A Proposal to Create Timely, Actionable, and Local Labor Market Information:
Workforce Data Quality and Economic Resiliency Institute

The urgency to create timely, local, and actionable labor market information has never been greater. The labor market has fundamentally changed as a result of multiple shocks: the recent pandemic, large scale federal investments like CHIPS and Science, the Inflation Reduction Act, and the Infrastructure Investment and Jobs Act as well as the rapid adoption of Artificial Intelligence tools. Yet in the face of rapid labor market change, we lack timely, actionable, and local information about industry and job dynamics: simply put, our systems are inadequate for decision-making in the 21st century. There is new potential to change the current status quo. State leaders have identified new ways to collaborate, build staff capacity, and develop solutions, services, and products that respond to local need. Technologies such as cloud services enable an interconnected, bottom-up approach to labor market information systems. The result can be a system that targets reskilling efforts where they are most needed, addresses challenges such as low labor force participation, and realigns regional talent pipelines in an increasingly dynamic environment.

> The collection and reporting of weather data provide a useful model. Local decision-makers needing weather data to make decision have access to an array of helpful local, timely, and actionable resources. They don't wait for a national temperature to be released once a month. By contrast, local decision-makers needing labor market data rely on national unemployment figures, reported once a month, that then generate unreliable state and local estimates.

Rather than a top-down system, we propose building on proven success to establish a state-implemented statistical system for labor market information that is federally supported and designed to be responsive to local dynamics – a Workforce Data Quality Institute. Building such a system will require state and local leaders to build capacity to use their own local data to develop insights and make decisions. It also requires, as a foundation, a common measurement system that can connect data across programs and aggregate the results to generate statewide, regional, and national labor market trends. Such a bottom-up system, designed locally but scalable nationally, will enable businesses, workers, and training providers to have the timely data they need to respond to change.

The *design* of such a new workforce intelligence system should have the following elements. It should be driven by state and local needs, designed to enhance system-level institutional capacity for the production of local actionable information, improve business reporting processes, create quality jobs, promote sector-scale innovation or revitalization, stimulate small or medium-sized business development and entrepreneurship, and avert lay-offs.

The *implementatio*n should build on existing assets, the success of initial pilots, and evidence from existing practices: clearly defined and locally developed measures of job quality and labor market transitions, that encompass multiple constituencies. Examples include:

1. Regional state collaboratives that have already formed and are using cloud-based infrastructures to share data with an administrative organization hosted at the National Association of State Workforce Agencies;

2. States that have developed scalable products and services– ranging from a skills-based talent marketplace in Alabama, to integrated service delivery systems in Arkansas, to unemployment to

employment portals in Illinois and multi state education to workforce dashboards in Kentucky, Ohio, Tennessee, Indiana, New Jersey and Virginia;

3.   Local universities that are partnering with their states to provide the necessary training to build staff capacity through Applied Data Analytics and Executive Certificate programs; and

4.   The National Governors' Association which is leading a skills-driven states community of practice that supports state leaders that are already developing infrastructure to link digital learning and employment records.

A successful model is already in place to inform both design and implementation: the national agricultural extension program (Figure 1).   The model's success is based on an infrastructure that is built for interoperability, dedicated training programs to build staff capacity, and a governance structure that can achieve the intended goals. A similarly coordinated approach would reduce the current inefficiencies that stem from maintaining separate and duplicative "unicorn" information systems in each state, agency, and program.
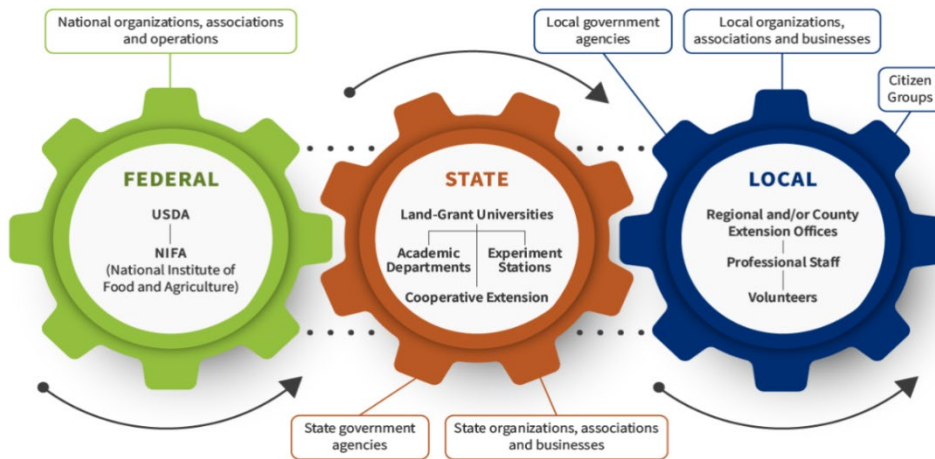

Figure 1: https://www.nifa.usda.gov/about-nifa/how-we-work/extension/cooperative-extension-system

The funding requirements are low relative to the expected benefits, and a framework already exists. The existing Workforce Data Quality Initiative (WDQI) which is a partnership between the Departments of Labor and Education to support integrated statewide longitudinal data systems could be redesigned and expanded to be more targeted, and intentionally structured to support cross-state, cross-agency projects. A national Workforce Data Quality and Economic Resiliency Institute could partner with universities to train state and local government agencies in the data skills necessary to develop and deliver evidence-based products. It could provide a national source for data-driven promising practices and open source, interoperable standards. And, in keeping with the notion that states are the laboratories of democracy, the performance of different products could be evaluated with appropriate data and evidence to ensure the success of national scaling. Finally, the Institute could inform and support many of the recent workforce investment mandates required of agencies like Commerce, Defense, Energy, Transportation, and Justice, the Veterans Administration, and the National Science Foundation through federal legislation such as the CHIPS Act and the infrastructure bill.