



U.S. CHAMBER OF COMMERCE FOUNDATION

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The Honorable Nikki Haley
The Governor of South Carolina
1205 Pendleton Street
Columbia, SC 29201

Dear Governor Haley:

As the leader of South Carolina, you understand the imperative for all students in your state to receive a high-quality education and training that will best prepare them for their futures. The U.S. Chamber of Commerce Foundation (USCCF) is committed to helping to ensure a bright future by strengthening American competitiveness, educating the public on the value of the free enterprise system, and engaging in initiatives that build skills, drive innovation, and encourage growth. Nothing could be more important than the continued future growth and stability of both our economy and society, driven by well-educated and well-prepared students. In recognition of this imperative, USCCF's Center for Education and Workforce has released two publications emphasizing current pitfalls as well as potential solutions that we would like to share with you.

Written together with the American Enterprise Institute, *Leaders & Laggards: A State-by-State Report Card on K-12 Educational Effectiveness* highlights the current state of U.S. education and measures all 50 states and the District of Columbia not only on student achievement, but also on key business metrics such as return on investment and international competitiveness. This report is the fourth in a series of education analyses by the Chamber, and is a reprisal of our 2007 report that spurred business leaders to further engage in needed education reforms in their respective states. It reflects USCCF's premise that American education should be accountable, effective, rigorous—and most importantly—focused on providing every child with a high-quality education.

However, economists and educators alike understand that our success as a country increasingly depends on a skilled workforce. Our current education system is failing to keep pace with our economy and employers throughout the U.S. are struggling to find skilled workers who can contribute to their economic growth and competitiveness. Continuing down this path threatens the security of the U.S. economy and the futures of millions of Americans. Finding employer-led solutions to this “skills gap” crisis was the basis for our most recent publication, *Managing the Talent Pipeline: A New Approach to Closing the Skills Gap*. Drawing upon lessons learned from supply chain management, USCCF calls on employers to play an expanded leadership role as end-customers of education and workforce partnerships that improve employment outcomes for workers and employers alike. In addition to the white paper, we are including guidance for how the newly reauthorized Workforce Innovation and Opportunity Act (WIOA) can be leveraged by your state to support demand-driven workforce solutions.

Our aim in sharing these reports is to encourage states to examine their education and workforce systems and implement policies and actions that will result in better outcomes for students, employers, and ultimately the economy. We are confident *Leaders & Laggards* and *Managing the Talent Pipeline* will serve as valuable resources to you in your own efforts to improve the education and workforce systems for all students in South Carolina.

For more information, or if you have an interest in joining our movement towards demand-driven solutions for today’s workforce, please contact Cheryl Oldham, vice president of education and workforce, at 202-463-5494. We also invite you to visit the interactive websites that accompany our work at www.leadersandlaggards.org and www.TheTalentSupplyChain.org. We look forward to working with you to secure the nation’s economic future by answering the call for education reform.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack McKeen". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Enclosures: *Leaders & Laggards*, *Managing the Talent Pipeline*, “Using WIOA to Implement Talent Supply Chain Solutions in States and Regions”



Using WIOA to Implement Talent Supply Chain Solutions in States and Regions

Today, the stability of the American economy is facing a serious threat. The skills gap is impacting the ability of our companies to compete and grow, while shortcomings in our education and workforce development systems continue to widen the gap. Thus, an increasing number of students are struggling to manage their transition to employment and businesses are simultaneously desperate for new workers that can help them grow and succeed in the global economy.

The business community must be more involved. To that end, the U.S. Chamber of Commerce Foundation (USCCF) launched a new initiative to explore a vision for demand-driven education and workforce systems—one that yields more effective employment transitions for students and a better prepared workforce for all employers.

On November 19th, the U.S. Chamber of Commerce Foundation (USCCF) launched its Talent Pipeline Management initiative, calling for employers to play an expanded leadership role as end-customers of talent supply chain partnerships. This approach—a bold departure from prior practice—promotes employer-led action, proactively organizing and managing a preferred provider network of education and workforce partners that are measured and rewarded based on their ability to deliver a skilled workforce. At the conference USCCF issued a call to action and urged policymakers to accelerate talent supply chain solutions in partnership with employers by leveraging existing federal and state programs.

The recently reauthorized Workforce Innovation and Opportunity Act (WIOA) provides governors and business leaders with the resources needed to launch talent supply chain strategies at the state and regional level. While not the only tool available to governors, WIOA provides a unique opportunity through goal setting and expanded flexibility to plan and implement a talent supply chain vision and approach. Below, we provide some suggestions on how governors, private sector workforce board chairs, and other business leaders can begin using WIOA today.

These suggestions are meant to promote an ongoing dialogue with partners on how best to leverage WIOA implementation over the coming months. To start the dialogue, we suggest four important ways to leverage WIOA in Talent Pipeline Management planning and implementation:

1. Incorporate Talent Pipeline Management Goals and Strategies into State Plans
2. Reboot and Expand Industry or Sector Partnerships
3. Promote More Responsive and Flexible Provider Networks
4. Strengthen Employer-Centered Measures and Incentives

Incorporate TPM Goals and Strategies into State Plans

With the recent reauthorization of WIOA, states are required to draft and submit a new state plan for their workforce system. Governors and business leaders can use this opportunity to incorporate a Talent Pipeline Management vision and supporting goals into their state plan. Options include aligning multiple federal and state funding streams that are required by law, and can be extended to be inclusive of programs and funding streams beyond those required by WIOA.

WIOA strongly encourages public and private leaders to align education and workforce development with economic development goals to promote economic growth and global competitiveness. Many states already have goals in their existing state plans to address the needs of critical industry sectors, but they vary widely in how they define and operationalize these goals. Talent Pipeline Management provides a more focused employer-driven approach, with stronger linkages to state and regional economic development objectives as well as leadership from state commerce and economic development agencies.

Alignment begins with focusing on critical employer capabilities and jobs in key sectors that drive competitive advantage and provide the best opportunity for creating shared value for employers, workers, and communities. Governors and business leaders can use the WIOA planning process to focus attention on the most critical functions and jobs in these sectors as defined by employers themselves in cooperation with state and regional economic development organizations.

Reboot and Expand Industry or Sector Partnerships

WIOA strongly promotes the use of industry or sector partnerships, including priority STEM areas such as manufacturing, energy, healthcare, and information technology; allowing governors and business leaders a wide latitude in how these partnerships are organized and managed.

WIOA planning provides governors and business leaders with a unique opportunity to reboot existing sector partnerships and create new ones based on talent supply chain management principles and strategies. New partnerships could leverage an employer-driven approach to sector partnerships in which employers play an expanded role in demand planning, selecting and managing a preferred network of education and workforce partners, and driving continuous improvement.

TPM also encourages employers to establish new state and regional employer “collaboratives”—organizations that represent and are accountable to the business community—in cooperation with economic development organizations to better manage employer engagement with preferred provider networks.

Promote More Responsive and Flexible Provider Networks

Flexibility provided under WIOA now empowers employers with more options in establishing responsive and flexible preferred provider networks. In particular, employers and employer collaboratives can now designate and develop career pathway systems in partnerships with their chosen provider networks to accelerate training and responsiveness to constantly changing business needs.

By promoting “career pathways,” WIOA supports industry or sector partnerships with preparing students and workers for accessing critical jobs within these sectors. The legislation enables states to emphasize more employer-centered and work-based training options such as customized and incumbent worker training, on-the-job training and work experience, and apprenticeship-style programs that combine work-based and classroom training. WIOA now serves as an important tool for employers to prioritize accelerated work-based training solutions based on balancing time, quality, and cost in partnership with preferred provider networks.

Once the criteria for eligible training providers have been determined, governors and business leaders will have the ability to recognize and reward the training providers that employers have chosen to be preferred partners based on their ability to deliver results.

Strengthen Employer-Centered Measures and Incentives

Governors and business leaders will now be able use WIOA to align employer-centered measures and incentives to promote demand-driven sector partnerships that deliver value and results.

Through the legislation, governors can establish common performance measures across four federal funding streams and all eligible training providers. These performance measures include employment and retention rates as well as credential attainment. Similar to the state plan, WIOA encourages states and regions to align performance measures across additional federal and state programs. This information can also be used to new support consumer information systems designed to share performance data about providers to students, workers, and employers.

Finally, governors and business leaders are provided with the option to align funding and performance incentives to new employer measures. WIOA requires the development of employer measures that address the effectiveness of the federal funding streams and WIOA training providers in meeting the needs of employers. Moving beyond process measures, WIOA provides a real opportunity for states to work with the business community to explore the next-generation of value-added metrics, such as “time-to-full productivity.”

What is needed now is bold leadership and transformational change. WIOA provides governors with an immediate opportunity to proactively partner with the business community to build a demand-driven education and workforce system. Over the next year, USCCF will organize a network of leading practitioners and change agents that seek to accelerate talent supply chain practices in their communities all across America. We hope that you consider joining the movement.

To learn more about Talent Pipeline Management, please visit www.TheTalentSupplyChain.org. If you have any questions or would like to discuss the initiative further, please feel free to reach out to Jason A. Tyszko, senior director of policy & programs at the Center for Education and Workforce, at jtyszko@uschamber.com or 202-463-5566.