



Testimony of Bruce Ferguson, Jr.

President

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Introduction

Chairman Ruben E. Hinojosa, Mr. Keller, and the other distinguished members of this Subcommittee: my name is Bruce Ferguson, Jr., President and CEO of First Coast Workforce Development, Inc., known locally as WorkSource. We are the Regional Workforce Board of Northeast Florida, the Jacksonville area, serving Baker, Clay, Duval, Nassau, Putman and St. Johns counties in Northeast Florida.

In my testimony today, I would like to briefly speak to the areas of governance, training, life long career services, performance outcomes and funding, and why I believe these issues are of utmost importance as you work toward reauthorization of the Workforce Investment Act (WIA).

For perhaps the first time in our history, local workforce boards are challenged to provide services within the reality of a global economy. Prosperity in the New Economy requires a highly skilled and productive workforce. Throughout the United States, worker skills and the preparation of workers have been identified as two of the greatest competitive challenges facing the nation's communities today.

The Workforce Investment Act, the foundational legislation by which workforce investment boards are authorized to offer labor exchange and training services, is under consideration for reauthorization. I am pleased to be here today to let you know what we think is working – and what needs more work.

What the WIA Legislation Got Right

WIA created a system that was “customer-focused.” In Florida, we determined that the primary customer of our system was the business community that creates the jobs workers need. The WIA legislation mandated that local workforce boards include business as an active partner. It's

imperative that we keep that part of the system intact. In fact, we would recommend, based on our experience, that local boards have a “super majority” of at least 65% of their board members comprised of private industry.

With business in charge of our local system, we found ourselves changing our organizational culture - from an internal focus on process and procedures to an external focus on results. If you want a system that is truly market-driven, the market must have a voice. That strong, private-sector business voice is what set us on a new path of responsiveness to business needs. The business leadership of our board asked questions that don't typically get asked in many public sector led initiatives; questions, for example, about the return on investment of funds in particular projects and contracts. It didn't take long for us to shift our priorities and ask how we could operate differently to better use our funding and leverage resources from partners.

Another point that WIA got right was encouraging partners to work together to provide seamless services to jobseekers. Bringing agencies together was good for the jobseeker, but it also helped us to eliminate duplication of services and achieve more by working together. One partner that we have found to be invaluable is economic development. By bringing our local ED organizations in as valued partners, we gain insight into targeted industries and can help shape the workforce our local economy demands.

Under WIA, training was finally delivered in response to the local labor market. The legislation required that training resulted in an industry- recognized certification. In our local region, we

invested in education to learn the language of economic development, and changed our training strategy to focus on helping companies and industries expand.

Training Strategies Mandated by Global Competition

In the Jacksonville region, we have changed our entire training strategy to reflect business' need for just in time training. Business can no longer wait 2 – 4 years for skilled workers – they need them now. We have dramatically changed the way we deliver training – 93% of our training budget last year was used to fund skills upgrades for employed workers. The traditional method of funding training through Individual Training Accounts (ITAs) costs us an average of \$4,000 per trainee and may take from six months to two years to complete. Our Employed Worker Training program cost averages less than \$500 per trainee and is delivered in a few short weeks or months, at the business partners' discretion. Training in the workplace does not incur any additional supportive services costs such as childcare or transportation. We also have a partner in case management; the company's HR department helps us track career advancement and completion points.

Last year, we had 2,835 training graduates, 2,427 of which were trained and certified at the job site as part of the workday. Only 408 trainees, or 15%, were funded through traditional ITAs. As you can see in the chart on page 5, over 90% of our training investment went to regional targeted industries as defined by our economic development partnership. I want to stress that this is by design. Since our region has determined that these industries are the ones we want to grow and recruit, we need to ensure that we invest our limited workforce funds in these industries. This is

a win-win for businesses and for workers. Businesses get the skilled workforce that they need in order to be competitive, and workers attain skills in industries that are growing and expanding in the region leading to advancement opportunity and better job security.

2005 - 2006 Training Placements		
Industry	Number	%
Transportation/Logistics*	123	4.3
Health & Bio Medical*	279	9.8
Manufacturing*	1448	51.1
Information Technology*	178	6.3
Financial Services*	74	2.6
Business Services*	463	16.3
Government	13	.5
Construction	74	2.6
Automotive	0	0.0
Service Industry	118	4.2
Legal Services	5	0.2
Other	60	2.1
TOTALS	2,835	100.0

* Cornerstone Targeted Industry – Over 90% of trainees in these targeted industries

In our new training model, business is more than a partner; it becomes an investor in the system. Federal law mandates that business contribute at least 51% of the cost of customized training; in our experience locally, business is contributing about 65% of the cost. To us, this indicates that if you design the right system, business is willing to invest in it.

Atlantic Marine, a shipbuilder in Jacksonville, FL, was experiencing challenges with its workforce. The company employed about 600 workers in two categories: welders and shipfitters. Welders came on board and assembled plates and decks in the first part of a ship's construction. After the welding was completed, the company laid off many welders and hired

shipfitters, whose job it was to assemble the components of the hull. This hiring and layoff cycle was creating both morale and quality problems. Workers were less productive at the end of the project, anticipating layoffs. The shipfitters' productivity was impacted during their phase of the project by having to correct mistakes left behind by welders. Turnover was high due to the unstable nature of the work.

WorkSource developed a customized training program for Atlantic Marine's workers. Approximately 230 employees were cross-trained, building shipfitting skills among welders and turning shipfitters into certified welders. The cross-training was developed by senior WorkSource staff with Atlantic Marine's HR Director, and delivered through instructors from the Hobart Institute of Welding Technology. The welding curriculum included flux core, fabric backed, and aluminum welding. Classes averaged 2 to 8 weeks, depending on the workers' specialty and knowledge base. The workers received the American Society of Welding certification.

Atlantic Marine's workforce morale improved dramatically. Stable employment helped workers focus and be more productive on the job. The workers' salaries increased an average of 25% to 30%, based on their increased value to the company. Quality on the job increased, as well. The welders were more attentive to quality issues, since they would be employed as shipfitters on the second phase of construction, and would have to correct any quality problems themselves.

While business is the target of this strategy, workers receive the greatest benefit from getting certified training in the workplace. Many of our education partners are having trouble finding

the capacity to train students. Classrooms are full; students have to wait months, even years, to get traditional classroom training. They also have to try to balance family, job and transportation issues to attend traditional classes.

Many lower-skilled workers have struggled in a traditional classroom setting. They are more likely to succeed when the training is in the context of the work they do every day. Taking learning out of the classroom and into the workplace has reinforced the relevancy of education, allowing workers to see the direct application of obtained skills. This “pull” system helps workers advance up the career ladder, creating opportunities for entry level workers to obtain employment. In an era of low unemployment, where retention of workers is critical to the company’s success, investment in training builds worker loyalty and earning power. Companies don’t learn skills, workers do, and when workers have the skills that are in demand in the marketplace, they will always be able to find jobs that provide economic self-sufficiency.

In 2006, WorkSource provided more than 2,400 individuals with training in the workplace. This effort was supported by our community college partners who trained over 80% of our customers, and the training was accomplished as part of their normal workday. Eighty-three percent of these graduates were in medical occupations, the vast majority of them graduating to become nurses, an occupation that is experiencing a critical shortage in Florida. Through one of WorkSource’s job training programs, the Career Advancement and Retention Challenge (CARC), employees who are patient care technicians or health aides may move up to Certified Nursing Assistant positions, and eventually acquire nursing degrees.

Jacksonville resident Larissa Karolides was able to advance her career through the CARC program. She moved to the U.S. in 2000 from Russia, and spoke very little English when she arrived. Larissa soon began a job at the River Garden Hebrew Home, a senior care facility, where she constantly worked to improve her English skills. River Garden helped her enroll in the CARC program for Certified Nursing Assistant training, and supported her through the licensing process.

Larissa completed her Licensed Practical Nurse (LPN) training through Florida Community College at Jacksonville (FCCJ) at River Garden Hebrew Home as part of her work day. When she graduated in August 2006, Larissa's salary nearly doubled – going from \$10 per hour to \$20 per hour as an LPN. In 2008, Larissa plans to enroll in Florida Community College's Registered Nurse program to obtain her certification.

Building a Workforce Pipeline that starts with our K-12 Educational System

Each year WorkSource serves about 1,000 at-risk in-school and out-of-school youth. These are young people who come from foster care and the juvenile justice system, youth with disabilities, and children of incarcerated parents. We are very pleased with the results we have witnessed while assisting these youth. We are deeply committed to helping the most in need, recognizing that they are an important part of our future success. We would also like to point out, however, that they represent only a fraction of the workforce of tomorrow that is so vital to our future.

With greater flexibility in funding, we can begin to design an effective workforce pipeline for all young people. The pipeline starts with a partnership between the workforce and education community, bringing them together to create contextual learning experiences. We believe in creating Career Academies that really work – where students graduate with valuable skills and industry recognized credentials that lead to real employment right away.

A Career Academy Model that Works – St. Johns County, Florida

An example of a system that works is the Aviation and Aerospace Career Academy, located in St. Johns County, FL. The Florida Choices model helped the local school district develop an aerospace / aviation curriculum for middle school students. The program showcases this regional targeted industry and prepares students to enter the Aviation and Aerospace Academy (AAA.) The curriculum emphasizes science, math, aviation and aerospace engineering. Students completing the AAA program of study not only have job opportunities, but the ability to further their education at one of the country's top aeronautical universities, Embry Riddle Aeronautical University (ERAU.)

Articulation agreements lead students to several bachelor level degrees at ERAU: Aeronautical Science, Aviation Maintenance Science, Aeronautics, Aerospace Electronics, Aerospace Engineering, Aerospace Studies, Air Traffic Management, Applied Meteorology, Aviation Business Administration, Aviation Management, Civil Global Security and Intelligence Studies, Human Factors Psychology, Human Factors and Systems BS/MS, Safety Science, Science, Technology & Globalization, and Space Physics.

Students may graduate from the Aviation-Aerospace Academy with up to 24 college credits in Aviation Maintenance Technology. Graduating students have a real choice; they may enter the workforce immediately with an industry certification - Aviation Maintenance Technician with an FAA Power Plant Rating - or they may enroll at the university level to further their education. Students in the Aviation or Aerospace Engineering program of study may also graduate with 24 credits and continue on to a post-secondary institution to complete their bachelor's degree in only 2 years – saving them about \$20,000 in tuition costs.

This is the real purpose of a workforce development system – to create a talent pipeline that engages students at an early age in thinking about work and the relationship between learning and earning. We have always been committed to serving students at risk; to be competitive in the global economy, we must also be sure to include the entire workforce of tomorrow. We believe that the workforce system should be funded to support the education system by providing meaningful career advice to young people while they are making critical life and education choices. We need to reach them while they are still in school, instead of waiting until they have left the classroom.

Life Long Career Services

After school, we must provide a flexible workforce system that engages workers at every stage of their career, offering entry points for skill advancement in the classroom or on the job. In order to be competitive in the global economy, we must create a culture of lifelong learning that rewards higher skills with economic advancement.

WIA promised a new system where "placement" no longer needed to be followed immediately by "termination." The vision was that this change would result in a shift from short-term "episodic" fixes to a system where individuals could access information and services continuously throughout their lifetime. The focus was on opportunities for low-wage workers to benefit from the workforce investment system. This was truly a step in the right direction. Now, after 10 years of experience, we know where improvements can be made to the system.

WIA mandates that services are delivered through a Core/Intensive/Training matrix. We have found a high degree of customer dissatisfaction with this methodology. Job-seekers, especially at the entry level, don't understand the dynamics of the local labor market, nor how to pursue their career options within the reality of the marketplace.

The focus of a successful career development system, one that supports business growth and global competitiveness, is not job placement. Rather, it centers on the skill sets needed in the local labor market, and how workers can obtain those skills through education, training and job succession. WorkSource, Cornerstone (our regional economic development entity), and our community college and training partners have come together on an innovative project that has established Northeast Florida as an undisputed leader in workforce preparation. Named "R³ - Formula for the New Workforce", this strategy encompasses a wide variety of activities that are designed to **recruit** proficient workers, **retain** valuable workers and **re-train** workers with new skills.

This philosophy is embodied in a career development methodology resulting in income growth. The Income Growth Strategy promotes wage progression through rapid attachment to the workforce, continual skill gains, and personal development activities. As a strategic framework, this approach builds upon a program design generally referred to as “post-employment”: placement, retention, advancement and/or rapid re-employment services. The foundation of this approach is that all employment and training services are delivered within the framework of the skills needs of the business community.

The Income Growth Strategy involves designing a planned sequence of service interventions, which target the needs of the job seeker in the larger context of serving our business customer. The model embraces incremental income goals achieved through labor market advancement. In our model, job seekers are not necessarily terminated from career development services at job placement. Success is measured by the ongoing skill development and wage growth of the job seeker.

Traditionally, workforce system contact with the employer ends at placement or soon thereafter, not resuming until the next time placement services are needed. Under Income Growth, a *business services strategy*, represents activities, such as employed worker training, as value-added products for the employer, part of a comprehensive set of business services.

Providing services to the worker is no longer limited to a physical one-stop location, but may be offered at the worksite, at a training center, or over the internet.



Currently, performance standards drive the system toward an early termination approach. We must create strategies that allow workers to access a flexible system that offers skill attainment and comprehensive career development services. System performance should be measured, incrementally, as a worker progresses in income growth without terminating them from services.

What We Need Now for the New Economy

WIA funding of the workforce system is still based on the concept of equity, rather than competitiveness. While we recognize that it's important to help everyone engage in meaningful

work, a funding formula based primarily on unemployment doesn't address the needs of our businesses or our workforce. It doesn't help them compete in the global economy.

When we compete against other cities for new industries and good jobs, we're not competing against the places that we were five years ago. Today, our economic development partners are not just competing against typical regional rivals in Georgia, North Carolina or Alabama or even cities in other regions, we are facing increasing competition from countries such as Malaysia, India and China. With the advent of technology, companies can now locate their businesses where they find the best talent for any given aspect of their business. U.S. companies are establishing a global footprint in order to compete and to open new markets. Our workforce and education systems need to reflect the current reality of global competition.

The consumer of our training system is business – but to date, there is no funding and no performance measure that is tied to serving business. Currently funding is delivered in silos based on categories of workers (adult, dislocated, etc.) We need funding that is flexible and that allows us to react to our local labor market conditions. We recognize that our economy may be completely different than that of a Detroit, Michigan or an Albuquerque, New Mexico. A one-size-fits-all approach to funding, based on measures like unemployment, will penalize states that have put people to work and now need help to build workforce skills and expand business.

We've spent ten years building partnerships, learning how to understand the market, and building the foundations to be competitive. We must continue to build on the things that WIA

got right – a demand-driven, flexible system that allowed us to become a meaningful player in growing the economy.

We believe that, with a flexible system, we can really make a difference. The State of Florida had the foresight to design a system that takes the best of what WIA had designed and build an even more integrated system based on business involvement and local decision-making. By pulling together WIA, Wagner-Peyser, Welfare Transition, Food Stamp Employment and Training, and Veterans funds and funneling the integrated funding through the regional workforce boards, we have been able to shape our policies and training to meet our local business needs. Florida's (seasonally adjusted) unemployment rate for May 2007 was 3.4%. Florida has consistently had the lowest unemployment rate of the ten most populous states and continued to be below the national average.

Since 2002, Florida has recorded 57 consecutive months of job growth, more than any of the populous states. Today, unemployment rates in our region hover around 3%, and we have reduced the dependence on public assistance from 12,000 families to a caseload of around 600. [Source: Workforce Florida, Inc.] These milestones have been reached through leveraging of resources and partners. Reauthorization of WIA needs to expand that flexibility, eliminate meaningless silos and create a new formula for funding that recognizes 21st century workforce challenges of business retention and expansion.

Where do we go from here?

- We ask your support to improve the legislation in a manner that broadens, coordinates, and supports partnerships at a local delivery level. Local boards are responsible for the system-wide coordination of resources and services, but distinct program rules, coupled with the authority granted to state and federal partners, undermines seamless delivery to the public.
- Local boards should have a “super majority” of at least 65% of their board members comprised of private industry. The current requirement that the board chair should be appointed from the private sector is a critical factor in maintaining business involvement.
- Performance standards must be re-visited and redesigned to give all programs common goals. In addition, we must create standards that reinforce and reward ongoing career development services and end short term episodic fixes. WorkSource supports performance standards that target income growth and skill attainment as outcomes for all programs. We believe these measurements should be calculated incrementally while the job seeker or worker is receiving services, not at termination. Also, we support the creation of performance standards that measure business involvement and satisfaction with the workforce system.
- The workforce development pipeline begins in our K-12 educational system. In addition to intervening with the most at-risk youth, career services must be provided to all young people. Incentives should be used to encourage regional workforce boards to work in partnership with their educational systems to create workforce learning

environments, i.e. Career Academies, that reflect the skills needed in the local labor market, and provide real credentials for High School graduates.

- Funding streams must be merged at the federal level to ensure real flexibility in providing effective services at the local level. Maintaining separate funding streams will continue to keep the focus on programmatic issues and not on services.
- We urge that funding formulas be based on building competitiveness, rather than an approach that only considers equity. A funding formula based on unemployment and poverty rates won't lead to our workers obtaining the skills to compete in the global economy.

Chairman Hinojosa, that concludes my remarks. I want to thank you again for this opportunity to testify before the Subcommittee on this critical issue. I welcome any questions that you may have.