



National Association of Workforce Boards

Where Business Helps America Work

Workforce Investment Board Services to Businesses National Association of Workforce Boards Survey Results

In November 2010, the National Association of Workforce Boards (NAWB) sent a survey to Workforce Investment Board (WIB) directors asking them questions about their services to businesses in general and small businesses in particular. All WIB survey respondents indicated that they provided services to businesses, and all also indicated that they provided services to *small* businesses. In sum, 51 percent of all the businesses respondents served in program year (PY) 2009-2010 were small businesses.

Summary of Findings

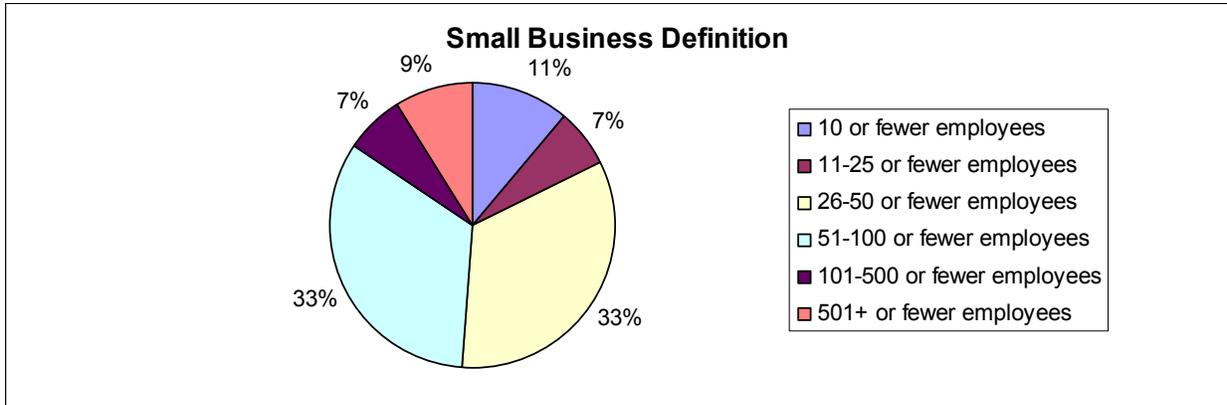
The survey gathered a great deal of information on WIBs' provision of business services, including information on the purpose of services, types of services, targeting, funding, staffing, fees, partnerships, and outcomes. Highlights included:

- WIBs undertook business services in order to increase company employment, support regional economic development, avert company layoffs, help companies expand their businesses, and increase businesses' competitiveness.
- The most commonly provided business services were labor market information, specialized job fairs, customized training, meeting space, and on-the-job training.
- The most common human resources services the WIBs provided were job posting, worker outreach and recruitment, job seeker pre-screening, and meeting space for interviews.
- Sixty-seven percent (67%) of WIBs provided on-the-job training services for businesses in PY 2009-2010, while 79 percent did in PY 2010-2011.
- The percentage of WIBs providing customized training declined from 67 percent in PY 2009-2010 to 55 percent in PY 2010-2011.
- A full 25 percent of WIBs provided no entrepreneurial training services, while 75 percent provided training and/or referred the entrepreneurs to other service providers.
- Only 8 percent of the WIBs targeted their business services based on company size, though 55 percent targeted their business services on non-size criteria.
- The vast majority of WIBs provide their business services for free.

Definition of Small Businesses

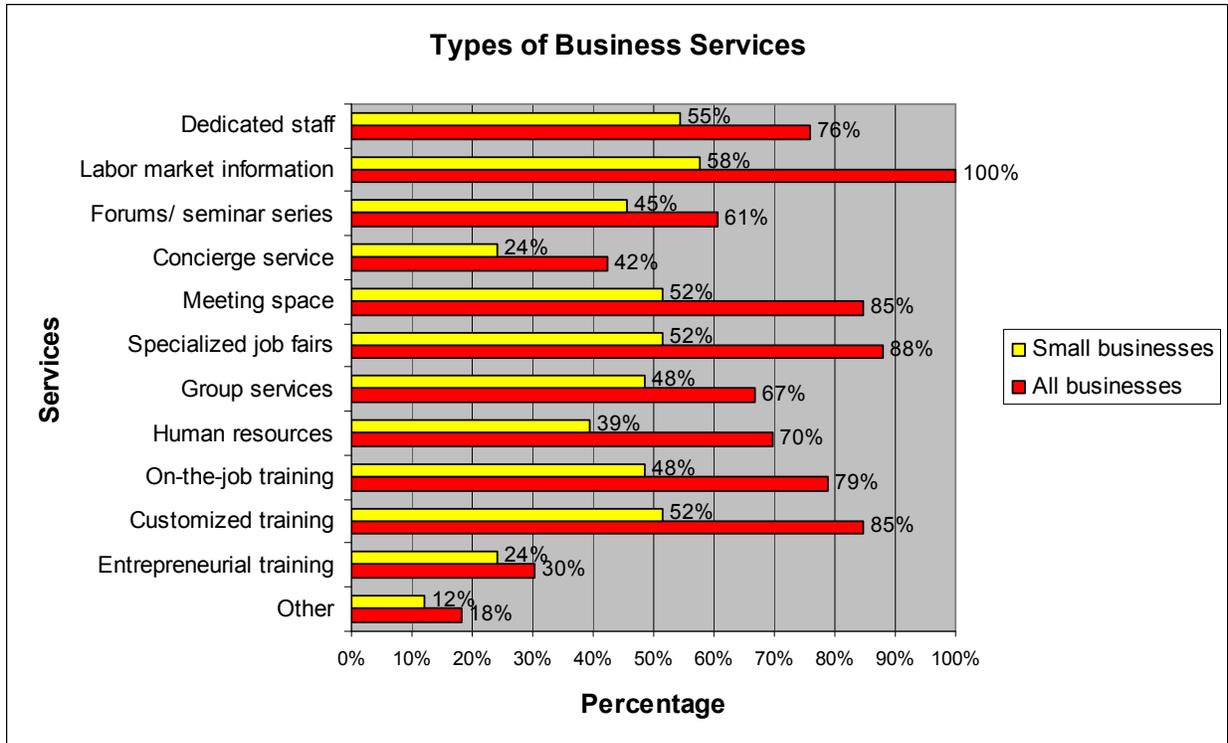
Organizations' definition of a small business has always varied, so the survey asked what definition the responding WIBs used. The most common definitions were 50 or fewer employees or 100 or fewer employees, but there were some WIBs using 10 or fewer employees or 25 or fewer employees, and some using 500 (or even more!) or fewer employees. While respondents were not asked why they used a particular definition, variations are likely tied to the

definition used by a funding agency or to the general size of businesses in a region. If most businesses in a region are very small, WIBs generally set the definition of a small business low, if business tended to be large, WIBs would likely use a larger definition.



WIB Delivery of Business Services

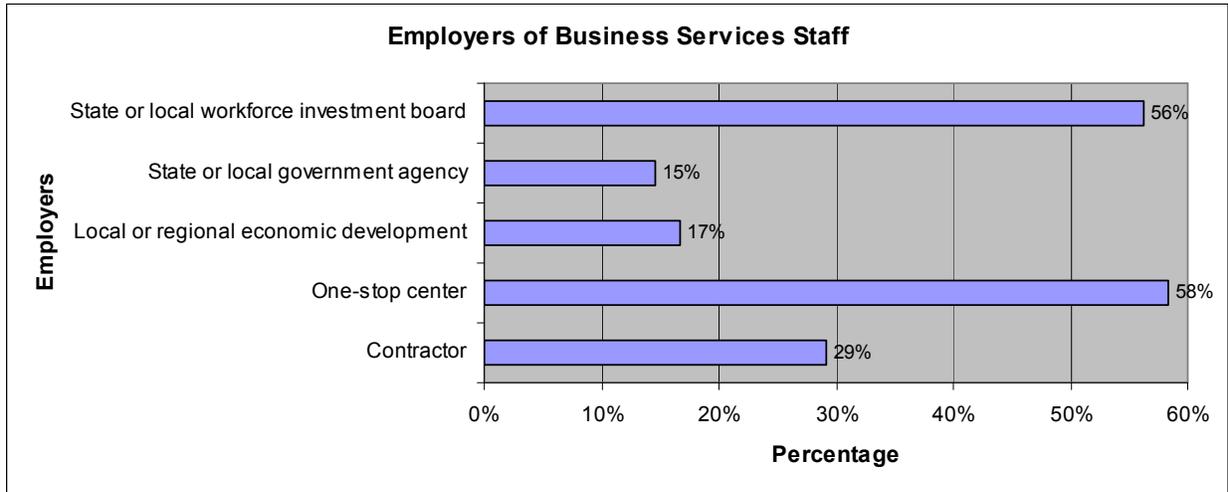
WIBs provide a large variety of services to businesses, though *small* businesses would likely be provided fewer options than would *all* businesses. The most commonly provided business services were labor market information, specialized job fairs, customized training (including assessments, basic skills, and essential work skills), meeting space (for events), on-the-job training for new hires, dedicated business services staff, human resources assistance, and pooling of similar companies to provide services to them as a group (group services). Least available services were entrepreneurial training and concierge service that connects/ refers businesses to the WIB and other service providers.



The vast majority of WIBs provide their business services for free. There were only two types of services where fewer than 70 percent of WIBs charged a fee: human resources assistance and customized workforce training. When the WIBs did charge a fee, it was almost always at a fixed price. In only two cases did more WIBs charge a sliding scale fee than a fixed price, which was for dedicated business services staff and on-the-job training for new hires.

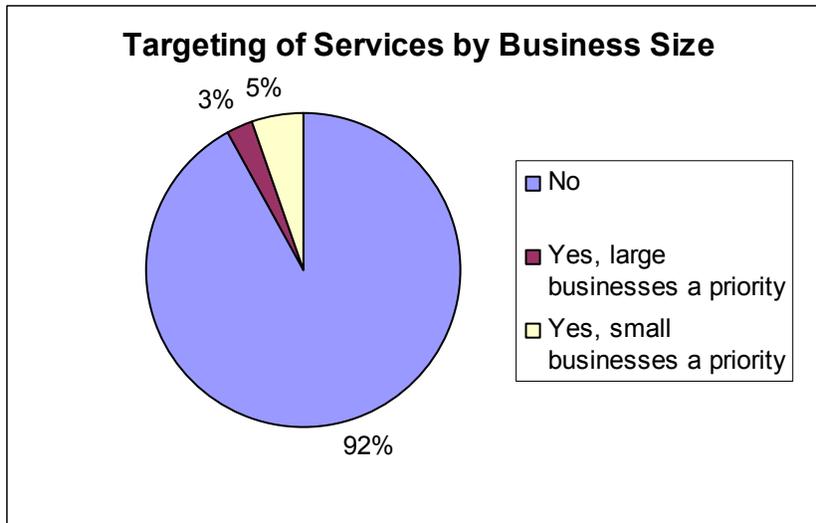
Cost of Business Services			
	Free	Fixed Price	Sliding Scale Fee
Dedicated business services staff	97%	0%	3%
Labor market information	100%	0%	0%
Forums/ seminar series	74%	22%	4%
Concierge service that connects/ refers small business to the WIB and other service providers	100%	0%	0%
Meeting space (for events)	83%	13%	3%
Specialized job fairs	75%	14%	11%
Pooling of similar companies to provide services to them as a group	83%	13%	4%
Human resources assistance	65%	17%	17%
On-the-job training for new hires	80%	8%	12%
Customized workforce training (including assessments, basic skills, and essential work skills)	54%	27%	19%
Entrepreneurial training	92%	8%	0%
Other	100%	0%	0%
Services where fewer than 70 percent charged a fee.			
Indication as to whether more WIBs used a fixed price or a sliding scale fee when services were not free.			

There was substantial variation among respondents regarding the entity that employed the WIBs' business services staff. Respondents most frequently indicated that business services staff were part of one-stop center staff (58%) or state or local WIB staff (56%), with some being part of contractor staff (29%), local or regional economic development staff (17%), or state or local government agency staff (15%).



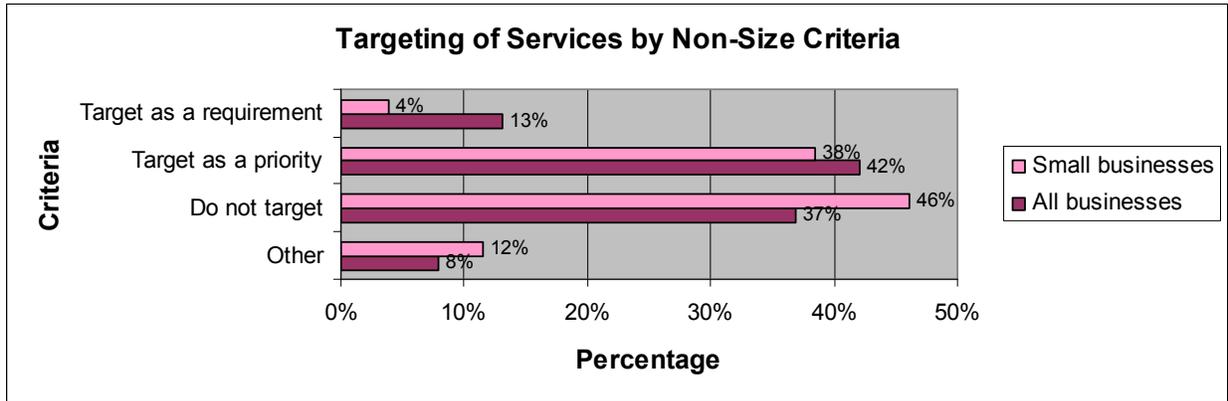
WIB Targeting of Business Services

Very few of the WIBs targeted their business services based on company size, though 5 percent made serving small businesses a priority and 3 percent made serving large companies a priority. Among the 92 percent that said they did not target services based on company size, one WIB indicated that it had a strong focus on helping small businesses succeed and keep their doors open, another indicated that the vast majority of the region's businesses were small, and a third

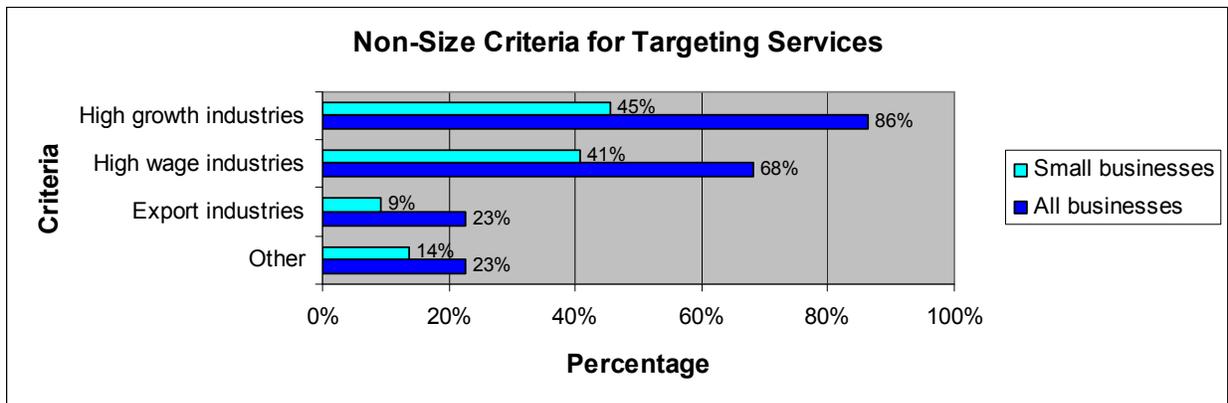


said that it oftentimes found that working with small businesses was easier and more effective than working with a company whose headquarters might not be in the WIB area – or even the WIB's state! On the other hand, a fourth WIB noted that it was more able to customize services to larger businesses, and had to customize services to small businesses through sector-based service strategies.

There were a great many more WIBs that targeted business services based on *non-size criteria*. Compared to the 8 percent that targeted services based on size, 42 percent of respondents set priority targets for all of the businesses they serve and another 13 percent set target *requirements* for all businesses. Non-size targeting was slightly less frequent for services to *small* businesses, with only 33 percent setting priority targets and 4 percent setting target *requirements*.



Among WIBs that target their business services based on non-size criteria, the most common criteria were high growth industries and high wage industries, with some WIBs also targeting export industries. For any given criteria, WIBs were more likely to target their services to *all* businesses than they were to *small* businesses. This suggests the WIBs used multiple targeting criteria for all businesses, and fewer for small businesses.

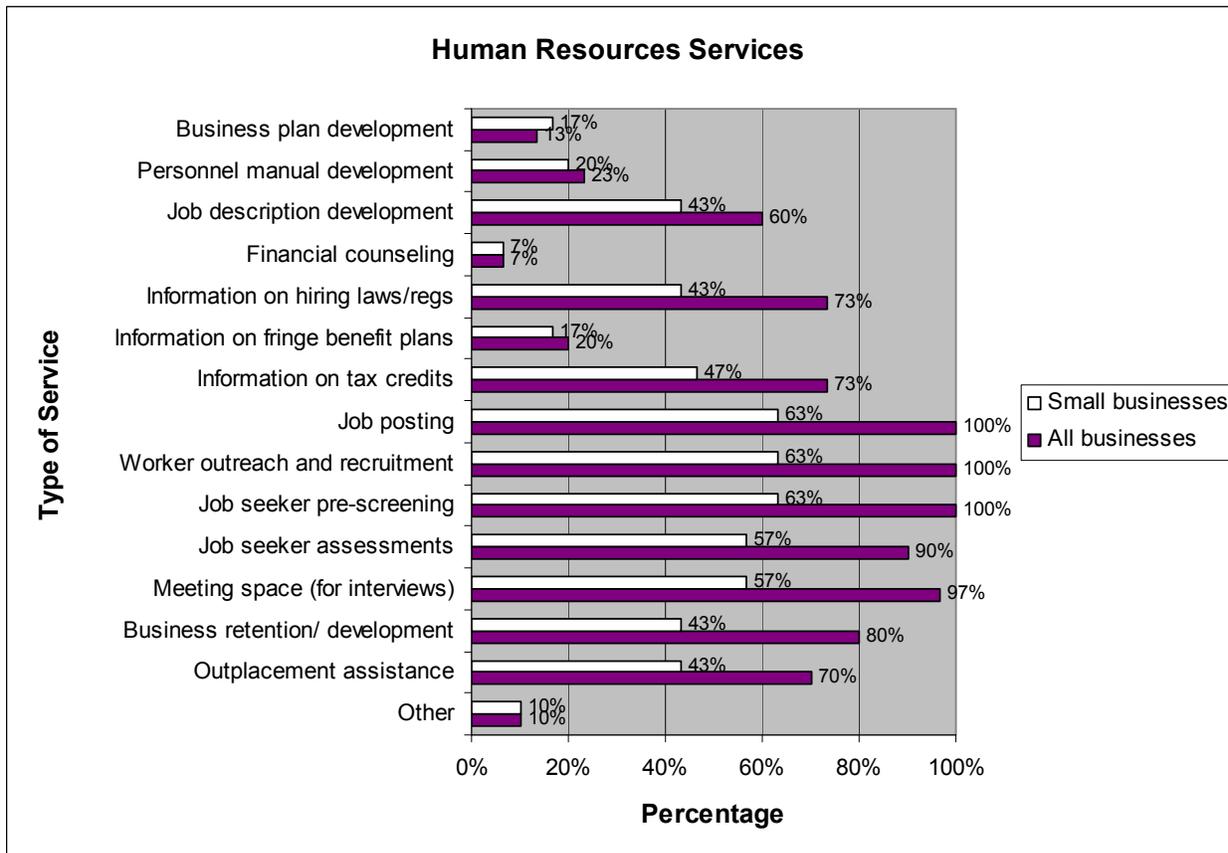


Other targeting criteria mentioned by respondents were:

- Industries identified by local economic developers as primary industries for the area;
- Employers that match the majority of talent within the community;
- Employers that offer entry level positions with benefits and the potential for career advancement, and
- Employers (businesses, governments, schools, non-profits, etc.) that are hiring.

WIB Human Resources Services to Businesses

WIBs provide a large variety of human resources services to businesses. Among those that provide human resources assistance, the most common services were job posting, worker outreach and recruitment, job seeker pre-screening, meeting space (for interviews), and job seeker assessments. In almost all cases, *small* businesses had less access to WIBs' human resources services than did *all* businesses (the exceptions being business plan development (17% for small businesses and 13% for all businesses) and financial counseling (7% for each)). Since small businesses are less likely to have the capacity to provide human resources services for themselves than are larger businesses, this might be an area where WIBs want to rethink their service delivery strategy.



Most WIBs provide most of their human resources services for free. There were only three types of services where fewer than 85 percent of WIBs charged a fee: personnel manual development, job description development, and job seeker assessments. When the WIBs did charge a fee, it was as likely to be a fixed price as a sliding scale fee.

Cost of Human Resources Services			
Services	Free	Fixed Price	Sliding Scale Fee
Business plan development	100%	0%	0%
Personnel manual development	56%	22%	22%
Job description development	84%	5%	11%
Financial counseling	100%	0%	0%
Information on laws and regulations related to hiring	100%	0%	0%
Information on fringe benefit plans	100%	0%	0%
Information on tax incentives (tax credits)	100%	0%	0%
Job posting	100%	0%	0%
Worker outreach and recruitment	96%	0%	4%
Job seeker pre-screening	93%	4%	4%
Job seeker assessments	77%	19%	4%
Meeting space (for interviews)	93%	4%	4%
Business retention/ development services	96%	5%	0%
Outplacement assistance	100%	0%	0%
Other	100%	0%	0%
Services where fewer than 85 percent charged a fee.			
Indication as to whether more WIBs used a fixed price or a sliding scale fee when services were not free.			

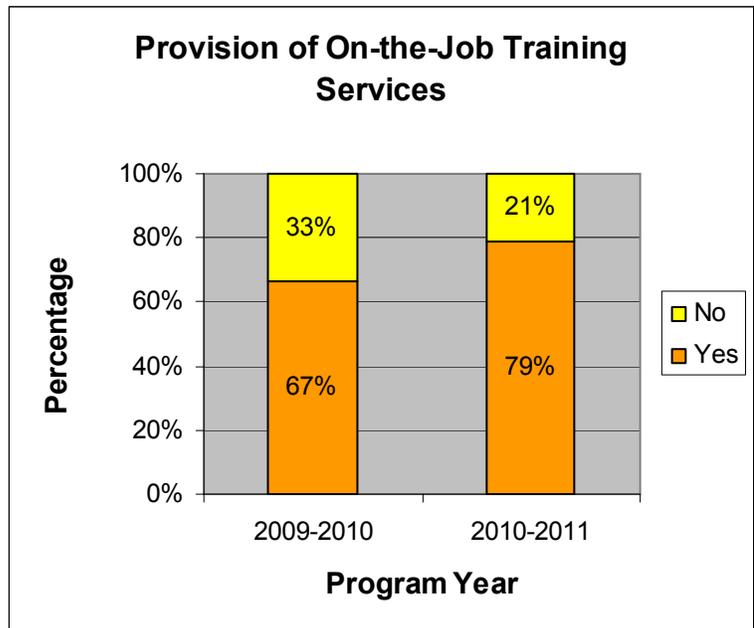
A key human resources service is helping businesses find employees, which is a compound service encompassing many of the individual human resources services discussed above. WIBs had different perspectives about the goal of this service, however. For 74 percent of WIBs, their primary objective was finding businesses the best fit employees for the businesses' job openings, but for 26 percent of WIBs, their primary objective was finding placements for the adults, dislocated workers, and youth they were serving.

WIB On-the-Job Training Services to Businesses

About two-thirds of WIBs provided on-the-job training (OJT) services for businesses in PY 2009-2010. This rose by 12 percentage points, to almost 80 percent, in PY 2010-2011.

Not all WIBs providing OJT considered it to be a business service. Some commented that OJT was good for businesses and good for the economy:

- OJT helped some companies decide to hire, due to the extra financial incentive; and
- We used OJT because it was the best tool for business.



Other WIBs saw OJT as a benefit to both businesses and those out of work:

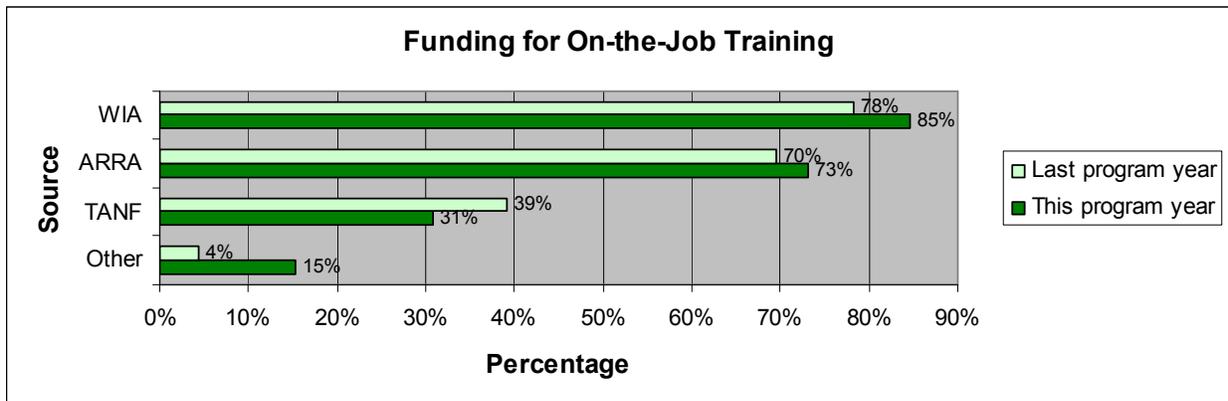
- OJT helps grow the economy and is a good tool for placement activities;
- OJT cuts training costs for employers while providing opportunities to Workforce Investment Act (WIA) participants;
- OJT is the most effective way of training and putting people into jobs; and
- OJT is very helpful to both small and large businesses, enabling them to take a chance on an employee with little risk. It also gives some hard-to-place clients an opportunity to prove themselves.

One WIB was clear that it did *not* see OJT as a business service:

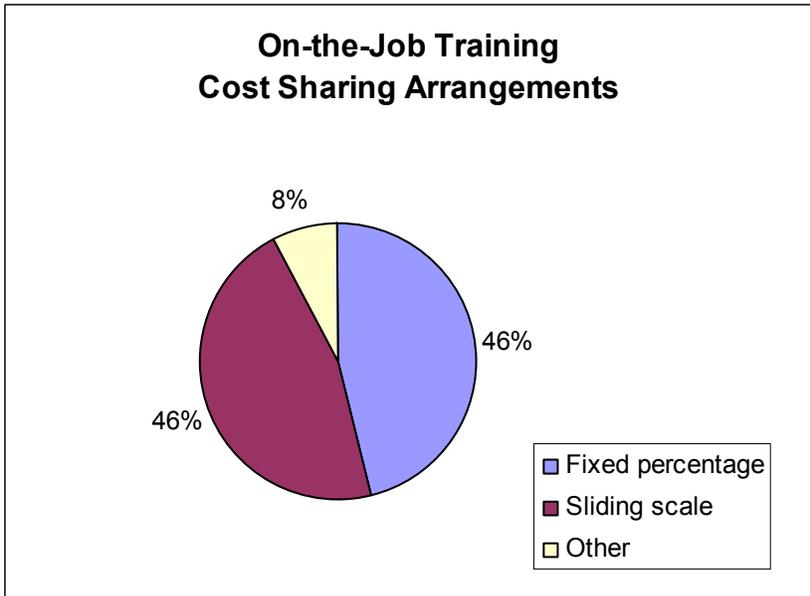
OJT is not an employer service. It is not cost effective. We can use resources for more valuable and effective employer services. OJT asks employers to hire less than the best person. It asks them to incur extraordinary costs due to excess training or excess lack of productivity, and is prone to abuse.

One of those that did not offer OJT indicated it was because he didn't have enough resources, another because he didn't have any interested businesses or participants.

Most WIBs providing OJT used WIA (78% in PY 2009-2010 and 85% in PY 2010-2011) and American Recovery and Reinvestment Act (ARRA) (78% in PY 2009-2010 and 73% in PY 2010-2011) funds to pay for the cost of the services. Temporary Assistance to Needy Families (TANF) was used by 39 percent of WIBs in PY 2009-2010 and 31 percent of WIBs in 2010-2011. Other sources of OJT funding were a Department of Labor national emergency grant, Trade Adjustment Assistance and Trade and Globalization Adjustment Assistance, and state and local resources.



WIBs were evenly split between using a fixed percentage or sliding scale rate to share the costs of OJT training with businesses, with 46 percent using fixed percentage and 46 using a sliding scale. Almost all of the WIBs operating OJTs with a fixed percentage required the companies to pay 50 percent of the cost of wages while individuals were undergoing training, while one WIB only required companies to pay 25 percent of an individual's wages and another required the companies to pay 75 percent.



Of those using a sliding scale, some required companies to pay as little as 10 percent and some as much as 90 percent. Some of the sliding scales used by the WIBs were based on the size of the company, while others were based on the length of training or the quality of the job.

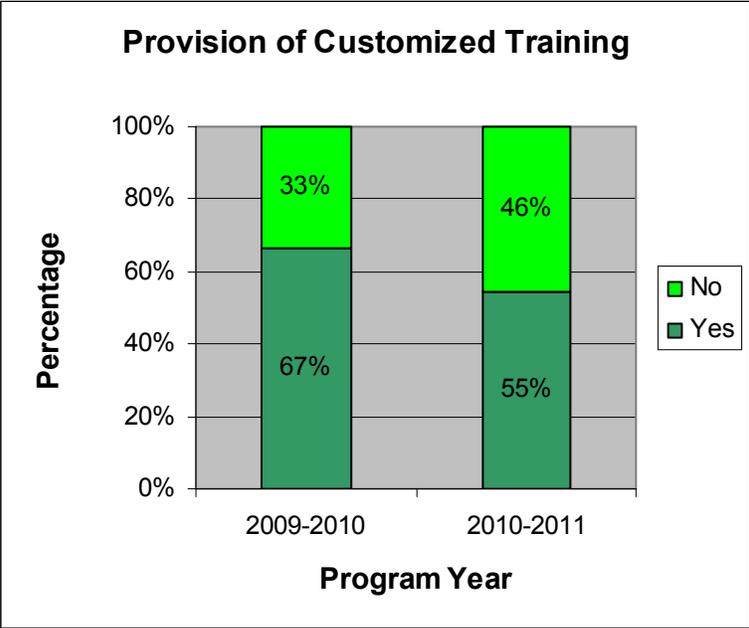
A couple of WIBs noted that they capped OJT expenses at \$4,000 or \$5,000 dollars. One commented that OJT was used only for jobs that paid at least \$10 per hour for a

minimum of 30 hours per week, included a benefit package with the employer contributing toward the premium, and were expected to be permanent and last at least one year.

WIB Customized Training Services to Businesses

While the percentage of WIBs providing OJT *increased* between PY 2009-2010 and PY 2010-2011, the percentage providing customized training *declined* (from 67% to 55%).

Respondents offering customized training mentioned providing grants to employers, sharing training among many employers, and offering the training through the registered apprenticeship program. A couple of WIBs that did not provide the training indicated that they referred companies to partner agencies.



Those seeing customized training as a business service indicated that they provided it because:

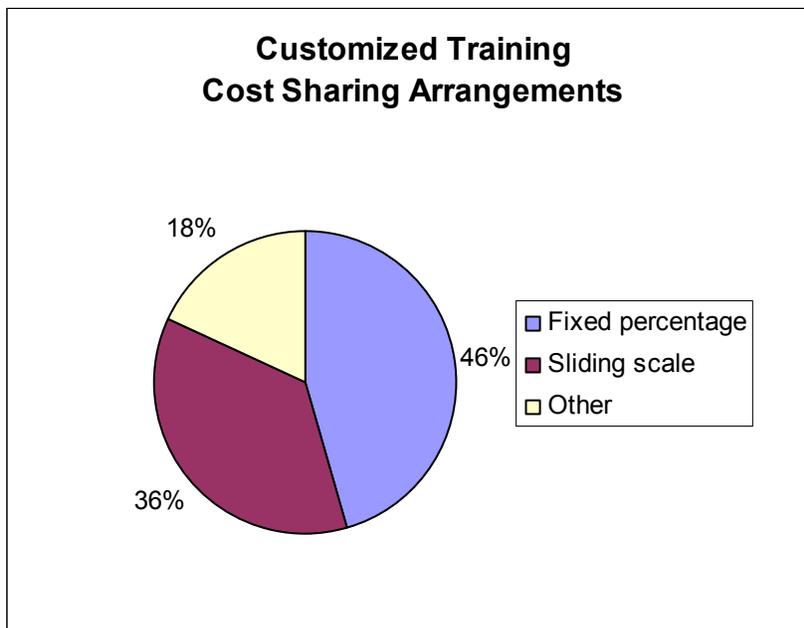
- It was an essential business service and part of the WIB’s job expansion and retention efforts;
- It was the best tool for the business;

- Companies were asking for help upgrading the skills of their employees in the face of hiring freezes; and
- “The need was there.”

A few WIBs saw customized training as a benefit to both employer and employee. A couple of these saw customized training as a layoff aversion service, while another said that it had been the WIB’s most successful job creation tool. One WIB focused solely on the employee half of the equation, noting that it provided the training to give employees additional skills needed for the job in order to increase wages or retain employment.

Reasons for not providing customized training included too few resources, too labor intensive, and not finding the right type of employer. Some focused on government policies:

- We are planning to, but have been held up with some state requirements and policy issues;
- New federal rules make it not user friendly for employers; and
- The current administration prohibited spending federal dollars on training for incumbent workers, and while the state did offer grants for customized training, the local boards were not a part of the process.



In sharing the costs of customized training with employers, more WIBs used a fixed percentage strategy (46%) than a sliding scale one (36%). Other cost sharing strategies were requiring the companies to pay employees’ salaries and benefits while in training, or supplying the training facility.

As was the case with OJT, most WIBs using a fixed percentage required the company to cover half the costs, though one only required the company to pay

10 percent. Sliding scales mentioned by respondents included requiring companies to pay up to 50 percent, 10 percent to 50 percent, and 50 percent to 90 percent. These sliding scales were based on the size of the companies, the amount of training, or the type of skills being taught.

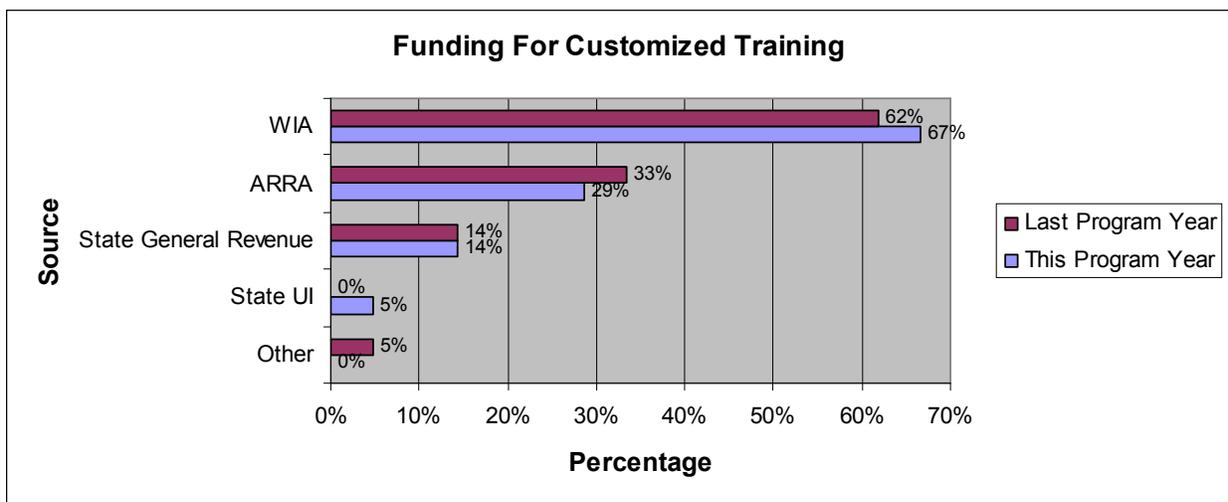
WIBs varied greatly in what they required companies to do to be eligible for customized training services. Some focused on policies and process, requiring programs to meet WIA requirements, go through a request for proposal (RFP) process and gain WIB approval, or fill out an application and meet WIB specified criteria. Some focused on the company, requiring a business license, workers’ compensation, liability insurance, no outstanding tax issues, or having been in the county for at least six months.

A number of WIBs focused on conditions in the company, including a demonstrated need for training, difficulty paying for the entire amount of training, or the need for training to avert company layoffs or closings. One WIB noted that it used to offer customized training if the training could lead to potential company growth, but under current regulations, the WIB could only focus on layoff and closing aversion.

Some focused on what the training was for, requiring it to be in a targeted industry, for skills that crossed over industries, or in a demand occupation. Some WIBs required the training to be for jobs with wages above a specified floor, and some required wage advancement or an intent to retain the workers. One said that no part-time or temporary employees could be trained, and another required companies to sponsor a registered apprenticeship program.

One WIB required the companies to become involved in training development and delivery by identifying skill need areas, helping design training strategies, agreeing to give release time for employees to attend, helping document employee data requirements, and participating in a post training evaluation. Another focused on outcomes, noting that companies had to meet certain performance standard outcomes specified under the program.

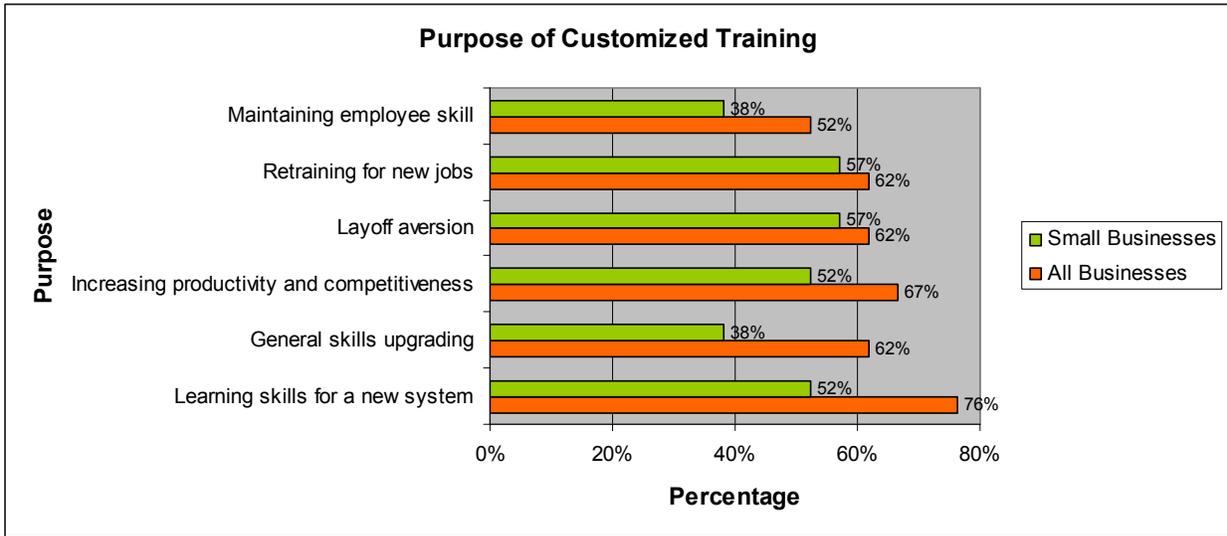
About two-thirds of the WIBs providing customized training paid for it with WIA funds (62% in PY 2009-2010 and 67% in PY 2010-2011), while about one-third used ARRA funds (33% in PY 2009-2010 and 29% in PY 2010-2011). State general revenue was used by 14 percent of the WIBs, and this program year 5 percent of the WIBs used state Unemployment Insurance (UI) funds. WIBs also mentioned using governor’s discretionary WIA funds to pay for customized training last program year.



WIBs that provided businesses with customized training did so for a variety of reasons, the most likely of which were:

- Learning skills associated with a new machine or computer system (76%);
- Increasing productivity and company competitiveness (67%);
- Retraining for new jobs added to the company (62%);
- Layoff aversion (62%); and

- General skills upgrading (62%).

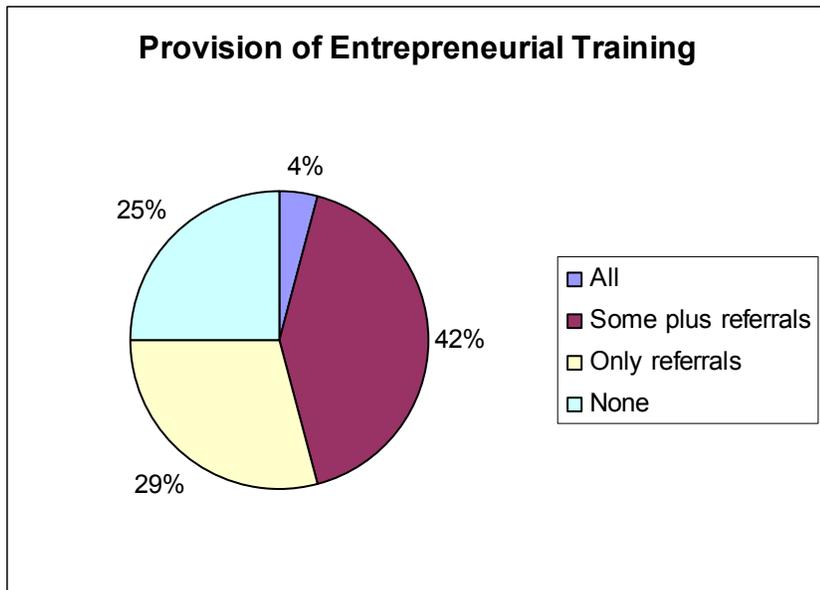


Reasons for providing customized training to *small* businesses were similar in type but quite different in magnitude:

- Retraining for new jobs added to the company (57%);
- Layoff aversion (57%);
- Increasing productivity and company competitiveness (52%); and
- Learning skills associated with a new machine or computer system (52%).

WIB Entrepreneurial Training to Businesses

Only 4 percent of the responding WIBs indicated that they provided entrepreneurs with *all* of the training the WIBs thought entrepreneurs would need to succeed in their new ventures. More frequently the WIBs provided entrepreneurs with *some* of the training they would need, and linked them with other organizations that could help them with their other needs (42%). Twenty-nine percent (29%) of respondents only provided entrepreneurs with referrals, and 25 percent provided no services around entrepreneurial training.

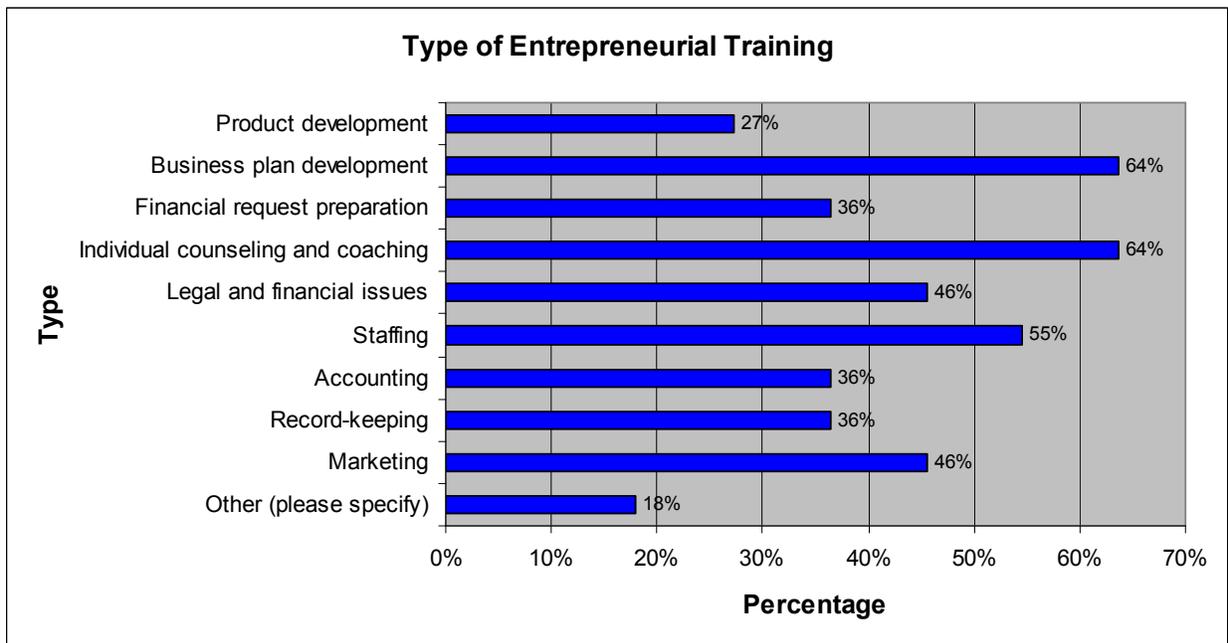


One respondent had the lead in providing entrepreneurial services in the region, operating a local Entrepreneurial Hub (E-Hub) program. Others worked closely with their local Small Business Development Centers, one providing entrepreneurial training *in partnership* with its center, the other having *an arrangement* with its center to provide training for qualified WIA customers interested in starting their own businesses. One respondent noted that it did not consider entrepreneurial training to be a business service.

Those providing entrepreneurial training provided it on a wide variety of subjects, including:

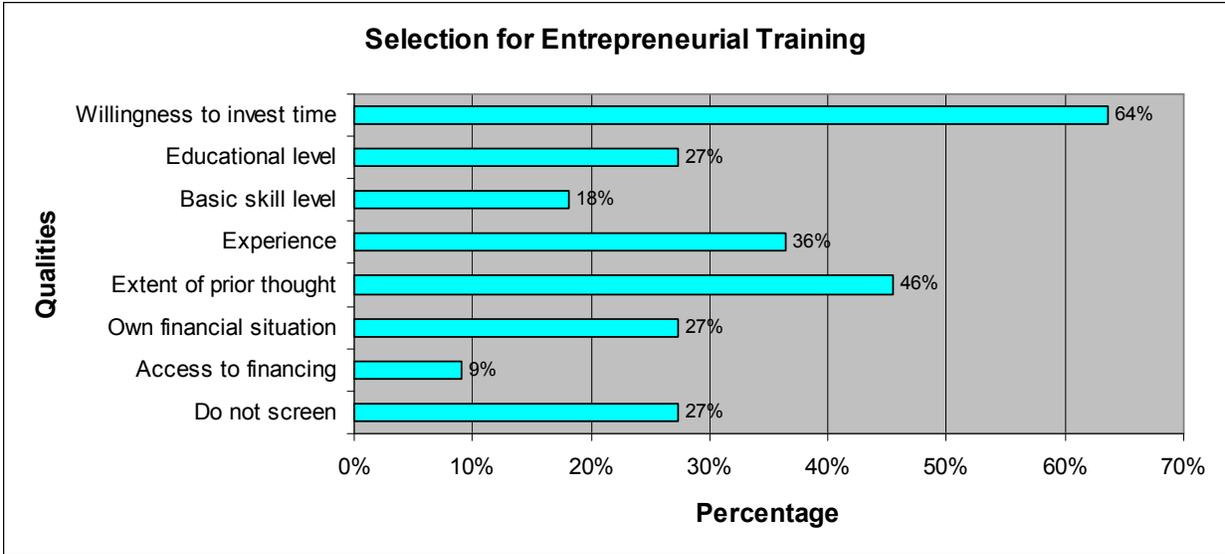
- Business plan development (64%);
- Individual counseling and coaching (64%);
- Staffing (55%);
- Legal and financial issues (46%); and
- Marketing (46%).

One respondent noted that the training provided was determined on an individual basis, and another indicated that the WIB supported associate’s degrees in business, accounting, or marketing.



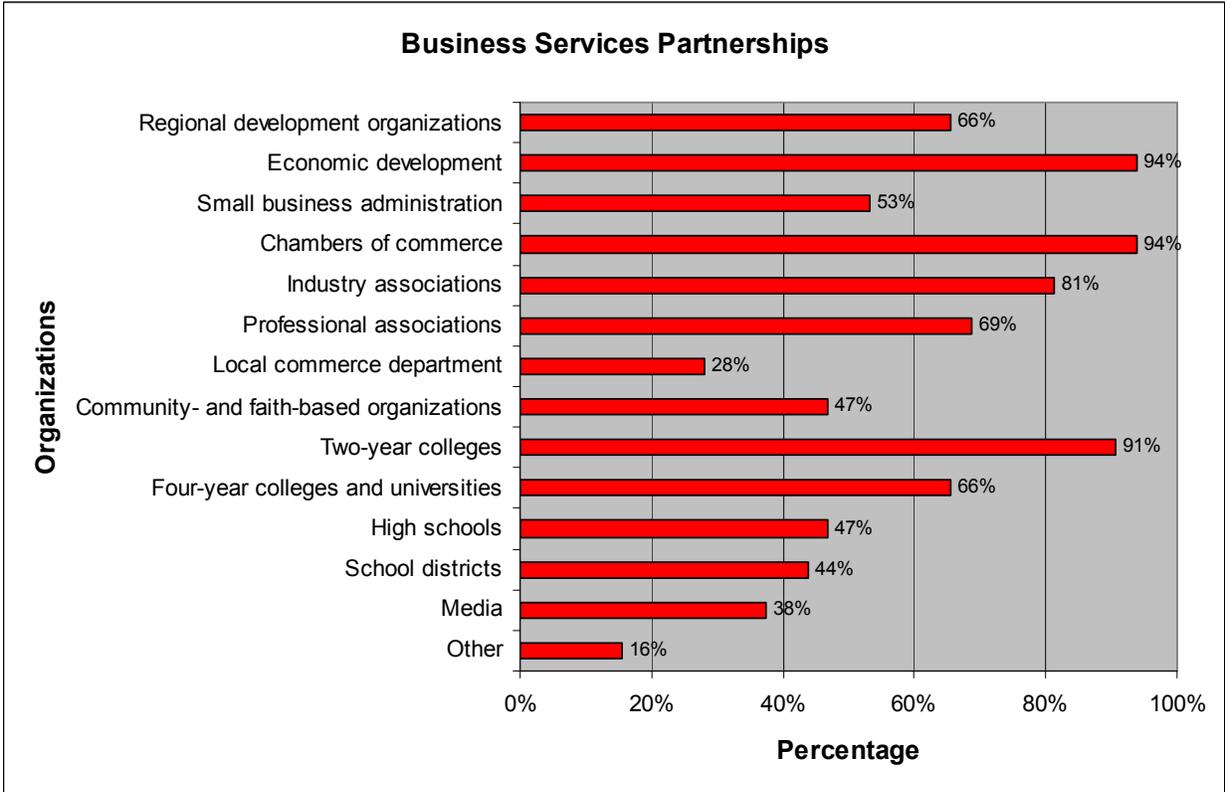
Only 27 percent of the WIBs providing entrepreneurial training did not screen candidates for the program. Others looked for the following attributes:

- Willingness to invest time in planning and development (64%);
- Extent of prior thought on a product and business plan (46%);
- Experience with small business, start ups, or volunteer work (36%);
- Educational level (27%); or
- Own financial situation (27%).



Business Services Partnerships

All of the WIBs indicated that they provided business services in partnership with other organizations.



The most common ones were:

- Economic development (94%);
- Chambers of commerce (94%);
- Two-year colleges (91%); and

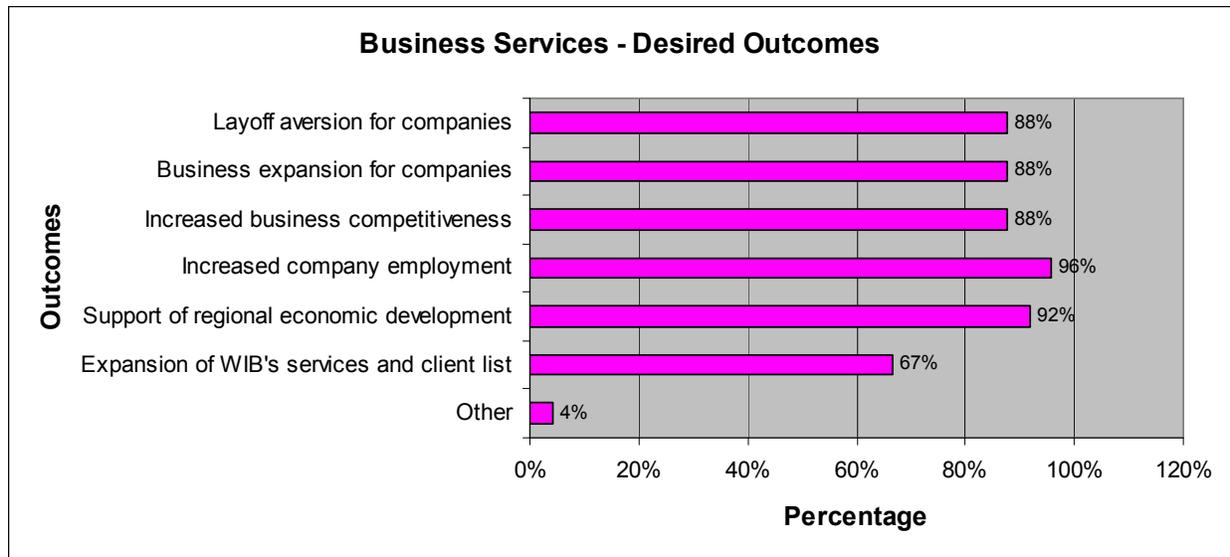
Industry Associations (81%). Other ones mentioned frequently were professional associations (69%), regional development organizations (66%), and four-year colleges and universities (66%). Others mentioned that were not listed in the survey were redevelopment authorities; career, technical, and vocational schools; apprenticeship programs; business incubators; consulting firms; and library systems.

Business Services Outcomes

The reasons for these services were relatively homogenous across WIBs – between 88 percent and 96 percent of WIBs provided the services to:

- Increase company employment;
- Support regional economic development;
- Avert company layoffs;
- Help companies expand their businesses; and
- Increase businesses' competitiveness.

Two-thirds of the WIBs also undertook business services in order to expand their own services and client lists (i.e. increase their own market penetration).



Developing tools for measuring outcomes for business services is difficult. Only 35 percent of respondents indicated that they were able to find or develop tools for measuring outcome achievement. Eighty-nine percent (89%) of these individuals used a return on investment calculation, while 44 percent indicated that they used other tools.

A number of the measures used by respondents were input measures, such as the number of employer customers, the number of value-added services provided to businesses, the number of

referrals of businesses to workforce system partners, the number of business to business referrals, the number of e-mail blasts sent out, or the number of business services stories turned in. One WIB reported that it served 2,000 business customers, another that it sent out 355 e-mail blasts and received 231 business services stories.

One WIB looked at the source of project funding, the type of partner involvement, and the percent of services initiated by business services staff compared to the percent initiated by companies. It reported that 58 percent of its business services funding came from its own local WIA allotment while 40 percent came from state rapid response funds; 85 percent of its projects were with workforce development partners and 49 percent were with economic development; and 38 percent of its projects were initiated by the business services network and 23 percent by employer customers.

Other measures focused on company impacts, such as increased company productivity or sales, and company savings resulting from the business services. Many measures covered benefits to both employers and employees, such as job openings filled; jobs saved (layoff aversion); individuals brought back from layoffs; and growth, expansion, and new jobs. One WIB indicated that it filled 5,000 job openings. Another WIB indicated that 40 percent of its business services projects focused on lay-off aversion, while 51 percent resulted in growth and expansion. This same WIB reported that its business services projects resulted in 3,412 jobs saved, 600 people brought back from lay-offs, and 4,670 new jobs.

One WIB took a broader view, measuring business attraction and its resultant impact on the regional economy, employers, and employees. Another measured such employee benefits as wage increases and career ladder advancement.

One WIB had the most detailed description about how it measured return on investment:

We used economic impact formulas to help us measure outcomes. This was based on the number of job openings that we directly helped businesses fill. We also measured jobs saved with layoff aversion services and then calculated the impact of these dollars remaining in the community. We used some layoff aversion funding to hire consultants to help improve processes and work flow. We calculated dollar savings for the outcomes from these projects. We are always looking for other ways to calculate the true impact we have on local businesses, especially small business.

Conclusion

Workforce Investment Boards are definitely serving American businesses, including small businesses. The services they are providing are benefiting our economy and putting individuals back to work. Cutbacks in funding for WIBs risk putting the breaks on a valuable piece of America's economic recovery.

Note: Survey was completed by 51 Workforce Investment Boards.