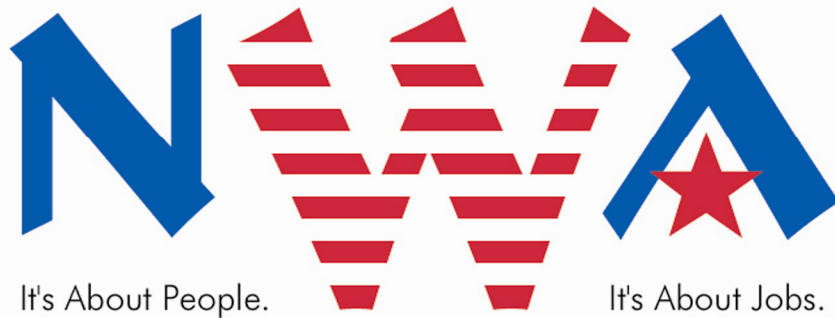


National Workforce Association



Testimony of John Morales

President

National Workforce Association

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

February 26, 2009

National Workforce Association
David Bradley, CEO
One Massachusetts Ave. N.W. – Suite 310
Washington, D.C. 20001
Phone: (202) 842- 4004
Fax (202) 842- 0449
Website: www.nwaonline.org

Introduction

Chairman Ruben E. Hinojosa, Mr. Guthrie and the other distinguished members of this Subcommittee, my name is John Morales, and I am the Executive Director of the Yuma Private Industry Council in Yuma Arizona. I also currently serve as the president of the National Workforce Association (NWA), on behalf of whom I am testifying today.

In my testimony, I will discuss very briefly, from NWA's perspective, why we believe it is critical to the country's competitiveness that the Workforce Investment Act be reauthorized this year. I will point out several notable areas in WIA that I believe we should build on as we go forward, and suggest several issues that need to be addressed in reauthorization to make the Workforce Investment Act stronger.

I urge that you build upon the locally driven, private sector-led vision that Congress established in the Workforce Investment Act. While NWA represents the WIA system in cities, suburban areas, and rural America, my experiences on the border in Yuma with its 15.9% unemployment rate in 2008, reinforce the need for local control and flexibility to address unique labor market conditions in a wide variety of the country's communities, in collaboration with key local stakeholders including local elected officials.

First, I'd like to point out a number of positive developments that have occurred since then-President Bill Clinton signed WIA into law on August 7, 1998. WIA's focus on two customers: jobseekers and businesses was a major change from 40 years of federal policy and it continues to be the right thing to do. Although there is much more to do in order to bring together the array of federally funded workforce development programs, significant progress has been made.

The most recent PY 07 WIA annual reporting data indicates that nearly 3.5 million people received assistance from WIA, with three-quarters of WIA program participants and over 70% of employers satisfied with the assistance they received. Seven out of ten WIA Adult and Dislocated Worker program participants gained employment by utilizing WIA programs, with these numbers rising to well over 80% when participants received training. These workers were retained in these new jobs – at an overall level exceeding 85%. In fact, DOL's data indicates that dislocated workers who enrolled in WIA programming actually have an earnings gain over their previous employment.

Along with the strong performance data, WIA has fostered much stronger program integration between partner programs, particularly workforce development and economic development. One Stop Career Centers nationwide have become a tremendous resource for both workers and employers. Targeting a portion of funds to high wage/ high demand sectors has been a success and we continue to learn and expand on such efforts. The system's strategic use of Career Pathways grows stronger every year. Still none of us would argue that there is not a great deal more we need to do, and an urgency to do it.

When Congress worked to enact WIA in the mid 1990's, the challenges facing our workforce were considerably different than they are today. Unemployment was much lower. Two weeks ago USDOL hosted a Reemployment Conference in Baltimore, Maryland. In one of the presentations, Dr. Paul Harrington, of the Center for Labor Market Studies at Northeastern University, pointed out that there are 11.2 million unemployed people looking for work today and currently 2.8 million job openings. So our approach to training and skill attainment as WIA is reauthorized must adapt to this new reality.

Training- Some important stakeholders argue that there is not enough training taking place under WIA today. The National Workforce Association also believes that in order to fulfill the vision in WIA to build a world-class workforce and strengthen U. S. businesses, more training must be available to students, current workers, and those who have suffered the loss of their jobs. And while we recognize that you are an Authorizing Committee not the Appropriations Committee, we point out two significant factors that negatively affect the amount of training under WIA Title 1:

1. Congress envisioned significant financial contributions to One Stop Career Center operations from all the federal partner workforce programs when WIA was being developed, but in reality the lion's share of these costs have been borne across the country by only WIA Title 1 and the Employment Service; further
2. Since 2000, adjusted for inflation, funding for the Workforce Investment Act and the Employment Service have been cut by 40% in inflation adjusted dollars.

If Congress decides to require that a set percentage of a WIB's funds must be spent on training, then it is essential that skill enhancements and leveraged training count toward that requirement.

Expenditures – There has been significant debate over the past few years about the accuracy of USDOL's calculation of state and local WIA system spending. NWA encourages the Committee to include in this version of WIA reauthorization, as it has in previous Congresses, a requirement to have USDOL calculate WIA spending based on "accrued expenditures" in determining the redistribution of "unspent" funds, in reports to Congress on spending levels, and in determining funding recommendations. This term must be clearly defined in the Act, and USDOL should be required to collect this information from states and local areas, and be

required to utilize such data. Subsequently, technical assistance should be promptly provided to States and local workforce areas by USDOL. NWA's recommendations are consistent with recent GAO studies and findings on expenditures and obligations. OIG also concurs here.

Performance Measures - Current performance measures need to be simplified and refined to reflect an outcome oriented workforce system. The current performance measures under-reward educational attainment, even though as Mort Bahr testified before this Subcommittee earlier this month, people with low basic skills are unlikely to be able to obtain and retain a high skill/ high wage job. NWA recommends that WIA Reauthorization should allow state and local areas to utilize a regression model in developing performance standards, as it was in WIA's previous iteration, the Job Training Partnership Act. The implementation of a regression model, which adjusts standards for serving participants with labor markets barriers, would ensure that cost calculations, educational attainment, and wage gain measures reflect the local economy and the characteristics of populations receiving services. Failure to reinstate this regression model risks under-serving those individuals with severe barriers to employment.

Further, performance measures should be refined to encourage closer integration of the work of the WIBs and the One Stops with Adult Education, Literacy, and English Proficiency training should be enacted.

In almost every employer focus group I have been a part of the urgent need for workers with foundation skills has been strongly expressed. These "soft skills" include: good attendance, punctuality, the ability to communicate effectively both orally and in writing, the ability to work in teams with a diverse group of people, and the ability to size up a problem and formulate solutions. While we might think these are values that should be instilled in the home, this

articulated business need is so strong that addressing it must be part of the next generation of WIA.

While increased education attainment is an allowable training activity today, it should be clearly spelled out as a goal and encouraged when training is defined in reauthorization. There are many activities today both jobseekers and employers would consider training but WIA often doesn't. An example is a three week course in Microsoft Office proficiency taken at a One Stop. Better defining what WIA considers to be training will get everyone on the same page.

As a former Junior High School Social Studies teacher I am positive that the United States can't meet the long term workforce challenges we face until we achieve radically improved results in our P -20 system. But as a WIB director I also realize that 70% of our workers in the year 2020 are in the labor force today, and many of them lack the skills they need. For this reason, NWA recommends that Congress allow WIBs to spend up to 10% of their Adult and Dislocated Worker formula funds on incumbent worker training. This flexibility is needed to both target key industry clusters, as well as to help move low wage workers up the career ladder. Performance measures will need to be adjusted, since earnings will increase less for an existing low wage worker than an unemployed worker who receives training and is then placed into a job.

In 2009, the Yuma PIC I lead is providing the tuition for the latest iteration of incumbent worker training for the YMA as part of Innovation Frontier Arizona, a 4 county WIRED grantee consisting of the four contiguous counties located on the border with Mexico. Labor markets are either local or regional and the workforce system needs the same flexibility and tools in either instance.

It is clear that the workforce challenges the country faces are so serious that no single entity can solve them all. Since in this 21st Century economy high school graduation alone is no

longer enough, a reauthorized WIA must find ways for WIBs to better interact with Adult Education providers to help a person get a GED. And since only 5% to 10% of GED recipients ever complete even one year of Community College, successful strategies like Washington State's "I Best" program must be replicated.

While ITAs have been the predominant delivery vehicle since WIA began, sectoral strategies, including career ladder approaches to help people move toward self sufficiency, have shown great promise under WIA. NWA believes that in order to help workers quickly enroll in the training they desire for high demand sector initiatives and basic skill acquisition, ITA requirements should be relaxed to allow local contracting for training. We think this would lead to increased utilization of WIA training resources by Community Colleges and providers of Adult Education and Carl Perkins VATEA funds. Additionally, successful best practices leveraging WIA funds with other training/ skill acquisition resources like Pell Grants should be disseminated by DOE and DOL.

In terms of helping economically disadvantaged young people obtain the skills they need to succeed in this economy, NWA:

- Endorses raising the upper Youth age to 24 will allow services to disconnected youth who face a particularly difficult time in today's economy
- Recommends that a separate Year-round Summer Youth Employment Program should be authorized because SYEP is a critical means of getting urban and rural young people to understand why their school work is relevant and essential.

On the governance side of the legislation, NWA agrees with other testifiers who said WIB Boards are too large. While they must remain private sector led, public sector representatives should not be on the WIB Board itself, but should have a legislated role on a

Partner's table. That Partners' Table would meet regularly and its mission would be to work toward seamless, coordinated service delivery, not policy and oversight, which should remain with the WIB. Local WIBs should be appointed by local elected officials.

In closing, I'd like to suggest two other technical issues that may require working with other House Committees but would stretch WIA dollars and increase efficiency if they can be addressed.

1. Access to wage data. While this is not an issue in some states, in many states WIBs are barred because of confidentiality laws from accessing this data, which would give them a cost effective tool to assess medium and long term effects of different types of training on future income to participants who complete training.
2. Dueling Data Systems. Most states not only do not have a common report card system, but front line workers from different workforce programs who might be providing services to the same customer often need to enter data into four discrete data systems- for One Stop Services; for Vocational Rehabilitation services; for Adult Education services; and for welfare to work services. This can't be fixed locally, and would require a federal investment, but that would be quickly recouped since it would free up funds and staff time to increase training and case management services.

Conclusion

Having a high skilled workforce is a goal all Americans agree we must achieve. The National Workforce Association believes that the services provided by the local workforce system will benefit in your efforts at WIA Reauthorization.

Thank you Chairman Hinojosa for allowing me to testify, and for holding these hearings. You can be assured of the National Workforce Association's assistance as you move forward with WIA reauthorization.