

Testimony of Mason Petit, Employment and Training Counselor
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On
The Workforce Investment Act: Ideas to Improve the Workforce Development System
Before the
U.S. House of Representatives
Committee on Education and Labor
Subcommittee on Higher Education, Lifelong Learning and Competitiveness
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Good morning Mr. Chairman, my name is Mason Petit. I am a trade adjustment assistance counselor from Spokane, Washington. I'm here representing the Washington Federation of State Employees (WFSE) and the American Federation of State, County and Municipal Employees (AFSCME). We appreciate the opportunity to appear here today.

The AFL-CIO is submitting to the Committee a detailed statement for the record with which we fully concur. I would like to use my time today to emphasize several points. First, the workforce system is out of balance and second, important parts of it have been neglected and need to be revitalized.

The enactment of The Workforce Investment Act (WIA), along with its administration by the U.S. Department of Labor (DOL), has accelerated a process that began several decades ago. Federal leadership in workforce policy has continued to shrink in favor of devolution; the voice of workers has been almost silenced; the positive contributions that labor unions make generally have been ignored; and publicly administered systems have been neglected in favor of various publicly-funded but privately-provided services.

There are many examples of this process. Among them are DOL's elimination of American's Job Bank, the largest electronic listing of job openings in the world with links to the job banks of all the states and the web sites of private placement agencies; the marginalization of organized labor in the workforce system; the defunding of the AFL-CIO's Working for America's Institute which provided technical assistance to local unions participating in federal workforce programs, the lack of emphasis in workforce policy on training for good jobs, and the distortion of the one-stop concept, which, in our view, has become a mechanism for those wanting to merge programs, including large state agency systems, together under the direction of local workforce boards and, in many cases, of private companies.

DOL contends that WIA and the Wagner-Peyser state employment service duplicate functions while others have criticized WIA for providing very little training. In fact, there is some validity to both assertions for a number of reasons.

Chronic underfunding of state Wagner-Peyser grants has led to a serious deterioration in the capacity of the state public labor exchange. WIA resources have declined steadily in recent years also. These funding reductions exacerbated the tensions between the public state agency systems and local WIA-funded, privately-provided activities, as each have sought to survive in a hostile financial environment. At the national level, this tension was most noticeable in the debate about infrastructure funding in which organized labor, along with most other stakeholders, has supported

separate funding for local one-stop operations instead of mandating a transfer of funds from state agency programs.

Policy changes made when WIA was enacted also have contributed to the current situation. WIA no longer has the low-income eligibility targeting of previous employment and training programs and lacks the requirement for 50 percent of the funds to be used for training services. WIA also has a sequence of services requirement in which core services, which are very similar to the Wagner-Peyser labor exchange services must be provided to job seekers first. These policy changes have helped to obscure the distinction between the local WIA programs and state agency systems, especially the state employment service.

These factors have played out in my own state and city. When I started work at the Job Service (the state employment service) in 1978 in the Wenatchee office, and later when I transferred to the Spokane office where I now work, we had a wide range of staff and resources. We had Job Service Representatives who went to employers to market our services. This system was augmented by occupational specialists for major occupational areas. They maintained relationships with area employers and their human resource departments to provide direct screening and referral services to them. They also were personally familiar with many of the job seekers and their skills and provided them with counseling, testing and other services. In addition, we maintained relationships with local radio stations and television stations and routinely announced jobs to the general public. All of these relationships enabled us to serve both employers and job seekers well.

The Labor Market and Economic Analysis (LMEA) branch of the employment service provided further support for these services. It developed and made available publications for both employers and job seekers to further refine their needs and understandings of the marketplace where they lived and statewide.

Over the years, however, this system of services was slowly picked apart as resources declined. One of the first things to go was the system of Job Service employer representatives. Then the occupational specialist system was dismantled and replaced with generalists who focused on serving job seekers but didn't have the relationships with the employers. Today, we have only five employment specialists compared to the 25 we had in the early 1980s.

Not all the state agency employees providing labor exchange services have been paid through Wagner-Peyser funds in Washington State. The Job Training Partnership Act system and now the WIA system have contracted with the state employment service agency to provide public labor exchange services.

Until very recently, the local WIA board in Spokane, the Workforce Development Council (WDC), awarded funds to two one-stop centers which competed for WIA funds: WorkSource Spokane, a full-service public center operated by the local employment service office, and another affiliate center run by a private non-profit organization, Career Path Services.

Under WorkSource Spokane, WIA funds were used to hire state employees to provide workforce services. WorkSource Spokane referred all individuals with skills in demand in our labor market to the public labor exchange provided through Wagner-Peyser. For WIA eligible participants, we provided an employment plan that outlines a path through WIA funded activities, including training. We referred all individuals who could not return to work without retraining to three

different forms of WIA paid training: 1) short-term in-school employment/vocational training; 2) long-term in-school employment/vocational training; and 3) employer-based on-the-job training.

In contrast, Career Path Services resisted referring WIA eligible job seekers to training, and, instead, enrolled as many individuals as possible who did not need training. They relied heavily on self-help systems that do not provide a clear understanding of the full range of services available to eligible WIA participants. In this way, they could report statistics showing large numbers of people enrolled, “assisted”, and placed, all with low costs and quick turn around. As a result, Career Path Services evolved into a publicly-funded private job placement operation that duplicates much of the Wagner-Peyser employment service work. Unique WIA services are not provided, and new training is not explored.

As of July 1, 2007 Career Path Services has taken over management of all WIA-funded services in Spokane County. Under their new protocol, WIA-funded state employees in WorkSource Spokane no longer can provide unemployed workers the full range of available services. Money for training and support services has been drastically reduced.

AFSCME believes that it is important to separate out and clarify the roles of various parts of the workforce system. In this regard, I would call your attention to the following statement in the FY 2008 Labor, Health and Human Services and Education Appropriations bill:

“The Committee believes that the labor exchange activities provided by state employment service agencies should be the primary source of core services for local one-stop systems, thus freeing up Workforce Investment Act funds to focus on intensive services and training, and begins a process of restoring the capacity of the Employment Service to provide this key labor exchange role through this increase in state grants.”

We think there are appropriate statewide and local roles which can compliment each other instead of competing with each other. We strongly support the recommendation of the Appropriations Committee. We also urge you to establish a requirement for at least 50 percent of WIA funding to be used for training services and to rebuild the Wagner-Peyser system as a strong state and interstate system of publicly-provided labor exchange activities. Such a strategy will be mutually beneficial to both systems.

A publicly-operated statewide labor exchange provides many benefits. They include early interventions to provide rapid response services when plants close; job matching and career counseling services to workers, including those filing for unemployment insurance benefits and trade adjustment assistance (TAA) with state unemployment insurance agencies; the provision of a statewide information network to support and guide local area workforce activities; information systems and analysis that can help guide state, regional and local economic development strategies and inform the design of effective training programs in emerging industries and good jobs; and employer services, especially for those that move into an area as part of an economic development plan.

In addition, a statewide structure has flexibility that local programs do not have, especially the ability to shift staff to different parts of a state during emergencies and to work on a regional and interstate basis. This flexibility allows states to fill in gaps where resources are scarce or not

available, including supplementing veteran services and TAA support around a state when needed.

For example, because the TAA program does not provide funds for case management, historically this responsibility has been assumed by the Wagner-Peyser employment service as trade impacted workers file for unemployment and TAA benefits. During the late 1990s and early 2000s, the TAA caseload in the Spokane area pushed 400. The rest of the state also experienced other layoffs as large companies like Boeing, Weyerhaeuser, Georgia Pacific, Keytronic Corp., Seneca Foods, Columbia Lighting, Bayliner/US Marine, Kaiser Aluminum, Agilent Technologies and Telect laid off large numbers of workers. The statewide employment service was able to move money to provide additional resources for staffing where needed. I gained two additional staff members. As other areas' needs increased and the Spokane area needs decreased, the resources have shifted.

The statewide public labor exchange also plays an important role in disasters. When Mt. St. Helens erupted in May 18, 1980, several communities were particularly hard hit, including Moses Lake, Yakima, Ellensburg and Spokane. Clean-up from this natural disaster took the coordinated effort of many agencies. The Washington State Employment Security Department used its Wagner-Peyser resources to help coordinate the recruitment effort for the massive clean-up. As things returned to normal, Employment Security re-deployed its resources back to their original purpose. The state of Virginia conducted a similar shifting of staff to the northern Virginia area after the 9/11 attacks. In neither case could this structure have been patched together from private or solely local sources at the last minute.

Some states, such as Ohio, have created a flexible workforce trained in employment services, unemployment insurance, trade adjustment assistance, labor market information and outreach services that allows the state to provide more universal labor exchange services capable of responding to emerging local needs. I, myself, am trained to provide information in a variety of services. As a public employee in our multiple services system, I have access to a robust database of information, and can easily advise the unemployed worker about such diverse topics as unemployment insurance, TAA benefits, placement services, training options, services available in neighboring states, financial aid, veterans' services, felon's services, Labor Market and Economic Analysis (LMEA) and other specialty information not easily accessed and interpreted by the public.

The public state-operated labor exchange structure is especially important in rural states and rural parts of states, where local and private placement companies are weak or non-existent. Private companies tend to prefer operating in urban areas where opportunities to make money are greater.

Rural employers, especially agricultural employers, need the state public labor exchange to help them hire and retain farm workers. The Migrant Seasonal Farm Worker (MSFW) program is supported, in part, by Wagner-Peyser funding. Recently, the Washington state Wagner-Peyser agency sent employment service counselors out to farms with laptop computers to work with their employment needs. This activity is not profitable for private providers and is, therefore, less attractive.

Despite the value of a statewide public labor exchange, however, the administration has proposed legislation to block grant the state employment service with WIA. When WIA reauthorization stalled, DOL last winter proposed new Wagner-Peyser regulations to eliminate the

requirement for state civil services employees to administer the labor exchange program. The effect would have been to create a state option to block grant these programs or turn Wagner-Peyser funds over to private contractors, both of which AFSCME has strongly opposed throughout the legislative process.

AFSCME continues to strongly oppose attempts to block grant state agency programs with local WIA programs, to privatize publicly operated state agency programs, and to fund the WIA system through funding from other programs.

In particular, I want to call your attention to the fact that enactment of WIA reauthorization without codifying the current regulatory requirement that the Wagner-Peyser system be publicly operated and statewide will allow the administration to proceed with its regulatory strategy to destroy this system. AFSCME would oppose any legislation that does not reinforce the current public administration policy.

In summary, Mr. Chairman, AFSCME believes it is counterproductive for WIA and Wagner-Peyser to compete with each other. Wagner-Peyser employment service public employees can serve and match job-ready workers with employers seeking employees. WIA can help unemployed workers who need additional services in order to compete in the labor market. In this way, the two systems can mutually support each other.

Thank you for this opportunity to appear here today. We look forward to working with you and I'd be happy to answer any questions.