



November 14, 2022

The Honorable Martin Walsh
Secretary
US Department of Labor
Washington, DC

The Honorable Miguel Cardona
Secretary
US Department of Education
Washington, DC

Re: *Workforce Innovation and Opportunity Act Effectiveness in Serving Employers Performance Indicator, Docket ID ETA-2022-0006, RIN 1205-AC01*

Dear Secretary Walsh and Secretary Cardona,

We the undersigned members of the Opportunity America Jobs and Careers Coalition appreciate this opportunity to comment on the Department of Labor Education and Training Administration's proposed rule standardizing a sixth performance indicator for Workforce Innovation and Opportunity Act (WIOA) core programs, measuring how effectively these employee training and recruitment services work for employers.

The Opportunity America Jobs and Careers Coalition is an alliance of Washington-based business groups focused on career education and workforce development. Members include employers and employer associations from a range of industries experiencing skills mismatches and worker shortages – construction, manufacturing, hospitality, retail, health care and IT, among others. The coalition's principal goals: to shine light on the need for more ample and effective workforce training and drive a skills agenda on Capitol Hill.

The Jobs and Careers Coalition applauds the intent of the proposed rule standardizing a metric for employer satisfaction with WIOA programs. Many of the companies represented by the coalition use WIOA core services to hire and train employees. Many of these firms experience persistent worker shortages: in good times and in bad, they struggle to find technical employees with the skills they need to keep their businesses healthy and growing. And as business owners – often small and medium-sized enterprises – they are among the taxpayers with the biggest stake in an effective, responsive workforce system.

Among those employers who look to American Job Centers to help recruit and train workers, some come away satisfied. Yet others feel the system often misses the mark, ignoring the imperative to serve employers as effectively as it serves job seekers, meeting the needs of both kinds of customers and sustaining the local economy. An effective employer measure would help rectify this imbalance and ensure that companies in our industries have the workers they need to keep their businesses growing and competitive.

Our coalition appreciates the way the department approached selecting an indicator of employer satisfaction, including with a pilot study and an evidence-based evaluation. But in the end, we differ from the department in our judgment of which of the three options it considered would be most telling and reliable.

Specifically, unlike the Employment and Training Administration, which favors an employee-retention metric, we believe a repeat-business approach would provide the most accurate assessment of the workforce system's success or lack of success in meeting the needs of employers.

Employer penetration. Members of our coalition would like to see the workforce system serve more employers, both locally and nationwide. As is, in most regions, only a small share of companies looks to the local one-stop center to recruit or train new hires. Many of our member associations wonder why this is so. Is it due to a lack of interest and attention on the part of the local board, an anemic approach to business outreach, an overall lack of resources or something more endemic – perhaps the red tape and bureaucracy that's often part and parcel of dealing with the workforce system? Whatever the reasons, our members would like to see the system do a better job of serving business and industry.

Still, despite our concerns, we recognize that poor performance in this realm may be due to factors, such as a lack of resources or burdensome bureaucracy, outside a local board's control. And as a result, we agree with the department: employer penetration is unlikely to provide a telling indicator of how effectively a state or local board is serving the businesses in its catchment area.

Employee retention. Our members do not disagree with the department or its outside evaluators, who concluded that both employers and employees have a stake in the retention of workers hired through the workforce system. No matter how they are hired, workers often become more productive the longer they stay with a company, and employers generally benefit from reduced turnover and recruitment costs.

But the length of a worker's tenure at a company is not purely or even largely a function of the initial process that brings the employer and employee together. On the contrary, retention generally depends on a long list of contingent factors that emerge over time in the workplace. Do the new hire and the employer learn to communicate effectively? Does the worker get along with other employees and fit into a team? Do they adapt to company culture? Do they acquire new skills and move up over time? Most important, usually due to a combination of factors and circumstances, is the worker satisfied with his or her job?

The workforce system has little influence over any of these factors, and we find it hard to imagine that most American Job Centers wish to be held responsible for developments they cannot control. Nor do we believe that applying a metric of this kind will help the workforce system serve employers better – it tells us far too little about the actual interaction between the company and the local workforce board.

Two other factors even more remote from the hiring process that may also affect employee tenure: the business cycle and the industry in which the worker is employed. Even the most successful new hire may have trouble holding on to their job in adverse economic conditions, and the likelihood that a company will retain a new hire can vary widely from industry to industry.

Several of the trade associations in our coalition represent the construction industry, where work is often seasonal and transitory and workers may be employed by multiple contractors over the course of a year. A performance metric based on employee retention has no relevance in situations of this kind and would tell us nothing about the workforce system's effectiveness in serving either employers or employees.

Repeat business. In matters of staffing and training, as in other exchanges of goods and services, the best performance indicator is repeat business – a direct proxy, we believe, for customer satisfaction. Buyers happy with a purchase are likely to return to the seller in the future; unhappy buyers rarely come back for more.

We see no reason the workforce system should be any different from other kinds of suppliers in this regard. Employers who look to a local job center as a source of employees and come away satisfied with their new hires are likely to return in the future. This is as clear a sign as there can be that the workforce system is doing a good job, recruiting the right kinds of job seekers and preparing them effectively for employment.

Bottom line: in our view, repeat business is far and away the best metric for assessing employer satisfaction with government job placement and worker training.

The Opportunity America Jobs and Careers Coalition looks forward to working with lawmakers on both sides of the aisle to reauthorize the public workforce system. We hope to see the reauthorization debate resume in earnest in coming months and look forward to providing robust input to help Congress revamp the system, enhancing the way it serves both employers and job seekers.

We appreciate the Labor Department’s thoughtful effort to identify the best measure of the system’s effectiveness in meeting the needs of employers. What gets measured usually gets improved, and the right performance indicator could open the door to a broad array of badly needed reforms. Our coalition is eager to see the department choose the best yardstick, and we urge it to reconsider its proposed rule codifying employee retention as the single metric for evaluating WIOA core programs’ effectiveness in serving employers.

Yours sincerely,

Associated Builders and Contractors
Associated General Contractors of America
Association of Nutrition & Foodservice Professionals
Automotive Service Excellence Education Foundation
Gaylor Electric
Independent Electrical Contractors
Leading Builders of America
National Association of Home Builders
National Center for Construction Education and Research (NCCER)
National Institute for Automotive Service Excellence
National Roofing Contractors Association
Opportunity America
Universal Technical Institute