

**Testimony of Bill Camp  
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**On behalf of the  
American Federation of Labor and Congress of Industrial Organizations  
(AFL-CIO)**

**Before the  
Higher Education, Lifelong Learning, and Competitiveness Subcommittee  
House Committee on Education and Labor**

**February 12, 2009**

**“New Innovations and Best Practices Under the Workforce Investment Act”**

Mr. Chairman, members of the subcommittee, thank you for inviting me to testify today on behalf of the ten million members of the AFL-CIO. My name is Bill Camp, and I am Executive Secretary of the Sacramento Central Labor Council in California. I am also a member of the Executive Committee of Sacramento Works, which provides labor exchange and a variety of employment- and training-related services for some 45,000 persons every year. We work extensively with the California Employment Development Department and their innovative labor market information data base that they have developed for the state. Sacramento Works also provides oversight and administration of programs funded by the Workforce Investment Act, including services for youth, dislocated workers, and disadvantaged adults. We operate 12 One-Stop Career Centers in Sacramento County, so I have seen the operation of our nation’s employment and training systems up close for many years. In fact, in 1966 I received my BA degree at the University of Oregon which included a minor in the education of disadvantaged youth.

I am also on the Executive Committee of LEED, Linking Education and Economic Development, a non-profit organization composed of key leaders in our community representing labor, private businesses, and the administrators of the school districts, county board of education, community college, and 4 year university serving the Sacramento region.

**America’s Job Seekers Need an Economic Recovery Plan**

Any consideration of innovative and forward-thinking responses to the new economy need to take into account the economic and fiscal conditions that affect everything we do. As we all recognize, the nation is caught in the most severe economic crisis since the Great Depression. Since December 2007, the official beginning of the recession, 3.6 million jobs have been lost across the country. About 21.7 million persons are either unemployed or underemployed, according to the Economic Policy Institute.

Jobs in the manufacturing and construction industry are plummeting. Every week it seems that more companies announce mass layoffs and facility closings. The rapid increase in persons applying for Unemployment Insurance benefits has placed severe stress on the UI system – at the same time as 46 states are encountering budget deficits.

The severity of the economic crisis is taking its toll on California and its fiscal situation. The state lost more than 257,000 jobs in 2008, with large reductions in manufacturing, construction, financial services, and educational and health services. In December, California's unemployment rate stood at 9.3 percent – more than two percentage points higher than the December national average. New claims for unemployment benefits increased to about 88,000 in December, compared to about 57,000 a year earlier. Our UI system is being overwhelmed. During the holiday period, the system averaged more than 2 million call attempts every day. When laid off workers call in to try to file a claim, it can take them 20 times to get through. It takes weeks to file a claim.

Because of the economic downturn, the state budget gap between revenues and expenditures will total \$42 billion over the next few years. More than 2,000 state infrastructure projects have been cancelled, threatening the health and livelihoods of Californians. The Governor of California is proposing draconian budget cuts that will slash state spending for education, health care, and human services. In addition, the Governor is ordering the furlough of government staff at the very moment when laid off workers all across the state are in crisis and desperately need their services.

Under these dire economic circumstances, it is more crucial than ever that the U.S. Congress enact an American Recovery and Reinvestment Act that helps the states and puts people to work improving the infrastructure, increasing the production of electricity from renewable energy sources, modernizing our schools, and investing in education and worker training programs. We urge you to finalize that legislation and place it on the President's desk with all possible haste.

### **Workforce Investment Innovations in California and Sacramento**

We recognize the need for innovation and fresh ideas about how to best serve the needs of a diverse population of job seekers. At the same time, it is important to balance the initiation of new programs with reliance upon – and improvements of – established workforce institutions that can rapidly mobilize their public employee ranks to provide necessary services during this time of national economic emergency. In California the center of our workforce development and unemployment insurance system is the dedicated public employees of the Employment Development Department (EDD). In particular, EDD has devoted substantial time and resources toward developing a sophisticated data base of labor market information. That data and the critical analytic work performed by our State EDD is indispensable to identifying growth industries, industry clusters, growth occupations within those sectors and clusters, and wage ranges for those occupations. This knowledge plays a role in effectively directing our state and

local resources to respond to the crisis. LMI also supports groundbreaking work in analyzing the emerging green economy and projecting the growth in “green jobs” in multiple industries.

The workforce boards that do their work properly approach their economy and labor-market challenges in a strategic manner, first by asking how resources can be targeted for maximum benefit. The answer must be data driven. The Wagner Peyser funded employment service’s labor market information is indispensable for addressing this threshold question.

Unfortunately, the training resources necessary to bring industry partners to the table are scarce. This is due largely to eroding funding levels for WIA at the federal level. It’s also due to the WIA’s unsustainable support for costly One-Stop Career Centers. The central function of Wagner Peyser funded employment service is labor-exchange, which is an essential low-cost service for connecting jobseekers with employment opportunities. While employment service staff is largely co-located in California One-Stops, the erosion of both Wagner Peyser and WIA title I resources has shifted a significant portion of WIA to supporting One-Stop facilities and activities. That shift has occurred at the expense of training and intensive services. The roles of WIA Title I and employment services must be clearly delineated to ensure that resources are not wasted and that we can maximize training opportunities under WIA. The employment service must be adequately funded to accomplish its central role of public labor exchange and providing labor market information, counseling, case management, and referral to job placement. WIA title I funding must be leveraged by the WIB for building regional high road partnerships and for training and intensive services directed toward high wage growth sectors.

In Sacramento, we have formed partnerships between business, labor and educational institutions to make optimal use of the labor market data and analysis produced by EDD. First, we made an early decision about the fundamental policies and principles that have enabled our workforce investment agencies to identify employment opportunities and move training dollars where they are most needed. Labor has proposed a statewide requirement: that 40 percent of local WIA funds be dedicated to training. This measure would ensure some consistency across a state in which policies vary from one locality to another. Some of our WIBs actually devote as little as 3 percent of their dollars to training, for example, while others have local policies to spend 50 percent on training. This sort of requirement on the level of training should be seriously considered in a reauthorized WIA.

There are still too many WIBs that function on the premise that any job is a good job, that low-wage employment is a better option than unemployment. This position leads to public resources subsidizing recruitment, screening, and placement services for low-wage employers such as Wal-Mart. The workforce board gets credit for placements, but the worker has now made the small step from unemployment to working poor.

In California, even before the recent downturn, workers suffer from significant labor market “churn.” More than 1 million involuntary job separations occur each month. The workforce development system must not contribute to this by placing clients in low-wage high-turnover employment. Those clients end up back in the system seeking additional services. This is a very poor and inefficient use of scarce public resources, not to mention profoundly unjust.

It is good board membership that drives the strategic direction of WIA resources and influences the broader system of training, education, and worker supports. If WIB activities are driven solely by technocratic measures that quantify placements over the quality of outcomes for workers, then it shouldn't surprise anyone that public resources subsidize low-road employers like Wal-Mart.

In California, state law requires that each board have 15 percent labor representation who are nominated by central labor councils and local building and construction trades councils. Experience in California demonstrates that strong labor representation infuses principles for economic justice, quality services, and a worker-centered approach to workforce and community development. It also connects workers with high-quality apprenticeship programs and other labor-management training partnerships in growth sectors, and to opportunities for employment with high-road employers. This structural engagement by local labor has meant a commitment to ensure the success of the training and employment opportunities of the unemployed in our region. When this broad array of union leaders show a commitment to the results of the Workforce Investment programs, the rest of the labor movement wants to help it be successful.

I recall when the President and CEO of the Sacramento Metropolitan Chamber of Commerce called me on the phone and said he wanted to work with organized labor in fashioning a local board that really prepared the workforce for the high wage, high skill jobs of the Sacramento region. He made it clear that he wanted to be the Board President and I made it clear that I wanted to be the Vice-President of the local board. That took a little constitutional agility since we needed two vice Presidents, one for succession purposes and one to ensure Labor is really engaged in the policy decisions of the agency.

In our first strategic planning session, we drew from EDD information and identified key industries that would include high wage, high skills opportunities as well as industries where Labor had a voice in the workplace. It was a give and take process, but enough opportunities so that everyone stayed engaged in the board's policy making role.

Our second policy of importance was to ensure that wage and benefit standards had to be met by agencies who provided training or they would not be funded in the future. The board adopted income levels in line with a self-sufficiency standard and uses them as the eligibility criteria for intensive and training services provided at the One-Stop Centers. This policy ensures that unemployed and low-wage workers who work for less than \$10 an hour are eligible for training. As these low wage workers moved up, they

opened up opportunities for the unemployed. All the staff in the employment training agency understood that the sustainable wage policy was real. Any program that did not meet the standard might be discussed publicly at a board meeting. The identification of an employer's financial contribution to health benefits was a part of the wage package and ensured that those employers who provided benefits were on a level playing with those who did not. The self-sufficiency standard is an important part of ensuring that self-sufficiency is a driving force for the one-stop career centers. In a companion policy, the WIB identified the "working poor" as a special population that should receive priority for WIA services and gave a high priority to jobs with employer-paid fringe benefits. In addition to Sacramento, a few other boards in California have adopted self-sufficiency measures and other principles or standards that target WIA resources only to employers that provide good salaries and benefits in sectors with growth potential.

The next policy that pushed employers and trainers to focus on high wage, high skilled jobs was the inclusion of career ladders and "lattices" in the definition of a successful program. An example of a career ladder is an apprenticeship program, but it had to be real in terms of producing wage and benefit increases in order to meet our standards. We found that employers who did not traditionally have apprenticeship programs began to organize jointly administered trust funds where collective bargaining money was invested in training opportunities for lower waged workers to move up the ladder within their own industry. Our health care providers are the best example of this.

Sacramento Works places a high priority on identifying the jobs that are going to be in high demand by employers in the region. The board funded a Sacramento regional workforce study to identify high wage, high growth critical occupational clusters with career ladders. The board required that the One-Stop Centers spend at least 75 percent of all training funds to train workers for these critical occupational clusters. An analysis of base wage data indicates that customers completing training in critical occupations had a higher retention rate and made an average of \$8,000 more per year than customers receiving only labor exchange services.

The efforts of Sacramento Works to focus on training job seekers for critical occupational clusters has resulted in strong local partnerships over the past eight years. Employers, labor, education, and local government have developed a number of sector initiatives in healthcare, construction, transportation, information technology and clean energy technology. I have attached a list of those partners to this testimony.

One of our most important and unique innovations is called [www.careerGPS.com](http://www.careerGPS.com). This data base covers 80 percent of the occupations in the top 75 industry sectors and subsectors that will need to be filled over the next 10 years in the Sacramento Labor Market area. It is accessible to anyone with a computer. It explains what jobs now and in the future will need to be filled, how much they pay, what training is required in order to apply, what training will be required after employment, what will be expected of any employee once they are hired, and the name address and phone number of any training agencies supplying the needs of that occupation as well as the program detail.

Over the last three years, the Sacramento Works board has worked closely with the Partnership for Prosperity, an effort spearheaded by the Sacramento Area Commerce and Trade Organization (SACTO) and the Sacramento Metropolitan Chamber of Commerce. This group has brought together 34 organizations in the region to work together to create an economic development strategy for the Sacramento region. Under the auspices of the Partnership for Prosperity, the Sacramento board partnered with LEED Sacramento to create an action plan focused on identifying the high wage/high growth jobs in the region and collaborating with partners to ensure that workers are trained for these jobs. The result is this unique website, [www.careerGPS.com](http://www.careerGPS.com). This website allows job seekers and students in high school and college to navigate the results of the regional workforce forecast to see what jobs are out there and what careers they may pursue. This tool is used by One-Stop Center coaches to assist job seekers in identifying appropriate training providers and will soon be used in high school and community college career centers to assist students in making career choices. This is an invaluable service to dislocated workers in today's economy. As far as I know, there is nothing like this on a regional basis anywhere else in the country.

Sacramento Works is a truly integrated one stop career center system and has over 40 partners, including the State of California, Employment Development Department's Job Service merit staff. Local and state staff work side by side to provide assessment, coaching, labor exchange and training services to customers.

### **Reforming the Workforce Investment Act**

So far I have talked about the accomplishments and positive aspects of the workforce investment system in California – as it has matured and integrated labor representatives into its governance structures and policy approaches. As the U.S. Congress moves toward the reauthorization of the Workforce Investment Act, we urge the federal government to learn from these experiences and take bold action to reform WIA in a manner that will benefit the unemployed, working families, and communities being devastated by the economic crisis.

As we travel around the country, we hear many stories about the failures and limitations of the workforce system from our WIB labor representatives and community organizations. We hear about the temporary agencies that sit on local boards. Participants come into One-Stop Centers, receive core services, and are sent to the same temporary agencies – where they get hired and are counted as placements. They work for a low-wage employer for a few months, the temporary agency receives their fee, and the participants are soon laid off. They go back to the One-Stop Center and go through the process again. In effect, the local WIB has become a revolving door for low-wage employers.

Because of the “work first” approach adopted by WIA, participants are frequently directed into low-wage jobs with little opportunity for advancement. WIA provides too

little training and skill development that would enable participants to move into high skill employment that pays family-sustaining wages and provides an opportunity for career advancement. There is growing consensus in the employment and training community that WIA fails to provide sufficient long-term training leading to good jobs. In reports published in 2003, for example, both the National Center on Education and the Economy (NCEE) and the Brookings Institution recognized this lack of training as a serious deficiency in the system.

The world has changed drastically since WIA was passed more than 10 years ago. WIA was crafted in an environment that favored deregulation, privatization, and the vast growth of private contractors delivering public services. Those policies have brought the nation to where we are today – suffering from an acute economic crisis and a global market meltdown that is spreading across the globe. The crisis calls into question the dominant political wisdom of the last 30 years that the bulk of decision-making about federal programs are best made locally and, if possible, by private sector actors. Instead, workforce policy should establish guiding principles and examine how each level of government and various programs can be harnessed to advance those objectives. Some of those principles include:

- Federal policy should support jobs that pay family-sustaining wages and benefits, and provide the opportunity for career advancement.
- Federal policy should support a strong social safety net for unemployed and underemployed workers, who obtain services from dedicated public servants rather than contractors motivated by private gain.
- Federal policy should be balanced to meet the needs of workers, employers and communities. Policies should also be balanced to meet the needs of low-wage workers and higher wage, high skilled workers.
- Federal agencies should assume a stronger role in developing coherent policies and guiding the implementation of various federal program activities in order to focus limited government resources on important objectives – that are defined nationally – while leaving considerable latitude at the state and local level.

Historically, when the nation is faced with large economic and wartime challenges, we have moved to centralize policy-making authority to achieve important national objectives. WIA needs to be retooled so it can play a meaningful role in responding to the current crisis through the development of comprehensive and uniform policies.

As it is currently structured, WIA has pushed authority far down to the local level without sufficient federal leadership, without ample oversight by the Department of Labor, and without uniform implementation practices. The policies and practices of WIA vary from one WIB to another, creating confusion and inconsistency. As it stands now,

WIA is a flawed system that has become so decentralized that it is not up to the task of supporting the job creation and clean energy initiatives we need to lift the nation out of the recession and economic crisis. Still, the AFL-CIO has supported more funding for WIA programs, and we have called upon the U.S. Congress to devote more resources in the American Recovery Plan for dislocated workers, low-income adults, disadvantaged youth, and Reemployment Grants to the States.

In this context, we urge Congress to reform WIA by instituting changes in the following four categories.

**First, we need to reassert the role of the public sector in WIA.** The center of our nation's workforce development system must be a robust, publicly operated, employment security program that has the resources to provide job matching services, conduct labor market research on the employment implications of new and expanding industries, counsel job seekers, and make referrals to job placement. A 2004 research report by WESTAT – a report that was suppressed by the Department of Labor under the Bush Administration – concluded that the public labor exchange provides “highly effective reemployment services to claimants” and other job seekers. Only a public labor exchange will ensure that services are provided in an equitable manner, free of personal favoritism and conflict of interest.

The public labor exchange must serve as the primary entry point into the system. With plant closings, mass layoffs, and rising unemployment wracking our nation's economy, a strong and uniform system that provides rapid response and operates on a statewide and interstate basis is more crucial than ever. Maintaining a public labor exchange fosters accountability and the equitable provision of services. It has the capacity to achieve statewide and federal policy objectives. To ensure that WIA is responsive to the broad public interest, there should be a requirement that the One-Stop Centers be publicly operated and that full information about their operations be easily accessible and available to the public.

**Second, WIA needs to shift its focus toward providing training services.** The mandate of WIA to follow a sequence of services has led to a focus on the core, minimal level of services and an underinvestment in training. This orientation has produced a system that tends to support low-road strategies that drive participants into low-wage, dead-end jobs. The sequence of services requirement should be abolished. Operational changes that can help to achieve the goal of fostering good jobs include a requirement that a minimum – such as 50 percent – of adult and dislocated worker WIA funds be spent on training.

**Third, the interests of business and labor must be rebalanced in WIA governance structures.** The requirement that a majority of State and local WIBs be representatives of business has created boards that are biased toward the interests of the corporate sector, and tends to create conflicts of interest between the boards and local vendors. This restriction has also had the unintended consequence of creating large and



unwieldy boards, a problem that is recognized by labor and the business community. This restraint should be eliminated in a reauthorized WIA.

WIA boards should be reconstituted to provide greater balance among key stakeholders and allow for more organized labor participation. Unions are strong advocates for effective training for good jobs. As I have explained, California now has a legal requirement that 15 percent of its local members be representatives of labor organizations. Such a provision should be considered for adoption for WIA as a whole.

**Fourth, WIA should incorporate program innovations in a number of areas, starting with sector partnerships.** The AFL-CIO supports challenge grants that would push the WIA system to move in directions that correspond to the actual workings of labor markets and the workforce needs of industry clusters that have been identified by state government agencies and labor market analysis. Governors should have new authority to use WIA resources to develop statewide, industry or regionally based initiatives to supplement local workforce activities in accord with industry and labor market trends. We just caution that care should be taken to ensure that these partnerships are grounded in real conditions, and do not become another layer of bureaucracy with funding demands that are self-perpetuating.

We would also like to see WIA recognize the need for career pathways for youth. We have been working with Senator Patty Murray to refine her “Promoting Innovations to 21<sup>st</sup> Century Careers Act.” We would encourage the House Education and Labor Committee to begin formulating similar legislation.

Also, we would like to establish a program or initiative in WIA to fund Incumbent Worker Training and career ladders – as long as it includes appropriate protections to ensure that employers do not shift their costs to federal taxpayers. That program should not be limited to persons at particular income levels. And we would see that program coordinated with the work of sectoral partnerships, community colleges, apprenticeships, and labor-management training programs.

In conclusion, the economic crisis has created dramatic new conditions in our country. As the economic crisis unfolded this fall, then-Senator Obama said in a Colorado speech: “What we have seen in the last few days is nothing less than the final verdict on an economic philosophy that has completely failed.” We need strong leadership from the federal level that is not blinded by free market ideology. And we need workforce development policy that is framed as part of a larger industrial policy that would reassert the importance of the public sector, revive our manufacturing economy to supply the component parts for a green economy, change our trade policies to generate American jobs, and pass an American Recovery Plan that can shore up our infrastructure and move toward a sustainable economy.

I’m sure we won’t agree with everything that the President’s Chief of Staff will do in the years ahead. But we did notice Rahm Emmanuel’s comment on “Face the Nation”

last November when he said: **“Rule One: Never allow a crisis to go to waste. They are opportunities to do big things.”** Maybe those “big things” should include funding mechanisms for social programs. The AFL-CIO has called upon the G-20 leaders to explore the feasibility of instituting a fee on all financial transactions. Even a very modest fee could yield revenues of \$100 billion per year. These resources that could be used for economic recovery, or education and training services, or to offset the costs associated with the Wall Street bailout. So I would leave you with that thought.

The AFL-CIO looks forward to working with the subcommittee on the full Education and Labor Committee on these WIA reforms in the year ahead.

## Attachment

### **Sacramento High Growth High Wage Sector Initiatives**

- **Transportation:** Partnership with Regional Transit, California Labor Federation, International Brotherhood of Electrical Workers, American River College and Sacramento County Office of Education for a Clean Diesel Technology program which retrained bus mechanics in clean diesel and trained new workers for regional construction and transportation employers.
- **Transportation:** Recruiting, screening and referring job candidates for Siemens' Transportation System, a company manufacturing light rail vehicles. Collaborating with Siemens' and Los Rios Community College district on welding training for selected employees.
- **Cost Estimating:** Partnership with the Sacramento Builders Exchange to provide incumbent worker and career ladder training in cost estimating
- **Construction Trades:** Partnership with Sacramento Sierra Building Trades Council, Northern California Construction Training, and Los Rios Community College District to provide pre-apprenticeship construction training.
- **Healthcare:** Partnership with Kaiser, UC Davis Medical Center, Mercy, and Sutter Hospitals, SEIU and Los Rios Community College District to increase the number of nurses trained in the region and to develop a pre-apprenticeship training program (CNA, LVN, Registered Nurse Career Ladder).
- **Clean Energy Technology:** Recruiting for students for Community College green technology courses in energy and sustainability, and the design and fabrication of solar projects.
- **Clean Energy Technology:** Partner in Green Capital Alliance, a regional effort to position Sacramento as the premier region in the nation for high-value, clean technology companies and elevate the region's visibility both nationally and internationally.