



Virginia Board of Workforce Development

2017 Annual Report

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1/4/2018

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CHAIRMAN'S MESSAGE

On behalf of Vice Chairman Nat Marshall and members of the Board, I am honored to present the 2017 Annual Report of the Virginia Board of Workforce Development. This report details the Board's activities over the past year and the actions and determinations it made to satisfy statutory responsibilities and objectives set out in our strategic plan.

In addition, the Board developed and delivered a series of policy recommendations to the Governor, many of which are shaping the workforce system and the way it does business. The Board also developed a set of policy recommendations for the future. There are five primary areas of focus:

- Strategic Leadership and Operational Continuity
- Creating a Best-in-Class Workforce Service Delivery System
- Driving Program and Resource Alignment
- Building Talent-Pipelines and an Industry-Focused Workforce System
- Unwavering Commitment to System Performance and Accountability

This year, the Board held a successful planning retreat, reflecting on the Board's purpose, mission, and identifying strategies to improve our effectiveness. This is especially important moving forward, as the Board will be growing from 26 to 41 members in the coming year. This will increase our representation of businesses and bring new voices to the table to discuss solutions to Virginia's workforce challenges.

As I reflect on my final year as chairman of the Virginia Board of Workforce Development, I am proud of the work of the members and would like to thank our outstanding Executive Director, Sara Dunnigan, and support staff from the Virginia Community College System, the Virginia Employment Commission, and the Department of Veterans Services, for their efforts on behalf of all Virginians.

Sincerely,



Mark A. Herzog
Chairman
Virginia Board of Workforce Development

ABOUT THE VIRGINIA BOARD OF WORKFORCE DEVELOPMENT

Vision

The Board envisions a Virginia where every business has access to a qualified, job-ready workforce and every Virginian has the skills needed to connect with meaningful employment and advance in a career.

Mission and Purpose

The Virginia Board of Workforce Development is business-led board that acts as the principal advisor to the Governor and legislature to provide strategic leadership, direction, and oversight to the workforce development system and create a strong workforce aligned with employer needs.

Virginia's public workforce system consists of eight agency partners and 24 workforce programs that collectively serve more than 1 million job seekers each year, representing combined state and federal funding in excess of \$347 million annually.

Strategic Priorities

The Board organizes its work into four strategic priority areas. These areas include:

- Identifying current and future workforce needs of the business community and related training and credentialing requirements
- Recommending strategies to better develop and match trained workers with available and emerging jobs
- Providing strategic direction and policy guidance to the state's one-stop workforce system, including elements described and funded through the Workforce Innovation and Opportunity Act (WIOA), as well other federal and state workforce grants
- Evaluating performance of the state's publicly funded workforce system to include a review of alignment of resources, establishing and measuring against performance standards, and ensuring resource alignment to business needs.

Driving High Impact Outcomes

The Board is committed to adding value by driving workforce system outcomes in the following key areas:

- Business Engagement
- Credential Attainment and Job Skills Development
- Jobs –Employment and Retention
- Wages – Economic Growth and Career Progression
- Return on Public Investment

Governance

The Board is appointed by the Governor and includes a diverse representation of members from across the Commonwealth. The majority of the Board is comprised of private sector business leaders from a wide variety of industries. Also included are state and local elected officials, cabinet-level officials from various agencies that deliver and direct workforce services and programs, and representatives of the workforce itself, including labor organizations and community-based organizations that serve populations with barriers to employment.

BOARD ROSTER

PRIVATE SECTOR MEMBERS

Mark A. Herzog - CHAIRMAN
Vice President, Corporate Affairs
Kaléo

Nathaniel X. Marshall - VICE CHAIRMAN
Human Resources Generalist
The Babcock and Wilcox Company

Jeanne S. Armentrout
Executive VP, Chief Administrative Officer
Carillion Clinic

Ray Bagley
Vice President of Trades Operations
Newport News Shipbuilding

Hobart "Hobey" Bauhan
President
Virginia Poultry Federation

Tommy Bell
Business Manager/Financial Secretary-Treasurer
Iron Workers Local Union 79

Barry DuVal
President
The Virginia Chamber of Commerce

Lane Hopkins
Chief Talent Officer
Harris Williams & Co

Carrie Roth
President and CEO
Virginia Biotechnology Research Partnership
Authority

Brett Vassey
President & CEO
Virginia Manufacturers Association

Tom Walker
President
Web Teks

Brian T. Warner
Rolls-Royce | Commonwealth Center for Advanced
Manufacturing

WORKFORCE MEMBERS

Doris Crouse-Mays
President
Virginia State AFL-CIO

Virginia Rae Diamond
President
Northern Virginia Labor Federation

Mark B. Dreyfus
President
ECPI University

Bruce Phipps
President and CEO
Goodwill Industries of the Valleys

STATE AND LOCAL ELECTED OFFICIALS

The Honorable Kathy Byron
Virginia House of Delegates, 22nd District

The Honorable Roxann Robinson
Virginia House of Delegates, 27th District

The Honorable Bill DeSteph
Virginia Senate, 8th District

The Honorable Frank M. Ruff, Jr.
Virginia Senate, 15th District

The Honorable Ann Mallek
Supervisor, Albemarle County

GOVERNOR'S CABINET MEMBERS

Designee for the Honorable Bill Hazel
Secretary of Health and Human Services
Carole Pratt
Senior Advisor/Confidential Assistant
Virginia Department of Health

Designee for the Honorable Dietra Trent
Secretary of Education
Nathalie Molliet-Ribet
Deputy Secretary of Education

The Honorable Todd Haymore
Secretary of Commerce and Trade

Designee for the Honorable Carlos Hopkins
Secretary of Veterans and Defense Affairs
Leslie Frazier
Assistant Director of Appointments

ADDITIONAL EX-OFFICIO MEMBERS

Designee for Chancellor Glenn Dubois
Virginia Community College System
Edward "Ted" Raspiller
President
John Tyler Community College

BOARD'S STRATEGIC PRIORITIES

IDENTIFY CURRENT AND FUTURE WORKFORCE NEEDS AND RELATED TRAINING AND CREDENTIALING REQUIREMENTS

NEW ECONOMY WORKFORCE CREDENTIAL GRANT PROGRAM

The Virginia Board of Workforce Development is charged with identifying demand occupations, with an eye on Virginia's economic development priorities and the projected employment needs of industry. The Demand Occupation Taskforce was established in March of 2016 to develop the method for determining the high demand fields of employment in Virginia and encourage employers to add new and emerging occupations to the list.

In 2017, the Board reviewed the selection criteria, incorporated updated labor market projections, and provided a revised list of targeted occupations in demand by employers. The Board also received a regional program alignment report that provided a point-in-time review of the programs approved for the Workforce Credential Grant Program, regional demand for the targeted occupations, and real-time job posting data. The alignment report can be accessed here: <http://www.boarddocs.com/va/vccs/Board.nsf/goto?open&id=AD7KA55062DF>.

The Demand Occupations List and the approved related noncredit workforce training programs are published on the Elevate Virginia website at <http://www.elevatevirginia.org/wcg/>.

TRAINING ALIGNMENT - LABOR SUPPLY AND DEMAND DASHBOARD

In October 2016, Virginia received a grant from Strada Education (formerly USA Funds) to develop and promote a web-based dashboard to help policymakers and education providers make informed decisions about programs and curricula according to regional and state labor market demand.

That development of the dashboard was influenced and overseen by the workforce board (the Advanced Technology Committee) as well as an Advisory Taskforce that included public- and private sectors stakeholders. The dashboard was presented in June 2017 and work continues. Additional funds are being used to update the data and provide state and regional training and education alignment reports in addition to a comprehensive user guide. That product will be delivered in January 2018.

That dashboard can be accessed at the Elevate Virginia website at <http://www.elevatevirginia.org/snd/>.

PREPARE AND MATCH TRAINED WORKERS WITH AVAILABLE AND EMERGING JOBS

One of the key roles of the workforce system is to ensure that people are prepared for employment opportunities and that working individuals can gain skills to help them advance within their organization. This year, the Board advanced two critical policies to support work-based learning and incumbent worker training using federal resources allocated to the Commonwealth and administered by the Virginia Community College System (VCCS).

ON THE JOB TRAINING

This policy went into effect July 2017 and encourages the use of On the Job Training (OJT) by providing an incentive to employers. Employers entering into contracts for On the Job Training of qualified workers may receive a reimbursement of up to 75% an individual's wages during the training period. OJT is an important business service

initiative, encourages relevant work-based learning, increases employee productivity, and supports company growth.

INCUMBENT WORKER TRAINING

The Board provided oversight and monitoring of a special grant program administered by the Virginia Community College System that assists small business in training and credentialing incumbent workers. The Virginia Incumbent Worker Innovation Program, which was announced by the Governor in April 2016, has supported 67 businesses and the retraining and upskilling of almost 200 individuals.

IMPROVE VIRGINIA'S WORKFORCE SERVICE-DELIVERY SYSTEM

LOCAL WORKFORCE AREAS, LOCAL BOARDS AND PLANNING REQUIREMENTS

Local workforce areas were asked to prepare a local workforce plan aligned with the goals and outcomes articulated in the Commonwealth's Combined State Plan for Workforce Development. Those local plans were submitted, reviewed, and advanced to the Governor for approval.

Local boards provide the governance and oversight of the implementation of the local plans, the service delivery system at the local level, and administer three workforce programs. This year, the workforce board recommended certification for 14 of the 15 local workforce boards. Local boards are industry-led, with representation from labor, education, and partner stakeholders and are key to identifying and solving critical workforce challenges.

STRENGTHENING VIRGINIA'S NETWORK OF ONE-STOP CAREER CENTERS

Virginia supports the operation of 65 One Stop Career Centers across Virginia's 15 local workforce areas. These centers are community resource hubs where job seekers and employers can access services. For job seekers, partners provide career planning, access to training resources and other supports, and ultimately, placement with a company hiring in that local community. Through one of the local Business Service Teams, employers are provided recruiting, screening, and training resources to help them find and retain a great workforce.

This year, the Virginia Employment Commission consolidated the majority of its field operations into the comprehensive career centers and provided more services onsite for employers and job seekers, resulting an estimated a savings of \$1.0 million dollars.

Adult literacy services, administered by the Virginia Department of Education, are also integrated into the One Stops. This year local boards reviewed regional adult literacy plans to ensure alignment with local workforce strategies. These services are available to individuals and integrated with workforce training and employers to help upskill their existing workforce.

A statewide branding initiative was launched to create more awareness and use of the network of career centers. This endeavor engaged more than 200 stakeholders, including job seekers and customers, to develop a compelling name and mark that speaks to Virginia's commitment to providing customer-oriented solutions to workforce challenges. That brand will be announced in January 2018 and implemented over the calendar year, unifying the 15 local workforce boards and creating a distinctive new front door to services.

COMPREHENSIVE POLICY REVIEW

The Board began a comprehensive review and revision of its catalogue of policies guiding the federally-funded workforce system, the network of One-Stop Career Centers, and the Title 1 programs administered by the Virginia Community College System. That review and subsequent mapping of policy actions to one of the Board's four standing committees is well underway, supported by a policy consultant, and will be completed by March 2017.

In the most recent program year, the Board developed policy in the following areas:

- Policy 300-02 One-Stop Delivery: Comprehensive and Affiliate One-Stop Career Centers
- Policy 401-03 Provision of Career Services
- Policy 401-04 Provision of Training Services
- Policy 401-05 Provision of Supportive Services
- Policy 403-03 On the Job Training Policy
- Policy 300-04 Competitive Procurement of One Stop Operators
- Policy 600-01 Priority of Service for Veterans
- Policy 100-04 Board Participation by Electronic Means
- Policy 300-06 One Stop Certification
- Policy 600-03 Services to Individuals with Disabilities
- Policy 200-07 Process for Requesting Local Workforce Area Designation

IMPROVE ALIGNMENT AND PERFORMANCE

WORKFORCE SYSTEM BUDGET REVIEW

This budget analysis was conducted over a 90-day period that began in October 2017 and concluded in late December 2017. The project reviewed program year budgets for the most recent fiscal year for 24 state and federally funded workforce programs in Virginia administered by eight agencies. A workgroup consisting of fiscal and program subject matter experts from each agency provided input on the project approach, data collection, and data analysis.

The report and slide deck can be found on the Elevate Virginia website at <http://www.elevatevirginia.org> under Virginia Board of Workforce Development Priority & Initiatives.

Key findings from the 2017 Workforce System Budget Review include:

- \$339.4 million in federal/state/local resources
- 41% was spent on workforce education and training
- 850,000 individuals served
- 32,229 businesses served
- 239,000 work-related credentials were earned, including work-readiness, financial literacy, industry-recognized certifications, and registered apprenticeship.
- 148,000 people served by the system entered into employment

COMMON STATE PERFORMANCE MEASURES¹

The Performance and Accountability Committee is charged with recommending policy, budget, and administrative action to the Governor to ensure that Virginia can measure what matters for business, job seekers, and government.

The Governor, through Executive Order 23, identified five primary outcomes to be driven by the workforce system in Virginia. These include employer engagement, credential attainment, employment, wage progression, and return on investment. The Committee reviewed and endorsed those five measures and staff, working with agency leadership, developed a guidebook and methodology to begin monitoring progress towards discrete system goals in each of these areas.

The first year of reporting has been completed with a limited number of programs reporting under the new measures. This included the core federally funded programs in the Workforce Innovation and Opportunity Act as well as Registered Apprenticeship, Career Technical Education, and workforce programs administered by the Department of Veterans Services. The following table summarizes progress towards a set of state common measures.

Goal	2017 Actual	% of Goal
Achieve 50,000 new workforce credentials aligned with high-demand occupations each year (Includes CTE credentials) ²	33,389	67%
Place 50,000 Virginians in high-demand occupations each year ³	10,982	22%
Provide business services to 50,000 Virginia businesses each year	21,008	42%
Double the number of system-served individuals who benefit from a work-based learning opportunity (13,429 system-wide participants at the beginning of the year)	20,539	76%
Generate annual increases in wages for program completers of all workforce programs	\$26,370	\$1,523 increase in annual wages

MONITORING IMPLEMENTATION OF VIRGINIA'S COMBINED STATE PLAN FOR WORKFORCE DEVELOPMENT

The Board is responsible for overseeing the implementation of the state's Combined Plan for Workforce Development. Agencies and programs included in the plan presented to the Board on the progress. A standing cross-agency staff committee is guiding the implementation, reviewing partners' progress towards common federal and state performance measures, and will make any needed modifications to the plan in 2018.

¹ Due to differences in the participating agencies and programs, data collection methodology, and defined outcome targets, outcomes reported for the Budget Review will differ from those reported by the Common State Performances project.

² While this figure includes CTE credentials, it does not contain all high-demand credentials attained outside of WIOA programs.

³ "High-demand occupations" are those occupations approved by the Virginia Board of Workforce Development Demand Occupations Task Force.

The plan can be reviewed at the Elevate Virginia website <http://www.elevatevirginia.org/about-the-virginia-board-of-workforce-development/priorities-initiatives/>.

KEY BOARD ACTIONS AND DETERMINATIONS

The Code of Virginia (Sec 2.2-2472) clearly defines the powers and duties of the Virginia Board of Workforce Development and the response areas for this report. The following is a summary of those select actions and determinations from this report.

PROVIDE POLICY ADVICE TO THE GOVERNOR ON WORKFORCE AND WORKFORCE DEVELOPMENT ISSUES TO CREATE A BUSINESS-DRIVEN SYSTEM, INSTILLING SKILLS IN INDIVIDUALS THAT MEET THE NEEDS OF BUSINESS AND INDUSTRY.

The Workforce Board made a series of discrete recommendations to the Governor and delivered a comprehensive 2017-2018 Policy Recommendations document. In summary, the Board recommended that the Governor:

- 1) Support legislation that would allow the Governor to appoint the membership required to comply with federal legislation (endorsed by Governor – signed into law 2017)
- 2) Approve the local area plans for the state’s fifteen local workforce boards and certify the workforce boards in fourteen of the fifteen local areas.

The Board’s full list of 2017-2018 Policy Recommendations can be found at the Elevate Virginia website <http://www.elevatevirginia.org/wp-content/uploads/2014/04/Boards-Policy-Recommendations-Final.pdf>.

PROVIDE POLICY DIRECTION TO LOCAL WORKFORCE DEVELOPMENT BOARDS.

The Board provided significant policy guidance and oversight to the implementation of board policy in the most recent program year. A review of that policy can be found on Page 9 of this report.

ASSIST THE GOVERNOR IN THE DEVELOPMENT, IMPLEMENTATION, AND MODIFICATION OF ANY COMBINED STATE PLAN TO REALIZE THE FULL POTENTIAL OF THE WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA).

The Executive Director of the Virginia Board of Workforce Development led a cross-agency workgroup responsible for the implementation of the Combined State Plan. Plan progress was presented to the Board in June and any required modifications to the plan will be approved by the workforce board in early 2018.

IDENTIFY CURRENT AND EMERGING STATEWIDE WORKFORCE NEEDS OF THE BUSINESS COMMUNITY. FORECAST AND IDENTIFY TRAINING REQUIREMENTS FOR THE NEW WORKFORCE.

The Board developed the list of demand occupations in support of the Workforce Credential Grant Program. This program delivers individuals with industry-recognized credentials to close the skills gap in Virginia’s regions. It offers a cash incentive for participating institutions to ensure a student completes the course and earns the credential as endorsed by employers.

The Virginia Board of Workforce Development guided the development of a web-based dashboard that shows the relationship between the development of talent in Virginia (supply) and online job posting trends (demand).

RECOMMEND STRATEGIES TO MATCH TRAINED WORKERS WITH AVAILABLE JOBS TO INCLUDE STRATEGIES FOR INCREASING BUSINESS ENGAGEMENT IN EDUCATION AND WORKFORCE DEVELOPMENT.

EVALUATE THE EXTENT TO WHICH VIRGINIA'S WORKFORCE PROGRAMS EMPHASIZE TRAINING ALIGNED WITH INDUSTRY NEEDS.

The 2017 Workforce System Budget Review was completed in December 2017. It revealed a continued increase in the amount of money being invested in skills development, increasing to 41% from 35% in the previous program year.

The Common State Performance Measures Project tracked a number of strategic outcomes, including what percentage of business engagement was occurring with firms in our industry targets, how much completed training activities were aligned with demand occupations, and how many high demand jobs the system was successful in filling.

DEVELOP PAY-FOR-PERFORMANCE CONTRACT INCENTIVES FOR RAPID REEMPLOYMENT SERVICES CONSISTENT WITH WIOA AS AN ALTERNATIVE MODEL TO TRADITIONAL PROGRAMS.

No action was taken on this item. The Governor transferred primary responsibilities for response to layoff events to the Virginia Employment Commission and transfer \$2.0 million in WIOA Title 1 funds to the agency.

CONDUCT A REVIEW OF BUDGETS THAT IDENTIFY SOURCES AND EXPENDITURES OF ADMINISTRATIVE, WORKFORCE EDUCATION AND TRAINING, AND SUPPORT SERVICES FOR WORKFORCE PROGRAMS.

The 2017 Workforce System Budget Review was completed in Dec 2017. The report and slide deck can be found on the Elevate Virginia website at <http://www.elevatevirginia.org> under Virginia Board of Workforce Development Priority & Initiatives.

REVIEW AND RECOMMEND INDUSTRY CREDENTIALS THAT ALIGN WITH HIGH DEMAND OCCUPATIONS.

Through the Workforce Credential grant program, the Board has identified statewide demand occupations and the state's eligible training institutions have vetted and endorsed a group of related training and industry-recognized credentials. The Demand Occupations List and the approved related noncredit workforce training programs are published on the Elevate Virginia website at <http://www.elevatevirginia.org> on the Workforce Credential Grant Program page.

DEFINE THE BOARD'S ROLE IN CERTIFYING WIOA TRAINING PROVIDERS.

The Board developed and approved policy that creates a single statewide eligible training provider list for Title I funded training activities, as well as a common application and performance criteria to remain on Virginia's eligible training provider list. This new list of training providers includes, for the first time, employer sponsors of approved registered apprenticeship programs. Policies [15-02 Identification of Eligible Providers of Occupational Skills Training](#) and [15-03 Registered Apprenticeship and Eligible Training Provider List](#) went into effect on July 1, 2016. Local Workforce Development Boards receive and approve applications from eligible providers using the common eligibility and performance criteria developed by the state workforce board.

Training provider quality is evaluated on how individuals complete the course and earn the related credential. The VCCS is implementing the policy and performance data is being collected consistent with the policy.

CREATE QUALITY STANDARDS, GUIDELINES, AND DIRECTIVES APPLICABLE TO LOCAL WORKFORCE DEVELOPMENT BOARDS AND THE OPERATION OF ONE-STOPS, AS NECESSARY AND APPROPRIATE TO CARRY OUT THE PURPOSES OF THIS ARTICLE;

The Board made determinations regarding the on-site availability of priority workforce programs to customers at our comprehensive and affiliate One Stop Career Centers. These determinations are found in Policies 300-02, 401-03-05.

The Board adopted policy to advise the Certification of One Stops. One Stop Certification is a process that ensures the quality and consistency of the customer experience at Virginia's career centers and confirms that all required partners are participating in the provision of service in the centers. Policy 300-06 describes One Stop Certification process. The VCCS, carrying out its role as the WIOA Title 1 Administrator, issued guidance and is overseeing the certification process.