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Higher Education, Lifelong Learning, and Competitiveness Subcommittee  
“New Innovations and Best Practices Under the Workforce Investment Act”  
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Good morning. Mr. Chairman, Congressman Tonko, and invited guests. My name is Mario Musolino and I serve as Executive Deputy Commissioner of Labor for the State of New York. On behalf of Governor David Paterson and Labor Commissioner Patricia Smith, I am pleased to offer testimony today on the federal Workforce Investment Act (WIA), as well as on related work in areas such as green job training, and more importantly, how we can work together at the local, State and Federal levels to improve the current service delivery system on behalf of New York’s current and emerging workforce.

In 1998, under the Workforce Investment Act, a new system was set in motion with the goal of making worker training both locally driven and responsive to the demands of the private sector. Since 1998, however, our world has drastically changed, and with it the workforce needs of both business and industry.

Upon her swearing-in as Secretary of Labor, Hilda Solis, said, “In a time of economic crisis, giving Americans the tools they need to find and keep a job must be our priority.” The Secretary went on to emphasize the need for more training in high-growth industries such as green collar jobs. Here in New York we are taking the steps necessary to meet this national priority and our Department of Labor is a key part of Governor Paterson’s Economic Recovery and Reinvestment Cabinet, which is expediting employment and training activities using stimulus funding.

The following are improvements we would recommend including in WIA reauthorization.

**Sector-based strategies/Regional-based system:**

At the Department of Labor, we are working with every region of the state to tap into these potential high-growth industries. We realize that our state is not just one economy, but a compilation of regional economies, each with their own needs. Sometimes, these regional economies affect workers in other states as well. Earlier this year, New York, New Jersey and Connecticut were awarded a \$22 million National Emergency Grant to help workers affected by the recent downturn in the financial sector. Each state recognized this as an issue that translated beyond borders – an issue that required a regional solution.

We are going to continue this approach with our neighboring states in the coming months. As neighbors, oftentimes we share the same media markets, weather and geographic conditions, and very often, similar economic conditions and interests. One has to look no further than the Southern Tier of New York State, which shares a border with the Northern Tier of Pennsylvania. Southern Tier issues and Northern Tier issues are intertwined, and in this current economic climate, we need to explore every possible way to work with our neighboring states to overcome this crisis together.

There are 33 local Workforce Investment Boards (WIBs) across the state, and sometimes even in their respective regions, communication, and coordination of common issues, is problematic. This is one of the reasons why the state requires local WIBs to partner together to apply for our

regional sector-based partnership grants. In the future we will be looking at more ways that we can better align our WIB structure to best suit our regional economies. Strategic investment of employment and training funds, based on regional collaboration and dialogue, can not only build on a region's strengths but maximize its ability to address weaknesses. This type of regional economic focus needs to be a foundation of any WIA reauthorization effort.

In addition to encouraging the development of regional partnerships, we're cultivating sector-based approaches that align with our state's overall economic development goals and policies. The sector approach builds strategic partnerships with key stakeholders around specific industries to address the workforce needs of business, as well as the training, employment and career advancement needs of workers, particularly career pathways or ladders, which have shown great promise under WIA, and should be expanded in the upcoming reauthorization.

An industry-specific approach helps a region bolster its economic competitiveness by engaging partners to align education, economic and workforce planning and targeting public resources more wisely in sectors with growth potential. This, in turn, brings about systemic change. Take renewable energy - if we can focus on specific career pathways within areas such as wind or solar, we can develop and provide training for entry-level jobs as well as skills development to sustain and grow higher-skilled jobs within those high-growth industries.

### **Individual Training Accounts**

It is clear from established practices that the WIA program requires a comprehensive and strategic overhaul, since program design and delivery capabilities fall far short of the goals

intended by the original legislation. To put this into context, 33 WIBs operate independently across New York State, each with its own governing body and established policies for program implementation. Oftentimes, this can create confusion for the customers we serve. For example, Individual Training Account (ITA) practices vary by locality. The WIB established maximum levels for ITAs vary from local area to local area and can be substantially different even among adjacent counties. As a fundamental component of WIA reauthorization, we recommend that program goals and guidelines be based on policies determined by the state, in consultation with the Statewide Workforce Investment Board, and consistently applied throughout the state. In this way, the state can effectively compile data for monitoring and report out a common set of services and standards.

In regard to Individual Training Accounts, in New York we are looking for more flexible alternatives to getting training funds to community colleges. As mentioned, ITAs are processed on an individual basis. We're exploring the possibility of funding entire classrooms in priority demand occupations that can serve multiple individuals on the basis of a single payment.

We also know that one of the biggest challenges facing community colleges is in the field of health care, such as the demand for registered nurses, which exceeds the supply. As of last year, there are approximately 5,300 openings for registered nurses annually in New York. Community colleges, our largest provider of trained nurses, supply about 2,000 graduates each year. While other colleges have nursing programs, the demand is not being met. The cost of hiring faculty to train nurses, who earn substantially more through practice than in teaching, and the cost of purchasing equipment and laboratories makes the cost of delivering and expanding training

programs in nursing prohibitive. WIA funding should have the flexibility to address these issues along with the cost of per participant training. What if WIA could be used for these additional costs of training? Imagine the possibilities and the positive impact on the economy.

**Current resources:**

To do this, the current system as we know it would require significant change. Over the last year, our state has undergone the most severe economic downturn since the Great Depression. Our local communities, large and small, are feeling the effects of this recession, and in turn this has put tremendous strain on our current service delivery system. In New York State, we anticipate serving in excess of 700,000 individuals through our WIA programs this year, which are especially vital in today's job market, where currently there is only one job opening for every three unemployed workers.

At present, New York State currently operates the same service delivery system it did when WIA was first signed into law, but with only half the funding. In New York, services once funded with \$305 million are now restricted to \$159 million while user demand increased exponentially. Reductions in the Wagner-Peyser Employment Service staff have added to this strain. WIA Reauthorization must ensure that adequate resources are appropriated to support its goals.

It's clear that the time to change business as usual is now. Consider that 30 years ago, in 1978, the federal government spent \$9.5 billion on job training. Adjusting for inflation, the GAO has calculated we would have to spend \$30 billion today to provide the same level of funding.

To support the ongoing needs of the program, we ask that the WIA funding levels be established at a minimum, the PY 2000 levels when New York received \$305 million in WIA funds. While we are aware ARRA funding is currently available to support services, we expect that the funds will be primarily used within a year.

We're certainly hopeful the ARRA or stimulus package will help the country slowly begin to emerge from the recession, but we anticipate that when we do finally emerge there will still be many workers in the pipeline looking for our services. Without increased funding for normal program operations, it will be difficult for local areas to address the ongoing program needs. In fact, without an increase in normal program appropriations, there will likely be a downward ripple effect in funding and subsequent employment and training services which could be devastating to New Yorkers.

In addition to the funding, Congress should review WIA obligation and spending provisions giving consideration to the timeframe of receipt of the current year WIA federal resources. The majority of the current year funds are received in October, not the onset of the year which occurs in July each year. In addition, consideration should be given to the time necessary to procure training and the fact that spending will occur throughout the duration of the training contract against existing obligation requirements. We recommend consideration of continued use of the obligation requirements that are in existing legislation rather than impose restrictive spending requirements which may pressure states to place individuals in short term training opportunities which may not be the best fit for the local economy and/or the individual.

## **ARRA Package**

As mentioned, there is hope in Washington in the form of a new Administration and the American Recovery and Reinvestment Act (ARRA), supported by you and Congressman Tonko and other members of this Committee, to guide us on a path to renewal. Once again, we thank you for your support. Earlier this year, Governor Paterson wrote to the President and the New York Congressional Delegation strongly urging the passage of this package, detailing our state's goals of creating new jobs for a green economy with an ambitious clean energy agenda. The ARRA aims to save or create 3.5 million jobs nationwide, including 215,000 here in New York State, while making investments in worker training for emerging industries such as green, health care and advanced manufacturing.

The ARRA authorizes \$3.95 billion to be spent on training and employment services nationwide. Of this amount, New York will receive nearly \$170 million in training funds for adults, youths, and dislocated workers and an additional \$22 million in employment services, including re-employment services for current unemployment insurance claimants. Most of the WIA funds will go directly to the 33 Local Workforce Investment Areas across the state where New Yorkers can access a variety of training programs and connect with employers and potential job opportunities at their local One-Stop Centers. We're working to get this money to the local workforce areas as soon as possible, and will be out doing press events in the coming weeks in local communities to make certain that individuals know where to go to tap into these training funds.

We were also actively supportive of the expansion of the Trade Adjustment Assistance program in the ARRA package. Previously, TAA was only available to workers in industries whose production was affected by import competition. The new provisions of TAA improve upon the existing benefits available to workers, and increase eligibility to include communities, firms, and service sector employees affected by trade. In a perfect world, we would like to see the same flexibility that is in TAA, which includes one to two years of training and income support, made available to all dislocated workers under WIA reauthorization. Like TAA, WIA reauthorization should recognize that workers now face a dramatic break from one industry or career to an entirely new industry or career and require significant training and education. As some regions are hit harder by trade than others, the inception of Trade Impacted Regions would also ensure that more workers are covered by TAA provisions.

**Ways to improve the current system:**

I've run a couple of "perfect world" scenarios by you today and with WIA reauthorization we have the ability to make "real world" solutions to strengthening the workforce system of tomorrow.

Underpinning the entire workforce development system is the issue of adequate resources. Simply, without appropriate funding levels, the system will not work for a large majority of its customers. Restoring previous funding levels will make the system more relevant at a time of economic crisis when people really need it and as ARRA funds spend out, will ensure continuity of services.



WIA should explicitly address the issue of regional and sector based approaches. These strategies are crucial for making the locally based workforce system relevant to the communities they serve by training and connecting workers for viable employment opportunities in their region.

The state should be in a position to establish policies that reinforce coordination amongst the WIBs and ensure a consistent set of statewide services. The reauthorization should address Individual Training Accounts, and allow them to be used more flexibly in order to purchase services and equipment to assist in areas of high demand, like the green economy and health care, that can serve a wider array of customers.

Regarding WIA Youth, as you know, current legislation for youth eligibility requires that the individual meet the age criteria of 21, be considered low-income and meet one of six barriers to employment. We request that the reauthorization remove these additional eligibility barriers to employment, and allow the state the flexibility to do summer or year round programs. We recommended to Congressman Rangel and former Senator Clinton to expand the WIA Youth age criteria up through 24 in the ARRA package, and we strongly recommend the age change be made permanent. Additionally, we recommend the income criteria be expanded to allow the use of School Lunch eligibility to be used as the poverty criteria.

Further, in New York, we require that those receiving Unemployment Insurance come into the WIA system. We believe in connecting those on UI into the WIA system early to receive value added services in our one-stop system, and recommend this be replicated in any national legislation and resourced accordingly.

**Conclusion:**

I hope I have shared with you my vision for the future WIA system to better meet the needs of the New Yorkers. On behalf of Governor Paterson and Commissioner Smith, we would welcome continuing to be a part of this critical national conversation.

Thank you again for this opportunity to testify, and I welcome any questions you may have.