

MEMORANDUM

Note: The NCWorks Commission voted, during a special meeting on March 30, 2022, to approve this memorandum as an expression of the considered opinion of the entire Commission.

TO: Chair Tom Rabon, NCWorks Commission
FROM: NCWorks Commission Governance and System Alignment Committee
DATE: February 18, 2022
SUBJECT: Workforce Development Board System Alignment Study

Overview

On November 10, 2021, at the NCWorks Commission quarterly business meeting, Chair Tom Rabon, with the support of Governor Roy Cooper, requested that the Governance and System Alignment Committee (The Committee) conduct a study to understand the opportunities to realign the workforce system, specifically the arrangement of our local workforce development boards, to better support economic development in the state. The Committee's mission stems from goal four of the NCWorks Commission strategic plan – to *Promote System Access, Alignment, Integration, and Modernization*. North Carolina's workforce system includes multiple boards, agencies, programs, and funders. Collaboration, policy alignment, systemic communication, integration, and modernization of the workforce system will ensure a strong and healthy system that can adapt to an ever-changing economy. In addition, federal and state law acknowledge the regional alignment of workforce and economic development. Federal law requires consideration of regional economic development areas for designating new workforce development board local areas. (*see* WIOA §106(b)(1)(B)(ii) and 20 CFR § 679.240(a)(2)). State law encourages the Department of Commerce (home of the Division of Workforce Solutions, which administers the State's programs and WIOA) to align activities with Prosperity Zones to support economic development (*see e.g.*, N.C.G.S. § 143B-28.1; N.C. Sess. Law 2014-18, s. 3.1; and N.C. Sess. Law 2014-18, s. 4.2).

Over the past decade, across three gubernatorial administrations, three other studies explored opportunities to improve the existing workforce system and provided recommendations for how to realign the system. The first was conducted by the Program Evaluation Division of the General Assembly in 2012 (2012), the second by UWC Strategic Services on Unemployment and Workers' Compensation in 2014 (2014) and the third by graduate students in Duke's Master of Public Policy Program in 2020 (2020) for Tom White, Director of Economic Development Partnership at NC State University.

These reports identified similar challenges with the current workforce system, including:

- Local workforce development boards are not aligned in the most efficient manner with economic development (2012, 2014, 2020).
- Local workforce development boards have large variation in the number of counties and the number of individuals that they serve (2012, 2020).

- Local workforce development boards are not aligned with other workforce development programs like community colleges (2012, 2014).
- Single-county local workforce development board areas do not reflect shared commuter and economic activity (2012, 2020).

Study Method

The Committee conducted this study between November 2021 and February 2022. The study was guided by the following questions:

1. Are there opportunities to better align the existing workforce system with economic development activity in the state?
2. If so, what guiding principles would best support this realignment?

The Committee collected data focused on commuting patterns, labor and economic trends, and stakeholder perspectives from a diversity of sources including the Department of Commerce Labor and Economic Analysis Division (LEAD) and the Division of Workforce Solutions. The Committee conducted in-depth interviews and surveys with workforce, economic development, and education leaders across the state. A full description of the study timeline, methods, and organizations who participated in interviews and surveys can be found in Attachment A.

Recommendation

Based on the evidence gathered as part of this study, the Committee recommends a realignment of the existing service areas of local workforce development boards, in order to promote alignment with economic development activities in the state. The Committee identified eight guiding principles to support local leaders in their realignment efforts.

Guiding Principles

1. **Seek to better the lives of North Carolinians through realignment:** Support changes to the workforce development board system that will prioritize access to services for jobseekers and employers, efficient use of available resources, and responsiveness to local and regional needs.
2. **Expand local workforce development board access:** Reduce the number of single-county workforce development boards to better reflect labor market and commuting patterns.
3. **Decrease redundancy among local workforce development boards within economic development areas:** Minimize the overlap of workforce development boards across multiple Prosperity Zones and, as applicable, Councils of Government, to better promote alignment with economic development activities.
4. **Better align community college and workforce development board service areas:** Minimize the overlap of workforce development boards across multiple community college service areas.
5. **Match local workforce development board outreach to area jobseeker and business customer needs:** Maximize the average percentage of individuals who live and work in the same region to be more reflective of current labor and commuter patterns.

6. **Ensure consistent service, strong visibility, and sufficient capacity among local workforce development boards:** Support policies that will strengthen the visibility and capacity of workforce development boards as well as partnerships between workforce and economic development entities to make certain that employers and jobseekers receive consistent service and response across the state.
7. **Allow flexibility for administrative entities:** Support existing administrative entities, including Councils of Government (COG), non-profits, and city/county governments, to remain in their administrative role, even if newly redrawn workforce area boundaries are different from previous boundaries.
8. **Consider further review of the broader workforce system:** While the role of workforce boards is central in workforce development, they are part of a broader system which may benefit from additional changes to further promote alignment and efficiency.

Conclusion

As North Carolina continues to focus on an equitable recovery out of the global COVID-19 pandemic, a strong, robust workforce development board system is essential. By better aligning workforce development boards with economic development activity, North Carolina can enhance access to services for jobseekers, provide greater support for employers, and increase prosperity for all. The Committee encourages local leaders to review and act in accordance with the principles (listed above) to develop a cohesive workforce board system that supports both local and statewide goals around workforce and economic development.

Acknowledgements

The Committee would like to thank the numerous individuals from across the state who engaged in this study. The diversity of perspectives and experiences shared throughout this process were essential in shaping this recommendation. The Committee would also like to thank members of the NCWorks Commission staff for their support.

Attachments

Attachment A – Study Timeline and Data Collection

Attachment A. Study Timeline and Data Collection

Study Timeline

The Governance and System Alignment Committee (The Committee) met in November to identify the initial scope and develop a timeline to meet the initial charge of delivering a report to the full NCWorks Commission by the February 9, 2022, Quarterly Business Meeting. On December 23, 2021, the Committee submitted a request to NCWorks Commission Chair Tom Rabon and Governor Roy Cooper to extend the study timeline. The Committee was granted an extension and was asked to report their recommendations at a special NCWorks Commission meeting on March 30, 2022.

Data Collection

The Committee requested and subsequently reviewed data in three main areas:

- labor market and commuting patterns;
- education and training availability; and
- stakeholder perceptions of the current workforce system.

To collect the data requested by the Committee, NCWorks Commission staff worked directly with the Labor and Economic Analysis Division (LEAD) and the Division of Workforce Solutions (DWS) within the Department of Commerce to identify appropriate data related to the first two topic areas. To collect stakeholder perspectives, NCWorks Commission staff generated an initial list of stakeholders. This list was shared with the Committee, and additional members were added based on their feedback. The committee gathered stakeholder perceptions of the current workforce system and opportunities for changes through interviews, surveys, presentations, and joint meetings. All organizations with whom the committee engaged are listed in Table 1 by sector.

Table 1. Organizations Participating in Stakeholder Interviews, Surveys and Joint Meetings by Sector.

Education	Workforce	Economic Development	Government
- Department of Public Instruction	- Division of Workforce Solutions – Department of Commerce	- Economic Development Partnership of NC	- NC Association of Regional Councils of Government
- myFutureNC	- Equus Workforce Solutions	- Carolinas Gateway Partnership	
- North Carolina Association of Community College Presidents	- NC Association of Workforce Boards	- Charlotte Regional Business Alliance	
- NC Community Colleges System Office	- NC Workforce Development	- City of Charlotte Economic Development Department	
		- NC Chamber	
		- NC East Alliance	

<ul style="list-style-type: none"> - NC Independent Colleges & Universities - UNC System Office 	<p>Board Directors (23)</p> <ul style="list-style-type: none"> - Two Hawk Employment Services 	<ul style="list-style-type: none"> - NC Economic Development Association - North Carolina's Southeast - Wake County Economic Development 	
---	--	---	--