

# “Facing Down the Great Recession”

## A Conversation with Andy Levin at the Heldrich Center

October 11, 2011

From January 2007 through February 2011, Andy Levin served as Deputy Director and Acting Director of the Michigan Department of Energy, Labor, and Economic Growth (DELEG), as well as Michigan’s first (and the nation’s only) Chief Workforce Officer. At DELEG, Levin helped create and ran Michigan’s pioneering *No Worker Left Behind* (NWLB) initiative, which sent over 150,000 unemployed and underemployed Michigan workers back to school to acquire in-demand skills. He sparked numerous workforce initiatives, including Michigan’s Green Jobs initiative, the Road Construction Apprenticeship Readiness program, a re-visioning of adult education, and a marked expansion of career readiness certificates in Michigan. Levin is the author of numerous articles and co-editor of the 2006 book *Justice on the Job*.

Levin was a guest speaker for the Heldrich Center’s Conversation Series on October 11, 2011. Highlights from his remarks follow.



*Andy Levin*

### **The Relationship Between Job Creation and Job Training**

Given the state of the economy and the persistently high rates of unemployment — something Michigan has had to contend with for years — Levin began his remarks by acknowledging a desperate need for job creation in the United States. He commented on several factors that might contribute to large-scale job creation in the United States, including investment in research and development, global trade policy, and direct investment in public works. However, he noted that training, and especially longer-term training, must be a key component of job creation efforts, especially for those who have lost jobs in declining industries. In today’s economy, he said, talking about job creation without job training is, drawing on his Michigan heritage, akin to an auto manufacturer trying to make cars without steel, plastic, rubber, or glass.



*Andy Levin and Carl Van Horn*

Yet, Levin pointed out that the United States has disinvested in job training, cutting funding for the public workforce system by about 75% since 1978. He added that as a nation, we spend **\$160 billion** a year helping people get BA's, MA's and Ph.D.'s compared to only **\$7 billion** a year for workforce training for all adults over 25.

Levin said that while many people believe that the public workforce system is practically synonymous with job training, the Workforce Investment Act (WIA) has no performance measures tied to training enrollment,

focusing instead primarily on job placements. NWLB was Michigan's attempt to put transformative, long-term training front and center in the state's workforce system.

### **"The U.S. has No Coherent Workforce Policy"**

A great obstacle to Michigan and any other state seeking to encourage job training is a nationwide workforce system bogged down by a "concatenation of overlapping and conflicting statutes built up over four generations." The U.S. Congress has, in Levin's words, "lost its way" on workforce policy, as evidenced by many things, including the failure to complete a long overdue reauthorization of WIA. (He also noted that versions of WIA reauthorization being discussed in Senate subcommittees amount to little more than a "tepid tweak" to current law.)

Levin described Michigan's NWLB initiative as a way to bypass the patchwork of government agencies, policies, and funding streams that have emerged from years of different programs such as the WIA adult and dislocated worker programs, Trade Adjustment Assistance (TAA), Unemployment Insurance, Vocational Rehabilitation, Temporary Assistance for Needy Families, and others. He said Michigan was, in essence, trying to create a "Wizard of Oz" system for those seeking retraining, offering one set of straightforward eligibility criteria and programs, whether those seeking help were dislocated workers, people with disabilities, ex-offenders, underemployed individuals, or welfare recipients. The premise was that participants did not need to know what was going on behind the bureaucratic scenes; they only needed to know how to get training that would get them on track for a job.

According to Levin, critical to the development of NWLB was negotiating with and eventually earning the buy-in of the state's 28 community colleges and 25 Michigan Works! agencies, the state's workforce system. The result was a program that promised workers who were currently unemployed, who had received a notice of termination or layoff from employment, or who were employed but had a family income of \$40,000 or less, up to two years worth of free tuition (up to \$10,000) at any Michigan community

college, university, or other approved training program. One program rule was that participants had to pursue a degree or occupational certificate in a high-demand occupation or emerging industry, or in an entrepreneurship program.

Through NWLB, more than 150,000 workers entered training for in-demand jobs in less than three-and-a-half years. By 2009, Michigan was providing training to 59% of its WIA participants compared to an average of 13% nationwide. Likewise, 74% of Michigan's WIA participants were in long-term training programs of one year or longer, versus 24% nationally. Ultimately, 75% of those who completed training retained or got a job, with 82% of those trainees reporting that their job was related to their training.

Despite the program's success, Michigan's WIA formula funding was cut by \$72 million from July 2008 to July 2010, even though the state's unemployment rate almost doubled during that time. The state finished funding trainees who were already in the program but could let few additional workers in.

Levin shared several lessons from Michigan's NWLB experience regarding partnership building and resources:

- Early and consistent collaboration with community colleges and Workforce Investment Boards (WIBs) is required for a successful training initiative.
- Bipartisan support in the state legislature and executive branch is important, and can be achieved since maintaining a competitive workforce should not be an inherently partisan issue.
- A state must seek out all possible public, private, and philanthropic dollars to generate sufficient resources. Levin noted, for example, that Michigan aggressively went after TAA funds and competitive grant opportunities to help support the program.

## **An Emphasis on Long-Term Versus Short-Term Training**

Much of the ongoing debate about the effectiveness of job training is centered on short-term training. Levin believes, however, that long-term training of the sort fostered by NWLB needs to be studied by researchers to demonstrate its effectiveness in improving the employment prospects of trainees of all ages and circumstances. He gave several examples of individuals for whom long-term training made a significant, life-changing difference, including older dislocated workers and ex-offenders. (He also noted that there is considerable evidence that ex-offenders — “returning citizens” — who manage to get meaningful work re-offend at much lower rates, but the system does not do nearly enough to help them.)

## **Serving People with Barriers in an Integrated Public Workforce System**

In addition to needing more long-term training, people with barriers to employment — including those with low skills, ex-offenders, immigrants, welfare recipients, people with disabilities, older workers, and others — must be fully integrated into the public

workforce system, which NWLB attempted to do. According to Levin, previous job training statutes had better “anti-creaming” measures than WIA does, however, making it challenging for local workforce agencies to serve clients with barriers. He believes the workforce system should be refocused so that it rewards rather than penalizes One-Stops for serving clients with barriers to employment.

Although Michigan has highly integrated One-Stop Career Centers under Michigan Works!, where the services of vocational rehabilitation, veterans programs, and others are co-located with the workforce programs, Levin believes that people with disabilities do still need funding that is earmarked specifically for their use. He noted the appallingly high 70% unemployment rate for people with disabilities, and though he believes they should be served in an integrated setting, he expressed his fear that in the absence of dedicated funding, they will be discriminated against.

## **Transforming Adult Education**

Levin counts the transformation of Michigan’s adult education system as an important part of the successes achieved as a result of the NWLB program. Many workers would not have been able to earn the credentials they needed to qualify for in-demand jobs if they were unable to take courses at the associate’s degree level.

Yet Michigan’s experience with NWLB uncovered the fact that a third of the state’s population is not prepared to study at the community college level. The state also found that adult education and literacy training have largely been divorced from the public workforce system, a situation that must be changed. Michigan tried to rectify this by pooling all state and federal money for adult education and making funding available in 17 regions across the state, requiring the regions to come up with consortia, including adult education, community colleges, and local workforce agencies. To receive funding, these consortia had to come up with plans for implementing new promising practices, including opportunities for contextualized and accelerated education.

## **A Revitalized Labor Movement**

Levin, a former union organizer, called for increasing the bargaining power of workers in the bottom half of the workforce — restaurant wait staff, hotel housekeepers, industrial laundry workers, nurse aides, retail clerks, etc. — which would make a big difference to their economic well being. Low-wage service jobs make up a large plurality of the economy. Even those able to work full time in these occupations often live in poverty, however, and have very limited upward mobility, he said.

The public job training system is not a solution to this problem, since these jobs require little or no formal postsecondary training. Union representation is now under 7% in the private sector, as it was back in 1900. Somehow, these workers must be able to bargain for a larger share of the gains from their productivity.

## Employers Must also Play a Central Role

Employers (and, where relevant, unions), must be central to the design and working of the workforce system. The WIA system's current efforts to give the private sector a meaningful role in workforce development policy have not succeeded. Despite having employers chairing local WIBs, most high-level business executives are not fully invested in their regions' workforce development system.

One important step would be to reorganize local WIBs to reflect real labor markets and to focus on the workforce needs of their regions' leading industry sectors and clusters. In Michigan, Regional Skills Alliances have created coalitions of business, education, and government such as the Michigan Academy for Green Mobility and the Delta College Fast Start program, which achieved a 93% job placement rate for science students by placing them into a special training curriculum for work in four companies in the solar industry.

Levin urged the private sector to recognize that two-thirds of the workforce in the year 2025 will consist of people who are already in the workforce, meaning they are beyond the reach of the K-12 education system. In other words, continuing to think only about the need to improve the K-12 system will bypass many of those individuals who will be in need of education and training.

## A Workforce Training System for the 21st Century

In summary:

- States need to reform their workforce development systems with an integrated program of "upward mobility" through education for all workers.
- Levin suggested that more research is needed to identify "what works." For example, both subsidized employment and shared work are promising models to explore.
- The billions of dollars currently spent on worker support should — and can — be redeployed to emphasize **meaningful training** that changes people's lives and makes the United States more competitive.
- Government should not shy away from direct job creation measures and investments in public works as a way to place unemployed workers in short-term jobs.
- Community colleges are often the most affordable training provider in a particular labor market, and their involvement in programs that prevent job loss from occurring in the first place, including incumbent worker training, may be even less costly than retraining. However, Levin said there is a need for more "just-in-time" education, citing the example of Kellogg Community College's worker training center. Faculty members do not teach "classes" in the traditional sense and on a standard academic year calendar. Rather, the center is completely open to students seeking training on the spot for any job requirements, and all

training is for credit. Levin emphasized that more worker training courses should be available for academic credit, noting that frequently they are not.

- America's business community must become actively engaged at the highest level to help government and educators to create the truly competitive workforce that employers urgently need.