



DEVELOPING A STATEWIDE WORK READINESS CREDENTIAL IN COLORADO: A PRELIMINARY ASSESSMENT

**A Report to the
COLORADO WORKFORCE DEVELOPMENT COUNCIL**

Prepared by

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I. EXECUTIVE SUMMARY

Colorado's Workforce Development Council (CWDC) is responsible for creating "connections between job seekers and emerging business demands to support and maintain a competitive workforce." As are many of its counterparts in other states, the CWDC faces mounting challenges in fulfilling this mission, owing in part to:

- The increasing demand for skilled workers
- The devaluation of a high school diploma to signify work readiness
- Trends toward a less-educated U.S. workforce
- Global competition that presents enormous challenges to job sustainability in the U.S.

Private and public sector solutions, in the form of work readiness credentials, are burgeoning across the U.S. and Canada. Two dominant work readiness credentials programs, WorkKeys and Equipped for the Future, are gaining popularity in other states seeking to establish uniform, statewide credentials systems. Do these programs represent a meaningful solution for matching qualified basic-skills workers with appropriate entry-level jobs? And are they valued by employers? Finally, would statewide sponsorship of such a credential add value and offer a good fit for Colorado, given this state's specific demographic and economic makeup, trends and education system?

This report describes these two work readiness credentials programs, providing a side-by-side comparison. The exploration of Equipped for the Future is limited by the fact that it is still a system in development, and is expected to be available for implementation in the early part of 2006. On the other hand, there is an abundance of data about the implementation of WorkKeys in a large portion of the U.S. This report explores how various states in the U.S. have implemented WorkKeys, either as one tool among many in their workforce development arsenal (a *facilitative* approach), or as the key component in their statewide strategy (a *directive* approach). It then explores some of the benefits and risks associated with these approaches.

Among the findings presented herein are the following, all of which are explained in detail in this report:

1. The *Gap Workforce*: There is a significant gap in determining the work readiness of job seekers with a high school diploma or less.
2. WIBS are using a variety of tools to assess and place the *Gap Workforce* in suitable jobs.
3. WIB use of, and satisfaction with, WorkKeys and EFF are varied.
4. There is ample evidence, both objective and anecdotal, to suggest that WorkKeys can be a very helpful tool to employers, workers and workforce development agencies.

5. There is general consensus that the use of work readiness credentials, specifically of WorkKeys and EFF, is not driven by employers.
6. Many employers have developed measures for assessing the work readiness of the *Gap Workforce*.
7. WIBS see a clear role for the State in improving their capacity to assess the *Gap Workforce*.
8. In order for any work readiness credential to succeed in Colorado, a number of critical success factors should be present.
9. It appears that Colorado would have little to gain by formally joining the EFF consortium at this time.
10. It is premature for Colorado to adopt a *directive* approach to the implementation of WorkKeys as its *official* statewide credential at this time.

Two clear options are proposed for consideration by the Colorado Workforce Development Council, either of which could be justified, depending on the Council's primary goals and immediate resource priorities:

OPTION 1: Adopt a *facilitative* approach to credentialing at the State level. Provide resources, tools, and leadership to build the capacity of the Colorado Workforce Development System to answer two key questions employers want to know, focused on the *Gap Workforce*:

- ✓ Does the applicant have the skills and competencies required for the job?
- ✓ Can the applicant learn what he/she needs?

or

OPTION 2: Adopt a *directive* approach to credentialing at the State level. Resolve to establish an official statewide work readiness credential, using the CRC based on WorkKeys.

WorkKeys and EFF both offer potential for success in Colorado, particularly at the local level, and particularly if the State adopts a *facilitative* approach to their implementation. Between these two programs, we suggest that WorkKeys is the more viable in the near term. Nevertheless, there is a disturbing lack of evidence that either program represents a "silver bullet" in the eyes of employers and human resource professionals – in other words, that either has sufficient currency with employers to cause them to seek these programs out without the intervention of development and social service agencies. Therefore, serious questions remain about the value that would be added for the State of Colorado to endorse a specific, official statewide credential *at this time*. We suggest the state can add significant value in the near term through the following steps:

- Strengthen the local capacity of the Colorado Workforce Development System to select and access instruments that increase services to employers;
- Implement a continuous learning mechanism that generates useful data about the benefits and disadvantages of specific instruments;

- Conduct an analysis of Colorado employers' and workers' experience with specific assessment and credentialing tools to identify gaps in our ability to match workers and jobs; and
- Closely monitor the progress of WorkKeys and Equipped for the Future over the coming months and, using criteria suggested in this report, evaluate these programs for their potential to fill workforce development gaps that may exist in Colorado.

Our report follows.

II. BACKGROUND, PURPOSE AND METHODOLOGY

Background

Colorado's Workforce Development Council (CWDC) is "charged with developing a game plan for continuously improving the statewide workforce system. The Council supports local Workforce Boards (WIBs) with efforts to create connections between job seekers and emerging business demands to support and maintain a competitive workforce." The Council also conducts appropriate research and provides strategic advice to Colorado's political and policy leaders in the advancement of the state's workforce competitiveness.

CWDC engaged R&M Resource Development to conduct a preliminary study of existing work readiness credentials at use in other states, and to assess their suitability for implementation in Colorado. R&M is a full-service consulting firm specializing in organizational development, strategy, leadership development, fund-raising and mediation for economic development and other nonprofit agencies working to enhance job growth and quality of life across the United States and Canada. Mary Gershwin, Ph.D. of Corporation for a Skilled Workforce, joined as a collaborator on the project. Corporation for a Skilled Workforce (CSW) is a national, non-profit policy organization whose mission is to help communities thrive in a knowledge and skill-based economy.

Purpose

Our charge was to analyze statewide work readiness credentials programs in light of Colorado's specific needs, and develop options and recommendations for next steps. This report provides a preliminary review of practices in the development of work readiness credentials across the nation, along with an evaluation of whether and how such credentialing programs offer a good fit for Colorado. It also provides recommendations to the Colorado Workforce Development Council as that body deliberates whether to establish a Colorado Career Readiness Credential.

The report seeks to answer these questions:

- 1. Should Colorado adopt an official, State-endorsed Work Readiness Credentialing (WRC)?**
 - i. Would it help the local Workforce Investment Boards (WIBs) improve their service offerings and effectiveness?
 - ii. Is a single credentialing system sufficient (does it have sufficient currency with employers and workers)?
 - iii. What would it cost the State Council to implement?

2. **If a credentialing program is warranted/desirable, what should it look like?**

Methodology

A variety of methods were used for gathering and processing information in the preparation of this analysis. Primary research methods included one-on-one interviews and facilitated group discussion. Secondary research consisted of reviewing published and online materials relevant to our topic.

We focused our research on the following:

- Online and/or published information about credentialing programs used in other states and Canada
- Proprietary information shared by colleagues or consultants on the condition it not be reproduced or published
- Interviews with credentials program participants from other states
- Review of relevant research/published data available through other workforce development agencies, non-profits and government sources
- Formal and informal discussions with workforce development and economic development professionals and private businesses, both in and out of Colorado
- Interviews with vendors

We also enlisted the assistance of Gary Yakimov, from the Corporation for a Skilled Workforce. Gary was helpful in acquiring much of the information we used to compare and contrast credentials programs and to understand how other states are using them. Some descriptions of other states' programs, excerpted from Gary's contribution, are included in the next section of this report.

We also appreciate the assistance provided by Victoria Choitz, Senior Policy Analyst of FutureWorks. Vicky shared insight from a similar review conducted in Massachusetts.

Additionally, we reviewed an array of workforce development studies and articles that offered information pertinent to this assignment.

III. RESEARCH AND CONTEXT

Workforce Readiness Defined and Measured

Fifteen years ago, employers, educators, and the emerging workforce development field were all asking a common question: “Given new technology and global markets, what skills and competencies are the most important for entry level workers?” Today, we have made significant progress toward achieving a common answer to this question (see the figure below). From the SCANS report in 1992 to research by ETS, ACT, The American Society for Training and Development, and the National Association of Manufacturers, the findings are in general agreement.

SKILLS AND ABILITIES IN THE KNOWLEDGE ECONOMY	
Basic Skills:	reading, writing and mathematics
Foundation Skills:	Knowing how to learn
Communication Skills:	Listening and oral communication
Adaptability:	Creative thinking and problem solving
Group Effectiveness:	Interpersonal skills, negotiation and teamwork
Influence:	Organizational effectiveness and leadership
Personal Management:	Self-esteem and motivation/goal setting
Attitude:	Positive cognitive style
Applied Skills:	Occupational and professional competencies

However, this agreement on “what matters” has not translated into a standardized approach for “how do you measure it?” In fact, current trends cluster into four distinct -- and not necessarily exclusive -- approaches to evaluating workforce readiness:

- The “Licensed”
- The “Industry-Certified”
- The “Proxies”
- The “Assessed”

Licenses are typically issued in specific industries or occupations where a high level of technical competency is required and tested for. Licenses have varying degrees of portability; depending on the profession, licensed professionals may have to retest if they wish to practice in a different state from that which issued the license. Examples of licensed

professionals include health care professionals, electricians, plumbers, accountants, attorneys and engineers.

Industry-Certified credentials are typically promoted in professions or industries seeking to advance professional competency, skill standards and respectability. They are usually voluntary. Examples may include financial planners, massage therapists and automotive service technicians.

Proxies are usually in the form of diplomas issued by educational institutions to certify completion of a specific level of academic instruction. They are commonly issued by primary and secondary schools, colleges, universities and technical institutes. Their value or “currency” with employers is often tied to the reputation of the system or the institution that issues them.

Readiness Credentials are a fairly recent invention to address an apparent gap in proving work readiness for occupations not covered by one of the other methods described above. They may be privately or publicly offered and are the result of a process involving [1] skills identification and validation, [2] development and validation of an assessment instrument or process, and [3] the issuance of a credential.¹ Two such programs will be described in detail later in this report.

In order to evaluate these various approaches, it is important to understand two terms that have become common in the discussion of work readiness: “portability” and “currency.”

“**Portability**” refers to the transferability of the credential across geographic boundaries or across industry lines, and to how recognizable the credential is in various regions, states or industries.

“**Currency**” refers to the value placed on the credential by employers or workers. A credential that is both recognized and valued by employers is one that reliably warrants the credential holder’s skill and competency levels, and that has relevance to that employer’s hiring needs. Likewise, currency with employees signifies the credential is one workers would voluntarily seek to obtain because of its usefulness in procuring a desirable job.

The grid on the next page offers a very general side-by-side comparison of these four distinct approaches.

¹ G. Yakimov, CSW.

	License	Industry Certification	Educational Credential Proxies	Readiness Credentials	
Examples	RN Teaching Certificate	Automotive Service Technician	2-year degree 4-year degree Graduate degree	WorkKeys Worker Readiness	EFF Worker Readiness
Who issues	Regulatory agency or professional association	Industry (such as National Society for Auto Service Excellence)	Educational Institutions	Non-profit corporation (ACT)	Non-profit corporation
Currency with employers?	Very high Mandatory for employment	Very high currency Voluntary (established as alternative to government mandated licensing)	Good currency- Evolved as a proxy for employers use in hiring/promotion	Mixed	Unknown
Measures what employers want to know about entry level workers?	N/A	Yes. Established to set standards, improve quality of training, protect consumers, ensure skills to employers	Somewhat. Data on wages and education level suggests that employers get information regarding employment and skills	Assesses three skill areas	Yes- very broad set of skills assessed
Applicable across industries	No	No	Yes	Yes	Yes
Provides information on what level of education	N/A	N/A	Some college and up	Focused on gap	Focused on entry-level skills

Each of these approaches brings *some value* to answering two key questions employers want to know:

1. Does the applicant have the skills and competencies required for the job?
2. Can the applicant learn what he/she needs?

Licenses and industry based certifications are clearly fulfilling a critical role in answering these questions for industry and occupational specific contexts. What is less well established is the currency of credentials that are applicable across industries. This is the need a work readiness credential seeks to fill. As presented in detail in the section below, review of labor market statistics and employer survey results point to a common and compelling trend: that employment market is moving away from the high school diploma as a valued indication of work readiness, and a new “threshold” of worker certification has emerged.

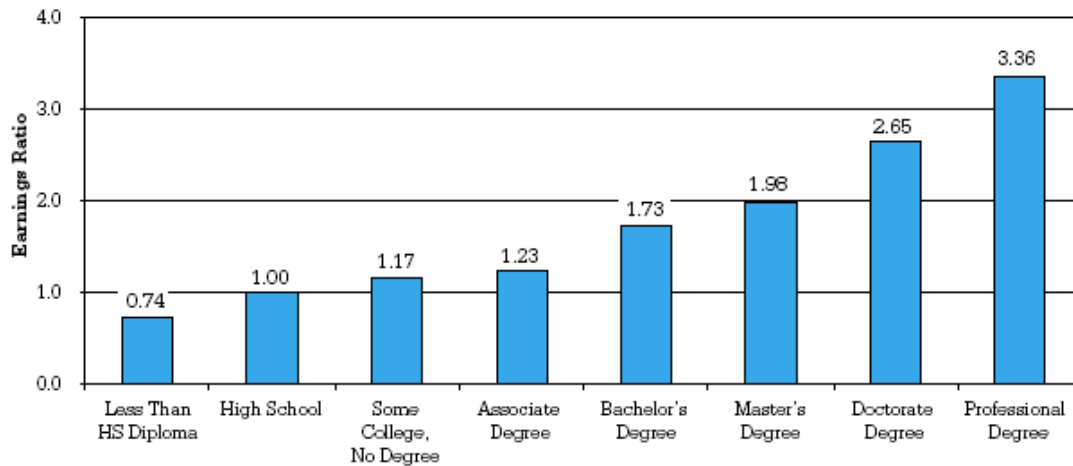
The Demand Side: Community College Certificates and Degrees are Replacing High School Diplomas as a Threshold Certification for Work Readiness.

There is growing evidence from employers that the two-year degree is increasingly a widely accepted proxy that signifies worker readiness for skilled work. The 2005 “Skills Gap” survey of employers by the National Association of Manufacturers, Center for Workforce Success examined high school versus community college certifications. Employers were asked “How prepared for a typical entry-level job in your company are applicants with the following qualifications?” Only 40 percent of employers responded that graduates with a high school degree are prepared. This does not appear to be the case, however, for local community colleges, with 74 percent of the respondents indicating that a two-year degree or a job-related, industry certification are adequate for their entry level positions.

Another indicator of the growing value of a two-year degree as a certification for skills is the wage premium paid for college since the 1980s². In general, earning a two-year degree increases expected lifetime earnings by 23 percent. The following figure illustrates the wage premium for formal education.

² For complete discussion, see Federal Reserve paper:
<http://www.chicagofed.org/publications/workingpapers/papers/wp2002-31.pdf>

Fig. 1. Expected Lifetime Earnings Relative to High School Graduates, by Education Level

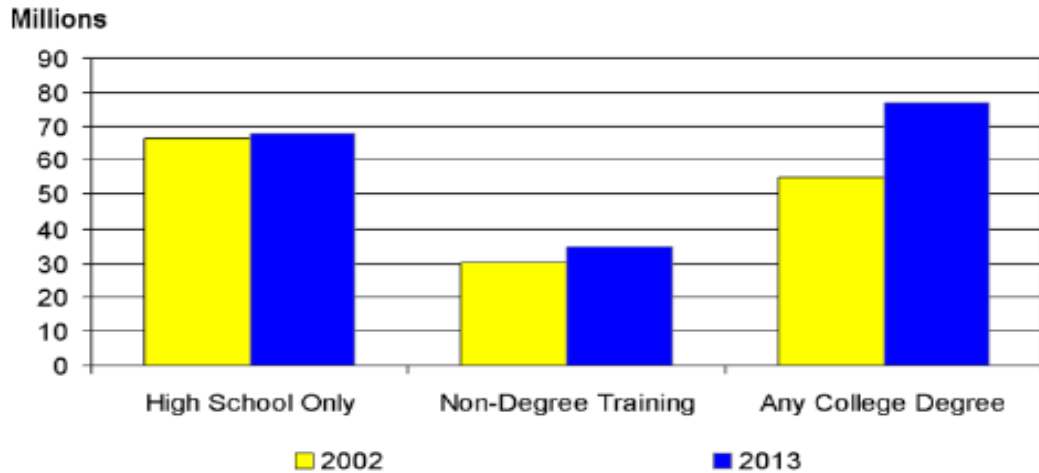


Notes: Based on sum of mean annual 2003 earnings from ages 25 to 64. Future earnings are discounted using a 5 percent rate.

The growing currency of community college degrees is also supported by evidence of labor market demand for two-year degrees. Economist Tony Carnevale reports that jobs requiring at least an AA degree or above will continue to grow at a brisk clip over the next eight years, increasing by over 40 percent, while the growth jobs requiring a high school degree or less, will slow.³

³ www.epf.org

Fig. 2. New Jobs Will Require More Education
Employment by Education, 2002 and Projected 2013



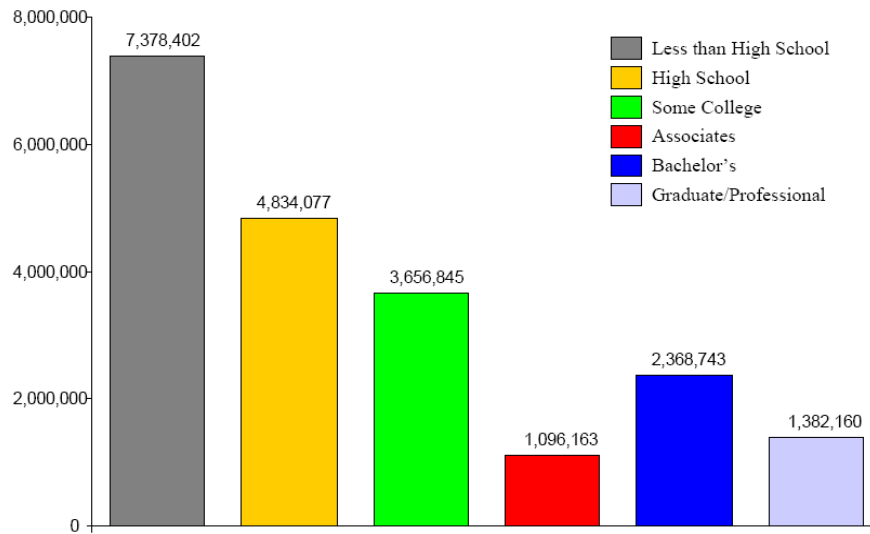
Source: Employment Policy Foundation.

Trends in Post-Secondary Degree and Certificate Attainment: Declining Workforce Readiness

In spite of this clear demand for post-secondary credentials, *educational attainment in the US and in Colorado is stagnant or declining*. During the past 20 years, workers who entered the labor force were far more educated than those they replaced. In the next 20 years, this will not be the case. Dennis Jones of the National Center for Higher Education Systems (NCHEMS) argues that for the first time in our history, over the next 15 years, the US will experience a decline in the educational level of the workforce. According to Jones, by 2020 the educational level of the adult workforce is projected to decline as the U.S. adds over 7,000,000 workers with less than a high school diploma — more than the number of new graduates with 2-year, 4-year, or graduate degrees combined.⁴ The impact is significant: by 2020 the educational level of the population age 25-64 is projected to decline (Figure 3 below).

⁴ National Center for Higher Education Systems (NCHEMS)

Fig. 3. Changes in Nos. of Various Educational Attainment Levels, 2000-2020, As a Result of Projected Changes in Race/ Ethnicity (25- to 64-Year-Olds)



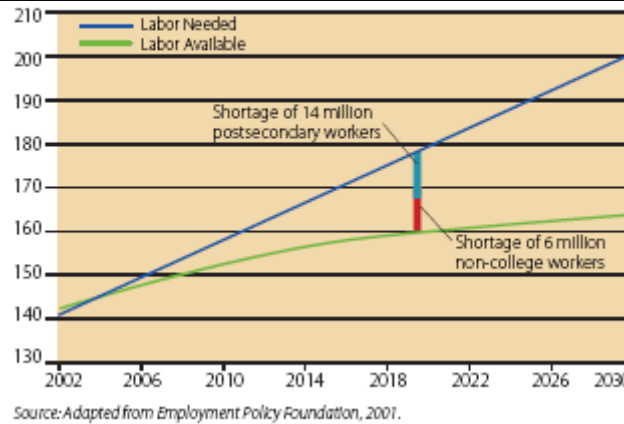
Source: U.S. Census Bureau, Public Use Microdata Samples (Based on 2000 Census) and U.S. Population Projections

Nearly all states will experience an increase in the percentage of their populations (ages 25 to 64) with less than a high school diploma (Figure 26)—a phenomenon largely attributable to high rates of immigration. Nevada, California, Arizona, and Texas will experience the largest increases. States that are experiencing the greatest changes in educational attainment are those that are experiencing the greatest change in the numbers of minorities. North Dakota, Maine, and Vermont are the only states that will experience declines. Without intervention, these disparities will also lead to opposing trends in the percentage of the workforce that is college educated (Figure 27). New Mexico stands to lose the most ground here, followed by California, Arizona, and Nevada.

The Workforce Demand/Supply Mismatch

According to Carnevale, this mismatch between the worker skills and employer demands will result in a shortage of workers with post-secondary degrees that could exceed 14 million by the year 2020.

Fig. 4. Labor Demand Will Outstrip Supply
Expected Labor Forces (in millions) and Labor Force Demand (2002-2030)



Federal Reserve Chairman Alan Greenspan summed up the supply/demand mismatch in a speech to the Finance Conference in March 2004:

“Although the portion of the workforce with at least some college education continues to grow, we appear, nonetheless, to be graduating too few skilled workers to address the apparent imbalance between the supply of such workers and the burgeoning demand.”⁵

Implications of the Emerging Currency of Community College Certificates and the Decline in the Pool of Skilled Workers

Providing employers qualified pools of applicants is a critical function of the workforce system. Evidence presented above suggests two key policy implications:

- The workforce system should consider the emerging currency of community college degrees and certificates in their deliberations related to work readiness credentials. Specifically:
 - Community college degrees and certificates are emerging as a preferred work readiness credential among employers.
 - Workers with a high school degree and no post secondary education are at risk in the labor market. Employers grant little currency to the high school degree alone.
 - It is unclear that a broad-based work readiness credential would add significant value for those with a two-year degree or more.
- The Workforce System should be alarmed at the burgeoning population with no post-secondary credentials. This pool of workers has little to recommend their skills to employers. Measuring work readiness of workers with less than a two-year degree may serve useful purposes, but it is inadequate unless it is linked to a program

⁵ Greenspan speech to Finance Conference, March 12, 2004

intended to advance worker skills. The Workforce Council can adopt a wide range of strategies geared to expand access to quality training. The remainder of this report does not concern itself with these strategies, but focuses on the limited question of the assessment of national work readiness certification programs and their suitability for Colorado.

Review of National Credential Programs That Assist in Assessing Skills for Workers with Less Than a Two-Year Degree or Certificate

Work Readiness Credentials or Certificates are tools that define, measure, and certify that potential employees have the skills and abilities needed to succeed in entry-level employment. As noted above, the interest in these certifications is particularly strong for the Gap- Workforce (those with no post-secondary education). The appeal of a credential stems from a variety of potential benefits:

Benefits to employers:

- use the certificate in the hiring process to distinguish qualified versus non-qualified applicants;

Benefits to Job Seekers

- use the certificate to assess current skill levels and make plans to improve;
- train on skills desired by employers;
- earn higher wages as skills are certified

Benefits to Education/Training Providers

- provide tailored education to meet specific employer skill demands;
- enhance their reputations by directly addressing employer skill requirements;

The following section details two national initiatives that target the Gap- Workforce and which may be of interest to Colorado.

National Initiatives in Work Readiness Certification

States interviewed for this working paper were either implementing or exploring the potential to develop a credential to meet employers' demands for an effective method for signaling that new hires and current workers had basic skills. State officials noted the need to assist entry-level workers to validate their current employability skills and/or gain new ones. All interviewees indicated that their state faces an urgent need to improve the skills of their entry-level workforce.

As a result of this outreach, we identified two national models to certify workplace basic skills/work readiness. This section provides more detailed information on the two certifications, Equipped for the Future Work Readiness Credential and WorkKeys Career Readiness Credential.

Equipped for the Future's Work Readiness Credential is designed for job seekers with fairly low skills levels. This credential, which is still under development, focuses on a comprehensive set of 10 employability skills. Because of its focus on measurement of soft

skills, this credential is of particular interest to the skills employers want to measure. Skills measured include:

- Communication Skills
 - Speak so others can understand
 - Listen actively
 - Read with understanding
 - Observe critically
- Interpersonal Skills
 - Cooperate with others
 - Resolve conflict and negotiate
- Decision Making Skills
 - Use math to solve problems and communicate
 - Solve problems and make decisions
- Lifelong Learning Skills
 - Take responsibility for learning
 - Use information and communications technology (optional assessment for credential)

Soft skills are notoriously difficult to measure. EFF is currently working to validate its approach to soft skill measurement. Results are not yet available.

ACT's WorkKeys Career Readiness Certificate is currently gaining popularity and is in use across the nation. Unlike the EFF, the ACT WorkKeys CRC covers a targeted scope of competencies (3 versus 10) and is more suited for entry-level workers with slightly higher skill levels. Competencies measured include:

- reading for information
- location information
- applied mathematics

The CRC model grew out of ACT's WorkKeys job profiling and worker assessment system. This system is designed to prepare or match individuals to specifications of particular jobs and includes tools for profiling jobs to identify the basic employability skills required on the jobs, assessing the skill levels of potential or incumbent workers, and training to close skill gaps.

Important features of this model include:

- The WorkKeys WRC is targeted to entry-level and incumbent workers; it appears to work best with job seekers with at least a 9th grade level of education. It is also useful for workers with post-secondary education.
- The Work Readiness Certificate is based on three competencies. These competencies were selected as a result of the broader WorkKeys system that has profiled thousands of jobs at companies over the years. They found that over 85% of entry level jobs required the competencies measured in the CRC:
 - Reading for Information

- Applied Mathematics
- Locating Information

- The three assessments for the WorkKeys WRC are modular computer-delivered tests. Each takes approximately 40-55 minutes to complete for a total of 2 to 3 hours for the full assessment.

- In addition to assessment, ACT has developed products to provide skill development, including WorkKeys Targets for Instruction (to help develop curriculum and training strategies), KeyTrain, and WIN.

The following chart outlines key questions for the EFF and WorkKeys CRC.

Comparison of EFF and the CRC

	Equipped for the Future	CRC Based on WorkKeys
Background	EFF is expected to be available for implementation in 2006. Development of the system began approximately five years ago, initiated by the National Institute for Literacy and later transferred to the U.S. Chamber of Commerce. Its assessment is based on the skills identified in the SCANS report.	WorkKeys was established in the mid-1990s and has been in use since the late 1990s. It was developed by ACT, Inc., a private nonprofit corporation. It is also based on SCANS.
Goal/Intent	EFF's intent is to develop a single, portable, national standard for entry-level job readiness. It tends to focus solely on entry-level skills.	WorkKeys' intent is to define entry-level standards for a broad range of occupations as a way to match qualified workers to specific jobs. Its focus includes entry-level skills, depending on the job profile.
Product offerings	EFF offers a single work-readiness profile, skills assessment and credentials.	WorkKeys offers job analysis, work-readiness profiling (tied to some 11,000 specific occupations), skills assessment, remedial training tools and credentials.
Skills / Competencies assessed	EFF's assessment tool is still in development, and is soon to be piloted. It is based on 16 specific competencies, of which 10 are identified as critical for entry-level workers. These are: Communication skills (<i>read with understanding, listen actively, speak so others can understand, and observe critically</i>); Decision-making skills (<i>solve problems, make decisions, and use math to solve problems and communicate</i>); Interpersonal skills (<i>cooperate with others, resolve conflict/negotiate</i>); and Lifelong learning (<i>take responsibility for learning, use information and communications technology</i>)	The WorkKeys Certification grew out of the broadbased WorkKeys System. The WorkKeys Certification assesses three core skill areas: reading for information, location information, and applied mathematics. In addition, WorkKeys has other assessments of "supplemental skills" for use for job profiling and assessing skills: applied technology; listening; writing and business writing; teamwork; and observation.
Use in Colorado	To date, one Colorado community (Denver) is seriously investigating the benefits of joining the EFF consortium.	WorkKeys is currently already in use in a number of Colorado communities, to varying degrees, including: Mesa, El Paso, Weld, Adams, Pueblo, Jefferson and Denver). Some counties have only recently procured the program and have yet to fully implement it. Most use it in conjunction with other assessment/credentialing tools, not as an exclusive approach.

	Equipped for the Future	CRC Based on WorkKeys
Use in other states		While WorkKeys is widely used by individual workforce agencies and employers, the following states have adopted its work-readiness certificate as their official standard: IN, KY, LA, MI, VA. A number of other states and regions are considering adopting WorkKeys. In addition, a consortium of DE, DC, KY, MD, NC, TN, VA and WV are developing a portable credential based on WorkKeys that will be uniform across these states.
	The following cities and states are part of the EFF consortium: DC, FL, NJ, NY, RI, WA. A number of other states and metropolitan areas are investigating joining the consortium.	
Start-up costs	\$50,000 to \$250,000 paid by initial consortium partners during development. Costs for other cities/states are expected to decline once the tool is ready for implementation. Expectations are for initial buy-in to range between \$10,000 and \$25,000.	Variable, ranging from a minimum of \$20,000-75,000, plus a per assessment cost of \$45. Existence of infrastructure to support the administration of a testing/credentials system will impact the overall cost.
Strengths	It is perceived as a more comprehensive credential for entry-level skills. Endorsement by the U.S. Chamber of Commerce could give it a ready-made national platform for distribution. National portability was a goal from the start.	It is already a working model with a proven track record at local and state levels. It is simply understood and applied by a broad range of users. Assessment is readily available through a variety of institutions.
Weaknesses	It is still unavailable; anticipated implementation in 2006. Costs for implementation are undetermined. Logistics for national distribution are as yet undetermined.	Where states employ only the core skills assessment and not the more comprehensive test, some employers find the assessment to be too general. The multi-state consortium is untested; it's unclear whether WorkKeys will succeed as a portable, national credential.
EEOC compliant	Yes	Yes

State Workforce Council Roles Related to the WorkKeys Career Readiness Credential

Led by Virginia, several states have joined together in a consortium focused on statewide implementation of the WorkKeys Career Readiness Credential. As a part of this review for the Colorado Workforce Council, we interviewed leaders from two states that have endorsed the CRC at the state level: Virginia and Kentucky. We also interviewed leaders from two states that are using the CRC, but have not endorsed it: California and Washington. These interviews focused on the role state workforce councils are playing in regards to the WorkKeys Career Readiness Credential.

A range of models for state engagement:

In our review of state practices, we found that state strategies range from laissez faire approaches that provide very little state direction in the use of the CRC credential, to

directive approaches that include significant funding at the state level and high levels of leadership engagement. Across these various models, state council practices include the following:

Locally-driven approaches (facilitative):

State councils provide funding to local WIBS and their partners to subsidize the costs of:

- Providing assessments, including the costs of purchasing tools and training staff;
- Marketing the CRC to local employers;
- Building collaborative relationships with community partners to strengthen community capacity for skills training, assessment, and placement services.

State-driven approaches (directive):

State councils provide leadership and funding to promote the CRC, including:

- Funding and execution of marketing programs to promote the assessment to employers and workers;
- Using the bully pulpit of the Governor to encourage use of the CRC;
- Legislation to codify the CRC;
- Executive order to codify the CRC;
- Develop or provide a data management system to support the CRC;
- Incentivize WIBs, community colleges, employers and/or workers to participate in the CRC;
- Mandate assessments among resident populations of students or adult learners.

Examples of state approaches using a laissez-faire or facilitative approach:

California. According to interviews with staff of the California Workforce Council, California does not endorse WorkKeys CRC or any other specific work readiness credential at the state level. California has considered a statewide approach, and conducted a review of options for statewide credentials in February, 2004. This review examined pros and cons of five national work readiness credential models.

The California report also outlined local California work readiness credential initiatives. This local review noted that a wide range of assessments are currently in use across California. Workkeys is especially prominent in the Sacramento and Yolo county communities. Other assessments are highlighted for San Diego, L.A., Napa County, and Mendocino.

We contacted the council staff to find out if California had make further decisions related to a statewide work readiness credential. Staff reported that the Council has developed its strategic focus on policies that promote access to training and skills development throughout the California training system. It is not currently planning to proceed with deliberations concerning adoption of a statewide approach to credentialing. Details on the California approach, including the priorities of the Lifelong Learning Committee are on the state workforce board website.

<http://www.calwbia.org>

Washington State. Washington State does not endorse any specific certificate at the state level. Some local WIBS, such as Spokane, are active in promoting the use of WorkKeys CRC. At the state level, Washington has joined the Equip for the Future initiative as a research site. The EFF is still under development. State level staff report that use of the WorkKeys CRC varies widely across the state and that public funds are used in a variety of ways to support the use of WorkKeys CRC and other assessments.

Similar to California, at the state level, Washington's state plan is focused strengthening workforce readiness for high demand occupations. One core initiative to promote skills is the "Industry Skills Panels" initiative, which was announced in October 2005. Led by Governor Christine Gregoire, the initiative promotes public/private partnerships in manufacturing, aerospace, life sciences, medical devices, maritime, food processing, wood products, energy, health care, and electronic gaming. The Workforce Council has allocated \$670,000 in grant money to establish skill panels designed to fill specific needs within these industry sectors.

<http://www.governor.wa.gov/news/news-view.asp?pressRelease=161&newsType=1>

Examples of state models officially endorsing the CRC, or using a directive approach:

THE KENTUCKY MODEL

**(State in a Leadership Role, Strong Collaborative and Shared Responsibility
for Costs and Marketing)**

**Name of the Credential &
Issuing Entity:**

Kentucky Employability Certificate (KEC). KY Community and Technical College System. The certificate is signed by the Governor and the Workforce Board Chairman, representing both public and private sector interests. The back of the certificate lists endorsers/partners.

Origins, Milestones:

Planning began with a private-sector Leadership Summit in 1999. *Legislation passed* and pilots launched in 2000. Credentials first issued in early January 2003.

Pilot Projects:

Pilot projects were run in 11 sites throughout the state, with the Owensboro model widely recognized as the most successful. Each pilot location received \$70,000 from KY Adult Education. Interestingly, a 3rd-party assessment claimed the "best benefit" reported from among the pilot projects was NOT placement of qualified candidates, but strengthened relationships among the public partners.

Partners:

Primary Sponsors are the KY Workforce Investment Board (KWIB) and ACT!. Endorsers/Other Participants include: KY Community & Technical College System, Governor's Education Cabinet, KY Adult Education, KY Chamber of Commerce, KY Society for HR Management, Council on Post-Secondary Education, Associated Industries of KY, Bluegrass Chapter of Society for HR Management, KY State District Council of Carpenters and KY Industrial Development Council.

Funding:

Assessment and credential costs are borne either by the worker/applicant or by the partner providing access (Adult Education, Community college, One-Stop Center or other workforce initiatives). In the Owensboro model, workers received a \$250 stipend for testing and attaining certification (source of the stipend is unclear). The Governor's office provided \$400,000 in supplemental funding for pilots, used for assessment and curricula. WIA Incentive Funds were also targeted to aid in promotion.

Skill Levels Accredited:

KY's levels correspond to the Silver and Gold levels of WorkKeys. KY also accredits a third skill level unique to the Commonwealth, and known as the KY Occupational Specific Certificate. (Some confusion between the WorkKeys credential and the Occupational credential was acknowledged.)

State Role:

The Commonwealth of KY provided seed funds for the pilot projects, as well as orientation/training for administering or gateway agencies. The Governor and Workforce Board chairman sign the certificates. Otherwise, the Commonwealth chose to let local/regional coalitions emerge and create their own model, roles and access points. The State facilitated the formation of local coalitions but did not prescribe structure or process on them.

Evaluation:

A 3rd-party evaluation of pilot projects occurred after the fact. No system for evaluating performance was devised. The Commonwealth reports 2,726 Gold and Silver credentials awarded to date, with 409 occupational credentials, for a total of \$3,135 certificates issued. The number of employers participating in the profiling exercise is reported at 276; it is unclear how many employers used assessments or hired certificate holders. Local participants have reported varying levels of success with and commitment to the program.

Other Items of Note:

Although the target audience included adult and secondary education, KY's success was limited largely to adult education. The KEC was used in health care, manufacturing, finance and a number of other industry groups. The Commonwealth devoted at least one FTE staff person for a year to conduct orientation/promotion/training throughout Kentucky. A full-time position has now been created for technical assistance. The program has received the support of both Dem. and Rep. Governors, though it took some time to get support from the new Governor's staff after the administration changed.

THE VIRGINIA MODEL

(State in a Leadership Role, Driving Demand and Implementation with Aggressive Marketing)

Name of the Credential & Issuing Entity:

Virginia Career Readiness Certificate (CRC). Issued by the Virginia Community College System (VCCS) and signed by the Governor.

Origins, Milestones:

Establishment of a statewide work readiness credential was listed as a top priority strategic goal in the Workforce Board plan for 2002. Pilot projects were run at five community colleges in 2002. Concept of CRCs was endorsed by Virginia Workforce Council in 2003. Governor launched CRC in October 2004.

Pilot Projects:

Richmond pilot in 2001 with a local Manufacturers Education Consortium based credential on WorkKeys plus a manufacturing skills "add-on." CRC Pilots were run at 5 community colleges in 2002.

Partners:

CRC program is administered by VCCS, which also developed the Virginia Skills Bank, a database to manage all WorkKeys and credentials data for Virginia (and which has since been made available for use by other states in the CRC consortium). Original "blank" certificates were paid for by the VA Workforce Council. WTKR/Hampton Roads assisted with production of a public service announcement.

Funding:

Funding supported (1) marketing costs, including billboards, advertising, and outreach to promote the WRC to employers, (2) data base development and maintenance costs; (3) staff training; and (5) costs of the assessment. Information about the total costs to support the overall state role was not available. Of an initial \$20,000 of WIA funds allocated by the State to launch the program, we know \$10,000 was used for first round of certifications. Cost to assess a worker is between \$45 and \$100. WIA, TANF, Rehabilitative Services funds, Corrections funds and Carl Perkins funds may be used.

Skill Levels Accredited:

VA awards certificates at three levels, corresponding to the WorkKeys Bronze, Silver and Gold assessments. Testing occurs at the VA one-stop centers, at community colleges, and at social and rehab service agencies.

State Role:

Virginia has assumed a fairly directive role, endorsing the CRC via Executive Order from the Governor, funding the first round of certifications, designating two half-time staff positions to promoting and developing the program, and investing heavily in a promotional campaign aimed at employers and workers, and including public service announcements, billboards featuring the Governor's likeness and full-page advertisements and posters (see the Appendix). The state also provided \$2,500 in incentives to participating WIBs.

Evaluation:

Evaluation comes principally in the form of data in the VA Skills Bank on certificates issued, and anecdotal evidence from participating WIBs or employers.

Other Items of Note:

VA economic development professionals are encouraged to refer employers to the VA Skills Bank to determine availability of trainable workers in a given region. According to the State, the VA CRDC was "always intended to be the starting point for skills development."

THE INDIANA MODEL

(State in a Leadership Role, Strong Promotional and Financial Commitment)

Name of the Credential & Issuing Entity:

Indiana Workforce Readiness Certificate, issued by the IN Dept. of Workforce Development as part of a statewide initiative called "Indiana@Work." Certificates are signed by the Governor and the Workforce Development Commissioner.

Origins, Milestones:

Initiated involvement with WorkKeys in February of 2004. The first certificates were issued in July of 2004. Reportedly 217 employers have participated, 900 job profiles have been approved and by the end of 2005, IN expects to have assessed more than 25,000 workers.

Pilot Projects:

Local implementation of WorkKeys assessments and job matching served as pilot projects prior to the rollout.

Partners:

The IN Dept. of Workforce Development's Field Operations Unit is responsible for administering the program, issuing and tracking all certifications. Participants include the IN Dept. of Education, the WIBs, local economic development organizations, and local school districts.

Funding:

Indiana's WRC program is funded out of a \$25 million Reed Act grant over five years, matched by State Dept. of Commerce training funds; it is not clear how much of the grant is actually dedicated to the WRC program.

Skill Levels Accredited:

Indiana uses two certifications, Blue (corresponding to the WorkKeys Silver level), and Gold (similar to WorkKeys Gold). Certifications are obtained through the state's 27 one-stop locations or on-site at participating employers' locations.

State Role:

The credential is labeled as "the centerpiece of Indiana@Work," which is part of the State's "*Energize Indiana*" economic development initiative. The state uses federal Reed Act dollars to cover 100% of the cost of certifications and assessments. The State also provides promotional literature, and assists IN employers with state grants for job profiling and worker assessments. Indiana@Work also pays up to 75% of eligible training expenses for new and incumbent workers.

Evaluation:

IN also uses a statewide database known as "CS3" (Customer Self-Service System) to track credentials issued, individuals assessed and average scores by geographic region. Anecdotal evidence is also cited relative to individual employers' use of the program.

Other Items of Note:

IN reports that the "most favorable opinions come from the 1,671 recipients of the Gold Certification and the 3,421 individuals that achieved the Blue level," though the specific nature of that response not clear.

Discussion of State Roles: Risks and Priorities

Our review confirms that state workforce councils play a wide variety of roles in the introduction and implementation of the Workkeys Career Readiness Credentials. In some states, such as Virginia, the state council has made a significant investment in promoting the certificate to the employer community. In other states, such as California and Washington, the state council has not endorsed any single certificate, but has encouraged local investments in assessments that help WIBS to promote the use of credentials to meet the needs of local employers.

We believe there is a substantive difference in two approaches. California and Washington are examples of states that have chosen a *facilitative approach*. Under this model, the Council facilitates the use of credentials, but it does not invest state resources in selling or promoting one credential option. It may provide a pool of resources to encourage credentials in general, to train staff, to conduct outreach to employers, but it does not invest its resources in the promotion of any single measures.

In contrast, the *directive approaches*, give preference to the WorkKeys CRC over other options. In the case of Virginia, in particular, the state invested significant financial and political capital in the establishment of wide acceptance of the WorkKeys CRC as a widely recognized credential.

The directive and facilitative approaches both have risks. The directive model is characterized by investments in a single statewide credential. By design, this approach assumes that the credential selected for state funding is superior to other alternatives for assessing worker readiness. This puts the Council into the risky position of picking what is best in a complex and evolving field. Facilitative approaches, by contrast, take the state council out of the business of picking the "best" instrument.

The risk of choosing an instrument for promotion is also risky because even if a particular credential is superior to others, there is no guarantee that a critical mass of employers will agree. Directive approaches put the State Council into the business of promoting a specific product and establishing currency for the credential within the employer community. Councils get into the business of selling the credential. In contrast, in a facilitative model, councils can promote credentials in general, including the broad range of industry based certifications, work readiness certifications, and employer-based testing, while leaving the sorting and prioritizing of specific credentials to local labor markets.

The primary risk in the facilitative approaches is lack of commitment to action. In some cases, timid workforce councils recoil from measurable goals such as “establish a statewide credential” not because it’s the wrong fit for their state, but because it is just too bold. In these cases, facilitation is not a strategic choice, it’s a copout. Facilitation translates into perpetuation of the status quo.

This risk gets to the heart of the strategic question for the Colorado Workforce Council. In our opinion, the question is not “Should the Council take a directive or facilitative approach to a statewide credential?” Rather, the question is, “What are the top policy issues where we are committed to making a difference?” and “Has the council stated commitments in these areas in a way that is clear, measurable and holds the council accountable?”

If the Council determines that implementation of a statewide workforce readiness credential is a top priority, it should be prepared to make the investments required by a directive model. If, on the other hand, the council views a readiness credential as a tactic within a broader strategy designed to build the skills of the *Gap Workforce*, it would be wise to consider a facilitative approach.

Additional Option: The Retail Certificate

Industry-specific credentialing programs are widely used, yet tend to offer little in the way of cross-industry transferability. One exception may be the credentials offered by Retail Skill Centers in 14 states and backed by the National Retail Federation. These credentials, in Retail Readiness and Customer Service, actually have applicability across a broad range of industry sectors, if the definition of “customer” is broadened to include co-workers, vendors, suppliers, supervisors, subordinates, the public, etc. Yet this credential is hampered in cross-industry application because of biases often held by non-retail employers who discount it as unsuitable for their industry.

Given Colorado’s status as a consumer and tourism state, one may conclude that this program would be a good fit for many communities in Colorado.

Feedback from Colorado Workforce Professionals

In a meeting with Colorado Workforce Investment Board (WIB) directors in Grand Junction on June 16, 2005, we engaged the meeting participants in a specific discussion about their first-hand experience with work readiness credentials and a more general discussion about the top challenges they face in meeting their workforce development objectives.

It is worth noting that the *availability of qualified workers* for both entry-level and skilled positions was cited as being among the top five issues faced by the local WIBs (it ranked number one among the issues they share in common with their economic development counterparts). Closely related is a *lack of basic skills in the workforce*, (including the “three Rs” and soft skills such as work ethic, positive attitude, and problem-solving). This was true for those who had completed high school, as well as those who had not. Another related

issue raised was the *scarcity of quality jobs*, which arguably is a chicken/egg issue with workforce quality and availability.

Many of these practitioners confirmed the assertion (made earlier in this report) that employers are devaluing the high-school diploma as an indicator of skills and ability. In fact, in some cases WIB directors reported that employers *value the GED more highly than the high school diploma*, precisely because the holder of a GED has attained that credential through testing – a hurdle that is not necessarily required prior to receiving a high school diploma. This trend has been confirmed in our conversations with employers outside of Colorado as well.

Other aspects of our group discussion with the WIB directors may be found in the findings section of this report, which follows.

IV. CONCLUSIONS

1. The *Gap Workforce*: There is a significant gap in determining the work readiness of job seekers with a high school diploma or less.

Workforce development professionals need to be able to serve employers and job seekers by referring applicants who have the skills required for job opportunities. They need to help employers hire qualified workers, and they need to help workers get jobs and chart career development plans that address deficiencies and build on strengths. While this assessment and career guidance process is always an art, it is particularly difficult when working with job seekers who have a high school degree or less.

2. WIBS are using a variety of tools to assess and place the *Gap Workforce* in suitable jobs.

A wide variety of approaches is being used to evaluate worker readiness, including the assessment of soft and hard skills. To assess foundation skills of reading, writing and math, WIBS are using a range of tools, including the TABE test, GED, WorkKeys, the CASAS test, and others. Likewise, some WIBS assess soft skills through a mix of methods including analysis of employment history, interviews, and soft skill assessments.

WIBS report varying degrees of success with their current measures and interest in strengthening the process to meet specific employer needs.

3. WIB use of, and satisfaction with, WorkKeys and EFF are varied.

In Colorado, approximately seven WIBs have purchased WorkKeys (some quite recently), while one (Denver) is contemplating joining the Equipped for the Future project in addition to using WorkKeys.

Those WIBs in Colorado who have purchased WorkKeys fall into one of three camps:

- a. They have purchased and are aggressively implementing WorkKeys, promoting it with both local secondary schools and employers, as a primary strategy in the fulfillment of their mission.
- b. They are using WorkKeys as one assessment tool among many in a broad-based attempt to connect workers and jobs.
- c. They have purchased WorkKeys but have not yet implemented it.

4. There is ample evidence, both objective and anecdotal, to suggest that WorkKeys can be a very helpful tool to employers, workers and workforce development agencies.

There are sufficient case studies from employers and workforce development or social service agencies to demonstrate the success of WorkKeys in assessing and certifying skill levels, and matching workers to jobs. Anecdotal reports indicate enhanced motivation and self-determination among workers who have attained certification. There are instances where employers have altered their screening, hiring, training and/or advancement practices in response to success with WorkKeys. A critical component of its success is the certification database management, which has two main functions: [1] quality control that ensures system integrity and [2] reporting capability that allows employers to search geographically for populations of trainable, credentialed workers.

5. There is general consensus that the use of work readiness credentials, specifically of WorkKeys and EFF, is not driven by the employers.

“Never has a company ASKED for WorkKeys,” in the words of one Colorado WIB director. Employers appear eager to use this tool *or any other credential, so long as they perceive that it will help them identify qualified workers more reliably*. In other words, the credential itself is secondary in importance to employers; the qualified job applicant is the primary goal. Given the abundance of evidence in support of WorkKeys, it is somewhat puzzling that employers have not embraced its use more widely. Yet workforce development professionals at state and local levels report that persistent and sustained promotion, along with technical assistance, is necessary to sustain employers’ interest in and use of WorkKeys credentials.

Since none of the states adopting statewide WorkKeys-based credentials have established ongoing monitoring and evaluation programs to assess their long-term effectiveness, one is left to wonder whether the absence of empirical data about the use of WorkKeys and related credentials programs is a hindrance to broader acceptance and demand for the product.

6. Many employers have developed measures for assessing the work readiness of the Gap Workforce.

Some employers, such as EchoStar, have defined the measures they will use to assess job readiness. These employers specify the assessments they want and the scores they will require for hiring.

Some of the practices in these employer-based solutions merit additional review for their potential value in meeting the needs of the broader employer community.

7. WIBS see a clear role for the state in improving their capacity to assess the Gap Workforce.

Locals report that they would support a state led effort to provide:

- ✓ More information about work readiness credentials and other assessment that can assist them with the Gap-Workforce.
- ✓ Sponsorship of new tools and processes, not just endorsement. A sponsorship role would include supporting funding for assessment tools.
- ✓ Continued access a wide range of tools to assess job seeker work readiness and to learn about national trends and practices.

8. In order for any work readiness credential to succeed in Colorado, a number of critical success factors should be present.

Based on our discussion with Colorado WIB directors, *and on our other research and experience*, we would suggest the following critical success factors are relevant for any attempt at statewide credentialing in Colorado. (No priority order is assigned.)

- a. It should employ competency-based standards for both hard and soft skills
- b. It should be demand-driven to have currency with employers, both large and small (*i.e.* employers should find it to be relevant to their needs and valuable in terms of identifying qualified applicants)
- c. It should have strong buy-in from all affected parties: business, government, education and the clients (workers) themselves
- d. It should be portable (recognized and used in other states, possibly globally)
- e. It should be relatively easy to administer and interpret
- f. It should be voluntary (*i.e.* not a mandated program, but an available resource to use optimally at the discretion of the local WIB, employers and job-seekers)
- g. It should be compatible with the local WIB initiatives
- h. It should be internet-based for maximum accessibility and flexibility
- i. There must be sufficient financial resources available to implement the system effectively on a statewide level, including resources sufficient to cover the following, at a minimum: space needs, staffing, marketing (a key component), assessment and remediation training
- j. Care should be taken to implement the system in cooperation with K-12 and to promote it as an augmentation of the school experience, not as an alternative to attaining a high-school diploma
- k. The implementation and marketing plan for the system should be well thought-out
- l. There should be a group in place to make key decisions, resolve issues or questions that will inevitably arise during and after implementation.
- m. The process for planning and implementation should be inclusive
- n. It should include a simple but well-planned evaluation system that will yield reliable cost/benefit data on an ongoing basis

9. It appears that Colorado would have little to gain by formally joining the EFF coalition at this time.

The EFF instrument shows promise, but it has not yet been tested. Until EFF has established a track record in the practical realm (as opposed to the hypothetical), we cannot know the answers to the following critical questions:

- ✓ Do employers value the EFF credential?
- ✓ Does the EFF credential actually measure soft skills in a way that produces meaningful, actionable data?
- ✓ What are the costs for implementing the EFF credential on an ongoing basis?

Colorado would have to invest at least \$100,000 to join the initiative this year and the instrument will not be available for use until January 2006 at the earliest. Colorado can continue to learn from the initiative as the consortium completes testing this fall and implements the program in at least one or two states next year.

10. Because of the high level of investment and unproven benefits, it is premature for Colorado to adopt a “directive” approach to the implementation of WorkKeys as its official statewide credential at this time.

Adoption of a directive approach requires several steps including:

- Establishment of a statewide workforce readiness credential as a top level strategic priority for the Council;
- Investment of a range of \$1- \$5 million for marketing, promotion, staff, and assessment costs over a five year period.
- Support from top elected officials and leadership from all Workforce Investment Board agencies

While WorkKeys certainly shows promise as one effective tool in the workforce development agency’s arsenal, the value added through significant investments in the establishment of a WorkKeys readiness credential state program is, as yet, unproven. Although there are some impressive examples of savings achieved by private companies from the use of WorkKey, data about its effectiveness is largely anecdotal.

Our literature search unearthed no independent studies or reports attesting to WorkKeys’ impact on a state or region’s ability to attract new jobs or to increase the numbers of qualified workers placed in jobs. Nor did we find any state in which a thorough evaluation system was implemented simultaneous with the CRC.

While WorkKeys CRC is a promising tool, it is premature for the state to make a significant investment in this tool at the expense of other options.

V. OPTIONS FOR COLORADO

OPTION 1: Adopt a *facilitative* approach to credentialing at the State level. Provide resources, tools, and leadership to build the capacity of the Colorado Workforce Development System to answer two key questions employers want to know, focused on the *Gap Workforce*:

- ✓ Does the applicant have the skills and competencies required for the job?
- ✓ Can the applicant learn what he/she needs?

- A. Articulate a clear, strategic-level priority to develop the quality of Colorado's *Gap Workforce*. Within that priority, include workforce readiness credentials as a tactic. Adopt a *facilitative* approach to implementing it, similar to that adopted by California and Washington.
- B. Identify other assessment/credential alternatives (e.g., the Retail Skills Centers) and make that information available to Colorado WIB directors.
- B. Conduct further study to determine the *currency* and *demand* for a statewide work readiness credential among Colorado employers and workers. Criteria for the decision to establish a statewide credential should include, at a minimum:
 - Does it measure what employers want to know?
 - Do employers and workers value it/give it currency?
 - Is it applicable across industries?
 - Does it connect with career ladders?
 - Does it provide information for employees who lack other certifications (individuals without post-secondary certificates, licenses, industry certifications)?
 - Does it provide a means for local WIBs to be more effective at fulfilling their mission?
 - Is it compatible with local school systems' efforts to enhance their success rates (*i.e.* work readiness of high school graduates)?
 - Does it promote lifelong learning and provide a means for workers to demonstrate their skills and abilities wherever they choose to reside?
 - What are the costs and the measurable outcomes (or return on investment)?
- C. Create an assessment fund that invests in local WIB capacity to assess work readiness in clients with a high school degree or less. The fund could be established and overseen by the appropriate committee of the Colorado Workforce Development Council. We recommend that this fund provide resources for assessment/ credentialing tools that (1) assist in measuring workforce readiness of the Gap Workforce (high school degree or less); (2) meet specific employer priorities; (3) can be evaluated for impact in improving service to employers and job seekers and cost-effectiveness. We would suggest that a fund in the range of \$30,000-\$50,000 for tools in year one, plus appropriate support for technical assistance, would return significant benefits in employer satisfaction, WIB effectiveness and worker placement.

OPTION 2: Adopt a *directive* approach to credentialing at the State level. Resolve to establish an official statewide work readiness credential, using the CRC based on WorkKeys.

- A. Espouse the adoption of the statewide work readiness credential as the centerpiece of Colorado's workforce development programs.
- B. Gather objective and subjective data from Colorado sites where WorkKeys has been implemented. Organize data to show [a] how the tool was implemented, [b] who are the participating entities and what roles they fill, [c] how the assessments, certifications and training are paid for, [d] numbers of jobs profiled, workers assessed, certifications issued, jobs filled and employers engaged, [e] a sampling of case studies from each participating region, and [f] lessons learned by the participating entities (WFD providers, employers and workers). Use this data in the development of a state construct for implementing the Colorado certification program.
- C. Set aside sufficient resources to fully fund the CRC for at least five years, including the following:
 - a. at least \$50,000-\$100,000 annually for promotion of the Colorado CRC
 - b. at least \$50,000-\$100,000 to fund dedicated, state-level staff to provide marketing direction, public/employer relations and technical assistance oversight
 - c. all assessment, certification and training costs (using KeyTrain, WIN or other remedial training program)
 - d. professional facilitation for local/regional consortia to determine how to structure local models and what roles each participant will assume
 - e. establishment of a database to ensure the credential program's integrity and to provide employers and economic development professionals with the ability to map credentialed worker populations
 - f. facilitate and sponsor orientation and training for the participating sites in the implementation of the CRC, bringing to the table experienced coaches who have implemented it successfully elsewhere (within or outside of Colorado).
- D. Set aside resources simultaneously for independent, third-party evaluation of the new system to determine its effectiveness in various circumstances and best practices over its first five years, using objective performance measures. Include in the evaluation a private-sector advisory group whose job it is to provide feedback from the perspective of corporate human resource and managerial personnel.
- E. Resolve to publish and disseminate consistent, annual reports showing year-to-year and site-to-site comparisons so that Colorado's experience can inform employers, communities, agencies and decision-makers statewide about the use of WorkKeys and the CRC.

VI. RECOMMENDATIONS

We recommend pursuit of Option 1, the *facilitative* approach, for the following reasons:

First, we must acknowledge that our primary goal is the successful placement of qualified Colorado workers in appropriate jobs. By this, we mean placing Colorado workers with proven basic skills (both hard and soft), in jobs that pay a livable wage and offer some experiential value or career advancement. Achieving this goal presupposes three others:

1. Appropriate assessment and training/education of the workforce
2. Retention/Attraction of quality jobs
3. The presence of a service infrastructure to help match the two

The benefits of achieving the goal are well documented: the success and profitability of Colorado employers; a more vibrant, sustainable economy; greater job quality and diversity; a culture of lifelong learning; the generation of personal wealth and a higher standard of living for Colorado residents.

Is an official, statewide credential the most appropriate means to propel Colorado toward achievement of the goal? Within the scope of this analysis, we have not seen convincing evidence that it is.

We do know that currency with employers is a prerequisite to successful implementation of a credential. Moreover, our research suggests that questions remain about the ability of both WorkKeys and EFF to accurately assess soft skills, particularly with the growing ESL population. Soft skills are a high priority with employers, and experience seems to indicate that some workers who are rated by these programs as having soft skills, do not in fact exhibit them satisfactorily on the job.

Proponents of credentialing will position this question as one of competitiveness – for Colorado, the competitive standing of its employers and workers. One way to determine whether credentials enhance competitive advantage for Colorado would be to survey economic development professionals in Colorado about whether their job-creation prospects (clients) are asking for credentials. If a particular credential represents a competitive advantage – if it has currency -- one can be certain that companies engaged in a site search *will* ask for it, at the same time they ask for incentives and other accommodations. To date, our research has failed to turn up sufficient evidence of requests for either WorkKeys or EFF credentials, though prospective employers commonly ask questions about educational performance, worker availability and quality.

The fact that other states have chosen to adopt either WorkKeys or EFF as official statewide credentials is not to be ignored – nor does it remove the need for Colorado to analyze more

carefully the true costs and benefits associated with following suit. We would suggest that the most aggressive strategy CWDC can pursue is to strengthen the local WIBs, while studying the effectiveness of the various approaches they use – not for the purpose of mandating solutions to local WIBs, but for the purpose of knowing where the greatest value for cost is achieved. Determining what really works, and sharing that information widely, will help all Colorado WIBs be more effective. And it does not preclude the CWDC from offering assistance to local workforce boards in procuring assessments of their choosing.

Simultaneously, careful monitoring of the practical application of EFF and structured data gathering about the performance of WorkKeys will yield more reliable data on which to make an informed decision about credentialing in the coming months.

In addition, there are (as previously mentioned) other types of credentials that may be underutilized and/or warrant further investigation. For instance, the Retail Skills Center credentials in Customer Service and Retail Readiness may well have broad applicability in much of Colorado. Consider the number of small and mid-size communities (both urban and rural) who are struggling with maintaining vibrant downtown retail environments -- or the large number of communities in Colorado that are dependent on tourism. Consider also that retail and hospitality jobs represent a significant opportunity for workers of all ages to hone soft skills such as problem-solving, communication, attention to quality, anticipation of customer needs, etc. These skills are literally transferable to any other occupation.

Option 2 may also be perceived as a desirable option, if the State is willing to implement it for a sustained period of time (3-5 years at a minimum), and carefully monitor its implementation and evaluate its effectiveness using objective performance measures. Our reason for not recommending it at this time is that Option 2 assumes that either WorkKeys or EFF has attained sufficient currency with employers that they would succeed in broad-based application here in Colorado. This is a fairly large assumption, for which hard data does not now exist on the statewide level. We do not rule out the possibility that one of these systems may represent a valuable competitive tool for Colorado. We simply suggest that more information is needed before that conclusion can be drawn. While such information is being gathered, there are other options that can move Colorado ahead on the path toward meeting employers' needs for qualified workers, and meeting workers' needs for assessment and training.

VII. APPENDIX

- A.** Equipped for the Future (EFF) Work Readiness Profile
- B.** State of Indiana:
 - ❑ CRC Certificates with skill descriptions based on ACT! WorkKeys
 - ❑ Indiana’s Customer Self-Service System (CS3) Database Portal
- C.** Commonwealth of Virginia:
 - ❑ CRC Certificate
 - ❑ Examples of promotional literature, ads and billboard
 - ❑ Portal for the Virginia Skills Bank
- D.** Commonwealth of Kentucky: Memo describing in detail the CRC project for Owensboro Mercy Health System
- E.** State of Washington: CRC local project descriptions