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Using workforce dollars to boost job quality

Report urges states to make job quality part of the workforce development plan

States and local agencies should make job quality part of their workforce-development plans, to ensure money is targeted to employers that have demonstrated good practices in managing their workers, a new report by Policy Matters Ohio and other groups says.

States can target workforce plans required under the new federal Workforce Investment and Opportunity Act (WIOA) to employers that meet certain standards, such as paid sick leave and low turnover rates.

The federal law aims to increase training, education, and work opportunities for vulnerable job seekers, low-income adults and youth who have limited skills, lack work experience, or face other barriers to self-sufficiency. Often these workers end up in jobs that offer little opportunity for economic stability or advancement.

States are required to submit their workforce-development plans by early next year.

“State and local workforce plans should set floors for job quality and steer support to employers that meet certain standards, such as family-friendly work policies, low turnover rates, paid sick leave, and no record of wage theft or last-minute scheduling,” said Hannah Halbert, workforce researcher with Policy Matters Ohio. “In an American economy struggling to create enough middle-class jobs, state and local workforce development systems need to pull their oars together in the direction of better job quality.”

The report drills down into employer practices in three areas to demonstrate the potential of targeting workforce resources to employers with better practices:

Employee turnover -- The report uses a specific example of the Wisconsin nursing home industry: A significant number of Wisconsin homes have low – or even no - turnover among front-line, full-time caregivers, while many have turnover around 50 percent, and a substantial minority have turnover of over 100 percent. The report recommends focusing workforce resources, including placement activities, on facilities with turnover of 50 percent or less. With the data available, any state workforce system that partners with nursing home employers could work with only those employers with lower rates of turnover. Further, workforce systems should consider turnover in other industries the same way.

Wage theft -- The report shows that violations of basic wage and overtime laws are widespread in many of the sectors in which workforce areas invest, including manufacturing, logistics, health care and construction. In Ohio's manufacturing sector, for example, the U.S. Department of Labor database reports more than 3,700 violations of the main federal labor law from 2010 to late 2015. Workforce programs cannot assume that the employers they work with comply with the law. They should establish a policy disqualifying violators from receiving public workforce system support. Further, workforce systems should train job seekers in basic labor standards so that workers are able to identify and report violations.

Work time -- The report shows that many employers provide paid sick time and follow common-sense standards, such as scheduling in advance. Those are the employers that workforce systems should engage.

"Scarce public workforce resources should guide job seekers to the best jobs that they can get and support employers with better quality jobs in each industry," said Stephen Herzenberg, executive director of Keystone Research Center, a Pennsylvania policy institute, who co-authored the report.

Businesses within every industry vary significantly in how they use employees. "High road" employers typical have better quality jobs, including higher wages and benefits, more investment in training and greater career advancement opportunities. Those types of quality job characteristics correlate also with good work-time policies, lower turnover and compliance with labor law.

"In the past some workforce systems have not always distinguished among employers nor have they always been strategically engaging only with better employers," said Laura Dresser, associate director of the Center on Wisconsin Strategy (COWS) at the University of Wisconsin. "The increasing national attention to job quality points to a strategic opportunity for workforce systems to pave the high road as never before."

The new report also highlights the opportunity that state and local workforce systems have to boost job quality when investing in "sector partnerships," groups of employers in a single industry that have similar skill needs. These partnerships are prioritized by WIOA.

"Steering workforce development funds away from employers with poor employment practices and toward the higher quality jobs in an industry, is a common sense way to protect the public dollar," said Halbert. "Local boards and the state should incorporate these policies into their WIOA plans to better support job seekers and the employers that seek the high road."

View the briefing paper at <http://keystoneresearch.org/highroadWIOA>.

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Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus. The report was produced as part of a multi-state workforce project undertaken by the [Economic Analysis Research Network \(EARN\)](#), which includes more than 60 state and local think tanks, with insights and support from the [Working Poor Families Project](#).