



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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August 28, 2015

Ms. Jan Jutte
Acting Washington State Auditor
P.O. Box 40021
Olympia, WA 98504-0021

Dear Ms. Jutte:

On behalf of the audited agencies, thank you for the opportunity to review and respond to the State Auditor's Office (SAO) performance audit report, "Workforce Development System: Identifying Overlap, Duplication and Fragmentation." To provide this consolidated response, the Office of Financial Management worked with the Workforce Training and Education Coordinating Board, the State Board for Community and Technical Colleges, and the departments of Commerce, Corrections, Ecology, Employment Security, Labor and Industries, Services for the Blind, Social and Health Services, and Transportation.

We commend your staff for their efforts in compiling this inventory of Washington's complex workforce development system and their dedication to ensuring accuracy. We appreciate the acknowledgment in the audit that Washington State is a national leader in many facets of workforce development. In addition, we appreciate the acknowledgment that existing overlap, duplication and fragmentation for services is, for the most part, justified.

We disagree with one statement in the audit, that Basic Education for Adults has no significant direct monetary benefit. These programs teach foundational skills — reading, writing, math, technology and the English language — so adults can move to and through college and into careers. Approximately 650,000 to 700,000 Washington adults require basic skills to pursue college and living-wage jobs.

As your staff begins to consider future performance audits in the workforce development series, please keep in mind that our state's — and the nation's — workforce development system will face significant transformation as a result of the newly enacted federal Workforce Innovation and Opportunity Act (WIOA).

We also soon expect the reauthorization of various federal legislation — the Carl D. Perkins Career and Technical Education Act, Higher Education Act, Elementary and Secondary School Act, and possibly Temporary Assistance for Needy Families (TANF) — all of which could have a dramatic influence on our state's system. We agree that federal limitations on services, particularly TANF, could create conflicts with our state's workforce development goals. We hope the national-level changes will help us to better serve low-income individuals who need education and training to

prepare for and find stable, long-term, and family-wage employment that will allow them and their families to be self-sufficient, economically resilient and independent of public assistance.

We are keenly interested in learning from your future work about areas of risk and opportunity as we undertake such dramatic change as they may present ways to improve results.

Since the passage of WIOA last summer, our state has taken a lead nationally on planning for performance improvement, including expanding and enhancing access for both job seekers and employers. In his October 27, 2014, directive to the workforce development system, Governor Inslee set a clear course for WIOA implementation in Washington:

Establish a clear focus across three fundamental goals for the workforce development system:

- *Help more people find and keep jobs that lead to economic self-sufficiency, with a focus on disadvantaged populations.*
- *Close skill gaps for employers, with a focus on in-demand industry sectors and occupations.*
- *Work as a single, seamless team to make this happen.*

The four top priorities that have emerged from our statewide strategic planning process are:

1. ***Performance system:*** We are creating a new performance accountability system that builds on our successes. Washington is once again ahead of the nation as it develops a system that tracks how we are performing across program and service silos to further increase the number of people who find jobs.
2. ***Employer engagement:*** We are considering a number of state and local strategies to both expand the number of employers with whom we work, and strengthen relationships with employers so they view themselves as valuable partners.
3. ***Integrated service delivery:*** Washington's system will have a new menu of program and service offerings made possible by braiding resources across funding streams. We intend to make our system as responsive to the needs of individuals and businesses as possible. We are standardizing front customer intake and triage protocols while making service planning flexible and customizable.
4. ***Technology and access:*** We will use technology to make our operations more efficient and services accessible to a wide range of individuals, especially those experiencing significant barriers to education and employment. These individuals are most likely to have difficulty accessing and benefiting from traditional workforce development services.

Additionally, work-based learning and student choice cannot be understated when analyzing data about programs of study and enrollment trends. Business mentors, internships and other work-based learning are engaging and motivating for students, contributing to higher graduation rates in our high schools and re-engagement of youth who have dropped out. Colleges provide potential

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students with information and advice on programs and labor market data to assist them in making decisions about training. Emphasis on the importance of career and job counseling will continue, yet we look to improve our advising and career counseling services to keep students on track to graduate on time.

Finally, Governor Inslee has recently been appointed to chair the National Governors Association's Education and Workforce Development Committee. We believe this will give us access to the work of other states as they also transition to WIOA, which offers a tremendous learning opportunity. We also will be in a better position to inform federal policy based on our state's experiences.

Your investments in auditing our workforce development system will provide valuable information for our efforts on the national level, as well as our transformational efforts in Washington. Please extend our thanks to your staff for their time and diligence in preparing this report.

Sincerely,



David Schumacher
Director

cc: Joby Shimomura, Chief of Staff, Office of the Governor
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