosted business specialists for business needs, community college classes,

¹⁶ U.S. Government Accountability Office. (2011, January). *Multiple Employment and Training Programs: Providing Information on Collocating Services and Consolidating Administrative Structures Could Promote Efficiencies* (Report No. GAO-11-92). Washington, DC: Government Accountability Office. Available at <http://www.gao.gov>

free computer classes provided by the university, and job-readiness classes. In addition, staff worked with the Disability Awareness Council.

In an effort to improve statewide one-stop service integration in Oregon, administrators have implemented changes to their process and staff training. Welcome Teams with staff from different funding sources are required to make sure all staff know about all programs and are on hand to talk to customers, and an optional staff Career Development Facilitator certification is offered. Administrators reported staff members who have completed the certification believe they do a better job when they go over intake forms with customers and help plan next steps.

Technology is increasingly important to integrate programs at JobLink Centers and improve access to workforce development services. In the words of one local JobLink staff member, “North Carolina is in the ice age” when it comes to use of technology in workforce development. The following examples illustrate some of the uses and shortcomings of technology found during this evaluation.

- Forty-nine JobLinks have a website; some of these, such as the five centers that serve the Charlotte/Mecklenburg area, are multiple locations set up by the same board, so they share access to one website.
- Memorandums of Understanding between JobLink partners do not require technology, except to say partners should “use/interface with the JobLink MIS (when functional).”
- Although job seekers can work on their resumé on JobLink computers, security protocols may prohibit them from taking an electronic copy with them when they leave.
- One JobLink staff member complained that Job Connector, North Carolina’s job matching system, is out of date and was “outdated when it rolled out.” The system does not have up-to-date features such as keyword search or spidering to effectively match seekers with jobs.
- A JobLink director talked about introducing Skype and webcams to enhance program integration by facilitating access to offsite providers and to potential employers. A Workforce Solutions administrator explained JobLinks were conceptualized as a physical location, but it is time to move them to the “next level,” where “people do not even have to go into a facility.” Specifically, remote access could facilitate the virtual presence of specialized staff who are not at the JobLink full time (e.g., Services for the Blind) for customers with disabilities, thereby avoiding the need for a return visit on a day when staff is on site.
- JobLinks share a statewide management information system, but each program partner maintains their own database that does not interface with the JobLink system. Even WIA service data must be entered twice, once into the JobLink system and once for WIA tracking. A JobLink staff member observed they were spending

“tremendous human capital” to verify program eligibility that would not be necessary if they had integrated technology.

Without technology to provide shared information across programs, staff from one program does not have a systematic way to know what other services consumers are receiving or what other services they might be eligible for. A common web-based intake form was recommended by JobLink administrators, and could both improve services to customers and make the process more efficient for program staff. Seeking better workforce development service integration, the state of Oregon adopted a common intake process for its one-stop centers to collect information sufficient for intake to all programs except Temporary Assistance for Needy Families. Before, customers had to complete a different form for each program they used. Now, customers complete one registration form when they first come to a one-stop center. At present, the registration data can be linked to two other existing systems that collect program participation and outcomes. Administrators expect the system will be expanded over time to include all data.

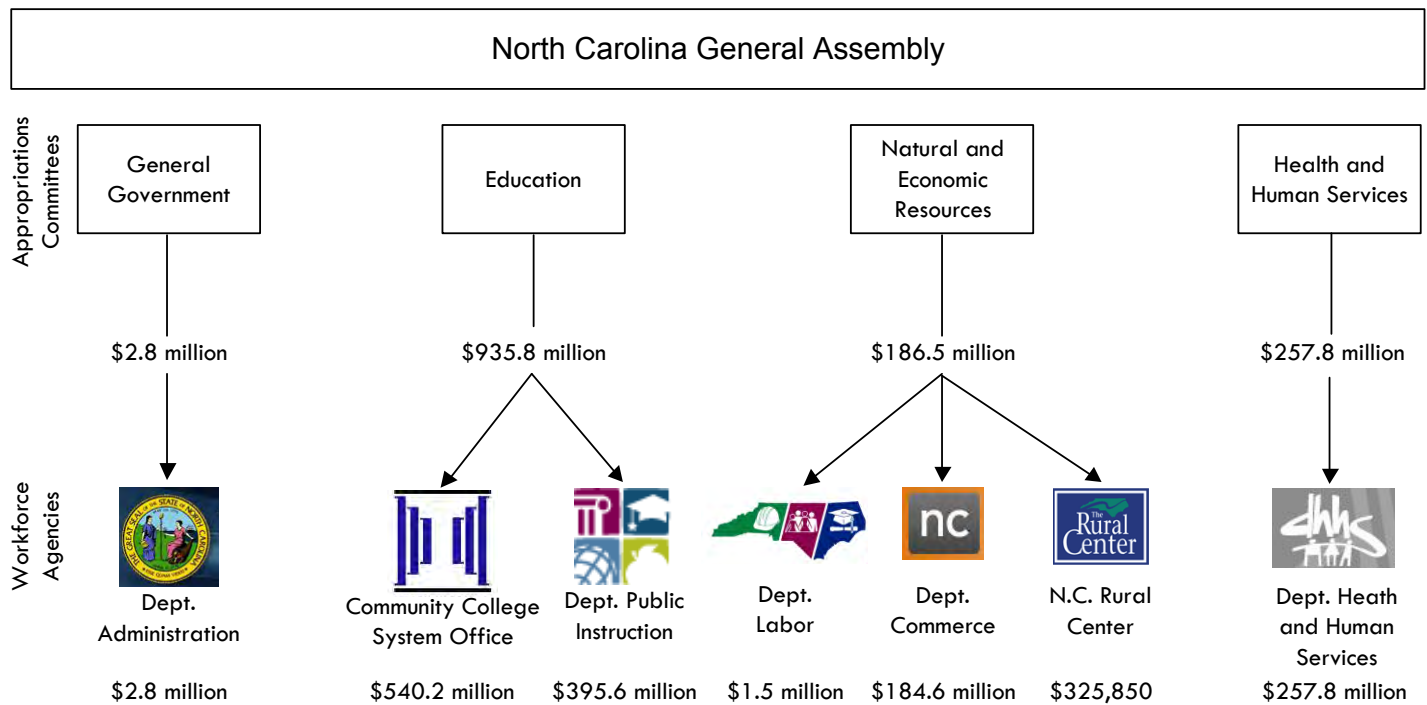
In sum, JobLinks were established to meet federal one-stop requirements to enhance integration of local service delivery. But whereas information collected for this evaluation indicated they may be necessary to integrate services, the collocation opportunity they provide is not sufficient to ensure it. Interviews with program administrators and staff in North Carolina and in other states emphasized the key role of relationships among program staff and their commitment to communicate with each other and work together. Further, technology is not being used to serve customers effectively and efficiently, nor is it sufficient to provide performance data that informs how the system is or is not meeting the State’s workforce development needs.

Finding 4. State-level administrative coordination has been insufficient to ensure an integrated workforce development system.

As presented in Finding 3, relationships among service providers and agencies are needed for service integration, but these relationships vary in strength and existence. Attention to program and agency integration at the State level, however, can affect the local level. When workforce development program administrators and staff rated the integration of North Carolina’s workforce development system, most responded “average.” Several reported the importance of strengthening state policy, leadership, and decision making to improve local integration.

State-level mechanisms that affect service integration include agency structure, legislative oversight, and the Commission on Workforce Development. As shown in Finding 1, six state agencies and one nonprofit administer the 22 programs that meet criteria for this evaluation. However, only the Community Colleges System Office has workforce development as its primary focus, and no entity is solely responsible for North Carolina’s workforce development system. From the perspective of legislative oversight, four separate appropriations committees (on education, general government, health and human services, and natural and economic resources) oversee these seven entities (see Exhibit 12).

Exhibit 12: Four Different Appropriations Committees Oversee Funding for Workforce Development Programs



Source: Program Evaluation Division based on information received from workforce development programs.

As required by federal law, North Carolina created the Commission on Workforce Development in 1998 to administer Workforce Investment Act (WIA) funding, to help build the State’s workforce development system, and to convene state-level partners. The commission’s mission statement is:

To establish and guide a world-class workforce development system for North Carolina. This system will be comprehensive, integrated, relevant and effective. It will produce well-educated, highly skilled workers who perform at high levels and work in economically viable enterprises that provide good jobs at good wages.

The commission must submit a biennial workforce development plan to the Governor that includes goals and objectives; an assessment of current workforce development programs and policies; an assessment of the delivery of employment and training services to special populations, such as youth and dislocated workers; and recommendations for policy, program, or funding changes.

Membership from state agencies and the public sector is prescribed by federal regulations, which direct a majority of members represent business in the State. However, the number of members is not set by federal rules, and North Carolina statute directs a membership of 38.¹⁷ In addition to the Secretary of the Department of Health and Human Services, the Chair of the Employment Security Commission, the Superintendent of Public Instruction, the President of the Community Colleges System Office, the

¹⁷ N.C. Gen. Stat. § 143B-438.10.

Commissioner of the Department of Labor, and the Secretary of the Department of Commerce or their respective designees, the Governor appoints 32 members:

- 6 members representing public, postsecondary, and vocational education;
- 2 members representing community-based organizations;
- 6 members representing labor; and
- 18 members representing business and industry.

The Governor appoints the committee chair from among the business and industry members, and the chair is required to convene the commission at least once quarterly.

Documents published by the Commission on Workforce Development express its commitment to its purpose. The commission develops a new strategic plan every four years and modifies the plan after two years. The current plan was written in 2009, and the modified plan came to a commission vote in February 2012. The current two-page plan is intentionally brief, but it reflects input from surveys, agency leads, and focus groups with stakeholders and local communities. The plan lists the commission's core beliefs, mission, and three goals with related objectives. Each of the commission's four committees—operations and programs, policy, research and assessment, and communications—fleshes out the goals and objectives of the plan and reports to the full commission on its accomplishments.

Despite the commission's comprehensive membership and mandate, it lacks the authority to affect program integration and accountability and therefore cannot create a statewide workforce development system. The commission's strategic plans, while comprehensive and far-reaching, are expressions of intent but cannot impel agencies to action. The 2009–2011 strategic plan includes discrete goals and objectives, one of which suggests empirical analysis to measure service quality. However, it does not identify which data will be used in the process.

The large number of members raises questions about whether the board is unwieldy. Key members for decision making are the agency heads, but a review of attendance at the seven meetings held in 2010 and 2011 revealed:

- Department of Commerce, a lead workforce development agency, was represented at only one meeting, and then by a designee.¹⁸
- Agency heads from the Departments of Health and Human Services, Labor, and Public Instruction did not attend any meetings. A designee for each agency was sent to five or six of the meetings.
- The Community Colleges System Office and the former Employment Security Commission had a representative at every meeting. The agency lead attended at least four of the seven meetings (a designee attended the remainder).

This review suggests the members who represent the key players in the workforce development system at the state level were not consistently represented at the meetings.

¹⁸ The Department of Commerce staffs the commission, but no official representative was sent to the meeting from the department to represent the secretary. If votes had been held during the meeting, the department would have had no vote.

Even with full attendance by agency leaders, the commission has only limited authority over WIA (it has ceded responsibility for WIA funds to the Department of Commerce) and has no authority at all over other programs. As an example, Department of Commerce administrators explained that local boards must have data on their local area but the commission does not have measures in place to track goals and objectives. At one point, the commission “tried to look at outcomes, but it was like pulling teeth” because the programs requested to provide data did not want to share it. Without any authority to back up the request, the commission “gave up.”

North Carolina G.S. § 143B-438.10 does give the committee specific duties. As shown in Exhibit 13, most have to do with advising and planning. Workforce development program administrators interviewed for this evaluation reported the commission:

- convenes stakeholders but has no fiscal oversight, no responsibility for program accountability, and no authority to affect the system;
- is responsible for the JobLink system and can withdraw a JobLink’s charter if it is in violation, but local programs are not required to report to the commission;
- oversees initiatives, but has no control over the projects; and
- does not receive reports from agencies because none are required to report to the commission.

A review of commission meeting minutes from 2009 through 2011 revealed activities largely consisted of committee and program updates, discussions of economic and workforce conditions, and strategic plan development. Over these three years, no votes were taken other than to approve meeting minutes and the 2009 strategic plan.

The record on the committee’s performance of its duties is mixed (see Exhibit 13). Evidence indicates the commission does function as a convener and a facilitator, but not an authoritative voice that can direct the workforce development system. The report issued by the commission, *The State of the North Carolina Workforce*, is one example of the commission’s approach: it is a comprehensive review of the employment and workforce landscape, but it does not report data on workforce development program activities, outputs, or outcomes.

Exhibit 13

The Commission on Workforce Development Does Not Fulfill Some of Its Prescribed Duties

Powers and Duties of the Commission (G.S. § 143B-438.10)	Evidence?
1. To develop strategies to produce a skilled, competitive workforce that meets the needs of the State's changing economy.	Strategic Plan
2. To advise the Governor, the General Assembly, State and local agencies, and the business sector regarding policies and programs to enhance the State's workforce.	No
3. To coordinate and develop strategies for cooperation between the academic, governmental, and business sectors.	Strategic Plan
4. To establish, develop, and provide ongoing oversight of the "One-Stop Delivery System" for employment and training services in the State.	Limited Evidence of Oversight
5. To develop a unified state plan for workforce training and development.	Strategic Plan
6. To review the plans and programs of agencies, boards, and organizations operating federally funded or state-funded workforce development programs for effectiveness, duplication, fiscal accountability, and coordination.	No
7. To develop and continuously improve performance measures to assess the effectiveness of workforce training and employment in the State.	No
8. To submit to the Governor and to the General Assembly by April 1, 2000, and biennially thereafter, a comprehensive Workforce Development Plan that shall include at least the following: <ul style="list-style-type: none"> <li data-bbox="613 1066 1328 1098">A. Goals and objectives for the biennium. <li data-bbox="613 1108 1328 1140">B. An assessment of current workforce programs and policies. <li data-bbox="613 1150 1328 1234">C. An assessment of the delivery of employment and training services to special populations, such as youth and dislocated workers. <li data-bbox="613 1245 1328 1276">D. Recommendations for policy, program, or funding changes. 	Strategic Plan covers only item A
9. To serve as the State's Workforce Investment Board for purposes of the federal Workforce Investment Act of 1998.	Statute

Source: Program Evaluation Division based on a review of commission documents and meeting minutes.

The Commission on Workforce Development, then, convenes stakeholders but does not have authority to affect workforce development system operations. It has statutory responsibility for assessing programs, policy, and service delivery, and to oversee JobLinks, but commission meeting notes and interviews with administrators indicate it has not fulfilled all of these responsibilities.

In a review of systems in other states, the Program Evaluation Division identified the state of Washington as an example of a statewide board focused on system improvements based on outcome data. An executive order charged the statewide board with similar responsibilities to North Carolina's commission, but the order further directed the board to design and implement a performance management system. The 10-member board coordinates 17 programs administered by seven agencies and monitors

performance of all programs by tracking outcome measures such as job attainment, wages, and training results.

Recent restructuring efforts spearheaded by North Carolina's state leadership have moved toward state-level integration. Session Law 2011-401 mandated the transfer of the Employment Security Commission to the Department of Commerce in 2011. This change was implemented during the course of this evaluation, so the long-term effects are not known. However, Department of Commerce administrators see it as a positive step toward integrating programs and increasing accessibility. The department created five committees to facilitate the consolidation:

- technology—to integrate information systems for Wagner-Peyser and WIA, with the potential to accommodate additional programs;
- policies and programs—to recommend strategies for integrating the service delivery system;
- branding—to create a new program identity and improve customer service;
- WIA/Trade Adjustment Assistance—to integrate these two dislocated worker programs; and
- staff development and training—to better serve individuals and businesses needing services.

State-level attention to integration among agencies that offer other workforce development programs could further improve integration at the local level.¹⁹

Other states have enhanced integration through consolidation, alignment, and creation of a unified web portal for consumers to access information about the state's workforce development system.

- **Consolidation.** Some states have established one agency to administer a majority of workforce development programs. Utah's Department of Workforce Services was created in 1997 from several divisions that provided workforce-development-related services, such as food stamps, TANF, WIA, child care, Wagner-Peyser, unemployment insurance, and training. As a result, funding streams are blended, five computer systems have been reduced to two that can share data, and there is one employment plan per customer. Created in 1998, Oregon's Department of Community Colleges and Workforce Development brings together oversight of placement and training and is responsible for state policy and leadership. The department is now working on stronger integration with the Department of Labor.
- **Alignment.** Oregon's strategy is also an example of aligning WIA with community colleges to close the gap between job placement and job training. In Virginia, the community college system is designated as the WIA administrative entity and represents the state in managing communications and sharing information with local workforce development areas.

¹⁹ In March 2011, the Governor signed Executive Order 85, which directed the integration of numerous divisions within departments, including the Department of Health and Human Services Divisions of Vocational Rehabilitation and Services for the Blind. The impact of this consolidation on workforce development remains to be seen.

- **Unified web portal.** Several other states have a web site that individuals and businesses can go to for information about services, job matching, and training opportunities. Rhode Island's Workforce Development Services Division's website is the single point of contact in Rhode Island for employment, workforce information, and education and training services (it does not include community colleges) even though programs are not administered by a single entity.²⁰

North Carolina's complicated array of workforce development programs might benefit from streamlining beyond the recent transfer of the Employment Securities Commission to the Department of Commerce.

Whereas some approaches taken in other states might be considered in North Carolina, others are less well suited because, for example, of the State's county service delivery structure for social services. In addition, the recent changes at the Department of Commerce will take time to absorb, as they require reconfiguration of staff and services.

Nonetheless, two changes could be made to further streamline the system. First, Apprenticeship could be transferred from the Department of Labor to the Community Colleges System Office to create synergy with the Customized Training program. These programs provide similar services to businesses: Apprenticeship works to establish apprenticeship training programs for businesses, and Customized Training works with eligible businesses to establish training programs to help the business grow, invest in new technology, or enhance productivity. Both programs rely on training resources at the community colleges. Although they may sometimes work with different companies, the activities of the two programs are similar, suggesting they could be administered by a single entity such as the Community Colleges System Office. Moving Apprenticeship to the Community Colleges System Office makes sense because the Department of Labor's mission is the health, safety, and general well-being of workers in North Carolina, whereas the community college system's mission includes workforce development.

Second, Workforce Initiatives, which is now administered by the Community Colleges System Office, could be transferred to the Department of Commerce. This transfer is feasible because this initiative is primarily responsible for administering grants funded through the federal WIA and American Recovery and Reinvestment Act (ARRA). ARRA funding ended in 2010–11 and the only money still available to Workforce Initiatives are WIA funds. Although North Carolina used to have discretion to use 10% of WIA funding for innovative statewide activities, these funds can no longer be used for this purpose.²¹

These two changes are small, but, considering the nature of program integration and the recent changes already made in North Carolina, they are feasible. To accomplish true program integration, steps are needed at the local level to increase effectiveness of all local boards and to ensure individual relationships alone are not responsible for providing a strong workforce development system. State directives and strong leadership are

²⁰ <http://www.dlt.ri.gov/wfds/>

²¹ Congress reduced the funding available for statewide activities from 15% to 5%, which is used to administer the WIA program.

needed to support local integration. A stronger commission, a unified web portal, and additional streamlining to merge similar programs are important steps toward system improvement.

Finding 5. Despite interest and investments in tracking workforce development participants, there are no statewide performance measures to determine the success of the system.

To understand the impact of workforce development programs, data are needed to track participant characteristics, services, and outcomes. Output measures, which are typically counts of program activities, capture the number of training sessions provided, number of client contacts, number of participants who received services, or number of participants completing the program. Outcome measures, which describe what was accomplished as a result of program activities, may consist of participant employment, job retention, and wages.²²

Because there is no one entity that oversees the workforce development system, there are no agreed-upon statewide goals for the system as a whole that could be tracked by program output and outcome performance measures. Although the duties of the Commission on Workforce Development include “developing and continuously improving performance measures” for the workforce development system (see Finding 4), there is no evidence the commission has taken any action. As a result, each program collects and reports their own data in keeping with their own funding requirements.

Programs also do not share a management information system. As a result, programs do not know which individuals are served by other programs and it is impossible to calculate an unduplicated count of participants in the workforce development system.

As shown in Exhibit 14, most programs collected some type of output measures: 17 (85%) of the 20 programs that serve individuals collect the number served, and over half (55%) collect the number of participants who complete the program. Only 1 of the 12 programs that provided services to businesses, the Community Colleges System Office’s Customized Training program, reported collecting any output measures.

²² More information on performance measures can be found in a previous Program Evaluation Division report, *Accountability Gaps Limit State Oversight of \$694 Million in Grants to Non-Profit Organizations*. (2009, November). Raleigh: North Carolina General Assembly.

Exhibit 14Output Measures
Collected by Workforce
Development Programs

Output Measure	Number of Programs that Collect	Percentage of Programs
Programs that Serve Individuals (n = 20)		
Individuals Served by Program	17	85%
Participants Completing Program	11	55%
Racial or Ethnic Minorities Served	6	30%
Sessions or Units of Service Provided to Participants	5	25%
Registered Participants	4	20%
Cancelled Participants	3	15%
Hours of Community Service Contributed by Participant	1	5%
Programs that Serve Businesses (n = 12)		
Funding to Companies	1	8%

Source: Program Evaluation Division based on data from workforce development programs.

Sixteen (80%) of the 20 programs reported collecting some form of outcome measures. Over half (55%) of the programs that served individuals tracked whether participants entered employment. Among other outcomes, programs also collected employment retention (20% of programs tracked this measure), earnings at or above a specific threshold (20%), or degrees or credentials earned by participants (25%). Outcomes among services for businesses were less well tracked: 1 of the 12 programs collected program satisfaction, and 1 collected the number of jobs created or retained. Program administrators reported most outcomes were tracked by program staff conducting direct follow-up with participants or employers.

Although program performance measures are inconsistent across programs, North Carolina at one time had the potential to report statewide outputs and outcomes for workforce development programs. Consistent statewide measures collected and reported across programs would best assess the success of the State's workforce development system in meeting its goals. Acknowledging it was "in the best interests of this State" to have current, comprehensive information about the success of the system, in 1995 the General Assembly provided funding and mandated requirements to "provide for the automated collection, organization, dissemination, and analysis of data obtained from State funded programs that provide job training and education and job placement services to program participants."²³ Since then, North Carolina has spent a total of \$4.3 million on the common follow-up information management system (CFS), with annual expenditures ranging from \$225,000 to \$461,000.

²³ N.C. Gen. Stat. § 96-30 to 96-35.

The Employment Security Commission (ESC) partnered with six other agencies to create CFS, a database to track outcomes of participants in educational, employment, and training programs.²⁴ ESC was responsible for collecting the required data; operating, updating, and maintaining the system; determining additional agencies or data to include in the system; and reporting to the legislature about system operations each May. The original legislation named the Office of State Budget and Management responsible for using CFS data to evaluate the use of state and federal funds for educational, employment, and training programs. In 2001, this responsibility was shifted to ESC to analyze data such as completion rates and job attainment in order to make recommendations for program funding. However, this responsibility has not been fulfilled.

The following 11 entities provided data on 2.6 million individuals to CFS in Fiscal Year 2009–10.²⁵

- Department of Correction
- Department of Labor
- Department of Public Instruction
- Department of Commerce, Division of Workforce Development
- Department of Health and Human Services, Division of Services for the Blind
- Department of Health and Human Services, Division of Social Services
- Department of Health and Human Services, Division of Vocational Rehabilitation Services
- The Employment Security Commission
- North Carolina Community Colleges System
- University of North Carolina System
- JobLink Career Center System

Each agency is required to submit demographic, program enrollment, and completion data to the CFS biannually. This information is matched with employment and wage information provided by businesses that are part of the unemployment insurance program.

Because data are matched using an individual's social security number, information on services received from state entities can be matched across programs and with wage information for those with jobs in North Carolina that are covered by unemployment insurance. Wage data include quarterly earnings, employment status, size of the employing firm, and the industry code of the employing firm.

Despite the potential for CFS data to provide statewide outcome data, ESC staff report the following data limitations.

- Agencies submit data in a specified file structure but data may not be comparable across agencies.

²⁴ The Labor and Market Information Division of the Employment Security Commission was responsible for CFS prior to the transfer of the Employment Security Commission to the Department of Commerce in 2011.

²⁵ This list includes entities that are not included in this study, The University of North Carolina System and the Department of Correction. It does not include the Department of Administration programs or the nonprofit service provider, the North Carolina Rural Center.

- There are no agreed-upon data definitions across agencies. For example, program completion may not be defined the same way for all programs.
- Agencies are required to submit data to CFS but it is an unfunded mandate. As a result, they submit operational data from their program's information management system. There has been some work to develop a uniform typology of services, but this has not yet been successful.
- Employment and wage data are limited to information from employers covered by the State's Unemployment Insurance System.
- Data in CFS reflect individuals receiving services. No data are collected on employer services.

Each year, the Labor Market Information program publishes a printed report with aggregate summaries of the data in the system.²⁶ This report provides information on the number of individuals that participate in each program and how many people received services from more than one program. It does not include information on what services were received, participant status, employment status, or wages.

The Program Evaluation Division asked workforce development program administrators about CFS. "It is not a system, it is a report," was one comment that sums up what was expressed by several administrators: data are only released as a printed report and are not available online. Generally, administrators reported it was "interesting information" but not useful in its current format. Suggestions for improvement were to make the data more current, to include common measures across programs, to identify goals, and to make the information available electronically. At the same time, program staff stressed the importance of technology and data to better track participants in multiple programs. CFS has the potential to capture the performance of North Carolina's workforce development system.

The current economic crisis has exacerbated the lack of resources for building a strong workforce development data system in North Carolina. One CFS administrator reported that recently appropriated funds intended for the system had been shifted away from analysis of agency data in order to address the increase in unemployment filings that resulted from the economic crisis.

A statewide performance measurement system is central to establishing an integrated workforce development system. Other states strive to implement data systems, and the state of Washington has reported combined program data for their workforce development system since 1996. In its integrated performance system, which has been recognized as a model for other states, each program has performance targets tied to output and outcome measures and is required by law to report return on investment.²⁷ These measures are regularly reported and reviewed, with incentives and

²⁶ Employment Security Commission of North Carolina. (2011, May). *A Report on the Operations of the North Carolina Follow-Up System (CFS)*.

²⁷ The Washington Workforce Board worked with the United States Department of Labor and other states to develop standards for states to create and utilize a performance measurement system. See: Washington State Workforce Training and Education Coordinating Board (2005, June). *Integrated Performance Information for Workforce Development: A Blueprint for States*.

sanctions based on performance. These data provide a high-level view for policymakers to understand program performance tied to system outcomes.

Although CFS has failed to meet its potential, the processes and infrastructure are in place to capture the performance of the State's workforce development system. The transfer of the Employment Security Commission to the Department of Commerce provides an opportunity to realign resources. The division that was responsible for CFS is now part of the Division of Labor and Economic Analysis. There needs to be staff dedicated to data collection and analysis to provide system accountability. The data capabilities of CFS have the potential to put North Carolina in the forefront of workforce development performance tracking.

Recommendations

North Carolina's workforce development programs were funded with a total of \$1.4 billion in Fiscal Year 2010–11, over half of which (\$736.6 million) came from the State General Fund. This considerable investment does not fund a true system: workforce development in North Carolina is more a complicated array of programs than a system. Six state agencies and one nonprofit entity administer 22 programs that are offered at more than 500 local sites. Four different legislative appropriations committees oversee agency funding.

North Carolina is faced with the greatest economic challenges since the Great Depression, and a strong workforce development system is needed to support the recovery. This report identifies needed improvements, and most can be accomplished by strengthening existing elements to help create a true system. JobLink Career Centers and the common follow-up information management system hold promise as the basis for a more integrated statewide system. The transfer of the Employment Security Commission to the Department of Commerce in late 2011 was a strong step toward streamlining workforce development to make it easier to administer and for customers to access services. Full implementation of this change will take some time, and further reform should take this into account.

The following five recommendations address the issues identified in this report. Because of the complexity of workforce development in North Carolina, the recommendations require a range of actions by several different entities and will take more than two years to implement. To facilitate suggested reforms, the fifth recommendation creates the Joint Legislative Workforce Development System Reform Oversight Committee. As noted in the first four recommendations, this committee will receive reports on each reform and report progress to the full General Assembly. Exhibit 15 summarizes the recommendations, and each is explained in detail in the text that follows.

Exhibit 15: Summary of Recommendations

Recommendation	Specific Legislative Actions
1. Streamline the workforce development system	<ul style="list-style-type: none"> • Direct the transfer of the Apprenticeship program from the Department of Labor to North Carolina Community Colleges System Office • Eliminate the Workforce Initiatives Program • Direct the reduction of membership of the Commission on Workforce Development from 38 to 25 • Encourage the reduction of the number of local workforce development areas from 23 to 16 by aligning them with Councils of Governments
2. Enhance accountability by requiring statewide performance measures	<ul style="list-style-type: none"> • Require the Commission on Workforce Development to perform its statutorily required duty to develop performance measures for the workforce development system • Direct state agencies and local workforce development programs to report information to the Commission on Workforce Development • Direct the Department of Commerce to strengthen the common follow-up management information system (CFS)
3. Strengthen the JobLink Career Center system	<ul style="list-style-type: none"> • Direct the Commission on Workforce Development to strengthen charter requirements for JobLink Career Centers • Direct participating state agencies to revise the memorandum of understanding for the JobLink Career Center system
4. Use technology to integrate programs and improve access to services	<ul style="list-style-type: none"> • Require the Department of Commerce to create a unified web portal for the workforce development system • Direct the Department of Commerce to develop a plan to accommodate programs administered by the Department of Administration and the Department of Health and Human Services in the common intake and to report to the oversight committee on implementation timeline, process, and costs
5. Create a legislative oversight committee to oversee reform	<ul style="list-style-type: none"> • Create the Joint Legislative Workforce Development System Reform Oversight Committee • Charge the committee with oversight of and responsibility for ensuring the recommended reforms are implemented in accordance with the law • Dissolve the committee after it issues its final report to the 2015 session of the General Assembly

Source: Program Evaluation Division.

Recommendation 1. The General Assembly should streamline the workforce development system by transferring the Apprenticeship Program to the North Carolina Community Colleges System Office, eliminating the Workforce Initiatives Program in the North Carolina Community Colleges System Office, reconfiguring the membership of the Commission on Workforce Development, and realigning local workforce development areas.

As shown in Finding 1, the workforce development system in North Carolina is a complicated array of 22 programs administered by six state agencies and one nonprofit that provide services at more than 500 local sites. The recent transfer of the former Employment Security Commission to the Department of Commerce has begun the process of streamlining the system by consolidating two important components under one state agency. The General Assembly should further streamline the system by taking the following actions:

- **Transfer the Apprenticeship Program from the Department of Labor to the North Carolina Community Colleges System Office using the Type I transfer process in N.C. Gen. Stat. § 143A-6(a).**

As shown in Finding 3, the Apprenticeship Program and the Customized Training Program provide similar services to businesses and both utilize training resources at community colleges. In addition, the primary mission of the Department of Labor is promoting the health, safety and general well-being of workers in North Carolina, not workforce development. Transferring the Apprenticeship Program to the North Carolina Community Colleges System Office would improve state-level service integration and further streamline the system by reducing the number of state agencies involved from six to five. The transfer requires legislation mandating a Type I transfer. When part of an agency is transferred to another department under a Type I transfer, its statutory authority, powers, duties, functions (including budgeting and purchasing), records, personnel, property, and unexpended balances of appropriations, allocations, or other funds are transferred to the other department.²⁸

- **Eliminate the Workforce Initiatives program in the North Carolina Community Colleges System Office.** As shown in Finding 4, the primary responsibility for the Workforce Initiatives program in the North Carolina Community Colleges System Office has been administering grants funded through the federal Workforce Investment Act (WIA) and American Recovery and Reinvestment Act (ARRA). Funding from ARRA has been exhausted and is no longer available for workforce development activities. North Carolina had discretion to use up to 10% of Workforce Investment Act funding for innovative statewide initiatives, but this funding has been cut by the United States Congress for Federal Fiscal Year 2011–12. States have three years to spend these WIA funds, so the Workforce Initiatives Program can complete its work during Fiscal Year 2011–12. Eliminating the Workforce Initiatives Program in Fiscal Year 2012–13 will allow the Department of Commerce to reprogram any remaining funds and ensure state appropriations are not needed to continue this program.
- **Reconfigure the membership of the Commission on Workforce Development.** As shown in Finding 4, the Commission on Workforce Development has 38 members, and the membership has not been updated to reflect recent changes in the workforce development system. The General Assembly should streamline the Commission on Workforce Development by ensuring the appropriate state agency heads are appointed to the commission and reducing the total membership. The Program Evaluation Division recommends the General Assembly change the commission appointments by eliminating the Chair of the Employment Security Commission and the Commissioner of Labor and adding the Secretary of Administration. The proposed eliminations reflect the transfer of the former Employment Security Commission to the Department of Commerce, and the proposed transfer of the Apprenticeship program to the North Carolina Community Colleges System Office.

²⁸ N.C. Gen. Stat. § 143A-6(a).

The addition of the Secretary of Administration ensures all state agencies involved in the workforce development system serve on the commission. The Program Evaluation Division also recommends that other appointments to the commission should be streamlined to reduce the overall membership from 38 to 25 members. Exhibit 16 compares the current appointments to the recommendation.

Exhibit 16: Proposed Changes to the Commission on Workforce Development

Current Commission on Workforce Development Appointments	Proposed Commission on Workforce Development Appointments
<ul style="list-style-type: none"> • State Agency and Department Heads (6 members) <ul style="list-style-type: none"> – Secretary of the Department of Commerce – Secretary of the Department of Health & Human Services – Superintendent of Public Instruction – President of the Community Colleges System Office – Commissioner of Labor – Chair of the Employment Security Commission 	<ul style="list-style-type: none"> • State Agency and Department Heads (5 Members) <ul style="list-style-type: none"> – Secretary of the Department of Commerce – Secretary of the Department of Health & Human Services – Superintendent of Public Instruction – President of the Community Colleges System Office – Secretary of the Department of Administration
<ul style="list-style-type: none"> • Other Appointments (32 members) <ul style="list-style-type: none"> – six members from public, postsecondary, and vocational education – two members from community-based organizations – six members from labor – eighteen members from business and industry 	<ul style="list-style-type: none"> • Other Appointments (20 members) <ul style="list-style-type: none"> – three members from public, postsecondary, and vocational education – one member from community-based organizations – three members from labor – thirteen members from business and industry

Source: Program Evaluation Division based on N.C. Gen. Stat. § 143B-438(b).

- **Encourage local workforce development areas to realign with the regional council structure.** As shown in Finding 2, the large number of and variability among local workforce development areas compromise the effectiveness and efficiency of the workforce development system. Six of the 23 workforce development areas are single counties and 17 areas have populations below 500,000. Reducing the number of areas and their associated boards could decrease expenditures for administration, improve customer service, encourage innovation, and better align with economic development activities. The skills gap threatens the viability of North Carolina’s workforce and realigning local workforce development boards with economic development will ensure customers have access to regional resources that will help close the gap.

Department of Commerce administrators have suggested the regional structure of Councils of Governments (COGs) would be viable for local workforce development areas. Realigning local workforce development areas using COG regions would reduce the number of areas from 23 to 16. As shown in Exhibits 17 and 18, realigning local workforce development areas with COGs would change the current structure by disbanding nine areas including the six single-county areas. The proposed local areas could be administered by the COG or another entity. Under this proposal, the number of counties for local workforce development areas

would range from 3 to 12 counties, and the area population would range from 171,996 to 1,968,680.

The Workforce Investment Act (WIA), clarified by guidance²⁹ provided by the U.S. Department of Labor, gives the authority to designate local workforce areas to the local elected officials and the Governor. The General Assembly has no authority to reduce the number or composition of local workforce areas. However, the General Assembly can require local workforce development areas to coordinate activities within a region. The Program Evaluation Division recommends the General Assembly amend N.C. Gen. Stat. § 143B-438.11 to require regional planning, labor market data sharing, and regional coordination of the provision of workforce investment activities authorized under WIA.

To further streamline local workforce development areas the Program Evaluation Division recommends the General Assembly pass a resolution encouraging local areas and the Governor to take the next step in streamlining the local provision of WIA services and realign the local workforce areas with COGs. This realignment would reduce the number of local workforce areas, help reduce variability, improve customer service, encourage innovation, and strengthen the relationship between workforce and economic development.

The General Assembly should also direct the Department of Commerce and the Commission on Workforce Development to assist local workforce development boards that realign their areas with COGs to ensure a smooth transition. The Department of Commerce should report quarterly on the realignment of local areas and the regional planning and cooperation to the Joint Legislative Workforce Development System Reform Oversight Committee beginning March 15, 2013 with a final report on due no later than December 15, 2014.

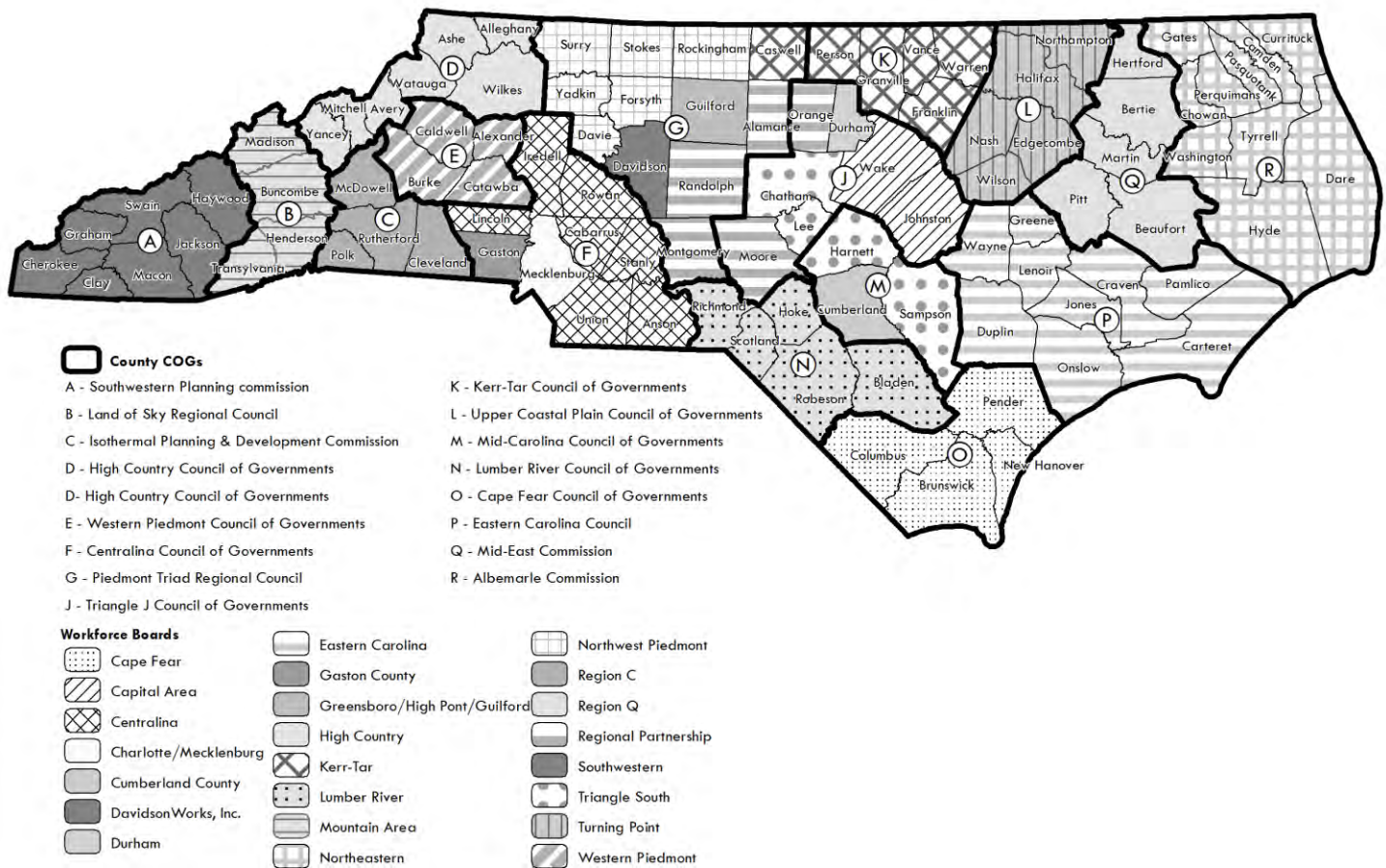
²⁹ U.S. Department of Labor officials have indicated that further guidance on local workforce development areas will be provided in 2012.

Exhibit 17: Changes Required to Align Local Workforce Development Areas with Council of Governments (COG) Regions

Workforce Board	Counties	Change Required to Align with COGs
Southwestern	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain	None
Mountain Area	Buncombe, Henderson, Madison, Transylvania	None
Region C	Cleveland, McDowell, Polk, Rutherford	None
High Country	Alleghany, Ashe, Avery, Mitchell, Watauga, Wilkes, Yancey	None
Western Piedmont	Alexander, Burke, Caldwell, Catawba	None
Centralina	Anson, Cabarrus, Iredell, Lincoln, Rowan, Stanly, Union	Add Gaston and Mecklenburg
Gaston County	Gaston	Disband and join Centralina
Charlotte/Mecklenburg	Mecklenburg	Disband and join Centralina
Northwest Piedmont	Davie, Forsyth, Rockingham, Stokes, Surry, Yadkin	Add Alamance, Caswell, Davidson, Guilford, Montgomery, Randolph
DavidsonWorks, Inc.	Davidson	Disband and join Northwest Piedmont
Greensboro/High Point/Guilford	Guilford	Disband and join Northwest Piedmont
Kerr-Tar	Caswell, Franklin, Granville, Person, Vance, Warren	Caswell leave Kerr-Tar and join Northwest Piedmont
Turning Point	Edgecombe, Halifax, Nash, Northampton, Wilson	None
Lumber River	Bladen, Hoke, Richmond, Robeson, Scotland	None
Cape Fear	Brunswick, Columbus, New Hanover, Pender	None
Eastern Carolina	Carteret, Craven, Duplin, Greene, Jones, Lenoir, Onslow, Pamlico, Wayne	None
Region Q	Beaufort, Bertie, Hertford, Martin, Pitt	None
Northeastern	Camden, Chowan, Currituck, Dare, Gates, Hyde, Pasquotank, Perquimans, Tyrrell, Washington	None
Cumberland County	Cumberland	Disband and create Region M
Triangle South	Chatham, Harnett, Lee, Sampson	Disband and Chatham and Lee join Region J Harnett and Sampson join Region M
Durham	Durham	Disband and create Region J
Capital Area	Johnston, Wake	Disband and create Region J
Regional Partnership	Alamance, Montgomery, Moore, Orange, Randolph	Disband and Alamance, Montgomery, and Randolph join Northwest Piedmont Moore and Orange join Region J

Source: Program Evaluation Division based on local workforce development boards and Council of Governments regions.

Exhibit 18: Map of Current Local Workforce Development Areas and Council of Governments Regions



Source: Program Evaluation Division based on local workforce development boards and Council of Government regions.

Recommendation 2. The General Assembly should enhance accountability for the workforce development system by requiring statewide performance measures that assess the effectiveness of workforce development programs, directing state agencies and local programs that receive state funding to report accurate and complete performance data, and strengthening the common follow-up information management system to track and report performance measures.

As shown in Findings 4 and 5, the workforce development system in North Carolina does not have statewide performance measures to determine the success of individual programs or the system. The Program Evaluation Division found that performance output and outcome measures varied across workforce development programs despite the State’s investment in the common follow-up information management system in 1995. This recommendation recognizes the potential for this existing infrastructure to provide North Carolina with an effective performance measurement system. The General Assembly should enhance accountability by taking the following actions:

- **Require the Commission on Workforce Development to perform its statutorily required duty to develop performance measures for the workforce development system.** The Commission on Workforce Development is directed by statute to “develop and continuously improve performance measures to assess the effectiveness of workforce training and employment in the State,”³⁰ but the commission has not developed performance measures and does not assess program effectiveness. The Program Evaluation Division recommends the General Assembly require the Commission on Workforce Development to design and implement a performance management system for the workforce development system in partnership with workforce development programs. At a minimum, the performance management system should include
 - standards for measuring and reporting state and local program performance and costs;
 - expected performance levels using the performance management system;
 - program outcomes, levels of employer participation, and satisfaction with employment and training services; and
 - information already tracked through the common follow-up information management system such as demographics, program enrollment, and program completion.

The General Assembly should direct agencies identified in this report to participate in the development of performance measures. The commission should appoint an advisory workgroup of representatives from all programs identified in this report to assist with the development of performance measures. The commission should complete the development of the performance management system no later than January 15, 2014 so the system can be implemented for Fiscal Year 2014–15. The commission should report quarterly on the development and implementation of the performance management system to the Joint Legislative Workforce Development System Reform Oversight Committee beginning March 15, 2013 with a final report on implementation due no later than December 15, 2014.

- **Direct state agencies and local workforce development programs to report information to the Commission on Workforce Development so that their performance can be measured.** N.C. Gen. Stat. § 96-33 requires state and local workforce development programs to provide information and data for the common follow-up information management system, but these programs are not required to provide information to the Commission on Workforce Development. The Program Evaluation Division recommends the General Assembly amend N.C. Gen. Stat. § 143B-438.10 to require state and local workforce development programs provide information and reports requested by the Commission on Workforce Development.

³⁰ N.C. Gen. Stat. § 143B-438.10(a)(7)

- **Direct the Department of Commerce to strengthen the common follow-up information management system.** As shown in Finding 5, the development of the common follow-up information management system (CFS) was mandated and funded by the General Assembly to track the status of participants in the workforce development system, but it has not been used to track participants across programs even though the infrastructure and data submission processes are in place. The Program Evaluation Division recommends the General Assembly continue funding and strengthen CFS by directing the Department of Commerce to
 - work with the Commission on Workforce Development to develop common performance measures across programs that can be tracked through CFS;
 - determine whether other workforce development programs identified in this report that are not participating in CFS should be required to report information and data;
 - provide information from CFS electronically to reporting agencies;
 - provide training for participating agencies to ensure data quality and consistency;
 - develop common data definitions that are shared across agencies contributing information to the system; and
 - ensure that funding and staff resources for CFS are not diverted to other programs or systems managed by the Department of Commerce.

The Department of Commerce should report quarterly to the Joint Legislative Workforce Development System Reform Oversight Committee on its efforts to strengthen the common follow-up information management system beginning March 15, 2013, with a final report due no later than December 15, 2014.

Recommendation 3. The General Assembly should strengthen the JobLink Career Center system by directing the revision of charter requirements and the memorandum of understanding that defines the roles and responsibilities of state agencies.

As shown in Findings 3 and 4, the local service delivery system lacks the integration needed to provide an effective workforce development system. JobLink Career Centers must meet standards set by the Commission on Workforce Development, but local areas have flexibility in how to meet them. Joblinks are required to offer WIA-funded programs and employment services and partner with programs offered by other state and local agencies. Although centers rely on partner participation for staffing and access to services, the services that are provided vary because programs do not participate due to office space limitations and budget reductions. To strengthen the JobLink system, the General Assembly should take the following actions:

- **Direct the Commission on Workforce Development to strengthen JobLink charter requirements.** The Commission on Workforce Development issued interim JobLink charter criteria to local

workforce development boards in July 2010, and the commission is expected to develop final criteria during the next two years. The interim criteria are comprehensive, but there are deficiencies. For example, the criteria recommend, but do not require, center staff to engage in cross-education or cross-training to ensure all staff is familiar with all programs offered at the center. In addition, the criteria do not require JobLinks to use technology to integrate programs nor to improve access to services. The General Assembly should direct the commission to ensure that the final criteria address these deficiencies by

- mandating each center conduct cross-education for partner staff about local, regional, state, and federal programs and initiatives that may be beneficial for customers;
- mandating each center provide cross-training for staff to provide seamless services to customers when the usual program service provider is unavailable to provide services;
- requiring each center to demonstrate partnership with the community college(s) in its service area;
- requiring the use of technology such as Skype and webcams to provide remote access for customers and a virtual presence for partner workforce development agencies that cannot offer on-site staff;
- requiring each center has an online presence that provides information about its location, operating hours, services, and contact information; and
- encouraging participation of career development coordinators from local education agencies.

The commission should be directed to complete its work on JobLink charter requirements by May 15, 2013 so that all JobLinks can be chartered using the final criteria during Fiscal Year 2013–14. The commission should report on the development of final chartering requirements to the Joint Legislative Workforce Development System Reform Oversight Committee no later than May 15, 2013. The commission should issue its final report on the implementation of charter requirements no later than December 15, 2014.

- **Direct the participating state agencies to revise the memorandum of understanding for the JobLink system.** The memorandum of understanding (MOU) is an agreement between participating agencies that outlines their roles and responsibilities for the JobLink system. The current MOU was signed in 2003 and does not reflect the transfer of the former Employment Security Commission to the Department of Commerce. The MOU commits partners to staff the centers, to develop coordinated local job development and placement processes, to establish cross-training among staff, to assume center leadership responsibilities, and to participate in cost- and resource-sharing plans. Even with these commitments, evaluation surveys and interviews suggested local relationships were the strongest determinants of which programs were offered and which were not. The General Assembly should direct state

agencies that have signed the current MOU³¹ and the Department of Administration to determine how service delivery at JobLinks can be improved. At a minimum, the review of the MOU should consider

- 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;
- development of coordinated local job development and placement processes;
- integration of job placement with job training provided by community colleges;
- establishment of cross-education and cross-training of center staff;
- participation in cost- and resource-sharing arrangements;
- mandated participation of locally administered programs such as county departments of social services; and
- use of technology to improve center efficiencies such as a common web-based intake system.

The General Assembly should also direct participating state agencies to appoint a workgroup that includes representation from all workforce development programs identified in this report to assist in the review and revision of the current MOU for the JobLink system. Because the workforce development system needs to evolve to meet changing conditions, the General Assembly should direct the revised MOU include a requirement to be reviewed and revised every five years. The state agency workgroup should be directed to complete its work on the memorandum of understanding for the JobLink system by May 15, 2013, so that the revised MOU can become effective July 1, 2013. The state agency workgroup should report the MOU revisions to the Joint Legislative Workforce Development System Reform Oversight Committee no later than May 15, 2013. The state agency workgroup should issue a final report on the implementation of the revised MOU that describes the effect of the revisions on the JobLink system no later than December 15, 2014.

Recommendation 4. The General Assembly should direct that technology be used to integrate programs at JobLink Career Centers; to increase access to workforce development services by requiring the Department of Commerce to create and host a unified web portal; and to facilitate program intake by requiring the Department of Commerce to plan a common system for JobLinks and programs located at the centers.

The Program Evaluation Division found other states are using technology to enhance their workforce development systems and to increase access to services. The General Assembly should improve the integration of state and local service delivery by taking the following actions.

³¹ The following state agencies and entities signed the 2003 MOU: Department of Commerce, Department of Health and Human Services, Employment Security Commission, Community Colleges System Office, and Commission on Workforce Development.

- **Require the Department of Commerce to create a unified web portal for North Carolina's workforce development.** As shown in Finding 4, other states have created unified websites or portals as a single point of contact for employment, workforce information, and education and training services even though programs are administered by multiple state agencies. The Department of Commerce has a website for its workforce development programs and the JobLink Career Centers, but it does not include comprehensive information for its own programs nor does it offer links or information for programs operated by other state agencies. The General Assembly should direct the Department of Commerce to expand its workforce website to include or link to information on:
 - all workforce development programs;
 - the location and operating hours of service providers and community colleges;
 - training opportunities and programs;
 - North Carolina's job matching system; and
 - the State's unemployment insurance filing system.

The unified web portal should be completed no later than July 1, 2013. The Department of Commerce should present and demonstrate the unified web portal to the Joint Legislative Workforce Development System Reform Oversight Committee no later than September 15, 2013.

- **Direct the Department of Commerce to convene a group of program administrators to develop a plan for a common web-based intake system for JobLinks.** JobLink administrators recommended a common web-based intake system for workforce development programs to improve customer service, make the intake process more efficient for program staff, and avoid duplication of services by providing staff with information about services received by participants from other programs. The Department of Commerce is already integrating multiple information systems for Wagner-Peyser, WIA, JobLink, and systems currently operated by some local workforce development boards. This effort will include a common web-based intake system as well as information about services received. According to administrators with the Department of Commerce, the cost of the new system will be covered by eliminating the multiple systems currently in place.

The General Assembly should direct the Department of Commerce, the Department of Health and Human Services, and the Department of Administration to develop a plan that expands the Department of Commerce intake system to include workforce development programs administered by the two other agencies. The plan should include how the database will work, an implementation timeline, estimated costs, and a method to pay for the up-front and ongoing costs of the system. The Department of Commerce should present the plan to the Joint Legislative Workforce Development System Reform Oversight Committee no later than July 1, 2013.

Recommendation 5. The General Assembly should establish the Joint Legislative Workforce Development System Reform Oversight Committee to oversee the reform of the workforce development system recommended by this evaluation.

As shown in Finding 4 and Exhibit 12, legislative oversight of the workforce development system lacks integration because four separate appropriations committees (on education, general government, health and human services, and natural and economic resources) oversee funding for the six state agencies and one nonprofit that administer workforce development programs. This lack of centralized oversight will make it difficult for the General Assembly to monitor and oversee the system reform recommended by this evaluation. To ensure consistent legislative oversight for the implementation of recommendations in this evaluation, the Program Evaluation Division recommends the General Assembly establish the Joint Legislative Workforce Development System Reform Oversight Committee to monitor and oversee reform of the workforce development system from January 2013 through January 2015.

The Joint Legislative Workforce Development System Reform Oversight Committee should have representation from each appropriations committee that oversees workforce development programs. The Program Evaluation Division recommends that the committee consist of 16 members as follows:

- Eight members of the Senate appointed by the President Pro Tempore of the Senate including a chair of the Senate Appropriations Committee on Education/Higher Education, a chair of the Senate Appropriations Committee on General Government and Information Technology, a chair of the Senate Appropriations Committee on Health and Human Services, a chair of the Senate Appropriations Committee on Natural and Economic Resources, and at least two members of the minority party.
- Eight members of the House of Representatives appointed by the Speaker of the House of Representatives including a chair of the House Appropriations Subcommittee on Education, a chair of the House Appropriations Subcommittee on General Government, a chair of the House Appropriations Subcommittee on Health and Human Services, a chair of the House Appropriations Subcommittee on Natural and Economic Resources, and at least two members of the minority party.

The President Pro Tempore of the Senate and the Speaker of the House of Representatives should each appoint a co-chair for the committee.

The purpose of the Joint Legislative Workforce Development System Reform Oversight Committee should be to monitor and oversee streamlining of the workforce development system, improve accountability, strengthen the JobLink system, and implement technology to integrate programs at JobLinks and to improve access to workforce development services. To fulfill this purpose, the committee should have the following duties:

- review reports prepared by the Department of Commerce, the Commission on Workforce Development, or any other state, local, or non-state entity related to the workforce development system;

- monitor the integration of workforce development programs from the former Employment Security Commission into the Department of Commerce;
- monitor the implementation of the realignment of the local workforce development areas based on the regional council structure;
- monitor and review the development and implementation of the performance measurement system;
- monitor the implementation of improvements to the common follow-up information management system authorized in N.C. Gen Stat. § 96-30 to 96-35;
- monitor and review the revision of charter requirements and memorandum of understanding for the JobLink system;
- monitor and review the implementation of the unified web portal for the workforce development system;
- monitor and review the development plan of the common web-based intake form workforce development programs; and
- study any other matter related to the workforce development system that the Committee considers necessary.

The Committee should be directed to make an interim report to the General Assembly in 2014 and a final report to the General Assembly in 2015. These reports may contain any legislation needed to implement a recommendation of the Committee. The Committee should be dissolved after it issues its final report to the 2015 Regular Session of the General Assembly.

Appendices

Appendix A: Methodology for Program Selection

Appendix B: Description of North Carolina's Workforce Development Programs

Agency Response

A draft of this report was submitted to the Departments of Administration, Commerce, Health and Human Services, Labor, and Public Instruction; the Community Colleges System Office; and the North Carolina Rural Economic Development Center for review and response. Their responses are provided following the appendices.

Program Evaluation Division Contact and Acknowledgments

For more information on this report, please contact the lead evaluator, Catherine Moga Bryant, at Catherine.MogaBryant@ncleg.net.

Staff members who made key contributions to this report include Michelle Beck, Carol H. Ripple, Carol Shaw, and Pamela L. Taylor. John W. Turcotte is the director of the Program Evaluation Division.

Appendix A: Methodology Used to Determine Program Inclusion

The Program Evaluation Division's initial review of federal and state program guidelines identified eight agencies and two nonprofit organizations that administered programs providing workforce development and related services in North Carolina:

- Department of Administration
- Department of Agriculture and Consumer Services
- Department of Commerce
- Department of Correction
- Department of Health and Human Services
- Department of Labor
- Department of Public Instruction
- North Carolina Biotechnology Center
- North Carolina Community College System Office
- North Carolina Rural Center

For the purposes of this evaluation, workforce development was defined as:

Programs, systems, and networks primarily designed to enable individuals to succeed in the workplace by providing skills development, training, or employment services; and to help businesses obtain a skilled workforce by providing employment services, training programs, or subsidized employment

Each of the 30 programs identified in the initial review provided information about

- program mission;
- federal and state law, rules, or regulations guiding the program;
- workforce development services provided to individuals and businesses;
- target populations and eligibility requirements;
- the percentage of effort focused on workforce development activities;
- program funding sources; and
- an explanation of whether the program did or did not fit the criteria of a workforce development program.

The Program Evaluation Division used the following criteria to select workforce development programs for inclusion in this evaluation:

- a separate state funding stream (from all sources including federal) dedicated to workforce development;
- workforce development must be the primary focus of the program; and
- programs work toward increasing employment in existing businesses or by creating a new business.

Based on the definition and the above criteria, 22 programs were included in the evaluation and 8 programs were excluded. The following table summarizes programs identified in the initial review, those included and excluded, and the rationale for exclusion.

Agency/Organization	Included?	Rationale for Exclusion
Department of Administration		
American Indian Workforce Development Program	✓	
Displaced Homemakers	✓	
Department of Agriculture and Consumer Services		
Agribusiness Development	x	Primary purpose of the program is economic development
Department of Commerce		
Employment Services	✓	
Labor Market Information (Common Follow-up System)	✓	
Small Business and Entrepreneurial Assistance	x	Primary purpose of the program is economic development
Talent Enhancement and Capacity Building	x	Primary purpose is training to apply for Community Development Block Grant funding
Unemployment Insurance	x	Program does not provide workforce development services
Workforce Investment Act	✓	
Department of Correction		
Inmate Construction	x	Primary purpose of the program is to improve the physical plant of correctional facilities
Job Start	x	All services provided through the community colleges
Offender Re-entry	x	Funding for this pilot program ended in December 2011
Department of Health and Human Services		
Community Services Block Grant	✓	
Food and Nutrition Education and Training	✓	
Long-Term Vocational Support Services	✓	
Senior Community Service Employment	✓	
Services for the Blind Employment and Training	✓	
Vocational Rehabilitation Employment and Training	✓	
WorkFirst (Temporary Assistance to Needy Families)	✓	
Department of Labor		
Apprenticeship	✓	
Department of Public Instruction		
Career and Technical Education	✓	
North Carolina Biotechnology Center		
Workforce Development	x	Primary purpose of the program is economic development
North Carolina Community College System Office		
BioNetwork	✓	
Customized Training	✓	
Occupational Continuing Education	✓	
Small Business Training Center Network	✓	
Technical and Vocational Education	✓	
Workforce Initiatives	✓	
North Carolina Rural Center		
Opportunities Industrialization Centers	✓	
Rural Community Mobilization Center	✓	

Appendix B: Description of North Carolina's Workforce Development Programs

Agency	Department of Administration		Department of Commerce		
	Commission of Indian Affairs	Council for Women	Division of Workforce Solutions		Labor Market Information
	American Indian Workforce Development Program	Displaced Homemakers	Employment Services	Workforce Investment Act	Common Follow-up Information Management System
Program Eligibility	Participants must be a member of a nationally or state-recognized tribe	Participants must be displaced homemakers	All persons are eligible	Participants must be low-income, unemployed adults, dislocated workers, or youth	Program does not provide direct services
FY 2010-11 Funding					
Federal funds	\$ 498,796	\$ 0	\$ 59,049,564	\$114,942,200	\$ 0
State funds	0	265,527	9,828,816	0	397,041
Other sources	24	2,016,409	388,209	0	0
Other Workforce Development Programs	0	0	14,912,553	0	0
Total Funding	\$ 498,820	\$2,281,936	\$ 84,179,143	\$114,942,200	\$397,041
FY 2010-11 Expenditures					
Administration	\$ 53,598	\$ 103,623	\$ 12,750,910	\$ 13,571,342	\$287,784
Direct services	286,882	1,931,111	71,428,233	94,141,830	0
Total Expenditures	\$ 340,480	\$2,034,734	\$ 84,179,143	\$107,713,172	\$287,784
Services for Individuals					
Individuals served	85	5,697	883,544	24,545	N/A
Skill development/training	✓		✓	✓	
Employment services	✓	✓	✓	✓	
Subsidized employment	✓			✓	
Supportive services	✓	✓		✓	
Services for Businesses					
Employment services	✓		✓	✓	
Training programs				✓	
Subsidized employment	✓			✓	

Note: Individuals served is an unduplicated count for the program. Employment Services receives funding from the Workforce Investment Act. Workforce Investment Act includes funding and expenditures for the Commission on Workforce Development.

Appendix B: Description of North Carolina's Workforce Development Programs (continued)

Agency	Department of Health and Human Services					
	Division	Division of Social Services			Vocational Rehabilitation	Services for the Blind
		Program	Community Services Block Grant	Food and Nutrition Services	Temporary Assistance to Needy Families (WorkFirst)	Employment Services
Program Eligibility	All low-income persons	Low-income adults	Low-income adults	Physically or developmentally disabled adults or youth	Blind or visually impaired adults or youth	
FY 2010-11 Funding						
Federal funds	\$7,099,288	\$2,097,692	\$17,611,105	\$ 89,989,437	\$16,101,216	
State funds	0	0	0	23,386,391	3,313,294	
Other sources	0	1,225,929	62,799,484	5,365,833	657,929	
Other Workforce Development Programs	0	0	0	0	0	
Total Funding	\$7,099,288	\$3,323,621	\$80,410,589	\$118,741,661	\$20,072,439	
FY 2010-11 Expenditures						
Administration	\$ 4,746,145	\$ 92,858	\$10,620,723	\$ 9,069,431	\$ 284,259	
Direct services	2,633,184	1,615,733	69,789,866	109,672,231	19,788,180	
Total Expenditures	\$ 7,379,329	\$1,708,592	\$80,410,589	\$118,741,662	\$20,072,439	
Services for Individuals						
Individuals served	5,777	9,566	14,152	60,424	3,991	
Skill development/training	✓	✓	✓	✓	✓	
Employment services	✓	✓	✓	✓	✓	
Subsidized employment	✓		✓	✓	✓	
Supportive services	✓	✓	✓	✓	✓	
Services for Businesses						
Employment services				✓	✓	
Training programs				✓	✓	
Subsidized employment			✓	✓	✓	

Note: Individuals Served is an unduplicated count for the program.

Appendix B: Description of North Carolina's Workforce Development Programs (continued)

Agency	Department of Health and Human Services		Department of Labor	Department of Public Instruction	North Carolina Community Colleges System Office
Division	Mental Health, Developmental Disabilities, and Substance Abuse	Aging and Adult Services	Apprenticeship and Training Bureau	Career and Technical Education	Academic and Student Services
Program	Long-Term Vocational Support Services	Senior Community Service Employment	Apprenticeship	Career and Technical Education	Technical and Vocational Education
Program Eligibility	Adults receiving MHDDSAS services	Low-income or unemployed adults, age 55 or older	Adults	Students in 6-12 th grade	All persons
FY 2010-11 Funding					
Federal funds	\$ 0	\$4,289,971	\$ 101,000	\$ 25,953,306	\$ 12,279,816
State funds	23,356,728	11,546	879,557	369,630,815	208,434,304
Other sources	0	465,118	650,000	0	192,886,962
Other Workforce Development Programs	0	0	0	0	0
Total Funding	\$23,356,728	\$4,766,634	\$1,630,557	\$395,584,121	\$413,601,082
FY 2010-11 Expenditures					
Administration	\$ 0	\$ 510,162	\$ 126,192	\$ 2,041,886	\$ 1,072,870
Direct services	23,356,728	3,733,251	968,708	395,282,369	404,279,297
Total Expenditures	\$23,356,728	\$4,243,413	\$1,094,900	\$397,324,255	\$405,352,167
Services for Individuals					
Individuals served	1,715	556	7,744	513,397	161,108
Skill development/training		✓		✓	✓
Employment services	✓	✓	✓	✓	
Subsidized employment		✓			
Supportive services		✓	✓		
Services for Businesses					
Employment services			✓	✓	
Training programs		✓	✓		
Subsidized employment		✓			

Note: Individuals Served is an unduplicated count for the program.

Appendix B: Description of North Carolina's Workforce Development Programs (continued)

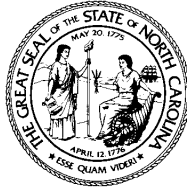
Agency	North Carolina Community Colleges System Office				
Division	Office of the President			Technology and Workforce Development	
Program	BioNetwork	Customized Training	Small Business Center Network	Occupational Continuing Education	Workforce Initiatives
Program Eligibility	All persons	All businesses	All persons	All persons	Does not provide direct services
FY 2010-11 Funding					
Federal funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State funds	4,660,968	24,982,058	6,128,335	71,262,886	0
Other sources	0	0	\$0	19,588,552	0
Other Workforce Development Programs	0	0	0	0	7,443,732
Total Funding	\$4,660,968	\$24,982,058	\$6,128,335	\$90,851,438	\$7,443,732
FY 2010-11 Expenditures					
Administration	\$ 297,742	\$ 779,184	\$ 195,335	\$ 672,722	\$ 654,277
Direct services	4,009,511	9,373,305	5,592,154	90,154,446	6,060,815
Total Expenditures	\$4,307,253	\$10,152,489	\$5,787,489	\$90,827,168	\$6,715,092
Services for Individuals					
Individuals served	2,640	27,109	34,764	292,539	N/A
Skill development/training	✓	✓	✓	✓	
Employment services			✓		
Subsidized employment					
Supportive services					
Services for Businesses					
Employment services		✓			
Training programs	✓	✓			
Subsidized employment					

Note: Individuals Served is an unduplicated count for the program. Workforce Initiative program received funding from the Workforce Investment Act and the American Recovery and Reinvestment Act.

Appendix B: Description of North Carolina's Workforce Development Programs (continued)

Agency	North Carolina Rural Center	
Division	Civic Infrastructure	Workforce Development
Program	Opportunities Industrialization Centers	Rural Community Mobilization
Program Eligibility	Low-income individuals	Low-income, unemployed individuals in rural counties
FY 2010-11 Funding		
Federal funds	\$ 0	\$ 0
State funds	325,850	0
Other sources	0	0
Other Workforce Development Programs	0	770,501
Total Funding	\$325,850	\$770,501
FY 2010-11 Expenditures		
Administration	\$ 0	\$135,156
Direct services	301,780	635,345
Total Expenditures	\$301,780	\$770,501
Services for Individuals		
Individuals served	Not tracked	1,174
Skill development/training	✓	✓
Employment services	✓	✓
Subsidized employment		✓
Supportive services	✓	✓
Services for Businesses		
Employment services		✓
Training programs		✓
Subsidized employment		✓

Note: Individuals Served is an unduplicated count for the program. Rural Community Mobilization program received funding from the Workforce Investment Act and the American Reinvestment and Recovery Act.



North Carolina Department of Administration

Beverly Eaves Perdue, Governor

Moses Carey, Jr., Secretary

March 20, 2012

Director John Turcotte
Program Evaluation Division
North Carolina General Assembly
300 N. Salisbury Street, Suite 100
Raleigh, North Carolina 27603-5925

Dear Director Turcotte:

Thank you for the opportunity to comment on the Program Evaluation Division's (PED) report on Workforce Development programs. We found both the review process and the report to be very thorough and appreciate the time and effort your staff spent in working with our staff at the Department of Administration. Our formal response to the report is below.

With respect to the recommendations, the Department of Administration (DOA) is supportive of several of the ideas presented.

Recommendation #1. The Department supports the recommendation to add the Secretary or his designee to the Commission on Workforce Development.

Recommendation #2. The Department is pleased to participate in statewide performance measures; and also to minimize duplicative or conflicting reporting requirements for local non-profit programs receiving federal, state, local or other private-sector funding.

With respect to the Recommendation #4, the Department is supportive, but has the following input regarding implementation.

Recommendation #4. The Department supports the usage of technology to aid both integration of program and performance statistics for comparative review of Workforce Development functions and is eager to work with the Department of Commerce to further these goals. The Department also believes careful review is needed to determine if a mandate, as detailed in sub-recommendation #2, for inclusion in the intake system is a best practice for the all portions of the programs we administer. We respectfully request that this recommendation require the participation of the Department in the planning for an intake system but not mandate its full

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participation. Through the planning process, the Department can better assess if full or partial participation in the actual system is appropriate for our programs.

Regarding the program administered by the NC Commission of Indian Affairs (NCCIA), this federally funded American Indian Workforce Development program is only one of seven total current local grantees in the State for this set of federal funds. None of the other six local grantees are included in this recommendation. Review of program contract documents for the Federal American Indian WIA program may show if disclosure of client lists in a statewide database would be in conflict of confidentiality rules. Further, after researching several similar program administrations in other States, there appears to be more review needed regarding the possible methods of assessing administrative costs related to statewide intake system requirements. Currently the costs of this program are borne by Federal dollars which may not be available for new administrative tasks not related to federal program performance management. If state performance and participant tracking for a federally funded program is required, some appropriation for this administrative requirement may need to be addressed.

Regarding the program administered by NC the Council for Women (CFW), the Department is not a direct service provider of Workforce services but rather the administrator of the state and court fee funds allotted for the Displaced Homemaker / Self-Sufficiency grant program. By NC Statute this program has multiple program requirements, of which only a portion of the service requirements relate to workforce development. Data has shown not all clients identify or pursue workforce development services from the non-profit direct service providers. Currently, the local grantee, not the CFW staff, collects personal information on the individual client. This recommendation may unintentionally require local non-profits to increase administrative burden or costs related to compliance of this item as the participation in the intake system looks to require additional reporting at the local non-profit level. Most importantly, the populations served by some Displaced Homemaker programs are those for whom confidentiality is of utmost concern, including but not limited to those impacted by domestic violence and Court protection. The Department would like to review further any unintended legal implications related to participation in a standardized system.

Again, the Department does support being involved in the planning for an intake system, but believes more research of this item is desired before supporting a mandate to participate in the intake system.

The Department of Administration is appreciative of the work done by the PED team to understand the administration of two very unique programs included in the Workforce Development study. We are also appreciative of the recognition of the Dept.'s work, our efforts to keep program administrative costs to a minimum and the importance to include aspects of these programs in the state's overall Workforce Development strategy.

Sincerely,



Moses Carey, Jr.



North Carolina Department of Commerce

Beverly Eaves Perdue, Governor

J. Keith Crisco, Secretary

March 20, 2012

John Turcotte, Director
Program Evaluation Division
300 N. Salisbury Street, Suite 100
Raleigh, NC 27603-5925

Dear Director Turcotte:

I am pleased to have this opportunity to present the Department of Commerce's response to the Program Evaluation Division's draft evaluation of NC's workforce development system, hereafter referred to as the Report. We respect both the findings and the recommendations. The Report provides a clear-eyed analysis of the system and reflects its current status with unbiased reporting. Information gathered from the Department's perspective is comprehensive and the comments and suggestions provided in this letter are offered for the express purpose of aiding in achieving the stated desired outcomes.

The long-standing challenge to integrating the current system has been the separation between the Employment Security Commission (ESC) and Commerce. Governor Perdue's merger of these two entities is probably the single most important thing to happen for workforce development integration and coordination in North Carolina in recent memory and it will enable many of the items identified in the Report to be addressed. Combining the agencies' resources under a single leader will generate synergies, align policy, and create the opportunity to deploy funding more efficiently.

For clarity, our comments are grouped using the same wording as that of Exhibit 15 in the Report.

Streamline the workforce development system

The recommendation to **reconfigure the Commission** is consistent with other suggestions for improvement directed to the Commission. Previous leaders have observed that the size of the body has the potential to be cumbersome and can create scheduling issues. In addition to the size and representation from key constituencies, it will be important to give special consideration to the process for both subtracting and adding members. As the Commission is called upon for additional authority and responsibilities, member capacity will be crucial. The final 25 members must be both willing and able for the work ahead. Key leadership must be in place before the Commission starts to tackle the new role described in this Report.

Three points need to be clarified as this recommendation is further developed. First, a time line needs to be established. An amendment to G.S. 143B-438.10, which specifically sets the membership of the Commission at 38, will be a necessary first step. Second, the Report points out that the General Assembly determines group representation; however, the Governor is responsible for the appointment of members. Decisions about ending appointments and perhaps adding new ones would need to be coordinated through that Office. Third, while the recommendation to reduce the size of the Commission is a good one, it would not necessarily ensure better coordination and integration. We would therefore propose that the Commission also establish a steering committee (comprised of the key leaders of the core departments and programs) that meets regularly to flesh out and implement policy and procedures. This can create a structure to actually deliver the changes that are needed.

NC has debated **the appropriate number of local workforce boards** over time. We are in agreement with the recommendation to reduce the current number, perhaps to align with the 16 COGs. We also commend the clarity in explaining the federal legal authority given to the Governor and local elected officials in designating local boards. The additional statutory requirement of regional planning and coordination will encourage all involved to work toward this goal.

Should this recommendation be accepted by the General Assembly, we suggest consideration be given to the local areas that are already rather large. WIA Title 1, Ch. 2, Sec. 116 (a) (2), gives automatic designation to “any unit of local government with a population of 500,000 or more.” Charlotte/Mecklenburg and Capital Area local workforce boards currently surpass the automatic designation status referred to in the WIA legislation. Furthermore, because of their unique socio-economic standing within the state, further consideration to allow them to remain as local workforce boards might be needed to address their specific needs.

Enhance accountability by requiring statewide performance measures

Enhancing accountability is of utmost importance to workforce development in the newly merged divisions of the Department of Commerce. Key to the mutual success of these recommendations will be the development of an integrated technology system. As pointed out in the Report, each agency has unique systems for tracking and reporting participant information. Each also has unique federally mandated performance goals. Reaching agreement from the key agencies as described on page 44 will be no small task. Each agency will bring their own set of definitions, budgets, perceived/required charges, and outcomes. Similar groups have attempted the task unsuccessfully in the past. A reasonable excuse for the lack of success has been the lack of technology. Key to assuring better outcomes this time will be an integrated, intra-agency system paired with the common understanding and expectation from the proposed amendment of NC General Statute 143B-438.10 that providing requested information is not optional. The recommendation that the General Assembly should direct agencies identified in this report to participate in the development of the performance measures is vital to the success of Recommendation 2.

The Common Follow-up System (CFS) holds the potential to help address the Commission on Workforce Development's responsibility for developing performance measures for the workforce development system. However, the success of this effort is dependent on continued funding for the CFS.

Strengthen the JobLink Career Center System

The recommendations to **strengthen the JobLink One Stop Career Center System** are especially timely considering the recent merger of ESC into the NC Department of Commerce. Many of the issues about service delivery of Wagner Peyser and WIA will be resolved as the two have been joined within Commerce. Two of the three major partners (WIA, ESC and NCCCS) are now united. While NCCCS remains separate organizationally, the operational ties and relationships have historically been and continue to be strong and mutually beneficial. The recommendations are also consistent with the Commission's current Strategic Plan. The Commission has almost completed the analysis of current customer service delivery. Plans to begin the development of new chartering criteria are scheduled to begin in early summer. As pointed out in the Report, WIA legislation mandated creation of the delivery system but fell short of mandating the participation of key agencies and also lacked direction for cost-sharing and resource allocation. The MOU described on page 45 of the Report will provide the missing authority.

Use technology to integrated programs and improve access to services

Again, the use of **technology** must play a greater role this time as local communities find creative options for meeting customer needs and system requirements with fewer human resources. The State must take the leadership role in creating a unified web portal and intake system that helps to direct North Carolina's citizens to the services they need, regardless of their physical location. The need for a common system has reached a point of urgency. Cost is less of an issue than the need to identify the correct system and get it in place in a reasonable amount of time.

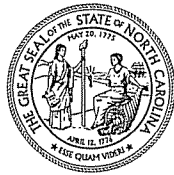
We thank you for the opportunity to share these responses and also for your team's dedication to the task of improving the NC workforce delivery system. We look forward to further discussions on these important issues.

Sincerely,



J. Keith Crisco

cc: Dale Carroll
Rita Harris
Don Hobart
Kevin McLaughlin
Scott Ralls
Roger Shackelford



North Carolina Department of Health and Human Services

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Tel 919-855-4800 • Fax 919-715-4645

Beverly Eaves Perdue, Governor

Albert A. Delia, Acting Secretary

March 6, 2012

John Turcotte, Director
Program Evaluation Division
North Carolina General Assembly
Legislative Office Building, Suite 100
Raleigh, North Carolina 27603-5925

Dear Mr. Turcotte:

The Department of Health and Human Services appreciates the opportunity to provide feedback on the Program Evaluation Division's draft preliminary report, *State and Local Improvements Needed for Workforce Development Integration and Accountability*. This report is an accurate assessment of the programs for which DHHS has oversight and/or direct service responsibility. It defines the challenges in collapsing the programs into a single service agency; specifically the need for occupational specialists as well as the varied funding streams. DHHS is committed to streamlining the process and consolidating services when appropriate to better meet the needs of the consumers. As the State moves toward a unified workforce development system, DHHS will ensure that its efforts are in line with the integration of this new system.

Thank you for the opportunity to review the report. We appreciate the professional manner in which your staff conducted the evaluation of the workforce development system. Should you have any questions please contact Sharnese Ransome at 919-855-4800.

Sincerely,

A handwritten signature in black ink, appearing to read "Albert A. Delia".

Albert A. Delia

AD:sr

cc: Maria Spaulding
Mike Watson
Sharnese Ransome





Cherie K. Berry
Commissioner

March 20, 2012

Mr. John Turcotte, Director
Program Evaluation Division
N.C. General Assembly
300 N. Salisbury Street, Suite 100
Raleigh, N.C. 27603

Dear Mr. Turcotte,

Thank you for the opportunity to comment on recommendations pertaining to the N.C. Department of Labor's Apprenticeship program, included in the Program Evaluation Division's report, "State and Local Improvements Needed for Workforce Development System Integration and Accountability."

I strongly oppose Recommendation 1 which directs the transfer of the Apprenticeship and Training Bureau from the N.C. Department of Labor to the N.C. Community Colleges System Office. The Department of Labor is best suited to administer this program as it has successfully done since 1937.

Respectfully,

Cherie K. Berry
Commissioner

cc: Kathryn Castelloes, Chief, Apprenticeship and Training Bureau



PUBLIC SCHOOLS OF NORTH CAROLINA

STATE BOARD OF EDUCATION William C. Harrison, Ed.D., *Chairman*

DEPARTMENT OF PUBLIC INSTRUCTION June St. Clair Atkinson, Ed.D., *State Superintendent*

WWW.NCPUBLICSCHOOLS.ORG

March 6, 2012

John W. Turcotte, Director
Program Evaluation Division
North Carolina General Assembly
300 N. Wilmington Street
Raleigh, NC 27603

Dear Mr. Turcotte:

The North Carolina Department of Public Instruction (NCDPI) appreciates the opportunity to participate in the evaluation of the Workforce Development system. The NCDPI, and specifically Career and Technical Education (CTE), play an important role in preparing future North Carolina employees. CTE has been diligent in creating and implementing curricula that aligns with industry standards and credentials as a way to begin to address the prevailing “middle skills” gap. In 2010-11, 24,782 credentials were earned by CTE students in North Carolina including CompTIA, Microsoft Office Specialist 2010, ServSafe, Welding SMAW and others. A detailed report can be found at <http://www.ncpublicschools.org/docs/cte/home/cert-report.pdf>. However, we realize that more can and should be done to increase the number of skilled workers to meet the demands of particular industries.

The NCDPI has a long established partnership with the North Carolina Community College System. Much collaboration has been done in regard to curriculum development and transitioning high school students to post-secondary opportunities. The Career and College Promise (CCP) initiative is an example of collaborative efforts that will lead to focused paths of study for students resulting in a larger number of students with “middle skill” credentials at the end of high school and college careers. Other collaboration efforts include the High School to Community College Articulation Agreement and beginning in 2011-12, the reporting of high school WorkKeys credentials in the CRC database.

Additional examples of collaboration exist at the county and Local Education Agency (LEA) level including a recent announcement in Lee County with Caterpillar, Central Carolina Community College and the North Carolina Department of Labor. This new program combines high school and college credit with apprenticeship hours to give students both the technical skills and work experience needed to be successful. The NCDPI supports more joint ventures of this type as the needs of localities and regions dictate.

Our comments about the recommendations are as follows:

1. Streamline the workforce development system
 - With regard to reducing the number of local workforce development areas, many CTE Directors represent their LEA through participation in these Workforce Development Boards and Youth Councils in particular. With the reduction in number, it will be important to the NCDPI that all LEAs within the area continue to have representation on these councils and to remain engaged in the work of the Board.
2. Enhance accountability by requiring statewide performance measures
 - The NCDPI would support common performance outcome measures for workforce development activities. However, since programs vary widely, common, strategic measures will need to be developed collaboratively. Some agencies will not have available data to compare across all

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AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

measures. In addition, effort should be made to utilize existing, integrated systems to make the collection of data as automated as possible.

3. Strengthen the JobLink Career Center System
 - The JobLink Career Center system is an excellent tool for allowing North Carolina citizens to learn about and seek employment. Its work should also include greater involvement of career development coordinators and school counselors in public schools.
4. Use technology to integrate programs and improve access to services
 - Technology has become an integral way of delivering career technical education in the public schools. There needs to be a funding stream for public education to continue its work in having technology as an integral component of educational delivery.

Thank you for allowing us the opportunity to respond to the Program Evaluation Division's report. We recognize how important workforce development (including public education and specifically, career technical education) is for the economic development of our state.

Sincerely,



William C. Harrison



June St. Clair Atkinson

WCH/JSA/jh



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Dr. R. Scott Ralls, President

March 6, 2012

Mr. John W. Turcotte, Director
NC General Assembly
Program Evaluation Division
300 N. Salisbury Street, Suite 100
Raleigh, NC 27603-1406

Dear Mr. Turcotte:

I would like to commend you and your staff for the thorough review of the Workforce Development System in North Carolina. This is a complex network of agencies, programs, processes, and people, involving both state and federal funds, and I think your team has done an admirable job of synthesizing the information into understandable charts, descriptions, and recommendations.

I appreciate the opportunity to respond to the content and recommendations contained in "State and Local Improvements Needed for Workforce Development System Integration and Accountability." Workforce development is, as you note on page five of your report, increasingly vital to our state's economic future, and it is fundamental to the NC Community College System's mission. It is the driver behind our educational and training programs, the focus behind our strategic initiatives, and a key reason why the NC General Assembly designated our System as the primary deliverer of workforce training in our state.

We believe that at a time when our state simultaneously faces high unemployment and a much-discussed mid-skills gap as a result of a rapidly changing global economy, it is incumbent that we focus resources to provide as many North Carolinians as possible the opportunity to gain the skills necessary for the jobs of tomorrow. Just as jobs are changing radically in their sophistication, training requirements are changing as well, with requirements in job vital areas like health care and technical education at a level of instructional rigor and technology sophistication not witnessed just a decade ago.

While some of your recommendations, if implemented, will not come without a certain amount of cost to our System, we are hopeful that any future recommendations will go beyond streamlining coordination and to the consideration of how we maximize all possible workforce development resources to strengthen the education and training opportunities to meet the skill demands of a globally competitive environment. Meeting those challenges, we believe, will necessitate moving resources as well as organizational boxes.

Mr. John W. Turcotte, Director

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March 6, 2012

Since the Great Recession began four years ago, our System has attempted to prioritize resources and efforts to meet North Carolina's economic challenges. We successfully worked with the General Assembly and the Governor on efforts to completely redesign our funding structure to prioritize technical education, healthcare programs, lab-based science courses and job training, mapped to industry skill competencies. We fostered significant system-wide efforts to accelerate job training opportunities and redesigned our technical education and nursing programs. We consolidated customized training programs to provide a higher level of training opportunities for jobs at existing businesses, and we connected our GED programs with occupational skills training through what we call *Basic Skills Plus*. Business as usual, we believe, will not be sufficient to meet the economic and workforce development challenges North Carolina faces in the future, and our work force development system will need to change to capture this future.

I provide this detail to offer a perspective of the "lens" through which we read the report's recommendations. In reviewing the specific recommendation to transfer the NC Department of Labor's (DOL) apprenticeship program to our System Office, we understand the report's logic in combining this program with our customized training program. While DOL's apprenticeship program registers the standards of apprenticeship and certifies the completion, community colleges often provide the related training. We understand that, if this transfer were to occur as recommended, it would be a Type 1 transfer, including both the current budget and staff of the apprenticeship program. If our System Office were to be given this responsibility, we would need to both ensure the continuation of the program's success currently under the leadership of Labor Commissioner Cherie Berry, and work to foster the new opportunities that exist by more tightly coupling the current apprenticeship registration process with opportunities for targeted training delivery that exist through our community colleges. If the General Assembly chooses to make this transfer, we are committed to working with the Commissioner and her staff to make the move as effective and efficient as possible.

Additionally, while we value the Workforce Initiatives team's efforts to seek ways for our colleges to benefit from access to WIA programs and funding, we can agree that the transfer of these functions to Commerce's Workforce Solutions Division seems appropriate. To ensure continued connectivity between our two organizations, we would ask the Secretary of Commerce to appoint a dedicated liaison to work with our System Office in strengthening the connection between Commerce's employment service programs and the community colleges' job training.

Regarding the reconfiguration of the Commission on Workforce Development, I would like to offer a suggestion. Reducing the number of Commission members seems like a positive step toward reaching the report's goal of increasing the Commission's effectiveness, and I would suggest that it should be even smaller than the 28 members recommended by the report. Even more important than the size of the Commission, I believe, is that it have a more aligned and strategic relationship with the State Board of Community Colleges (SBCC)

Mr. John W. Turcotte, Director
Page 3
March 6, 2012

and the NC Economic Development Board. Appointing SBCC members to the Commission and having the Commission's chair serve as an ex-officio member of both the SBCC and the Economic Development Board would provide the basis for greater strategic integration and collaboration.

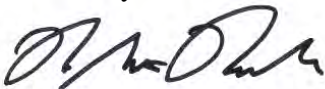
Additionally, as noted in your report on page 33, we agree that accountability measures and standards play an important role in demonstrating the attainment of strategic workforce goals, as exemplified by the reporting mechanism for our Customized Training Program, and we look forward to defining and strengthening those measures with our workforce development partners. Yet, in the recommendation that suggests requiring the Commission to develop performance measures for the workforce development system, it should be noted that our workforce programs, their standards and/or the development of measures are governed by our State Board of Community Colleges, rather than the Commission. Accountability is important, and our System has been a forerunner in developing community college accountability measures as reflected in our *Critical Success Factors*, standards which have been significantly updated as part of our Performance Measures initiative recently reported to the General Assembly. We are also one of four state systems actively engaged as a partner in the new [Center for Analysis of Postsecondary Education and Employment](#) that will inform new ways of linking measurement and accountability between education and employment. All that being said, it would not increase efficiency to have two sets of measures with reporting and data collection necessary for both. I believe this is another example of why having a stronger integration of governing members on the Commission makes sense.

Your remaining recommendations on a uniform information intake and reporting process as well as on strengthening the existing Memorandum of Understanding are positive goals and ones on which we hope to have input. We look forward to working with our workforce partners and with the proposed Joint Legislative Workforce Development System Oversight Committee to continue to refine and reinforce the strategic initiatives of our state's workforce system.

Our commitment to North Carolina's workforce development has been a hallmark of our System for nearly 50 years, and with focused review and improvement efforts, the next 50 can be even more effective for our citizens, communities, and businesses.

With kindest regards, I am

Sincerely,



R. Scott Ralls



Valeria L. Lee
Chair
Billy Ray Hall
President

March 6, 2012

Mr. John W. Turcotte, Director
Program Evaluation Division
North Carolina General Assembly
Legislative Office Building, Suite 100
Raleigh, NC 27603-5925

RE: State and Local Improvements Needed for Workforce Development System
Integration and Accountability

Dear Mr. Turcotte:

The Rural Center appreciates the opportunity to review and comment upon the draft report of the Program Evaluation Division's report on the workforce development system, which makes recommendations regarding potential administrative and organizational improvements. The Rural Center operates two programs that were incorporated into this evaluation, including the Opportunities Industrialization Centers and the Rural Community Mobilization programs.

As an economic development organization, we are dedicated to building the capacity of rural community-based organizations to serve rural citizens and create new economic opportunity. Each of our programs have benefited a wide array of unemployed and underemployed rural North Carolinians and have successfully leveraged other resources or filled locally-identified gaps in the workforce development system. We will continue to track the recommendations contained in this report and will strive whenever possible to do our part in improving service delivery to our rural citizens.

North Carolina

Sincerely,

Rural Economic

A handwritten signature in black ink that reads "Billy Ray Hall".

Development Center, Inc.

Billy Ray Hall
President

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The report is also available online at www.ncleg.net/PED.