

LIEUTENANT GOVERNOR'S
COMMISSION ON
21ST CENTURY WORKFORCE

ALABAMA WORKFORCE
DEVELOPMENT PLAN

January 2024

ALABAMA WORKFORCE DEVELOPMENT PLAN

Lt. Gov. Commission on 21st Century Workforce

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EXECUTIVE SUMMARY

PURPOSE

Alabama's workforce development system must continue to innovate if it wants to grow the economy and provide opportunities for workers to compete for good jobs in a global market.

The talent and abilities required by employers continues to expand and change. Increased competition, advanced automation, and shifting demographics have made workforce development every state's most critical challenge.

The key to unlocking Alabama's potential lies within its workforce, a valuable resource that requires continuous investment, innovation, and adaptability to thrive in today's dynamic global economy. Through an aligned workforce development system and a centrally coordinated plan for success, Alabama is primed to be the workforce engine of the Southeast.

GOALS

Define the Need

Consolidate and align Alabama's workforce development system to operate toward a single goal – placing people into meaningful employment. Alabama should call on industry to provide leadership in both identifying valuable career opportunities and advising the state's workforce development agencies to help employ more Alabamians.

Path Forward

Create an Alabama Workforce Development Plan that provides a roadmap toward a nimble, responsive workforce development system that can quickly and strategically react to labor market opportunities and challenges through a cohesive framework. The Alabama Workforce Development Plan provides an opportunity to shift the focus from training towards holistic pathways that recruit people off the sidelines, back into the labor force, and into skilled labor and middle-class jobs that are available today.

Recruit

Improve communication and marketing to connect unengaged individuals to existing career opportunities, highlight the impact of a quality career on mobility, and detail the training needed to qualify for each career. The state must work with the private sector and community-based organizations to recruit individuals to available programs and job opportunities.

Train

Align training with careers that exist today. Develop meaningful metrics of success for the state's workforce-related agencies aligned with overall state workforce priorities and the unique roles and populations served by each training agency. To truly serve a purpose, training programs need to be connected to industry and teach skills that lead directly to job opportunities.

Employ

Establish clear pathways into meaningful careers and work with industry to develop and retain talent. Remove barriers to people accessing available career opportunities, training, and support services.

BACKGROUND

In 2019, the Lt. Gov.'s Commission on 21st Century Workforce (the Commission) was created to assess the current system and to make recommendations to increase workforce competitiveness.

In 2020, the Commission released its assessment with recommendations to evolve the existing workforce development system and allocate state resources toward workforce priorities – 'Alabama Workforce Development: Accelerating the Transformation to Excellence.'

In 2023, the Commission was tasked by the Legislature to study the state's current workforce development system and funding sources, develop a state workforce plan, and recommend legislation that is needed to improve Alabama's workforce outcomes.

2023-2024 COMMISSION MEMBERS

Lt. Gov. Will Ainsworth (Chair)

Alabama Power CEO Jeff Peoples

Sen. Donnie Chesteen

Sen. Linda Coleman-Madison

Sen. Dan Roberts

Sen. April Weaver

PowerSouth CEO Gary Smith

Rep. Danny Garrett

Rep. Kelvin Lawrence

Rep. Joe Lovvorn

Rep. Debbie Wood

PLAN

DEFINE THE NEED

GOAL

Consolidate and align Alabama's workforce development system to operate toward a single goal – placing people into meaningful employment. Alabama should call on industry to provide leadership in both identifying valuable career opportunities and advising the state's workforce development agencies to help employ more Alabamians.

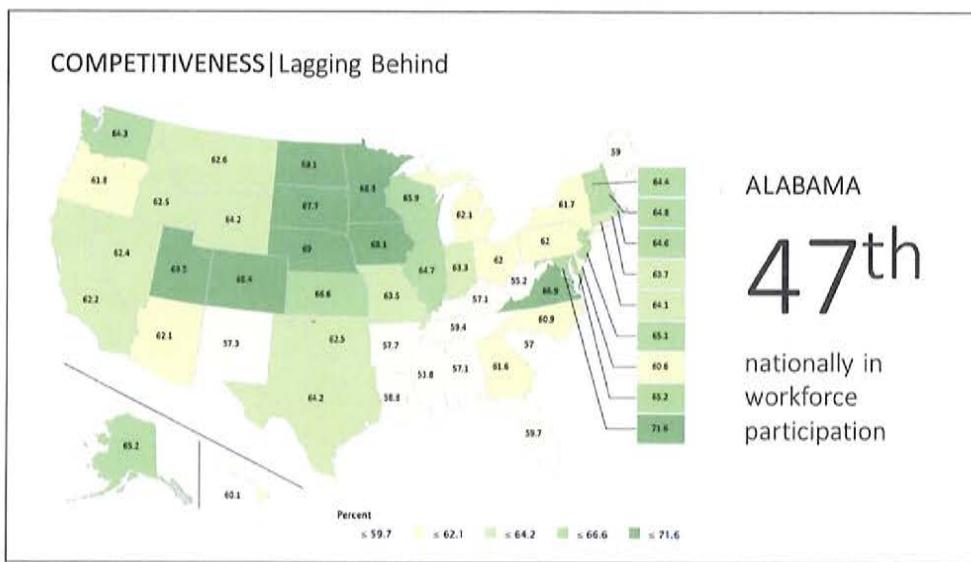
Today, Alabama industries are having a hard time filling open positions.

While Alabama's unemployment rate is at record lows – 2.45% in November of 2023 – almost half of the state's working-age residents are neither employed nor seeking to participate in the workforce. That means that in the unlikely scenario in which the unemployment rate in Alabama were to drop to 0%, meaning all those looking for jobs have jobs, the state would still be faced with an 67,500-worker shortage for job that exist today.



November 2023 labor market information from the Alabama Department of Labor and U.S. Bureau of Labor Statistics.

The primary cause of this gap is that Alabama's labor force participation rate consistently trails the national average by 5%. As of November 2023, the National Average for Workforce Participation sits at 62.7%. Alabama's labor force participation rate is among the lowest in the nation at 57.1%.



November 2023 labor market information from the U.S. Bureau of Labor Statistics.

In 2020, the Commission's 'Accelerating the Transformation to Excellence' report noted that Alabama's workforce development system needs more collaboration among workforce entities to engage the state's hard to reach populations. It noted that there remains a wide perception of duplication of services, turf issues, confusion about respective roles, and an unwillingness to effectively partner.

As the entities providing career opportunities and thereby defining workforce needs, Alabama's workforce pipelines must be closely connected and responsive to the needs of industry.

RECOMMENDATION | Merge Unaligned & Duplicative Workforce Development Agencies

The 'Accelerating the Transformation to Excellence' report highlights the number of organizations involved in Alabama's workforce development process and how that has always contributed to frustration and confusion among stakeholders. Other states like Kentucky, Mississippi, Oklahoma, and Ohio are finding ways to involve industry in consolidating workforce development systems and simplifying pathways for career seekers.

Alabama should consolidate state agencies and departments involved in the workforce development system that have ambiguous and/or duplicative functions into a newly established, industry-lead state entity, which could be called the Alabama Workforce Authority (AWA). The AWA would be led by a cabinet-level Secretary of Workforce Development, creating a single point of responsibility for workforce outcomes in Alabama as recommended in the 'Accelerating the Transformation to Excellence' report. The Secretary would serve at the will of the Governor and be selected from a pool of candidates recommended by an AWA board of directors. The AWA board of directors would annually evaluate the performance of the Secretary and provide the Governor any recommendations regarding leadership transition.

The AWA would be designed to operate independently from, but in coordination with, existing state and local government training entities and would serve as a coordinating body for state and federal workforce development funds. Creating the AWA would involve the consolidation of the following agencies:

- Department of Commerce (DOC) Workforce Development Division & AIDT – DOC has absorbed a number of entities and developed programs that would be better operated as part of a holistic state workforce system (e.g., regional workforce councils).
- Department of Labor (DOL) – The state should work to improve the operation of its career centers and use federal funds received by DOL in a more efficient and effective manner. DOL's non-workforce responsibilities, such as mine safety and elevator inspection, could be transferred to other state agencies.

RECOMMENDATION | Industry Board of Directors

The 'Accelerating the Transformation to Excellence' report notes that increased industry engagement in the workforce development process is critical to its success at the state, regional, and local levels.

The AWA should be governed by a nine-member board of directors to ensure connecting individuals to career opportunities is at the heart of Alabama's workforce development ecosystem. The Board would provide strategic direction for the entity, oversee the activities conducted by the Secretary of Workforce Development, and make recommendations to the Office of the Governor with regard to appointments to its body.

The AWA board would be comprised of top industry leaders with insight into Alabama's workforce and economic needs. The appointed board members would advise the Secretary of Workforce Development, oversee the divisions and programs of AWA, and actively participate in the state budgeting process for AWA and other workforce-related state agencies.

PATH FORWARD

GOAL

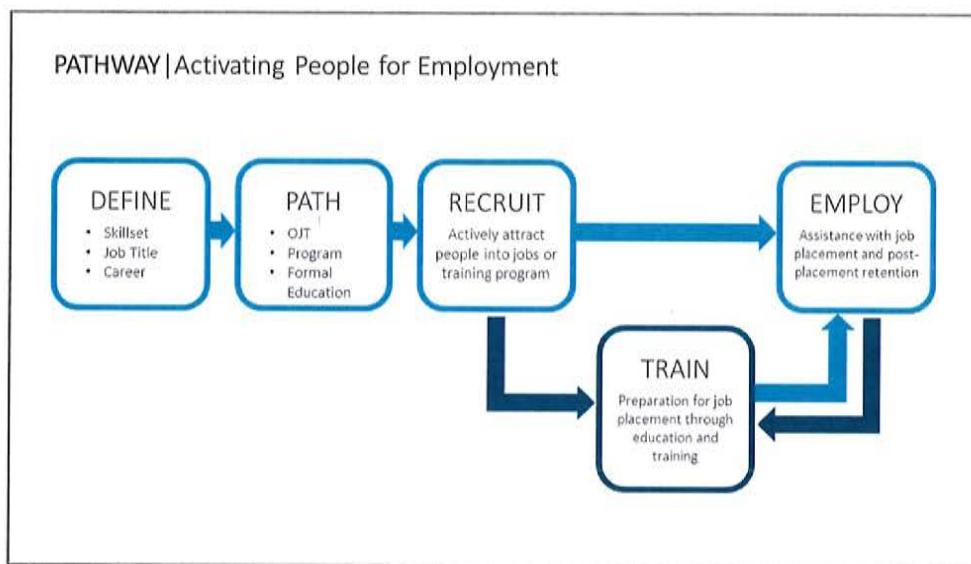
Create an Alabama Workforce Development Plan that provides a roadmap toward a nimble, responsive workforce development system that can quickly and strategically react to labor market opportunities and challenges through a cohesive framework. The Alabama Workforce Development Plan provides an opportunity to shift the focus from training towards holistic pathways that recruit people off the sidelines, back into the labor force, and into skilled labor and middle-class jobs that are available today.

Alabama's career pathways are confusing and complex to those it seeks to serve.

- People do not know how to access career pipelines.
- They do not know how to activate themselves for employment.

To grow opportunities for workers, Alabama should prioritize connecting individuals to careers. The state must reorient workforce development system partners toward education and training for the purpose of direct employment in today's labor market.

Alabama should simplify its approach. 'Recruit, Train, Employ' are the core processes for an effective workforce development strategy. Within this framework, institutions at all levels must know and embrace their roles to make meaningful improvements in Alabama's workforce preparedness.



A simplified framework built upon 'Recruit, Train, Employ' increases the likelihood of career placement and stakeholder satisfaction while also maximizing outcomes and responsiveness to market changes.

RECOMMENDATION | Industry Engagement in Workforce Budgeting

Alabama should create a statutory process for the AWA and its industry-led board to engage in the state budgeting process and provide recommendations for the distribution of federal funding for workforce-engaged state agencies.

The AWA board would advise the Governor, Finance Department, and Legislature on industry priorities and help hold state agencies accountable for outcomes connected to the expenditure of state and federal workforce funds. Alabama workforce-related agencies include, but are not limited to, the agencies and departments within the newly established AWA, State Department

of Education, Alabama Community College System, Alabama Commission on Higher Education, Alabama Department of Human Resources, and the Alabama Department of Rehab Services.

RECOMMENDATION | Perpetual Alabama Workforce Development Plan

The AWA should be statutorily tasked with developing the Alabama Workforce Development Plan that would be updated at the beginning of each Legislative quadrennium. The Alabama Workforce Development Plan would outline the roles of the state's workforce-related agencies within a coordinated pathway for recruitment, training, and employment – including both job placement and retention. The Plan would focus on the following:

- Key Sectors Pipelines – Prioritize resources to fill existing or upcoming job gaps.
- Workforce Pathway to 'Recruit, Train, Employ' – Focus workforce efforts on the individual by prioritizing recruitment populations and job placements.
- Economic Outlook – Align workforce development priorities with economic forecasts, economic development priorities, and labor market projections.
- Responsive Alignment – Define and measure roles and populations served by training agencies.

RECRUIT

GOAL

Improve communication and marketing to connect unengaged individuals to existing career opportunities, highlight the impact of a quality career on mobility, and detail the training needed to qualify for each career. The state must work with the private sector and community-based organizations to recruit individuals to available programs and job opportunities.

Alabama's workforce development challenge is a numbers problem – there are not enough Alabamians looking for employment to fill the jobs that exist today.

While training is a key component to meeting workforce needs in the future, Alabama must find ways to recruit people back into the labor force to meet its existing need. The key to doing so is identifying and recruiting underutilized or unengaged talent segments from among the ~1.7 million Alabamians age 16+ who are not participating in the state's labor force.

There are two (2) keys to recruiting in the state of Alabama:

- Identify and attract a diverse mix of talent that meet the requirements, have the capabilities, and/or have an interest in available career opportunities in the state.

- Form partnerships with sourcing partners to ensure the growth and vitality of the diverse talent within the workforce regions.

Recruiting individuals is the hardest part of developing workforce pathways. Alabama residents need better access to information about jobs that lead to careers, help grow family prosperity, and evolve to sustain generational opportunities. Today, no one agency is leading targeted outreach to provide Alabamians the information they need to access a career and activate themselves for employment.

Both disconnected youth and older workers are more likely to learn about career and training opportunities on social media platforms as opposed to traditional media channels. This indicates that recruitment and marketing need to identify messaging and non-traditional media platforms aligned with populations most likely to reengage with the labor force.

Technology can and should be used to a much greater degree to connect skilled individuals to careers. Career Centers must be proactive meeting people where they are, instead of waiting for people to walk in to be served. The metric for success would not be how many people walk into the centers, but what percentage of the population that needs services receive them.

Increased engagement with non-traditional partners and rural communities could also create deeper engagement and outcomes with disconnected workers. This includes outreach events, meetings, and collaborations with stakeholders, including business and city leaders.

RECOMMENDATION | Expand & Coordinate Marketing for Recruitment

The state must target its workforce marketing and communications aimed at hard-to-reach populations.

Workers on the sideline can be reconnected to job opportunities by prioritizing resources for:

- Targeted marketing for hard-to-reach individuals.
- Supporting NGO partners championing career awareness at the local level.
- Developing mobile-friendly, user-oriented tools to connect individuals to jobs, training, and support resources.

Alabama should increase and centralize funding within the AWA for recruiting disconnected and underemployed individuals. As the state workforce provider, the AWA and its recruitment partners would connect individuals likely to reengage with the workforce with information on pathways and training for existing, in demand jobs through targeted outreach where they live and on the media platforms they use.

RECOMMENDATION | Reimagine Career Services for the 21st Century

Most individuals in Alabama – including those disconnected from the workforce – own smartphones. For those disconnected from the workforce, technology should be used to audit career interest and skill alignment to directly connect individuals to jobs or training toward employment.

Alabama Career Services should use mobile-friendly technology to support access to career pathways – exploration, training, and employment. Doing so would simplify and enhance the user experience in a manner that will intuitively connect individuals to career and support resources. This approach also reduces the need for transportation to one or more physical locations for employment services and support.

TRAIN

GOAL

Align training with careers that exist today. Develop meaningful metrics of success for the state's workforce-related agencies aligned with overall state workforce priorities and the unique roles and populations served by each training agency. To truly serve a purpose, training programs need to be connected to industry and teach skills that lead directly to job opportunities.

Disconnected workers in Alabama are interested in skills training when it is both free and directly connected to a job at completion. At the same time, they admit they are unaware of what careers are in demand.

Policy makers and the public need clear and linked data to better understand in-demand opportunities toward which to direct disconnected workers. Along with providing a better understanding of programs that lead directly to employment, this data will help policy makers evaluate the state's return on investment in education and workforce development.

To maximize return on investment, training providers need to prioritize working with employing industries on curriculum development for career training modules so that what's being taught is relevant and transferrable to each respective craft, trade, or workspace.

This is especially true with regard to youth training, where industry-connected programs provide students the skills necessary for meaningful careers without the financial burden of student debt. As 'Accelerating the Transformation to Excellence' report notes, eight years after their graduation date, students nationally who focused on career and technical education courses while in high school:

- Had higher graduation rates;

- Were enrolled in post-secondary education at higher rates;
- Were employed full time after high school at higher rates; and
- Had higher medium annual earnings than non-CTE concentrators.

Many Alabama graduates who do not develop career skills during high school or go on to obtain additional education after graduation face obstacles that prevent them from seeking a career in a high-wage, high-demand occupation. In 2021, there were 49,615 graduates of Alabama high schools, and 22,370 of those individuals (45%) did not enroll in a post-secondary program after high school.

For those graduates who opt out of higher education, there has been a pivot nationwide by business and industry towards short-term non-credit training programs that teach the essentials (theory and hands-on) and provide job seekers the ability to quickly begin paid careers. For those seeking to reenter the workforce or upskill to better careers, short-term training is more aligned many times where life circumstances do not allow for longer training periods.

Obtaining a short-term credential is a potential pathway to employment that could help increase Alabama's labor force participation rate by helping to equip residents with the tools necessary to secure employment.

RECOMMENDATION | Accountability for Defined Outcomes

Both the 'Accelerating the Transformation to Excellence' and 'Governor Ivey's Action Plan for Developing In-Demand Career Pathways' reports call for alignment of state workforce data with the development of metrics for program evaluation and return on investment.

To track these metrics, Alabama should merge the data and statistical divisions of the agencies consolidated within the newly established AWA and codify MOUs with other workforce-related agencies to link and establish consistent information for evaluating the state's return on investment for the funds spent on education and workforce development.

- Metrics – Define meaningful metrics of success for each agency function.
- Reporting – Track outcomes through a consolidated state workforce data system.

The Alabama Workforce Development Plan shall include meaningful metrics of success for the state's workforce-related agencies aligned with overall state workforce priorities and the unique roles and populations served by each training agency. These outcomes should be aligned with understanding and improving the current supply for today's labor market as well as planning for expanded workforce needs in Alabama's strategic economic development sectors.

RECOMMENDATION | Establish a Workforce Pathways Diploma & Reinvest in County CTE Centers

Many jobs in Alabama that are currently facing worker shortages require training in addition to a high school degree but less than a bachelor's degree.

Alabama should highlight the long-term value Career and Technical Education (CTE) creates for students by developing a diploma pathway that supports students accessing skills training during high school. The CTE Diploma would reorient applied skill requirements toward hands-on career training that incorporates academic learning for students who do not plan to attend a four-year college or university. It would also create scheduling flexibility for students traveling to training centers so that CTE skills development does not come at the expense of student life and developmental activities like organized sports, arts, or civic engagement.

Additionally, Alabama should reinvest in CTE centers to ensure students in every county have access to a high-quality facility with curriculum and equipment to prepare them to enter today's in-demand careers. Such an investment would provide initial funding for building, retrofitting, or upgrading equipment and facilities in each of Alabama's 67 counties. It would also provide for continued investment in CTE curriculum and equipment to ensure skills development is connected with industry needs.

See Appendix: Reinvigorating Career & Technical Education in Alabama, 2-1

RECOMMENDATION | Non-Credit Financial Aid for Alabama Workforce Pathways

While industry is embracing noncredit programs, participants are not typically eligible for federal student aid, and most states do not invest enough into these programs to keep up with demand.

The Alabama Short-term Credential Program was established during the 2023 legislative session to create opportunities for high school graduates opting out of higher education, individuals seeking to improve career prospects, or those seeking training to reenter the labor force. The program provides grants of up to \$4,500 paid to an Alabama Community College System training provider providing direct pathways into employment where an eligible student enrolls in a short-term credential program. Grants are applied toward an eligible student's qualifying educational expenses required to complete a credit or non-credit short-term credential program that provides training for in-demand careers in the relevant region.

Alabama should rename the program Alabama Workforce Pathways and expand its scope to:

- Support short-term credential scholarships to any WIOA eligible training provider.
- Increase annual program funding from \$200,000 to \$20 million.
- Move administration of the program to the AWA.

See Appendix: Alabama Workforce Pathways, 2-3

EMPLOY

GOAL

Establish clear pathways into meaningful careers and work with industry to develop and retain talent. Remove barriers to people accessing available career opportunities, training, and support services.

Recruitment and training fall flat if they are not connected to existing jobs.

Once the state workforce development system recruits individuals and helps train them for skilled labor and middle-class jobs, it must ensure that they are hired at the end of the program. This can be accomplished by establishing industry partnerships with clear pathways into a meaningful career.

Skills change as jobs evolve. The workforce development system must work with industry to develop and retain talent. Training providers must be prepared to support upskilling or reskilling to keep quality employees in good jobs.

A portion of the approximately 1.7 million Alabamians aged 16 and above not working or looking for work are intentionally disengaged in the workforce (*e.g.*, youth enrolled in education and training toward careers, individuals who have made the choice to forgo careers to raise a family, or workers who have transitioned from careers into retirement). Others face barriers that create challenges or even disincentivize access to employment (see Appendix: Workforce Barriers):

- Childcare/Eldercare – Access to affordable, high-quality childcare has long been a struggle throughout Alabama. In many communities, the supply of care is insufficient to meet the needs of parents. In most communities, the price of care is a struggle for working families.
- Disability – Disability, retirement, and school attendance are the top three reasons cited by those 16 years and older for not working. Across all age groups, persons with disabilities were much less likely to be employed than those without disabilities.
- Mental Health & Addiction – Every year up to 200 million workdays are lost to mental health challenges. Between 2014 and 2019, 22,931 Alabamians – many of whom struggle with substance misuse – were convicted of possession of a controlled substance. A felony conviction can derail a person’s earning potential and career options even without prison time.
- Formerly Incarcerated Reentry – Over the last five years, the number of individuals released from Alabama Department of Corrections’ custody has ranged from a high of 8,722 to a low of around 4,700. Those transitioning from incarceration face daunting obstacles when integrating back into society, including obtaining a state or Federal ID and finding housing, transportation, and/or employment.

- Transportation – The lack of access to reliable, affordable transportation prevents many Alabamians from pursuing education and training or going to work. A 2023 study found that 15% of participants have lost or quit a job due to transportation issues.
- Military Transition – Unemployed and under-employed military members who do not have access to career opportunities prior to leaving military service are more likely to leave Alabama.
- Housing – The availability of affordable housing that fits a range of household types and lifestyles is essential to attracting, retaining, and developing a diverse and productive workforce. Affordable housing options improve job access (especially when transportation is a barrier).

RECOMMENDATION | Public-Private Solutions

Alabama should consolidate public funding for non-governmental organizations (NGOs) that seek to remove workforce barriers (by providing or assisting with childcare, transportation, affordable housing, etc.) into the AWA.

The AWA would seek to address barriers to employment by centralizing support and bringing these groups together to coordinate their efforts across the Alabama workforce development ecosystem – prioritizing public funding for programs addressing key job placement barriers.

The AWA would partner with philanthropic funders to:

- Prioritize public funding (~\$30M went to nonprofits in the 2023 ETF) for non-governmental organizations (NGOs) programs addressing key barriers to workforce success.
- Define and align outcomes for workforce-related NGOs that receive public support.
- Leverage public investment with philanthropic support.
- Advocate for policies expanding public funding for barriers hindering economic and workforce opportunities in Alabama.

RECOMMENDATION | Easing Access to Scholarships for Military Transition

The state and its federal delegation can provide leadership to remove barriers and restrictions that prevent former, active, and reserve military members from best utilizing the funding they are entitled to for training that leads to meaningful careers. At the state level, Alabama should look at removing unnecessary steps that may dissuade service members from utilizing the state's National Guard Education Assistance Scholarships. At all levels, policy makers should ensure that scholarships and funding support all levels of training – 4-year, 2-year, and non-credit – that lead to high-wage, in-demand careers.

RECOMMENDATION | Childcare Tax Credits

Develop tax credits to incentivize employers to fund childcare and incentivizes childcare providers to expand childcare access and quality. Tax credits would be made available for employers that provide on-site childcare or stipends to employees for childcare expenses. Tax credits would also be made available for childcare providers that voluntarily participate in the quality rating program administered by the Alabama Department of Human Resources (ADHR) under the name of Quality Rating and Improvement System (QRIS).

RECOMMENDATION | Mental Health & Addiction Diversion Programs

In most instances, people charged with possession are eligible for drug court, a diversion program that connects with treatment and recovery support. In addition to getting the services they need, people who successfully graduate from drug court and other diversion programs have their felony charges dropped. That alone improves their employability and likelihood of moving forward successfully. But according to Alabama Appleseed, 40% of individuals interested in diversion either fail to enroll or do not complete programs due to costs. By expanding state funding and coordinating access to federal funding, Alabama can empower local leaders – law enforcement, district attorneys, and judges – to develop or expand low- and no-cost programs that help individuals access treatment and recovery programs without negatively impacting that person's earning potential and career options.

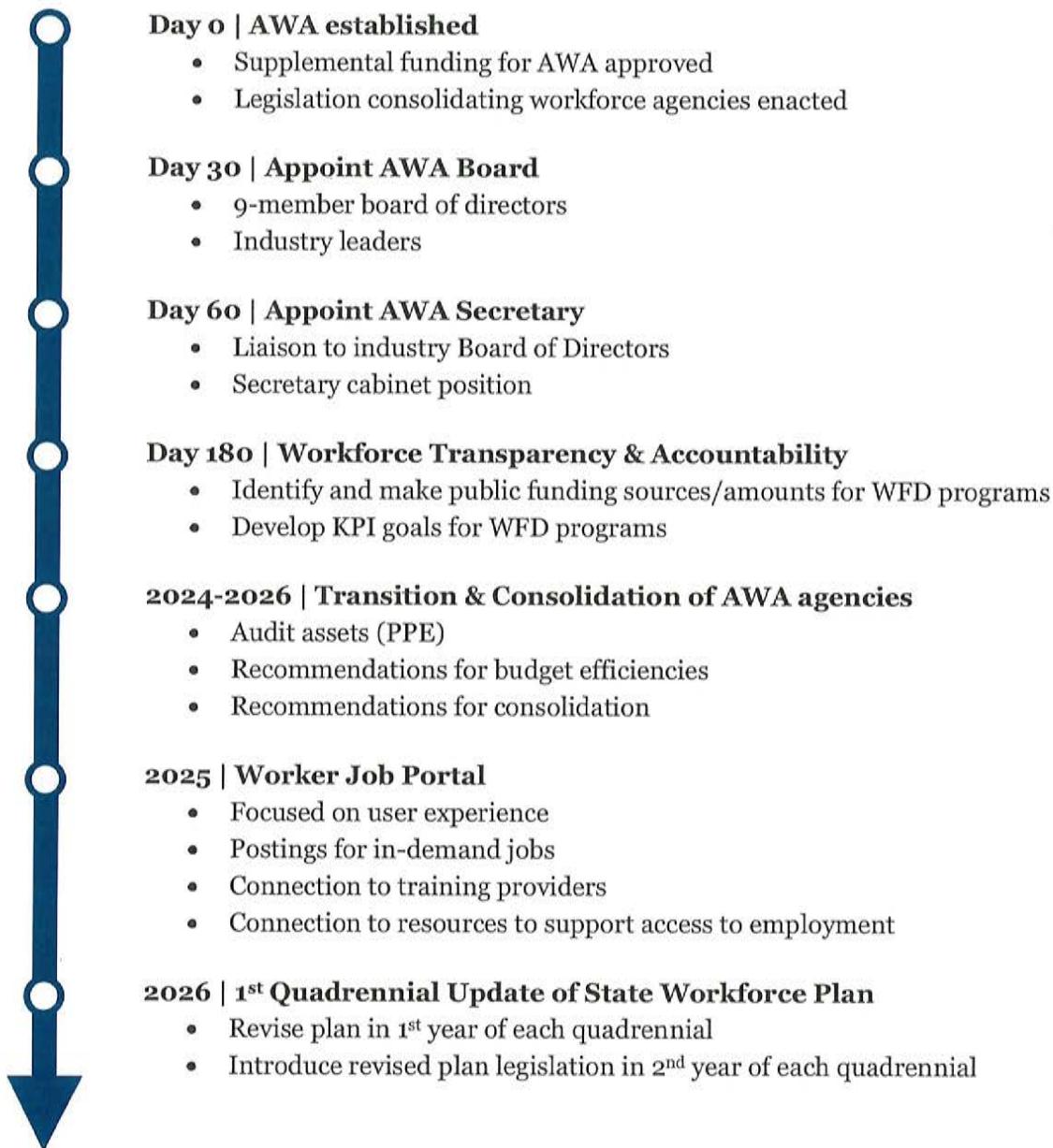
RECOMMENDATION | Housing Tax Credits

Through the allocation of approximately \$15 million in state tax credits, Alabama could double the amount of workforce housing developed in the state on an annual basis. By establishing a state workforce housing tax credit to complement the existing federal tax credit, Alabama can leverage a significantly larger pool of federal funding and private debt financing. This combined effort can facilitate the creation of high-quality workforce housing units, offered at affordable rental rates as mandated by statute. The primary focus of this housing development initiative would encompass both metropolitan areas, where a strong workforce is needed to support industrial growth, and rural regions. The tax credit serves as a catalyst for funding the construction and refurbishment of workforce housing units, with a target demographic consisting of individuals earning between \$10.90 and \$29.06 per hour in Alabama. Additionally, the program would extend eligibility to retired elderly persons seeking affordable housing options.

IMPLEMENTATION

The challenge of arming potential workers with the skills they need for future success has become increasingly central to every state's economic development strategy nationally. To compete for good jobs in a global marketplace, Alabama must move beyond studies and plans to implementation.

Below are aggressive goals for implementing The Alabama Workforce Development Plan – creating the alignment and structure toward a nimble, responsive workforce ecosystem that can quickly and strategically react to labor market opportunities and challenges through a cohesive framework.



APPENDIX

REINVIGORATING CAREER & TECHNICAL EDUCATION IN ALABAMA

High School Programs

Many jobs in Alabama that are currently facing worker shortages require training in addition to a high school degree but less than a bachelor's degree. These careers require workers to have credentials indicating skills training.

Many high schools across Alabama provide students with access to programs that lead to credentials through dual enrollment and other community college and industry partnerships with the school. In addition, certain programs within the state are dedicated to promoting short-term credentials and other workforce programs.

Examples of these types of programs include:

- Baldwin Preparatory Academy, which allows high school students in grades 10-12 in Baldwin County Schools will be able to obtain vocational training, including an associate's degree.
- Build Up Birmingham, which is a workforce development high school that provides low-income youth in Birmingham with career-ready skills through paid apprenticeships with industry-aligned secondary and early post-secondary academic coursework.

To ensure that all Alabama students have access to these valuable career opportunities, the State of Alabama should better highlight the long-term value Career and Technical Education (CTE) creates for students by developing a diploma pathway that supports students accessing skills training during high school. The CTE Diploma would reorient applied skill requirements toward hands-on career training that incorporates academic learning. This effort could be accomplished by taking the following steps:

Establish New CTE High School Degree Path

- The state should establish a new pathway to earn a high school degree for Alabama students who do not plan to attend a four-year college or university.
- The Alabama State Department of Education would prepare the curriculum for this new degree pathway that would allow CTE programs to satisfy existing Math and Science requirements for non-college bound students in grades 10-12, which would better prepare those students to enter the workforce and/or earn credentials that would lead directly to employment in their chosen field.

Increase State Funding for CTE Centers

- The number of K-12 career tech centers has decreased over the past three decades, but these centers provide students with opportunities to engage in hands-on learning opportunities aimed at particular professions (e.g., welders).
- The state should provide direct funding (or low-interest loans) to local school systems to facilitate the construction or development of CTE centers in targeted locations.
- Some larger school systems (or counties) may need their own CTE center, while smaller school systems (or counties) may be able share a center.
- School systems should provide scheduling flexibility to students taking courses at these centers so that CTE skills development does not come at the expense of student life and developmental activities like organized sports, arts, or civic engagement.

Advocate for Flexibility in Federal Perkins Act

- The federal Perkins Act was last re-authorized in 2018, and this reauthorization runs through June of 2025 (FY 2024).
- State leaders should work with the federal delegation to incorporate more flexibility into the rules governing the use of Perkins funding.
- Under the current rules, some rural school districts have had difficulties using their Perkins allotment in the manner that would best benefit their students because of limited local funding and the federal bureaucracy associated with this program.

ALABAMA WORKFORCE PATHWAYS

High School Graduates

In 2021, there were 49,615 graduates of Alabama high schools, and 22,370 of those individuals (45%) did not enroll in a post-secondary program after high school. Of those high school graduates, 15,856 entered a four-year program (32%), and 11,389 entered a two-year program (23%).

Credentials

A credential is a certificate, certification, or degree that verifies an individual's skill, qualifications, competence, and/or authority to perform a certain task or operation that provides a benefit to an employer or industry.

Credentials are typically awarded upon the successful completion of a brief course of study that requires an assessment and validation of certain skills needed for a given occupation based on a set of accepted standards in that field. An Industry-Recognized Credential (or High-Quality Credential) is one that is sought or accepted by multiple employers within the industry or sector involved as a recognized, preferred, or required credential for recruitment, screening, hiring, retention, or advancement purposes. Where appropriate, such credentials are endorsed by a nationally recognized trade association or organization representing a significant part of the industry or sector.

In 2020, 35% of Alabama high school graduates earned an industry-recognized credential through a high school career and technical education program. However, many Alabama graduates who do not obtain additional education after high school face obstacles that prevent them from seeking a career in a high-wage, high-demand occupation.

Alabama Short-Term Credential Scholarship Program

During the 2023 Legislative Session, the state enacted legislation to establish the Alabama Short-Term Credential Program, which seeks to increase the number of Alabamians with credentials and provide eligible individuals with financial assistance to help earn a credential.

As enacted, the program provides funding for students to help earn a short-term credential at an Alabama community college. The for-credit or non-credit course may be completed in two semesters or less and must lead to in-demand career opportunities in the region in which the community college where the course is taken is located. Most associate degrees take around two years to attain, but a short-term credential program provides graduates with an opportunity to obtain employment without entering a 2-year or 4-year program.

The details of this program are as follows:

- The program will award grants of up to \$4,500 per course to pay for the cost of an eligible student's qualifying educational expenses required to complete a short-term credential program.
 - Qualifying educational expenses include tuition, fees, books, materials, and supplies which are required for the program.
 - In determining which courses qualify, each community college must work with local businesses and regional workforce councils and consult the regional and statewide lists of in-demand occupations to determine the in-demand careers and applicable curriculum.
 - Funds may be used by students to earn credit hours or complete a non-credit program.
- Grant recipients must be an Alabama resident and registered – or intending to register – for a short-term credential program at an Alabama community college. Grants will be paid to the institution on the student's behalf.
 - If a student does not complete the course during the relevant time period, he or she will be responsible for paying the outstanding balance of any tuition or other fees owed.
 - If a student does not complete the course within one calendar year, he or she will be required to repay the State for the initial one-half of the grant paid on their behalf.
- The grants provided under this program take effect on January 1, 2024, and expire on December 31, 2028, unless extended by an act of the Legislature.
- The Alabama Community College System (ACCS) administers the program.
- The Legislature appropriated \$200,000 to this program for FY 2024.
- Examples – This program could be used to assist students in earning a credential for the following, non-exclusive list of occupations: Clinical Medical Assistant, HVAC Repair, Certified Production Technician, Pre-Apprentice Lineworker.

Recommended Revisions to Short-Term Credential Program

In order to strengthen this program, the state should consider the following changes:

- Rename the program to Alabama Workforce Pathways.
- Expand the program's scope in the following manner:
 - Support short-term credential scholarships to any WIOA eligible training provider.
 - Support short-term credential scholarships to high school programs for testing or training material costs borne by participating students.
 - Increase annual program funding from \$200,000 to \$2 million; and
 - Move the administration of the program to the Alabama Workforce Authority.

WORKFORCE BARRIERS

Childcare/Eldercare

Access to affordable, high-quality childcare has long been a struggle throughout Alabama. In many communities, the supply of care is insufficient to meet the needs of parents. In most communities, the price of care is a struggle for working families. In Alabama, the Bipartisan Policy Center estimated the childcare supply gap for children under age 6 at 40% – meaning that available capacity in all early childhood programs met only 60% of the potential need for children under age 6 in working families. Nationally, the average gap among the 35 states was 31.7%. Furthermore, the workforce of childcare is predominately female; 90% of Alabama's childcare providers are women. Childcare businesses in Alabama account for \$427 million of the state's economic activity. In addition, families who need childcare face an average annual cost of \$5,980, which is 11 percent of the median household income in Alabama.

Disability

According to the U.S. Bureau of Labor Statistics, disability, retirement, and school attendance are the top three reasons cited by those 16 years and older for not working. Across all age groups, persons with disabilities were much less likely to be employed than those without disabilities.

- Part-time Employment – In 2020, 29 percent of workers with a disability were employed part-time, compared with 16 percent for those without a disability.
- Unemployment – The unemployment rate for people with a disability was more than twice that of people without a disability in the third quarter of 2021, 10.6 percent compared with 4.9 percent.
- Labor Force Participation – During 2019, 20.8 percent of people with a disability either were employed or were looking for work. In contrast, the labor force participation rate for people without a disability was 68.7 percent. Across all age groups, labor force participation rates are consistently much lower for people with a disability than for people without a disability.

Mental Health & Addiction

According to the Addiction Prevention Coalition, every year up to 200 million workdays are lost to mental health challenges. Untreated mental illness costs the United States a staggering \$3.7 trillion every year, and approximately 10.8 million full-time employees face issues related to substance use.

- Employees who get effective substance use treatment and recovery support can, on average, avoid \$8,817 in annual costs.

- Employees in recovery take less unscheduled leave than their colleagues. On average, they miss 13.7 fewer workdays than employees with an active substance use disorder and 3.6 fewer work days than an average employee.
- Employees in recovery stay with their employers at almost identical rates as their co-workers. When compared to those with active addictions, employees in recovery can save their organization up to \$4,000 in turnover and replacement costs.
- Employees in recovery save an average of \$536 per year in healthcare utilization costs compared to those with an untreated substance use disorder.

Many people who are arrested for possession of a controlled substance struggle with substance use disorder. Possession of a controlled substance, or simple possession, has for years been the most frequent felony offense at conviction. Between 2014 and 2019, 22,931 Alabamians were convicted of that offense. People rarely go to prison for drug possession alone, but even without prison time, a felony conviction can derail a person's earning potential and career options.

Formerly Incarcerated Reentry

Over the last five years, the number of people released from Alabama Department of Corrections custody has ranged from a high of 8,722 to a low of around 4,700. Justice-involved Alabama residents constitute a largely untapped population that is ripe for employment and eager to work. Those transitioning from incarceration face daunting obstacles to integrating back into society, which includes obtaining a state or Federal ID and finding housing, transportation, and/or employment. Their living options are severely limited by housing shortages, lack of money, and restrictions regarding where people with felony convictions may live. And their ability to obtain employment is hampered by a host of obstacles including active substance use disorder, lack of transportation, and lack of valid identification which is a requirement for taking nearly any job. Recidivism drops tremendously when those exiting the criminal justice system are provided support for mental health, substance abuse, housing, and seeking employment.

Transportation

The lack of access to reliable, affordable transportation prevents many Alabamians from pursuing education and training or going to work. A 2023 study found that half of Alabama's hourly workers face long commutes, and most have limited access to public transportation. One-third of these individuals have lost or quit a job due to transportation issues. Those with disabilities are also disproportionately affected. Working caregivers often drive their children to daycare or school, compounding the issue for parents. Information is also limited, as approximately 60 percent of workers state that they do not know how to find transportation assistance.

Military Transition

Transitioning from military life to civilian life can be an adjustment. Those leaving active duty must re-acclimate to home, family, work, and everything else that comes with living outside of a structured military environment. Additionally, those serving in the Reserves/Guard many times are underemployed. If these unemployed and under-employed military members do not have access to career opportunities prior to leaving military service, they are more likely to leave Alabama.

Housing

According to Housing Matters, an Urban Institute Initiative, having affordable housing available that fits a range of household types and lifestyles is essential to attracting, retaining, and developing a diverse and productive workforce. The institute highlights four key impacts of housing on workforce:

- Housing costs affect where industry can locate and grow.
- Available and affordable housing helps attract and retain diverse employees at all levels.
- Access to affordable and stable housing can make workers more productive.
- Affordable housing options improve job access (especially when transportation is a barrier).

Additionally, formerly incarcerated people are almost ten times as likely to become homeless as the general population. For individuals returning to Alabama communities, a lack of housing support is a barrier to other aspects of successful reentry.