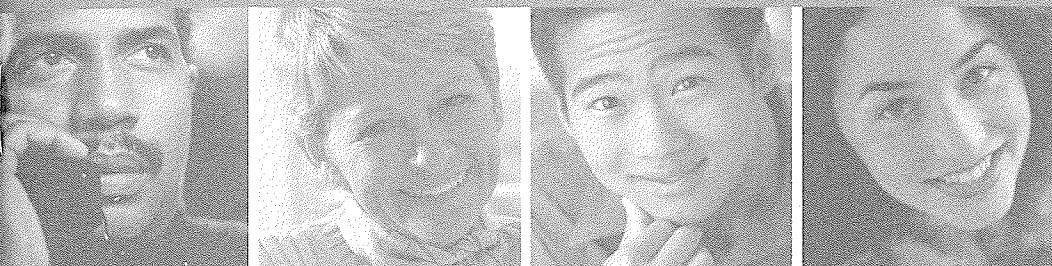


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WORKFORCE DEVELOPMENT



2001
Annual Report

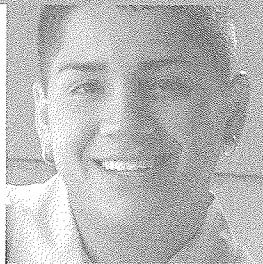
December 2001



MINNESOTA
DEPARTMENT
OF
ECONOMIC
SECURITY

From the

COMMISSIONER



*In Minnesota,
workforce
development
is economic
development.*

In April of 2000, Governor Jesse Ventura signed Minnesota's Unified Plan, detailing how we were going to implement the Workforce Investment Act of 1998 (WIA). This act changed the way employment and training services were delivered throughout the state. But the planning for this began many years earlier. In 1994 a team of state and local experts began to define a vision for comprehensive one-stop, "no-wrong-door" workforce development centers. This vision became a proposal that was submitted to the U.S. Department of Labor in 1995. As a result, the state received one of the first federal grants to begin a statewide network of one-stop centers.

Along with a handful of other early design states, Minnesota quickly became a national leader in delivery of workforce development services. Because of Minnesota's early expertise, we were asked by members of Congress to help craft the legislation that eventually became known as the Workforce Investment Act of 1998. We are now working with the Department of Labor and Congress on reauthorizing WIA in 2003.

Typically an administration focuses on economic development. With retiring baby-boomers, labor shortages and surpluses, and the current recession, workforce development is equally important. Workforce development is one of the blocks of Governor Ventura's Big Plan, which is supplemented by the Workforce Development Framework. Several agencies worked on finalizing the Workforce Development Plan two years ago; many changes were suggested, and this ultimately led to the decision to merge workforce and economic development into one agency.

This report on workforce development is a look back to the vision that was laid out in 1995. Five goals were adopted, and this report gives our progress toward achieving those goals. Also, legislation has been prepared to merge the Department of Economic Security with the Department of Trade and Economic Development on July 1 of 2002, so that in Minnesota, workforce development really is economic development.

Sincerely,

A handwritten signature in black ink that reads "Earl Wilson".

Earl Wilson
Commissioner

WORKFORCE DEVELOPMENT



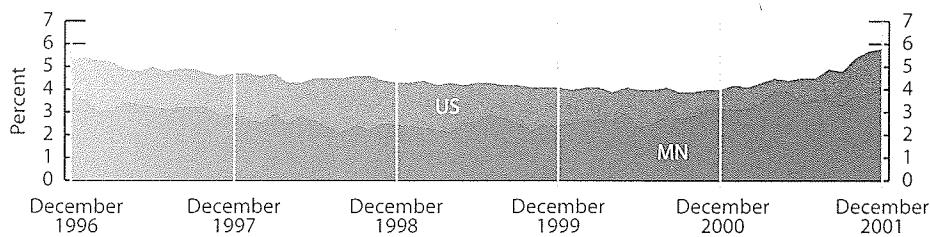
State of the Economy

The workforce development system is a complex interaction between business, the workforce and government that takes place in an economic environment. In this context, it is important to understand the ever-changing economy, business milieu, workforce, and the opportunities and challenges that this economic environment creates for workforce development. In particular, the dramatic economic reversal we have witnessed over the last 12 months has had a clear and direct effect on the need and priorities for workforce development services.

During the mid-to-late 1990s, the Minnesota economy experienced nearly unprecedented vitality – including the longest economic expansion in history through the decade and a record-low unemployment rate in 1998. By the end of 2000, however, signs of a nationwide slowdown that included Minnesota were darkening the economic horizon. The most recent data indicate that the U.S. economy fell into recession in March 2001, and indications suggest that the real Gross Domestic Product will continue to decline through early 2002.

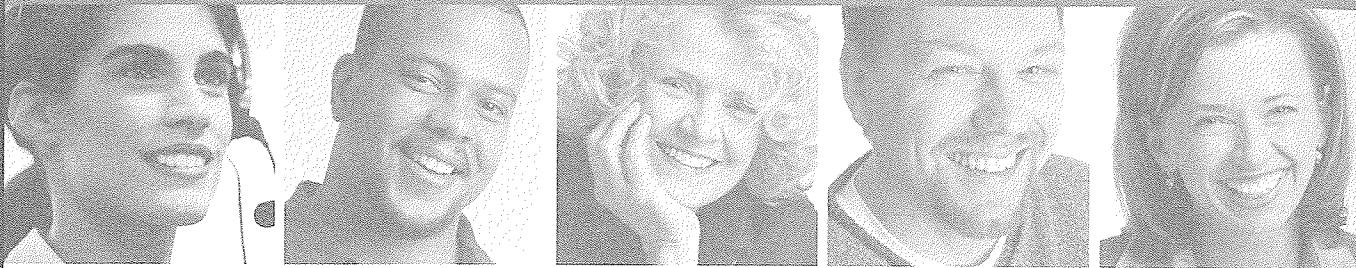
While Minnesota's economy has a record of performing better than the national averages, we saw a decline in statewide year-on-year employment in 2001 for the first time in 18 years as well as rising unemployment rates and layoffs. Despite the economic slowdown, the unemployment rate has risen just over one percentage point (4.0 percent in December 2001) from its low in 1998 to a level more comparable to those seen throughout most of the 1990s.

Unemployment Rate



Source: Local Area Unemployment Statistics, Research and Statistics Office, Minnesota Department of Economic Security and Bureau of Labor Statistics, U.S. Department of Labor.

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Demand

Overall, three industries in Minnesota make up over half of the state's total employment: manufacturing, retail trade, and healthcare and social assistance. With the growth of technology-related industries and occupations and the pressures of a global economy, industrial employment in the state has been moving away from manufacturing, mining, and agriculture. Wage pressures from overseas are pushing the Minnesota economy away from low-technology manufacturing and are moving the state toward sectors where we have a sustainable competitive advantage –

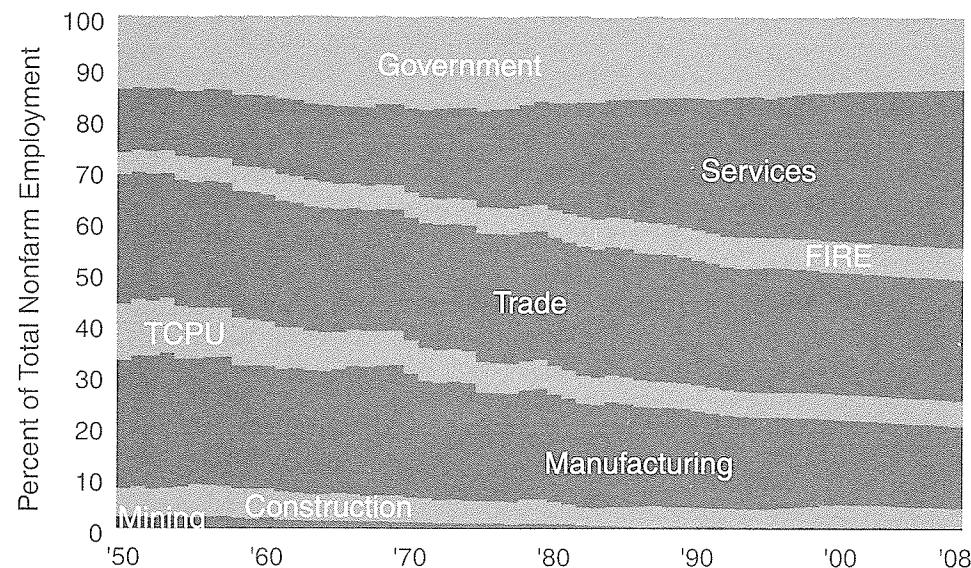
such as the high technology industry that takes advantage of Minnesota's highly-educated workforce. With changes in both family and industry structures, the services industry, particularly healthcare, has grown rapidly in Minnesota as elsewhere.

Occupational employment patterns reflect these structural shifts in the industries. Employment in agriculture, production/repair and operator/fabricator occupations has been diminishing while employment has been increasing in managerial, professional, and technical occupations. Almost all

professional, paraprofessional and technical occupations require at least some post-secondary training, and many require a bachelor's degree or more. The changing industrial base of the state thus influences the skills – and consequently the education and training – that the workforce of tomorrow, and today, needs to succeed.

A recent statewide survey estimated only 97,000 job vacancies in the second quarter of 2001, down 22 percent from the previous six months. Despite the slowdown, worker shortages still exist

Changing Industrial Composition



Source: Covered Employment and Wages (ES-202), Research and Statistics Office, Minnesota Department of Economic Security and Bureau of Labor Statistics, U.S. Department of Labor.

FIRE = Finance, Insurance and Real Estate

TCPU = Transportation, Communication and Public Utilities



in certain sectors, especially those with relatively low wages, unusually rapid growth, or specialized skill needs. Results from second quarter 2001 indicate that workforce shortages were most severe in the following occupations (listed in order of severity):

- healthcare practitioners and technical,
- personal care and service (including childcare workers, personal and home care aides),
- healthcare support, and
- construction and extraction occupations.

Despite these pockets of worker shortage, layoffs are affecting more Minnesotans than in any period since the 1991 slowdown. Layoffs are hitting particularly hard in manufacturing, mining and high tech industries including the dot.coms. With unemployment up and job growth down, laid off workers will have a harder time than during the past eight years finding good-paying jobs quickly.

*S*upply

Minnesota continues to be one of the "hardest-working" states in the nation with over 75 percent of the adult population partici-

pating in the labor force and the highest female labor force participation rate nationwide. The state also has a high percentage of older workers employed and among the highest labor force participation rates for persons with disabilities.

Educational attainment is strong in Minnesota, with both higher than average high school and college completion rates. Among all 50 states, Minnesota ranked fifth in 1998 in percent of the population age 25 and older who had at least a high school diploma; Minnesota tied with Massachusetts to rank fifth in percent of the population age 25 and older with a bachelor's degree or more. These rankings reflect a strong emphasis on education in the state, an emphasis that has historically given our workforce a competitive edge over other states and lured high-paying employers and company headquarters to Minnesota.

Minnesota's workforce is becoming more diverse. Nonwhite populations in Minnesota grew dramatically in the 1990s. In fact, in 1990, 6.3 percent of the total state population identified themselves as nonwhite or Hispanic or both while in 2000, 11.8 percent of the state population was non-white (either alone or in combination with white) or Hispanic or both. The largest increase was in

the Hispanic population followed by blacks and Asians. Despite these shifts, Minnesota is still much less diverse than the nation. For employers, these population changes may mean that bilingual work places will aid in finding and retaining staff.

*D*istribution *of Wealth*

Minnesota's average annual wage in 2000 was \$35,418, the 12th highest among the states. Wages are likely to continue to rise as fast or faster than in the rest of the nation, due to the state's diverse and technology oriented industrial base. However, the amount of increase will likely be smaller in 2001 due to the economic slowdown and the resulting decrease in upward wage pressure.

The average poverty rate in Minnesota was 6.6 percent in 1999-2000, meaning that about 325,000 people lived below the poverty threshold (\$17,650 annually for a family of four).

Comparatively, the poverty rate for the nation was 11.5 percent and only 10 states had a lower poverty rate than Minnesota during this period. Despite our relative strength, this is the group that is likely to suffer the most severe consequences during any economic slowdown.



Unemployment and low wages can both lead to poverty. Unemployment remains higher for blacks, American Indians and Hispanics than for whites in Minnesota. In terms of low wages, one-third of Minnesotans earned less than \$10 per hour in 1999. These workers are clustered in retail trade and low wage service industries including amusement and recreation, membership organizations, and social services.

Unemployment and low wages continue to be more prevalent in the rural portions of Minnesota. While layoffs are highest in the Twin Cities area, there are also more job vacancies than in rural Minnesota. Northeast Minnesota has had particularly high unemployment this year, a result of shutdowns and layoffs in the Iron Range mining industry. (Extended

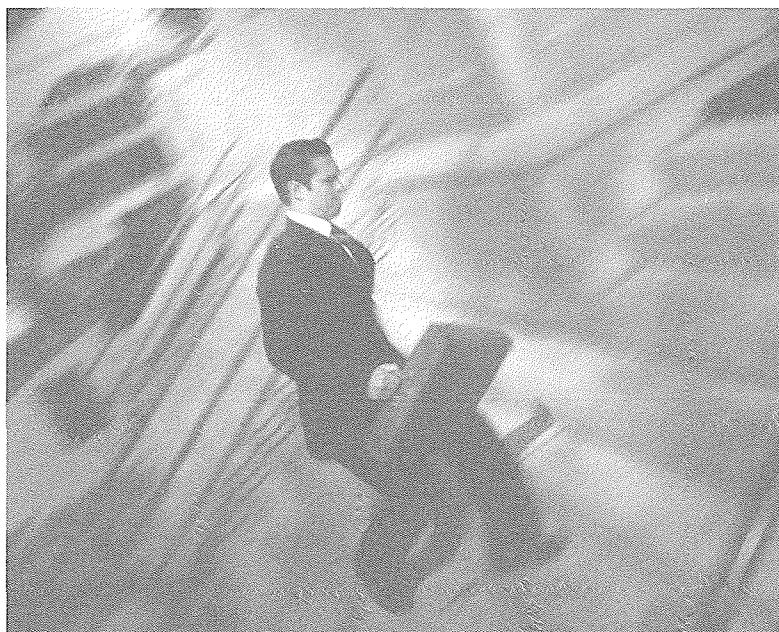
unemployment benefits are currently helping the region cope, but ultimately most of these workers will have to retrain and possibly relocate to find good jobs.) Northwest and Northeast Minnesota earned the lowest wages, with almost half of all workers earning less than \$10 an hour. Compare this to the Twin Cities Metro Area where just over one quarter of all workers earned less than \$10 per hour.

economy has weathered past national economic slowdowns and recessions better than most states and has outpaced the nation during economic expansions. We are likely to continue this performance. Once Minnesota recovers its economic vitality, widespread workforce shortages are again likely.

In the current environment, the labor exchange and education and training services provided by Minnesota Department of Economic Security (MDES) become more important to a wider and more diverse group of people. With large layoffs likely to continue, retraining will be important as laid-off workers try to find new kinds of jobs. Unemployment insurance benefits and reemployment services will be in demand. If the economy continues to shrink, safety nets may need to expand as workers who are most vulnerable tend to be the first let go in a downsizing. Employers will also need more attention as they struggle to maintain profits while attempting to keep people on their payroll as everyone deals with the emotional impact of world events.

Market Analysis

It is unclear how long the current economic slowdown will last, particularly in light of the September 11th terrorist attacks and uncertainty surrounding our response. However, Minnesota's diverse



2001 YEAR IN REVIEW



Last year we planned to continue to strengthen and improve Minnesota's workforce development system with special emphasis on integration, accountability and customer focus.

Many unexpected events this year may have diverted our attention and resources. A year ago some economists were suggesting the possibility of an economic slowdown but certainly not the recession that we now find ourselves in. We expected a significant downsizing in the mining industry but not the airline industry. While threats of a state shutdown and employee strike are always present, no one expects that they'll happen — certainly not within a few months of each other. And we were as shocked by the events of September 11th and its aftermath as everyone else. Nevertheless, we have made progress toward our goals.

Integration

Integration was our first challenge. We expanded our network of providers with Washington County adding new sites in Cottage Grove and Forest Lake. Adult Basic Education is now available in 37 WorkForce Centers, thanks to an agreement with the Department of Children, Families and Learning. In cooperation with the Higher Education Services Office, we now offer financial aid services in 16 WorkForce Centers, up from 10 last year.

Systems integration is another area that we've worked hard on this year. Our Minnesota One-Stop Operating System (MN OSOS) is under development with assistance from the departments of Human Services and Trade and Economic Development. When it's ready later in 2002, it will serve customers in 20 programs and all 87 counties. See more about MN OSOS on page 20. We have worked with the Department of Administration to move our mainframe operation to their shop to allow for better support and operations at lower cost.

Integrating workforce and economic development has been another priority this year. In late June the Legislature committed to merging the departments of Economic Security and Trade and Economic Development. In August, a Transition

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Team was named and a plan of action was required by December 2001. MDES leadership played an integral role in advocating for and planning the merger of economic and workforce development. We worked with the Governor's office and the Legislature in exploring the possibilities and opportunities associated with merging these two service delivery entities. We staffed several workgroups that explored specific issues related to this merger such as gaps and duplications of various customer services, improving communication and regional planning and cooperation.

A ccountability

Accountability is the second area of focus. Our new systemwide customer satisfaction survey process is underway and beginning to return data. We are especially proud of this because it is our first true measure of the one-stop system's effectiveness. It also demonstrates the growing maturity of our partnerships. Developing the systemwide process was long and arduous at times, but the work team persevered to develop a process now being heralded as a national model. See more on page 12.

We have also begun work on performance measures. There seems to be a converging interest in creating measures that drive intend-

ed outcomes, help program managers improve their services and help stakeholders realize the value of their investments. While coming up with a meaningful and acceptable set of measures will be a complicated and, at times, difficult task, we are moving ahead.

A new measures matrix categorizes the vast assortment of demographic, input, output and outcome measures that we already collect. This has been a useful tool for helping to understand the natural grouping and commonality of the diverse set of workforce development program measures.

This matrix will also help to guide the upcoming update to the *Minnesota Inventory of Employment and Training Programs*, first written in 2000. We are now defining the purpose, audience and scope of this task. The new version of the Inventory should be available in summer of 2002.

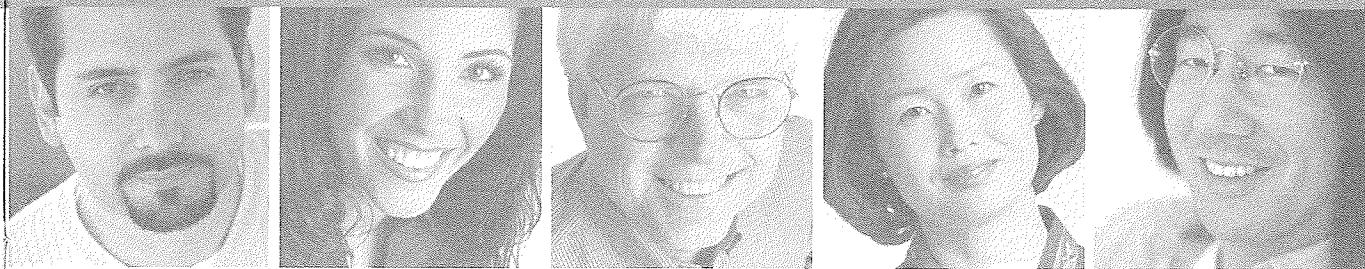
A last example of accountability we offer for 2001 is our WIA Title I Annual Report. The U.S. Department of Labor required essentially a compliance document with pages of regulatory reports. We dutifully complied, and in fact helped test their new reporting software in the process. But we also chose to go beyond the required reports and create a more business-like annual report that included the context in which our services are delivered. To tell

this story, we uncovered meaningful insights about our one-stop delivery system. Both our year-long transition to WIA and assembling this report helped us appreciate the value that partnering and collaborating provide to our customers. We began to more fully understand that individuals receiving adult training services may also benefit from vocational rehabilitation services, unemployment insurance or even bus passes. Now, rather than trying to be all things to all people, we realize the strength of specialized programs coming together to collectively meet multiple needs of customers.

C ustomer Focus

Customer focus is the third area of emphasis. We realigned parts of our organization to better focus on customers. The State Services for the Blind branch reorganized itself after an independent review and considerable public input. Its present alignment — with units focused on specific customer segments; workforce development, self sufficiency and business — is better able to help customers meet their goals.

The Rapid Response unit that coordinates dislocated worker and jobseeking services with unemployment insurance benefits for large layoffs has been especially busy this year. Dislocation events have been on a steady increase



for the past several years with this past year alone showing more than a 60 percent increase.

The layoff of more than 1,000 workers in the iron mining industry prompted a major collaboration for service delivery in Northeast Minnesota early in the year. Additional staff were brought on in order to offer additional orientation and reemployment classes. More outreach to employers was undertaken to find new employment opportunities and several hundred people were enrolled in Trade Act Assistance training to learn new skills.

In the fall, the metro area found itself in the midst of a major layoff as the airline industry downsized quickly as a result primarily of the terrorist attacks. Many workforce development providers created an unprecedented alliance to respond to the reemployment needs of thousands of well-trained and well-paid workers who were unlikely to be recalled to their previous positions. The AID-MINN project was created with a disaster assistance grant from the U.S. Department of Labor to help these people receive the services and training they need to reenter the workforce.

accomplished as well as the evolution of workforce development. Through the development and implementation of WIA, we have attempted to transition our services and their delivery. Our services promote self-sufficiency, customer choice and personal responsibility. We have attempted to forge partnerships and relationships that support comprehensive service delivery. Yet, we recognize that the scope of our responsibilities is not sufficient to reform workforce development to the extent necessary.

To that end, we acknowledge and welcome the continued evolution of workforce development programs and systems as the reform continues at a higher level. We would like to think that we have served as one of the catalysts that prompted the work of the Transition Team and others to develop a more far-reaching vision, policy and practice of workforce and economic development in Minnesota.

We look forward to the integration of economic and workforce development because it will serve our customers better and advance the economic vitality of the state. At this juncture, we have also taken the opportunity to review our progress toward our initial vision of a one-stop workforce development system as set out in 1995. That review is the next section of this report.

What's Ahead

As we look back at 2001, we are reminded of all that we have

2001 CALENDAR



January

- Radio Talking Book expands coverage by reading *New York Times* at prime time.
- Three of the finalists of the national Workforce Excellence Network - Teams Excellence Award are from Minnesota. They are: Passion Groups, Workforce Development, Inc., Rochester; South Central Training Team, South Central Workforce Council, Mankato; Workforce Development Literacy Project, Workforce Development, Inc., Rochester.
- Senior Community Service Employment Program receives a Certificate of Excellence from the U.S. Department of Labor.
- Northeast Minnesota gears up for a large layoff at LTV taconite plant in Hoyt Lakes; 1,400 jobs to be lost.

February

- The Training Team of Mankato's South Central Workforce Council wins an award from the national Workforce Excellence Network.
- The Governor announces plans to reorganize workforce and economic development by realigning agencies.
- Nancy Grover receives a "Big Pat on the Back" at the Governor's management retreat for her excellent customer service.
- First-ever statewide "Minnesota Job Vacancy Survey" publication is released.
- *Minnesota Economic Trends* is praised by the Bureau of Labor Statistics.

Rehabilitation Services announces work with the Minnesota Business Leadership Network to enhance employment opportunities for qualified individuals with disabilities.

March

- Dissemination Partnership Project with Minnesota's Educational Opportunity Center trains workforce development professionals to help their clients obtain financial aid.
- Job fairs scheduled in Anoka, Duluth, Faribault, Red Wing, Rochester, St. Cloud, Shakopee, Thief River Falls, Virginia and Winona.
- One-Stop Operating System project to develop a common workforce development toolkit is begun.

April

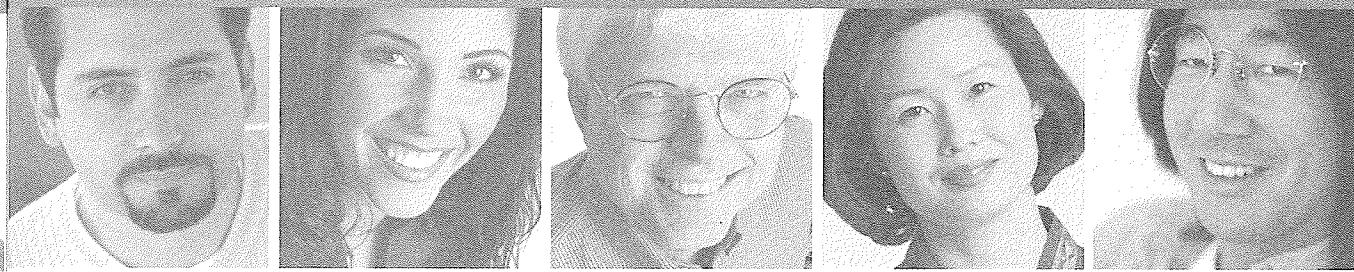
- Rebecca Yanisch is appointed the Commissioner of the Department of Trade and Economic Development with the expectation that she will head the realigned workforce development and economic development agency.
- Nontraditional Employment for Women program is lauded by WomenVenture for promoting awareness of trades.
- Minnesota Workforce Association/IAPES Spring Conference is held.
- Governor's Workforce Development Council's Spring Training Institute for workforce development leaders is held.

May

- "Your first stop on the way to work," a month-long radio and bus ad campaign promoting WorkForce Centers, begins.
- Disability Determination Services receives two Commissioner's Citation awards for performance by the Social Security Administration.
- State Services for the Blind achieves its \$1.4 million fundraising goal for the 21st Century campaign.
- Disaster Unemployment Assistance is available to parts of Minnesota hit by spring floods.
- Mainframe applications begin their move to the Department of Administration's InterTechnologies group.

June

- Brainerd, Rochester and St. Cloud WorkForce Centers are equipped with videoconference technology that helps Minnesotans who are deaf or hard of hearing.
- Veterans Services at WorkForce Centers are promoted in 30-second spots on metro radio stations.
- The Governor's Workforce Development Council receives a \$250,000 grant from the McKnight Foundation to promote efforts to support working families in Minnesota.
- Minnesota Departments of Economic Security and Human Services co-sponsor annual Minnesota Family Investment Program conference.
- State plans for possible govern-



ment shutdown which is averted by last-minute budget decisions.

- New legislation reorganizes workforce and economic development and abolishes the Department of Economic Security as of July 1, 2002.

July

- Morrie Anderson is named the head of the Transition Team that will plan the reorganization of workforce and economic development services.
- WorkForce Center staff help workers of Farmland Foods recover from a fire that destroys a large part of their pork processing plant in Albert Lea.

- WorkForce Center staff contribute to the Joint International Summit on Community and Rural Development with presentations, WorkForce Center booth and demonstrations of the Career Delivery Van.

- "Measuring Up: Tools for Pre-Eminence" Road Show stops in Alexandria, Bemidji, Bloomington, Duluth and Mankato.

- The Work Opportunity Tax Credit (WOTC) program summer-long outreach effort encourages over 2,000 new employers to list their jobs with Minnesota's Job Bank.

August

- The systemwide customer satisfaction process begins with telephone interviews of customers of the WorkForce Center System.

- MDES partners with area banks to provide Money Smart personal finance training to clients at local WorkForce Centers.

- Virtual recruiter and other new features are unveiled in Minnesota's Job Bank.

- Results are in for the second statewide Job Vacancy Survey.

- "Travel First Class" is the theme for the department's State Fair booth.

- MDES has a strong presence at the 2001 Career and Community Resource Fair at the Minneapolis Convention Center.

- MDES testifies at WIA reauthorization hearings held by Senator Wellstone's office.

September

- All Unemployment Insurance staff attend their fall conference which focuses on strategies for the future.

- The prototype of the Minnesota One-Stop Operating System is available at www.mnwfc.org/wds

- The world reacts to terrorist attacks in New York City and Washington D.C.

- The airline and associated service industries announce large layoffs due to the slowing economy caused by the September 11 attacks.

- 96,000 *Minnesota Careers 2002* student and teachers copies are sent free of charge to over 750 Minnesota schools.

October

- AFSCME and MAPE members are out on two-week strike until a tentative agreement is reached.

- The Minnesota Career Delivery Van is at several job fairs near the

Minneapolis-St. Paul airport to help laid-off airline employees find new jobs.

- Energy programs transition to the Department of Commerce.

- Radio Talking Book volunteers are celebrated at Science Museum event.

- Nearly 100 employers attend annual Job Service Employer Committee conference.

- *Minnesota Careers 2002* is awarded national first place for excellence in providing quality information to jobseekers by the National Association of State Workforce Agencies (NASWA).

November

- *Universal Access to Minnesota WFC Services* manual is distributed to all WorkForce Centers as an aid to serving customers with diverse needs.

- Resource Area Advisory Team training session is held for staff and partners.

- Consumer Reports System of Workforce Investment Act training providers is online in ISEEK.

December

- Unemployment Insurance Internet application receives a recognition award by the Minnesota Government Information Technology Symposium in the Customer Service Applications category.

- Disability Determination Services performance is ranked number one in the nation by the Social Security Administration.

One-Stop VISION



In 1994 a diverse team of workforce development experts began to solidify Minnesota's vision for an integrated employment and training system available through one-stop centers. In 1995 we committed that vision to paper in our proposal to the U.S. Department of Labor (USDOL) for one of the initial one-stop grants. Receiving this grant was our first step to making our vision a reality.

To provide a skilled workforce for our economy through an accessible, integrated employment and training system for all Minnesotans is the vision set forth in 1995. We wanted to provide integrated, market-driven, customer-friendly, employment and training services in a cost effective, professional manner. One of the most revolutionary aspects of our vision was building a collaboration of partners who deliver services cooperatively with Minnesota WorkForce Centers being its embodiment. Looking through the customer lens helped us envision improved processes, technology and service delivery.

The next sections of this report review our efforts and progress toward the five goals we set out in 1995.

Minnesota's Unified Plan

Passage of the Workforce Investment Act of 1998 (WIA) reinforced our vision of creating an integrated employment and training delivery system. To further validate our efforts, we submitted our WIA Unified Plan for USDOL approval and certification in April 2000. For the first time, 10 different programs came together to submit one unified plan. No longer could these programs see themselves as independent operators; they were now part of the workforce development system.

Over 100 people representing many programs, agencies, businesses, service providers and elected officials met to define the details that would make our vision a reality. Several policy-level committees had to make many deci-

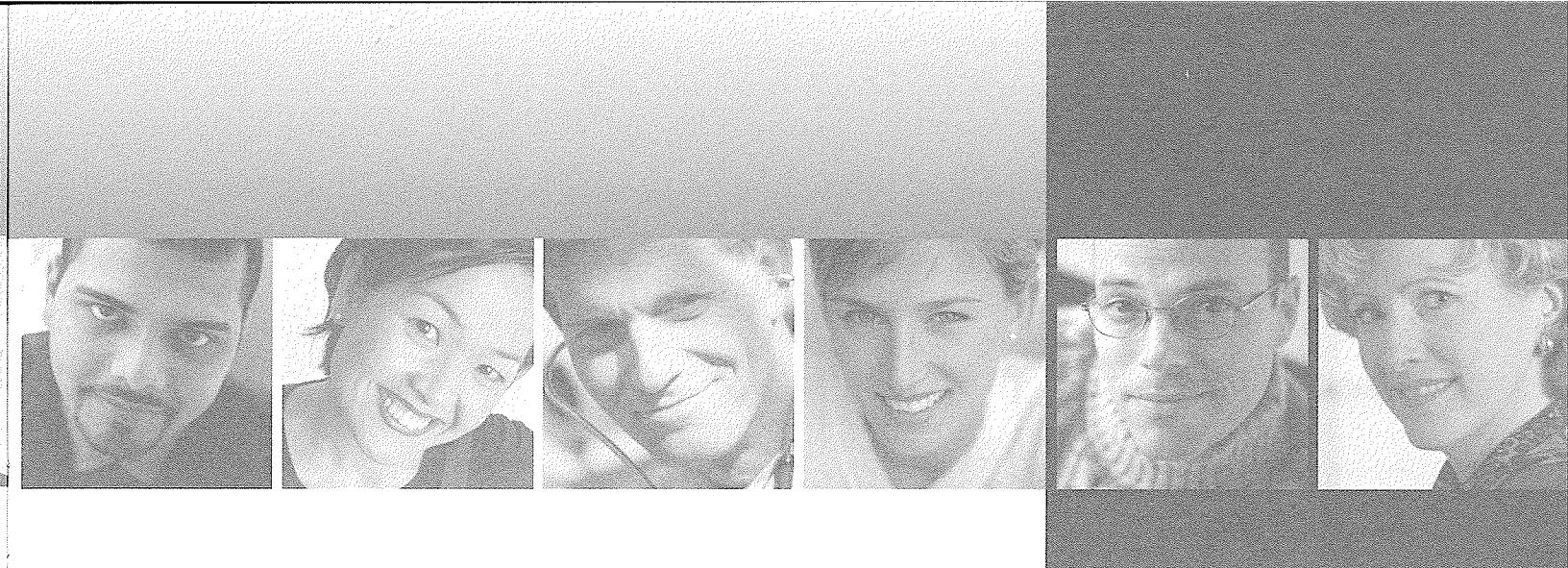
sions as we continued the transformation from a state-run, bureaucratic, social welfare-based delivery system to one that is nimble, customer-focused, locally operated and market-driven.

Some decisions redefined established procedures on service delivery. Service was categorized by different levels — self service, core, intensive and training. Decisions had to be made about the boundaries of each level, with a focus on improving outcomes; it was also important to determine when program registration should occur.

New products and services also had to be defined. WIA required individual training accounts (ITAs), a consumer report system to compare outcomes of training providers, and a performance

measurement system that would analyze both customer outcomes and satisfaction. The policy-level workgroup defined the parameters of these products and then handed them off to product developers to bring them to market.

To meet the needs of USDOL, the Unified Plan ended up being more of a compliance document than was originally envisioned. The vision of integrated employment and training continues to gain momentum, however, with the engagement of the Minnesota Legislature, the strengthening of the Governor's Workforce Development Council, and the upcoming merger of workforce and economic development agencies.



*O*verview of the Workforce Investment Act of 1998

... To consolidate, coordinate and improve employment, training, literacy, and vocational rehabilitation programs in the United States.

TITLE I

Workforce Investment Systems

...To provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants and as a result improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation.

TITLE II

Adult Education and Literacy

...To create a partnership among the Federal Government, States and localities to provide on a voluntary basis, adult education and literacy services in order to assist adults:

- To become literate and obtain the knowledge and skills necessary for employment and self sufficiency.
- Who are parents to obtain the educational skills necessary to become full partners in the educational development of their children.
- In the completion of a secondary education.

TITLE III

Workforce Investment- Related Activities

... To provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes.

TITLE IV

Rehabilitation Act Amendments of 1998

...To empower individuals with disabilities to maximize employment, economic self-sufficiency, independence, and inclusion and integration into society....and ...To ensure that the Federal Government plays a leadership role in promoting the employment of individuals with disabilities, especially individuals with significant disabilities, and in assisting States and providers of services in fulfilling the aspirations of such individuals with disabilities for meaningful and gainful employment and independent living.

TITLE V

Unified Planning

...To aid the transition to WIA and to allow states to consolidate multiple workforce-related programs through a single state unified plan.

MEASURES



GOAL 1 → E

Emphasize quality outcomes and customer satisfaction from jobseekers and employers.

Many of our initiatives to reach this goal revolve around measures. In some cases we created entirely new processes to measure customer outcomes; in others we improved existing measurement processes.

Our first task was to increase our capacity to understand and measure outcomes. To that end, in 1996 we secured a McKnight Foundation quality grant that allowed us to train staff on quality and process improvement. Then in 1997 we contracted with Jim Buckman and the University of Minnesota's Carlson School of Management for Baldrige training with many staff becoming Baldrige Quality Examiners. One product of this training was a survey measuring employees' satisfaction.

Many WorkForce Centers put their training to use in site-specific quality improvement projects.

Understanding overall customer satisfaction is our biggest quality challenge to date. The Workforce Investment Act requires that we annually survey 500 "exiters" of Title IB programs using the questions of the American Customer Satisfaction Index (ACSI) for a statewide picture of customer sat-

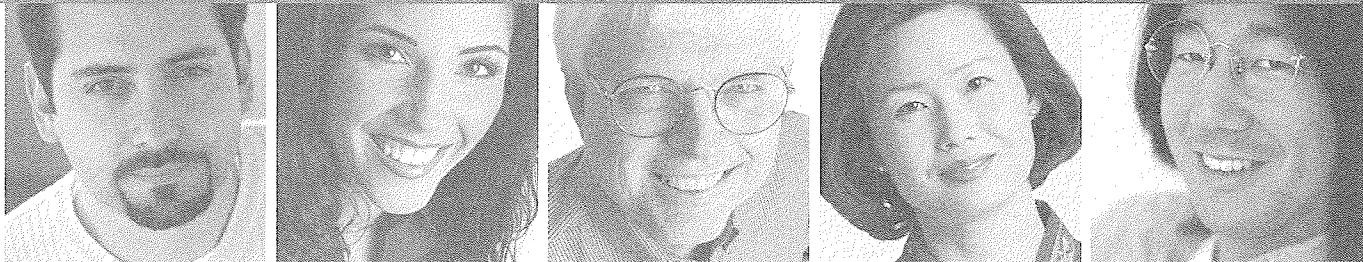
isfaction. Because this was not a sufficient measure for the one-stops we envisioned, we have committed to surveying enough customers annually to understand customer satisfaction across all programs and across all 16 local areas. To do this, we need to ask more than the three ACSI questions. The Dakota County Workforce Council began the process of crafting this more comprehensive tool in 1999. In 2001 with much more input from partners, program managers and local managers, we tested and implemented a statewide customer satisfaction process. By 2002 we will begin to see trends in customer satisfaction with the services of the WorkForce Centers at the regional and program level.

Further work on measuring customer satisfaction continues. The Job Service has surveyed employers since 1996 on their satisfaction with our job posting service. In 2000 the survey was changed to incorporate the ACSI index. We are beginning work to expand the employer survey to employers who access any service of the WorkForce Center system. We are also exploring how to assess the satisfaction of our Internet users

while not being too intrusive. These are both scheduled to be in place in 2002.

Performance measures, our next challenge, will take considerable persistence to accomplish. The goal is to have similar measures across all programs and also to have some measures that gauge the effectiveness of the system and the benefits of collaboration. While all programs have measures, they don't measure the same intent. Some measure inputs — how many people register. Some measure outputs — how many people participate in a seminar. Few measure outcomes like how satisfied or economically better-off our customers are because of the services they received.

In addition to raising our ability to measure programs, we also need measures of the workforce development system. Program measures don't apply equally across the system — some have higher wages as an outcome, some have educational attainment as an outcome. Yet, they all contribute to workforce development, so the challenge is to determine the appropriate set of gauges that assess how well the system is working.



A CSI

The American Customer Satisfaction Index (ACSI) has become one of the most widely noted measures of customer satisfaction. Used extensively by business and major federal agencies (see chart), it was developed by the University of Michigan. The ACSI tracks changes in customer satisfaction as organizations attempt to improve service.

Customers are asked three questions about overall satisfaction, how well services met their expectations, and how well services compared to their sense of ideal services. Their responses are combined into a weighted index with values from 0 to 100. ACSI scores for most organizations fall between 55 and 85.

2000 ACSI Scores for a Sample of Federal Programs

Food and Nutrition Service

Women, Infants, Children Program recipients 83

Health Care Financing Administration

Recent Medicare beneficiaries 74

Veterans Benefits Administration

Veterans compensation/benefit claimants 58

National Park Service – recreational visitors

73

Internal Revenue Service – electronic tax filers

75

Internal Revenue Service – filers on paper forms

48

Source: National Quality Research Center, University of Michigan Business School.

M arquee Indicators

On a larger scale there are also statewide economic indicators to which workforce development programs contribute. There are indicators for the Governor's Big Plan as well as marquee indicators that gauge the state's vitality:

1. Reduce the average duration of unemployment claims.
2. Increase the percentage of persons with disabilities employed.
3. Increase the percentage of Minnesotans employed in the quarter after they complete a publicly-funded workforce development program.
4. Increase the average hourly wage earned by Minnesotans one quarter after completing publicly-funded workforce development programs.
5. Increase the percentage increase in wages comparing: before participation in a workforce development program, and after participation in a workforce development program.
6. Increase the customer satisfaction of individuals and employers receiving services from the WorkForce Center System.
7. Increase the number of employer accounts in Minnesota's Job Bank.
8. Increase the quality of Unemployment Insurance claims determinations.

SERVICES



GOAL 2

Provide tools for customers to make informed career, training and hiring choices through effective assessment and timely and pertinent labor market information.

Embracling customer self-service opened a floodgate of possibilities. Realizing that customers could and would make their own career choices created a demand for a whole new way of providing information and delivering service. With many customers able to access services with little or no staff assistance, resources could be devoted to serving those most in need, therein serving more customers without significant additional resources.

First-class Resource Areas are the cornerstone of WorkForce Centers. They are instrumental in ensuring statewide customer access to workforce development services and information. Resource Areas are where everyone is invited to find job leads, write resumes, and learn about career planning. There is a Resource Area in every one of the 53 WorkForce Centers in Minnesota — each is different in size and layout, but all offer a wide range of information, services and tools for jobseekers, career changers, employers and students, at no cost. All are physically accessible and offer alternate means to communicate with staff, including TTY (teletypewriter).

Each Resource Area contains the latest in career resource tools and information and state-of-the-art computer and office equipment. Resource Area staff become the link between the self service of the Resource Area and more intensive staff services in the WorkForce Centers.

Labor Market Information

Assuming that the Internet would quickly become ubiquitous, we began to distribute our information through, first, an electronic bulletin board and then the world wide web. Labor market information led the charge to electronic publication. Labor statistics with its myriad charts and tables lends itself to electronic dissemination. By 1997 they had 4,332 pages on the web. This has grown to 15,467 pages. Today all labor market data are available electronically, including data on wages, occupation, industry and unemployment.

This laudable effort pales in comparison to the transformation of labor market information publica-

tions. Once the reams of data were able to be collected and published online, many hours of staff time were freed up and diverted to meaningful analysis and contemporary presentation. *Minnesota Economic Trends* and *Minnesota Employment Review* are the showcase publications that have combined understandable analysis and attractive presentation to become high demand products with wide readership.

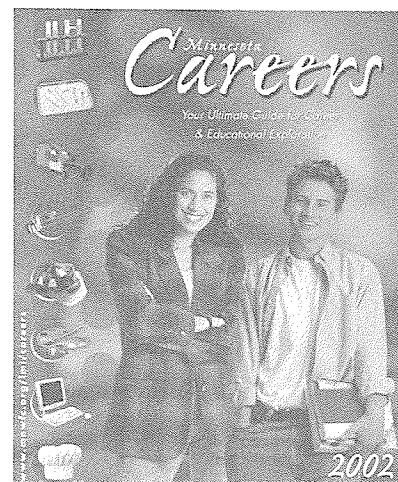
Minnesota Careers is the consummate labor market publication. *Minnesota Careers* combines labor market data and customer appeal into meaningful career decision-making information in a format specifically geared toward high school students. In fact, over 100,000 copies are sent out to schools annually, enough for every 10th or 11th grader in the state.

Electronic Information

It wasn't long before all programs were putting their information online. General information, program eligibility guidelines and how



Minnesota Careers



to apply is online for most programs. Products such as the award winning *Creative Job Search* manual are now online.

WorkForce Center schedules, location and service information are online to help people find the services they need. Additionally, WorkForce Centers have linked to community, state and federal resources to give customers a one-stop environment whether online or in-person.

A "Consumer Report", describing performance of eligible training providers will be online by early 2002. A collaborative effort, the "Consumer Report" will contain information on training providers, curriculum and courses so that consumers can make informed choices about their training plans.

In addition to demonstrating leadership internally, we also provide leadership on external electronic tools. The Internet System for Education and Employment Knowledge (ISEEK) is a product jointly developed by several state agencies, MnSCU and the University of Minnesota. ISEEK is a robust collaboration of internet-based career exploration and management information. MDES

Minnesota Careers — a collaborative effort of the Minnesota Departments of Children, Families and Learning; Economic Security; and Labor and Industry; the Minnesota Higher Education Services Office; ISEEK and the Minnesota Career Resource Network — aids students in their career and training decisions. Students are presented with step-by-step guidance in skill and interest assessment, occupational research and training opportunities.

In 2001 *Minnesota Careers* unveiled its new online format www.mncareers.org and was again an award winner for its user-friendly access to important information. The National Association of State Workforce Agencies (NASWA) awarded Minnesota first place for excellence in providing quality information for jobseekers; the award recognized both *Minnesota Careers 2002* and the *Careers 2002* website.

is a charter member of its board and contributes a significant amount of content and technical support.

Online Transactions

Providing transactions online was the next step. Job postings have been online for a long time. In partnership with the U.S. Department of Labor and the America's Job Bank Service Center in New York, Minnesota helped to pioneer the national electronic labor exchange, which allowed both employers and jobseekers to

post and manage their jobs and careers. This revolutionized the way in which we provide labor exchange services by removing ourselves as the middleman. Jobseekers and employers can find one another anytime, anywhere with a couple of clicks. Staff, however, can still use these tools to provide value-added service to employers when they need us to screen candidates for them.

If labor market information led the charge to put information online, Unemployment Insurance (UI) led the charge to put transactions online and deliver services electronically. While many other states are still struggling to auto-



mate their telephone systems, Minnesota is able to take UI claims over either the phone or the Internet.

Putting UI transactions online was a complicated process because of the need to ensure privacy and security for both employers and job seekers without diminishing our timeliness and accuracy. In October 1999, it was possible to file a claim online and as of November 2000 one also had the option of filing via the phone. Within a short period of time, fifteen to twenty percent of UI applications were submitted electronically, currently it's closer to the forty-five percent range. This has resulted in not only a savings in staff time, but also increased satisfaction from customers, who are now able to use their time to look for work instead of standing in line for their unemployment checks.

The UI projects team is currently working with the Department of Revenue to create a joint electronic payroll-tax filing process which would allow employers to perform all their tax transactions online or over the telephone. The UI portion of this is scheduled to be operational in April 2002.

The Radio Talking Book is another good example of electronic access to services. With specially equipped radios, visually-impaired customers have access to national and local newspapers as well as a wide variety of classic and con-

temporary literature. Hundreds of volunteers donate thousands of hours to reading these works.

A ccessibility

Accessibility is a key component of the one-stop vision. Not only do all WorkForce Centers far exceed the accessibility requirements set forth by the Americans with Disabilities Act (ADA), but we have also set equally high standards for electronic access to ensure that as many people as possible can use these self-service tools. Web pages are easily accessed with accessibility aids and are fully compliant with federal standards — Section 508 of the Rehabilitation Act. Customer and staff work stations are accessible and TTYs (teletypewriters) have been available statewide for years.

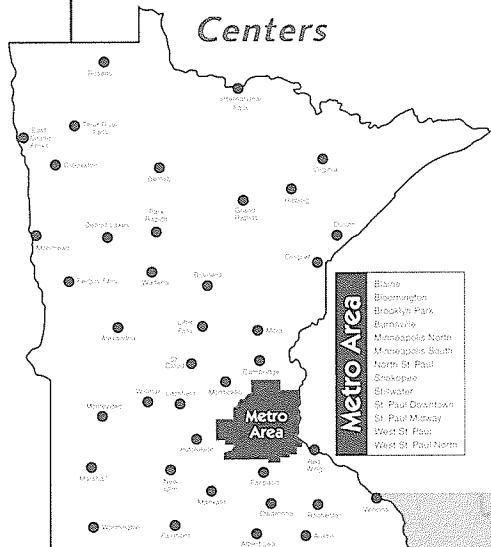
We are beginning to make material available in alternative languages. The UI Benefit Customer Service Centers have staff who are fluent in eight languages and they have access to many more through Language Line Services, a live translation service over the phone. UI applications and instructions are available in four languages, plus Braille. In addition, we have placed computers in neighborhood centers to provide additional points of comfortable access to the Internet, especially for communities of color.

N ational Leadership

America's Career Kit (ACK) is another self-service product where we exhibit considerable leadership. Sponsored by the U.S. Department of Labor, ACK combines labor market information, career information, jobs, training opportunities and local provider information into one comprehensive tool kit. We are a charter member of the National Electronic Tools Board (NET Board) that governs ACK. In addition, we serve on many of the committees of the ACK Consortium which researches issues from the end user and state perspective and makes recommendations to the NET Board. Through our committee membership and our running of the ACK Service Center under contract with the USDOL, we provide considerable input into the development of the national tools.



*Minnesota has
53 WorkForce
Centers*



WorkForce Center Resource Areas

An office, library, and classroom rolled into one!

Resource Areas are the places where everyone is invited to find job leads, write resumes, and learn about career planning. There is a Resource Area in every one of the 53 WorkForce Centers in Minnesota— each is different in size and layout, but all offer a wide range of information, services and tools for jobseekers, career changers, employers and students, at no cost. All are physically accessible and offer alternate means to communicate with staff, including TTY (teletypewriter).



SYSTEMS



GOAL 3

Support customer service through the establishment of an information system that promotes sharing of information and maximization of resources.

One of our first accomplishments in setting up the one-stop WorkForce Centers was developing a technical infrastructure. The concept of a technical system was a long way off in 1995 when we surveyed the assortment of equipment we had. There were mainframe applications, but each program had its own. In fact, many applications were unique to a specific location. If staff had a computer on their desk, it was a "dumb terminal". Windows operating systems were just beginning to appear, most applications were still DOS-based at best. Early on, we realized we needed consistency in hardware, software and communication methods for the one-stop system to succeed.

Technology Investments

We made massive investments in hardware and connections for not only Resource Area customers but also staff and partners in the mid-1990s. Wherever possible, we upgraded operating systems and equipment to state-of-the-art hardware and software. Beyond

our initial technical investment, we also committed to maintaining the leading edge in equipment and software. All partners in the WorkForce Centers benefited from the upgrades to state-of-the-art equipment and software.

Technology was the greatest investment, but the upgrade that had the most significant impact was a common, systemwide e-mail system in 1998. All staff and partners are now connected through e-mail and the Internet on their desktops. Having a single, quick means of disseminating information has greatly improved communication and everyone can receive news and updates at once.

Internet Presence

A presence on the Internet was the next challenge. In the beginning, as in most organizations, web development was done in an informal, ad hoc fashion by a few pioneers. In 1995 we began copying printed brochures and information onto the web using server space borrowed from others. By mid-1997 we had our own

servers and continued to make information and services more available to our customers. As the web grew in importance, we began to develop publishing standards and encouraged all programs and providers to put their information online.

In 2000 a steering committee undertook a more formal review of our web presence. This group established a brand identity and reviewed all the content to ensure that it was both customer-friendly and consistent with our accessibility and presentation standards. The new look, feel and functionality were unveiled in July of 2000. If use correlates to customer acceptance, the dramatic spike in user sessions indicates that customers appreciated the redo. The top destination points are Minnesota's Job Bank, the Creative Job Search manual, Unemployment Insurance application and WorkForce Center locations.



T *The Quest for a Common Customer Interface*

With the foundation for customer access established, we turned our attention to the more complicated challenge of developing an integrated program delivery and customer information system. A common intake and delivery system was essential to a one-stop system with no wrong doors — customers should expect to provide only information that is necessary and then provide it only once. To provide thorough service, it was also important for staff to understand the additional services that customers were or could be receiving from the entire system.

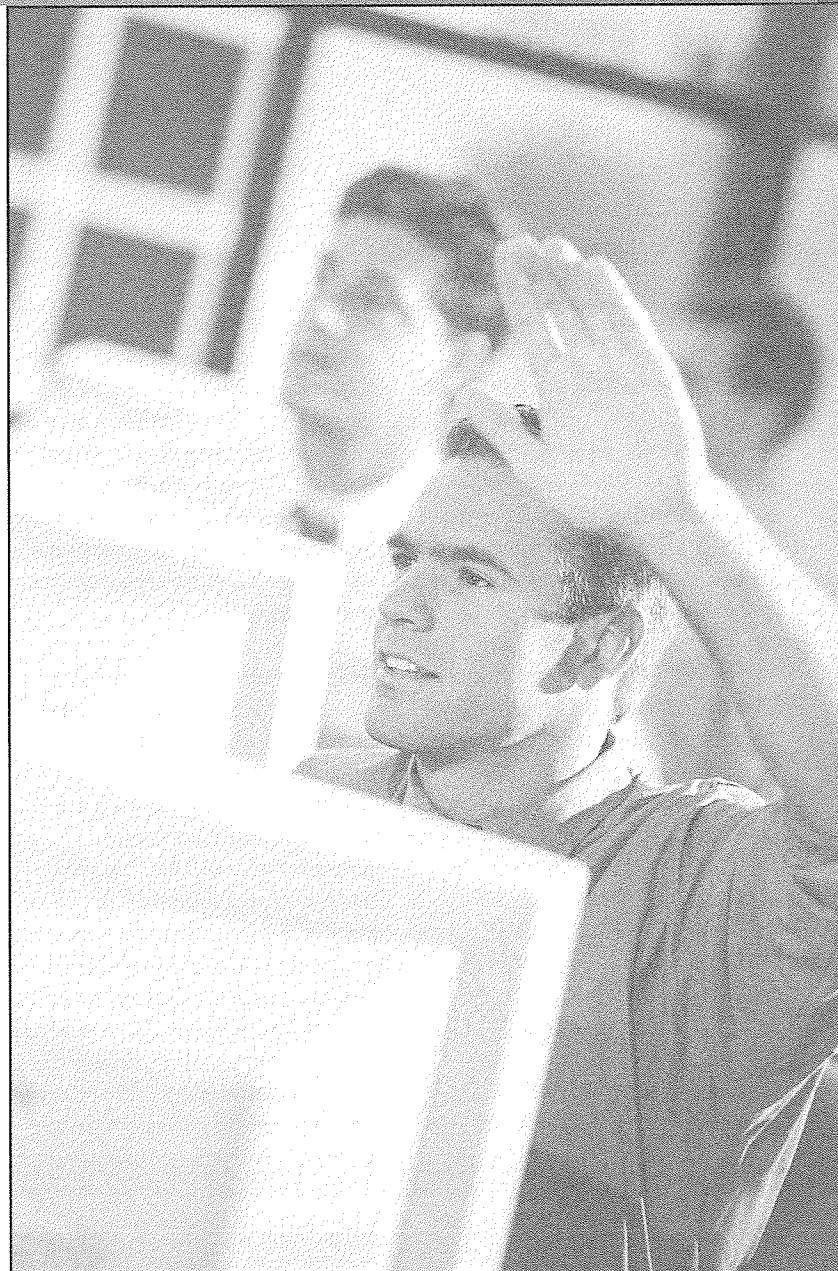
Beyond the desire to better serve our customers, we also needed to replace obsolete program-specific systems that no longer met all of our needs. The systems were able neither to store the complexity of consumer information, nor generate the personalized reports that program managers needed to

direct and improve their business. It was time that an integrated employment and training system be built.

First, there were METIS (Minnesota Employment and Training Information System) and METIS2, in the mid 1990s, developed to serve the needs of the Job Training Partnership Act (JTPA) providers. Our attempt to broaden its scope to other pro-

grams seemed to overload its willingness to survive.

Next, George (not an acronym, just George!) in 1997 and 1998 attempted to build on the work done to establish METIS, but also to work in partnership with other states to make it a more versatile tool. We parted company with George when our priorities and platforms went in different directions.





Meanwhile, we worked with the U.S. Department of Labor, the America's Job Bank Service Center (AJBSC) and their developer to replace our labor exchange system. The jointly developed Workforce Information System (WINS) provided, for the first time, a self-service interface for employers and jobseekers to manage their own job and resume searches. WINS also replaced the old mainframe legacy system and provided seamless integration of both resumes and jobs with America's Job Bank as well as a staff management component. An outgrowth of WINS was the impetus to collaborate further with USDOL, AJBSC and a couple additional states to expand the capacity of WINS to meet the service delivery needs of WIA. Minnesota became a charter member of US-OSOS (U.S. One-Stop Operating System) but after a year's time, we could see that this system was not going to be as robust as we needed it to be.

Minnesota One-Stop Operating System

In early 2000 we began to develop the Minnesota One-Stop Operating System (MN-OSOS)

with a vision of a system that would provide case management and management information to better serve WorkForce Center clients, which include 23 programs and multiple service providers. It was also essential that a customer would have only one record that would be shared among service providers.

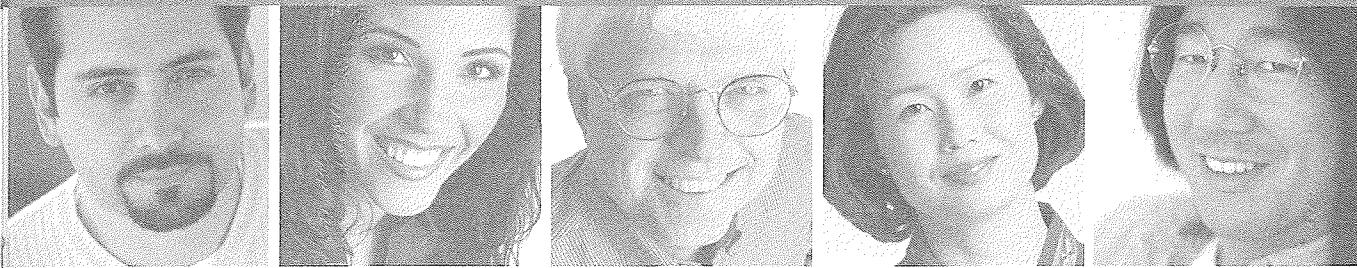
Development started with the naming of a steering committee comprised of agency leadership from the departments of Economic Security, Human Service and Trade and Economic Development and local employment and training directors. They resolve issues related to the scope, timing and cost of the project. An oversight group of program-level managers resolve policy issues, such as data access, data privacy and system security. Workgroups of end users define the requirements of the system, review the plans and test the products.

The project development team is made up of business analysts, who are cross-program field users and system programmers. They facilitate the needs assessment of users, assimilate the information gathered and begin the very detailed work of designing the system. Part of what makes this such a complicated project is that

our programs are so complex. Even though all the programs deliver workforce development services, they deliver them to different types of customers with different methods and different outcomes. Yet building an integrated system requires common definitions, descriptions, business practices, inputs and outputs.

Goals

- Provide integrated electronic tools so customers manage their own workforce and career development.
- Provide a common management information system.
- Provide a common workforce development toolkit for practitioners in the workforce development system.
- Replace obsolete and redundant systems.



ISEEK

ISEEK, the Internet System for Education and Employment Knowledge, is a web-based gateway to Minnesota career, employment, education, and business development information and services. The Internet system helps customers make smart choices about careers, employment, education, and business growth.

For this purpose, the Internet system provides information in five main areas:

Career planning
Education and training
Class listings
Employment
Business information

This information comes from a variety of public agencies, corporations, and private organizations and is linked together in a way that saves time. The degree of interaction and cross-reference that ISEEK offers is unique among web-based career, employment, education, and business services.

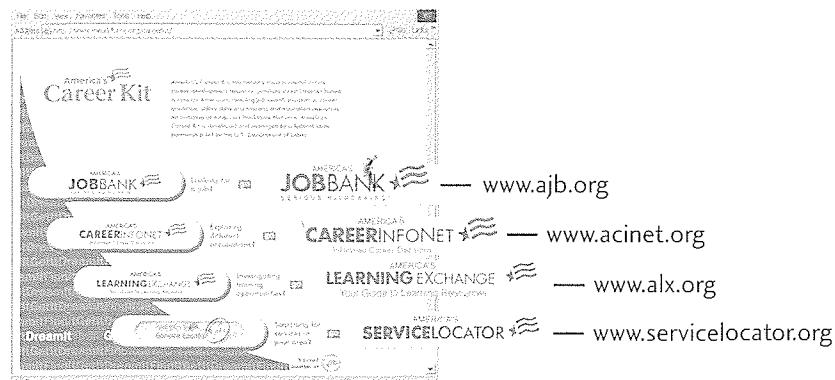
www.iseek.org



America's Career Kit

A suite of national web-based applications developed in consortium with the U.S. Department of Labor.

Tools for an educated and secure workforce



PARTNERS, OVERSIGHT & MEDIATED SERVICES



GOAL 4

Replicate and expand the innovative efforts already existing to provide comprehensive, high quality employment and training services.

Partnership

The partnership of service providers coming together to serve customers is the cornerstone of the one-stop centers. Required partners of the WorkForce Center System are the Employment Service, Unemployment Insurance, Adult and Youth programs, Vocational Rehabilitation and State Services for the Blind. They provide the core of services to customers and focus on helping people prepare for, obtain, retain or return to employment.

Additional service providers expand the array of services by targeting their services to specific populations, such as displaced homemakers, or those with a specific need such as English-as-a-second-language. Additionally, local providers of employment and training services are available to meet the unique needs of the community. For instance, migrant farmworker services are available in rural communities in southern and western Minnesota.

All 87 Minnesota counties and most major cities are connected to the WorkForce Centers and

contribute an assortment of social services to help people who are dealing with additional barriers to become successfully employed. Through the counties, customers can access welfare services, food stamps and medical and housing assistance. The Department of Human Services supports this partnership and also helps make connections with day care and transportation providers.

An assortment of affiliate sites offers services beyond the WorkForce Centers. Typically, affiliates have a well established history of providing services to a particular segment of the population. Their customers benefit from the depth and breadth of products and services of the WorkForce Centers, and we benefit when they engage a customer base that we might otherwise not reach.

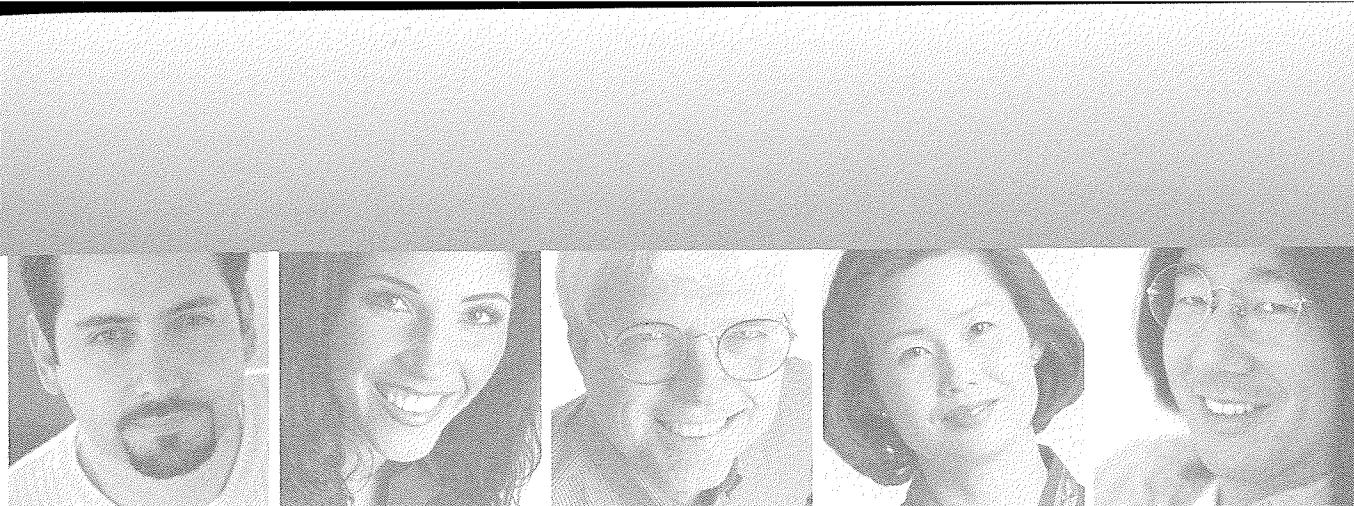
Support and Capacity Building

The STAR (Strategic Alignment of Resources) Team, consisting of representatives from the primary

programs and MDES leadership, meets monthly to raise and resolve issues, such as standards and certification, that are inherent in such a complex system. One of their first products was a service matrix defining who is responsible for providing what services. The service matrix was reviewed and reconfirmed in early 2000 in conjunction with the WIA Unified Plan.

Quarterly Partners' meetings were held around the state through 1999 to stimulate dialogue between state leadership and local management of the primary partners. In these meetings, partners discussed issues, explored opportunities and strategies and shared promising practices. In addition, these meetings provided opportunities for networking and relationship-building that have been critical in our transition to an integrated workforce development delivery system.

Capacity building is another aspect of system building. MDES' Training Office provides cross-cutting training on topics ranging from personal growth and change management to compliance training for "Americans with



Affiliate Sites

Affiliate Sites are an important link to WorkForce Centers and the workforce development system. They are located in a variety of communities, and serve special groups who specifically seek their services. Typically, Affiliate Sites have one or more of the following characteristics that make them especially desirable to their clientele. An Affiliate Site may:

- be in a location that is most easily accessible to the local community;
- provide service to people who are not proficient in English;
- be located in a rural area where the nearest WorkForce Center is at a considerable distance;
- serve a community or group that has a long tradition of seeking employment-related help at the site.

Affiliate Sites are not full service WorkForce Centers because they don't offer the full range of services; however, they do provide many—including access to our Internet-based services, information on and referrals to WorkForce Center programs and services, and general career information.

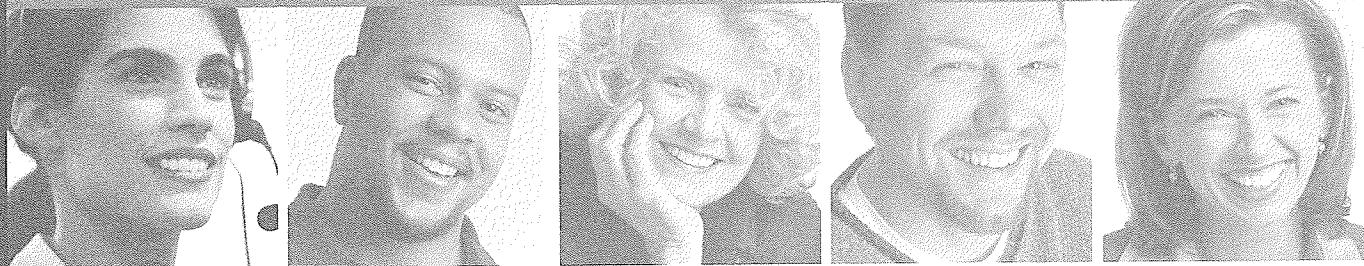
Disabilities Act (ADA) in the Workplace." They coordinate with other training provided by program staff such as Resource Area, labor market and career information training.

Program units also provide training. When a program unit implements a new service or tool they develop and deliver statewide training. For example, the Employment Service has trained frontline staff on WINS, its labor

exchange system (see page 20). Reemployment Services and Resource Area training are examples of system-wide training that both trains on specific new tools as well as furthers the vision of integrated service delivery.

Local areas provide training on product knowledge, customer service and local issues. Capacity-building training paid off in 2001 when the South Central Training Team won the national





Mankato Area's South Central Training Team Award



Back row: Nancy Lager, Cindi Bents, Sheri Nemec, Cindy Rossow and Diane Halvorson.

Front row: Maureen Toonkel, Wendy Wyant, Ada Grafing.

The South Central Training Team was awarded first place in the National Teams Excellence Award by the Workforce Excellence Network. The Workforce Excellence Network, a partnership among the various levels of the workforce development system, and the Federal Departments of Labor, Education, and Health and Human Services, promote system excellence.

The Team was formed to continue the development of their local workforce development partnership—they realized that just being in the same location didn't make them a team. Their project began with a self-assessment based on the Baldrige

framework, followed by a plan, implementation and re-assessment. They develop and deliver curriculum that helps partners learn each other's business and trust the unique strengths that each brings to the relationship. The Team focuses its training on team building and cross-training initiatives.

More important than receiving the Workforce Excellence Network Award, the

team is receiving high marks for its training, staff feel more engaged and aware, communication has improved and customer satisfaction is up while complaints are down.

Their upcoming training is "Mission Possible" and requires that participants (should they choose to accept) obtain information from different areas and partners of their WorkForce Center. In addition to developing more training, the South Central Training Team is sharing its own best-practices in presentations around the country and is also documenting their work in a manual for the U.S. Department of Labor Region V best-practices library.

Workforce Excellence Network award for their Baldrige-based team approach to service excellence.

Oversight

As envisioned in WIA as well as in our original vision, there is considerable opportunity for outside leadership of the workforce development system. The premise is that local leaders better understand their workforce needs and should have considerable say in what services are available and how they are delivered.

To that end, 16 Local Workforce Councils provide local direction. The Local Councils made up of business, education and labor leaders, local elected officials and local program managers and service providers, act as the local board of directors who guide the direction and services of their workforce delivery systems. Through an environmental analysis of the local economies' strengths and weaknesses, they devise strategies and set goals for each upcoming year. Local Workforce Councils submit annual business plans for approval to receive basic funding and to be eligible for incentive grants.

The strength of the business plans and subsequent involvement in service delivery correlates with the strength of the local partnership and the degree to



which they share a common vision. Some Local Workforce Councils have risen to the challenge of local control and responsibility and are forging new ground to create robust workforce development systems that meet the needs of their businesses and workforce. Others are proceeding cautiously, waiting for others to test the waters.

The statewide Governor's Workforce Development Council (GWDC) is similarly comprised of leaders from business, labor, education, and agencies as well as elected officials. Functioning like a board of directors, the GWDC recommends strategic direction, policy and system improvements to the Governor and workforce development agencies. The GWDC was initially chartered to make operational decisions under the Job Training Partnership Act (JTPA) such as approving resource allocation. Under WIA, however, the GWDC's role is evolving to one that is much more strategic.

As evidence of this more strategic direction, the GWDC has four subcommittees who focus on specific issues in addition to an Executive Committee that gives guidance to the rest of the committees.

- Emerging Workforce committee focuses on youth and other emerging workers and their career and education choices.
- Sustaining and Enhancing the Workforce committee focuses

on employers and remedies for the ongoing worker shortage.

- Supporting Self-Sufficiency committee focuses on people with barriers and their needs and contributions to the workforce development system.
- System Excellence committee focuses on continuous improvement.

Customer advocates also advise the system by informing not only program staff but also the Legislature on the concerns and issues of their clients. The State Rehabilitation Council is one such group, comprised of clients, businesses, educators and service providers who meet regularly to discuss issues and make recommendations about the delivery of Vocational Rehabilitation programs. We also continue to convene advisory groups where they are no longer mandated in order to get customer perspectives, such as the Unemployment Insurance Advisory Council, which is made up of business leaders from around the state.

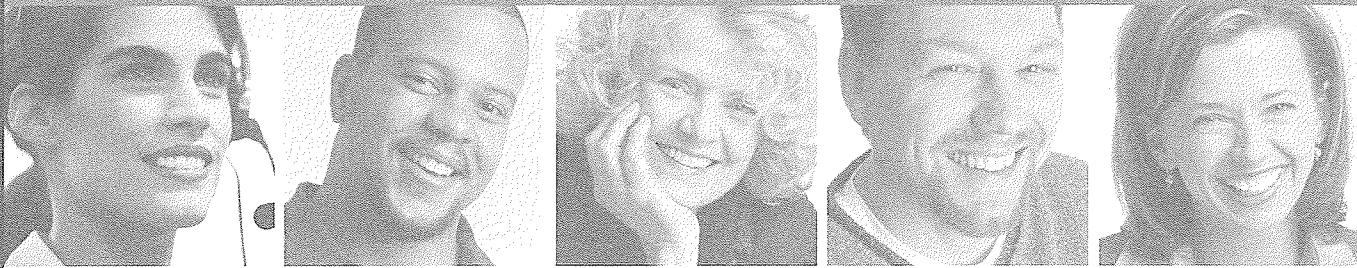
National Leadership

Our national leadership is demonstrated in many ways. In 1998 Minnesota hosted the national One-Stop Conference that showcased the maturity of our service delivery system and impressed the thousands of attendees from all

over the country. Organizing the event was another example of collaboration as all partners contributed staff time and resources. MDES' technology team initiated a Virtual Workforce Center Resource Area to showcase best-practices in electronic applications that have become the standard for subsequent USDOL workforce development conferences.

Minnesota helps chart the course for workforce development products and services by sitting on national leadership boards and consortiums. Minnesota is a charter member of the National Electronic Tools (NET) Board, which is made up of state and federal leadership and sets national-level policy for the use of electronic workforce development products and services. Product development consortiums for tool development include Minnesota members. Minnesota staff play a large leadership role on national committees that guide the collection and analysis of labor market information. We also sit on Unemployment Insurance, Vocational Rehabilitation and Employment and Training national committees.

CUSTOMER & OUTREACH INITIATIVES



GOAL 5

Include all Minnesotans as full participants in the economic fabric to enhance the state's position in the global marketplace.

Service Delivery

Our one-stop vision required that we redefine how we view service delivery. Most of today's employment and training programs were created in the 1960s and had social policy drivers and anti-poverty-type activities that focused on the needs of individuals in danger of falling through the cracks. Consequently, we served only pockets of the workforce who were exceptions to the normal process of employment. Employers were sought who would hire these clients with multiple barriers and were often seen as a hindrance if they didn't. At most, we served only about 10 percent of the workforce.

Now, in an era with economic drivers, rapidly-evolving occupations, and labor and skill shortages it is important to understand how the entire workforce operates. Helping the needy is still important, but it's no longer sufficient if Minnesota is to have a world-class workforce that can compete in a robust, global economy. An effective workforce development system provides the opportunity to proactively manage the changes inherent in a dynamic economy.

Part of providing market-driven services involves improving market share. For the workforce development system to be effective, it needed a broader impact, especially in a time of shrinking government. Creating tiered levels of service that balanced customer need against cost of delivery was the logical solution and was ultimately supported by USDOL and WIA.

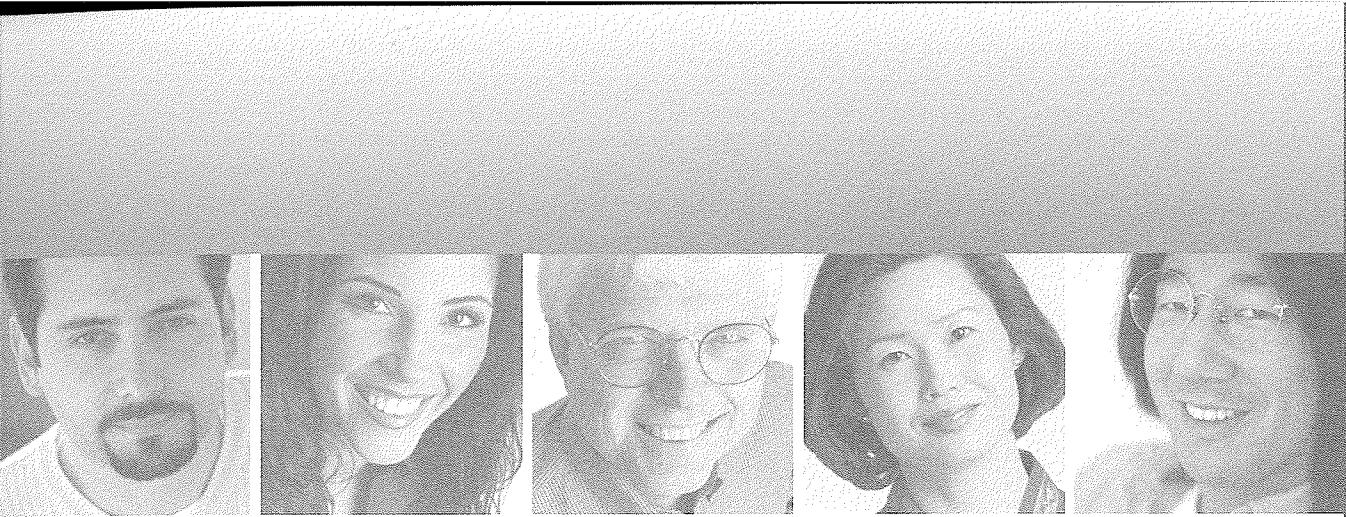
Customer service was divided into four categories.

- Self-Service is information on the web and in Resource Areas, is available to anyone and requires little, if any, staff intervention.
- Core Services, also available to anyone, are typically preliminary assessment, orientation and job-related classes and require minimal staff assistance.
- Comprehensive Services have eligibility requirements, typically involve some type of case management and involve more long-term staff involvement.

- Training is the next category of service and can include adult basic education, short-term refresher training or long-term skill retooling. It is the most expensive service and is available in limited quantities to eligible customers.

Gears of Work

The notion of "gears of work" is one way to understand the complexity and dynamism of the workforce. Gears connote a typical progression of movement in a predictable pattern. A collection of large and small gears allows for an overall process—the typical path—and deviations from the typical path while one is still engaged in the overall process. Gears also connote a cyclical process. Similar to gears that keep repeating their pattern of rotation, one's worklife also repeats—with many transitions from one's first to last job. There are five main gears in the process of one's worklife. Four of the gears describe the typical process, and the fifth contains the collection of needs and issues when one disengages from the workforce.



"Foundation" includes the life skills that one typically acquires through family, friends and primary and secondary education. Often described as social or soft skills, these skills include communication skills, the ability to work with others, problem-solving skills, accepting responsibility and time management. In today's high-tech economy, math and computer skills have also become an essential part of one's set of foundation skills.

"Launch" revolves around entering the workforce and involves personal assessment, career exploration, career-based skill and credential attainment and jobseeking abilities. Typically, people launch into entry-level jobs regardless of their age.

"Resilience" is the maintenance mode and the one where we spend the most time. It involves the ability to balance the competing and ever-changing demands of work and life while weathering the inevitable setbacks. Keeping one's life and work in harmony requires the ability to plan, budget, set goals, manage time and maintain a personal support network that



provides for a fully functioning life. Resilience is the ability to anticipate, plan for and recover from the ups and downs of life and work, including upheavals in health, wealth, family stability and employment. It also includes the ability to mentally thrive when change happens.

"Transition" involves the process of moving from one position to another, whether voluntary or not. On average, people change jobs

every three years and have seven different careers throughout their work lives. The career exploration skills needed for transition are similar to those in launch, but successful transition also requires being proactive by maintaining skills and networking. In today's economy, transition can be involuntary through downsizing. People with good transition skills are likely to weather this change better than those caught off guard. Transition can also mean



reassessing a commitment to worklife and shifting away from full-time employment.

"Safety net" is in reality a set of gears. For some people the safety net is self-insured. In planning for a job change, sabbatical or parenting leave, many people set aside the resources to support themselves. For those who don't have their own safety net, several others exist.

Unemployment Insurance (UI), the most widely-used of the safety net gears, provides temporary wage replacement for those who have lost a job. Welfare provides subsistence assistance to families. Vocational Rehabilitation services help adults who find themselves suddenly or gradually disabled compete in the workforce and live as independently as possible.

W *Workforce Development*

With that said, a comparison needs to be drawn with workforce development services. Historically, the bulk of our programs focused on people in need of the safety net by providing assistance to individuals with barriers to employment. Over the last decade, we have seen dramatic increases in products and services to help people in the launch phase. Well-presented career and labor market information have

become hot commodities as have information on how to look for work. Foundation skills are still the purview of the education system and are continually being challenged by the business community to be more employment-focused. Resilience and Transition products and services are in comparatively short supply.

To provide workforce development services effectively, we must engage more than the typical program-eligible client. While everyone is a potential customer of the workforce development system the varying needs of different customer segments demonstrate the need for specialized products, services and marketing.

With targeted categorical programs being our strength to-date, we have undertaken several initiatives to reach out to these customer segments. Many offices have adjusted their hours to accommodate local traffic in Resource Areas. In several metro area community centers we have installed computers and Internet access and provided staff training to ensure that individuals in the community have access to our services. Staff with bilingual skills have been recruited so that non-English speaking communities are better served. The UI Benefit Customer Service Centers alone has staff fluent in eight different languages.

E *Employers as Customers*

Employers are an important customer segment. Early in the development of the one-stops, we realized that because employers are the group that pays the payroll tax that funds many of our programs, they should drive the services that are delivered. More importantly, we cannot help our individual jobseeking customers attain employment without the active participation of an employer. Employers typically are looking for the best candidate with the right skills, which isn't necessarily what we were prepared to offer them.

To better help employers find candidates with the best skills, we implemented a new job matching software that provided a tool for staff to match and rank candidates based on their skills. Employers were impressed with the caliber of candidates they received. With the growth of Internet matching tools including America's Job Bank, we decided to drop this staff intensive matching tool in favor of the Internet-based self-service tools.

A network of marketers located throughout the state focus on employers. Statewide radio spots and metro area bus ads increase the name recognition of the WorkForce Centers.



R_{egional Labor}

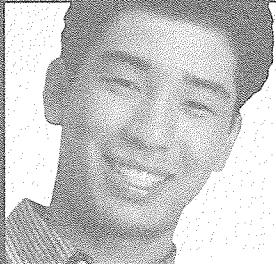
Market Analysts provide local and regional economic analysis to inform planning and decision making by workforce boards, community leaders and employers. Analysts are strategically located in WorkForce Centers around the state and have access to a multitude of data sets which they manipulate to aid in local planning and development. Regional Analysts help businesses and communities find and understand data in order to make strategic workforce development decisions.

In many cases, Regional Analysts are the first point of contact for the local business community with the world of workforce development. Requests range from simple fact finding — how many business are in my community — to more complex research projects such as the amount of underemployment in regions of Greater Minnesota. Their most visible service is providing labor market information training sessions to staff, service providers, other agencies and the business community.

Regional Analysts were first hired with the initial one-stop grant money and have been maintained with grant, local and state program dollars.



NEXT STEPS



A key factor in the success of the transition will be the extent of integration of services targeted to individuals—traditionally the purview of the Department of Economic Security, and those aimed at employers—traditionally the responsibility of the Department of Trade and Economic Development.

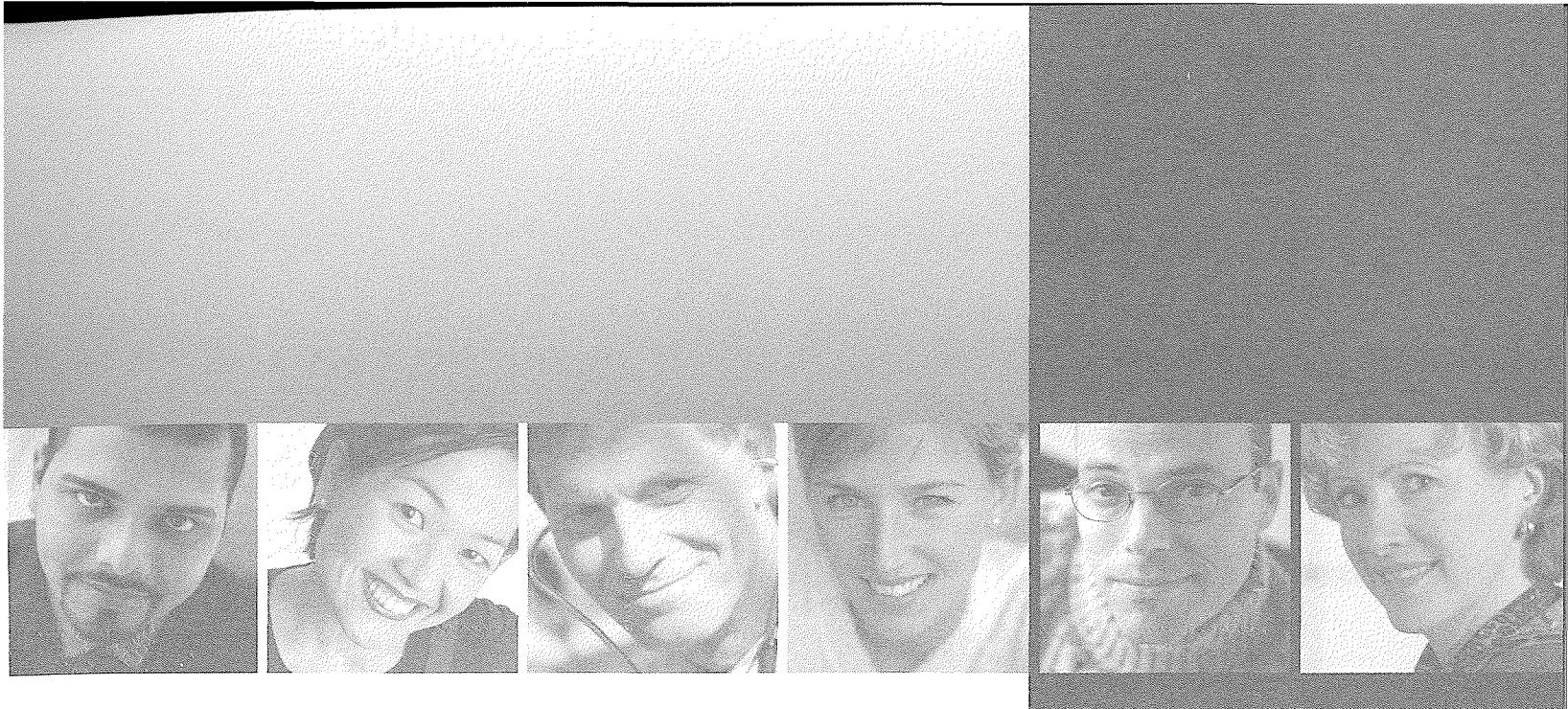
New Agency

Legislation passed at the end of the 2001 legislative session abolished the Department of Economic Security effective July 1, 2002 and created a Transition Team to recommend the optimal agency configuration for workforce and economic development programs. The Transition Team, with 12 members appointed by the Governor and the Legislature, examined the existing structure of the departments of Economic Security and Trade and Economic Development and will be presenting its recommendations to the 2002 Legislature in February.

A key factor in the success of the transition will be the extent of integration of services targeted to individuals—traditionally the purview of the Department of Economic Security, and those aimed at employers—traditionally the responsibility of the Department of Trade and Economic Development. As the reorganization itself reflects, neither the needs of business nor the needs of individuals can be met in isolation; rather, resources must always be balanced between helping businesses grow and retain their workforce and helping individuals compete in the workforce.

Transition also gives us the opportunity to review specific programs, products and services to ensure that they are still relevant and effective for our customers. For example, the process of integrating jobseeker and employer websites and phone systems provides the opportunity to reexamine their relevance and currency from the customer's perspective.

Now that the research and planning are in place, the actual work of merging the agencies begins. Considerable time and attention will be spent in the upcoming year with details like determining space, combining fiscal service functions, and ordering new letterhead. More important, however, is the work of ensuring that the transition is smooth for staff and seamless for customers. Communication with staff and partners will be critical as integration and changes occur so that morale and customer focus are maintained. Customers should not experience a lapse in service due to the transition and ultimately should see better service.



P

Principles of Economic and Workforce Development Transition

“Accountable, responsive and limited government”

1. Public accountability system measures local contributions to regional plans and performance in meeting statewide and strategic outcomes.
2. Government intervenes strategically when needed to meet economic and workforce development needs and commits public resources as needed to fill market gaps.
3. The economic and workforce development system is driven by its customers, both individuals and employers.

“Do the right things and do them well”

4. An integrated approach to economic and workforce development requires a vision and direction guided through a common state-level policy, governance in technology infrastructure.
5. Economic strength emerges from investment in a diverse economic base of both legacy industries and growth through new technologies.
6. An effective workforce development system depends on a common delivery structure that unifies fragmented funding streams.
7. Sustained economic competitiveness requires coordinated contributions from economic development, education and workforce development.
8. Individual choice is a central characteristic of all education, training and workforce development policies.

“Build on unique regional attributes and opportunities”

9. Regional planning identifies the assets and needs of the state’s “economic watersheds” and aligns regions and localities within broader statewide strategic direction.



WIA

Reauthorization of the Workforce Investment Act is a longer-term change we're working on. The subcommittee on Employment, Safety and Training, chaired by Minnesota Senator Paul Wellstone, will address program improvement along with reauthorization of WIA. We have an opportunity to testify and inform decisionmakers of concerns and issues that affect Minnesota's workforce. We have held focus groups of employers, jobseekers and providers to the system to determine and prioritize Minnesota's issues from a larger perspective than just our opinion.

Our frustration is that WIA has not gone far enough. The concept of being customer-focused, accountable and locally-controlled is correct—but the funding and performance measures aren't compatible yet. Our message to Congress will emphasize the need for flexible service delivery based

on customer need rather than by stove-pipe funding. We encourage more block-grant funding that allows for state and local customization of services. Funding is still too restrictive, tied to specific populations or needs, and measures are not yet driving the desired outcomes.

In addition to working with Washington, we will also be modifying our WIA Unified Plan to show the new agency structure. Furthermore, we would like to update our vision and service delivery information to show the continued evolution of the system and the maturity of its network of partners.

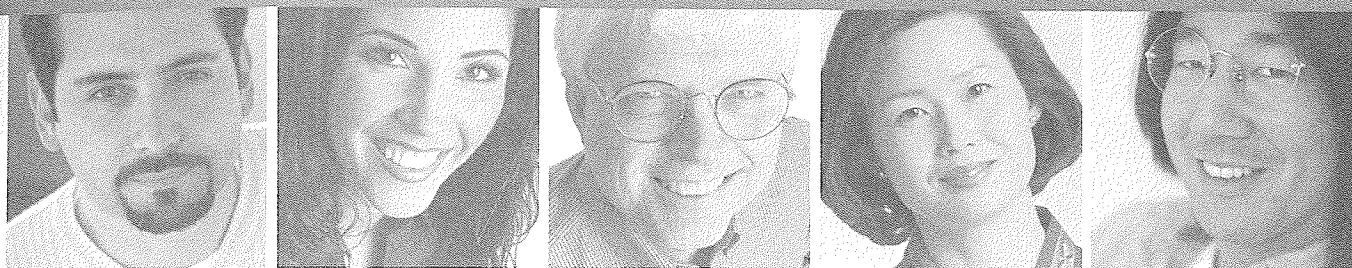
C Continued Improvement

As we look ahead, we will continue to focus on providing a "Skilled workforce through an accessible and integrated employment and training system for all

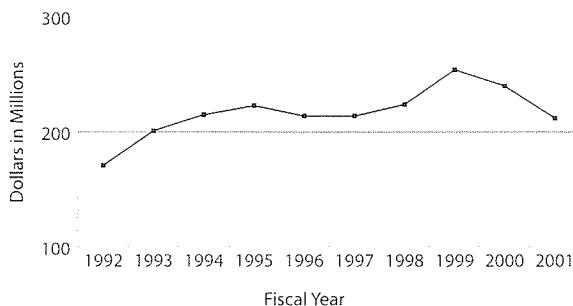
Minnesotans" as was first described in 1995. The new agency, with guidance from the proposed economic leadership team, will be better positioned to understand and serve the robust needs of Minnesota's dynamic economy. A new vision for workforce and economic development will emerge that will further guide our work and prioritize our objectives. New partners that expand the service delivery network will enhance the synergy of the system, and regional leadership will become even more strategic as regional leaders understand the needs of both their workforce and economic development customers.

The year 2002 should be exciting indeed as we see long-standing projects like the Minnesota One-Stop Operating System come to completion and the integration of workforce and economic development, that has been discussed for many years, comes to fruition.

BUDGET

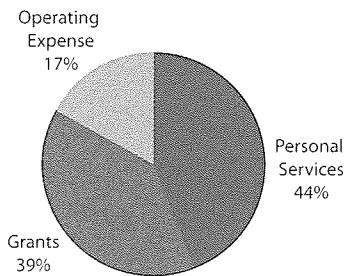


Total Budget Most Funds



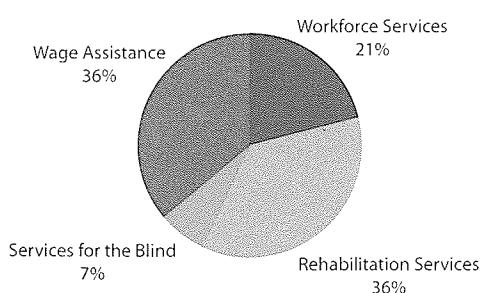
Funds for the Energy Program, which have been transferred in and out of the agency over the past few years, are not included in number for clarity's sake.

2001 Expenditures by Category
Total: \$212 million



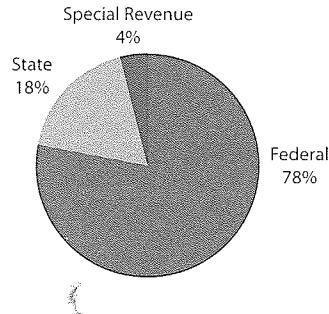
"Personal Services" includes those programs the agency operates directly; "grants" includes those programs the agency manages through non-profit and other partners.

2001 Expenditures by Program
Total: \$212 million

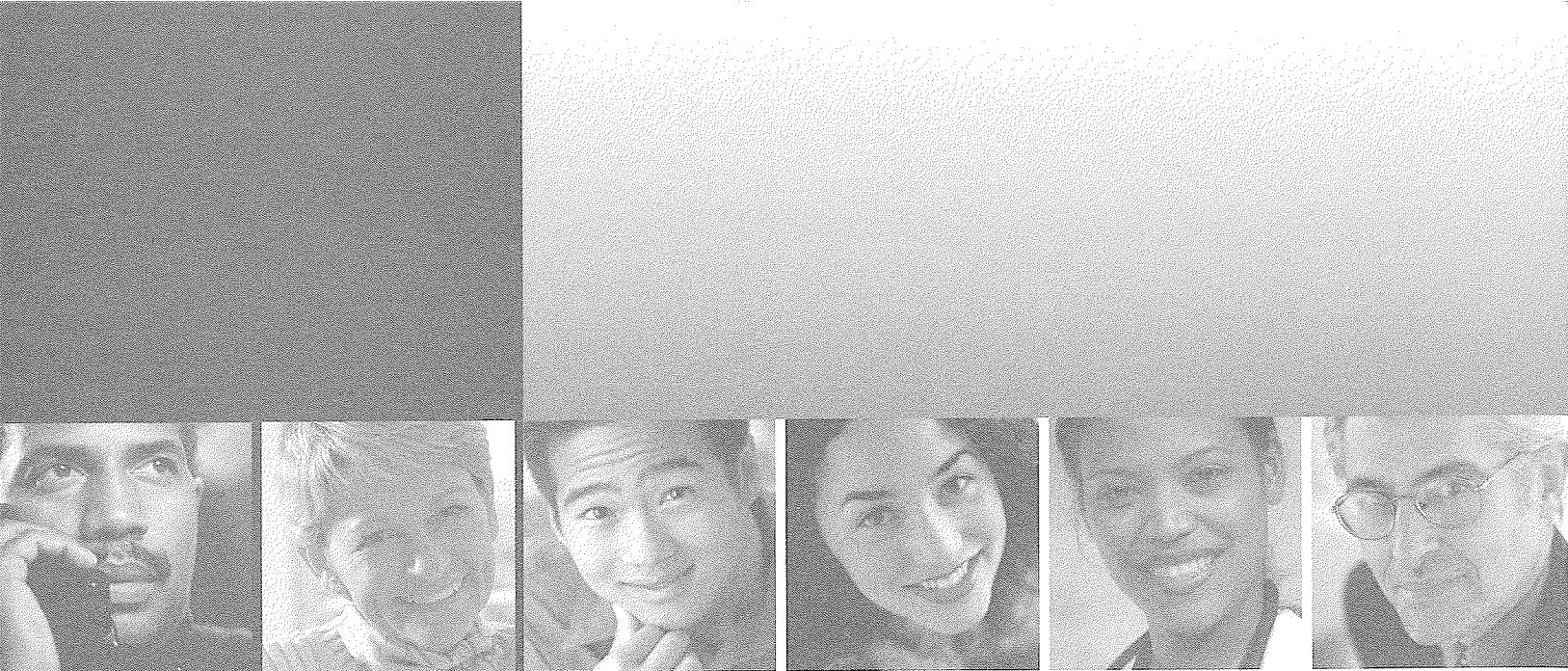


"Wage Assistance" programs include both Unemployment Insurance and Disability Determination Services.

2001 Expenditures by Fund
Total: \$212 million



The preponderance of federal funds is typical of the Department year-to-year, but is atypical among Minnesota state departments in general.



For additional copies of this report,
call 651.296.6545,
or toll free 1.888.234.1114.

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