



June 2006
Skill & Wage Advancement
Committee
Chair: Kathy Carney

Final Report and Recommendations

Skill & Wage Advancement Committee

Introduction to the Committee

Focus Question: Complete a review of specific program, policy, or funding changes that could advance skill development opportunities for low-income Minnesotans, including those who rely on public assistance for economic stability.

Committee Members: Tom Bakk, Patricia Brady, Joann Brown, Kathy Carney (Chair), Linda DeHaven, Brenda Johnson, Chuck Johnson, Jim Johnson, Deborah Schlick, Nicole VanBuren, Mina Wilson, and Travis Zimmerman.

Committee Staff: Scott Chazdon, Renee Raduenz and Carrie Thomas

Committee History:

The Skill and Wage Advancement Committee met twelve times between March 2005 and April 2006. The committee decided to broaden its initial charge that focused on those moving from welfare to work to the following:

Complete a review of specific program, policy, or funding changes that could advance skill development opportunities for low-wage Minnesotans, including those who rely on public assistance for economic stability.

Committee members agreed that if the committee work focused only on those transitioning from welfare, the workforce development needs of many low-income Minnesotans would be missed. Members also emphasized that it is important to think holistically about this population; but, reaffirmed that skill development would be the main focus of the committee's work. The committee reviewed public policies, public resources, and a variety of skill training initiatives in Minnesota and nationally.

Demographics of the Population:

Who are low-wage Minnesotans? According to data from the 2000 U.S. Census, 35 percent of Minnesotans earned wages of \$10 per hour or less and 62 percent earned under \$15 per hour. This means that there are an estimated 1 million workers in the state who earn \$10 per hour or less and 1.7 million earn \$15 per hour or less. People with less education are disproportionately represented among low-wage workers. The 2000 Census showed that among those with a 9th through 11th grade education, 70 percent earned \$10 per hour or less. Among those with a high school diploma or GED (but no formal education beyond high school), 41 percent earned \$10 per hour or less. Moreover, a recent report from the Citizens League found that over 30 percent of Minnesota's public high school graduates need remediation in higher education.

Overview of Committee's Work:

The committee reviewed workforce development programs and services that reach low-income Minnesotans and identified the extent to which the programs or services provided, referred or supported skills training as an advancement strategy for low-income individuals. From this inquiry the committee identified a significant gap in Minnesota's education and training infrastructure that limits the ability of low-income Minnesotans to access skills training to advance in employment; moreover, the committee believes that this gap also diminishes the state's ability to meet employers' critical skills needs in local labor markets.

Outlined in the attached charts and details below, the gap exists between the employability systems and degree programs in the higher education system. The charts show the types of education and training that occur between the employability and higher education systems visually in two green steps. The Committee titled the steps "Skill Prep" and "Skills Training." Taken together both of these types of education and training include a variety of skill acquisition strategies that help individuals move from dead-end, low-skill jobs into better jobs. In addition, such strategies often provide a foot in the door to two- and four-year educational programs.

The Committee also found that while there have been many efforts and much innovation in developing skills training and advancement strategies, little is sustainable because of lack of coordinated policy and designated funding. The McKnight Foundation-funded Families Forward project was an incubator of sorts and the Committee used its extensive process and outcome evaluation as a resource.

Key Findings

1. Characteristics of Successful Strategies:

The Committee found that there must be three components of a successful strategy that helps low-income workers use short-term skills training to get into better jobs and onto a career pathway. They are:

- A workforce development intermediary with a dual customer approach;
- Both soft and hard skills training, often integrated; and,
- Support services.

A workforce development "intermediary" is a term that refers to any entities that brings together employers and workers, private and public funding streams, and other stakeholders to implement pathways to career advancement for low-income individuals.¹

¹ See, Workforce Development Intermediaries for the Twenty-first Century, Robert P. Giloth, editor.

2. Strengthening the Education & Training Infrastructure:

In order to implement successful strategies for skill and wage advancement, Minnesota needs to have an education and training infrastructure that supports their development and implementation. The committee outlined its findings and recommendations for the education and training infrastructure through a series of charts:

Chart #1: Bridging the Education and Training Infrastructure

This first chart outlines what the committee identified as an **ideal** education and training infrastructure for Minnesota. A range of education and training services would be accessible to current and potential workers and Minnesota employers. The ideal infrastructure would include training opportunities from employability-related skills through graduate programs, all of which would focus on both hard skills as well as the soft skills necessary to succeed in the ever-changing labor market.

Chart #2: Current Gap in Education and Training Infrastructure

With this chart the committee demonstrates the reality of the education and training infrastructure in Minnesota. While there may be sporadically-funded small-scale efforts in parts of the state, there is not a statewide infrastructure to support the short-term skills training that is in demand in the labor market. This includes remedial education, ESL, transferable skills, soft skills, and occupation or industry specific skills. The entities that are most successful at customizing these kinds of skills training for employers and for workers are often not traditional higher education institutions; but, they have the potential to be a good pipeline into existing certificate and degree programs in higher education.

Chart #3: Recommendations to Bridge the Gap

This chart shows the kinds of policy or funding changes identified by the committee to strengthen, legitimize, and create the “green steps.” A stronger short-term skills training infrastructure would make advancement opportunities accessible to more workers, would fill employers’ skill needs, and would strengthen the pathway from employability into higher education. For Minnesota to fill this gap there needs to be:

- A recognition that the gap exists and that it hampers our state economy and low-skilled workers needing advancement;
- Funding sources refined to nurture the development of programs to fill the gap;
- Recognition of workforce development intermediaries—those entities (whether public or private) that have the commitment and expertise to fill the gap—and support for their organizational infrastructure; and,
- Successful initiatives recognize both workers and employers as customers and include employers in program development and design.

Chart 1: Bridging the Education and Training Infrastructure

****This chart identifies and names the critical education and skills training that occurs outside of traditional employability and the higher education systems.***

****The GWDC Skill & Wage Advancement Committee found that there was no statewide strategy to support and enhance this part of the education and training infrastructure.***

****The Committee identified these types of short-term training to be a key advancement strategy for low-income workers.***

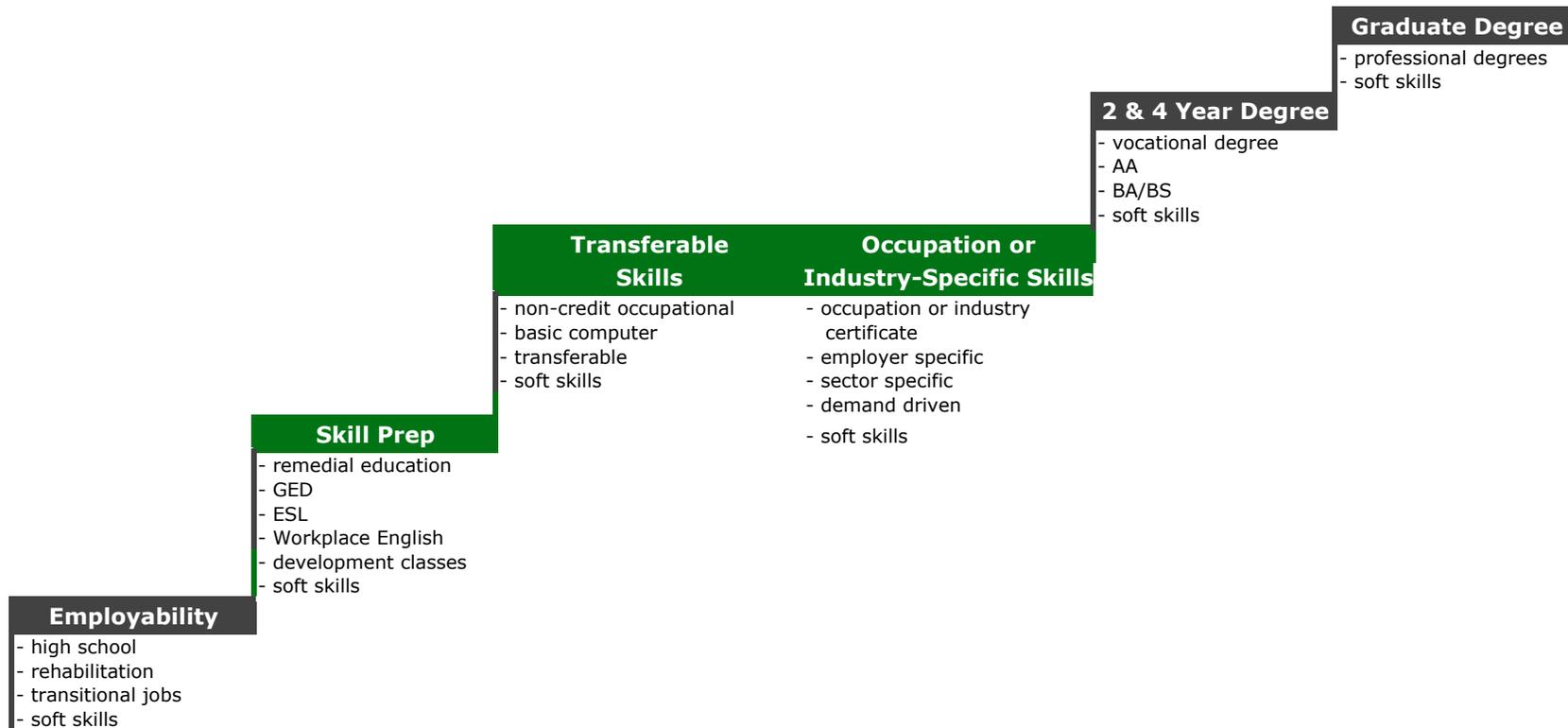


Chart 2: Current Gap in Education Training Infrastructure

*** See SWAC Summary Program Chart for detail*

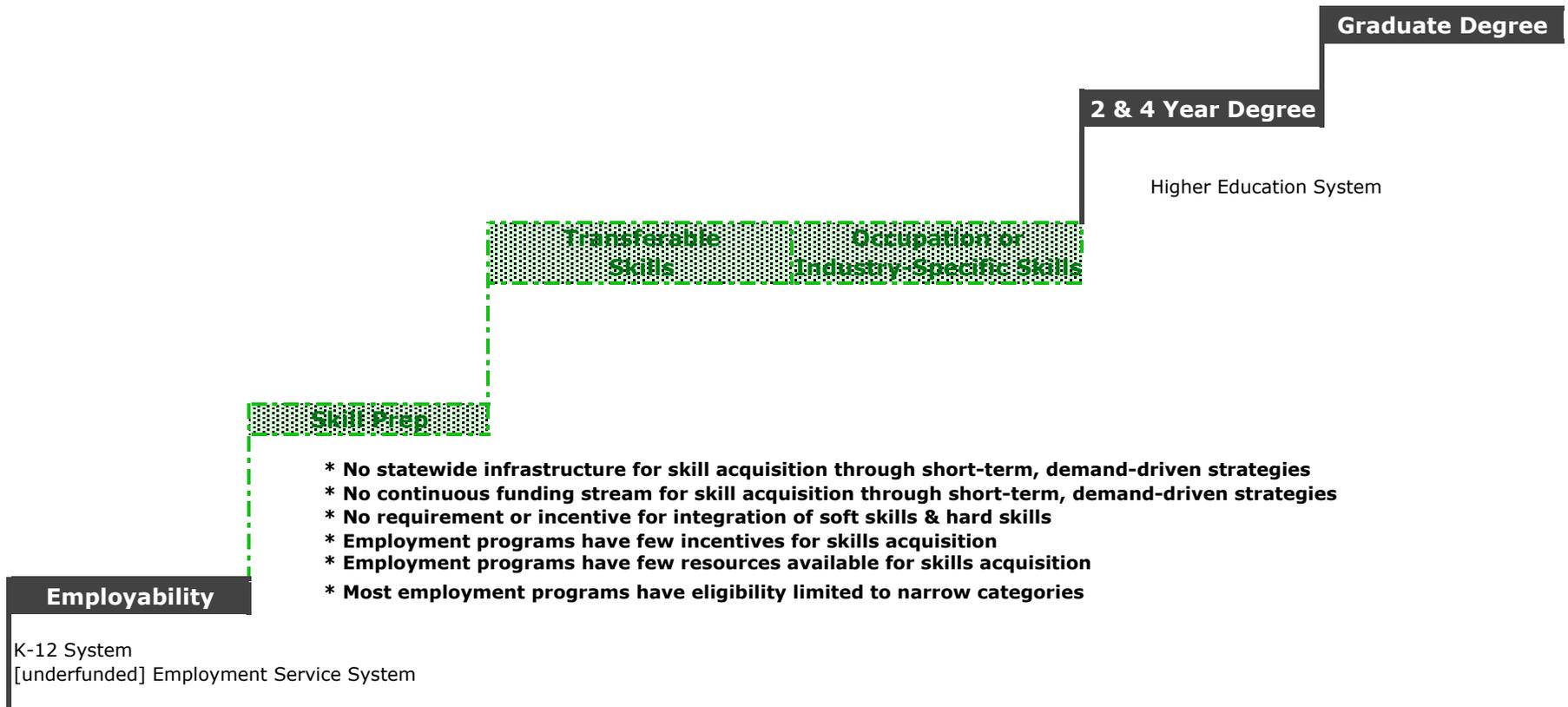
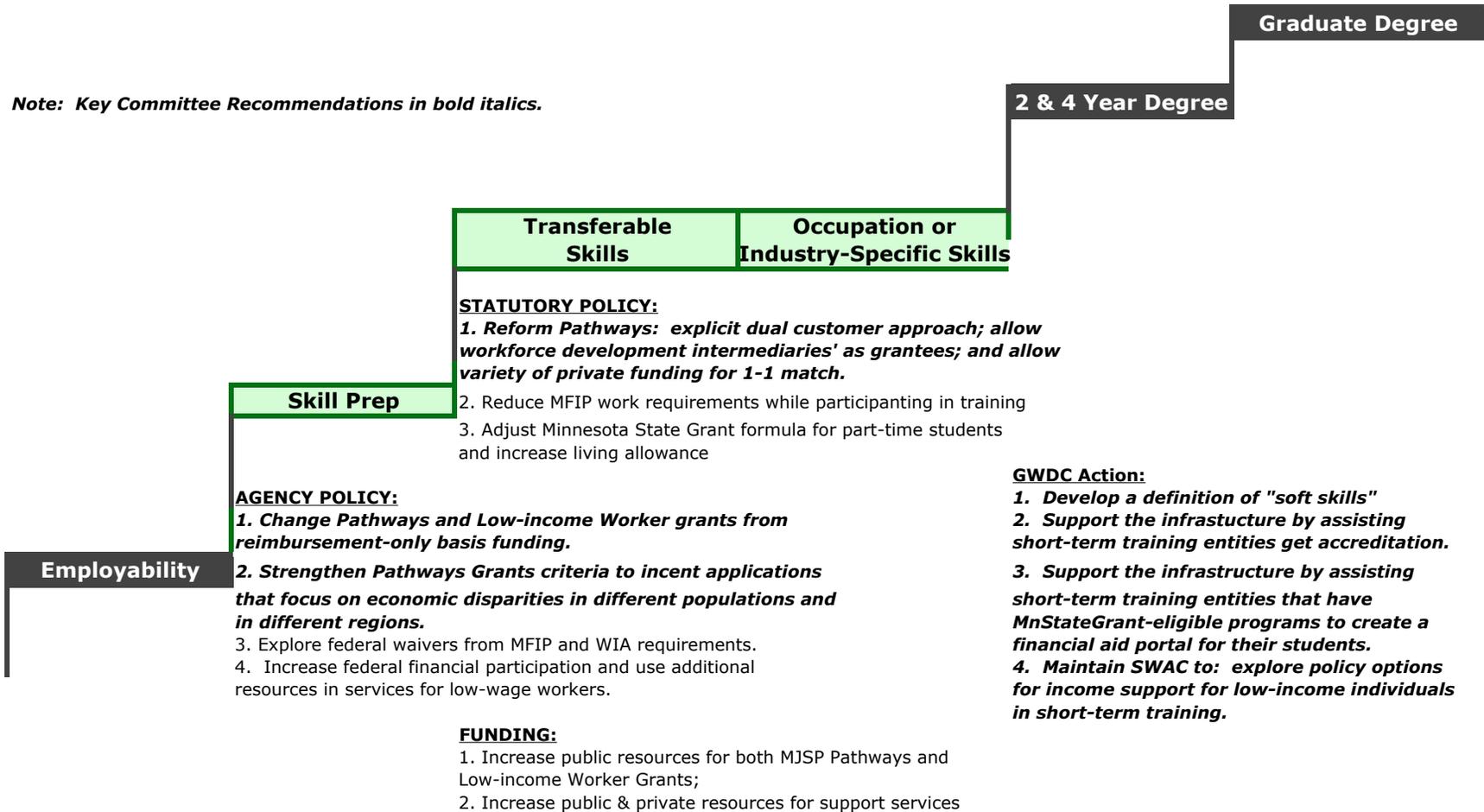


Chart 3: Recommendations to Bridge the Gap

* all related to the green steps



3. Current Resources for Short-term Skills Training:

The committee found that there is no designated funding stream for short-term skills training that takes place after someone is employable, but does amount to a two-year program. Specifically,

- Neither the Minnesota Family Investment Program nor the Workforce Investment Act programs have resources for skills training. Moreover, both are focused on employment placement.
- Paying for short-term skills training is difficult and frontline service providers are piecing together funds from a variety of public and private funding sources, including employers.

Minnesota has two state-level resources that have been used to pay for short-term skills training for low-wage workers: The Pathways Program and the Low-income Worker Training Grants. Both are administered by the Department of Employment and Economic Development and overseen by the Minnesota Job Skills Partnership Board. Neither has its own funding stream or “base funding” in the Minnesota state budget; rather, the MJSP board funds them when there is a demand or when funding is available.

The Committee found that the Low-income Worker Training Grants have worked well when funding is available. The grants are made to employment services providers to pay for short-term training for low-income individuals. The Committee found that its flexible administration is a successful way to meet local skills demands by helping people access existing training programs; but, it is not a resource for developing or customizing new short-term training or implement career advancement projects or strategies.

The Committee found that the Pathways Program is intended for the development, customization, and implementation of career advancement strategies. The Committee also found that the Pathways program has had some limitations and could be improved through both statutory and administrative changes.

A summary of the committee’s meetings and program summary is found in the Appendix.

Recommendations for 2006 Advisory to the Governor

Update and Reform the MJSP Pathways Program:

- The Pathways Program should have an explicit dual customer approach. Projects should be both employer-driven and meet the needs of low-income individuals.
- “Workforce development intermediaries” should be defined in statute and allowed to apply for Pathways grants. Workforce development intermediaries are entities that

have a demonstrated track record bringing together employers and workers, private and public funding streams, and other stakeholders to implement pathways to career advancement for low-income individuals.

- The statute should maintain the requirement that a commitment from businesses is required, but the 1-1 match requirement should be amended to allow other private sources to meet the match.
- Eliminate the requirement that Pathways Program grants be administered only on a reimbursement basis.
- The Pathways Program grants should be administered differently from the traditional Partnership grants in order to effectively achieve a dual customer approach. DEED should look to best practices in grant-making in other state agencies that have funded and managed workforce development and human services grants focused on low-income workers.
- Strengthen the criteria for the Pathways Program to incent applications for grants that address the economic disparities in different populations and in different regions of Minnesota.

Under its current authority the MJSP Board could conduct a pilot of some or all of these changes to the Pathways Program; thereby pursuing the reform prior to any statutory changes.

Recommendations for the Governor's Workforce Development Council

Develop a common definition for "soft skills":

"Soft skills" are skills that are needed across the workforce; it's not just an issue for low-income individuals. The committee agreed that:

- The most successful workforce development models for skill and wage advancement must include and/or integrate soft and hard skills training;
- Our committee did not have sufficient time to agree on a definition and we believe that one should be applicable across all workforce development initiatives; we offer some initial guidance about how to think about it; and,
- The committee recommends that the full GWDC convene an ad hoc committee to work on a definition that could be used and/or applied across all workforce development programs and could be used in briefing policy-makers on the role of "soft skills" in workforce development.

Support the infrastructure for short-term skills training by:

- Assisting non-profit education and training providers to get accreditation for their programs. This would allow more short-term training programs to be accessed through public funding streams.
- Assisting non-profit education and training providers that have Minnesota State Grant-eligible programs to create a financial aid portal for their students.

Maintain the Skill & Wage Advancement Committee to build on this year's work and explore at least the following:

- How can state policy support financial stability of low-income individuals who pursue education and training opportunities? Low-income individuals must figure out how to manage their daily economic needs while pursuing education and training; there are different ways they do this: financial aid and loans; work; and income supports (public and private). Do we have consistent state policies and are they based on an accurate understanding of the circumstances?
- Are the state's employment programs aligned with the states skills training needs and workforce development goals?

Appendix: Summary of Meetings & Program Review

The committee's work is summarized in two ways: first, a summary chart and second, a brief summary of each meeting.

Summary Chart

The attached summary chart ("Skill & Wage Advancement Committee's Summary Program Chart") shows the programs and services reviewed by the Committee in the first column. Each additional column lists a factor that the committee evaluated each program against. The factors are:

- **Skill acquisition goal:** Does the program have an explicit goal that participants will acquire skills?
- **Explicitly meet needs of workers & employers:** Does the program/service have a dual customer approach?
- **Integrates soft & hard skills:** Does the program integrate soft skills and hard skills training in its services?
- **Funds for support services:** Does the program allow funding be spent on support services for participants (i.e. emergency basic needs, transportation, child care, etc)?
- **Income support while in training:** Does the program provide cash to pay for basic needs while participant is in training?

- **Pays tuition:** Does the program allow funds to be used to pay for training?
- **No categorical limits on eligibility:** Is any low-income Minnesotan eligible for this program?
- **Statewide reach:** Is this program available/accessible anywhere in the state?
- **Continuous funding:** Does this program have annual public funding (i.e. not “one-time”, “pilot” or “discretionary” funding)?

A check mark means that the committee thought that the program met the factor. The committee used the chart to summarize its key findings: the gap that exists in the education and training infrastructure and in education and training policy. In theory, if a program had a check mark in every area, it would have all the factors identified by the committee that are important to meet the service and infrastructure needs of low-income working Minnesotans; but the committee **did not conclude that one program** with all the factors is the way to “bridge the gap.” Rather, the committee identified a number of specific policy changes for existing programs and recommended further work in specific areas. Moreover, a combination of programs or strategies might be the best approach to bridge the gaps identified by the committee.

Skill & Wage Advancement Committee's Summary Program Chart:
Evaluation of employment and training programs under the committee's review.

	Skill acquisition goal	Explicitly to meet needs of workers & employers	Integrates soft & hard skills	Funds for support services	Income support while in training	Pays tuition	No categorical limits on eligibility	Statewide reach	Continuous funding
WIA, Title I, Adult	√ not priority			√		√		√	√
MJSP Pathways Grants	√		√ not required			n/a	√		
MJSP Low-income Worker Grants	√	√				√	√		
Food Stamp Employment & Training									√
Minnesota Family Investment Program				√	√	√		√	√
Diversionary Work Program				√				√	√
Dislocated Worker Program	√			√	√ UI Benefits	√		√	√
Minnesota State Grants	√				√	√	√	√	√
MnSCU certificate & two-year programs	√						√	√	√
MnSCU customized training	√		√ not required			n/a		√	√
Adult Basic Education	√					√	√	√	√

Summary of Committee Meetings

This section provides a brief summary of what occurred at each of the committee meetings. Further information about each committee meeting (meeting minutes and materials) is available on the website of the Governor's Workforce Development Council:

http://www.gwdc.org/skills_and_wages_advancement_committee.htm

April 2005

At this meeting the committee reviewed the history of Minnesota's welfare-to-work program, The Minnesota Family Investment Program. The review included the history of AFDC, federal welfare reform efforts, the pilot MFIP program, statewide MFIP, and the most recent changes to the MFIP program, including the implementation of the Diversionary Work Program. Presentations highlighted the extent to which skill attainment is a goal of the program and the extent to which MFIP participants can access education and training.

June 2005

The Committee heard a presentation about the McKnight-funded Families Forward Initiative by Ellen Shelton from Wilder Research who conducted the evaluation of the Initiative. Preliminary findings and outcomes from the evaluation were included in the presentation. The Committee also heard a presentation about the services for adults funded through the federal Workforce Investment Act (WIA).

July 2005

At this meeting the committee heard a summary of WIA waiver policy and current waivers that Minnesota has with the U.S. Department of Labor. The committee also heard a presentation about the grant programs in the Minnesota Job Skills Partnership program.

August 2005

At this meeting the committee heard a presentation about the history of vocational and technical education in Minnesota (starting with Dunwoody Institute) and its evolution and change with the creation of the Minnesota State College and University System in the early 1990s.

September 2005

At this meeting the committee heard a presentation about the Citizens' League's recent research and report on higher education.

October 2005

The committee reviewed information about the Food Stamp Employment and Training program and the Minnesota State Grant Program.

December 2005

At this meeting the committee reviewed demographic information on the low-wage workforce, and heard presentations about transitional job models and workforce intermediaries.

January 2006

At this meeting the committee heard presentations about the role of the Food Stamp Employment and Training Program in the City of Minneapolis' Close the Gap initiative and examples of successful sector strategies.

February, March, and April 2006

These meetings were used to process the information presented at previous meetings and discuss committee recommendations. Some committee members were also able to attend tours of local skills training initiatives through the Skills Matter Tours hosted by the GWDC, JOBS NOW Coalition, and The Workforce Alliance.