



Testimony of Sandi Vito
On behalf of the National Governors Association

Submitted to the U.S. House Education and Labor
Subcommittee on Higher Education, Lifelong Learning, and
Competitiveness

February 26, 2009

Chairman Hinojosa, Ranking Member Guthrie, and members of the Subcommittee, thank you for inviting the National Governors Association to testify today.

My name is Sandi Vito and I am honored to be here on behalf of the nation's governors to discuss governor-led innovations. I also serve as the Secretary of the Department of Labor and Industry for Governor Rendell in Pennsylvania. Governor Rendell is the chair of the National Governors Association.

Governors Focus on Transforming the Workforce System and Upskilling Workers

This past weekend, the nation's governors convened in Washington, DC for their winter meeting and met with President Obama and Cabinet members to discuss the state economic crisis and implementation of the American Recovery and Reinvestment Act. Governors also met in the NGA Education, Early Childhood, and Workforce Committee to discuss transforming the workforce system and up skilling American workers. During the Committee's deliberations, the governors also approved a new workforce policy titled "*Governors' Principles to Ensure Workforce Excellence*".

The new policy supports governor-led workforce innovations, and establishes the nation's governors' key priorities for a world-class workforce. It also makes recommendations to Congress and the Administration for long needed transformations to the workforce system. Before I discuss the governors' new policy recommendations for the workforce system, let me first set the stage with the current economic forces and highlight several successful governor-led innovations.

Federal Workforce Law Outdated

In 1998, when the Workforce Investment Act became law, it was groundbreaking. WIA gave governors the authority to initiate broad structural reforms in their workforce development systems. With this authority, governors made significant progress to restructure these systems and strengthen the essential partnerships between federal, state, and local governments and the private sector. Yet state-by-state experiences reveal that many challenges remain, such as providing comprehensive, highly integrated education, training, and employment services for workers. In addition, governors need help aligning education, workforce and economic development, coping with inflexible mandates, and fully engaging the business community as partners.

The current economic picture is evidence that business as usual will no longer do. The current unemployment rate in America is 7.6 percent and more than 3.6 million jobs have been lost since the beginning of this economic downturn. This is the highest number of job losses since the end of World War II.

Yet, even in today's economy, businesses are struggling to find the qualified workers they need. A survey by the National Association of Manufacturers revealed that more than eight out of 10 manufacturers experienced an overall shortage of qualified workers. And, in a recent Society for Human Resource Management survey, respondents indicated a shortage of qualified candidates in science, technology, engineering, and mathematics.

As a result, 29 percent of human resource directors have hired foreign nationals because qualified U.S. workers were not available.

These two forces – the rising unemployment rate and the increased need for skilled workers – have placed unprecedented demands on America’s workforce. It will take bold reforms at the federal, state, and local levels to transform the workforce system and up skill workers. This transformation should begin and build off the work of governors to initiate bold, structural reforms that will keep our great nation competitive in the 21st century.

Governor-led Innovations

Governors are tackling the challenges of unemployment and a lack of skilled workers and leading new strategies to improve job seeker outcomes. While governors are initiating reforms all across the country, their efforts can be broadly characterized and grouped in the following key areas:

- **Increase access to training:** All across the country, governors are implementing creative initiatives to focus and expand training opportunities for unemployed and employed workers. By leveraging WIA funds with a mix of other federal employment and training funds, federal and state financial aid, and business partnerships, governors are working to improve the skills of workers in their states.
- **Provide workers with credentials:** To help employers better find and match job seekers’ skill level with the requirements of a job, governors implemented skills credentialing programs. The credentials are easily and universally understood and valued by employers and certificate recipients alike, and are nationally recognized by industry.
- **Develop specialized skills training for limited-English speakers:** Under governors’ leadership, states are also creating new integrated approaches to serving non-native English speaking students enrolled in workforce training programs. The programs provide simultaneous instruction in a technical field and in basic skills such as English, reading, and math to accelerate achievement and prepare students for employment.
- **Invest in green jobs:** A growing and relatively new area of governor-led reform is in emerging industries for clean, green, and renewable energy jobs. To equip workers with the skills and technologies required for green jobs, governors worked with community and technical colleges to create career pathways and certificate programs to ensure a pipeline of workers for new jobs in this emerging field.
- **Build industry partnerships:** Governors are also leading and creating new industry partnerships between employers, labor, training providers, community organizations, and other key stakeholders around specific industries within a region. Industry partnerships address the workforce needs of employers and the training, employment and career advancement needs of workers. The partnerships bring together workforce

development and education systems and align them with the economic development and competitiveness strategies of the state.

Across the country, industry partnership initiatives have led to equally positive results. Industries fulfill their human capital needs and increase the quality of their products and services, while trainees receive higher wages, healthcare benefits, pension plans, and paid leave, and additionally trainees see brighter prospects for future skill attainment and career opportunities.

Because industry partnerships involve aligning strategies across many agencies, systems, and programs, gubernatorial leadership is critical. Governors can galvanize the leadership of industry and labor to ensure their voices are at the center of regional industry initiatives. Governors are also uniquely situated to influence public agency leadership and bring the work of public institutions into alignment with the needs of industry partnerships.

- **Focus on Accountability and Improve Data:** Governors are leading less glamorous, yet essential reforms to enhance service delivery, accountability, and improve overall program efficiencies, while reducing administrative costs, duplication, and layers of needless bureaucracy. These reforms are exciting, require the leading force of governors, cut across agencies and funding silos, and may prove the best promise to realize the vision of Congress to create “one-stop shops” for any job seeker to access services and training. One element of this reform is a move to common cross-cutting data that focus on the customer. But I’ll speak more about that in a moment.

Governor Rendell: Leading Workforce Reform in Pennsylvania

The national trends in governor-led workforce initiatives are evident in my state of Pennsylvania. Pennsylvania was one of the first states to develop industry partnerships and extend training and career building efforts beyond individual companies to networks of companies in specific industries. Governor Rendell understands that a lack of industry collaboration in workforce training can result in a skills gap for businesses, a loss of opportunity for working families, and a shortfall of innovation for industries. Building strong industry partnerships can fill those gaps, laying the foundation for prosperity that is broadly shared.

The results of Pennsylvania’s Industry Partnership’s are impressive. More than 6,300 businesses are involved in nearly 80 industry partnerships across the state. Since the initiatives inception in 2005, more than 70,000 workers have been trained, increasing their wages on average of more than 6 percent within the first year since receiving the training.

Governors’ Recommendations for a World-class Workforce System

Governors are taking action in their states to up skill workers, create jobs, and get America back to work for a more prosperous future. But to do this, governors also need your help to modernize the workforce system and move governor-led initiatives to scale nationwide. As preparation begins for reauthorization of the Workforce Investment Act

of 1998, let me outline six specific recommendations governors make in their new workforce policy that can break down breakdown the roadblocks and support governor-led innovations.

1. **Streamline Access to Training:** With the unprecedented demands on workers for higher levels of education and new, cutting-edge skill sets, quick access to training and education is essential. Both employed and unemployed workers must have training opportunities throughout the span of their work life in order to get good jobs, advance in their careers and stay competitive. **Congress should eliminate mandates that dictate the flow of services for workers.**
2. **Increase Funding Agility:** Economic necessity requires Governors and local leaders to cobble together funds to provide enhanced training and education to workers. The existing barriers must be removed to make it more effective and cost efficient to do so. **Congress should acknowledge the role of Governors by providing enhanced flexibility to coordinate and, when necessary at a state or local level, integrate workforce, education and economic development funding to meet the unique needs of their states and communities.**
3. **Align Federal Programs:** As many as twelve different executive departments fund a variety of workforce programs, including the departments of Labor, Education, Commerce, Health and Human Services, Housing and Urban Development, Justice, Veterans, Defense, and Agriculture. This myriad of agencies, funding sources, regulations, and responsibilities needlessly complicate, and very often prohibit, the kinds of true alliances and collaboration that are necessary to streamline the workforce system. **Congress should direct federal agencies to develop a joint initiative that will align federal programs, coordinate oversight and regulations, consolidate redundant and conflicting regulations, and establish transparent levels of responsibility and accountability.**
4. **Build Globally Competitive State-Led Regional Economies:** State economies don't stop at the boarder and local economies don't stop at the city limits. Economies are regional in scope, crossing arbitrary and jurisdictional boundaries. Integrating economic and workforce development initiatives through a governor-led state-regional framework offers the greatest potential for economic expansion and industry competitiveness, while providing job growth, stability and career advancement opportunities for workers. **Congress should provide governors the authority to design a delivery system that reflects the economy of the state and neighboring communities including the unique dynamics of industries and the workforce.**
5. **Focus On Emerging Industries.** Globalization has increased the world demand for energy. To respond to national concerns, governors are proactively involved in establishing broad new energy collaborations and industry partnerships in clean and domestic energy and green jobs. Governors have also taken the lead in developing industry partnerships to address critical skills shortages in other key sectors like healthcare and technology. **Congress should support strong public/private**

- 6. Support Common Measures to Improve Accountability and Transparency:** There has been a longstanding challenge and frustration caused by multiple and inconsistent federal performance measures for workforce programs. The nearly 100 complex and incomparable measures impede collaboration in both planning and service delivery and are not a sufficient tool for officials and stakeholders to understand system performance. Without common-sense performance measures, it is difficult to demonstrate the true difference these programs make in the lives of Americans. To respond to the challenge, the NGA joined with the National Association of State Workforce Agencies to develop common measures that increase system-wide accountability and transparency, while significantly decreasing administrative costs and inefficiencies. **Congress should support the joint NGA/NASWA Common Measures Proposal which streamlines the existing performance measures into four critical measures that can be applied across all workforce programs.**

Conclusion

At this time, our states and citizens are experiencing unprecedented fiscal challenges. Governors are facing these challenges and united in unwavering belief that the United States' economy is resilient and the true strength of our nation remains the ingenuity, perseverance, and hard work of the American people. Americans want to work and Governors are leading reform to make this possible.

To do so, however, it is time for the laws and policies of this country to catch up with the realities and possibilities of the 21st century. Reauthorization of the Workforce Investment Act must embody a new federal-state workforce vision; a partnership that equips governors with the tools to initiate bold, structural reforms that will keep our great nation competitive.

Across the country, governors stand ready to work with Congress to ensure that every American has the opportunity for a good paying job and the ability to advance their career through lifelong learning. Governors know that better days lie ahead; the work you do now, in this Subcommittee, will enable or constrain our collective fate to meet the workforce challenges of tomorrow.

Attachments

1. *National Governors Association Policy: Governors' Principles to Ensure Workforce Excellence*

2. *Joint NGA/NASWA Common Measure Proposal for Reauthorization of the Workforce Investment Act*
3. *State Sector Strategies: Regional Solutions to Worker and Employer Needs*
4. *Accelerating State Adoption of Sector Strategies: An Eleven-State Project to Promote Regional Solutions to Worker and Employer Needs*
5. *Aligning State Workforce Development and Economic Development Initiatives*