



Testimony of Charles Ware
On behalf of National Governors Association

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Chairman Hinojosa, Ranking Member Keller, and members of the Subcommittee I am Charles Ware and it is my honor to testify on behalf of the National Governors Association regarding the reauthorization of the Workforce Investment Act (WIA). I also have the privilege of serving as the Chair of the National Association of State Workforce Board Chairs.

It has been almost a decade since Congress passed the Workforce Investment Act and overhauled workforce programs to become a “one-stop” system. Today, new challenges confront our nation and our economic position in the world. Without bold reforms to WIA, our workforce system will struggle to equip American workers with the skills necessary to remain competitive in the global economy. In fact, our nation’s workforce system must be able to prepare workers for jobs that do not even exist today. Much is at stake in this reauthorization.

The Nation’s Economy Has Changed

Just a few days ago, the nation’s governors convened for the 99th meeting of the National Governors Association in Traverse City, Michigan – a state confronted by economic transformation – to discuss innovation, education, and changing state economies. As evident in Michigan, since the passage of WIA almost a decade ago much has changed in our nation’s workforce. The nation has moved from a manufacturing-based economy to one that is service-based, connected to the larger global marketplace, and heavily dependent on technology. Advances in technology and trade have revolutionized the way companies do business. Manufacturers in Michigan must compete with manufacturers in India, China, and South America. What took 20 workers a full day to produce just a generation ago can now be handled by a single worker with the right machinery and a computer. Our economy has changed, and we must change with it.

According to a recent nationwide public opinion poll conducted by Dr. Frank Luntz for the nation’s governors, 9 out of 10 Americans – Democrats and Republicans alike – believe that **if our nation fails to innovate, our children and our economy will be left behind**. And while Americans believe we have the most innovative nation in the world at the moment – ahead of China and Japan – they see America losing ground in 20 years.

To address these issues, our workforce programs must have enough flexibility to meet the demands of a rapidly changing economy and a highly-skilled labor force. The workforce system cannot be one-size-fits-all programs with rigid regulations and prescribed service delivery structures. Rather, the federal-state-local workforce system must recognize the differences among states and communities, and thus provide governors – working with local government, business, and labor – the tools to design innovative, flexible, and nimble ways to meet a variety of workers’ needs.

Governors’ Workforce Investment Act Recommendations

As Governor Freudenthal would say, “If it’s the right thing to do, then we are going to do it.” In my home state of Wyoming, energy production is a major part of our economy and companies need skilled labor. With the assistance of energy companies, the Wyoming Contractors Association started a school in 2004 that provides workers the professional and safety training they need to enter the industry. To date, over 1,000 people have been trained in drilling, truck driving, heavy equipment, and mobile crane operation – and every graduate is guaranteed a position with one of the ten major drilling companies. However, my states ability to help more workers is constrained by the current limitations of WIA.

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, states need help

meeting reporting requirements, coping with resource constraints, and fully engaging the business community as partners. WIA needs to provide states with the tools to respond to changing needs of workers and businesses.

To this end, Governors developed joint WIA recommendations with the National Association of State Workforce Agencies (NASWA) and the National Association of State Workforce Board Chairs (Chairs) to help states and local communities create efficient, nimble, and coordinated workforce systems. **The recommendations build off the four core principles that governors believe should be central to the WIA reauthorization: (1) enhance program coordination and flexibility; (2) align workforce, education, and economic development needs and strengths; (3) enhance training services to workers while creating more transparent accountability systems; and (4) reduce administrative costs.**

In the reauthorization of WIA, it is essential not to lose sight of what is important—getting people training and a better job. The federal government, notably the work of the House Education and Labor Committee and this Subcommittee, can play a pivotal role to ensure the economic position of our nation through the reauthorization of WIA and adoption of the thirteen NGA-NASWA-Chairs WIA recommendations. Let me point to several specific ways that Congress can support state workforce innovation and best practices.

I. Enhance Program Coordination and Flexibility

Increase State Funding Flexibility: Governors and state leaders, working with local leaders, are developing innovative workforce systems to better respond to job seekers’ needs, reduce fragmentation, promote accountability, and better engage business. However, states will be unable to achieve the true vision of WIA one-stops without additional state funding flexibility and transferability. Such flexibility is critical to enhance states’ ability to help local leaders improve services and strengthen partnerships, and to target resources to state and local needs. **Congress should provide governors with expanded WIA funding flexibility and transferability, building upon existing flexibility.**

Eliminate Arbitrary Youth Funding Limitations: Across the nation, governors are leading efforts to improve the rigor and relevance of our nation’s high schools. Despite this effort, in some communities “dropout factories” – high schools that produce a large percentage of high school dropouts – exist and must be reformed. WIA should not require states to spend a certain percentage of funds on “out-of-school” or “in-school” youth. Such a federal requirement is outdated and out-of-touch with the needs of high school dropouts and current ongoing high school reform efforts. The focus of “youth funding” should be to serve high-risk, basic skill deficient youth to prepare them for future employment or education. **Congress should eliminate the requirement to spend a percentage of Youth funds on out-of-school or in-school youth.**

II. Align Workforce, Education, and Economic Development Needs and Strengths

Encourage Innovation and Competitiveness: In the 21st century, our economic strength will depend on the ability of each state, and our nation as a whole, to develop a coordinated and aligned workforce system that supports, trains, and prepares skilled workers. The critical shortage of skilled workers in areas of high demand is a significant employment issue that should be addressed in the WIA reauthorization. **Congress should support and expand the U.S. Department of Labor’s Workforce Innovation in Regional Economic Development (WIRED) initiative, which builds workforce partnerships between regions, states, and businesses. Congress should also support two competitive matching-grant programs to Governors, funded out of the Secretary of Labor’s set-aside funds, to help states plan and create efficient workforce systems aligned with statewide, regional, or sector specific education, economic development, and business needs.** States would be required to contribute

a non-federal match of 20%. For more information, please review the NGA *Innovation America: A Partnership* legislative proposal at <http://www.nga.org/Files/pdf/0702INNOVATIONPARTNERSHIP.PDF>

III. Enhance Training Services to Workers while Creating More Transparent Accountability

Eliminate Barriers for Workers to Access Training: During the last reauthorization, WIA services focused on helping individuals secure a job. Today, however, the focus of WIA must also help job seekers secure a *better* job. Although “core” and “intensive” services are valuable for many job seekers, current law requires states to spend limited resources on these services before an individual can access training. This so-called “sequence of services” impedes the delivery of necessary services at the earliest possible time and should be eliminated to ensure that job seekers and states have the flexibility to expand access to training services quickly, effectively, and at a lower cost. Training services are essential to help job seekers access *better* jobs and remain competitive in the increasingly skilled workforce. **Congress can overcome this barrier by collapsing core and intensive services into one new category of eligible, allowable services. Congress should also eliminate “intensive services” from the list of priority services under Section 134 (E) and adding “or other populations as identified by the state as priority to receive training services.”**

Expedite Use of Federal Funds through Sound State Fiscal Practices: State law, not federal law, should govern state fiscal practices for management of WIA funds. Unfortunately, a seemingly innocuous provision in Section 191 of WIA allows state legislatures to approve, disapprove, or even slow down gubernatorial use of federal WIA funds. This provision needs to be removed to ensure that state laws governing the disposition of federal funds can be followed and enforced. **Congress should eliminate Section 191 of WIA to ensure gubernatorial authority to allocate federal funds in a timely manner.** By eliminating Section 191, states that require governors to seek approval of state legislatures would continue to be required to do so under existing state law.

IV. Reduce Administrative Costs

Increase Accountability and Transparency through Common Measures: A critical and unique component of the NGA-NASWA-Chairs WIA recommendations is the development and use of common measures to increase system-wide accountability and transparency, while significantly decreasing administrative costs and inefficiencies. **Congress should support the NGA/NASWA Common Measures Proposal**, which streamlines the complex system of nearly 100 varying and incomparable performance measures into four critical measures focused on customer outcomes, including short-term and long-term employment rates, earnings, and credential completion. **Congress should also provide transitional financial support to help states and locals modernize their data systems and collection to achieve greater efficiencies.**

Clarify State Carry Forward Provisions: States greatly appreciate and need the current flexibility to carry forward WIA funds. This flexibility is critical to provide training and promote responsible fiscal management of WIA funds. Unfortunately, in the last few years, the terminology around this provision may have created confusion that led to inaccurate and uninformed claims that states have “unspent federal WIA funds.” To alleviate this problem, **Congress should work to clarify the terminology regarding carry forward and obligations.**

Manage Size of State and Local Boards: Governors, state workforce administrators, and other state leaders are concerned that the federally-mandated large state and local board sizes are draining the workforce system of resources that would be better spent helping job seekers. The burgeoning size of boards – local boards can number as many as 70 or 80 individuals – should be

managed and streamlined to eliminate excessive administrative costs. In addition, boards of this size are too large to provide effective and meaningful oversight of the workforce system.

Congress can alleviate this by giving states the following options:

- **Local Boards:** Provide governors with the flexibility to voluntarily transition from local to regional workforce boards to better serve job seekers with specific employment needs. The territory of these new regional boards would be established by state boards and local boards; the composition of the regional boards would be set and negotiated by current local boards. However, the governor would have the option to add additional members to the regional boards or local boards if it is deemed necessary. Also, prohibit local boards from establishing even more government funded bureaucracy through the creation of “councils for one-stop partners” to advise the local board; if such councils are viewed as necessary, such activities must be paid for with local funds only.
- **Grandfather Clause:** The grandfather clause may be maintained for state and local boards, but such latitude should be at the governor’s discretion. This check-and-balance on the grandfather clause will ensure that boards are aligned with economic interests, administrative costs are minimized, and that states that prefer the current design of their boards will not be required to waste time, energy, and limited financial resources to create new boards.
- **State and Local Boards:** The business majority for state and local boards should be maintained to help ensure business engagement in the WIA system. Governors should determine the composition of their boards. WIA should not federally direct mandatory, required, or minimum partners for state and local boards.

Conclusion

The strength of America is our citizens – their innovation, creativity, and hard work. Our workforce system must be transformed to support lifelong learning and restore our nation’s competitive edge in the 21st century global economy. Current and future workers should have the opportunity to equip and reequip themselves for different careers through training, education, and professional development.

The NGA-NASWA-Chairs WIA recommendations would give states the ability to design workforce systems that enhance program coordination and flexibility; align workforce, education, and economic development needs and strengths; enhance training services to workers while creating more transparent accountability systems; and reduce administrative costs.

Governors stand ready to work with Congress and the Administration to ensure that our workers and economy continue to lead the world in the 21st century.