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Workforce
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Council**



2005 WorkForce Center Business Plan

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To Members of the 2005 Minnesota State Legislature:

This WorkForce Center Strategic Plan is being submitted to the Minnesota State Legislature in fulfillment of the statutory requirements (§268.665) of the Governor's Workforce Development Council (GWDC) and, perhaps more importantly, represents a significant shift in how Minnesota's WorkForce Centers will be operated in the coming years. The reach and depth of this shift is evident immediately in the format and title of this report. We are presenting a "business plan" for the operation of Minnesota's WorkForce Centers – not a traditional strategic plan for publicly-funded services.

Minnesota was a trail-blazer in our initial development of WorkForce Centers prior to passage of federal legislation requiring states to establish a system of "one-stop career centers" to deliver services to jobseekers and employers. This plan builds on the strengths and learning from our decade-long experience to frame a new vision for our WorkForce Center service delivery system. This new vision accounts for increasing demand by employers for a qualified workforce, a rapidly changing market in which employers and jobseekers find each other, and the fiscal realities facing Minnesota and our federal government. Further, this vision is consistent with the goals and direction of Governor Tim Pawlenty in promoting "economic success of individuals, businesses and communities".

We are mindful that the vision presented in this business plan will require some negotiation among state agencies (principally the MN Department of Employment and Economic Development) and local elected officials and stakeholders (through Local Workforce Councils). This business plan envisions full implementation beginning in July 2006, allowing for many details to be further articulated in the next 17 months. The GWDC is committed to supporting state and local leaders as they work through the remaining operational details to implement this vision. We also appreciate engagement from state legislators and the Governor's Office in these issues as we work together to refine our workforce development service delivery structure so it can provide the most value to Minnesota businesses and jobseekers.

We appreciate your confidence in the GWDC to address these issues and look forward to your active support in moving forward this vision.

Sincerely,

Cynthia L. Leshner, GWDC Chair
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EXECUTIVE SUMMARY

At its inception in 1995, Minnesota's WorkForce Center system was built on key principles of co-location among previously separate agencies and programs and coordination across program and agency boundaries. Two key components drove the original vision: 1) co-location into readily accessible physical sites – the WorkForce Centers themselves; and 2) a management structure that emphasized partnership among program managers. With ten years experience, a rapidly changing workforce development marketplace, and scarce public resources to support the system, the Governor's Workforce Development Council (GWDC), in fulfillment of its statutory obligation to the Minnesota Legislature, offers this business plan with new vision and principles to move the WorkForce Center system forward.

Three significant shifts in the workforce development marketplace are necessitating a fresh look at the function of Minnesota's WorkForce Centers and the relationships among the partners and stakeholders in the workforce development system. First, there has been a steady decline in buying power of public funds available to states and localities for workforce development services. Second, a strong emphasis on rapid attachment to the labor market rather than initial investment in education and training, ushered in through federal welfare reform, has permeated much of the workforce development field. Finally, a significant private for-profit market offering labor exchange functions and, increasingly, individual education and training has grown and matured around the traditional publicly-funded workforce development system.

The primary goal of the WorkForce Center system is to ensure that businesses can find a qualified workforce on a timely basis. The means for doing so is through community-owned and operated place-based franchises with system-wide performance expectations and shared infrastructure. Some high-quality services and information products will also be electronically-accessible and will be provided directly by state agencies in addition to community-owned and operated physical locations. WorkForce Centers will include selected minimum service components delivered and supported directly by the Department of Employment and Economic Development (and other state agencies, as appropriate). WorkForce Centers will also be required to meet quality standards for other services provided. Through a combination of state-delivered minimum service components and locally managed services that meet statewide quality standards, Minnesota's WorkForce Centers will retain the efficiencies of a statewide system as we currently have, while allowing for greater flexibility by local leaders to tailor services and a service delivery strategy meaningful to their customers and constituents.

In developing this vision and business plan, the GWDC affirmed that businesses are the primary customer of the WorkForce Center system. While this may represent a shift from past practice and may be at odds with the current operation of some federal programs, the GWDC sees workforce development services as a means to satisfy the



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needs of business customers and, in doing so, adding value to jobseekers who are the direct beneficiaries of a business-focused workforce development system. This business plan also seeks to ensure that services are widely available and that wherever possible, publicly-funded services should augment, not compete with, services available in the for-profit and nonprofit market.

This business plan identifies four broad functions that WorkForce Centers fulfill for business customers and other jobseeker beneficiaries including: labor exchange, career exploration and information services, education and training services, job search and other support for specific market groups of jobseekers (including Unemployment Insurance). Within these functions, there are many specific services provided to a range of business customers and jobseeker beneficiaries that often correspond with specific federal or state funding streams. Finally, the business plan identifies the modalities through which services are delivered. Currently, Minnesota's WorkForce Center system is organized largely around services, funding streams, and modalities, e.g., certain staff deliver certain services in specific ways. This business plan seeks to open up each of the four broad functional categories and ask:

- Who is best able to meet the broad categorical needs of business customers and jobseeker beneficiaries?
- How can those needs be most efficiently and effectively met?
- Who should be responsible (e.g., accountable for outcomes and/or funding) to ensure that those needs are met?

Following an articulation of functional categories, services, and delivery modalities, a strategy is presented that emphasizes local leadership, decisionmaking, and ownership; statewide shared infrastructure; and, continued support for selected service components that will ensure some statewide consistency. The aim is to look carefully at the function of our WorkForce Centers and allow local leaders to create efficiencies and synergies across programs that have not previously been developed. The implementation challenge will be to establish an effective balance between local leadership and statewide consistency.

The GWDC recognizes that this is a significant shift from the current operation of Minnesota's WorkForce Centers and in the relationship between state agencies and Local Workforce Councils. In that spirit, this plan envisions a July 2006 implementation date, allowing for more than a year of time to negotiate the details of this shift and build support for its successful implementation. Minnesota's political, business, and civic leadership agree that the state's most competitive advantage now and in the future is a well-educated, job-ready, dependable workforce. **This business plan, when fully implemented, is expected to give local leaders significant flexibility to create that workforce in response to local business need; while at the same time, building on the strengths of our past investment in a statewide system of WorkForce Centers.** The GWDC looks forward to working actively with state and local leaders and stakeholders throughout the workforce development system to refine and successfully implement this vision in the coming years.



I. INTRODUCTION

Minnesota has operated a system of WorkForce Centers since 1995. The original vision for the WorkForce Center system was developed by state and local leaders and implemented under the leadership of what was then the Minnesota Department of Economic Security. The general direction and expectations established by Minnesota leaders was largely adopted in federal legislation passed in 1998 requiring states and localities to develop a “one-stop” workforce service delivery system. This federal legislation, the Workforce Investment Act (WIA), requires a wide array of partners in the one-stop service delivery system and offers further guidance to states and localities regarding performance and management of the WorkForce Centers.

In 2002, the Minnesota State Legislature charged the Minnesota Governor’s Workforce Development Council (GWDC) with developing a biennial WorkForce Center Strategic Plan that offers analysis “regarding the performance and outcomes of the workforce centers [and] recommendations regarding WorkForce Center funding levels and sources, program changes, and administrative changes”.¹ This business plan fulfills the GWDC’s obligation to the state legislature, and provides Governor Tim Pawlenty, his cabinet agencies, and local workforce development leaders throughout the state with a renewed vision for a sustainable and adaptable WorkForce Center service delivery system to be developed during the coming year and implemented beginning in July 2006.

II. VISION AND PRINCIPLES

At its inception in 1995, Minnesota’s WorkForce Center system was built on key principles of co-location among previously separate agencies and programs and coordination across program and agency boundaries. Two key components drove the original vision: 1) co-location into readily accessible physical sites – the WorkForce Centers themselves; and 2) a management structure that emphasized partnership among program managers. With ten years experience, a rapidly changing workforce development marketplace, and scarce public resources to support the system, we find ourselves articulating new vision and principles to move the WorkForce Center system forward.

This new vision is expected to drive the WorkForce Center system for at least five years beginning in July 2006. The GWDC expects the WorkForce Center system to transition from its current operations to this new vision during the balance of 2005 through June 2006.

A. Vision Statement

The primary goal of the WorkForce Center system is to ensure that businesses can find a qualified workforce on a timely basis. The means for doing so is through community-owned and operated place-based franchises with system-wide performance expectations and shared infrastructure. Some high-quality services and information products will also be electronically-accessible and will be provided directly by state agencies in addition to community-owned and operated physical locations.



Within this vision, the GWDC identifies specific service components that are necessary for success and then creates two paths for delivering those components. For selected components (labor market information, job bank, and others), state agencies (principally the Department of Employment and Economic Development) will identify service components that they will deliver in whole to local communities and to which they provide ongoing support. These components will be established as **minimum service components** that must be provided in the WorkForce Centers. For other components (Resource Rooms, etc.), state agencies and the GWDC will establish **quality standards** that local leaders must meet using the financial, service, and staff resources available to them. Both paths will encourage efficient service delivery while at the same time allowing local decision makers to customize services as needed.

B. Principles

In developing this vision and business plan, the GWDC affirmed the following principles:

- Businesses are the primary customer of the WorkForce Center system. Workforce development services are provided to satisfy the needs of business customers and add value to jobseekers who are the direct beneficiaries of a business-focused workforce development system.
- Services must be accessible (easy to use), widely available (no wrong door), and add value to the “product” (workforce services, prepared and trained workers) for the customer (businesses).
- Publicly-funded services should not duplicate that which is available in the for-profit and non-profit market for customer segments adequately served by those providers not competing for the same public funds.

The successful implementation of this vision and these principles will be evident as more business customers are served to their satisfaction and more jobseekers benefit from a business-driven workforce development system; and, costs are shared more efficiently between units of government and among non-government partners (as financial resources are expected to continue to decline). Most measurements currently used in the workforce development system are focused on outcomes of jobseeker beneficiaries. As we move forward, the Minnesota WorkForce Center system will need to articulate measures of success, consistent with the principles outlined above. That effort will take place between completion of this plan and the implementation date of July 2006.

III. MARKET ANALYSIS

A. The overall market

Defined broadly, Minnesota’s workforce development market includes private staffing firms, education institutions, and the publicly-funded system of WorkForce Centers and nonprofit providers. The market can be segmented by function and customer type. Functionally, the market includes: labor exchange, career exploration and information services, referral to (and in some cases direct provision of) education and training, and job search and other specialized support services (including Unemployment Insurance). The market can also be viewed by customer and beneficiary type. Primary customers are businesses who are often segmented by size, industry, and geography. Workforce development services also benefit (and are still often measured by outcomes of) unemployed jobseekers, incumbent workers, and several sub-groups within each of those.



By most measures, the overall market is burgeoning – the private staffing industry has more than doubled the number of jobseekers and employers they have matched during the past decadeⁱⁱ; enrollments for training in higher education institutions rose during the past decadeⁱⁱⁱ; and although there was a slight dip in the most recent program year, the publicly-funded Workforce Investment Act system increased participation rates from about 800,000 individuals served to over one million from 2000 through 2003.^{iv}

This business plan pertains specifically to Minnesota's WorkForce Center system – the publicly-funded slice of the market that has particular federal requirements regarding function and customer type and general responsibility for filling market gaps as needed.^v Minnesota's WorkForce Center system provides services to business customers, and to jobseekers that are prepared and matched with business customers, including: labor exchange, career exploration and information services, education and training services, job search and other support for specific market groups of jobseekers (including Unemployment Insurance). The specific market segments to be reached through the Minnesota WorkForce Center system are discussed below.

B. Changes in the market

The publicly-funded market has experienced three significant changes in the past decade:

- Steady decline in buying power of public funds available to states and localities.^{vi} This shift has obvious implications for the viability and financial sustainability of the WorkForce Center system.
- A strong emphasis on rapid attachment to the labor market rather than initial investment in education and training. This shift was ushered in with the reformation of federal welfare programs with the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996 and has permeated many federal- and state-funded efforts since that time. The impact of this change has been a refocusing of expectations and shift in actual services based on changed performance measures at the federal level.
- A significant private for-profit market offering labor exchange functions and, increasingly, individual education and training has grown and matured. At the same time, nonprofit and community-based organizations have also grown in reach and sophistication. Many nonprofit organizations operate as partners in the WorkForce Center system delivering publicly-funded services on behalf of units of government and at the same time, may also offer philanthropically-funded services to other market segments. Although this plan does not attempt to provide guidance and strategy to either the private or nonprofit players in Minnesota's workforce development system, their presence and engagement in the market must be acknowledged and should be embraced to further the goals of this strategic plan.



C. Market segmentation

The WorkForce Center system is focused (both by statutory requirement and through history and tradition) on several specific market segments, many of which are served with federal funds specifically intended for that market segment. In the table below, several key market segments and corresponding funding streams are identified. *(NOTE: Funding amounts reported here is intended to represent the relative size of each key funding stream. Specific amounts available through each program may vary.)*

Table 1

	Workforce Investment Act						Other federal	State-federal	Primary state programs			
	Title I-B: Adult	Title I-B: Dislocated Worker	Title I-B: Youth	Title II: Adult Education and Family Literacy	Title III: Wagner-Peyser	Title IV: Vocational Rehabilitation			Minnesota Family Investment Program (MFIP)	Minnesota Job Skills Partnership ²	Minnesota Youth Program	State Dislocated Worker Program
Primary Customers Businesses within regionally-identified critical industry sectors and/or smaller businesses	X	X		X	X				X		X	X
Other Beneficiaries of workforce development activities (preparing individuals to meet the needs of the end customer, Minnesota's businesses)												
Persons with disabilities					X	X						
Persons with blindness or other visual impairment					X	X						
Youth (in-school and out-of-school)			X						X			
New Americans	X			X	X			X				X
Economically disadvantaged	X							X				X
Veterans					X							
Unemployed workers					X		X					X
Dislocated workers		X			X		X				X	
Migrant and seasonal farmworkers					X							X
Incumbent workers	X				X				X			X
FY04 Funding (millions) Sources: Federal Funds Information for States, state budget documents and program staff	\$8.4	\$11	\$9	\$6.8	\$12.4	\$39.5 ³	\$35.3	\$50.8	\$6.8	\$4.1	\$47.7	\$35.7

¹ The Unemployment Insurance program does not primarily operate in the WorkForce Centers although some UI funds support activities serving UI claimants in local WorkForce Centers.
² Minnesota Job Skills Partnership funds do not flow through the WorkForce Centers but are available at the local level to serve businesses.
³ Includes Vocational Rehabilitation and State Services for the Blind, which deliver services in addition to workforce development.



D. Customer needs and patterns

To identify customers and potential customers of the WorkForce Center system, we can identify those currently using services through WorkForce Centers and also those who, based on the market segments identified above are potential customers. However, as we'll note in the following section, by virtue of its public funding sources, the WorkForce Center system is obligated to provide service to any individual seeking service. As such, the universe of potential customers is often described as all business and/or all jobseekers in a given area. The most recent data on existing and potential customers and beneficiaries is being updated by DEED and will be available electronically in early 2005.^{vii}

In addition to the program and customer data highlighted above, the DEED Labor Market Information and Research office regularly produces high quality and timely analysis of statewide and sub-state regional labor market needs. Local Workforce Councils and other stakeholders use DEED-generated data regularly to identify potential customer trends and also conduct their own semi-regular scans and assessments of economic and workforce needs in a given region.^{viii}

IV. COMPETITIVE ANALYSIS

As noted earlier, this plan pertains to the publicly-funded WorkForce Center system. As such, a "competitive analysis" is not meaningful as would be in a traditional business plan. If publicly-funded services are targeted appropriately, they should be filling market gaps rather than competing with others in the market. While this is largely true, we also find that the marketplace is still sufficiently muddled that many consumers and observers do not distinguish between private, for-profit; nonprofit; and public delivery of service and further do not recognize sources of funding behind each. To that end, this section identifies in what dimensions the publicly-funded WorkForce Center system is *perceived* to compete and where its relative strengths and weaknesses may be.

Concurrent with the rise of One-Stop Service Delivery System as the model for federally-funded workforce development activities has been the emergence of a vital private market in job placement. As the public workforce system has matured, so too have the options available in the private sector. For example, Monster.com, one of the best-known Internet-based job matching services, was founded in 1994, the same year that Minnesota submitted its original One-Stop Implementation grant. Placement firms for both temporary and professional positions have expanded their business well beyond the mid-20th-century model of the "Kelly Girl".

To some degree, the services of Minnesota's WorkForce Center System do compete with private services in preparing and matching job seekers with employment. However, by definition, the private sector is able to seek out opportunities for profit in job matching and job placement, whereas the public sector must meet the needs of all job seekers or businesses who seek assistance (within the constraints of program eligibility and funding).

This challenge presents opportunities that the WorkForce Centers can leverage to benefit their customers. Rather than duplicating services provided by the private sector, the public



workforce system can partner with the private sector, particularly with firms and organizations serving a niche clientele. These include, but are not limited to:

- Private (staffing) labor exchange firms
- Nonprofit, community-based organizations
- Other publicly-supported systems (e.g., school-based career services).

By referring business customers and job seekers to well-established private sector resources, the public workforce system can stretch its limited resources and maintain positive outcomes.

Among the several functional areas articulated earlier, the services which compete most directly with the private market are the basic labor exchange services for unemployed or underemployed adults and large businesses. Most other services are suitably segmented such that there is not direct competition between the WorkForce Center system and other actors in the arena.

V. SERVICES

Currently, services are delivered by a mix of state staff, local government staff, and in many cases, nonprofit and/or for-profit vendors. The current mix of services is built on federal and state statute, historical precedence, and, to some degree, the strengths and weaknesses of each of the partners in the WorkForce Center system. This business plan clarifies the service offerings and seeks to open as many pathways as appropriate for those services to reach business customers and jobseeker beneficiaries. Further, this business plan creates a new business relationship modeled on a franchisor/franchisee relationship in which services can be offered and tailored most appropriately to meet local need.

As noted earlier, the major functional categories for WorkForce Center services are:

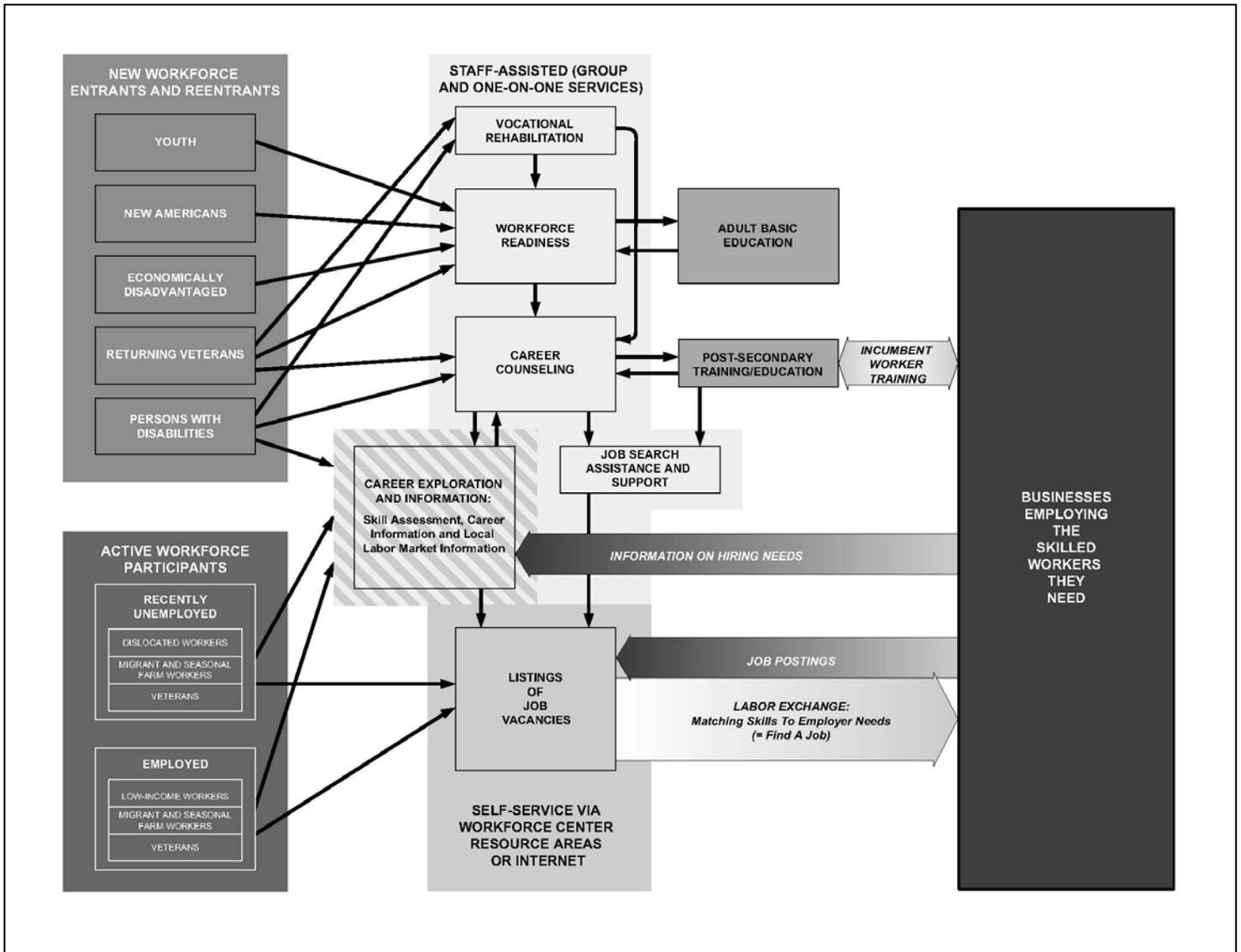
- Labor exchange services
- Career exploration and information services
- Education and training services
- Job search and other support for specific market groups of jobseekers (including Unemployment Insurance)

These functional groupings have, within them, specific service elements required by federal or state statute; and, in many cases, specific required customers and beneficiaries. Historically, the WorkForce Center system has described its services in terms of the business customers and/or individual beneficiaries served. This business plan attempts to re-focus WorkForce Center system partners on what business customers need; what support, training, and/or preparation jobseeker beneficiaries need in order to fulfill business customers' need; how those services can be most effectively delivered; and how those services will be funded.

A. Visual Depiction of Customers and Beneficiary Service Flow

The following flow chart (Figure 1) shows jobseeker beneficiaries on the left (organized, in part, by statutory definitions). The middle of the chart shows services provided to those beneficiaries in boxes that correspond generally to the functions outlined on the preceding page. The right-hand side shows the flow of prepared and trained workers to business customers. The services are loosely grouped by service modalities (indicated by the shading).

Figure 1





B. Description of Services and Service Modalities

This section outlines the specific services provided to business customers and jobseeker beneficiaries. This is intended to provide further detail to the visual in the preceding section. Subsequent sections of the business plan refer primarily to the functional categories; however, it is important to note that federal law and reporting requirements are rather specific regarding some of these individual services.

Table 2

Functional Category	Services Provided ★
Labor Exchange	Job search and placement assistance
	Employer-focused customized labor exchange
Career Exploration and Information	Development of an individual employment plan
	Comprehensive and specialized assessments of skill levels and service
	Business Planning and Economic Development Data
Job Search and Other Support	Local labor market and economic information
	Job readiness workshops
	Intake and program eligibility determination for workforce, welfare-to-work, disability, or other programs
	Information on the availability of supportive services such as child care and transportation
	Information regarding Unemployment Insurance claims
	Vocational Rehabilitation services
Education and Training (principally referral, although directly delivered in some cases)	Counseling and case management services
	Classroom-based occupational skills training
	Skill upgrading, retraining and entrepreneurial training
	On-the-job training
	Adult education and literacy activities
	Customized training
<p>★ This service list is a summarization of more detailed service matrices used by service providers and reported in Minnesota's plan to the US Department of Labor. Prior to full implementation of this business plan, the specific services articulated here will need to be correlated with required WorkForce Center service matrices.</p>	

As noted in Figure 1, services are generally provided through one or more of three modalities:

- Staff-assisted group and one-on-one services in WorkForce Centers or via telephone;
- Self-service via WorkForce Center Resource Areas or Internet;
- Staff-directed/supported in other venues such as colleges, community-based organizations and others.

NOTE: The services outlined in the table above are what are currently provided in or through WorkForce Centers in Minnesota. The business model described in this plan does not yet define specifically which services must be physically available in WorkForce Centers in the future – that level of definition will be clarified as this business plan is implemented.



While there is some fluidity to who is best able to provide staff-assisted services, it is important to note that certain services in WIA Titles III and IV must (by interpretation of federal law) be delivered by state staff.

By clarifying function, modality, and customer/beneficiary, we can then articulate a service delivery strategy that ensures the most effective and efficient delivery of service based on one or more of those categories. As noted in Section IIA, these combinations of function, modality and customer/beneficiary will then be divided between minimum service components and quality standards to be established.

VI. STRATEGY

A. Strategic business model

This business plan calls for a franchise model in which Local Workforce Councils (Franchisee) will own and operate community franchises offered by DEED (Franchisor). Given the preceding analysis, the GWDC sees an opportunity to deliver services more effectively by clarifying (and in some cases creating) a balanced business relationship between community and state leaders.

DEED will have responsibility for system-wide support and delivery of key service components. Local Workforce Councils will be responsible for physical and electronic access to services within the Workforce Service Area (WSA). Woven into the responsibilities of each partner are federal requirements that must be met. To fulfill the principles and vision identified earlier, Local Workforce Councils must indeed function as the “owner” in the operation of a WorkForce Center with DEED (and other state agencies) establishing system-wide standards and acting as the common supplier of goods, product, and information to all franchisees.

B. Key competitive capabilities and strengths

Given the analysis and data presented earlier, the GWDC concludes that potential partners in the WorkForce Centers each bring competitive strengths to the enterprise. Each service component can then be categorized accordingly and put into the franchisor/franchisee business relationship.

Generally, the GWDC finds that DEED is best positioned to deliver certain service components when:

- uniformity is important and local customization need is minimal;
- information and services can be delivered electronically statewide; and/or
- federal law requires certain state staff to deliver specific services and/or serve particular customers and jobseeker beneficiaries.

Local Workforce Councils are best positioned to meet quality standards for:

- many staff-assisted services;
- outreach and relationship-building with local businesses; and,
- planning functions requiring the convening of local stakeholders across workforce, economic, and community development.



The GWDC does not envision Local Workforce Councils necessarily delivering services with staff directly employed by them. Rather, this business model allows Local Workforce

Councils to explore opportunities to partner with other potential service providers in their areas such as local for-profit or nonprofit agencies to deliver services and staff WorkForce Centers themselves.

Table 3 takes the functional categories from Table 2 above and identifies responsibility for minimum service components to be provided by DEED and Quality Standards (to be developed) to be met by Local Workforce Councils as franchisor and franchisee, respectively. There are several prior work products from DEED, GWDC, and MWCA that begin to outline quality standards. The specifications for Minimum Service Components and Quality Standards will be developed during the coming year. The services provided in the WorkForce Center system have existing program measures by which value is assessed. Those measures are identified in the aggregate in the following table but not specific to each functional category.

Also, note that some services identified in Table 2 are program-specific, but could have protocols and/or standards developed that would cross programs. As an example, the expectations and process for developing an individual employment plan in WIA Title IV (Vocational Rehabilitation) is specific to that program. However, participants in MFIP or another program may also develop an individual employment plan (following guidelines unique to that program). We note that between the articulation of services in Table 2 and the articulation of Minimum Service Components and Quality Standards in Table 3, there may be opportunity to create efficiencies and synergies across programs that have not previously been developed.



Table 3

Functional Category	Measure	Minimum Service Component <i>Generally a service to be provided directly by DEED staff and/or a service modality to be managed or subsidized by DEED</i>	Relevant Quality Standard <i>Generally an expectation to be met by Local Workforce Councils through agreement with partners and/or contracted vendors</i>
Labor Exchange	Existing program measures and emerging system measures for individual services and programs.	<ul style="list-style-type: none"> • DEED Business Services Staff • Job Bank infrastructure 	<ul style="list-style-type: none"> • Resource Room • Marketing • Data access and sharing • Jobseeker Satisfaction • Business Satisfaction • Accessibility
Career Exploration and Information		<ul style="list-style-type: none"> • DEED labor market and career information products • Regional Labor Market Analysts 	<ul style="list-style-type: none"> • Jobseeker Satisfaction • Business Satisfaction • Resource Room
Job Search and Other Support		<i>To be determined</i>	<ul style="list-style-type: none"> • Jobseeker Satisfaction • Business Satisfaction • Accessibility
Education and Training		<i>To be determined</i>	<ul style="list-style-type: none"> • Jobseeker Satisfaction • Business Satisfaction • Eligible Training Provider List <i>(process could be modified to function as a quality standard)</i>

C. Financing

This business plan recommends the transfer of spending authority from the State, vested in the Department of Employment and Economic Development, to the 16 Local Workforce Councils. Under the current model, the majority of the funds spent in a given WSA are allocated from federal and state formula funding, such as Workforce Investment Act Title I-B dollars, the State Dislocated Worker program, and the Minnesota Family Investment Program. Meanwhile, DEED has invested directly in WorkForce Center facilities through purchasing computers and print materials for Resource Rooms and paying facilities leases. This complicated mix of both indirect and direct cost subsidy has created a situation in which decisions on physical location and the set of services to be offered must be made between multiple partners, all of whom have varying mixes of financial contribution.



This business plan affirms that Local Workforce Councils are in the best position to make decisions about their local Centers. As the local body charged with managing service delivery, the Local Workforce Council should manage the full financial accounting of those services provided in a given WSA.

The GWDC, DEED and the MWCA will work together to refine the financial model that will allow for maximum transfer of state dollars currently managed by DEED for the Local Workforce Councils' use in center management. While DEED will continue to manage its service delivery staff (including Job Service, Vocational Rehabilitation and State Services for the Blind), DEED should transfer as much financial authority as possible to the Local Workforce Councils to fully vest the management and the success of a given WorkForce Center in the hands of the Local Workforce Council.

Accompanying the transfer of dollars will be clear direction from DEED as to the quality standards associated with a given service and with clear direction as to the degree of flexibility that the Local Workforce Council has. DEED should retain accountability and quality control while recognizing that different Local Workforce Councils can and should adopt diverse techniques and efforts to achieve superior local results. As noted elsewhere, the quality standards will be negotiated during the balance of 2005 and early 2006 prior to the implementation of this plan. Local Workforce Council leaders, DEED leaders, and the GWDC will all play a role in finalizing this proposed financing arrangement.

Federal law requires that every Workforce Service Area (WSA) have one fully-functioning WorkForce Center. The GWDC has recognized the value of additional points of physical and electronic access for service. The financing of this business plan will ensure that federal requirements are met and that Local Workforce Councils have maximum flexibility in developing additional physical and electronic points of service as appropriate for their region.

In this proposed new business model, services will continue to be paid for via cost allocation plans developed by each Local Workforce Council and negotiated with DEED. For some specific program services identified in Table 3, new cost allocation plans will need to be developed. For several common infrastructure expenses, the GWDC proposes a new financing arrangement per Table 4. Details for the financing of these infrastructure/modality elements will be negotiated among state agency, Local Workforce Council and GWDC stakeholders during the coming year. The GWDC recognizes that, in some cases, there may be value in continuing a state-level purchase or lease arrangement as it results in lower costs.



Table 4

	CURRENT PRACTICE	PROPOSED NEW BUSINESS MODEL
Resource Area computers	Owned and maintained by DEED. Paid for by DEED dollars (Wagner-Peyser and/or WIA 10 percent).	DEED funds the Local Workforce Council at a level comparable to either current funding at all sites or an equitable distribution. DEED transfers ownership of computer hardware so that computers are owned locally and meet state standards.
Resource Area software (including Minnesota Career Information System)	Licensed by DEED. Paid for by WIA 10 percent.	DEED transfers ownership to local workforce investment boards. DEED funds the local workforce investment board at a level comparable to DEED’s current expenditures. Resource Area Team provides recommendations of “best software”
	CURRENT PRACTICE	PROPOSED NEW BUSINESS MODEL
Resource Area print materials	Distributed by DEED. Paid for by DEED dollars (Wagner-Peyser and WIA 10%). Common core of publications in all Resource Areas	DEED transfers ownership to local workforce investment boards. DEED funds the local workforce investment board at a level comparable to DEED’s current expenditures. Resource Area Team provides recommendations of “best publications”
Data lines	Maintained by DEED via MNet. Paid for by local cost-allocation plans across the partners on-site.	DEED funds the local workforce investment board at a level comparable to DEED’s current expenditures. Data lines are owned and managed locally and must meet state capacity standards.
Leases	Managed by DEED and Admin’s Real Estate Management in cooperation with local partners. Leases increasingly held by a local partner.	DEED funds the local workforce investment board at a level comparable to DEED’s current expenditures. Locations must meet state standards for accessibility.
Furniture	Owned and maintained by DEED. Paid for by DEED dollars.	DEED transfers ownership to local workforce investment boards. Furniture must meet state standards for appearance.
NOTE: In limited instances where state agencies in addition to DEED maintain a state-level investment (e.g., leasing of data lines), it may be more practical for Local Workforce Councils to purchase those services from the state.		

VII. MARKETING

Following the “franchisor/franchisee” model, marketing for the WorkForce Center system will be a shared responsibility between DEED and Local Workforce Councils. Generally, the intention of this business plan is that Local Workforce Councils will establish marketing priorities or plans which will then be used by DEED staff to identify short- and long-term needs. Based on that information, DEED will develop templates, marketing evaluation tools and additional resources for Local Workforce Councils that support common marketing strategies, yet can be customized at the local level. Other funding resources will be identified and solicited to build and sustain additional capacity for this marketing plan.



VIII. OPERATIONS

A. Key Institutions and Structure

In the vision established here, the key institutions involved in implementing this business plan include:

Local Workforce Councils and Local Elected Officials provide leadership and key decisionmaking for this plan. Principal leadership is expected to come from the Chair, Vice-Chair, and other LWC leaders appointed by Local Elected Officials. To fully implement this plan, Local Workforce Councils will need to make decisions about local service delivery and do so with adequate information about all available service delivery methods and providers as well as funding sources. Consequently, the GWDC affirms previous recommendations that Local Workforce Councils have members and staff support who are able to consider a full range of service delivery options in addition to their historical practice. It is critical that Local Elected Officials provide adequate oversight and financial support to Local Workforce Councils to ensure they are able to take on the “ownership” required of them in this business plan. It is anticipated that the MN Workforce Council Association (MWCA) will play a significant role as the conduit for addressing and negotiating implementation elements of this business plan.

MN Department of Employment and Economic Development (DEED) plays a key role in setting quality standards and delivering minimum service components through its staff. Further, DEED will provide common system support including data collection and reporting, information systems, and other infrastructure functions.

Governor’s Workforce Development Council (GWDC) is charged in federal law with providing oversight to Workforce Investment Act functions and is further charged in state statute with providing counsel to the Governor and State Legislature on Minnesota’s workforce system. The GWDC will assist DEED and Local Workforce Councils in affirming quality standards and minimum service components. The GWDC will further ensure that a standing committee of the Council is available to provide oversight to implementation of this business plan.

B. System service/support

This business plan generally assumes that DEED will house and maintain common system service and support functions, as it does now, that support the operations of Local Workforce Council “franchisees”. Many of the elements of this support are referenced in Table 4 above. In franchise models explored by the committee that completed this plan, there is a common “system support” function that generally includes: data management infrastructure, strategic support for systemwide marketing, and maintenance and support of common electronic tools. While many of the details of this function need further clarification, it is assumed that DEED and/or the MN Workforce Council Association will be best positioned to provide these ‘centralized’ support functions to the WorkForce Center system.



C. Facilities

As articulated above, all decisionmaking regarding facility location and facility management become the responsibility of the Local Workforce Council in this plan. Wherever possible, it is expected that Local Workforce Councils will maximize opportunity by co-locating with other public institutions (e.g., Minnesota State Colleges and Universities) that add value for business customers and jobseeker beneficiaries.

D. Implementation milestones and considerations

The implementation of this business plan will mark progress through the following milestones:

- 1) March 2005: Acknowledgement of this vision and plan by the Minnesota State Legislature upon its delivery by the GWDC.
- 2) April 2005: Incorporation of this vision and planning into Minnesota's WIA Unified Plan to be submitted to the US Departments of Labor and Education outlining expectations for use of federal WIA funding from 2005 through 2010.
- 3) ? 2005: Passage of WIA reauthorization by the US Congress, affirming that federal expectations align with this plan; or, modification of this plan to conform to federal requirements.
- 4) July 2005: Key operational decisions highlighted in this plan are made by local Workforce Council leadership, state agency leaders, and other program partners. A committee of the GWDC will facilitate resolution of any conflicts or issues that may come up through this pre-implementation period including affirmation of "franchisor" and "franchisee" costs and performance expectations.
- 5) October 2005: Federal fiscal/program year begins during which business plan will be implemented. State-to-federal planning will reflect expected changes in negotiated performance levels, funding, and service delivery plans.
- 6) February 2006: GWDC will hear a report from Local Workforce Councils, state agency leadership, and other stakeholders on the status of pre-implementation decisions and planning.
- 7) July 2006: Full implementation of new business model expected to begin

IX. CONCLUSION

The GWDC recognizes that this is a significant shift from the current operation of Minnesota's WorkForce Centers and in the relationship between state agencies and Local Workforce Councils. In that spirit, this plan envisions a July 2006 implementation date, allowing for more than a year of time to negotiate the details of this shift and build support for its successful implementation. Minnesota's political, business, and civic leadership agree that the state's most competitive advantage now and in the future is a well-educated, job-ready, dependable workforce. This business plan, when fully implemented, is expected to give local leaders significant flexibility to create that workforce in response to local business need; while at the same time, building on the strengths of our past investment in a statewide system of WorkForce Centers. The GWDC looks forward to working actively with state and local leaders and stakeholders throughout the workforce development system to refine and successfully implement this vision in the coming years.



ENDNOTES

ⁱ Minnesota State Statute 268.665 §XXX.

ⁱⁱ American Staffing Association annual economic analysis (May 2004), figure 1. See: <http://www.staffingtoday.net/staffstats/annualanalysis04.htm> for complete report.

ⁱⁱⁱ Economic Trends magazine, November 2003

^{iv} WIA national summary data from USDOL, Table M. Full information can be found at: http://www.doleta.gov/Performance/results/wia_national_performance.cfm

^v Readers of earlier drafts noted that the WorkForce Center system is the publicly-funded slice of the workforce development arena; and, is in itself, just a sliver of public funding available for education and training, human services, and other related public services.

^{vi} For a general look at the decline of federal funding for workforce development services, see www.workforcealliance.org. For Minnesota-specific data, see www.gwdc.org.

^{vii} To see these data, please check: www.gwdc.org and/or www.positivelyminnesota.com.

^{viii} Three specific examples illustrate this kind of local initiative:

- Regional scan completed and updated by several stakeholders in the Saint Cloud area including the Stearns-Benton Employment & Training Council, United Way of Central Minnesota, Catholic Charities, and several other partners. This scan was conducted jointly and has been updated and used jointly by all partners so that several organizations in the Saint Cloud area are working from a common foundation.
- Study of skilled labor shortages in West Central Minnesota completed in 2002-03 is one of a series of labor force surveys led by the West Central Initiative and shared widely through the regional Labor Force Development Council.
- Regional scan completed in the Twin Cities metro area under the auspices of the Metro Workforce Board and Twin Cities Economic Development Group that has subsequently been updated and adopted by the Ramsey County Workforce Investment Board for their own efforts to prioritize local training and employment needs.

In addition to these examples, the 2001 Minnesota State Legislature allocated funds for a series of “Labor Force Assessment Grants” which were completed in 2002 and used locally by stakeholders. This was a good example of how local areas might supplement statewide data with specialized local surveys to assess customer and potential customer needs. The implementation of the LFA grants was not uniform nor was funding made available on a regular basis to continue the work. While we have strong data availability and analysis capability, customer and potential customer need is not assessed uniformly and consistently.

Minnesota

**Governor's
Workforce
Development
Council**



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