



california workforce association

House Subcommittee on Higher Education,
Lifelong Learning, and Competiveness

*New Innovations and Practices
Under the Workforce Investment Act*

Testimony Provided by:

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About the California Workforce Association

The California Workforce Association (CWA) is a non-profit membership organization that develops public policy strategies and builds local capacity to address critical workforce issues. The Association represents more than 2000 members, including California's 49 Workforce Investment Boards (WIBs), over 100 One-Stop Career Centers and other local non-profits, government, educational institutions and community based organizations involved in training, education, economic development, welfare, and employment. CWA works closely with its state and federal partners to ensure an effective and responsive public workforce system.

CWA has recently launched a new website www.backtowork.org to help California residents needing unemployment, job search assistance and skill development quickly and easily connect to their closest One-Stop Career Center, and to community resources.

For more information about CWA and California's 49 Workforce Investment Boards, go to www.calworkforce.org.

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

**Before the
HOUSE COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEE ON HIGHER EDUCATION, LIFELONG
LEARNING, AND COMPETITIVENESS**

**By
Bob Lanter
Legislative Chair, California Workforce Association
February 26, 2009**

OPENING REMARKS

Good Morning, Mr. Chairman, and members of the Subcommittee. My name is Bob Lanter, and I serve as the Legislative Committee Director for the California Workforce Association (CWA), as well as the Executive Director for the Contra Costa Workforce Investment Board. On behalf of CWA, and our membership, I am pleased to be here today to share our best thinking on what innovations have already been initiated through the Workforce Investment Act, and provide you with suggestions on how to further strengthen the workforce investment system.

I want to recognize members of the Subcommittee for your outstanding leadership in the area of workforce development, and thank members Susan Davis and Duncan Hunter, who have been strong supporters in California. Of course, we are also very thankful for Buck McKeon’s on-going commitment to the workforce system. And I am pleased to point out that I am a constituent from Chairman George Miller’s district, and want to acknowledge how much we appreciate that he has been a champion, both nationally, and in his district, for workforce programs.

California’s economy, as one of the largest in the world, has withstood booms and busts over its history, but now faces a unique set of challenging conditions: an unprecedented state budget gap, a statewide unemployment rate nearing 10%, increased housing foreclosures, and a widening achievement gap among students. The recession is disproportionately hitting low-skill workers, while at the same time some industries are still facing skill and/or labor shortages in higher-skill occupations.

Last year approximately three million customers were served through California’s One-Stop Career Centers. We are hearing that in some areas, the number of customers walking through the door has doubled. In San Diego alone, more than 88,000 people have visited the One-Stops since July 2008. Confounding our ability to respond is the fact that the funding for our programs has been decimated in the last 8 years – California has lost almost 50 percent of our WIA funding.

Even with all of these challenges, we believe the economic crisis may prove to spur creativity and innovation and pave the way for a more optimistic future. We also believe there is a great opportunity for using the stimulus funding provided through the American Recovery and Reinvestment Act (ARRA) to build and repair this nation’s human capital infrastructure and assist in getting Californians back to work.

In the 1930s, we were a nation with an economic engine fueled by the capacity of our physical infrastructure. Thus, when the need came to stimulate the economy, our country created millions of jobs for a nation of manual laborers to strengthen that physical infrastructure.

Today's economy is much more dependent on a skilled, knowledge-based workforce. If this human capital is the most important component of our economic infrastructure, then we must be building a skilled workforce. With help from Congress, America's public workforce system is poised to leverage this difficult moment to prepare our workers for the skills we need to once again be most prosperous and productive nation.

CONTEXT

What is the Workforce Investment Act?

One of the difficulties of providing testimony to Congress about the Workforce Investment Act (WIA) is that it means very different things to different people. To some, it is a job training program for the unemployed, and in particular, those with barriers to employment. For others, it is a system of One-Stop Career Centers, there to provide information to all of a community's residents about jobs, training opportunities and other community resources; and to help people get jobs. To many, it is an infrastructure of Workforce Investment Boards – stewards of the WIA funds, but equally important, groups of community leaders who understand the needs of businesses in their region and who work to ensure that there is a skilled workforce to meet those needs. And to others, WIA is a set of programs specifically designed to meet the needs of unemployed adults, dislocated workers, and youth unconnected to school and work. Last (and probably not least) there are those who expect WIA funds to help businesses recruit and retain their workers, grow their businesses, increase productivity, and increase the overall competitiveness of economic regions.

The truth is that the Workforce Investment Act is all of these things. Different WIBs focus on different roles, largely to meet the needs of their local communities. The strength and the weakness of the locally-driven nature of the system is that it is tailored to meet local demand, but hard to classify and brand as one thing. These differing expectations of the workforce system have created misunderstandings about what is working and what isn't. For example, many One-Stop Career Centers have done what the federal law encourages – they have leveraged their resources with other funds in the community, and use Pell Grants and community college funding to pay for training. When you look at their statistics, you will see that they have spent virtually no WIA funding on training – but when you look at the total investment in the services being delivered through the One-Stop, you see that hundreds of people have received training and other services funded by other systems.

There are three essential ingredients, if you will, of the Workforce Investment Act, which serve as common themes throughout the differences in roles and regional focus.

Private Sector led WIBs

First, WIA provides an **infrastructure of WIBs, led by the private sector**, which are the only places in local communities that serve as a “table” where all are invited. The WIB includes business, organized labor, state and local government, education, and community organizations. This structure is not perfect – the boards are too big, sometimes unwieldy, and sometimes ineffective. We can provide suggestions on how to improve this problem, but the concept behind them is smart. Make sure the private sector is in the lead – they know where the jobs are, they understand the skills that are needed, and it is their job to be impatient with public sector bureaucracy and make sure that things get done.

Partnership of Local Elected Officials and WIBs

Second, WIA gives authority to a **partnership of local elected officials and WIBs** to design and deliver strategies that meet the needs of their communities and regions. Economic strategists throughout the world call for regional approaches to building global competitiveness and exhort us to devolve state and national approaches in favor of regional strategy. Although there is often disagreement about how many WIBs there should be, and whether regional governance and regional strategy are the same thing, strategies around industry sectors, skill development, and economic prosperity cannot be delivered at a state level through a state system.

The other key reason that this local design is so important is that millions of dollars are being leveraged through other local funding streams. In many parts of the country, TANF, Community Development Block Grants, Community Services Block Grants, economic development and other resources are contributed through the leadership of local elected officials. In California, we did research on these investments early in the Schwarzenegger administration, when there was an effort to reduce the number of WIBs in California. What we found surprised even us – by combining smaller WIBs into larger regional bodies, we would have lost millions of dollars – mayors and county supervisors are willing and able to contribute other funds when they are being managed through the local partnership, but unwilling and unable if they are offering up funds to a larger region or state government.

One-Stop Career Centers

Third, WIA established **One-Stop Career Centers**, where in theory, many community resources are invested so that much of the funding targeted towards the unemployed could be leveraged. No one can argue that this makes great sense. In reality, since WIA required other systems to invest in One-Stops but none of the federal laws governing other systems required this same investment, there has been wildly uneven around the country.

In California, where the State Workforce Investment Board commissioned a study on how much services cost in a One-Stop, the Employment Service is the largest investor outside of WIA, and then it is actually agencies that are *not* mandated by law to participate that bring in the most resources. In other states, such as Texas and Michigan, because of laws passed at the state level, WIBs receive funding such as TANF, food

stamps, child care and adult education. In demonstrations currently taking place around the country, One-Stops are providing supports for the working poor, including welfare, food stamps, earned income tax credits.

In most states, certainly in California, the lack of investment of other funds has meant that funding that would otherwise go to training is going to keeping the One-Stops running. And the problem is, One-Stops are successful community resources. In the last six months, California's One-Stops have been inundated with customers. Many of these customers are coming to the One-Stop for the first time; many One-Stops have seen a 100 percent increase in customers looking to get help in getting back to work. Again, One-Stops are not perfect, and the leveraging of funds is not working all over the country, but the concept of One-Stop services makes perfect sense.

NEW INNOVATIONS AND BEST PRACTICE

WIBs throughout the entire State have collectively worked together on a number of initiatives, and have started even more in response to the economic downturn. Through our Association, California's 49 WIBs have launched a website, backtowork.org, which provides information "in English" to those who have lost their jobs and want to upgrade their skills, file for unemployment, and look for work. We have established a Recovery Act Task Force, and are meeting with statewide associations representing economic development, community college Career Technical Education programs, foster youth and TANF, organized labor, mental health programs, and those working on infrastructure and energy. We are also meeting regularly with our State and Federal partners. Last week, WIB staff from 40 WIBs met to develop a Summer Youth template that all WIBs can use to help ensure high quality programs throughout the State.

Community Leadership

At the local and regional level, California WIBs have increasingly taken on a community leadership role and serve to catalyze change in their communities. This work ranges from regional strategic planning, labor market research, aligning resources across systems, brokering services and training, to in-depth industry sector work. WIBs right now are quickly moving forward to develop plans for how best to respond to the current economic crisis, leveraging the funding that will be distributed under the ARRA, and have positioned themselves well to use the larger workforce system to ensure success.

We have also been working on developing the capacity of WIB staff across the State to operate in a transparent and participatory fashion. We are pleased to see President Obama's Executive Order that requires this form of governance. WIBs have invested in the capacity of their staff to develop relationships, collaborate with other systems, and co-design programs and initiatives with a broad range of public and private sector partners, rather than "going it alone."

Regional Strategic Planning

California has developed a new methodology for understanding regional economies, Clusters of Opportunity, which has allowed WIBs to gain new insights into the current and future jobs and occupations, and the skills required to become employed in those

jobs. Developed by the Economic Strategy Panel and California Workforce Investment Board's California Regional Economies Project, this methodology is being used by WIBs and their economic development and education partners around the State. In Humboldt County, for example, even though there was a belief that there were no industry sectors with sufficient scale to launch training programs, using this methodology, they discovered 500 niche manufacturers within the region. This allowed the WIB to collaborate with the community college to develop a curriculum that would meet employers' needs, and provide training for residents who might otherwise have moved out of the region to pursue jobs in other counties.

In Tulare County, the WIB and local educational agencies – both K-12 and community colleges started to look at the assets and services in the region, and realized that there were a number of employer advisory groups, all established under different funding, that were all in essence providing the same function. They have collectively agreed that the WIB, in collaboration with the schools and colleges, will establish single advisory groups within targeted industries, and all of the agencies will use the same groups to advise them on training, education and strategy.

In the San Joaquin Valley, with funding from the State, 8 WIBs have agreed on the same target industries, the same assessment tools, and the same protocols with community colleges. The California Workforce Association has recently been given a grant from the California Endowment, which will allow 4 or 5 consortia of WIBs throughout California to develop regional plans related to the healthcare workforce.

Sector Strategies

California has been engaged for many years in focusing on industry sector strategies; they vary by design, activities and outcomes because they are customized to the needs of a specific industry in a specific region. They all use labor market information to determine their industry and region of focus; are driven by employers in that industry; are partnerships of diverse public and private stakeholders; and are models for systems change. What is important to note is that building a pipeline for workers, and providing opportunities for low income individuals and youth to enter good jobs with sustainable wages often requires investment of time and money in activities other than training. Some industries, for example, need robust marketing and information dissemination about career pathways for youth in Middle School.

When a financial crisis forced the Los Angeles County Department of Health Services to lay off 2,500 entry-level employees, the local Service Employees International Union worked with the LA County WIB and local colleges to establish a coordinated effort to advance low-skilled workers into the allied health field. The partners established a non-profit, the Worker Education and Resource Center (WERC) to coordinate solutions, including articulating career pathways within allied health, designing and implementing new courses with credentials. Since 2002, over 9,300 L.A.County DHS employees took courses; over 1,000 obtained new credentials or degrees; and graduates increased wages by an average of 20%.

The San Bernardino County WIB catalyzed the establishment of the Alliance for Education, an organization that links business to youth through the K-12 education system. The Alliance brings information about industry sectors growing in the county and career ladders in those sectors, bringing hands on learning environments to the campus. Twenty-seven businesses now have whole curriculum case studies and/or semester long class projects where a curriculum is based on a direct industry problem and how to solve it. For example, sheriffs taught students about how to solve a murder crime using algebra, Kelly Space Systems has walked through the algebraic equations with students who figure out how and launch their own rocket. An engineering company has run an environmental curriculum.

Faced with a shortage of skilled Process Technicians within the Petrochemical and Manufacturing sectors, the Workforce Development Board of Contra Costa partnered with the regions refineries and large manufacturers, including Shell Oil, Chevron, Tesoro and Dow Chemical, along with the United Steel Workers, Los Medanos College and Mt. Diablo Adult School to create a sector initiative. The program targeted dislocated construction, airline and returning veterans and put them through a 20 week intensive Process Technician certificate program (PTECH.) At the conclusion of this 18-month grant, a two semester course was integrated into the course offerings at the college. Currently the classes are at capacity and the majority of the graduates are successful in finding employment.

Talent Development Learning Labs

In an attempt to better serve our customers in the manner envisioned in WIA, California is piloting a Talent Development model, which includes the integration of State Employment Service staff and local WIB staff in a new service delivery model. Twelve WIBs began implementing an integrated services delivery model, on July 1, 2008. The delivery model includes a common set of services available to all customers in the pool through a common customer flow, and an integrated staff, sharing resources among WIA, Employment Service and TAA staffing.

The integrated services strategy is intended to shift service priority to an emphasis on worker skills, assisting workers to gain the skills leading to self-sufficiency and responding to employer demand. We also are increasing service levels and quality to improve performance.

At the end of the first year of the pilots, an evaluation will help determine the effectiveness of the model and assist WIB directors in making informed decisions about whether or not they want to adopt this model and/or implement successful components.

Green Jobs

With the passage of the California Global Warming Solutions Act, and many following implementation vehicles, California has positioned itself as a leader in the areas of renewable energy, energy efficiency, and environmental sustainability across many sectors of the economy. As a result, California WIBs are actively engaged in partnerships to support the growing demand in the area of green jobs.

The California Workforce Investment Board recently restructured its committees to focus on developing and encouraging sector strategies, and has established a Green Collar Jobs Council. The Green Collar Jobs Council has already begun a valuable effort to develop a data-driven action strategy about how California can grow a greener economy and facilitate the creation of green jobs. The Council has an opportunity with the passage of the stimulus package to significantly accelerate that work.

Activities are diverse as the areas of the state. In Southern and Northern California, for example, several WIBs, and counties, have come together to plan and implement regional strategies and programs. In the Los Angeles area, under the auspices of the South Bay WIB, the WIBs are working together with the community colleges and labor unions to develop regional strategies.

The Richmond BUILD Pre-Apprenticeship Construction Skills & Solar Installation Training program is recognized as a national "best practice" for Green Collar job training. This innovative program has helped create a pathway out of poverty, addressing a primary cause of youth violence in the community. To date, 35 program graduates have obtained Green Collar jobs and are making a livable wage. This program includes a solar installation, solar thermal, and energy efficiency components that were developed and implemented in partnership with Solar Richmond, Solar Living Institute, GRID Alternatives, & Rising Sun Energy Center. The program received the 2008 FBI Director's Community Leadership award and has been selected as a semi-finalist for the 2009 Harvard Innovations in Government award.

WHAT'S NEXT FOR THE WORKFORCE INVESTMENT ACT?

CWA has spent a considerable amount of time developing suggestions for the reauthorization of the Workforce Investment Act. We would be happy to provide specific recommendations to the Committee. In this testimony, we want to outline some directions to move forward, and directions to move away from.

Directions to move toward

We believe that there are many features of the current system that work, and that we should build on these. Private sector led boards make sense, and we should adjust requirements so that they are not big and unwieldy, and give them more autonomy on the law, with their own title and budget authority, so that they can truly serve an intermediary convening role. The voice of the private sector, and their "honest broker" role on a WIB, provides the kind of leadership that public agencies look for.

One-Stop Career Centers are, as was quoted recently in the New York Times, "emergency rooms of the economic crisis." We must continue to innovate, create more flexibility in terms of requirements about who gets served when, and create more incentives for other community resources to locate and fund staff. One-Stops can still be what was envisioned in the original WIA, which was a true integration of employment and training services. They must also have enough flexibility so that they can respond to different economic conditions, sometimes more focused on helping business retain

workers, sometimes on investing in longer term training for the economically disadvantaged, and at other times helping people quickly return to work.

Sector strategies provide many pathways to work with employers, economic development and education. We should codify these approaches in the law, and provide infrastructure and performance measures that allow us to do more of this work, and do it better. We should create incentives for WIBs to move to sector strategies, as have been done in Pennsylvania, Washington and other states.

Our youth programs provide critical services and supports for thousands of young people who are not connected to school or work, or who are in danger of dropping out. In Los Angeles, 1 in 5 young people between the age of 16 and 24 is not in school and not working. We need to continue to innovate with our youth programs, providing career pathway opportunities, and opportunities for work experience. We are very pleased that ARRA allows us to offer Summer Youth employment, and believe that this should be included in reauthorization.

Directions to move away from

You heard testimony several weeks ago, which recommended providing a stronger role for the Employment Service (ES) and it's role in labor exchange. ES was designed to help people find jobs starting in the 1930s. At that time, finding a job meant reading classifieds in the newspaper, through word of mouth, and once the labor exchange was developed, by going into an Employment Service office. Just as in the past we needed travel agents to buy airplane tickets, unemployed people needed ES staff to help them look for work. Today, most people still find jobs through word of mouth, but the other predominant way is through on-line labor exchange. Using the Job Service purely as a labor exchange appears anachronistic and unnecessary. [Note: We are not suggesting that staff who belong to merit systems do not have a place – most of the staff who work for WIBs in California, for example, are members of labor unions and work in city and county government.]

In California, and a number of other states around the country, as mentioned above, we are piloting ways of using both ES and WIA staff in teams to provide these services to our customers. We believe that this integrated approach provides the best service to the people that need our help, and that isolating ES to deliver labor exchange, as has been proposed by others, is a step backward, and will not best meet the needs of the unemployed.

We are concerned about more restrictions on the use of WIA funding at the local level, such as a minimum percentage spent on training, for two reasons. First, the law requires WIBs to use Individual Training Accounts and the Eligible Training Provider List. Requiring a percentage expenditure on training may actually reduce leveraged resources, and force WIBs to pay for higher cost training. In California, as in other states because of State funding pressures, community colleges are at cap. This means that they can no longer take students. If we were required to spend a certain percentage of our funds on training, we would have to turn *solely* to the private schools (many of which offer high

quality training, but do not leverage public funding) in order to “make our expenditure levels.” Second, in places where they have done a good job leveraging resources, using Pell Grants and public education funding, resources that now go to support services and intensive services would go to training, and we would essentially be supplanting other funds.

Summary

In summary, we believe that there are many important and innovative strategies that are allowable in current law. Changes to WIA to make it even more effective, more responsive to local communities and to our customers are needed – let us all participate in constructive dialogue such as this so that we can identify what needs to be fixed, and what new elements are required in this new economy.

Thank you for the opportunity to provide testimony today. The California Workforce Association is pleased to serve as a resource to you and other policy makers as we move forward with WIA Reauthorization and working toward revitalizing our nation’s economy.