

## Written Testimony

For the Hearing on “The Workforce Investment Act: Ideas to Improve the Workforce Development System” (July 26, 2007)

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Submitted to: Higher Education, Lifelong Learning and Competitiveness Subcommittee  
Committee on Education and Labor  
U.S. House of Representatives

### **Summary:**

As WIA reauthorization is being considered, I offer my viewpoint that the local workforce delivery system is fundamentally flawed, primarily due to the lack of scale of many WIB's. WIRED is the vehicle I see that can correct this. Regional economies focused on Talent Development can deliver better outcomes and better return on investment than the many smaller local entities in place today. The WIRED model can help transform America's Workforce System into a true competitive edge for our workers, employers, and communities.

### **Key Points:**

1. Developing Talent is a critical national priority, key to our ongoing competitiveness.
2. America's Workforce System needs to adapt to new economic and demographic realities. We need to invest in enhanced capacity of the local delivery system to address the changing needs of businesses and ongoing employability of our people.
3. The WIRED model provides an integrated approach built around regional economies. It's the kind of investment we need, and it can transform the workforce system if it's managed as an investment, not as "WIA extended."
4. Once transformed, the workforce system should operate as a public/private partnership, with the local delivery system responsible for moving people to a standard of readiness and businesses responsible for ongoing skill & knowledge investments.
5. As we reinvent the workforce system, we need to create entities that can grow the business, supplementing federal and state funding. WIB's need to have the scale and the standing to be proactive, to optimize the benefits to individuals, and to serve as valued resources to businesses.
6. Our experience with WIRED, though still developing, points to the potential for lasting impact through regionally-based investments which transform the workforce system.

### **Key Points Explained:**

1. Developing Talent is a critical national priority, key to our ongoing competitiveness.
  - In our region, one of the most respected corporate leaders, Michael Critelli, Executive Chairman of Pitney Bowes, recently told a business audience that workforce has risen to the top of business concerns, and that we have to "notch up" our efforts to assure a supply of skilled workers.
  - From business organizations to policy makers to local communities, preparing people to compete in the new economy is receiving focus in the form of initiatives on educational achievement, work readiness, retention, and recruiting.

2. America's Workforce System needs to adapt to new economic and demographic realities. We need to invest in enhanced capacity of the local delivery system to address the changing needs of businesses and ongoing employability of our people.
  - Global – the flows of commerce and people are linked to the global economy; jobs are increasingly fluid, as businesses seek the best combination of skills and costs
  - Technological – rapid change, focus on productivity, all workers need to keep pace
  - Sustained Talent Shortage – just emerging now, may last 20-25 years
  - Boomer Exit – major transition of experience, expertise, location, and numbers
  - Shift of Advantage – from employers to employees, market-driven; self interest will require businesses to invest in human capital and connect to lifelong learning
  - Rising Requirements – 90% of the fastest growing jobs require post-secondary education. Business, education, and workforce entities will need to coordinate better and respond faster to meet the needs of both youth and adults.
  - The local delivery system is charged with serving people and businesses in this rapidly changing environment.
  - Yet many WIB's are too small to deliver meaningful impact and lack the capacity to be effective advocates, resources, and innovators. More than 100 WIB's have budgets of less than \$1 million (WIA funds -- youth, adult and dislocated workers combined), lacking the scale to be cost-effective and relevant.
  - America's Workforce System is fundamentally flawed, and we are in danger of becoming irrelevant to our communities and of falling behind our global competitors.
  
3. The WIRED model provides an integrated approach built around regional economies. It's the kind of investment we need, and it can transform the workforce system if it's managed as an investment, not as "WIA extended."
  - WIRED redefines our partnerships and our geographic regions. It uses economic study to understand what the economic generators are. It engages a community in a journey to determine how to find the best possible providers.
  - This transformation through the WIRED model will be good for communities and good for taxpayers.
  - The WIRED investment gives communities an opportunity to do what businesses do – use investment dollars to become more competitive. This requires different measures and standards vs. those used to measure general operating funds.
  - Transformation of the workforce system will be shortchanged if WIRED projects are measured only on operational performance measures.
  - WIRED is a transition period, a force to shake up the system. The new system will be comprised of fewer, bigger and better WIB's operating more consistently as defined in WIA.
  - By consolidating funding streams, and leveraging the resources of multiple agencies, WIRED investments provide more local flexibility to implement strategic talent development plans.
  
4. Once transformed, the workforce system should operate as a public/private partnership, with the local delivery system responsible for moving people to a standard of readiness, and businesses responsible for ongoing skill & knowledge investments.
  - Future WIB's and One-Stop's will work with employers to do better planning, to develop talent pipelines, to invest in incumbent worker training, and to reach out to non-traditional labor pools.

- The new workforce system will be positioned to play a pivotal role in ensuring lifelong employment readiness for people as requirements and conditions change, and in facilitating business investments in human capital and connections to lifelong learning.
  - The “Tough Choices or Tough Times” report is a call to action, making a compelling case for transformation of the workforce and education system.
5. As we reinvent the workforce system, we need to create entities that can grow the business, supplementing federal and state funding. WIB’s need to have the scale and the standing to be proactive, to optimize the benefits to individuals, and to serve as valued resources to businesses.
- WIB’s need to be operated more like businesses and to be more entrepreneurial in leveraging their resources. Whether through fee-for-service initiatives or seeking private funding, WIB’s should constantly strive to generate the resources to serve more people.
  - Larger WIB’s can operate with lower overhead and dedicate more resources to training and direct services. Just as important, they can be a more proactive community partner, at the table and respected as a convener.
  - WIB’s also need to be the voice of workforce development, and they must earn respectability and credibility to do so.
6. Our experience with WIRED, though still developing, points to the potential for lasting impact through regionally-based investments which transform the workforce system.
- Our key steps included asking fundamental questions: What is the region? Who are the key stakeholders? Where is the economy going? What are the opportunities and threats facing us? How prepared is the current system to address these needs? How can the region’s talent become a magnet for economic growth?
  - When we concluded that our “region” should be expanded beyond Southwestern Connecticut to include neighboring Westchester County and Putnam County in New York, we chose to use our WIRED seed money as an investment in cross-border collaboration. WIRED enables us to bring higher-level leaders to the table and to engage in more strategic endeavors.
  - We intend to use the WIRED process to transform our local workforce system. This means taking a more strategic view of the economy’s talent needs on a regional basis. It means addressing all populations, not just the unemployed or underemployed. It means coordinating and scaling our workforce operations along regional lines. And it means investing for the future, making responsible investments in people earlier and at points which can make the difference between lifelong self-sufficiency and lifelong under-performance.

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Since my first introduction to America’s Workforce System when I became President of The WorkPlace eleven years ago, I have come to believe that a national system, well-funded, with incentives to perform, and with a balance of short-term and long-term deliverables has tremendous opportunity to contribute economically and socially to a better society. My vision is for it to shift from safety net to competitive edge. Thank you very much for this opportunity to speak with you.

