

**Sec. 5. CREATION OF THE OFFICE OF WORKFORCE INNOVATION TO LEAD AND COORDINATE STATEWIDE WORKFORCE SYSTEM**

(a) Findings. The General Assembly finds:

(1) Vermont is experiencing an acute labor shortage in 2022.

(2) According to the Employment and Labor Marketing Information Division of the Vermont Department of Labor:

(A) There are approximately 28,000 job openings in Vermont as of December 2021.

(B) 9,945 individuals meet the federal statistical definition of unemployed as of January 2022.

(C) 4,500 individuals are receiving unemployment insurance assistance as of March 2022.

(D) The workforce has shrunk by 26,000 individuals from 2019 to 2022, yet the unemployment rate is just three percent as of January 2022.

(E) The workforce participation rate has fallen from 66 percent to 60.6 percent.

(F) The total volume of hires made each year is approximately 200,000 non-unique individuals.

(3) The Department receives approximately 80 percent of its funding from federal sources, which constrains the Department and its employees from adjusting its work to meet immediate needs.

(4) The federal funding for field staff in the Workforce Development Division has declined significantly over the past 20 years, supporting 75 persons in 2022 as compared to 135 in 2003.

(5) Though Vermont has a small population, the unique characteristics of its region's employers, educational institutions, demographics, and socioeconomic conditions make it best to address efforts to connect individuals with training and job placement on a regional basis.

(6) Because most State Agencies and Departments touch the workforce system in some way, there is a need for more coordination and alignment across state government to serve both job seekers and employers.

(7) Vermont needs a statewide Workforce Development, Training, and Education System in which all Vermonters who want to work, and all employers who want workers, can connect.

b) Creation of Office of Workforce Innovation. The Office of Workforce Innovation within the Governor's Office to coordinate statewide and regional workforce expansion across all Agencies and Departments in State government and among a diverse stakeholder community. The State Workforce Development Board shall be managed by the Office.

(1) Purpose. The purpose of the Office of Workforce Innovation includes:

(A) interagency coordination around Governor's work force agenda,

(B) developer and holder of statewide work force development plan, including supporting the work of the State Workforce Development Board, contracts with outside process entities as needed to help convene all system actors as needed,

(C) occasionally convenes stakeholders,

(D) connects to National Governor's Association best practices research,

(E) endeavors to have practices implemented throughout the system,

(F) coordinates across State entities to ensure well-coordinated state responses and programs to carry out Governor's work force agenda,

(G) oversee service delivery by state employees and outside contracts at the local/regional level

(H) ensures inter-agency communication,

(I) coordination and collaboration to break down silos and to maximize communication flows, and

(J) collaborates with state level organizations, service providers, educational institutions

(2) Personnel. A Director of the Office of Workforce shall be created. There shall be two full-time exempt staff to accomplish the duties of the Office. One of these staff positions shall be the current executive director of the State Workforce Developmental Board.

(3) Duties. Duties shall include:

(A) the Director of the Office of Workforce Innovation shall be in charge of Workforce Development and Expansion for the state,

(B) provide inter-agency coordination, and strategic and comprehensive policy leadership for the purpose of workforce development, expansion, training, and education in the state,

(C) determine where Adult CTE should live and how it should be financed, and

(D) any other duties that are relevant based on the purpose of this section.

(4) Coordination. The Office shall convene inter-agency and state level service provider partners, coordinate state level workforce information collection and

distribution, establish inter-agency working agreements, manage the State Workforce Development Board, and consider other improvements to the structure, coordination, and collaboration of the workforce development system in general. This may include creating a Vermont Workforce Development Network.

(5) Implementation. The Office of Workforce Innovation shall be established as of July 1, 2022.

(6). Appropriation. The amount of \$500,000 is appropriated from the General Fund to create this Office and perform its duties.

#### Sec. 6. Regional Workforce Expansion System.

(a) Regional Workforce Expansion System. The Department of Labor shall conduct a two-year pilot program to launch and manage a coordinated regional delivery system beginning in two regions of the State, to work toward accomplishing the following goals:

- (1) increase local labor participation rate;
- (2) decrease the number of open positions reported by local employers;
- (3) increase the wages of workers as they transition to new jobs; and
- (4) collect, organize, develop, and share information related to local career

pathways with workforce development partners.

(b) Duties. In order to meet the goals specified in subsection (b) of this section, the Department shall:

- (1) create new capacity to address and support Department activities related to workforce development, expansion, and alignment at the regional level;
- (2) focus on the overarching goal of helping workers find jobs and employers find workers;

(3) support employers in communicating and tailoring their work requirements, conditions, and expectations to better access local workers; and

(4) collaborate with local education and training providers and regional workforce partners, which may include Regional Development Corporations, to create and regularly distribute data related to local labor force supply and demand.

(c) System infrastructure. The Department shall make investments that improve and expand regional capacity to strengthen networks of service providers, which may include Regional Development Corporations, Career Technical Education programs, local One Stop administrators, other regional providers, who assist jobseekers, workers, and employers in connecting.

(1) The Department is authorized to create three classified, two-year limited-service positions, with funding allocated to perform the work described in this section, who shall report to the Workforce Development Division and of whom three shall be Workforce Expansion Specialists assigned, one each, to two different regions of the State.

(2)(A) The Department shall use funds allocated to develop systems for coordination, information sharing, and enhanced support to regional partners, host regional meetings, develop regional plans, and provide localized resources including labor market information, training and development opportunities, and support services.

(B) The Department shall develop labor market information reports to support discussion and decision making that will address local labor market challenges and opportunities and support a regional approach to solving local or unique labor supply challenges.

(d) Coordination.

(1) The Department shall convene regional meetings of education, training, business, and service provider partners; coordinate local workforce information collection and distribution; and assist in developing localized career resources, such as information for career counseling, local job fairs, and career expos, that will be available to a wide range of stakeholders.

(2) Service provider partners shall include community partners who directly serve mature workers, youth, individuals with disabilities, individuals who have been involved with the correction system, BIPOC Vermonters, New Americans, and other historically marginalized populations in efforts to align service delivery, share information, and achieve greater employment outcomes for Vermonters.

(e) Interim report. On or before January 15, 2023, the Office of Workforce Innovation and the Department shall provide a joint narrative update on the progress made in hiring staff, establishing interagency agreements, developing regional information exchange systems, and supporting State-level work to expand the labor force to the House and Senate committees of jurisdiction.

(f) Implementation. The Department of Labor shall begin implementing the duties indicated above on or before July 1, 2022.

(i) Appropriation. The amount of \$1,000,000.00 is appropriated from the General Fund to enable the Department to set up the two pilot program sites and perform the duties contained in this section.