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NEW INNOVATIONS AND BEST PRACTICES UNDER THE WORKFORCE INVESTMENT ACT

**Thursday, February 26, 2009
U.S. House of Representatives
Subcommittee on Higher Education,
Lifelong Learning, and Competitiveness
Committee on Education and Labor
Washington, DC**

The subcommittee met, pursuant to call, at 10:05 a.m., in room 2175, Rayburn House Office Building, Hon. Ruben Hinojosa [chairman of the subcommittee] presiding.

Present: Representatives Hinojosa, Bishop of New York, Andrews, Wu, Davis, Fudge, Polis, Guthrie, McKeon, Biggert, and Roe.

Staff present: Tylease Alli, Hearing Clerk; Adrienne Dunbar, Education Policy Advisor; David Hartzler, Systems Administrator; Fred Jones, Staff Assistant, Education; Jessica Kahanek, Press Assistant; Brian Kennedy, General Counsel; Ricardo Martinez, Policy Advisor, Subcommittee on Higher Education, Lifelong Learning and Competitiveness; Joe Novotny, Chief Clerk; Michele Varnhagen, Labor Policy Director; Margaret Young, Staff Assistant, Education; Stephanie Arras, Minority Legislative Assistant; James Bergeron, Minority Deputy Director of Education and Human Services Policy; Cameron Coursen, Minority Assistant Communications Director; Kirsten Duncan, Minority Professional Staff Member; Chad Miller, Minority Professional Staff; Susan Ross, Minority Director of Education and Human Resources Policy; and Linda Stevens, Minority Chief Clerk/Assistant to the General Counsel.

Chairman HINOJOSA [presiding]. A quorum is present. The hearing of the subcommittee will come to order.

Pursuant to the Committee Rule XII, any member may submit an opening statement in writing which will be made part of the permanent record. I now recognize myself, followed by Ranking Member Brett Guthrie, for an opening statement.

I want to thank everyone who is here this morning. I welcome you to the Higher Education, Lifelong Learning and Competitiveness Subcommittee second hearing in preparation for the reauthorization of the Workforce Investment Act.

As with our first hearing, we are going to focus on new innovations and best practices that will improve the workforce develop-

ment system. Each day, our task to renew the Workforce Investment Act grows more urgent.

On Tuesday, President Obama called on all Americans to commit themselves to one year of college or post-secondary training. Last week, the president signed the American Recovery and Reinvestment Act to save or create 3.5 million jobs.

With a nearly \$5 billion investment in our job-training programs by the Department of Labor, this law places a specific priority on assistance that will offer family-sustaining wages to workers who have the greatest barriers to finding employment.

Yet from our last hearing, we know that an estimated 80 million to 90 million adults lack the basic education and skills to answer the president's call or to qualify for the jobs that will be created by the stimulus plan. According to a recent analysis by Anthony Carnevale at Georgetown University Center on Education and the Workforce, 54 percent of these jobs will require at least some post-secondary education, and high school dropouts will be eligible for only about one-fourth of those jobs that will be available.

We will have to call upon our workforce development system that is supported through the Workforce Investment Act to bridge that gap. This will require innovation and new approaches to delivering job-training and education.

In recent years, the trends have not been positive for low-income, low-skilled workers in the WIA system. According to an analysis by the Center for Law and Social Policy, the share of low-income participants who received intensive and training services under WIA dropped from 84 percent in the year 2000 to 53.7 percent in the year 2007.

Likewise, the share of workers with low levels of educational attainment who received intensive or training services dropped from 77.9 percent to 68.7 percent. We need to reverse those trends.

However, there are examples of innovation and best practices across the country where job-training, education, and support services have been integrated into a system of career pathways that has enabled workers to complete secondary school, learn English, and earn a post-secondary credential, facilitating their entry into higher-skilled, higher-paying jobs. We need to build on those successes.

A similar approach has shown promise with our youth programs. Under a reauthorization WIA, we have an opportunity to strengthen our youth programs to not only connect youth to the workplace, but also help them to establish lasting bonds to education and lifelong learning.

Our witnesses today will share with us what practices have been most successful in their experience with the workforce investment system.

I thank you for joining us. And I am looking forward to your testimony.

I now yield time to the ranking member, Mr. Brett Guthrie of Kentucky, for his opening statement.

Brett?

[The statement of Mr. Hinojosa follows:]

**Prepared Statement of Hon. Rubén Hinojosa, Chairman, Subcommittee on
Higher Education, Lifelong Learning, and Competitiveness**

Good Morning. Welcome to the Higher Education, Lifelong Learning, and Competitiveness Subcommittee's second hearing in preparation for the reauthorization of the Workforce Investment Act. As with our first hearing, we are going to focus on new innovations and best practices that will improve the workforce development system.

Each day, our task to renew the Workforce Investment Act grows more urgent.

On Tuesday, President Obama called on all Americans to commit themselves to one year of college or postsecondary training.

Last week, the President signed the American Recovery and Reinvestment Act to save or create 3.5 million jobs. With a nearly \$5 billion investment in our job training programs by the Department of Labor, this law places a specific priority on assistance that will offer family sustaining wages to workers who have the greatest barriers to finding employment.

Yet from our last hearing, we know that an estimated 80—90 million adults lack the basic education and skills to answer the President's call or qualify for the jobs that will be created.

According to a recent analysis by Anthony Carnevale at Georgetown University's Center on Education and the Workforce, 54 percent of these jobs will require at least some postsecondary education and high school dropouts will be eligible for only about one-fourth of them.

We will have to call upon our workforce development system that is supported through the Workforce Investment Act to bridge that gap. This will require innovation and new approaches to delivering job training and education.

In recent years, the trends have not been positive for low-income, low-skilled workers in the WIA system. According to an analysis by the Center for Law and Social Policy, the share of low-income participants who received intensive and training services under WIA dropped from 84 percent in 2000 to 53.7 percent in 2007. Likewise, the share of workers with low levels of educational attainment who received intensive or training services dropped from 77.9 percent to 68.7 percent. We need to reverse those trends.

However, there are examples of innovation and best practices across the country where job training, education, and support services have been integrated into a system of career pathways that has enabled workers to complete secondary school, learn English, and earn a postsecondary credential, facilitating their entry into higher-skilled, higher-paying jobs. We need to build on those successes.

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Our witnesses today will share with us what practices have been most successful in their experience with the workforce investment system.

Thank you for joining us. I am looking forward to your testimony.

I now yield to the Ranking Member, Mr. Brett Guthrie of Kentucky, for his opening statement.

Mr. GUTHRIE. Thank you, Mr. Chairman. And thank you for calling this hearing on this such an important package that we are going to be working on throughout the spring and summer.

In the last month, we lost nearly 600,000 jobs, and the number of unemployed workers grows with each day, and the need to help them find news job has never been greater.

It has been more than a decade since federal job-training initiatives have been updated. With a changing economy and growing unemployment rates, the time to renew this legislation is now.

We must be committed to a dynamic, results-oriented job-training system that can effectively serve those looking for a job and those workers in need of retraining. The one-stop shops under the Workforce Investment Act are the best resource to provide this type of job-training.

I am reminded of a story from a local official in my district that stresses the importance of these one-stop shops. In 2006, Judge Dave Hourigan, the Marion County judge executive, or our county's chief executive—we call them judges in Kentucky—saw the need to create a one-stop shop in his county.

He understood the importance of consolidating services and developing a central place where people could go to access job-placement information, education, and training, and other assistance, so the judge decided to make this a reality for Marion County. He worked with business and community leaders to find donated space to open the center. Then he worked to connect the center to local businesses and industry so that it could be more effective.

Because of Judge Hourigan's commitment, Marion Countians now have a responsive centralized system in their backyard to provide valuable resources for both employees and employers. It is this type of commitment we need to make sure our workforce remains competitive.

It is critical that we continue using the one-stop shop model to develop a workforce that meets our economy's changing needs. These centers are working well, and they are the key to providing Americans with better jobs and better lives and, in turn, providing America with a stronger workforce.

However, we must continue to keep local workforce investment boards, including representatives from the business community, at the center of this process. These local businesses will create the new jobs that the center will help fill, so they must be at the center of the workforce system.

As a former small businessman, I, like Judge Hourigan, recognize the need for a collaborative effort that includes businesses working with the one-stop shop to provide the best services for workers who need them.

I look forward to today's testimony and learning more about the best practices and innovative ideas from around the country as we work to reauthorize this important legislation.

Thank you, Mr. Chairman.

[The statement of Mr. Guthrie follows:]

Prepared Statement of Hon. Brett Guthrie, Ranking Minority Member, Subcommittee on Higher Education, Lifelong Learning, and Competitiveness

Thank you, Mr. Chairman, for calling this hearing and I welcome our distinguished witnesses.

Last month, we lost nearly 600,000 jobs. The number of unemployed workers grows with each day, and the need to help them find new jobs has never been greater. It has been more than a decade since federal job training initiatives have been updated. With a changing economy and growing unemployment rate, the time to renew this legislation is now.

We must be committed to a dynamic, results-oriented job training system that can effectively serve those looking for a job and those workers in need of retraining. The one-stop shops under the Workforce Investment Act are the best resource to provide this type of job training system.

I am reminded of a story from a local official in my district that stresses the importance of these one-stop shops. In 2006, Dave Hourigan, the Marion County Judge/Executive or the county's chief executive officer, in my home state of Kentucky saw the need to create a one-stop shop in his county. He understood the importance of consolidating services and developing a central place where people could go to access job placement information, education and training, and other assistance. So, the Judge decided to make this a reality for Marion County. He worked with business and community leaders to find donated space to open the center.

Then, he worked to connect the center to local businesses and industries so that it could be more effective. Because of Judge Hourigan's commitment, Marion Countians now have a responsive, centralized system in their backyard to provide valuable resources for both employees and employers.

It is this type of commitment that we need in order to make sure our workforce remains competitive. It is critical that we continue using this one-stop shop model to develop a workforce that meets our economy's changing needs. While these centers are working well, providing Americans with better jobs and better lives, and in turn, providing America with a stronger workforce, there is still work to be done.

In our hearing two weeks ago, witnesses testified about concerns over the size of local workforce boards and urged us to maintain the business majority on those boards. It is clear that we must continue to keep local workforce investment boards, including representatives from the business community, at the center of our workforce development system. Local businesses will create the new jobs that one-stop centers will help fill, which is what makes this system an essential component of our country's economic growth. As a former small businessman, I, like Judge Hourigan, recognize the need for a collaborative effort that includes businesses working with the local one-stop shop to provide the best services for the workers who need them.

I look forward to today's testimony and learning more about the best practices and innovative ideas from around the country as we work to reauthorize this important legislation.

Thank you, Mr. Chairman.

Chairman HINOJOSA. Without objection, all members have 14 days to submit additional materials or questions for the hearing record.

I would like to introduce our very distinguished first panel of witnesses here with us this morning. Welcome to each and every one of you.

I wish to explain the lighting system. For those of you who have not testified before this subcommittee, allow me to explain our lighting system and the 5-minute rule. Everyone, including members, is limited to 5 minutes of presentation or questioning.

The green light is illuminated when you begin to speak. When you see the yellow light, it means you have 1 minute remaining. When you see the red light, it means your time has expired and you need to conclude your testimony.

Please be certain, as you testify, to turn on and speak into the microphone in front of you so that everyone can hear you.

We will now hear from our first witness.

I am going to introduce all three members of this first panel, and then we will get started with Ms. Keenan.

Cheryl is the Director of the U.S. Department of Education's Division of Adult Education and Literacy in the Office of Vocational and Adult Education. In her role as the national director, she oversees the office which funds almost \$600 million in state and local grant programs to enable adults to become literate and complete high school so they can succeed as workers, as parents and citizens.

Prior to her appointment to this department, she served as the Pennsylvania State Director of Adult Education and Literacy. Ms. Keenan holds undergraduate and graduate degrees in the field of education. We are aware that your office is extremely busy during the transition, but we really appreciate your willingness to visit with us today and share your knowledge.

Mr. George Scott, George is the Director of Education and Workforce and Income Security Issues for the U.S. Government Accountability Office. George has been a familiar and frequent witness be-

fore our committee, as well as an important contributor for several of our field hearings. He is responsible for overseeing the high-quality work the agency provides for our reports across a number of areas in our committee jurisdiction.

He is a graduate of the University of North Carolina at Chapel Hill and has received several GAO management awards. In 2003, he was the 2003 nominee for the William A. Jump Memorial Award for exemplary achievement in public administration.

Welcome, Mr. Scott. And it is always good to have you before our subcommittee today, and we look forward to your remarks.

Mr. John Morales is the Executive Director of the Yuma County Workforce Investment Board in Yuma, Arizona. John has over 30 years of experience in working in employment and training in economic development and behavioral health programs. Over the years, he has chaired numerous professional associations on workforce and economic development. And in Arizona, he was named to the governor's P-20 Council on early education through post-secondary alignment.

He is a firm believer in lifelong learning activities, and I can only say that he has selected the right subcommittee in which to come and discuss lifelong learning.

We welcome you, sir. We welcome Mr. Morales. We are happy to have you with us.

We will now start with Ms. Keenan.

STATEMENT OF CHERYL KEENAN, DIRECTOR OF THE DIVISION OF ADULT EDUCATION AND LITERACY, U.S DEPARTMENT OF EDUCATION

Ms. KEENAN. Chairman Hinojosa and members of the subcommittee, I appreciate the opportunity to talk with you today about the federally funded adult education programs that the Department of Education administers and the significant role they can play in supporting America's economic recovery.

Adult education is an important part of the Workforce Investment Act, and we appreciate your recognition of its role in helping adults to increase their literacy skills, to learn English, to transition to post-secondary education, and obtain jobs that pay family-supporting wages.

I would like to note that the Adult Education State Grant Program is one of only six department programs to achieve an effective rating under the OMB PART review, which is designed to assess and improve program performance and identify program strengths and weaknesses.

So who does this program serve? Adults eligible for services are at least 16 years old, are beyond their state's age for compulsory school attendance, are not enrolled in high school, and lack sufficient mastery of basic education or English proficiency.

More than 2.3 million students enrolled in the adult education programs nationwide last year. Forty-five percent of those students enrolled in English literacy classes to improve their English proficiency. Forty-one percent enrolled in adult basic ed programs, which provides instruction to adults in reading and math below the eighth-grade level. And 14 percent enrolled in adult secondary pro-

grams which provide instruction between the 9th-and 12th-grade levels.

Hispanics comprise the largest ethnic group enrolled in adult education, at about 44 percent, followed by whites, African-Americans, and Asians. Adult education programs serve a significant youth population, primarily high-school dropouts. Last year, more than one-third of students—or 850,000—enrolled in adult education were between the ages of 16 and 24. Nearly 500,000 of these young learners had math and reading skills below the eighth-grade level.

More than 1 million adults enroll in programs to improve their English proficiency. Three-fourths of these adults have English literacy levels at low-beginning to low-intermediate, indicating a significant need to improve both spoken and written English-language skills.

Appropriations for the Adult Education State Grant Program have remained at approximately \$650 million annually for the last 5 years. Federal dollars appropriated under AEFLA support adult learning through more than 4,100 providers nationwide. Slightly more than half of these are local education agencies; 16 percent are post-secondary institutions; 21 percent are community-based organizations; and about 3 percent are faith-based organizations.

The law requires states to establish outcome-based accountability systems to determine the effectiveness of local providers in continuously improving adult education activities. Student outcomes that states report are on educational gains, attainment of a high-school diploma, entry into post-secondary education or training, obtaining and retaining employment.

In the last 5 years, over 3.9 million enrolled adults, or almost 40 percent, have improved reading, math and English proficiency as a result of their enrollment in adult education, and 51 percent of the people who came with the goal of getting a GED were successful in achieving that goal. The program also helped over 600,000 people to get jobs.

But many challenges still exist in the job market, where the bar for literacy skills that are required for family-supporting wages is constantly being raised. Our federal-state partnership serves only a very small portion of adults who need literacy instruction, and America's high-school dropout rate is significant, and students who leave high school frequently look to adult education to provide the education and support they need to earn the secondary credential required for even the most basic employment.

Adults need post-secondary credentials to obtain jobs that will allow them to feed their families and pay their mortgages, and yet 65 percent of adults have no associate or higher degrees. Immigrants need to learn English for employment and to participate in civic functions that are necessary for life in our democracy, yet one-third of foreign-born persons in the United States do not have a high-school diploma, and nearly 18 million are limited in their proficiency in English.

How is the department addressing these challenges? We have created initiatives designed to address the challenges facing adult education programs nationwide by enhancing teacher quality and stimulating development and innovation.

In recent years, Congress has appropriated between \$7 million and \$9 million for national leadership activities, and we use these funds to help address our current economic challenges.

One such effort, the Adult Basic Education Career Connections project is expanding the pipeline to post-secondary occupational training by preparing low-skilled adults for entry into and advancement in high-demand employment based on regional economic needs.

Several states have launched large-scale efforts to realign their adult education systems with these pathway models. The state of Washington has developed its I-BEST model that delivers English-as-a-second-language instruction integrated with occupational skills training.

And states are also using funds available to them under their incentive grant program, section 503 of WIA, to support these efforts. For instance, Oregon has invested incentive money to connect its adult basic skills program to its post-secondary pathways, and Ohio is involved in a similar effort.

Chairman HINOJOSA [continuing]. Conclusion, I would ask you to please do so, and be assured that I will include the entire statement into the record.

Ms. KEENAN. We are proud of our support for adult education, and I hope it can contribute to the success of America's recovery, especially in bringing basic literacy and English-skills training to low-income adults.

Thank you for this opportunity to testify about the department's adult ed program, and we look forward to working with you to support the needs of adult learners. I am happy to respond to any questions.

[The statement of Ms. Keenan follows:]

Prepared Statement of Cheryl Keenan, Director of Adult Education and Literacy, Office of Vocational and Adult Education, U.S. Department of Education

Chairman Hinojosa and Members of the Subcommittee, the Department appreciates this opportunity to talk with you about the federally funded adult education programs that the Department of Education administers and the significant role they can play in supporting America's economic recovery. Adult education is an important part of the Workforce Investment Act (WIA), and we appreciate your recognition of its role in helping adults increase their literacy skills, learn English, transition to postsecondary education, and obtain jobs that pay family-supporting wages. The Department very much looks forward to working with you to ensure that adult education programs continue to effectively prepare participating adults for employment and further learning.

I am the director of the Department's Division of Adult Education and Literacy. Our division is housed in the Office of Vocational and Adult Education (OVAE). The division is responsible for the Adult Education State Grant Program as well as national leadership initiatives to support State and local accountability, program improvement, and innovation authorized by the Adult Education and Family Literacy Act (AEFLA) in Title II of the WIA.

Today, I will discuss the Department's adult education program and include some information on current learner demographics, program performance, and national initiatives that help adults in the United States obtain the literacy and employability skills they need to get and keep family-supporting jobs.

We are proud that the Adult Education State Grant Program is rated "effective" by the Office of Management and Budget (OMB). Our program participated in OMB's 2006 Program Assessment Rating Tool (PART) review, which is designed to assess and improve program performance, and identify program strengths and weaknesses. The Adult Education State Grant Program was one of five Department programs to achieve an "effective" rating during the time the Executive Branch car-

ried out PART reviews. The PART assessment findings, including the scoring and explanation for program design, program management, strategic planning, program management, and program accountability are available online at www.Expectmore.gov.

Who Does Adult Education Serve?

Adults eligible for services funded by AEFLA are at least 16 years old, are beyond their State's age for compulsory school attendance, are not enrolled in high school, and lack sufficient mastery of basic educational skills. They do not have a secondary school diploma (or its equivalent) or are unable to read, speak, or write in English. More than 2.3 million students enrolled in adult education programs nationwide last year. Of those, 45 percent participated in English literacy programs (EL), 41 percent in adult basic education (ABE), which provides instruction to adults with reading and math below the eighth grade, and 14 percent in adult secondary education (ASE), which provides instruction between ninth and twelfth grade levels. Our most recent data show that Hispanics comprise the largest ethnic group enrolled in adult education programs at 44 percent, followed by White at 26 percent, African Americans at 20 percent, and Asians at 8 percent.

Adult education programs serve a varied and significant youth population, primarily high school drop-outs. Last year, more than one third of students (850,000) enrolled in adult education were between the ages of 16 and 24. Nearly one half million of these young learners had math and reading skills below the eighth-grade level. About one fifth of these learners were unable to read, write, or speak English well enough to function on the job or participate in civic functions.

More than one million adults enrolled in programs assisted by AEFLA to improve their English proficiency. Three-fourths of these adults, when assessed, were found to have English literacy levels at "low beginning" to "low intermediate," indicating a significant need to improve both spoken and written English-language skills to attain the proficiency necessary to allow them to advance in America and obtain family-supporting jobs.

How Is Adult Education Delivered?

Appropriations for the Adult Education State Grant Program have remained at approximately \$560 million annually for the last five years. Program funding is distributed by formula to a State agency designated by State law. Nationwide, we find that 33 States provide State Grant funds to State educational agencies (SEAs), 12 States provide them to their community college or technical college systems, two States provide them to State workforce agencies, and five States provide the funds to their State Labor Departments.

The law requires that at least 25% of the total amount of funds expended for adult education and literacy activities in a State be from non-Federal contributions. Financial reports submitted to our Adult Education National Reporting System (NRS) show that on average every Federal dollar is matched by an impressive nationwide average of \$3.50 in non-Federal spending to educate adults who need to learn English or whose basic literacy skills are too low obtain family-supporting employment. Some States spend as much as \$9 dollars for every Federal adult education dollar they receive. Florida is an example of a State that matches at that level. Other States spend only the minimum required.

State agencies designated to receive AEFLA funds must, by law, distribute the funds competitively to eligible providers, including local school districts, postsecondary institutions, and community and faith-based organizations. Federal dollars appropriated under AEFLA support adult learning through more than 4,100 providers nationwide. Slightly more than half (51 percent) of these providers are local educational agencies; 16 percent are postsecondary institutions—primarily community, junior, or technical colleges. Among smaller providers, 21 percent of the national total are community-based organizations, and about three percent are faith-based organizations. We also find that four percent of all providers are correctional institutions and two percent are libraries.

How Is the Quality and Transparency of Adult Education Services Ensured?

The Department is helping States ensure program quality as well as making performance accountability information transparent and easily available to Congress and the public. The Adult Education State Grant program is one of the first Federal education programs to build a publicly available system providing national data that can be used to evaluate State program effectiveness and ensure continuous improvement. Our Adult Education National Reporting System (NRS) collects and monitors data on adult education student outcomes, and State-level data are available to the public on line. The Department has assisted States and local programs in using the data they collect for the NRS to develop publicly available, easy-to-understand re-

port cards demonstrating State and local performance on student achievement. Several States use report cards to provide performance data to State legislators, students, and the public.

AEFLA requires States to establish outcome-based accountability systems to determine the effectiveness of local providers in continuously improving adult education activities. The national reporting system (NRS) identifies five core student outcomes that States report on to meet their accountability requirements under AEFLA, along with definitions of the measures, methodologies for collecting them, and reporting formats. The five core measures are: 1) educational gain, 2) attainment of a high school diploma, 3) entry into postsecondary education or training, 4) entered employment, and 5) job retention.

States are adopting performance-based funding models to distribute both Federal and State adult education funds. These models provide incentives for local providers to improve the quality and effectiveness of their services. At least ten States use some form of performance-based criteria in funding adult education service providers. The Department is supporting a national project to assist States in implementing performance-based funding by providing training and technical assistance on performance-based funding for States that want to create or improve such systems. Sixteen States recently participated in our national training workshop on performance-based funding supported by this AEFLA national leadership project.

What Results Does Adult Education Achieve?

In the last five years, over 3.9 million enrolled adults have made “demonstrated improvements”, as measured on standardized assessments, in reading, math, and English proficiency. Highlights from our NRS five-year aggregate data show that:

- 1) 615,828 learners or 42% who set a goal of obtaining a job found and entered employment after they exited the program.
- 2) 813,367 learners or 51% who set a goal of obtaining a GED (or its State equivalent) received a GED.
- 3) 231,691 learners or 37% who set a goal of enrolling in postsecondary education successfully entered postsecondary education or training after completing the program.
- 4) 1.8 million adult learners or 38% succeeded in improving basic literacy skills.
- 5) 2.1 million immigrants or 39% improved writing, reading, and oral proficiency in English.

What Challenges Face Adult Education?

The Department’s work in partnership with the States has produced significant accomplishments and helped many learners achieve their education and employment goals. Many challenges still exist, particularly in the job market, where the “bar” for literacy skills that are required for family-supporting employment is constantly being raised.

1) Our Federal-State partnership serves only a small portion of the adults who need literacy instruction. The 2003 National Assessment of Adult Literacy (NAAL) found that over 30 million adults have below-basic levels of literacy and another 63 million read English only at a very basic level. This finding indicates that 44 percent of adults living in the U.S. could benefit from English literacy instruction. In addition, our State partners are facing the worst fiscal crisis since World War II and must re-examine all their financial commitments, including appropriations for adult education.

2) America’s high school drop-out rate is significant, and students who leave high school frequently look to adult education to provide the education and support they need to earn the secondary credential required for even the most basic employment. Data from the Department’s National Center for Education Statistics show that 73.2 percent of public school students graduate within four years of starting high school. Among young adults, ages 16 to 24, 9.3 percent are out of school and don’t have a diploma.

3) Adults need postsecondary credentials to obtain jobs that will allow them to feed their families and pay their mortgages. The Bureau of Labor Statistics estimates that almost 75 percent of jobs in occupations that are projected to experience above average employment growth through 2016 and had above average wages in 2006 typically require some level of postsecondary education. Currently, according to the U.S. Census Bureau’s 2007 American Community Survey, 65 percent of adults have no associate or higher degree.

4) Immigrants with lower educational skills and training need to learn English not only for employment but also to participate in civic functions that are necessary for life in our democracy. The U.S. Census indicates that the number of adults who are immigrants and/or who speak English less than “very well” is significant and

growing. Assuming that today's levels of immigration remain constant, immigrants are expected to account for half of the U.S. population by 2015 (based on 2007 Educational Testing Service report entitled *America's Perfect Storm: Three Forces Changing Our Nation's Future*, ETS, 2007). One-third of foreign-born persons in the U.S. do not have a high school diploma, and approximately 17.8 million adults are limited English proficient.

How Is the Department Addressing the Challenges?

The Department has created initiatives designed to address the challenges facing adult education programs nationwide by enhancing program quality and stimulating development and innovation. Our leadership initiatives are carried out under the authority of section 243 of the AEFLA, which authorizes the Secretary to establish and carry out a "program of national leadership activities to enhance the quality of adult education and literacy programs nationwide." In recent years, Congress has appropriated between roughly \$7 million and \$9 million for these activities.

The Department is using currently using national leadership funds to help address our current economic challenges. We are supporting projects to develop innovative models that should help to connect completion of basic skills and English proficiency instruction to acquisition of high-demand jobs. National leadership funds are expanding the "pipeline" to postsecondary occupational training by preparing low-skilled adults for entry into, and advancement in, high-demand employment, based on regional economic needs.

The Adult Basic Education (ABE) Career Connections project, supported by national activities funds, is working in six local demonstration sites to assist ABE students to obtain the education and training necessary to begin careers in high-demand fields. One local program participating in this project is Instituto del Progreso Latino in Illinois, which is extending its certified nursing assistant program and creating a certified medical assistant program in response to the local labor demands in healthcare. Career pathway programs like the one at Instituto del Progreso Latino link basic education funding under AEFLA with projects for academic post-secondary coursework, work-specific instruction, hands-on classroom, and work site training supported by others.

Several States have launched large-scale efforts to realign their adult education systems with these "pathways" models supported in part by State leadership funds made available to all States under section 223 of the AEFLA. The State of Washington has developed a model that delivers English as a Second Language instruction integrated with occupational skills training. States also are using incentive funds provided under section 503 of the WIA to support these efforts. Oregon has invested its incentive money to connect its adult basic-skills program with its post-secondary career pathways initiative. Ohio has used its incentive funds to build its "stackable credential" model so that the model extends to the adult basic education program.

The Department also uses national leadership funds to support other projects linking low-skilled adults to the training they need for family-supporting employment. Our "Ready for College" discretionary grants help youths who have dropped out complete high school and prepare to succeed in college. The four States participating in this project (Kansas, New Jersey, Colorado and North Carolina) are demonstrating how to enhance adult secondary education to better prepare young adults for college success. The Kansas Board of Regents is working with seven community colleges to improve teacher quality in math, writing, and critical thinking instruction. Essex County College in New Jersey leveraged its work on this project to earn private sector funding through Walmart's Gateway to College National Network. These innovative projects link adult education with other funding sources that pay for a range of services that would not otherwise be provided by the adult education program.

How Is Collaboration Improving Adult Education Services?

The Department uses AEFLA national leadership funds to promote increased collaboration between the WIA Title I One-Stop system and the Title II adult education system in order to improve outcomes for adults who have both basic skills and employment needs. For example, using those funds, Maryland's Montgomery College and Montgomery Works' One-Stop Center collaborated to revise an English language customer-service training course developed by the National Retail Federation. The course integrates training on customer-service job skills with learning English. The State of Washington's Yakima Valley Community College and South Central Workforce Council worked together to enhance adult learners' basic literacy skills and their transition to employment. This project assessed clients who were receiving Temporary Assistance to Needy Families (TANF) benefits and referred those

with appropriate skills and interest in allied health to a Nurses' Assistant Certification training program offered by the college. Adult basic education providers and One-Stop Career Centers in Springfield and St. Joseph, Missouri, developed a model for referring clients from a shared client database between adult education programs and the career centers.

By supporting projects like these, the Department has used national leadership funds to design models that link adult basic-skills instruction with employment and ensured that adult education programs retain their mission as education programs. In providing assistance, our programs provide instruction in reading, writing, and math at a level appropriate to participants' needs. Reading skill is a gatekeeper for all other areas of education, and few adult education teachers currently have research-based training in how to teach reading effectively.

Collaboration among the Department, the National Institute for Literacy, and the National Institute of Child Health and Development has been fruitful in identifying the evidence base for high-quality reading instruction. The Department is partnering with 18 States (California, Connecticut, Delaware, Florida, Georgia, Illinois, Louisiana, Maine, Minnesota, Mississippi, Missouri, New York, North Carolina, Ohio, Rhode Island, South Dakota, Texas, and Wisconsin) to put this knowledge to work in classrooms by providing intensive teacher training in evidence-based reading instruction.

The Department assists States in improving the quality of English as a Second Language teachers so that they can better meet the education and employment needs of adults with limited English skills. Direct technical assistance supported by the Department's national leadership funds has been provided to 30 States in the last five years by the Department's Center for Adult English Language Acquisition (CAELA) and CAELA Network projects. In Texas, teams of staff, regional professional developers, and local program administrators and teachers have worked to develop teacher training to better integrate workplace skills into ESL instruction, and to effectively teach adults at beginning literacy levels.

In conclusion

We are very proud of our support for adult education and hope it can contribute to the success of America's economic recovery, especially in bringing basic literacy and English skills training to low-income adults.

Thank you for this opportunity to testify about the Department's adult education programs. We look forward to working with you to support the needs of adult education learners.

Chairman HINOJOSA. Thank you.
Mr. Scott?

**STATEMENT OF GEORGE A. SCOTT, DIRECTOR OF EDUCATION,
WORKFORCE AND INCOME SECURITY ISSUES, U.S. GOVERNMENT
ACCOUNTABILITY OFFICE**

Mr. SCOTT. Mr. Chairman, Ranking Member Guthrie, and members of the subcommittee, I am pleased to be here today to discuss the findings from our prior work on the workforce system under the Workforce Investment Act, WIA. As you know, WIA sought to transform a fragmented employment and training system into a single, one-stop system that serves the needs of all job-seekers and employers.

In the current economic crisis, as increasing numbers of workers become unemployed, the system plays a central role in helping workers re-enter the workforce.

My testimony today will discuss the progress the Department of Labor has made in addressing key areas of concerns and what steps Labor has taken to ensure an understanding of what works and for whom in addressing the needs of workers and employers.

In summary, Labor has made progress in a number of areas, including addressing concerns regarding performance measurement. In 2005, Labor began requiring states to implement a common set

of performance measures for its employment and training programs.

The move to common measures helps provide a more complete picture of WIA services and may encourage one-stops to provide services to challenging clients. However, further action may be needed to help reduce the incentive to serve only those who help the one-stops meet their performance levels.

Labor has also made strides in improving the accuracy of performance data and states' ability to share unemployment insurance wage records, the primary data source for tracking WIA performance. We previously noted that almost all state officials we surveyed reported that Labor's data validation requirements have helped increase awareness of data accuracy and reliability.

Regarding the system for sharing wage records, when we last reported on this issue in 2007, only 30 states were participating, and it was unclear if and when the other states would enter into a data-sharing agreement because of confidentiality concerns.

Labor has since developed an agreement that addresses those concerns. And currently, virtually all states participate in the data-sharing system.

Ensuring that funding is consistent with the demand for services and reflects the funds states have available remains an issue. As a result of WIA's funding formulas, states' funding levels may not always be consistent with the actual demand for services. This occurs because formula factors are not aligned with the target populations for these programs.

In addition, the allocation may not reflect current labor market conditions because there are time lags between when the data are collected and when the allocation becomes available to states.

The formula for the dislocated worker program is especially problematic because it causes funding volatility unrelated to a state's actual layoff activity. Also, Labor's process for determining states' available funds considers only expenditures and does not consider obligations. As a result, Labor's estimate of expenditure rates suggests that states are not spending their funds as quickly as they actually are.

Although Labor has taken steps to improve its outcome data, it has only recently begun to study WIA's impact. WIA required an impact evaluation by 2005, but Labor has not made this study a research priority. In an effort to fulfill the requirement, Labor has conducted one evaluation of WIA and has another underway.

The study of the Adult and Dislocated Worker programs is now complete, and the agency expects to report on those findings in March 2009. Labor officials expect to begin implementation of the second, more comprehensive study of WIA programs in June 2009. However, the evaluation will not be completed until June 2015.

Further, as we previously reported, Labor will also be challenged to evaluate the impact of its discretionary grant initiatives focused on the employment and training needs of high-growth, high-demand industries.

In conclusion, Labor has made strides in its effort to improve the workforce system. However, further action is needed to address certain issues. For example, if Congress chooses not to make broader

funding formula changes, relatively minor changes could improve funding stability in the dislocated worker program.

Finally, little is known about what the workforce system is actually achieving. Consequently, Labor is not well positioned to help policymakers understand which employment and training approaches work best. Knowing what works and for whom is key to developing an effective and efficient workforce system.

As Labor moves forward, it is imperative that it maximize the opportunities to conduct rigorous evaluations of its programs.

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions you or other members of the subcommittee may have at this time.

Thank you.

[The statement of Mr. Scott may be accessed at the following Internet address:]

<http://www.gao.gov/new.items/d09396t.pdf>

Chairman HINOJOSA. Thank you, Mr. Scott.
Mr. Morales?

**STATEMENT OF JOHN MORALES, EXECUTIVE DIRECTOR,
YUMA COUNTY WORKFORCE INVESTMENT BOARD**

Mr. MORALES. Chairman Hinojosa, Mr. Guthrie, and distinguished members of the subcommittee, my name is John Morales, and I am the Executive Director of the local workforce investment board in Yuma, Arizona, and I also serve as the president of the National Workforce Association.

I want to thank you for the invitation to testify today. You have my written testimony. However, I would like to share with you some good news, the fact that WIA is working.

According to the U.S. Department of Labor, in program year 2007, WIA served 3.5 million people. Three-quarters of the WIA participants and over 70 percent of the employers reported that they were satisfied with the assistance they received. Seven out of ten WIA adult and dislocated worker participants gained employment by utilizing WIA programs.

These numbers rose to well over 80 percent when participants received training. These workers were retained at a level exceeding 85 percent. The Department of Labor's own data indicates that dislocated workers who enrolled in WIA programs actually experienced an earning gain over their previous employment.

Now, in Yuma, Arizona, despite having a 15.9 percent unemployment rate for year 2008, WIA has been successful. A big contributor to our success is the local control that our board has enjoyed. This speaks to the need to maintain and reinforce local control and flexibility to address unique labor market conditions in different areas. And I think Yuma, Arizona, along the border has those unique labor market conditions.

Another factor contributing to our success includes our collaboration with local stakeholders, including local elected officials.

Now, a lot has changed since the law was enacted in 1998. In order for our workforce system to be more relevant to the changing needs of the 21st century economy, we would like to suggest sev-

eral issues that need to be addressed in reauthorization to make WIA even stronger.

We urge you to build upon a locally driven, private-sector-led vision that Congress originally established in WIA. There are some areas that need to be streamlined and more clearly defined, such as the size and make-up of local boards.

For instance, one of our mandated partners in the Job Corps. There are no Job Corps centers in Yuma, Arizona. There is one in Tucson, which is 250 miles away. So we have a member from Tucson, not even our own county, that drives 250 miles one-way to attend our monthly board meetings. That needs to be worked on, Mr. Chairman.

NWA encourages the committee to include in any reauthorized version of WIA expenditure reporting based on accrued expenditures so that future reports to Congress by the Department of Labor will be consistent with those determined by previous Congresses. We are thankful that Congress has taken previous action to rectify any confusion related to this particular issue.

Another important revision to WIA could be the streamlining of performance measures into meaningful, understandable and useful information both to local boards and to Congress. They should be refined to encourage closer integration of the workforce investment boards and one-stops with adult education, literacy, and English-proficiency training.

We encourage greater flexibility for local areas to determine the level of services available to participants in order to facilitate more robust training activities. We suggest introducing greater flexibility at the local level in order to allow for different methods of procuring training, not just with individual training accounts. This will allow local boards to address issues such as the availability of providers and special labor market needs and emerging technologies, such as green jobs.

Mr. Chairman, Mr. Guthrie, members of the committee, we thank you for the opportunity that you have given the National Workforce Association to testify today.

[The statement of Mr. Morales follows:]

**Prepared Statement of John Morales, President,
National Workforce Association**

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 en-

sure 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.

Chairman HINOJOSA. I thank you, Mr. Morales.

At this time, I think we are going to start our questions and hope that other members of the committee will take advantage of this opportunity, because I think that this is a hearing that is going to be very helpful as we try to come up with the final legislation for WIA.

And I am going to start with my first question. My time begins now.

Ms. Keenan, we consider reading and literacy skills as basic to allowing adults having job-related opportunities. I come from a family-owned business that has operated for over 60 years. And when I joined my family in operating that business, it was a small company with about 28 employees.

And I remember that, in trying to grow that business, I suggested to my father that we have some type of training program, because the area that I come from is 80 percent Hispanic, and a large majority of our employees were limited-English-proficient.

And so I can relate to employers who have those challenges and are trying to grow a business, trying to get their employees to be computer-literate, and especially to have those literacy skills.

At the same time, we view adults who need training in math and basic financial skills. So my question to you is, do your programs emphasize these skills? And if so, how?

Ms. KEENAN. Just a clarification question. Do the programs emphasize occupational skills or reading—

Chairman HINOJOSA. The reading and literacy and math—

Ms. KEENAN. Okay, thank you.

Chairman HINOJOSA [continuing]. Which are very basic for employees working in any kind of a business, because they have to read labels, they have to read statements, invoices. Also, they have to do basic math.

Ms. KEENAN. Right.

Chairman HINOJOSA. And so those are very important. And I want to know how you handle that.

Ms. KEENAN. Thank you. That is an excellent question, and I appreciate you asking it. The adult basic ed program is an educational program, and the purpose of that program is to improve reading, and math, and English proficiency, and problem-solving, and the skills that we need people to have in the workplace.

The program does concentrate mainly on those academic skills. And in addition to that, there are great demands on our programs to also meet the needs of employers in the workplace.

So we are seeing the development of different kind of models out in the local communities. With English proficiency, for instance, there are models that combine vocational English-language training that can meet the demands of the workforce, yet increase the English proficiency.

Programs are experimenting with ways to be able to provide very high-quality instruction in reading and high-quality instruction in math, while they are also trying to meet the demands of the workplace.

Chairman HINOJOSA. I want to ask Mr. Scott, is there a way to make minor changes to the funding formulas and reduce funding volatility?

Mr. SCOTT. Mr. Chairman, as we have previously reported, volatility in the funding formulas could be mitigated by inserting a couple what we consider minor changes to the formula, including having a hold harmless provision, as well as a stop-gain provision, so that the wide fluctuations that are sometimes experienced would not occur from year to year. So that is something we have recommended a couple different times, actually, in terms of an option to address some of the wide volatility in the funding formula.

Chairman HINOJOSA. Mr. Morales, you spoke about our committee taking a look and possibly looking at the size of boards. What has been your experience? Which are the sizes that do not work because they are too small or underrepresented or possibly too large and unwieldy? What are the sizes? And what would be ideal? And why?

Mr. MORALES. Well, of course, this is only my opinion, Mr. Chairman. And I appreciate the question.

Chairman HINOJOSA. It is a valuable opinion.

Mr. MORALES. Under the old Job Training Partnership Act, I had a board that, under the amendments in 1992, moved our board membership up to 17. I thought that was a manageable board. My current board is 27. And there are other boards that are much larger than that in metropolitan areas.

And part of the issue, Mr. Chairman, was the language that came out of the original law that said representatives—with the “s”—and I think that was interpreted very literally by everything. And what causes the problem, Mr. Chairman, is if you have 17 mandated partners with representatives, you have to have a majority of business, which I support, but that means that you have those 17, plus you have to have more business people to have that 50 percent or 51 percent majority.

So I would say anywhere, if you could keep it under 20, I think would be a manageable board. I think that, when I work with non-profit boards—I do a lot of training with nonprofit boards—I think that, once you start getting beyond 20, it becomes unwieldy. And

then it becomes difficult, Mr. Chairman, especially in rural areas to get the attendance that you need.

And you are asking busy people from nonprofit agencies, from faith-based organizations, from public agencies, and from businesses to give something valuable, which you can't give back, which is their time. And so I think if you could keep it somewhere under 20, Mr. Chairman, that is my opinion.

Chairman HINOJOSA. Well, Mr. Morales, don't you believe that there are counties and regions that are larger in population, particularly in the urban counties, that could possibly deal with 20 or 25, whereas possibly small areas, like those that I represent in some of my counties, possibly might be able to work with 20 or maybe, plus or minus, 17. Do you think that that would be flexible enough?

Mr. MORALES. Yes, sir, if we had that flexibility. The particular problem we had when the original act was rolled out was, there was a fervor, an ardent fervor on the part of the states—and the state of Arizona was no exception—that we were going to have those representatives from those—

Chairman HINOJOSA. Yes, we have had some other hearings where they had 40. My time is up.

And I wish to yield now to my ranking member.

Mr. GUTHRIE. Thank you, Mr. Chairman. Thank you.

And, first, Ms. Keenan, not really a question, but a statement. In my experience in manufacturing—I worked for a family business, as well—excuse me—and learned—we started a GED program in our school—in our factory, and we learned there were some people that we had to go to and basic literacy. And that became a passion of mine in the state legislature and started a program on basic literacy.

So we would go all the way back to people who can't read a menu and try to find ways to get them into the system once they learned. And we have seen them progress into GED and, hopefully, even higher ed. As the president said the other night, you are going to need at least one year of some kind of post-high-school training—and I have seen it in tool and die makers and industrial maintenance—to earn a 21st-century living that we want everybody to earn.

So you are right where it needs to be to start getting people into that system and move them forward. Thanks.

And I have a question for Mr. Morales. The one-stop—I talked about the one-stop centers in my opening remarks that happened in Marion County. And I think they are a tremendous resource. I have experienced that.

And I just wondered, can you give me some sense of the number of dislocated workers you have seen this year, as opposed to last year? And what type of services are they looking for? So the number between—comparison between now and then or last year and the number—what they are looking for.

Mr. MORALES. Well, Mr. Guthrie, I come from an area that is very isolated. And until recently—the last 7 or 8 years—we really had difficulty using our dislocated worker funding, because we didn't have very many layoffs.

I will say that we have had an unprecedented number of layoffs this year in Yuma County. We have lost, according to our Arizona Department of Commerce, about 4,500 jobs—

Mr. GUTHRIE. Did you lose a couple of major employers? I have seen that, where one 900-person plant goes out. Or is it just systemic throughout the region? I mean, what has caused that unemployment, going from—you said you didn't have hardly any unemployment to 15 percent?

Mr. MORALES. We have a couple of situations in our labor market that are very unique. Since our major industry is agriculture, we have a seasonal economy, and it is a \$3 billion industry. It is probably—if you get lettuce in the wintertime, it probably comes from the Yuma area.

And so you have kind of dual labor markets. And in the wintertime, when it is our highest activity, you will have between—about 40,000 migrant and seasonal farm workers in the Yuma area at the same time that everything else is going. And then when they leave, there is an unprecedented number of unemployment insurance claims. So those are a couple of the factors.

But what happened over the last about 7 or 8 years, we were one of the fastest-growing metropolitan areas, mid-range metropolitan areas in the country. And with all that growth, with the housing bubble and construction, everything—we experienced the greater drop.

And we have a burgeoning light manufacturing area there. And we helped establish, along with our economic development partners and partners from the chamber, a manufacturing association. And we are helping incumbent worker training there, but they are laying off because the demand is not there.

So that—we are getting—but if you go to the metro Phoenix area, you are having major reductions in employment in volatile industries, such as construction.

Mr. GUTHRIE. Well, thanks. And in your testimony, you state that current performance measures need to be simplified and refined to focus on outcomes and reward state and local workforce investment awards for serving low-income workers.

And I think there is some consensus in most state and local areas that performance indicators are too numerous and burdensome. And GAO talked about how the Department of Labor now requires local boards to focus on the average earnings, which may help serve some job-seekers, but that other factors should be considered.

Personally, I think that the programs should focus on place and participants in the private sector. We need to look at measuring unsubsidized employment.

In your opinion, what are the most—those common measurements that you think that all programs under the WIA should adhere to? What do you think the measurement should be?

Mr. MORALES. Well, Mr. Chairman, currently, I have no problem with the common measures, because there are only about six of them. But the problem is that, when you add the common measures to the regular measures that we are under law still have to report on, there are 17 of those.

So you have 17 plus the common, which is about 24. We think those should be reduced. And we think that some of the most important ones that I think are significant, according to labor market economists, are any increases in earned income. If you can show over time an increase in earned income, then I think the workforce system is doing their jobs.

And if we are placing people in private-sector employment, I think that is great. You have to be careful, in places like Yuma, Arizona, where you have a lot of government employment. And so in Yuma, Arizona, if we can get somebody a job in the Border Patrol or at the city of Yuma or at the county of Yuma or in a school district, we think we are doing our job.

There is not as much of a private-sector presence in some of the rural areas. So I think we have to be careful about how we mandate those kinds of things, but I think that you are right on with the private-sector placement.

Mr. GUTHRIE. Thank you. My time is up.

Chairman HINOJOSA. Thank you very much, Ranking Member Guthrie.

I now want to call on one of our newest members of our committee, a Congresswoman from the area of Cleveland, Ohio, who has a very challenging situation, and I call on her for questions.

Ms. FUDGE. Thank you, Mr. Chairman.

My first question is to Mr. Scott. Mr. Scott, can you propose an avenue where funds are really distributed to the most impacted communities, where job loss and plant closing are the highest?

Mr. SCOTT. As we have previously stated, we think this is an important issue, especially as it relates to the dislocated worker program. Back in 2003, for example, we reported that the funding formula for the dislocated worker program was actually three—as much as three times more volatile than for the youth or the adult programs.

We believe that is why it is important that as Congress, you know, considers reauthorization that it look for options to build in some flexibility there so that the dislocated worker formula actually provides states some cushion, in terms of from the volatility that can occur from year to year with changes in various factors, including unemployment.

We found, for example, that in 2003 that there are significant time lags, in terms of receiving some of the data related to unemployment. At that time, we reported it can range between 9 to 18 months. And so if you have a formula that is based on data that could be in some cases up to a year-and-a-half old, it may not accurately reflect the actual on-the-ground economic conditions at the time. And therefore, states are in a sense being penalized because of the lag in the data.

And so, as I have stated before, we do think that is a scenario that the Congress should consider making some changes.

Ms. FUDGE. Thank you.

Ms. Keenan, are there any programs within your adult education and literacy programs that actually address the issues of financial literacy? As we look at this economy right—I am certain that many of the people who you provide service to are having difficulty just

being able to buy groceries, to pay health care, to just live day to day. How do you educate these people about financial literacy?

Ms. KEENAN. That is a very good question. That is a very good question. The department has been concentrating the past years on helping to improve teachers' training in the area of reading. And we are just now beginning to try to launch some large-scale initiatives around the area of adult numeracy.

In the adult classroom, it is very common for teachers to be able to focus on the basic skills in the context of adult life. And for our adults, we have many adults who do come to our programs with specific needs around balancing their checkbooks or understanding banking statements. And our programs have a long history of trying to deliver services that meet those individuals' needs.

There are some places in the country that are developing some curriculum for financial literacy. I could gather some more of that information and submit it to you. I don't have those examples right off the record. But basically the program has taught financial literacy in many forms throughout the years, and there are many people who are working to try to develop more comprehensive curriculum in that area. And I would be happy to share that with you.

Ms. FUDGE. Thank you very much.

And thank you, Mr. Chairman.

Chairman HINOJOSA. At this time, I want to thank Ms. Keenan for having participated on the first panel. I realize that you are short on time and are trying to make the other event. And we are going to excuse you, but please know that we appreciate very much that you were here and that you gave us such good information as we will make part of the record. And may you return sometime soon.

I would now like to recognize the gentleman from California, the gentleman—is Buck McKeon still here?

Okay. I thought that Buck was here. I want to recognize the gentleman, Congressman from Tennessee, Mr. Roe.

Dr. ROE. Thank you, Mr. Chairman.

Just a couple of quick comments and then questions. My background also is small business, and my last job before I got here was the mayor of my local city.

And, Mr. Morales, when you talked about local control and private-sector partnerships, I wanted to jump across the counter and hug you, because I think no one knows better than the people on the ground. And all of my experience in government has been local. So I applaud you for what you said. And you are absolutely dead-on straight.

Education, this Workforce Investment Act is something that is not a cost. It is an investment. And we have to start looking at education as an investment.

And when I talk to students, I present to them—if you are in high school, I will say, "Let me explain to you how you can earn \$1 million in the next 4 years." And I said, "Who wants to do that?" And I will have them hold their hand up. And it is to get a college education, because a college graduate in their lifetime will earn a million dollars more than a non-college graduate. A high school graduate will earn \$500,000 more than someone who does not have an education.

And as mayor of our city, one of the primary focuses we had was to get folks who had jobs into jobs—I mean, that didn't have jobs into jobs. And your comment is correct, Mr. Morales. It doesn't matter whether it is a job with the Border Patrol or whomever. A job for that people is a job, and they can help feed their family and raise their family, so any place we can place them is extremely important, I think.

We have some huge challenges right now, and this particular act—I know I participated in this program. I am a physician, and we helped train licensed practical nurses and other people. And it was truly a joy. I have hired people out of this in my own office. And it is truly a joy to see someone's face light up when they know they have a job.

And so thank you all for what you do. And I can promise you, you will have my support in this program.

A couple of questions I have. Actually, one was for Ms. Keenan, who left, but you all can address is—my concern is not the folks who we have trained to jobs we need, whether it is education, health care, whatever. What do we do for the folks who fail?

And, Mr. Morales, I will toss that tough one—you know, when you walk in, she gave the percentage who got their GEDs and so forth, but what about the folks who fall through the cracks? What do we do with them?

Mr. MORALES. Well, I think that is the beauty of having a one-stop system that is focused on business needs and the needs of the clients. When we do customized training and we have for licensed—well, for medical assistants and those kinds of—we work with medical groups and try to bring people in.

But we also say that, if the student doesn't succeed with the employer, then we route them back into the one-stop and see what we can do, see if we can address those issues, whether they are basic skill issues, whether they are interviewing issues, whether they are pre-employment work maturity skills, we try to address those issues.

And there are a lot of people, say, in my labor market that are almost prevocational, that is why, Mr. Chairman, we asked for ways to link up the literacy, the English proficiency to WIA and a little closer, and to incentivize these collaborations. There are great collaborations going on all over the country, but it would be nice if we could incentivize people to want to work together, because I think collaboration is an unnatural act between two or more consenting adults. You know, it is not something we do normally.

So we are fortunate in Yuma County that we are so isolated from everybody else that, if we didn't collaborate, we know we would fail. So it is a survival strategy for us.

So we have to concentrate on those people so they don't get left behind. And that means that the workshops that we offer, whether they are in financial literacy with—we have credit unions and folks that we invite in to do those kinds of educational activities, because we know we can't do it all ourselves, that is where the collaborations come in.

If there are special groups, nonprofit groups, faith-based groups out there that can do the job that we can't do, that we are restricted from in some way, shape or form through WIA, then we

try to build those collaborations with other organizations in the community, because we know that there isn't enough money in WIA to solve the language literacy issues. There isn't enough money in adult education, especially along the border.

So we have to work together. In our area, in Yuma County, Arizona—and I am sure it is that way along the border, Mr. Chairman—collaboration is a survival issue.

Dr. ROE. Well, the other question I have, I guess—and, Mr. Scott, I will toss this one your way—I mean, we can't afford to fail. And, plus, I think this particular program is not a cost. I think if you can show enough—and that is what I want to ask, are we spending our dollars wisely? Because if you do, this program pays for itself. There is no question in my mind you have people who are not on the tax rolls who go on the tax rolls. I absolutely believe that it will.

Do we have accountability to show that the money we are spending—in other words, are we getting the bang for our buck? Are we putting the folks out there, they are getting the jobs? Do we have that data?

Mr. SCOTT. Mr. Roe, as we have previously reported, based on our survey of employers, most medium and large employers are aware of the one-stop system, use the system, are satisfied with the services. We know that.

You know, one of the concerns—generally, they use the one-stops to fill their needs for low-skilled workers. In terms of your question as to whether we know we are getting the bang for our buck, that is actually one of the concerns we have at GAO.

Despite the billions of dollars that have been spent on this program, we still don't know what works and what doesn't work. And it is incumbent upon the Department of Labor going forward to make sure, as it rolls out new initiatives, as it rolls out new programs, it continues to foster innovation and flexibility, that they build in accountability and they build in rigorous impact evaluations of the initiatives, so that at the end of the day we will know what works and what doesn't.

And that could also help inform, for those who might fall through the cracks, what alternatives we should consider. But a key concern for the Government Accountability Office at this point is, we still don't know which of these programs work and for whom and why.

Dr. ROE. Well, the reason that is important is what Mr. Morales just said. He has to stretch his dollar at the local level as far as he possibly can. So you want the most effective dollar that you can have.

Mr. Chairman, thank you. I yield back my time.

Chairman HINOJOSA. Thank you.

At this time, I would like to call on a member who has served this committee very well. He is very knowledgeable and certainly a contributing member of the Education and Labor Committee, Congressman Tim Bishop from New York.

Mr. BISHOP. Mr. Chairman, thank you for holding this hearing. And to the panel, thank you very much for your testimony.

I had hoped to ask this question of Ms. Keenan, but, Mr. Scott, I am going to see what light you might be able to shed on this.

Ms. Keenan said that approximately 16 percent of the WIA programs were administered through post-secondary education sites. And I am particularly interested in the linkages between WIA programs and college campuses.

And so my question is, in your assessment of WIA programs, have you noticed any difference in outcomes between those programs that are administered by local education agencies as opposed to those programs that are administered by post-secondary education agencies?

Mr. SCOTT. Mr. Bishop, as far as I know, we have not taken a look at the programs in that light, so I can't answer that question directly. However, we did issue a report last year that looked at the connection between the workforce investment system and community colleges. And there, for example, we found some very innovative practices, in terms linkages between the workforce boards and the community colleges and employers. And so that is some information we can provide to you.

Mr. BISHOP. If you could, because—and that is essentially where I am going is to the community colleges. I guess I have this—I was a college administrator. And so I have this bias that, if you get a young man or a young woman on a college campus and expose them to a good experience, they are going to get turned on to learning and so that they may be able to use the Workforce Investment Act program as a springboard to a degree-granting post-secondary program.

I guess the other question I have—and, again, perhaps better for Ms. Keenan—is an enormous number of the clientele of these programs are high-school dropouts. Have we learned anything about the characteristics of those young men and women that we can then funnel back to the high schools to help them deal with dropout prevention?

Mr. SCOTT. I know previously we have reported on some of the challenges under WIA and dealing with the youth population. In terms of your specific question, I am not aware of any work we have done looking at that, but that—we will get back to you on that.

Mr. BISHOP. All right.

Mr. Morales, in your experience, I mean, how much of the dropout—high-school dropout phenomena is due to, in effect, lack of language attainment? Or is—you know, what are the characteristics of the population that you have worked with that we might be able to learn from to help the K-12 system do a better job of retaining people through to graduation?

Mr. MORALES. We are working with our K-12 system, the Yuma Union High School District particularly. Some of the characteristics that seem to be affecting the dropout rates, according to the school superintendent there, she indicates that there is a high mobility rate problem. These young people—and we thought it was tied to the migrant and seasonal farm worker community, but what we found over the years is that those families are settling more in the community. And the parents or one of the parents is going to other places, like in California.

But there is just a tremendous mobility issue that we are seeing. And it is not just in Yuma. We are also aware of it in some of the programs in the Phoenix Union High School District, for instance.

The other challenge is, how do we keep kids interested in education? How do we challenge them? How do we make education relevant to those children?

And that is a big problem we have. And we are working right now with a—the high school districts and other elementary districts and the private sector in what we call a Yuma business education collaboration to try to start identifying what kind of things turn these kids on, because they are having a real problem, especially now in this economy, when their parents aren't working, they are going to work, and they don't see the relevance of going to their classes when they could be earning money and putting food on the table.

Mr. BISHOP. That is the key. I know more about college dropout than I know about high school dropouts, but there is a significant body of evidence that says that a college dropout is a young man or a woman who is unable to connect what he or she is doing at that moment with what their future goals might be.

And so the—finding the—the synergy, if you will, between goals and between activities associated with achieving those goals works on a college campus. I would presume it would work in high school, as well.

Mr. Chairman, thank you very much.

If I just may, Mr. Scott, if you could get us that material that you referenced with respect to innovative activities on community college campuses, I would appreciate it.

Thank you, Mr. Chairman.

Mr. SCOTT. Yes, we will provide that information.

Chairman HINOJOSA. It is my pleasure now to ask another very valuable member of this Education and Labor Committee, a friend of mine from the great state of Illinois, Judy Biggert. And after her questioning, we are going to stop this first panel and move into the second panel, which has four representatives of WIA.

And at this time, Congresswoman Biggert, it is your time.

Mrs. BIGGERT. Thank you very much, Mr. Chairman. And I will be brief.

Mr. Scott, you mentioned the one-stop shopping centers, and you talked about the sequence of services and the tiers of services offered through these one-stop shops. And I have heard from some of my local WIAs about this and having some concerns about the fact that all of those that come through have to go through each tier to complete what they are doing. And in some cases, they—you know, they think that they really don't need the services, let's say, in tier one or all of the services in tier two to get to tier three.

Do you think that, based on your research, do you think that there should be an elimination of the sequential nature of the services that you describe or realigning the tiers of service? Or do you think that it is the most beneficial the way that it is?

Mr. SCOTT. GAO has not taken a position on the approach of the providing the tiered services. But, once again, I will point back to the need to understand how each of those tier services work and what the results we are seeing from that approach, in terms of

having the necessary information to make an informed decision about that.

In particular, you know, I would suggest that that be one of the issues, for example, the Department of Labor could include in its evaluation of the program, whether this current approach, you know, actually is providing the result and meeting the needs of employers and workers.

That, once again, goes to the fact, though, that at this point we don't really know what works and what doesn't. So sorry to not be able to directly answer your question, but I think this is an opportunity for the Department of Labor to study such an approach.

Mrs. BIGGERT. Okay. Thank you.

Well, I will yield back and ask the question of the next panel then. Thank you.

Chairman HINOJOSA. Thank you.

I want to thank the members of the first panel. You all did a fine job, and we thank you very much for your generosity of your time and valuable information that you have shared with us. We invite you to stay and hear the second panel.

At this time, I invite the members to please come forward and take your seat, your place in the second panel.

If you are ready, we are going to move on and hope that we can spend as much time as possible with the panelists that have just been seated.

We are going to start by introducing Ms. Sandi Vito. Sandi is testifying today on behalf of the National Governors Association. She was appointed last year by Governor Edward Rendell of Pennsylvania. Sandi was appointed as the Acting Secretary of the Department of Labor and Industry.

Welcome. Sandi heads the fifth-largest agency of the state government, overseeing 6,000 employees in 200 offices statewide. Her offices administer programs such as workers compensation, unemployment compensation, job re-training, and vocational rehabilitation.

She previously worked in legislative, public policy, and political organizations and holds a bachelor's degree in economics from Stockton State University and studied community and regional planning and urban studies at Temple University. Welcome.

Ms. Charissa Raynor is the Executive Director of the SEIU Healthcare Northwest Training Partnership. SEIU is the Service Employees International Union, for those not familiar with that acronym. The partnership is a new nonprofit health care worker training organization, which in the year 2010 will become the primary training provider for long-term care workers in Washington State.

Charissa is well prepared for this effort, since she holds a bachelor of science in nursing from the University of North Carolina at Charlotte. She also earned a master's of health services administration, health policy concentration from the George Washington University in our city.

Welcome, Charissa, and thank you for dedicating yourself to such an important service for our country.

The next panelist will be introduced by Congressman Bishop from New York.

Mr. BISHOP. Mr. Chairman, I thank you for the courtesy.

I am pleased to welcome both to our committee and to Washington Kevin Smith, who is the Executive Director of Literacy New York. Mr. Smith is a 1975 graduate of SUNY Fredonia. He has worked for 5 years for the New York State Bureau of Migrant Education and also as the Executive Director of Literacy New York.

Throughout his career, Mr. Smith has provided innovative program response to the needs of adult learners and strong leadership in literacy and in to our state and to our nation.

His accomplishments include being a delegate to the 1991 White House Conference on Library Information and Services. He served as a member of New York State Board of Regents Literacy Planning Committee. He was the chair of the state Literacy Council, a member of the Adult Learning Services Council under two commissioners of education, secretary of the National Commission on Adult Basic Education, and the past president of the New York Association of Continuing and Community Education.

Mr. Smith, thank you very much for your service, and welcome to our committee.

Chairman HINOJOSA. Thank you.

At this time, I would like to recognize and introduce Mr. Bob Lanter. Bob is the Executive Director of the Contra Costa County Workforce Investment Board in Concord, California. He has served in his current position for the past 7 years, but has over 18 years of experience in workforce development.

Bob also spent 6 years as the Assistant Director of the California Workforce Association. His areas of research include one-stop systems, particularly partnerships, and business and universal services.

Thank you, Bob, for joining the rest of our talented witnesses today. And we look forward to your comments.

Now, I would like to ask the acting secretary, Vito, if she would like to start.

STATEMENT OF SANDI VITO, ACTING SECRETARY, DEPARTMENT OF LABOR AND INDUSTRY, STATE OF PENNSYLVANIA

Ms. VITO. Chairman Hinojosa, Ranking Member Guthrie, and members of the subcommittee, I want to thank you for inviting the National Governors Association to testify today.

I am pleased to be here on behalf of the nation's governors, and I want to first thank you and your colleagues in Congress for the American Recovery and Reinvestment Act and the critical investments in workforce systems and including the reauthorization of the Trade Act that were part of that act. You have signaled to the nation's workforce system that you are counting on us to help our nation's unemployed and job seekers find work and family-sustaining careers.

The governors take that challenge very seriously, and I can tell you, all are working very diligently. As you know, the governors met this past weekend. They met with President Obama and the cabinet members to discuss implementation of the act.

They also met this weekend and approved a new workforce policy entitled "Governors Principles to Ensure Workforce Excellence."

And so the focus of my testimony is going to be on those high-level guiding principles.

States—it originated, I think, with Woodrow Wilson—but states like to say that they are the laboratories of democracy. I would like to make the point today that states are, in fact, the incubators of innovation, particularly when it comes to workforce policy.

The new policy statement in particular supports those governor-led innovations. And while I think that there is no one clear and single path to reauthorization of the act, the nation's governors outlined some key priorities that we think make sense in terms of considering reauthorization.

We hope that you will build off the innovations that have come from both the regional levels and through the governors' initiatives to make our nation competitive in the 21st-century economy. So I want to first highlight some of the state-led innovations.

Critical, as many of the members said earlier today, and President Obama mentioned in his recent State of the Union or state—recent speech to the joint Congress, is improving in the skills and the access to training. Ensuring that all Americans have access to one year of training, I think, is critical to developing a skilled workforce.

Governors have led the effort to increase training and, more importantly, to ensure that the training is geared towards the appropriate needs of the individual, so leveraging dollars from different systems to make sure that the intervention for individuals and regions is appropriate.

The second key innovation by governors is the development of skills credentials, which signal to businesses and are universally understood that the people coming to apply to them have a set of recognized credentials and help improve the earnings capabilities of the job-seekers themselves.

Additional innovations have come in the form of green jobs. We need to continue to equip workers with skills and technologies required for emerging occupations in clean and renewable energy, and many governors throughout the nation have already taken a leadership role on doing that—on just that.

One national trend among the governors is the creation of what is in the research literature called workforce intermediaries. These intermediaries make the labor market more transparent. In Pennsylvania, we call them industry partnerships. And essentially they are partnerships of businesses, where appropriate labor unions, training providers, and community organizations on a regional basis or at the labor market level, and they focus in on a specific industry and what the skill needs are of that industry so that we can create career pathways, training programs that create increased economic opportunity, as well as meet the demands of the industry in the region.

In Pennsylvania, we have had more than 6,300 businesses involved in 80 partnerships and, since 2005, have trained 70,000 workers. While our original results showed initially a 12 percent gain in increase in income for the individuals who went through that training, because of the recent events, the average is about 6 percent, still incredibly good increase in income after the first year of training.

Governors are also leading less glamorous reforms, but these are also essential reforms. And they include improvements in the service delivery system, accountability, and overall program efficiencies, all the while trying to reduce administrative costs and duplication of efforts.

As preparation begins for reauthorization of the Workforce Investment Act, I want to outline the Governors Association's six key policy areas.

The first is—and it was already mentioned, but I want to re-emphasize the National Governors Association position on that—to streamline access to training opportunities and eliminate the mandates that dictate sequence of services.

Second is increasing coordination and integration of workforce education and economic development to meet the unique needs of states and their regions. We hope to see greater alignment of the federal programs, which was mentioned earlier, between the agencies that fund workforce development programs in labor, education, and the other federal agencies.

We would like to see and advocate for building state-led regional economies by giving the governors the authority to designate for the purposes of delivery of services regions that reflect labor markets and don't narrowly reflect city or county or other arbitrary boundaries.

And, finally, two critical issues are focus on the emerging industries, such as green jobs—as I talked about earlier—and supporting common measures to improve accountability. As we heard earlier, the importance of transparency in the system is important to governors. The National Governors Association and the National Association of State Workforce Agencies has a specific proposal related to common measures that it would like to see considered. And they are happy to provide that in detail.

In conclusion, the nation's governors stand ready to work with this subcommittee and all the members of Congress to craft what we hope will be significant improvements to the Workforce Investment Act and to provide whatever information the committee needs from us.

[The statement of Ms. Vito follows:]

Prepared Statement of Sandi Vito, on Behalf of the National Governors Association

Chairman Hinojosa, Ranking Member Guthrie, and members of the Subcommittee, thank you for inviting the National Governors Association to testify today.

My name is Sandi Vito and I am honored to be here on behalf of the nation's governors to discuss governor-led innovations. I also serve as the Secretary of the Department of Labor and Industry for Governor Rendell in Pennsylvania. Governor Rendell is the chair of the National Governors Association.

Governors Focus on Transforming the Workforce System and Upskilling Workers

This past weekend, the nation's governors convened in Washington, DC for their winter meeting and met with President Obama and Cabinet members to discuss the state economic crisis and implementation of the American Recovery and Reinvestment Act. Governors also met in the NGA Education, Early Childhood, and Workforce Committee to discuss transforming the workforce system and up skilling American workers. During the Committee's deliberations, the governors also approved a new workforce policy titled "Governors' Principles to Ensure Workforce Excellence".

The new policy supports governor-led workforce innovations, and establishes the nation's governors' key priorities for a world-class workforce. It also makes recommendations to Congress and the Administration for long needed transformations to the workforce system. Before I discuss the governors' new policy recommendations for the workforce system, let me first set the stage with the current economic forces and highlight several successful governor-led innovations.

Federal Workforce Law Outdated

In 1998, when the Workforce Investment Act became law, it was groundbreaking. WIA gave governors the authority to initiate broad structural reforms in their workforce development systems. With this authority, governors made significant progress to restructure these systems and strengthen the essential partnerships between federal, state, and local governments and the private sector. Yet state-by-state experiences reveal that many challenges remain, such as providing comprehensive, highly integrated education, training, and employment services for workers. In addition, governors need help aligning education, workforce and economic development, coping with inflexible mandates, and fully engaging the business community as partners.

The current economic picture is evidence that business as usual will no longer do. The current unemployment rate in America is 7.6 percent and more than 3.6 million jobs have been lost since the beginning of this economic downturn. This is the highest number of job losses since the end of World War II.

Yet, even in today's economy, businesses are struggling to find the qualified workers they need. A survey by the National Association of Manufacturers revealed that more than eight out of 10 manufacturers experienced an overall shortage of qualified workers. And, in a recent Society for Human Resource Management survey, respondents indicated a shortage of qualified candidates in science, technology, engineering, and mathematics. As a result, 29 percent of human resource directors have hired foreign nationals because qualified U.S. workers were not available.

These two forces—the rising unemployment rate and the increased need for skilled workers—have placed unprecedented demands on America's workforce. It will take bold reforms at the federal, state, and local levels to transform the workforce system and up skill workers. This transformation should begin and build off the work of governors to initiate bold, structural reforms that will keep our great nation competitive in the 21st century.

Governor-led Innovations

Governors are tackling the challenges of unemployment and a lack of skilled workers and leading new strategies to improve job seeker outcomes. While governors are initiating reforms all across the country, their efforts can be broadly characterized and grouped in the following key areas:

Increase access to training: All across the country, governors are implementing creative initiatives to focus and expand training opportunities for unemployed and employed workers. By leveraging WIA funds with a mix of other federal employment and training funds, federal and state financial aid, and business partnerships, governors are working to improve the skills of workers in their states.

Provide workers with credentials: To help employers better find and match job seekers' skill level with the requirements of a job, governors implemented skills credentialing programs. The credentials are easily and universally understood and valued by employers and certificate recipients alike, and are nationally recognized by industry.

Develop specialized skills training for limited-English speakers: Under governors' leadership, states are also creating new integrated approaches to serving non-native English speaking students enrolled in workforce training programs. The programs provide simultaneous instruction in a technical field and in basic skills such as English, reading, and math to accelerate achievement and prepare students for employment.

Invest in green jobs: A growing and relatively new area of governor-led reform is in emerging industries for clean, green, and renewable energy jobs. To equip workers with the skills and technologies required for green jobs, governors worked with community and technical colleges to create career pathways and certificate programs to ensure a pipeline of workers for new jobs in this emerging field.

Build industry partnerships: Governors are also leading and creating new industry partnerships between employers, labor, training providers, community organizations, and other key stakeholders around specific industries within a region. Industry partnerships address the workforce needs of employers and the training, employment and career advancement needs of workers. The partnerships bring together

workforce development and education systems and align them with the economic development and competitiveness strategies of the state.

Across the country, industry partnership initiatives have led to equally positive results. Industries fulfill their human capital needs and increase the quality of their products and services, while trainees receive higher wages, healthcare benefits, pension plans, and paid leave, and additionally trainees see brighter prospects for future skill attainment and career opportunities.

Because industry partnerships involve aligning strategies across many agencies, systems, and programs, gubernatorial leadership is critical. Governors can galvanize the leadership of industry and labor to ensure their voices are at the center of regional industry initiatives. Governors are also uniquely situated to influence public agency leadership and bring the work of public institutions into alignment with the needs of industry partnerships.

Focus on Accountability and Improve Data: Governors are leading less glamorous, yet essential reforms to enhance service delivery, accountability, and improve overall program efficiencies, while reducing administrative costs, duplication, and layers of needless bureaucracy. These reforms are exciting, require the leading force of governors, cut across agencies and funding silos, and may prove the best promise to realize the vision of Congress to create “one-stop shops” for any job seeker to access services and training. One element of this reform is a move to common cross-cutting data that focus on the customer. But I’ll speak more about that in a moment.

Governor Rendell: Leading Workforce Reform in Pennsylvania

The national trends in governor-led workforce initiatives are evident in my state of Pennsylvania. Pennsylvania was one of the first states to develop industry partnerships and extend training and career building efforts beyond individual companies to networks of companies in specific industries. Governor Rendell understands that a lack of industry collaboration in workforce training can result in a skills gap for businesses, a loss of opportunity for working families, and a shortfall of innovation for industries. Building strong industry partnerships can fill those gaps, laying the foundation for prosperity that is broadly shared.

The results of Pennsylvania’s Industry Partnership’s are impressive. More than 6,300 businesses are involved in nearly 80 industry partnerships across the state. Since the initiatives inception in 2005, more than 70,000 workers have been trained, increasing their wages on average of more than 6 percent within the first year since receiving the training.

Governors’ Recommendations for a World-class Workforce System

Governors are taking action in their states to up skill workers, create jobs, and get America back to work for a more prosperous future. But to do this, governors also need your help to modernize the workforce system and move governor-led initiatives to scale nationwide. As preparation begins for reauthorization of the Workforce Investment Act of 1998, let me outline six specific recommendations governors make in their new workforce policy that can break down breakdown the roadblocks and support governor-led innovations.

- **Streamline Access to Training:** With the unprecedented demands on workers for higher levels of education and new, cutting-edge skill sets, quick access to training and education is essential. Both employed and unemployed workers must have training opportunities throughout the span of their work life in order to get good jobs, advance in their careers and stay competitive. Congress should eliminate mandates that dictate the flow of services for workers.

- **Increase Funding Agility:** Economic necessity requires Governors and local leaders to cobble together funds to provide enhanced training and education to workers. The existing barriers must be removed to make it more effective and cost efficient to do so. Congress should acknowledge the role of Governors by providing enhanced flexibility to coordinate and, when necessary at a state or local level, integrate workforce, education and economic development funding to meet the unique needs of their states and communities.

- **Align Federal Programs:** As many as twelve different executive departments fund a variety of workforce programs, including the departments of Labor, Education, Commerce, Health and Human Services, Housing and Urban Development, Justice, Veterans, Defense, and Agriculture. This myriad of agencies, funding sources, regulations, and responsibilities needlessly complicate, and very often prohibit, the kinds of true alliances and collaboration that are necessary to streamline the workforce system. Congress should direct federal agencies to develop a joint initiative that will align federal programs, coordinate oversight and regulations, consolidate redundant and conflicting regulations, and establish transparent levels of responsibility and accountability.

- **Build Globally Competitive State-Led Regional Economies:** State economies don't stop at the boarder and local economies don't stop at the city limits. Economies are regional in scope, crossing arbitrary and jurisdictional boundaries. Integrating economic and workforce development initiatives through a governor-led state-regional framework offers the greatest potential for economic expansion and industry competitiveness, while providing job growth, stability and career advancement opportunities for workers. Congress should provide governors the authority to design a delivery system that reflects the economy of the state and neighboring communities including the unique dynamics of industries and the workforce.

- **Focus On Emerging Industries.** Globalization has increased the world demand for energy. To respond to national concerns, governors are proactively involved in establishing broad new energy collaborations and industry partnerships in clean and domestic energy and green jobs. Governors have also taken the lead in developing industry partnerships to address critical skills shortages in other key sectors like healthcare and technology. Congress should support strong public/private

- **Support Common Measures to Improve Accountability and Transparency:** There has been a longstanding challenge and frustration caused by multiple and inconsistent federal performance measures for workforce programs. The nearly 100 complex and incomparable measures impede collaboration in both planning and service delivery and are not a sufficient tool for officials and stakeholders to understand system performance. Without common-sense performance measures, it is difficult to demonstrate the true difference these programs make in the lives of Americans. To respond to the challenge, the NGA joined with the National Association of State Workforce Agencies to develop common measures that increase system-wide accountability and transparency, while significantly decreasing administrative costs and inefficiencies. Congress should support the joint NGA/NASWA Common Measures Proposal which streamlines the existing performance measures into four critical measures that can be applied across all workforce programs.

Conclusion

At this time, our states and citizens are experiencing unprecedented fiscal challenges. Governors are facing these challenges and united in unwavering belief that the United States' economy is resilient and the true strength of our nation remains the ingenuity, perseverance, and hard work of the American people. Americans want to work and Governors are leading reform to make this possible.

To do so, however, it is time for the laws and policies of this country to catch up with the realities and possibilities of the 21st century. Reauthorization of the Workforce Investment Act must embody a new federal-state workforce vision; a partnership that equips governors with the tools to initiate bold, structural reforms that will keep our great nation competitive.

Across the country, governors stand ready to work with Congress to ensure that every American has the opportunity for a good paying job and the ability to advance their career through lifelong learning. Governors know that better days lie ahead; the work you do now, in this Subcommittee, will enable or constrain our collective fate to meet the workforce challenges of tomorrow.

ATTACHMENTS

1. National Governors Association Policy: Governors' Principles to Ensure Workforce Excellence
2. Joint NGA/NASWA Common Measure Proposal for Reauthorization of the Workforce Investment Act
3. State Sector Strategies: Regional Solutions to Worker and Employer Needs
4. Accelerating State Adoption of Sector Strategies: An Eleven-State Project to Promote Regional Solutions to Worker and Employer Needs
5. Aligning State Workforce Development and Economic Development Initiatives

Chairman HINOJOSA. We thank you. And you can relay to the Governors Association that we will take their recommendations very seriously and definitely see how we can work them into the reauthorization of WIA.

At this time, I would like to call on Ms. Raynor.

**STATEMENT OF CHARISSA RAYNOR, EXECUTIVE DIRECTOR,
SEIU HEALTHCARE NW TRAINING PARTNERSHIP**

Ms. RAYNOR. Good morning.

Chairman HINOJOSA. We can hear you better now.

Ms. RAYNOR. Thank you, Chairman Hinojosa and Ranking Member Guthrie, for the opportunity to testify before the subcommittee today. I am Charissa Raynor, Executive Director of the Service Employees International Union Healthcare Northwest Training Partnership. The training partnership is a joint training effort by employers and SEIU. SEIU is the largest and fastest-growing union in the nation, representing 2 million members in the public, health care, and property service sectors.

I would like to focus my remarks today on the work of the SEIU Healthcare Northwest Training Partnership and have submitted the remainder of my testimony for the record.

SEIU supports programs that prepare workers for a 21st-century economy, with the opportunity to enhance both skills and earnings throughout their work life. Representing members in the high-growth, high-demand occupations, including home care, registered nurses, food service workers, janitors and childcare workers, SEIU has a proven track record of delivering job-training and education, placement, and career development to diverse workers in a variety of settings.

SEIU often partners with employers, and we believe that this provides a good model for strengthening training partnerships under the Workforce Investment Act.

In operation since July 2008, the training partnership is a non-profit labor-management organization in Washington State dedicated to modernizing training and workforce development for long-term care workers and supporting career pathways for those workers who are ready to advance into hospital jobs, for example.

By 2010, the training partnership will be the primary training provider for long-term care workers in Washington. We will be providing training to over 30,000 long-term care workers annually, and our programs will include entry-level homecare aid training, advanced homecare aid training, a peer mentorship program, and continuing education.

We are predominantly funded by employer contributions and governed by a diverse board. Our programs are tuition-free for workers, and workers are paid to attend training by partner employers.

Long-term care and hospital employers in Washington State are experiencing very serious workforce shortages and at the same time increasing demand for health care services related to the aging baby boomers. The state also has many poor and low-income individuals, often women of color, who are interested in a career in health care. Matching these individuals with entry-level career track jobs would benefit the economic status of these individuals and support access to high-quality care in their communities, turning crisis into an opportunity.

Unfortunately, this opportunity is not often realized, because most entry-level jobs are dead-end, with little room for advancement. Our goal, then, is to reposition these jobs as stepping stones to a meaningful career in health care.

We are in the early stages of developing a 21st-century platform that will link at scale these individuals to career tracks in health care and support them as they move up a career ladder. Specifically, we are working with partners to design modern, adult-learn-

er-centered training programs for long-term care workers and plugging these programs into an accessible career track, statewide career track.

Our focus is to link a series of high-demand health care operations across a fast track. Fast tracks credit these entry-level homecare aides for their previous training and experience toward an end-goal degree, such as nursing and other high demand health degrees and certifications.

As part of this fast track, we have established an intermediate step: advanced homecare aid under the apprenticeship model. And once implemented in 2010, this will be the first apprenticeship program for long-term care workers in Washington State and the largest apprenticeship program of any kind in Washington State.

Second, the training partnership is working to develop a Web-based community network tool, a virtual entry point, if you will, helping community-based organizations help job-seekers to access a customized career track in health care.

Features include a career track calculator that can be used to map different career track options in health care, depending upon the job-seeker's individual needs and goals, and a real-time employment hub that can be used to identify and apply for job openings with partner employers.

[The statement of Ms. Raynor follows:]

Prepared Statement of Charissa Raynor, Executive Director, SEIU Healthcare NW Training Partnership, on Behalf of the Service Employees International Union (SEIU)

Good morning. Thank you, Chairman Hinojosa and Ranking Member Guthrie for the opportunity to testify before the Subcommittee today. I am Charissa Raynor, Executive Director of the Service Employees International Union Healthcare Northwest Training Partnership. The Partnership is a joint training effort by employers and SEIU. SEIU is the largest and fastest-growing union in the nation, representing 2 million members in the public, healthcare, and property services sectors.

SEIU's Vision for WIA and Workforce Development

SEIU believes that the mission of WIA should be to prepare workers for a 21st century economy and to offer them opportunities throughout their work lives to enhance their skills and their earnings. According to U.S. Bureau of Labor Statistics projections, the top 15 fastest-growing occupations over the next decade include home care aides, registered nurses, food service workers, janitors, and child care workers. However, these rapidly growing occupations, with the exception of registered nurses, pay, on average, wages that are below the median average wage for all occupations. As a union dedicated to lifting service workers into the middle class and to promoting the delivery of high-quality services, SEIU has a strong interest in working with the Subcommittee to reauthorize WIA to promote a comprehensive workforce development strategy to:

1. Alleviate projected shortage occupations in such sectors as: healthcare, child care and early education, and property services;
2. Offer low-literacy, low-skill workers intensive supports and learning strategies to fit their needs; and
3. Create career paths that allow low-wage workers to rise to the middle class.

SEIU has a proven track record delivering job training and education, job placement, and career development to home care, child care, property services and hospital and health system workers across the country. They have created ongoing training and education efforts in their larger local unions—often in partnership with their employers; and SEIU believes these efforts can serve as models to strengthen the Workforce Investment Act.

Innovations and Best Practices in Washington

The work of the SEIU Healthcare NW Training Partnership, a joint labor-management program in Washington, is such an example. In operation since July 2008, the Training Partnership is a nonprofit, labor-management organization dedicated

to modernizing training and workforce development for long term care workers and supporting career track programs for workers ready to advance into hospital employment. By 2010, the Training Partnership will be the primary training provider for long term care workers in Washington. We are primarily funded by employer contributions and governed by a diverse board including labor and employer representatives. Tuition for all training is paid and workers are paid for work time missed to attend training.

Long term care and hospital employers across Washington are experiencing serious workforce shortages that are expected to worsen as baby boomers age—simultaneously reducing workforce supply and increasing demands on our healthcare systems—from entry-level, career track long term care jobs to high demand hospital jobs. At the same time, many poor and low-income individuals—often women of color—have an interest in healthcare as a career. Matching these individuals with entry-level, career track healthcare jobs in their communities would benefit both the economic status of these job seekers and support high quality care for people living in those same communities.

More often than not though, these workers never access the career track because it is not visible or because it is not supportive. For example, very few entry-level long term care workers participate in a healthcare career track. In fact, most of these are dead-end jobs with no room for advancement at all. Our goal is to improve the attachment of poor and low-income individuals, especially people of color and women, across Washington to a meaningful healthcare career track. Especially in today's economic climate, the joint labor-management Training Partnership plays a critical role in Washington's overall strategy for economic stabilization and the benefits are three-fold: 1) building human capital; 2) meeting the current demand for trained healthcare professionals; and 3) responding to structural changes in the economy.

Broadly, the SEIU Healthcare NW Training Partnership and partner organizations are in the early stages of developing a 21st century training platform that will link, at scale, these individuals to career tracks in healthcare and support them as they advance up the career ladder, providing a suite of career track training to more than 30,000 long term care workers across Washington. This includes entry-level Home Care Aide training, advanced Home Care Aide training, Peer Mentorship for new workers, and continuing education for Home Care Aides.

Specifically, the Training Partnership is working with partners to:

1. Design a modernized, adult learner centered training program—this includes developing an accessible statewide career track for home care aides. Our focus is to link a series of high demand healthcare occupations together in a “fast track” program for home care aides. This “fast track” “credits” the entry-level home care aide's training and experience toward their ultimate healthcare degree or certificate. We have also established an intermediate step for home care aides, Advanced Home Care Aide, under the Apprenticeship model. This Apprenticeship program will be the first for long term care workers in Washington. It is expected to be the largest Apprenticeship program of any kind and possibly the largest healthcare apprenticeship program in the country. In sum, we are creating targeted opportunities for career mobility in the high demand healthcare sector—from entry-level career track home care aide to Advanced Home Care Aide to nursing and other high demand hospital jobs;

2. Develop a Web-based Community Network Tool—a virtual entry point for community-based organizations to help job seekers access a customized career track and employment. Features include: a) a Career Track Calculator that can be used to map different career track options depending on individual goals and needs; and b) a Real Time Employment Hub that can be used to identify job openings among partner employers and being the application process.

The joint labor-management training model, such as the SEIU Healthcare NW Training Partnership, maintains progress in difficult times and responds to the cyclical nature of economic downturns by sustaining public-private partnerships. Programs under the training partnership model are informed by a culturally and linguistically diverse set of stakeholders through two advisory structures: the College Consortium for college representatives and the Community Network for community-based organizations, including workforce development, consumer advocacy, and government agencies.

While we have an excellent relationship with the WIB and many other community organizations, the Training Partnership has yet to receive WIA funding. Expanding the purpose of the Workforce Investment Act to include labor-management training programs would add value to the WIA funding system, as well as greatly enhance our ability to train unemployed and incumbent workers of all skill levels.

WIA Successes

SEIU members play a dual role in workforce training and development. SEIU is a training provider in some industries and localities, and SEIU public employees in many states deliver services in One Stop Centers, providing crucial employment services for the unemployed. These members have assisted unemployed workers to receive unemployment benefits, trained job-seekers, guided them through their job search, helped them acquire work-related skills, and brokered the hiring process with employers. SEIU members know that strong workforce programs can help the country emerge from this economic downturn by helping job seekers gain the skills they need to find good jobs and earn a living wage. But in order to bolster the current system of workforce development, Congress must ensure adequate federal funding as well as preserve the successful delivery of employment services by the public sector, where there is an emphasis on universal access to services.

Privatization of employment services short-changes those clients who face the greatest barriers as private contractors tend to focus on those workers easiest to place. A private institution may fail to deliver services locally or fail to provide individualized services based on a client's unique needs—or may charge a premium to provide comprehensive services. Job seekers with significant employment barriers, including seasonal workers, those with disabilities, those in need of special accommodations, or those in rural areas; are likely to be given short shrift under a privatized model.

In this time of economic crisis, the preservation of public sector delivery of employment services and the federal requirement that Wagner-Peyser Employment Services be delivered by civil service employees is crucial to WIA's continued success. The reauthorization of WIA offers an opportunity to codify this longstanding regulatory requirement in legislative language.

Reforms to WIA

Based on these innovations and successes of WIA, SEIU recommends these reforms which will strengthen WIA to create the robust workforce development system the country needs to combat the record levels of unemployment and underemployment and to support workers to succeed in a dynamic economy.

First, SEIU recommends fostering more partnerships at every level, and include labor and other community advocates in the planning and delivery of services. When workers belong to a union, they have the opportunity to bargain for additional on-the-job training and other educational and advancement opportunities. SEIU has formed many partnerships with employers to invest additional resources in training, yet WIA does not reward these partnerships and employers who invest in incumbent workers. These collaborations result in career ladders that provide opportunities for noncollege educated workers to increase their skills and their paychecks, and they open up entry-level positions for disadvantaged or unemployed workers. In contrast to many training programs currently funded by WIA, SEIU labor-management training programs almost always result in a real job at the end of successful completion of training.

Specifically, SEIU recommends that you amend WIA to allow state and local boards to contract with labor-management training funds to provide occupational skills training, on-the-job training and workplace training with related instruction, and/or skill upgrading and retraining. This can be accomplished by amending the eligible criteria for training partners and by allowing the governor to add labor-management training funds to the list of eligible entities that are submitted for his approval by local boards.

Second, SEIU recommends that training resources be more focused on high-growth, high-demand sectors. SEIU supports sectoral strategies where WIA resources are used to target identified needs and shortages in sectors that are growing and creating good jobs. For example, our healthcare system suffers from chronic workforce shortages and employs too few workers dedicated to prevention and primary care. Priority sectors should include healthcare and long term care, child care and early education, and green jobs. WIA funding can be used not just to alleviate a nursing shortage, but to grow a more diverse nursing profession and promote more nurses working in underserved areas.

Third, SEIU recommends increased use of grants to fund training and educational entities. The WIA system should not continue to rely on Individual Training Accounts as the primary mechanism to deliver services to eligible workers. Individual Training Accounts, for example, are too small to support a nurse's aide who has the motivation and opportunity to go to nursing school. The Trade Adjustment Assistance Act, by contrast, offers workers displaced by trade significantly more federal support than other displaced workers are eligible for under WIA. ITAs also do not promote proven learning strategies, such as cohort training. ITAs were created to

offer additional choice, but they only offer the illusion of choice and generate high administrative costs. Low-wage incumbent workers who have demonstrated a strong attachment to the workforce but need additional skills to access career ladders cannot easily qualify for ITAs.

Fourth, SEIU recommends increasing the percentage of funding allocated to statewide activities. WIA currently allocates 15 percent of a state's WIA funding to statewide activities. Increasing this by 5 percent would allow governors to develop strategic plans for workforce development and have more authority to create larger initiatives and target funding to accomplish initiatives that address wage inequality and that can further sector strategies, such as a statewide initiative to upgrade the early childhood education workforce or an initiative to address the nursing shortage. Additionally, some incumbent workers are at risk of job loss due to changing technology or industry restructuring, and it may be more cost-effective to intervene before they become unemployed.

Fifth, SEIU suggests requiring greater coordination among other education and training programs. Training dollars should be an integral component of broader strategies to promote economic development and alleviate poverty. SEIU supports a broader vision of education and lifelong skills building that can leverage student loans and Pell grants with WIA dollars and community college resources, for example. Federal child care subsidies should also be made available to workers who would otherwise be unable to continue their education and training. This kind of coordination is more feasible at the state level than at the level of local WIBs.

Finally, SEIU recommends that the Committee reform the structure of local WIBs as it reauthorizes WIA. Many local WIBs lack a broad vision and real community representation, including unions and other advocates for workers and distressed communities.

Conclusion

SEIU appreciates the significant resources the Congress provided in the American Recovery and Reinvestment Act to modernize unemployment benefits, increase support for state employees to serve unemployed workers, and increase WIA funding and competitive training grants during this extremely difficult economic time. SEIU looks forward to working with the Subcommittee, as well as the full Education and Labor Committee, to devise a workforce development system that works for all workers.

Thank you and I look forward to your questions.

Chairman HINOJOSA. I am going to interrupt you and say that we love the information that you are sharing with us. I am going to make sure that the entire statement is put into the record.

Votes have been called, two of them, and I am going to request of members who wish to stay that we have enough time to listen to the presentation by Mr. Smith and the presentation by Mr. Lanter. After your 5 minutes each, we will then run to vote and return to have the question session with each one of you.

So with that, I would like to proceed to listen to Mr. Smith's presentation.

STATEMENT OF KEVIN G. SMITH, EXECUTIVE DIRECTOR, LITERACY NEW YORK, INC.

Mr. SMITH. Chairman Hinojosa, Mr. Guthrie, members of the subcommittee, current economic conditions notwithstanding, America's supply of adequately skilled workers does not meet its demand. It is essential to consider what skills are available versus those needed to support and sustain national, state and local economic development strategies.

As the nation succeeds in building an economic recovery, including job creation, the skills gap will impede progress. Simply, citizens who lack basic literacy and language skills will continue to draw from, rather than contribute to, efforts to create economic sta-

bility and growth. We must invest in our nation's human infrastructure, as we do the nation's capital infrastructure.

When discussing the issue of adult literacy, advocates point to studies indicating millions who function below basic levels. The 2003 National Assessment of Adult Literacy and more recent National Center for Education Statistics reports chronicle the issue, indicating that more than 30 million, or 14 percent of adults, possess skills below basic.

In my home state of New York, that number is 22 percent, although in Congressman Bishop's district, it is the same as the national figure, where 1 in 7, more than 160,000 working-age individuals, have below basic skills. The simplest information processing tasks are challenging.

Another 63 million, or 29 percent of adults, function at levels considered to be at basic. These adults may become challenged as accessing, understanding and utilizing information at work or elsewhere becomes more complex.

In many cases, these are native-born adults who have attended public school, but for a variety of reasons not gained the desired abilities. For many others, they are immigrants who have come to the United States with varying levels of academic exposure and success, but do not speak English well enough to fully engage in social and economic activities.

It is very important for the committee to consider the wide scope of adults that may benefit by improved literacy and language skills to support their training and employment goals when crafting legislation that better supports the development of a more highly and appropriately skilled workforce.

My written comments go into greater detail on the condition of the two systems operating under Title I and Title II of the Workforce Investment Act. Suffice to say that each has been severely limited by the level or loss of funding and the scope of the need and expectation of service. Neither system is able to provide the services to meet the current demand, and both are challenged to respond to the emerging increase in programs needed to meet the nation's economic recovery and development plans.

The need for adult education services far exceeds the capacity of the current system to deliver. There is no doubt that we will need to enhance efforts to serve more, better, not just to help people to help themselves, but to maximize the country's investment in economic recovery.

However, before we consider how much it would cost to serve 3 million or 5 million or 17 million more adults, it is important to consider re-engineering the current system into one that can and will efficiently and effectively assess the compatibility of skills available in the nation, state, community and individual to specifically meet the demands for skills in these current and future economies.

Obviously, difficult decisions will have to be made regarding how many may be served how well in order to expedite development of skills needed to fill jobs available and being created.

Analogous to plans to focus on sector employment, we should consider literacy and language skills needed to fill jobs in those sectors and concentrate and coordinate our efforts accordingly.

Adults seek education services due to a very wide range of learning needs and goals. Native-born adults with reading abilities ranging from the 1st-grade level all the way to the 12th seek support to advance to the next level. Immigrants who are not literate in their native language, as well as highly educated professionals, seek help to improve their English-language skills.

The system responding to this continuum of need include secondary, post-secondary, community-based, faith-based, library, and volunteer-based sectors. These programs are all competing for scant resources needed to serve the learning needs of this large, complex population. Very limited resources are spread very thin.

State and local contributions vary widely. The level of investment from program to program varies dramatically, as does the quantity and quality of service.

Community colleges seeking to serve higher-level students compete with community-based programs better suited to serving those with less skill. State education agencies, compelled to fund secondary or post-secondary institutions, finesse the competitive process, despite direct inequitable statutory language.

Programs are pitted against each other, rather than creating a greater sum, because there is such great need and so few resources and strategic planning.

[The statement of Mr. Smith follows:]

**Prepared Statement of Kevin G. Smith, Executive Director,
Literacy New York, Inc.**

Current economic conditions notwithstanding, America's supply of adequately skilled workers does not meet its demand. It is essential to consider what skills are available versus those needed to support and sustain national, state and local economic development strategies. As the nation succeeds in building an economic recovery, including job creation, the skills gap will impede progress. Simply, citizens who lack basic literacy and language skills will continue to draw from rather than contribute to efforts to create economic stability and growth. We must invest in the nation's human infrastructure, as we do the nation's capital infrastructure.

When discussing the issue of adult literacy, advocates point to studies indicating the millions who function below basic levels. The 2003 National Assessment of Adult Literacy (NAAL) and more recent National Center for Education Statistics (NCES) reports chronicle the issue indicating that 30 million or 14% of adults possess below basic skills. In my home state of New York that number is 22%, although in Congressman Bishop's district it is the same as the national figure—where one in seven or 160,034 working age individuals have below basic skills. The simplest information processing tasks are challenging. Another 63 million or 29% of adults function at levels consider to be basic. These adults may become challenged as accessing, understanding and utilizing information at work becomes more sophisticated. In many cases, these are native born people who have attended public school but, for a variety of reasons, not gained the desired abilities. For many others, they are immigrants who have come to the United States with varying level of academic exposure and success but do not speak English well enough to fully engage in social and economic activities. It is very important for the Committee to consider the wide scope of adults that may benefit by improved literacy and language skills to support their training and employment goals when crafting legislation that facilitates the development of a more highly and appropriately skilled workforce.

The Workforce Investment Act of 1998 correctly tied the adult training and education systems together. The law suggests levels of coordination and cooperation. Many in the adult education community remain concerned about dedicating our work strictly on workforce development. Nonetheless, it is clear that supporting incumbent and unemployed workers with the skills they need to acquire and retain employment is critical. Honestly, while there are examples of successful local initiatives, much more needs to be done to research and implement more efficient and effective practices that seamlessly merge WIA Title I and Title II functions.

As has already been testified, the need for adult education services far exceeds the capacity of the current system to deliver. You know that of the 88 to 93 million Americans who have basic or below basic skills fewer than 3 million are getting help. Some, notably the National Commission on Adult Literacy (NCAL) have called for a new approach and investment supporting a massive expansion of the adult education system. There is no doubt that we will need to enhance efforts to serve more, better; not just to help people to help themselves but to maximize the country's investment in economic recovery as well.

However, before we consider how much it would cost to serve 3 or 5 or 17 million more adults, it is important to consider reengineering the current system in to one that can and will efficiently and effectively assess the compatibility of the skills available in the nation, state, community and individual to specifically meet the demand for skills in these respective current and future economies. Obviously, difficult decisions will have to be made regarding how many may be served how well in order to expedite development of the skills needed to fill the jobs available and being created. Analogous to plans to focus on sector employment we should consider the literacy and language skills needed to fill jobs in those sectors and concentrate and coordinate our efforts accordingly. The current system does not function in that manner. Why? * * * because it lacks the capacity to do so, capacity that includes human and fiscal resources, flexibility, local authority and relative parity. The result is two distinct systems still operating as if they had no related purpose when, in fact, a large percentage of Title II students have employment goals and Title I customers need literacy or language improvement in order to avail and benefit by One-Stop services.

In order to further explain the problems faced by adults seeking skill development as needed to become and remain employed it may be useful to consider further the range of learning needs that the adult education system is expected to address and then, therefore, why coordination is so difficult. As you may know, the National Reporting System (NRS), WIA Title II reporting matrix has categorizes learners as Basic Literacy or English for Speakers of Other Languages (ESOL). Further, these two populations are divided into six levels each. A Level I Basic Literacy student tests in at reading below the second grade reading level while a Level 6 student demonstrates abilities between grade 11 and 12. For the ESOL population the six levels also create a scale of English language competency that is an equally broad spectrum of abilities. Simply, the adult education system accommodates learners the equivalent of a K-12 system for Basic Literacy students and a K-12 system for ESOL students. However, it must be considered, that the adult education system is working, for the most part, with the students who have not achieved success as school-aged learners and who present with multiple literacy-related issues including poverty, unemployment, incarceration, substance & alcohol abuse, chronic health problems and so on.

The system responding to this continuum of need includes secondary, post-secondary, community-based, faith-based, library and volunteer-based sectors. These programs are all competing for scant resources needed to serve the learning needs of this large, complex population. The very limited resources are spread very thin. State and local contributions vary widely. The level of investment from program to program varies dramatically as does the quantity and quality of service. Community colleges seeking to serve Level 5&6 students compete with community-based programs better suited to serving Level 1&2. State Education Agencies (SEAs) compelled to get funds to secondary or post-secondary institutions finesse the competitive process despite 'direct & equitable' statutory language. Programs are pitted against each other rather than creating a greater sum because there is such great need and so few resources and strategic planning.

On the WIA Title I side of the equation, years of deep funding cuts have diminished services and capacity. As in any economy, less is managed by reduction of costs. Fewer are served and, all things being equal, those who cost the least to serve are targeted. Programs that do not have fully developed partnerships are relegated to selecting those closest to job placement. Others have created structures and partnership that facilitate the disparity of readiness to work and availability of employment. This capacity should not be a local anomaly based on governmental structure or leadership. Rather, it must be systematic.

Despite the problems very good work is being accomplished within and between the WIA Title I and Title II systems. Here are few examples of what is or could be happening to improve the effort:

Suffolk County, New York

In Suffolk County, New York the Workforce Investment Board (WIB) and One-Stop have been structured in a way that allows for public assistance recipients lack-

ing the skill needed for employment to be served accordingly and avoiding inappropriate placement and rating for the One-Stop operator. They have developed a strong referral system with the Long Island Regional Adult Education Network (RAEN) that brokers services to a range of all sectors of adult education programs by learning need and service availability.

Despite this strong local solution to the structural and funding issues they face, they recognize that things could work better. Statutory authority to seek and secure the literacy and language skill development required to place customers in the jobs that are available would be greatly facilitated by making placement into educational services a positive outcome. Reinstating the multiple variable regression model from the Job Training Partnership Act (JTPA) would allow One-Stop Career Centers to address more difficult-to-serve populations without sacrificing their performance and accompanying incentive funding in this difficult fiscal climate. Veteran operators report that under the old system a weighted—scale permitted them to identify and serve adults with more serious and difficult employment barriers.

Allegany County, New York

In Allegany County, New York, a rural county in the western part of the state, a partnership between the WIB, the two major employers and the local volunteer literacy program has found great success. Dresser Rand, one of the largest global suppliers of rotating equipment solutions and a large regional Dairy, which together employ a significant percentage of the working population, have each established minimum skill levels for employment consideration. If a perspective employee enters the system lacking the skills needed to pass the employer-administered test, they are referred to Literacy West for a six-week course that has produced results highly satisfactory to both employers. The CEO of Dresser Rand has indicated that this flow of skilled workers and the support of the workforce and adult education communities has figured prominently in their decision to remain and continue to invest in upstate New York.

Again, improvements can and should be considered. As in Suffolk County, New York there is a lack of clarity regarding protocol and procedure in referring customers from the One-Stop to the adult education provider. Two distinct data systems that do not communicate or share information further hinder efficiency. The inability to obtain read only, much less limited data entry access, clearance for the adult education partner in Title Is data system forces multiple and more expensive steps.

The One Stops data system provides Literacy West with the employment status they need to complete their NRS data reporting required by New York State for all adult education funding. This is the only adult education program in the state that I am aware of that has this access. All others have used less reliable, more costly post-program survey strategies to track the employment outcome they are responsible to report. This cooperation and capacity, coupled with the exemplary educational gain results they produced, made them the most highly ranked adult education program in the state last year.

Conflicting Outcome Expectations

Another concept for consideration is retooling our adult education system to specifically deliver workplace skills. Currently, there is a growing conflict between demonstrating educational gain outcomes as indicated by norm-referenced tests and soft skill instruction and job protocols. Employers consistently report wanting employees who show up on time and work well with others but adult education is forced to focus on academic services to realize educational gain outcomes. There has simply got to be a way to modify service outcome expectations to support and report the delivery of services that effectively produce job acquisition and retention results and that encourage the continuation of literacy and language development while workers are employed.

The Volunteer Asset

The adult education system is unique for its significant volunteer-based service response. The nation should be proud of this history and heritage, yet many view it as evidence of the system's relative insignificance and value. I encourage this Committee to consider, especially with the renewed Presidential call to voluntary services, the worth and role of the volunteer sector. Currently relegated to serving the most in need with the least resources, the volunteer-based programs have persisted in organizing fundamental neighbor-helping-neighbor efforts across the country. Better supported and utilized as additional support to group instruction services or as job coach/ community mentors to high risk new hires are a couple of ways of considering to better utilize the rich volunteer resource already serving in adult education.

The nation and states need to sort out how many adults can be served how well with the resources made available under WIA Title II. In *Policies to Promote Adult Education and Postsecondary Alignment* Julie Strawn, CLASP Senior Policy Analyst, reported that the national average investment from all sources per student, per year is only \$645. Not surprisingly, she went on to report that few adult education students go on to postsecondary education and a very high percentage of those who do not complete. This analysis speaks clearly for the need to create a continuum of adult education services in each state and as required in law. The nation must strategically engage the assets it has available to serve the full spectrum of Basic Literacy and ESOL learning needs, and use the resources made available to develop and coordinate the same.

Both WIA systems have atrophied significantly in recent years and are in desperate need of reengineering and rebuilding. Together they represent an essential aspect of our country's infrastructure and capacity to close the skills gap between our nation's workforce and business needs to compete in this 21st Century global economy.

Chairman HINOJOSA. Mr. Smith, we are going to make your entire presentation part of this hearing.

Mr. SMITH. Thank you, Mr. Chairman.

Chairman HINOJOSA. And we are going to call on Mr. Lanter.

STATEMENT OF BOB LANTER, EXECUTIVE DIRECTOR, CONTRA COSTA COUNTY WORKFORCE INVESTMENT BOARD

Mr. LANTER. Good morning, Mr. Chairman, members of the subcommittee. On behalf of the California Workforce Association and our membership, I am pleased to be here today to share our best thinking on workforce investment in our country.

I am also pleased to point out that I am a constituent from Chairman George Miller's district and want to acknowledge how grateful we are that he has been a champion both nationally and back at home.

I want to take a second to thank and recognize members Buck McKeon and Susan Davis, who have both been strong supporters in California.

There are three essential ingredients to the Workforce Investment Act which serve as common themes that run throughout our local roles and regional focus.

First, WIA provides an infrastructure of workforce investment boards, led by the private sector. These WIBs are the only places in local communities that serve as a table, where key stakeholders come together to develop solutions to local and regional workforce issues.

This structure is not perfect—our boards are too big and sometimes unwieldy—but the concept is a smart one. Make sure the private sector is in the lead, they know where the jobs are, they understand the skills that are needed, and they demand accountability.

Second, WIA gives authority to a partnership of local elected officials and workforce investment boards to design and deliver solutions that meet their local communities' needs. Economist strategists throughout the world call for regional approaches in building global competitiveness and exhort us to devolve state and national approaches in favor of regional strategies.

Industry sectors, skill development, economic prosperity cannot be delivered at a state level through a state system. One size does not fit all.

Another key reason that this local design is so important is that millions of dollars are being leveraged through local funding streams. Research conducted in California showed that, by combining smaller WIBs into regional bodies, we would have lost a million dollars to the system. Mayors and county supervisors are just not able nor willing to give up their local funding to larger regional jurisdictions or state governments.

Thirdly, WIA established one-stop career centers, where in theory many resources would be targeted and leveraged. In reality, this occurs in wildly uneven examples across the country.

This is mainly due to the fact that the Workforce Investment Act requires other systems to invest in our one-stops. However, none of the corresponding federal law requires this investment.

This lack of investment has meant that WIA funding that would otherwise go to training is going to keep our one-stops running, and we must keep our one-stops running. In California, these career centers have been inundated with customers, some seeing 100 percent increase over the last year. In San Diego alone, since July 2008, 88,000 customers have went through their doors.

A word on innovation. California has been engaged for many years in focusing on industry sectors. They vary by design and activities and outcomes because they are customized to meet the needs of a certain industry. They all use labor market information to determine their industry of choice. They are driven by local demand from the business sector and are partners with diverse and public-private stakeholders. They are fantastic examples of what can be done with WIA funding.

In Contra Costa, we are faced with a shortage of process technicians in the petrochemical industry. We partnered with the region's refineries, with Dow Chemical and other large manufacturers, along with the United Steelworkers and community colleges, to develop a 20-week training program targeted to dislocated construction and airline workers and returning veterans. The program has been so successful, it is now offered as part of a normal semester-based system within the community college programs.

Lastly, Workforce Investment Act. CWA has spent a considerable amount of time developing suggestions for reauthorization. We are happy to provide this committee with specific examples, but I would like to highlight three quick points.

First of all, private-sector-led boards make sense. We need to adjust the requirement so that they are not too big to conduct business. Give local areas more autonomy under the law to appoint their key stakeholders. Give them their own title and their own budget authority so that they can serve as the very important intermediary and convening role.

One-stop career centers, as was quoted recently in the New York Times, are emergency rooms of the economic crisis. We must continue to innovate and create more flexibility in terms of requirements about who gets served and when, create more incentives for other community resources to locate and fund their staff within our centers, and, lastly, we need to continue to innovate youth programs providing opportunities for career pathways, work experience, and contextualized vocational education.

Let us all participate in constructive dialogue so that we can identify what needs to be fixed and the new elements that are required for the new economy. Thank you for the opportunity to provide testimony today. The California Workforce Association is pleased to be a resource to your committee and to other policymakers as we move forward with Workforce Investment Act reauthorization and continue the work to revitalize our nation's economy.

Thank you.

[The statement of Mr. Lanter follows:]

**Prepared Statement of Bob Lanter, Legislative Committee Chairman, CWA
Executive Director, Contra Costa Workforce Development Board**

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 opportu-

nities 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 state-wide 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 codesign 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 nonprofit, 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 its 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 ex-

change. 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.

Chairman HINOJOSA. We thank you, Mr. Lanter, for sharing with us what is happening in California and how you all are working.

We will be gone for just a few minutes. There are only two votes. Those who wish to turn your head to the back, there is a big screen that shows you the voting going on in the House of Representatives. And only two votes are going to be called, so we should see you in just a few minutes.

I thank all the members. And we will be back.

[Recess.]

Chairman HINOJOSA. We are ready to reconvene. Members will be coming back from the Capitol in just a few minutes, but I will start with my first 5 minutes and direct my first question to Ms. Sandi Vito.

The governors would like Congress to align federal programs, since you mentioned 12 different executive departments fund a variety of workforce programs. Do they have a proposal for such a joint initiative that they would like to see us consider in the reauthorization?

Ms. VITO. What the National Governors Association is proposing is an alignment that looks at regulations, creating potentially an interagency team to streamline, coordinate and integrate regulations, policy, et cetera, so that the messages and indicators are clearer to both the states and local regions, and make it easier to coordinate, as well as eliminating any barriers to coordination.

We can get you the specific proposal, but I think the larger issue is that we would be happy to continue to engage in dialogue, in terms of what the specifics of—

Chairman HINOJOSA. We would like to see the drafts that you have in writing. And then we can certainly have our staff meet with you and your staff so that we can have a clear understanding. And then, if I have questions, I will be glad to call you.

Also, another question to you, Sandi. Can you speak on any new energy collaborations for green jobs, which was in your remarks? Or would you—or would the governors send us some of the examples in the recommendations you made?

And I ask that because I saw the amount of money that is in there—that is in the stimulus plan, and it is a sizable amount of money. So I would like to see what the Governors Association is thinking.

Ms. VITO. We can send you the list of innovative projects from throughout the states. I can talk specifically about some of the initiatives in my own state of Pennsylvania.

We have what we call energy partnerships which focus on energy conservation technologies. So we are training in weatherization, solar installation, where we actually have labor force shortages. In western P.A., we are actually training in retrofitting of building. And in a few areas throughout the state, we are doing training in energy auditing and assessment.

So there has been good work begun. More of it needs to be done. And, again, I will ask the staff at NGA to forward you examples from other states.

Chairman HINOJOSA. Good. We would love to see that.

My next question is to Charissa Raynor. The training partnership features fast-track credits for the entry-level homecare aides. How do these credits get accepted by higher education institutions, like our community colleges? How do they handle them? And do they have different accreditation systems?

Ms. RAYNOR. Well, that is an excellent question. We believe that to have a meaningful career ladder for homecare workers, we have to first make sure that homecare workers are a part of the fast-track, part of a career track.

And so we are in the development stage right now, working with community colleges all across Washington to design this fast-track. The notion is that the community colleges would apply credit based upon the credential. So it is a statewide credential, certified homecare aide, and so this streamlines the process for each community college to apply that credit for previous training and experience, based upon the credential that any worker can access.

If they have that certification, they go to a college with the program, the fast track in place, and they can access it based upon their credential.

Chairman HINOJOSA. I think that that could be a very useful program. And I had an experience back in the beginning of my first term in Congress where NAFTA had been approved. And many of the textile companies in my region moved to Mexico and to China and elsewhere, Central America.

And so we had a workforce of very loyal, good workers, working for Hagars, Dickies, Fruit of the Loom, Levi's, and they were dis-

placed, 20 years, some 25 years. And we had to re-train them for new jobs, and that was most challenging. So this would be something that I would be very interested in.

My time has expired. And I would like to yield to Ranking Member Guthrie.

Mr. GUTHRIE. Thank you, Mr. Chairman.

And thank you, panel, for this very informative session.

Mr. Lanter, I want to ask you one on—you mentioned that—or in your testimony that private-sector-led boards you thought was important to be maintained in the Workforce Investment Act, and you talked about challenges working sometimes with the public sector, just using private-sector people to push or push, prompt along the public sector.

You said you needed—boards needed to be smaller, but you needed to still maintain the private-sector lead. Could you give just some concrete examples of issues you have had with the public sector that, because it is private-sector-led or business people trying to get things done, have tried to shape a situation? Or any examples?

Mr. LANTER. Sure. And I will speak on behalf of my own local workforce area, as opposed to the entire membership of the workforce association.

I think for us the issues are that the private-sector folks have knowledge on what they need in terms of a workforce. They don't necessarily have knowledge, nor should they understand the inner working of all of our public sector's laws and regulations.

And I think there are times when the public-sector folks are, for a variety of reasons, using the intricacies of our laws to sway a vote one way or another or ensure that dollars are targeted to a certain area.

And I think the private-sector folks kind of cut through that very quickly and are able to say, you know, what is best for our local community? What is best for industry? What is best for our competitive advantage, in terms of our economy? And I think that gets people to kind of listen and straighten up very quickly.

Mr. GUTHRIE. Okay, thank you. And for Mr. Smith, in your testimony, you talked about the fact that many citizens lack basic literacy—maybe I am having a hard time—kind of allergies are bothering me right now—and language skills, I guess I am having—in a serious way, though, I mean, basic literacy and language, I know that is so important. I have worked on that in state government.

And my question, how do you ensure these adult programs are addressing those needs? And how do we ensure that we are preparing for that? Because kind of my experience was that I would see people kind of combing for people that were higher-level literacy, not fully literate by any imagination, but would not focus on the lower level, because it was just too difficult.

And so you could find somebody that read at maybe a junior high level and get them into a GED program. If they didn't read at all, it was difficult and they seemed to be kind of looked over. So how do we ensure that we are teaching that, is my question?

Mr. SMITH. It is a very good question. I think what has happened under the Workforce Investment Act, for the most part unintentionally, is we have reached out to the higher-level students and

adults who can benefit by workforce training, because they have the literacy and language skill and ability to do so.

Those who lack those basic skills who cannot benefit by training have been relegated to being served by other programs that have received, at least in my experience, less resource and less funding. Those same adults who present with those lower skills come to us with learning disabilities, other literacy-related issues that, in fact, should take more time, cost more money, and command a greater investment, rather than a lesser investment.

But they don't get it. And eventually I believe that they will, because, as we do move the, if you will, as you suggest, the higher-level adults forward, as we must, then we will have to bring the other adults forward in a one-step-up kind of an approach. So—

Mr. GUTHRIE [continuing]. Higher-level adults. I guess I should have said higher-level readers, instead of adults. Yes, that is exactly right, because we do need—I mean, if you can find somebody with a high-school diploma and get them into workforce training and move them up, I mean, we should move those people through.

Mr. SMITH. Yes.

Mr. GUTHRIE. Exactly. And we have debated this in Kentucky. And I have always said that is great; I am not criticizing that program at all. We need to get these people through. Well, we just can't forget that there are people that are going to take a little more investment, a little more time to get them to the level where we can get them through.

So we don't need to overlook the mass of people who are ready to go into workforce investment. We can't overlook the people at the lower level of reading.

Mr. SMITH. If I may, just to follow up, we must create a continuum of service for an adult education system in each state. There must be an entry point for adults with the lowest level, the middle-skill levels, and the higher levels.

We must coordinate with the workforce investment system, understand the skills that are needed by the workforce system to support training and employment, and identify those adults who need the additional adult education, literacy and language skill to move them forward on that track in parallel.

Mr. GUTHRIE. Well, you are working a noble cause, I can tell you that. That is for sure. It is a very noble cause. Thanks.

Mr. SMITH. Thank you, sir.

Mr. GUTHRIE. I yield back.

Chairman HINOJOSA. Thank you.

At this time, I would like to call on my friend from Illinois, Congresswoman Judy Biggert.

Mrs. BIGGERT. Thank you, Mr. Chairman.

I had a question to the previous panel, and I wanted to direct it here, about the sequence of services and the three-tier approach that has been used and was wondering if there would be greater flexibility if those that were in those tiers did not have to go through the sequence.

And maybe start with Mr. Lanter, and I know that Secretary Vito has talked about the flow of services.

Mr. LANTER. Thank you. The short answer is, yes, there would be greater flexibility if the tiers of services were eased, in terms of how we have to move people through our career centers.

When you have 88,000 people, close to 2 million in California going through our career centers, doing it through a tiered process is very difficult and slow at times.

Some people come in to our career centers just to need quick re-tool. They want to get their resumes done. They want to know how to look for work, because they have been in the job market for 15 years, and it is a new way of looking for work, and we can do that without having to put them into core, and intensive, and then training.

The other thing, in California, we are working on an integrated service delivery model that would allow us to move people quickly into talent development, rather than having to go through universal services, then staff-assisted, core, and then into intensive.

Everybody that comes in meets with the job coach immediately. The pilots are being run in 12 local areas around the state, and we are waiting for the results at the end of this program year.

Mrs. BIGGERT. Why was that put into the three tier, that they had to go through? I mean, what would be the pros for keeping that?

Mr. LANTER. I am not sure what the pros would be. At the time that the law was written, my understanding is that it was not meant to be—it was meant to be a work-first model and not a training model. And then, as we got into this, we kind of realized, hey, people need to be trained as job change and industries change.

Mrs. BIGGERT. Okay. Because it seems like it wastes a lot of time, because when people really need to get back into the workforce, they have to spend the time with that.

Secretary Vito?

Ms. VITO. I am not sure I have much to add that hasn't already been said, expect that the National Governors Association strongly endorses the concept of removing the sequence of service. It is clearly important, in terms of creating the intervention that is most appropriate to the individual coming through the workforce system. So we are in favor—

Mrs. BIGGERT. Would that also allow, then, more people to be in the system, that—

Ms. VITO. That is correct. I think that is true. I mean, if we do an upfront assessment of individuals, for some individuals, the core and intensive services are not going to be appropriate because they really need to be in literacy and occupational training right from the start.

Mrs. BIGGERT. Thank you.

Then, Mr. Lanter, one of the other issues that came up in the previous panel was the size of the board. And it has been suggested or I had heard from my community colleges that they would like very much to have a representation on the WIA board. Do you have community colleges on your boards?

Mr. LANTER. Yes. In Contra Costa County, we do have community colleges. Every board has an educational representative on it. The California Workforce Association would support allowing local

areas to be able to define their own key stakeholders. How that occurs, we would have to work through.

But currently, many boards in California have community colleges. We also have started over the last month a meeting between the State Association of Workforce Development and the California Community College Association of Occupational Educators, which is a community college state association, to work to see how we can really leverage the vocational training that the community college system provides and the one-stop career centers.

Mrs. BIGGERT. Do you think that the boards are too big?

Mr. LANTER. I do think the boards are too big.

Mrs. BIGGERT. Thank you.

Anybody else like to comment on that?

Ms. RAYNOR [continuing]. We don't have a specific recommendation on the number, but would recommend that there be balance in the composition of the board, especially balance between business and labor.

Mrs. BIGGERT. Okay, thank you.

And I yield back.

Chairman HINOJOSA. Thank you.

I want to ask my first question to Kevin Smith. Do you think the Department of Education and Department of Labor should coordinate on sponsoring some of the pilot projects specifically designed to merge literacy and workforce training?

Mr. SMITH. Absolutely. As you know, the Title II of the Workforce Investment Act did not benefit by the economic recovery stimulus bill. That means, Mr. Chairman, that the capacity of the adult education system to respond to the recovery WIA Title II—or Title I recovery program is even more stretched.

So I would strongly recommend and encourage that Labor and Education coordinate their plans and their programs. And Labor has the money, with—for Title I adult dislocated workers, and I think there already is, in just the few days I have spent here in D.C. with the Workforce Alliance, there is a sense of need for the workforce system to align with the Title II, the adult education providers to coordinate those programs at the ground level.

It is clearly the departments, both at the federal and state levels, have to have conversations, as well, to coordinate.

Chairman HINOJOSA. Well, I am looking forward to possibly having a joint committee hearing by Department of Labor and Department of Education coming before us and that we can have those experts and possibly the secretaries address all of this, because it is so important that we have a very strong reauthorization of WIA that will carry us the next 6 years, that I like the response that you gave.

I want to yield the balance—I mean, I want to yield back my time and recognize for 5 minutes the gentleman from Colorado, Congressman Jared Polis.

Mr. POLIS. Thank you, Mr. Chairman.

This question is primarily addressed to Mr. Smith. If anybody else would like to comment, I would love to have a discussion.

The share of individuals who are English-language limited proficiency that received training services has decreased significantly

in the last decade. Ten percent of exiters from the adult program in 2000 were limited English proficiency, 3.8 percent in 2008.

Clearly, this is not in relation to the need. I mean, the need has not gone down 60 percent for English-language services. So what are the barriers that are in getting in the way of blending occupational training with adult programs and ESL? Clearly, adult literacy and ESL are allowed uses through AEFLA of WIA.

How can, through reauthorization, can we support the development of more programs that integrate adult education and ESL with occupational training?

Mr. SMITH. Thank you, Mr. Polis.

It is simply an issue of capacity. Our organization, 40-affiliate-program strong, serving all of upstate New York and Long Island, are constantly dealing with the dynamic between the need of native-born adults with low literacy skills and adults with English—for speakers of other language.

Right now—and I have watched over the 26 years that I have been doing this in my program, that the ESOL population, at least for our network, is now up to 60 percent of our service. So, in fact, they have increased in percentage of service, but the overall number of people served has dramatically decreased.

So when you look at the large numbers of people over time, we decreased our capacity to serve, but I think we have increased, at least from my perspective, the service to ESOL. It is a capacity issue.

Mr. POLIS. And how can we ensure that there is access to WIA Title II state grants for community-based organizations that might specialize within that area of adult literacy and ESL, be they libraries or literacy programs run by nonprofits or churches, et cetera?

Mr. SMITH. Well, thank you, also, for that question. And as I have—that is specifically my area of concern and where I have—where we have struggled.

We have been successful in New York, ever since the Adult Education Act was amended way back in 1978 by our senior senator, in accessing funds in terms of to community-based organizations that allowed—that amendment allowed that.

We have watched our federal support go up and go down over time. We are in New York State, one of the few states that has received consistently federal dollars, until very recently changes in the law, how the distribution of funds—

Mr. POLIS. So I think what you are saying—the framework works. It is just the funding—it is just a matter of funding?

Mr. SMITH. I think it is. I think, again, it is a capacity issue. As there are fewer dollars available, LEA school districts, community colleges get the lion's share of the money, and the rest trickles down. And if there is no trickle-down, we don't get it.

Mr. POLIS. So there is—so you are saying that the current—the way that it has been run effectively allowed community partnerships, libraries, churches, et cetera, you partnered in some of that—

Mr. SMITH. There was specific direct and equitable access to all of those sector providers. How direct is pretty simple and operating well. Equitable, we need some work on defining what that means.

Mr. POLIS. Thank you.

I yield back the balance of my time.

Chairman HINOJOSA. Thank you.

I am going to try to bring this to a close and ask this question of Ms. Raynor. In your remarks, you recommend WIA fund job priority sectors, but for how long, in terms of years? And who will agree on those sectors as being more important than others?

Ms. RAYNOR. That is an excellent question. Perhaps I will answer the second part of the question first.

Chairman HINOJOSA. Okay.

Ms. RAYNOR. It seems to me that decisions concerning training priorities, sector prioritization are best made at the local level, because that is where folks really have a handle on the economic landscapes, what the job demand looks like now, what it will look like in the future.

So, for example, in Washington State we know that we currently have 60,000 homecare aid aides working in Washington State, all across Washington State, and we know that that demand is going to increase, of course, as the baby boomers age.

We also know we have a nursing shortage all across Washington State. If even 5 percent of homecare aides advanced along a career pathway into nursing, we would really make a dent in our nursing shortage in Washington. So I think those decisions are best prioritized at the local level.

And for how long? I don't know if I have an answer for how long, except that it seems that the sectors approach is a smart way to match training to jobs at the end of the line.

Chairman HINOJOSA. I have to agree with you. The acute shortage of nurses is throughout the land. Deep south Texas was spending—we saw where hospitals were spending millions of dollars going out to different countries, Canada, Philippines, India, many, many countries trying to recruit nurses.

And we have made a concerted effort to try to get those programs funded and taking folks who have possibly—who are what we call underemployed, making below the national poverty level, and taking them out of those jobs and training them to become 2-year associate degree nurses. And still we have not been able to fill that acute shortage.

So these programs that you are referring to are extremely important. And being that we have, again, so many different nationalities, individuals who are working here and have limited English proficiency makes it that much more challenging.

So we want to continue talking to your organizations, getting all the recommendations that you all can provide us, and allow me to try to bring this to a conclusion.

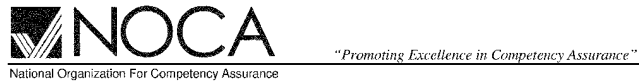
I have to say that this has been very informative, and I can assure you that we are going to make a strong effort to go outside of Washington and have field hearings so that we can get more folks who can't come to Washington to give us their recommendations that we can do the best job we can to reauthorize WIA.

Again, I wish to thank everyone on the second panel, as I did the first panel, for coming to join us in this hearing. And I want to thank the members of the subcommittee who participated in this very informative session.

As previously ordered, members will have 14 days to submit additional materials for the hearing record. Any member who wishes to submit follow-up questions in writing to the witnesses should coordinate with majority staff within the requisite time, without objection.

And this hearing is adjourned.

[Additional materials submitted by Mr. Miller follow:]



Statement for the Record

Submitted by
James Kendzel
Executive Director,
National Organization for Competency Assurance (NOCA)

To the
Subcommittee on Higher Education,
Lifelong Learning, and Competitiveness
Committee on Education and Labor
U.S. House of Representatives
Washington, DC

Regarding its Hearing on
*New Innovations and Best Practices Under the Workforce
Investment Act*
February 26, 2009

Right now, three-quarters of the fastest-growing occupations require more than a high school diploma... And so tonight, I ask every American to commit to at least one year or more of higher education or career training. This can be community college or a four-year school; vocational training or an apprenticeship. But whatever the training may be, every American will need to get more than a high school diploma.

– President Obama, Address to Joint Session of Congress, February 24, 2009.

Introduction

On behalf of the National Organization for Competency Assurance (NOCA), an international association representing organizations that grant occupational certifications, I am pleased to provide the Subcommittee with our views on the reauthorization of the Workforce Investment Act (WIA).

What is Certification?

The certification of professional and occupational skill sets affirms the importance and measurability of a knowledge and experience base for practitioners in a particular field, their employers, and the public at large. Certification represents a measurable demonstration of a particular individual's professional competence. In some professions certification is a requirement for employment or practice. In other professions and occupation, certification is a means of demonstrating mastery over skill sets and competencies required by the work place or consumers. In all instances, certification enhances the employability and career advancement of the individual practitioner or employee.

A certification is generally developed when an industry or profession is able to identify a "fundamental body of knowledge for the profession. There should be a relatively stable, expert-identified, peer-reviewed, objective, consensual set of tasks, activities and understanding that identifies what individuals in the profession do."¹

The benefits of certification include:

- A more productive and highly trained workforce for employers
- Higher wages and a competitive edge for workers
- Consumer confidence and safety through verification of competence
- Protecting the general public from incompetent and unfit practitioners
- Establishment of professional standards for individuals in a particular field.
- Assisting consumers in making informed decisions about qualified providers
- Assisting employers in making more informed hiring decisions

Numerous occupations, such as doctors, nurses, accountants, and physical therapists, require a license to practice the profession at the state level. Certification is distinct from licensure in that it is voluntary and frequently requires recertification to maintain the currency of the credential. Recertification frequently takes the form of continuing education and testing. Recertification provides a reaffirmation of competency assurance by ensuring the certificant is up to date with the latest training techniques, research and methods for a particular field.

¹ John E. Kasper, Ph.D., CAE, *To Certify or...Not to Certify?*, Forum Magazine (January 2009), 28.

WIA Reauthorization Should Recognize Importance of Certification

NOCA recommends including information about occupational certification and licensure opportunities as a core service available through One-Stop employment and training career centers. NOCA also recommends including certification and licensure in the scope of services offered through the One-Stop system.

The Department of Labor launched its CareerOneStop² website several years ago. This user-friendly website allows job seekers to easily search for certification options in a number of different fields and professions. NOCA recommends that Congress continue to encourage the expansion of this valuable tool by providing resources to allow DOL to raise awareness about the site to workers as well as career development professionals.

In 2003, both the Senate and the House passed different versions of WIA reauthorization. NOCA supported the Senate version of the WIA reauthorization (S. 1021) in particular as it included provisions calling for a national study of the benefits of earning an occupational certification. The results of the study were to be presented to Congress and were required to include recommendations designed to promote the acquisition of occupational certifications. We recommend that this committee include a similar provision when reauthorization is written as a national study would provide quantitative evidence of the value of certifications to the workforce. A third provision would require states to determine if training programs would lead to industry certifications. The measure also authorized 10 pilot projects designed to create a "system of industry-validated national certification of skills" targeting the high tech and homeland security sectors.

NOCA was instrumental in ensuring these provisions were put into the 2003 Senate bill and again strongly supports the inclusion of similar language in the reauthorization. To the high technology and homeland security pilot projects, however, we would add certifications that would help build or expand our nation's investments in an electronic healthcare infrastructure and that advance the green technology and energy independence sectors.

Occupations in emerging green technologies are projected to continue to grow. With recent federal investments towards retrofitting buildings for energy efficiency and new investments in solar, geothermal, and wind energy, trained workers will be necessary to fully implement these policies. "Green jobs exist, and are growing, in a range of industries and at every skill and wage level. Many are in the skilled trades: manufacturing, construction, operation and maintenance, and installation. Most are 'middle-skill' jobs, requiring more education than a high school diploma, but less than a four-year degree. Some are a bridge to high-skill professional jobs or entrepreneurial opportunities; others are perfect entry level or transitional jobs for urban residents looking for a pathway out of poverty. In short, green jobs are the kind of family-supporting jobs that once anchored the American middle class, but in the industries of the future: industries like wind turbine manufacturing, solar panel installation, energy efficiency retrofits, and green building."³ The U.S. Green Building Council, the nation's leader in developing green construction standards, is a member of NOCA and offers several occupational certifications in green technologies.

² <http://www.careeronestop.org/>.

³ *Green Collar Jobs in America's Cities: Building Pathways Out of Poverty and Careers in the Clean Energy Economy*, Apollo Alliance, Green for All with the Center for American Progress, and the Center on Wisconsin Strategy (March 13, 2008). Available at: http://www.americanprogress.org/issues/2008/03/green_collar_jobs.html.

Certification Leads to Better Jobs and Better Wages

Many organizations in today's challenging economy have recognized their workforce as their most valuable asset. Likewise, as President Obama stated in his February 26 joint address to Congress, individuals recognize that now more than ever before they must acquire and maintain more comprehensive skill sets to ensure their own attractiveness and ability in the workplace.⁴

Certification offers a meaningful and direct pathway to re-employment for many individuals eligible for assistance through the One-Stop system. Certification may be a part of the training for specific job skills required in local markets. Including information about the vast array of credentials available to job seekers when they visit One-Stops is an excellent way to assist individuals in obtaining new work and possibly better career opportunities. In many instances, securing a voluntary credential will be the quickest and most effective means for an individual to achieve re-employment.

The value of acquiring an occupational certification is underscored in the existing data. Research conducted by the American Board of Nursing Specialties (ABNS) (a NOCA member) "document[s] a high level of agreement among certified nurses, non-certified nurses and nurse managers that certification is greatly valued among nurses."⁵ Respondents to the ABNS survey revealed that some of the incentives their employers offer to promote and recognize nursing certifications include the reimbursement of exam fees, a listing of their credential on nametags and/or business cards, and receiving reimbursement for continuing education.⁶ Other surveys indicate that certification results in higher wages for credentialed employees, as well as bonuses.⁷ The data help career counselors point job seekers towards certification as a means to new job opportunities.⁸

Certification programs whose prerequisites and requirements displaced workers may quickly access—like those in the green technology movement—would enable those workers to move back into gainful employment and possibly enhanced career opportunities. Certification of one's specialized skills learned from years on the job may well be one of the quickest pathways to reemployment.

In many instances, an occupational certification does not require a four-year college degree. College is an expensive and time-consuming undertaking which may not represent a viable alternative for all job seekers. Persons who do not wish to pursue a bachelor's degree can pursue viable and rewarding careers in such fields as medical transcription, automotive mechanic, and medical assisting, among many others. These professions, as well as others, can open up a rewarding career path with excellent pay and opportunities for advancement for many individuals. Examples of occupations not requiring a baccalaureate degree include:

⁴ See also Su Bacon, "Setting Strategy: Earning professional credentials has many benefits for businesses," *Kansas City Star* (Jul. 2, 2007), available at <http://www.kansascity.com/business/story/174730.html>.

⁵ *Value of Certification Executive Summary*, American Board of Nursing Specialties (May 2006), 4. Available at http://www.nursingcertification.org/pdf/executive_summary.pdf.

⁶ *Ibid.*

⁷ *Poll Indicates Certified Workers Earn More*, press release, Sept. 5, 2003. Available at: <http://www.noca.org/pdfs/09/poll%20results.doc>. See also *CertMag's 2006 Salary Survey*. Available at http://www.certmag.com/articles/templates/CM_gen_Article_template.asp?articleid=2479&zoneid=223.

⁸ *12 Money-Making Certifications to Boost Your Career*, Yahoo! HotJobs. Available at: http://hotjobs.yahoo.com/career-articles-12_money_making_certifications_to_boost_your_career-653.

- **Court reporters.** This profession remains in high demand. According to the National Court Reporters Association, 81% of those holding the Registered Professional Reporter (RPR) certification say their professional designation is important to them.⁹ Court reporters earn close to \$64,000 annually on average.¹⁰
- **Crane operator.** The Bureau of Labor Statistics lists the annual mean salary for crane operators as \$42,940.¹¹ Most states require crane operators to have a certification obtained from an accredited certification body.
- **Automotive technician.** According to the National Automotive Technicians Education Foundation, automotive technicians receiving the ASE certification can earn \$60,000 or more per year. Positions such as automobile technician, autobody technician, truck technician, and parts specialist are in high demand across the nation.
- **Medical transcriptionist.** According to the American Association of Medical Transcription, the volume of dictation requiring transcription continues to grow; however, the availability of qualified medical transcriptionists has not grown at the same rate. This is an excellent career, offering a competitive annual salary. BLS statistics indicate the mean annual wage in 2006 for a medical transcriptionist is \$30,660.¹²
- **X-ray technician.** There continues to be a demand for trained professionals in healthcare. X-ray technicians can expect to earn a mean annual wage of over \$51,000 according to BLS statistics.¹³

These are just a small sampling of the occupations available to dislocated workers, new workforce entrants, and others seeking meaningful employment and living wages, who may choose not to go on to pursue a 2 or 4 year degree. Occupational certification is in most instances an affordable retraining option for many workers. A voluntary survey conducted by NOCA indicated the average cost of certification tests is \$350.¹⁴

The certification industry is also recognizing the changing face of the American workforce. While the United States has always been a nation of immigrants, U.S. Census figures indicate that the number of persons who speak a language other than English at home increased from 31.8 million in 1990 to 47 million in 2000.¹⁵ In addition, while some immigrants enter the United States with high quality training and education, others lack advanced skills and will need to obtain training in order to advance in the workforce.

Certification bodies are adapting swiftly to meet the needs of America's changing workforce. For example, many certification boards are administering their coursework and examinations in languages other than English. Credentialing examinations for numerous occupations are now administered on a global scale. A 2006 survey of NOCA member organizations revealed that over 50% of respondents administer their exams in countries other than the United States and that 37% of respondents translate their exams into languages other than English.¹⁶

⁹ See <http://ncraonline.org/certification/certification/pr/default.htm>.

¹⁰ See <http://ncraonline.org/NCRA/pressroom/AboutCourtRep/>.

¹¹ <http://www.bls.gov/oes/2007/may/oes537021.htm>.

¹² See <http://www.bls.gov/oes/current/oes319094.htm>.

¹³ <http://www.bls.gov/oes/2007/may/oes292034.htm>.

¹⁴ *Average Certification Exam Fee Tops \$350*, press release, May 20, 2004. Available at:

http://www.noca.org/portals/0/exam%20fee_header.pdf.

¹⁵ See Hyon B. Shin with Rosalind Bruno, "Language Use and English-Speaking Ability: 2000." U.S.

Census Bureau (Oct. 2003). Available at: http://www.census.gov/prod/2003pubs/c2kbr_29.pdf.

¹⁶ *NOCA International Staff Summary Report*, National Organization for Competency Assurance (Oct. 20, 2006). Not available online.

Certification bodies are also in full compliance with the Americans with Disabilities Act, thus allowing persons with disabilities to earn certifications with reasonable accommodation that does not compromise the validity or reliability of the testing process.

About the National Organization for Competency Assurance (NOCA)

NOCA, the oldest and largest organization representing certification agencies, testing companies, consulting firms and individuals involved in professional certification, was created in 1977 as the National Commission for Health Certifying Agencies (NCHCA) with federal funding from the Department of Health and Human Services. Its mission was to develop standards for quality certification in the allied health fields and to accredit organizations that met those standards. With the growing use of certification in other fields, NCHCA's leaders recognized that what is essential for credible certification of individuals in the healthcare sector is equally essential for other sectors. With this vision, NCHCA evolved into the National Organization for Competency Assurance. NOCA is a non-profit, 501(c)(3) organization, committed to serving the public interest by ensuring adherence to standards that ensure the highest competence of certification programs.

NOCA's membership is composed of more than 400 organizations responsible for certifying specific skill sets and knowledge bases of professions and occupations at the national and international level. Through certification, NOCA members represent more than 6 million individuals around the world and include certification programs of some 150 professions and occupations, including 60 healthcare professions. NOCA members certify individual skills in fields as diverse as construction, healthcare, automotive, and finance. A current roster of NOCA members is included in the appendix.


NOCA also brings the expertise of its internationally recognized accrediting arm, the National Commission for Certifying Agencies (NCCA). NCCA uses a peer review process to evaluate adherence to its standards by certification programs and grants accreditation to those programs that have met those standards. These standards exceed the requirements set forth by the American Psychological Association and the U.S. Equal Employment Opportunity Commission and thus help to protect the health, safety, and welfare of the public. NCCA is the national accreditation body that provides this service for private certification organizations in all disciplines.

Conclusion

The nation's growing numbers of unemployed are desperate to get back to work in an occupation that allows them to support themselves and their families. Improving the prospects for reemployment into new career opportunities represents the core of the Workforce Investment Act. Individuals, whether employed or self-employed, know that now more than ever before they must acquire and maintain more comprehensive skill sets to ensure their own marketability and competence in the workplace.

Certification represents an excellent pathway to employment opportunities for workers in all areas in the economy. It also serves as an important assurance for employers and the general public that individuals have attained the necessary skill sets to provide the services or carry out the scope of their employment. We hope that the Subcommittee will recognize the important role that certification has to play in the Workforce Investment system.

Respectfully Submitted,



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APPENDIX

NOCA Organizational Members

[AAACE International](#)
[Academy of Ambulatory Foot and Ankle Surgery](#)
[Academy of Applied Personal Training Education](#)
[Academy for Certification of Vision Rehabilitation and Education Professionals](#)
[Academy of Lactation Policy and Practice](#)
[Accrediting Bureau of Health Education Schools](#)
[Accreditation Council for Accountancy and Taxation](#)
[Advocis](#)
[Aerobics and Fitness Association of America](#)
[American Academy of Nurse Practitioners](#)
[American Academy of Personal Training](#)
[American Academy for Pet Practitioners](#)
[American Academy of Young Management](#)
[American Association of Colleges of Nursing](#)
[American Association of Critical-Care Nurses Certification Corporation](#)
[American Association of Medical Transcription](#)
[American Association of Medical Assistants](#)
[American Association of Medical Assistants Specialists](#)
[American Association of Physician Specialists](#)
[American Association of Poison Control Centers](#)
[American Association for Respiratory Care](#)
[American Board of Audiology](#)
[American Board of Cardiovascular Perfusion](#)
[American Board for Certification in Orthotics, Prosthetics, and Pedorthics](#)
[American Board of General Dentistry](#)
[American Board of Genetic Counseling](#)
[American Board of Industrial Hygiene](#)
[American Board of Lower Extremity Surgery](#)
[American Board of Multiple Specialties in Podiatry](#)
[American Board of Nursing Specialties](#)
[American Board for Occupational Health Nurses](#)
[American Board of Opticianry](#)
[American Board of Registration of Electroencephalographic and Evoked Potential Technologists, Inc.](#)
[American Board of Surgical Assistants](#)
[American Board of Transplant Coordinators](#)
[American Certification Agency for Healthcare Professionals](#)
[American Chiropractic Board of Sports Physicians](#)
[American Chiropractic Neurology Board](#)
[American Chiropractic Registry of Radiologic Technologists](#)
[American Clinical Board of Nutrition](#)
[American College of Sports Medicine](#)
[American College of Veterinary Ophthalmologists](#)
[American Construction Inspectors Association](#)
[American Council on Exercise](#)
[American Culinary Federation](#)
[American Fitness Professionals and Associates](#)
[American Health Information Management Association](#)
[American Hospital Association Certification Center](#)
[American Institute of Certified Public Accountants](#)
[American Indoor Air Quality Council](#)
[American Manual Medicine Association](#)

American Medical Massage Association
 American Medical Technologists
 American Military Certification Board
 American Nurses Credentialing Center Commission on Certification
 American Occupational Therapy Association
 American Optometric Association Commission on Paragonometric Certification
 American Organization for Bodywork Therapies of Asia
 American Pavlov Association
 American Phlebotomy Association
 American Physical Therapy Association
 American Registry for Diagnostic Medical Sonographers
 American Registry of Magnetic Resonance Imaging Technologists
 American Registry of Radiologic Technologists
 American Society for Association Executives
 American Society for Metabolic and Bariatric Surgery
 American Society for Clinical Pathology
 American Society of Anesthesia Technologists and Technicians
 American Society of Military Comptrollers
 American Speech-Language-Hearing Association
 American Veterinary Chiropractic Association, Inc.
 American Veterinary Medical Association
 APICS - The Association for Operations Management
 Aquatic Exercise Association, Inc.
 Architectural Woodwork Institute
 Art Therapy Credentials Board
 ASIS International
 Association of Certified Anti-Money Laundering Specialists (ACAMS)
 Association of Christian Alcohol and Drug Counselors
 Association of College and University Housing Officers International
 Association for Death, Education, and Counseling
 Association for Financial Professionals
 Association of Government Accountants
 Association for Investment Management and Research
 Association of Regulatory Boards of Optometry
 Association of State and Provincial Psychology Boards
 Association of Social Work Boards
 Association of Surgical Technologists, Inc.
 Association of Water Technologies, Inc.
 Axion Resource Management, Inc.
 Behavior Analyst Certification Board
 Biofeedback Certification Institute of America
 Board for Certification in Clinical Anaplastology
 Board for Certification of Addiction Specialists
 Board for Orthotist/Prosthetist Certification
 Board of Canadian Registered Safety Professionals
 Board of Certification for Emergency Nursing
 Board of Certification in Professional Ergonomics
 Board of Certification of Medical Illustrators
 Board of Certified Safety Professionals
 Board of Environmental, Health & Safety Auditor Certifications
 Board of Pharmaceutical Specialties
 Board of Registered Polysomnographic Technologists
 Brenning Institute
 California Association for Alcohol and Drug Educators
 California Association of Alcoholism and Drug Abuse Counselors (CAADAC) and the California Certification Board of Alcohol and Drug Counselors (CCBADC)

[California Association of Drinking Driver Treatment Programs](#)
[California Association of Community Managers, Inc.](#)
[California Certification Board of Chemical Dependency Counselors](#)
[California Certifying Board for Medical Assistants](#)
[California Contractors State License Board](#)
[California-Neways Section, American Water Works Association](#)
[California Water Environment Association](#)
[Canadian Alliance of Physiotherapy Regulators](#)
[Canadian Board for Respiratory Care, Inc.](#)
[Canadian Chiropractic Examining Board](#)
[Canadian Council of Human Resources Associations](#)
[Canadian Council of Professional Engineers](#)
[Canadian Nurses Association](#)
[Center for Credentialing and Education](#)
[Certification Board for Music Therapists](#)
[Certification Board for Radiology Practitioner Assistants](#)
[Certification Board for Sterile Processing and Distribution](#)
[Certification Board for Infection Control and Epidemiology](#)
[Certification of Disability Management Specialists Commission](#)
[Certified Financial Planner Board of Standards, Inc.](#)
[Certified Fund Raising Executive International](#)
[Certified General Accountants Association of Canada](#)
[Certified Mine Safety Professional Certification Board](#)
[Certifying Board for Dietary Managers](#)
[Chartered Realty Investor Society](#)
[Child Life Council](#)
[College and Association of Registered Nurses of Alberta](#)
[College of Massage Therapists of Ontario](#)
[College of Medical Laboratory Technologists of Ontario](#)
[College of Medical Radiation Technologists of Ontario](#)
[College of Occupational Therapists of Ontario](#)
[College of Opticians of Ontario](#)
[College of Physiotherapists of Ontario](#)
[College of Respiratory Therapists of Ontario](#)
[Commission for Case Manager Certification](#)
[Commission for Certification in Geriatric Pharmacy](#)
[Commission on Dietetic Registration of the American Dietetic Association](#)
[Commission on Graduates of Foreign Nursing Schools](#)
[Commission on Rehabilitation Counselor Certification](#)
[Competency and Credentialing Institute](#)
[Compliance Certification Board](#)
[Cooper Institute](#)
[Council for Accreditation in Occupational Hearing Conservation](#)
[Council on Certification of Health, Environmental, and Safety Technologists](#)
[Council on Certification of Nurse Anesthetists](#)
[Council on Licensure, Enforcement and Regulation](#)
[Council on Professional Standards for Kinesiotherapy](#)
[Crane Institute of America Certification, Inc.](#)
[Crane Operator Certification Authority](#)
[CSI Global Education Inc.](#)
[Defense Activity for Non-Traditional Education Support](#)
[Dental Assisting National Board](#)
[Department of Environment and Labor, Province of Nova Scotia](#)
[Entertainment Technician Certification Program \(ETCP/ESTA\)](#)
[Esthetic Skin Institute](#)
[Examination Board of Professional Home Inspectors](#)

[Financial Planners Standards Council](#)
[Financial Planning Standards Board](#)
[Financial Planning Association of Australia](#)
[FITour](#)
[Florida Certification Board](#)
[Florida Nursery, Growers & Landscape Association](#)
[Hand Therapy Certification Commission, Inc.](#)
[The Healing Oasis Wellness Center](#)
[Healthcare Financial Management Association](#)
[Healthcare Information and Management Systems Society](#)
[Healthcare Quality Certification Board](#)
[Herman & Wallace Pelvic Rehabilitation Institute](#)
[Human Resource Certification Institute](#)
[Human Resources Professionals Association](#)
[IEEE](#)
[Illinois Department of Financial & Professional Regulation](#)
[Infocomm International](#)
[International Medical University of Natural Education \(IMUNE\)](#)
[Indian Alcoholism Commission of California](#)
[Infusion Nurses Certification Corporation](#)
[Institute of Business and Finance](#)
[Institute for the Certification of Pharmacy Technicians](#)
[Institute of Hazardous Materials Management](#)
[Institute of Internal Auditors](#)
[Institute for Supply Management](#)
[International Accounts Payable Professionals, Inc.](#)
[International Air Filtration Certifiers Association](#)
[International Alliance for Fitness Professionals](#)
[International Association for Colon Hydrotherapy](#)
[International Association of Eating Disorders Professionals](#)
[International Association of Healthcare Central Service Material Management](#)
[International Board of Lactation Consultant Examiners](#)
[International Executive Housekeepers Association, Inc.](#)
[International Fitness Association](#)
[International Fitness Professionals Association](#)
[International Foundation for Retirement Education](#)
[International Lactation Consultant Association](#)
[International Society of Arboriculture](#)
[International Society for Clinical Densitometry](#)
[International Social Events Society](#)
[International Society for Performance Improvement](#)
[Investment Management Consultants Association](#)
[Irrigation Association](#)
[ISA](#)
[Joint Commission on Allied Health Personnel in Ophthalmology](#)
[Kessler, Dvek and Associates](#)
[Lanaze International](#)
[The Lash Association for Safety and Health](#)
[Mad Dogg Athletics](#)
[Marketing Research Association](#)
[Massachusetts Association of 766 Approved Private Schools](#)
[Michigan Institute for Health Enhancement](#)
[Mountain Measurement](#)
[NAA Education Institute](#)
[NAADAC - The Association for Addiction Professionals](#)
[National Academy of Sports Medicine](#)

National Accrediting Commission of Cosmetology Art and Science
National Alliance Wound Care
National Association of Boards of Pharmacy
National Association of Certified Valuation Analysts
National Association of College Stores
National Association of Forensic Counselors
National Association of Legal Assistants
National Association for Health Professionals
National Association of Medical Staff Services
National Association of Mortgage Brokers
National Association of the Remodeling Industry
National Association of Social Workers
National Association of State Contractors Licensing Agencies
National Asthma Educator Certification Board, Inc.
National Athletic Trainer's Association Board of Certification
National Board of Certification for Community Association Managers, Inc.
National Board for Certification in Dental Laboratory Technology
National Board for Certification in Hearing Instrument Sciences
National Board for Certification of Hospice and Palliative Nurses
National Board for Certification of Orthopaedic Technologists
National Board for Certification in Occupational Therapy
National Board for Certification of Orthopedic Physician Assistants
National Board for Certified Counselors
National Board of Chiropractic Examiners
National Board of Examiners in Optometry
National Board of Nutrition Support
National Board of Orthotics, U.S.
National Board for Professional Teaching Standards
National Board for Respiratory Care
National Board of Surgical Technology and Surgical Assisting
National Business Aviation Association
National Center for Competency Testing
National Certification Board for Diabetes Educators
National Certification Board for Therapeutic Massage and Body Work
National Certification Commission for Acupuncture and Oriental Medicine
National Certification Corporation for the Obstetric, Gynecologic, and Neonatal Nursing Specialties
National Commission on Certification of Physician Assistants
National Commission for Health Education Credentialing
National Commission for Certification of Continuing Medical Education Professionals
National Commission for the Certification of Crane Operators
National Concrete Masonry Association
National Contact Lens Examiners
National Cooperative of Health Networks Association
National Council for Interior Design Qualification
National Council for Therapeutic Recreation Certification, Inc.
National Council of Architectural Registration Boards
National Council of Examiners for Engineering and Surveying
National Council of State Boards of Nursing, Inc.
National Council on Strength and Fitness
National Credentialing Agency for Laboratory Personnel
National Dental Hygiene Certification Board
National Enrichment Teachers Association
National Examining Board of Opticians
National Exercise and Sports Trainers Association (NESTA)
National Exercise Trainers Association (NETA)
National Federation of Professional Trainers

[National Fitness Professionals Association](#)
[National Healthcareer Association](#)
[National Indian Civil Warfare Association](#)
[National Institute for Automotive Service Excellence](#)
[National Institute for Certification in Engineering Technologies](#)
[National Kitchen and Bath Association](#)
[National League for Nursing](#)
[National Occupational Competency Testing Institute](#)
[National Recreation and Park Association](#)
[National Registry of Emergency Medical Technicians](#)
[National Registry of Food Safety Professionals](#)
[National Strength and Conditioning Association \(NSCA\) Certification Commission](#)
[Nephrology Nursing Certification Commission](#)
[North American Board of Certified Energy Practitioners](#)
[North American Registry of Midwives](#)
[North Carolina Substance Abuse Practice Board](#)
[Nuclear Medicine Technology Certification Board](#)
[Oasis Certification & Competency Board](#)
[Oncology Nursing Certification Corporation](#)
[Ontario College of Pharmacists](#)
[Ontario College of Social Workers and Social Service Workers](#)
[Optometric Photographers' Society, Inc. Board of Certification](#)
[Pediatric Nursing Certification Board](#)
[Performance Testing Council](#)
[Petraflex Training International](#)
[Pharmacy Examining Board of Canada](#)
[Pharmacy Technician Certification Board](#)
[PHT Pilates](#)
[Pilates Method Alliance, Inc.](#)
[Professional Development Solutions, LLC](#)
[Professional Landcare Network](#)
[Psychiatric Rehabilitation Certification Program](#)
[Radiology Coding Certification Board](#)
[Registry of Interpreters for the Deaf, Inc.](#)
[Rain Bird Services Corporation](#)
[School Nutrition Association](#)
[Society of Actuaries](#)
[Society of American Foresters](#)
[Society of Cable Telecommunications Engineers](#)
[Society of Certified Senior Advisors](#)
[Society of Permanent Cosmetic Professionals](#)
[Society of the Plastics Industry](#)
[Society of Tribologists and Lubrication Engineers](#)
[Software Engineering Institute](#)
[Southern California Crane and Hoisting Certification Program](#)
[Tire Industry Association](#)
[Top Tier Personal Trainer Certification](#)
[Transportation Professional Certification Board, Inc.](#)
[Turnaround Management Association](#)
[UCSD - Center for Criminology, Addiction Research, Training, and Application \(CCARTA\)](#)
[Universal Public Purchasing Certification Council](#)
[U.S. Green Building Council](#)
[Veterinary Hospital Managers Association](#)
[The Wedding Planning Institute](#)
[Wound, Ostomy, and Continence Nurses Certification Board](#)

Prepared Statement of Hon. John Baldacci, Chairman, Jobs for America's Graduates Board of Directors

First, let me thank you for your continuing interest in the work of Jobs for America's Graduates as one of the nation's largest and most successful programs for helping very high-risk youth succeed both in school and on the job.

We very much appreciated the time you took to meet with Ken Smith, President for Jobs for America's Graduates, and myself several months ago, when there was consideration for the reauthorization of the Workforce Investment Act, to learn more about the 28 year track record of success having served over 600,000 of our nation's most at risk and disadvantaged young people.

As you may recall, the results have been most consistent and compelling. The latest across the 30-state JAG National Network include:

- Graduation Rate: 93.6 percent
- Positive Outcome Rate: 82.7 percent (12 months after leaving school)

- Job Placement Rate: 60.0 percent
- Full-time Jobs Rate: 67.4 percent
- Full-time Placement Rate: 89.8 percent (jobs, colleges, the military or some combination)
- Higher Education Rate: 45% (the highest ever)

Here in Maine, the JAG program is, by far, the most effective and most valuable program we have for serving this high-risk population. Despite the very difficult economic issues we face, we continue to expand the program because it makes such an enormous impact, both educationally and economically, in our state.

The Workforce Investment Act provides approximately one-third of all the funding that finances the JAG program across the 30-state JAG National Network.

State and local Workforce Investment Boards invest in JAG because, in almost every case, JAG programs exceed the performance standards for youth by convincing margins. It is also one of the cost effective uses of WIA funds.

As you consider the reauthorization of the Workforce Investment Act we urge your consideration of these key issues from our standpoint.

1. Eligibility: One of the most costly aspects in utilizing WIA funds is the often massive amount of paperwork, time, and energy required to try to prove that young people are poor in order to qualify for JAG programs. As you well know, WIA today has a separate eligibility compared to other programs that seek to determine the same economic standing. Easily, 10 percent—or in some cases as much as 20 percent—of the costs of the program are tied up in trying to “prove poverty”. We believe that a far better use of the resources would be in serving more young people and by utilizing the same eligibility requirements for the free or reduced-priced lunch program satisfactory for WIA eligibility. A significant increase in the investment in young people through WIA will occur with this simple change.

2. In-school versus out-of-school youth: It is our understanding that a significant issue is the amount of WIA funds that would be set aside for “in-school” versus “out-of-school” youth. This is not an easy decision, since both populations urgently need the kinds of services that WIA—and JAG—can provide. We believe that, in the end, prevention is far more effective and less costly than the remediation of a high school dropout while one who is unemployed.

Therefore, we urge that the majority of the funds be made available for serving high-risk, academically disadvantaged youth in school, while still investing a significant amount in serving high school dropouts.

3. Long-term funding: We strongly support the inclusion of much larger scale funding for at risk and disadvantaged youth at levels similar to those in the Stimulus Package. We understand the stimulus funding will expire in two years. Given the enormous impact that the recession is having on our young people—unemployed by a factor of three times more than that of the general population—we urge that the higher level of sustaining funding be included in the reauthorization. WIA is one of the only sources of funding at either the federal or state level to serve this rapidly growing part of our population. A population that, if we intervene now with the kinds of results that Jobs for America’s Graduates is able to achieve, we will dramatically change the long term costs while equally dramatically increasing the lives and futures of our young people.

The reauthorization of the Workforce Investment Act is a vitally important piece of legislation that will drive programs, and state and local policies, for years to come. We stand ready to help in any way that we can in the consideration of this legislation. Please don’t hesitate to contact me directly with any questions you may have, given the critical importance of WIA to our organization and to my own state of Maine.

I know that my colleagues on our Board of Directors, including five other Governors, two Chief State School Officers, and leaders from some of America’s best-known businesses (listed on our letterhead) would be more than pleased to join in the discussions.

Ken Smith, the President of Jobs for America’s Graduates, and our staff will be in touch with yours to answer any questions and to offer the lessons we have learned over the past 28 years on how to most effectively serve this at-risk population.

[Additional submissions of Mr. Guthrie follow:]

CWA Priorities for Workforce Investment Act Reauthorization

Workforce investment is a critical policy issue for California and the nation. It is perhaps the only policy area that directly links the ability of California companies

to compete, the ability of communities and regions to retain and grow key industries, and the opportunity for working people to develop the skills needed to prosper in a changing economy. California's future depends on the development of comprehensive workforce investment systems, appropriately aligned at the federal, state, and local levels and flexible enough to reflect the diversity of each Workforce Investment Area's social, ethnic, and economic conditions.

The federal Workforce Investment Act (WIA) was enacted and implemented during a period of relative economic growth, allowing California's 50 local Workforce Investment Boards (WIBs) to invest in building the infrastructure for a comprehensive "One-Stop" delivery system. Local areas progressed significantly toward strengthening private-sector leadership; streamlining multiple programs; setting long-term, proactive policy that enhances the competitiveness of local and regional industries; and developing unique local initiatives, programs, and partnerships.

California now faces a new set of economic challenges in crisis proportions, challenges that have already strained this new infrastructure. With adequate WIA resources and strategic statutory fine-tuning through the reauthorization of WIA, many of these challenges can be addressed and California's economy strengthened.

It is no surprise that surveys of California's business leaders continue to cite the lack of a trained workforce among the most significant cost drivers for California businesses.¹ At the same time, business investment in skills training is declining in California and is nearly nonexistent among small businesses, which employ over 50% of the state's workforce. Finally, reports show that 90% of job growth in California over the next 5 years will occur in industries where ongoing skills training will be critical for maintaining competitiveness.

The Workforce Investment Act provides the foundation through its system of Workforce Investment Boards and One-Stop career centers to fully address the workforce needs of all companies, both large and small. After four years of implementing the 1998 law in local communities, much has been learned about what works and also about what can be done statutorily to better focus the system envisioned by Congress. Reauthorization of WIA presents an important opportunity to make strategic adjustments

Over 1,000 businesses on 50 local Workforce Investment Boards throughout California have spoken. Their thoughts and those of their One-Stop partners are reflected in the following recommendations for Congress and the Administration to consider for reauthorization of the Workforce Investment Act of 1998. Through the California Workforce Association, these 50 WIBs represent 10% of this country's workforce investment system funding in a state that represents 13% of the national economy. Our recommendations fall within three broad categories:

- Strengthen Business as Customer and Business Leadership
- Align Resources and Accountability to the Needs of Customers and the Goals of WIA
- Clarify and Strengthen Federal, State, and Local Roles

Strengthen Business as Customer and Business Leadership

Why is this important? Both the message and promise of the Workforce Investment Act (WIA) is that business is a primary customer. As the economy continues to evolve, and a trained, high skilled workforce becomes more critical to the success of business, it is essential that the public workforce investment system has the capacity to provide the product businesses need. In order to do this, local Workforce Investment Boards and their One-Stop system networks need guidance, tools, support, and incentives in the law.

Current Status: California's network of local Workforce Investment Boards (WIBs) and its One-Stop service delivery system have progressed significantly in establishing products and services for the business community throughout the State. Much of this has been done as a result of urging by the private sector leadership of WIBs and encouragement of state and federal agencies. Unfortunately, there are a number of impediments within the Workforce Investment Act that hamper working with business in the community and engaging private sector leadership on the WIBs.

What we have learned:

- WIA's performance measures have a strong tendency to drive the activities and direct the limited resources. Without performance standards specifically focused on services to business, local One-Stops have little incentive to develop those services.
- Most local WIBs cobble together funding for business services through a combination of adult, dislocated worker, and rapid response funding. Services to busi-

¹ 12th Annual Business Climate Survey, California Business Roundtable, California Chamber of Commerce

nesses are needed for these programs, as well as for youth programs. Specific allowable activities written into WIA and the ability to use any funding stream for business services would substantially increase those services in California.

- Even in recessionary times, over 90 percent of the workforce is employed; to be relevant to business, the workforce development system must target skill acquisition and career advancement for those workers.

- Businesses value employed worker training for skill acquisition and customized training as two of the most critical and important services. These services should be better defined, more broadly allowed, and encouraged in the law.

- Sequence of services (also described as “work first”), as mandated in the law, require training opportunities to be some of last services provided, and, therefore, limit employer access to WIA trained workers. Greater flexibility in the sequence of services will provide greater opportunity to train workers.

- When properly engaged, business participates and influences the development of the local workforce, as envisioned by the authors of WIA. However, the mandated minimum size of local boards is often counter-productive to fostering private sector participation that focuses on outcomes and systems change. Greater flexibility in membership and responsibility will allow for much greater local business participation.

- Business members of local WIBs seek integrated business solutions as well as integrated approaches to community needs, not just targeted services as provided through WIA Title I. The effectiveness of business leadership in local workforce investment would be enhanced if local WIBs had planning and oversight authority over all WIA Titles, in addition to Title I.

Recommended Changes and Amendments to WIA:

- States, in consultation with WIBs and local elected officials, shall develop performance measures for services to business. Incentives for performance will be established.

- Business services activities are allowable and encouraged under Adult, Dislocated Worker and Youth funding.

- Employed worker training is allowable and encouraged under Adult, and Dislocated Worker funding.

- The following is a list of allowable activities for services to business. Allowable activities may include (but are not limited to):

- All phases of recruitment services, from general open postings to referring prescreened candidates

- Business seminars and classes offered in partnership with Small Business Development Centers, Economic Development Organizations, Chambers of Commerce and other business organizations

- Interview and meeting facilities

- Rapid Response Services

- On-the-Job and Customized Training opportunities

- Training for incumbent workers

- Job Fairs

- Information brokers providing information on HR Issues, labor laws, licensing, permitting and economic development

- Linkages with economic development

- Business to business referrals

- Labor Market Information

- Assessment for job preparedness

- Work Readiness Certificates—designed by the local WIB and industry

- Performance consultation

- Business services marketing

- Economic development data preparation

- Business incubation services

- Other business services not inconsistent with this Act

- Every WIB must have a private sector majority and be chaired by a private sector member. WIBs, in negotiation with Local Elected Officials, shall have discretion over the additional membership of the WIB.

Align Resources and Accountability to Needs of Customers and Goals of WIA

Why is this important? The common needs and interests of our two sets of customers—businesses and job seekers—are employment opportunities, skill acquisition, and career advancement. With the current economy, business requires a higher level of service with a broader range of solutions for their workforce needs. Job-seekers, too, are demanding higher levels of services. Although the spirit and intent of WIA focus on the capacity of the system to deliver these sets of products and

services, certain provisions of the law impede One-Stop Career centers and WIBs from fully meeting our customers' requirements.

Current Status:

Employment. In California, thousands of businesses recruiting workers and millions of job seekers have used One-Stop centers. Despite the fact that clients of most One-Stop partners benefit from the provision of core (universal) services, these services have largely been provided through WIA Title I funding.

Skill Acquisition. The transition from a limited/targeted client base under the former Job Training Partnership Act (JTPA) to "universal access" for core services to all citizens under WIA has been a success. But providing these core services to virtually anyone who wants them is costly and has reduced the resources available for funding training for those who need it. The simple fact is that within WIA Title I, there is insufficient funding to both provide universal service and provide training for those in need. In addition, the requirements of the system are so restrictive that many other training funds are not being used. Finally, given the current, narrowly focused WIA language, skill acquisition for employed workers, an increasingly important business-driven service, is difficult to provide.

Career Development. WIBs and their partners throughout California are beginning to focus efforts on sectoral approaches to the needs of industry sectors, working with partners to understand and define career ladders and paths of progression through a set of occupations. A set of allowable activities and funding resources would encourage and strengthen this important work, thereby increasing our business effectiveness.

What we have learned:

- WIA legislation significantly increased the adult population to be served from economically disadvantaged and/or dislocated workers under the JTPA program to the nation's entire labor force. However, the funding levels for WIA are comparable to JTPA. The assumption implicit in WIA that One-Stops would be funded through multiple funding streams would have meant that additional resources would be brought into the system. A One-Stop survey conducted by the State EDD found that less than 30% of the resources supporting the One-Stops come from required partners.² Because there has not been significant additional funding, and due to their own funding restrictions, many One-Stop partner agencies simply cannot finance or support core services. With the greatest share of funding coming from WIA Title I to support the One-Stop system, WIA training resources have all but been eliminated.

- The "work first" sequence of services prescribed in WIA limits customer choice for both job seekers and employers. Particularly in a weak economy, it is clear that many people seeking work need skill enhancement. Requiring a sequence of services limits One-Stops' ability to appropriately target services to individuals.

- Current income-based eligibility requirements in youth programs arbitrarily exclude at-risk youth who would most benefit from services. This exclusion impedes establishment of comprehensive systems for all youth, such as the All Youth—One System approach as adopted by the California Workforce Investment Board (CWIB) and many of the 50 WIBs' Youth Councils. Additionally, the requirement that 30% of the Youth funds be spent on Out of School Youth is too prescriptive for every area in a state as diverse as California.

- Current WIA performance measures do not capture the relevant information needed to aid strategic planning and continuous improvement for the workforce development system. They are not easily understood by business, don't align with business needs, are not timely, and do not measure service to business. The measures do not capture all of the participants, and focus too much on job placement and too little on progress toward self-sufficiency.

- The variations among different agencies' performance measures and requirements, including the multiple reporting requirements and inconsistent definitions of success among partners, and the need to measure both system-wide success as well as good performance in WIA Title I funded programs, present serious obstacles to aligning local service delivery among partners. In addition, the administrative difficulty of collecting performance data undermines access to and delivery of services and discourages partner participation in WIA.

²The One-Stop Career Center System Survey, California Employment Development Department, December 2001

Recommended Changes and Amendments to WIA:

- Workforce Investment Boards may transfer funds from one title to another—Adult, Dislocated Worker and Youth—based on needs identified in the local labor market.
- Individuals may be enrolled into core, intensive or training services depending on the needs of the customer and the local labor market.
- WIBs have the authority to waive income eligibility requirements for youth based on local needs and priorities, including for youth with barriers to employment or at risk of dropping out of school.
- If funding other than WIA Title I is made available to the local One-Stop systems for core, intensive or training services, requirements for the use of those funds are to be waived, and the requirements of Title I shall be applied.
- Performance standards should be streamlined to a minimum of relevant, timely, and meaningful measures.
- Authorizing legislation of each federally mandated partner program should include specific language adding funding, over and above their existing funding levels, for financial contribution to the One-Stops.
- Additional mandated activities, including but not limited to the assumption of the WIA 167 program, will not be required without appropriate funding.
- A Local Innovation Fund shall be created and used at the discretion of Local WIBs for such purposes as innovative business outreach, local marketing, labor market and economic research, community audits, and coordinated local planning. Funds shall be earmarked from each federal required partner's funding stream and formula-allocated to local Workforce Investment Areas for the purposes of the Local Innovation Fund.

Clarify and Strengthen Federal, State, and Local Roles

Why is this important? To meet the challenges mentioned above, California needs a comprehensive workforce development system, aligned at the federal, state, and local levels, one that leverages the resources, missions, and capacities of currently disparate programs and services. No single program, agency, or level or government can do it alone. If effective coordination is to occur and duplication of efforts is to be avoided, local, state, and federal roles must be clearly and appropriately defined.

Current Status:

Local areas have made significant progress over the last few years in building local partnerships and aligning systems and resources. Unfortunately, existing federal and state administrative restrictions have limited the success of this effort. California's system of workforce investment would be better served and substantially improved if there was greater coordination at the state level among the state departments and agencies that administer federal workforce development funds.

State, federal and local partnerships have been important for the success of WIA to date. As an example, many statewide workforce development efforts have been effective in addressing key needs such as the state's nursing shortage, moving teachers into classrooms, and building the capacity of the state's youth councils through its Youth Council Institute. However, greater coordination and consultation with the 50 WIBs is needed to align statewide initiatives with local economic and workforce investment planning and the local infrastructure of service delivery.

What we have learned:

- Business members of WIBs value and contribute to locally driven workforce investment efforts tied to local economic development efforts. More state or federal control would threaten private sector engagement in the workforce development system. Private sector WIB members believe that they need even more authority, resources and discretion to establish and nurture on-going relationships with economic development activities in local communities.
- Discretionary funds used to address statewide workforce development issues would be more effective if the local workforce systems were always used as the local coordinating and planning mechanism for statewide efforts. In California, Governor's discretionary funding has been allocated to local agencies without coordination with or even notification to the WIB. This approach is not the best strategy to encourage WIB engagement in workforce systems building and in fostering collaboration.
- Better utilization by states of the waiver authority provided in WIA could have greatly enhanced the ability of local workforce areas to serve clients.

Recommendations:

Below are the appropriate roles for each level of government.

FEDERAL

- Provide clear and timely guidance
- Provide training, technical assistance, and general capacity building for the national system
- Fund research on national and international workforce development issues
- Collect and demonstrate innovative practices around the nation
- Fund innovative initiatives
- Make federal partner funding work together in the One-Stops
- Coordinate the various training and employment program efforts through the WIA One-Stop delivery system

STATE

- Earmark funds for building capacity in the One-Stops and incentives for innovative initiatives
- Make other state funded programs support One-Stops
- Utilize existing waiver authority to remove barriers to improve local service delivery to business and job seekers
 - Institute a bottom-up approach through local WIBs for understanding local needs and the disbursement of Governor's Discretionary funds
 - Invest in real-time labor market information
 - Develop statewide plans
 - Develop common reporting systems across state partner programs
 - Encourage local and regional initiatives that support the strategic growth of industry clusters
- Certify local WIB composition

LOCAL

- Appoint membership to WIBs
- Certify One-Stops
- Engage the local community in developing local plans
- Approve all grant recipients
- Manage fiscal resources
- Oversee and evaluate all programs
- Certify proposals for Governor's Discretionary WIA projects
- Determine priority of service
- Advocate for/with business
- Create local performance measures that make sense for desired outcomes
- Provide LMI intelligence

[Additional submission of Mr. Scott follows:]

Why GAO Did This Study

Since the Workforce Investment Act's (WIA) enactment in 1998, GAO has issued numerous reports that included recommendations regarding many aspects of WIA. These aspects include performance measures and accountability, funding formulas and spending, one-stop centers, and training, as well as services provided to specific populations, such as dislocated workers, youth, and employers. Collectively, GAO studies employed an array of data collection techniques, including surveys to state and local workforce officials and private sector employers; site visits; interviews with local, state, and Department of Labor (Labor) officials; and analyses of Labor data and documents. This testimony draws upon the results of these reports, issued between 2002 and 2008, and discusses issues raised and recommendations made. Specifically, this testimony addresses (1) progress made by Labor in addressing areas of concern, particularly related to GAO recommendations for action, and (2) what steps Labor has taken to ensure an understanding of what works and for whom in addressing the needs of workers and employers.

Workforce Investment Act

Labor Has Made Progress in Addressing Areas of Concern, but More Focus Needed on Understanding What Works and What Doesn't

What GAO Found

Labor has made some progress addressing earlier concerns regarding performance measurement and the accuracy of performance data, but issues with funding remain.[0] The move to common measures helps provide a more complete picture of

WIA services and may encourage services to challenging clients. With regard to such clients, Labor has chosen not to systematically adjust expected performance levels to account for different populations and local economic conditions, as recommended.[0] Labor has made strides in improving the accuracy of performance data by requiring states to conduct data validation efforts. And, it has made progress in states' ability to share data for tracking WIA performance, securing the participation of all but one state in the Wage Record Interchange System.[0] Labor is also moving ahead with plans to implement an enhanced data reporting system that would, for the first time, allow Labor and states to track an individual's progress through the one-stop system.[0] While progress has been made with regard to performance data, ensuring that funding is consistent with the demand for services and reflects funds states have available remains an issue.[0] Statutory formulas have caused wide fluctuations in the funding states receive, particularly under the Dislocated Worker program. In addition, Labor has chosen not to consider states' obligations when estimating their available funds, as recommended.

To date, Labor has been slow to comply with the requirement to conduct impact evaluations of its programs and activities carried out under WIA. In 2004 and 2007, we recommended that Labor comply with the requirements of the law and conduct an impact evaluation of WIA services to better understand what services are most effective for improving outcomes. In its fiscal year 2008 budget, Labor identified a WIA assessment as an effort the agency would begin, and it has since initiated two studies. One, a nonexperimental study, is now complete, and officials expect to publish the results in March 2009. The other uses a random assignment experimental design, and will not be completed until June 2015. To address what Labor perceived as shortcomings in the one-stop service delivery system, Labor developed three separate discretionary grant initiatives to focus on the employment and training needs of high-growth, high-demand industries and awarded almost \$900 million for these initiatives. However, Labor will be challenged to assess their impact given methodological issues related to outcome data. Moreover, Labor does not plan to include them in the assessment of the impact of WIA services because the initiatives have their own evaluations.

[Additional submissions of Ms. Vito follow:]

SOCIAL, ECONOMIC AND WORKFORCE PROGRAMS DIVISION

Aligning State Workforce Development and Economic Development Initiatives*

Executive Summary

Driven by the rapidly changing, highly competitive global economy that puts a premium on skilled workers, many states are taking steps to better align their workforce and economic development programs. When these programs are well-aligned, economic development officials work closely with their counterparts in workforce development to ensure that both long-term planning and current recruitment and expansion efforts take into account the skills of the region's workforce and the workforce development systems capacity to train additional workers. Similarly, workforce development professionals work closely with economic development officials and employers to ensure that their training and job placement efforts are designed to meet the skill needs of regional industries—especially those viewed as key to future economic growth.

In pursuing this alignment, states are confronted with the challenge of two systems that operate very differently, with workforce programs historically targeted to individuals and funded primarily through federal funds, and economic development focused on business with state and local funding. The different funding streams add a level of complexity to differences among governance and planning structures, performance and reporting requirements, and geographic focus areas. Complicating matters are very distinct institutional cultures: people in the workforce system are trained in the helping professions, while economic developers see themselves as “deal makers.” Overcoming these challenges is not easy; it requires persistent leadership from officials at all levels, but particularly the governor.

This issue brief examines the reasons governors undertake such efforts, the challenges involved, and several promising state practices that highlight the critical role of governors. Some governors have merged agencies or created new coordinating bodies. Others have established common missions, goals, and performance meas-

*This Issue Brief was written by Mark Troppe, National Center on Education and the Economy, with Stephen Crawford and Martin Simon, NGA Center for Best Practices.

ures. Still others have pursued economic and workforce development strategies, such as cluster-based initiatives and regional skill alliances, that by their nature promote collaboration. Their efforts point to several basic lessons for states that are considering the alignment of workforce and economic development.

- Complete a candid assessment of the status quo as the essential first step in determining appropriate actions.
- Evaluate the positive and negative aspects of each reform option (including restructuring versus other alternatives) and create a sequence of decisions based on the current state of affairs.
- Strengthen the quality of the economic and workforce information available to decisionmakers by revamping the data collection, analysis, and dissemination systems.
- Organize economic and workforce development activities around regions and groupings of firms to improve labor market performance.
- Use financial incentives and administrative actions to resolve the administrative and jurisdictional differences between economic and workforce development.
- Set broad performance measures across multiple workforce programs so they align with state economic goals.

Background

Traditionally, economic and workforce development agencies, and the professionals who staff them, have gone their separate ways. Economic development agencies focused on mobilizing the state and local resources needed to achieve business recruitment or expansion deals. Workforce development agencies focused on administering a “second-chance” system of federal employment and training programs. With the emergence of a knowledge-based economy, however, it became evident that economic development requires a skilled, innovative, and flexible workforce. The severe “skill gaps” that appeared in the 1990s showed that workforce development is about much more than assisting the unemployed and disadvantaged; it also is about producing a workforce with the skills that employers need if they are to succeed in a rapidly changing and highly competitive global economy. It became clear that economic development and workforce development are two sides of the same coin, and therefore their strategies and activities needed to be aligned.

When economic and workforce development are well-aligned, economic development officials work closely with their counterparts in workforce development to ensure that both long-term planning and current recruitment and expansion efforts take into account the skills of the region’s workforce and its capacity to train additional workers. Similarly, workforce development professionals work closely with economic development officials and employers to ensure that their training and job placement efforts are designed to meet the skill needs of regional industries—especially those viewed as key to future economic growth.

Such collaboration requires a level of mutual trust that takes time to develop. Trust can be nourished through committed leadership, shared missions, joint planning and reporting, and shared performance measures. Building a trusting relationship can include other approaches, such as joint staffing of governance bodies and merged research teams, jurisdictional alignments, and regional and sectoral strategies.

Yet, genuine alignment goes further than mutual consideration and assistance. When their agencies are fully aligned, economic and workforce development officials work together to create a common vision for the regional economy and its various parts that transcends employment to include innovation and entrepreneurship. They develop a unified set of goals spelling out this vision and an integrated strategy—with common performance measures and shared incentives—for achieving them.

Such advanced alignment is rare, especially at the state level, in part because states are just beginning to work at alignment and in part because it is not easy to accomplish. The quip that “economic developers are from Mars and workforce developers are from Venus” speaks to real differences in occupational cultures and institutional settings that complicate alignment efforts. A growing number of governors are taking steps to overcome the obstacles because they are concerned about their states’ ability to compete in a knowledge-based global economy, increasingly aware that workforce quality is critical for economic development and job creation, and committed to making better use of resources in tight fiscal times.

Obstacles and Challenges

For economic and workforce developers to collaborate effectively, each party must understand the very different operational contexts in which they operate. For several decades, the publicly funded workforce system operated under strict eligibility requirements that provided services almost exclusively to economically disadvan-

taged and unemployed persons. This severely limited the programs' usefulness to economic developers. Although the Workforce Investment Act has provided more flexibility for working with different customers, including employed workers and employers, it takes time to change long-engrained habits, and longer yet to change the program's reputation.

Complicating matters are two very different institutional cultures. Economic developers frequently have a business background and view themselves as "deal makers." They tend to focus on companies as their primary customer, helping them with real-estate development, financing, and water or sewer infrastructure issues. They excel in putting together funding packages using multiple local, state, federal, and private resources from a variety of programs and agencies.

In contrast, workforce system staffs typically were trained in the helping professions and saw individuals as their primary client. Only in recent years have they taken a more demand-driven approach that addresses individual needs in the context of the needs of a company, industry, or regional economy.

Another ongoing difference between most economic and workforce developers is the source of their funding. While workforce agencies depend on the federal government for the vast majority of their funding, most economic development activities are funded by state and local governments. Differences among funding streams create tensions because each funding source has its own policy, reporting, and performance requirements.

To fulfill diverse and varied missions, workforce and economic development organizations typically seek to meet these requirements based on guidance from different governance boards or councils, which use different tools and engage in different planning processes that cover different geographic areas and adhere to different schedules. The responsible program officials collect data on different performance indicators that are submitted to different oversight authorities via different reporting processes. This "silo" approach occurs despite the often considerable overlap among the issues addressed and strategies outlined in the individual plans and initiatives.

Governance Solutions to Alignment

Overcoming the alignment barriers—both structural and cultural—does not happen naturally or easily. It takes creative and persistent leadership from officials at many levels, and most critically the governor. Only governors have the authority and influence to reorganize departments, redefine missions, undertake major strategic initiatives, or reallocate state government's resources. Only governors are in a position to bargain with the legislature if necessary. Once governors decide to act, the key question is how best to achieve the desired results.

One governance approach to promoting greater alignment of economic and workforce development is to consolidate multiple workforce and economic development agencies and programs into one department under a single commissioner or secretary. Another approach uses mechanisms, such as mini-cabinets, that facilitate "structured coordination" among existing agencies.

Consolidation

In theory, consolidation is a fairly straightforward way to align workforce and economic development. It typically involves merging similar agencies and programs into a single existing department or creating a new department with programs pulled from other agencies. In practice, it is usually more challenging. It can consume a great deal of time and energy due to the resistance and maneuvering of those affected. Legislators and advocacy groups may get involved, causing the governor to expend political capital in the process.

In addition, the results of reorganization often are quite disappointing. Employees sometimes spend considerable time figuring out their new roles and responsibilities, old habits can persist under new arrangements, and long-lamented silos may continue, only now within the same department. This is especially likely when the agencies opposed the consolidation and are as culturally different as economic and workforce development.¹

Despite these challenges, organizational consolidation can produce many benefits and lasting change that justify the effort, such as unified authority and its potential

¹In *The Price of Government*, David Osborne and Peter Hutchinson go further, suggesting that "simply moving boxes on an organization chart can actually make matters worse, increasing costs while sowing confusion that hampers performance." They recommend "consolidat[ing] funding streams and 'steering' authority, so steering (policy) organizations can purchase results from any 'rowing' organizations—public or private—that can best produce them. See *The Price of Government: Getting the Results We Need in an Age of Permanent Fiscal Crisis* (Basic Books, 2004), p.13-14.

for ensuring more coordinated planning, implementation, and evaluation. In addition, consolidating agencies can break up dysfunctional bureaucracies and send strong signals about new directions and expectations. The difficulty of achieving consolidation discourages subsequent political leaders from reversing direction. Because it makes intuitive sense, it is difficult to justify returning to agencies reflecting programmatic silos.

Several states have consolidated agencies and departments, usually by executive order. As far back as 1995, Texas consolidated 24 workforce programs scattered across 10 agencies into one new agency, the Texas Workforce Commission (TWC). Within this framework, the Texas Workforce Solutions emerged, a partnership among TWC, 28 local Workforce Development Boards (WDBs), service providers, and other stakeholders.

TWC allocates federal funds through annual contracts with the WDBs to provide services in five programs: Temporary Assistance to Needy Families (TANF), Workforce Investment Act (WIA), Food Stamp Employment and Training, Child Care and Development Fund, and Welfare to Work. TWC also contracts with local boards to operate the Trade Adjustment Assistance program and Project RIO (Re-integration of Offenders) and to locally manage Wagner Peysers staff, who remain state merit staff. This gives WDBs the opportunity to manage a broader set of funding streams and program requirements. Later, an Office of Employer Initiatives was established in the TWC to coordinate with the Governor's Office of Economic Development and ensure that the training needs of industry sectors are served. Coordination between workforce and economic development was further strengthened when the Department of Economic Development was moved to the Governor's Office through legislation enacted by the legislature and signed by Governor Rick Perry.

Former Missouri Gov. Mel Carnahan and Oklahoma Gov. Brad Henry also consolidated their states' various employment and job-training programs and moved them into the economic development agency. In Missouri, Gov. Carnahan placed the resulting division of workforce development in the Department of Economic Development and Commerce under a sub-cabinet appointee.

Gov. Henry moved the Oklahoma Employment Security Commission (OESC)—the primary agency responsible for administering WIA programs—under the Cabinet of the Secretary of Commerce to work more closely with the business recruitment team. In part, this realignment involved local one-stop centers and employment offices and personnel who serve as initial contact points and action agents for the state's economic development efforts. A newly appointed deputy secretary of commerce for workforce development oversees the effort and reports directly to the DOC Secretary. The deputy secretary also directs the Governor's Council for Workforce and Economic Development, established by Gov. Henry to serve as the state's reconstituted WIB. The council is supported by the Workforce Solutions Staff Team, created when the Governor asked workforce department heads to designate senior executives to support the council and align department objectives and resources with economic development.

Other states have gone still further, including several that created new, consolidated departments. In 2003, after four years of restructuring efforts that included a governor's mini-cabinet and a transition team that managed the final merger, Minnesota Gov. Tim Pawlenty established a single Department of Employment and Economic Development. That same year, Michigan Gov. Jennifer Granholm created by executive order a consolidated Department of Labor and Economic Growth, and saw to it that the state's workforce investment and economic development boards shared members.

In 2004, the Idaho legislature passed and Gov. Dirk Kempthorne signed legislation creating a combined workforce and economic development agency, the Department of Commerce and Labor. As an outgrowth of the merger, the state held a joint meeting of economic and workforce development leaders to refine goals for better integration of economic and workforce development services. In addition, the one-stop and former job service offices added the full spectrum of economic development, community development, and related services to the menu of services in the new agency's service centers.

Kansas Gov. Kathleen Sebelius included higher education in the alignment of workforce and economic development. In January 2004, she issued an executive order that transferred WIA, Wagner Peysers, and adult education funds for employment and training from the Department of Labor to the Department of Commerce (DOC). The connection with community colleges was strengthened through a partnership with the Kansas Board of Regents, which cofunded an executive position with DOC to oversee the partnership.

Structured Coordination

Some governors are tackling the governance challenge by developing mechanisms to improve coordination among economic and workforce development agencies. For example, jobs cabinets are mini-cabinets that coordinate and focus state efforts to attract and retain good jobs. Typically they operate within the existing agency structures and are charged with bringing focus and resources from across agency lines to achieve some common objectives. Tennessee's Department of Economic and Community Development administers a Jobs Cabinet and Gov. Phil Bredesen chairs its meetings. In Ohio, Gov. Bob Taft's policy director has hosted monthly meetings of the relevant cabinet directors to promote mutual understanding.

Other states have developed additional mechanisms for promoting the desired alignment. Virginia former Gov. James Gilmore moved the state's WIA programs from the Department of Health and Human Services to the Department of Commerce and Trade, and current Gov. Mark Warner appointed a Governor's Special Advisor for Workforce Development to forge a system that meets the needs of workers and employers. Florida created Workforce Florida, Inc. (WFI), a corporate entity that oversees the Florida Agency for Workforce Innovation, with strong leadership from the legislature. Representatives from WFI sit on the state economic development board, Enterprise Florida, Inc., and the board's representatives sit on WFI.

In Florida, WIBs control not only WIA funding, but TANF and Wagner Peyser funds as well. Each local board has signed a memorandum of understanding with the state. The state employs career service employees and Veterans Reps, who are paid with Wagner Peyser funds but work under the day-to-day supervision of local WIB managers. Funding for salaries and benefits stays at the state level, where payroll is managed, but all other funding comes down to the regional WIBs.

In Pennsylvania, Gov. Edward Rendell appointed a deputy secretary of workforce development in the state's Department of Labor and Industry to oversee alignment issues among five agencies: Aging, Education, Community and Economic Development, Labor and Industry, and Public Welfare. In Massachusetts, Gov. Mitt Romney's cabinet-level Executive Office of Economic Development (EED) oversees four departments: business and technology, workforce development, labor, and consumer affairs and business regulation. The directors of all four departments within the EED are members of the Governor's cabinet.

Missouri merged its workforce development agencies into the Department of Economic Development, but also formed a team among the departments of Economic Development, Labor and Industrial Relations, and Social Services that led to the creation of nine task forces to examine specific issues and make recommendations for better aligning and coordinating their activities. State officials point to impressive results, including significant savings in administrative costs and substantially higher rates of job placement and retention. Sometimes such planning is part of a more comprehensive assessment of the state's economic and social policies.

It is important to note that such structured coordination can complement as well as substitute for consolidating programs and agencies. No organizational structure is sufficient to efficiently address the multitude of issues and populations that come and go without effective coordination across agencies. Governors need to promote such coordination, whether through ad hoc and temporary bodies or more permanent ones.

Strategies and Tactics to Achieve Greater Alignment

To align economic and workforce development, reorganizing governance structures is often helpful, but it is neither necessary nor sufficient. Strategies and tactics are needed to align the everyday activities of state and local economic and workforce development officials, one-stop career center operators, community college leaders, and other key personnel. Three strategic approaches show special promise: focusing on specific industries and occupations, joint planning and information management, and integrated performance management.

Segmenting the Market by Industry and Occupation

A common criticism of job training programs has been that they did not train workers to meet the real needs of local employers. Often as a result, workers lack the skills they need to qualify for existing jobs, while employers have difficulty filling vacant positions, especially in high-skill, high-growth occupations and industries.

A growing body of research suggests that the most practical way to match supply and demand is to organize communications between skill providers and skill consumers according to some subsegment of the broader universe of employers. Some of this segmentation happens anyway, but states are finding that they can promote improved labor market performance by organizing their own economic and work-

force development efforts around particular occupations, industry sectors, or clusters of employers with common characteristics (e.g., members of a supply chain or companies in a specific stage of growth, such as start-up firms or at-risk companies). The National Network of Sector Partners recently published a paper¹¹ on sector-responsive state policy models that identifies the following common elements.

- Combining economic development goals with workforce development goals by targeting specific industries that are critical to the state or regional economy, and analyzing the workforce needs in those industries.
- Encouraging and sometimes providing incentives for the development of partnerships among multiple stakeholders such as employers, education and training providers, workforce boards, philanthropic organizations, and organized labor.
- Investing in helping employers within those industries to prepare their workforce to become more skilled and productive, and also in preparing new, dislocated, or disadvantaged workers for jobs in those industries.
- Supporting a variety of solutions to meet employer and worker needs, in addition to traditional workforce training, such as business services, supervisory training, and supportive services or ESL training for disadvantaged clients.
- Encouraging regional collaborations that cross traditional workforce and economic development boundaries or link traditional education and training systems.
- Including accountability measures that enable the state to ensure that the investments are producing the intended outcomes.

Several states have launched initiatives that exemplify this sectoral approach. Typically, these efforts are regional in geographic scope rather than statewide or local, reflecting the regional nature of labor markets. Indeed, one of the helpful steps that state leaders can take is to align economic and workforce development jurisdictions around the same regional labor markets.

Michigan's Regional Skills Alliances are public-private partnerships that convene key stakeholders in a particular industry to address the employers' workforce needs. The conveners of such partnerships can come from various institutions, including industry associations, labor unions, workforce boards, and community colleges. They mobilize the various stakeholders and facilitate the needs assessment, planning, and implementation of the sector initiative. Activities include examining, designing, and implementing improvements to the sector's human-resource practices; realigning training curricula; and addressing such nonworkplace issues as transportation. In 2004, the state invested \$1.05 million to foster the development of 12 alliances, with no single grant exceeding \$100,000. The state also offers direct technical assistance to each alliance.

Washington's Skill Panels, initiated by the Governor and State Legislature, are public-private partnerships of business, labor, and education working together through regional alliances to improve the skills of workers in industries vital to Washington. Industries see the skill panels approach as a successful model, providing leadership, innovation, and solutions to grow and keep a competitive workforce. The state workforce investment board provides funding to each skill panel, which leverages additional financial support from other public and private sources.

The industry skill panels continuously examine the workforce needs of the industries they serve. Panels push for change and recommend new training programs where none existed before. They demand more training capacity when there are not enough graduates to meet the industry's needs. They press for modernized training for the industry's current workforce. They demand that public training budgets are strategically used. They support economic development initiatives aimed at building industry competitiveness.

Industry skill panels increasingly influence Washington's workforce development system. Effective industry skill panels allow private enterprise to contribute intellectual and financial resources to ensure both workers and employers stay competitive. Community colleges are responding to employer needs with more flexible, higher quality training. They are expanding and creating more modular courseware options, providing additional weekend and evening classes, offering greater numbers of distance learning opportunities, and improving their systems in numerous other ways. As a result, participants in the workforce development system are better trained and prepared for industries' skill demands.

New York State officials decided five years ago to invest WIA discretionary funding in helping local areas meet specific business needs in important industry sectors. They launched a series of initiatives incrementally, building on lessons learned in each step. The state funded projects to understand and support career ladders,

¹¹Marano, Cindy and Dexter Ligot-Gordon. From food Processing to Fabricating Metals: a Profile of Manufacturing Sector Initiatives Across the Country, Oakland, CA: National Network of Sector Partners, 2004.

targeting key industries that use developing technologies such as information technology, biotechnology, and nanotechnology.

New York created Building Skills in New York State (BUSINYS) to provide process-improvement training that helps employees reduce production costs and increase efficiencies through processes such as lean manufacturing and six sigma. More than \$20 million has been awarded to businesses of all sizes, with a significant number of awards going to small and emerging businesses. The state also initiated Accelerate New York to help companies in key industries with business planning—after state economic development officials observed that businesses’ incumbent-worker training funding requests often did not demonstrate a strategic approach to training or take advantage of the opportunity to use the training to advance overall company objectives.

Oregon Governor Ted Kulongoski, as part of his initiatives to create and maintain jobs in the state, implemented an incumbent worker training project, the Employer Workforce Training Fund. The fund was specifically designed to increase the coordination among workforce, education and economic development entities at the local level.

Funds are awarded directly to employers for training their workforce. Projects are selected and managed by a Workforce Response Team (WRT) in each of Oregon’s fifteen regions. Required membership on the WRTs includes the WIA Title IB provider, the state employment department, the community college, and local and state economic development entities. Besides assisting local employers in creating and maintaining jobs, the funds have provided an incentive for economic development, workforce development and education to work together on real projects. This has resulted in a growing awareness among economic development practitioners on the importance of workforce development and education and more demand-side thinking on the part of the workforce development and education partners.

Joint Planning and Information Management

Because of the myriad sources of federal and state funds, the varied planning requirements that accompany the funds, and the different agencies, elected officials, and jurisdictions responsible for them, planning efforts often occur independently from one another. Aligning planning efforts provides a practical opportunity for states to focus multiple resources on priorities agreed upon by the Governor and other state leaders.

Illinois Gov. Rod Blagojevich designated 10 Economic Development Regions to develop individual “Opportunity Returns” economic development plans. As part of Opportunity Returns, the Critical Skills Shortage Initiative is designed to establish local WIB-led coalitions that identify key industry sectors, collect and analyze information about shortages in key occupations, determine root causes and solutions, and develop proposals to test and implement solutions that leverage existing resources.

Using WIA discretionary funds, the Illinois Department of Commerce and Economic Opportunity awards \$3 million in planning grants to these coalitions on a noncompetitive basis and \$15 million in total training grants on a competitive basis to those that submit the best plans. In the first year, the training grant funds 100 percent of the cost of activities authorized under WIA. Grants are renewable for a second year to fund up to 50 percent of costs, with each region expected to secure funds from other sources to make up the difference and continue without any state funds in subsequent years.

Indiana Gov. Mitch Daniels is pursuing a strategy similar to the Illinois approach, with the major exception of asking the U.S. Department of Labor for a waiver to create a single state-designated WIB (plus an Indianapolis WIB). Under this single state WIB, Indiana will designate regional workforce boards with greater flexibility and accountability. In the process, the state proposed consolidating 16 local WIB areas into 11 regions that correspond with economic development and community college boundaries.

Missouri took a different approach, merging its economic and workforce development research units, along with the Missouri Occupational Information Coordinating Committee staff, to create the Missouri Economic Research and Information Center (MERIC). In 2004, the center began to provide comprehensive services to local WIBs. In addition, Missouri developed a performance scorecard that includes measures in three major categories: workforce development, education, and the economy. MERIC collects and analyzes the data across the three categories of indicators and reports the results to the Missouri Training and Employment Council. The combination of MERIC and the scorecard provide management with valuable information to clarify policy direction and priorities and direct their investments toward desired results.

New Jersey initiated a demand-side skills assessment project to strengthen the relationship between workforce and economic development and better inform the planning processes across these systems. As a first step, the state identified key growth industries in the state. Then, working with local WIBs in four regions of the state with a concentration of these industries, the state gathered data on the skills required by specific industry clusters.

During the project, the four participating WIBs formed industry advisory groups composed of local employers, educational providers, economic developers, and training specialists. These groups helped the local WIBs identify key demand occupations in their regions and the skills employers needed in these occupations. Information gathered through this process was made available to state agencies, one-stop centers, and institutions of higher education to better align the services and occupational training available through the education and workforce systems with the demands of employers in the regional economies. The effort has expanded to other regions of the state, with information on this initiative available online (see www.NJNextStop.org).

Integrated Performance Information

The multiple programs that invest in workforce development have dozens of different measures with numerous definitions that make it difficult for policymakers to accurately assess their collective benefits and contributions to statewide economic competitiveness. Because workforce development is recognized as a critical factor in state and regional economic development strategies, a clear understanding of its results is increasingly important to governors and other state policymakers.

Many states have taken on the challenge of aligning the measures and integrating the performance information across workforce programs, and several have made significant progress, including Florida, Oregon, Texas, and Washington. In 2004, these states joined with two other states, Michigan and Montana, in the Integrated Performance Information project funded by the U.S. Department of Labor and led by the Washington State Workforce Training and Coordinating Board. The project aimed to develop a guide for states interested in creating or further developing integrated performance information to better align workforce development programs and provide policymakers with the information necessary to make strategic investment decisions.

The project produced a “blueprint”ⁱⁱⁱ or state guide for simplifying measures and developing integrated performance information, drawing heavily on the experiences of the participating states—particularly Florida, Oregon, Texas, and Washington. Each of these states took a separate path to integrated performance information, but they all experienced a journey that took many years and multiple steps.

Florida’s journey, spanning more than 20 years, involved close collaboration between the Governor’s office and the State Legislature to create the Florida Education and Training Placement Information Program (FETPIP). Today FETPIP is the primary tool for informing policymakers about the performance of education and workforce programs and how these investments contribute to Florida’s economic competitiveness.

The path to creating FETIP started in 1982 when the Governor’s office sought to use unemployment wage records to analyze the labor-market outcomes of vocational education students. This led to legislation in 1984 to create the Occupational Identifier Project, which used unemployment wage records to measure post-program employment. The legislation also enacted performance requirements for secondary and post-secondary education that tied funding to outcomes. Building on this effort, in 1988 the legislature created FETPIP within the education agency. Since then, the program scope has broadened to include most education programs and a variety of employment and training programs. Its functions have broadened as well to include program evaluation, performance-based funding, consumer information, and research.

Oregon tied the development of its integrated performance information to building a vital state economy and a competitive workforce. Today the state has a culture of shared accountability, focused on outcomes and imbedded in programs, agencies, and sectors at all levels. The Governor initiated this effort in 1988 in response to a severe economic recession. It started with a strategic-planning process, “Oregon Shines,” with the goal of creating the most competent workforce in America by 2000 and in the world by 2010.

ⁱⁱⁱ Washington State Workforce Training and Education Coordinating Board, *Integrated Performance Information for Workforce Development: A Blueprint for States*, Olympia, WA: Washington State Workforce Training and Education Coordinating Board, 2005.

Oregon's process involved leaders from business, labor, education, and government and led to the formation of the Progress Board, chaired by the Governor. It also resulted in the Oregon Benchmarks: 259 measures that crossed multiple programs, agencies, levels of government, and the public and private sectors, with shared responsibility for achieving the benchmark goals. The Progress Board issued "Oregon Shines II" in 1997, which updated the benchmarks, reduced the number of measures from 259 to 100, and recognized the importance of workforce training and academic skills to jobs and the economy. Oregon's system of cross-system workforce performance indicators has evolved into three tiers of measures: the broadest measures or benchmarks, systemwide measures, and program-specific measures.

Texas took the governance path to creating a system of integrated performance information by creating Texas Workforce Investment Council to assist the Governor and Legislature with strategic planning and evaluation of the Texas workforce system. Today, the council is the state's primary source of information on building a competitive workforce.

The Texas Legislature established the council in 1993 and gave it broad strategic planning authority and oversight of the state's workforce programs. With its majority private sector and cross-agency membership, the council also serves as a vehicle for linking workforce and economic development programs. The 1995 legislation that consolidated 24 workforce programs under the Texas Workforce Commission enhanced the council's role by giving it responsibility for establishing systemwide performance measures for all workforce programs and moving it to the Governor's office. Subsequent legislation has reinforced the council's role in establishing systemwide performance measures.

Washington also took the governance path to integrated performance information, creating the Workforce Training and Education Coordinating Board as an independent agency responsible for policy planning and performance accountability. Today, both business and labor view the board's performance information system as a key source of information on the performance of workforce programs and their impact on the state's economic competitiveness.

Legislation enacted in 1991 created the board with strong support from the business community, which was concerned that the state lacked a good system for tracking the results of its workforce investments. With a majority of private-sector members and no responsibility for program operation, the board is seen as a neutral third party in establishing common measures and evaluating program performance across state agencies. The board led a two-year process of developing and adopting a performance accountability system with common performance measures. After using the system for several years, the board refined the measures to a core set of indicators.

Conclusions and Recommendations

The emergence of regional knowledge economies and evolution of federal workforce-development programs have created new opportunities for fruitful collaboration among economic and workforce development agencies. Where that collaboration works well, the resulting partnerships facilitate progress in several areas. Most notably, they help establish combined regional entities and identities that create a climate for seeking region wide solutions to competitiveness challenges and opportunities—including those of marketing and of improving the skills and agility of the workforce.

Governors are in an ideal position to promote such alignment. They can define a vision that will win support from a wide variety of key individuals and organizations. They can use the bully pulpit to amplify the message. They can use discretionary funding to encourage collaboration in desired areas, including planning, research, staff cross-training and collocating, and even the merging of agencies or aligning of agency missions and funding streams.

There is no single right way to do any of this. Rather, the chosen path—whether it involves agency consolidation, pooled funding, joint research shops, unified regional districts and entities, or other methods—should reflect each state's economic, political, and institutional realities and be designed to achieve intended outcomes.

Nevertheless, universal lessons emerge from the experiences summarized in this Issue Brief. First, governors can play a critical role in promoting alignment. Although many economic development decisions are made at the regional or local level, governors can define the vision, use the bully pulpit to promote change, and advance specific strategies for aligning economic and workforce development activities at all levels of government. In addition, states that are successfully moving toward alignment have incorporated many of the following practices or lessons.

- Complete a candid assessment of the status quo as the essential first step in determining appropriate actions. The assessment can identify areas of misalignment

and illuminate their nature and implications, relevant actors and stakeholders, the history of any previous attempts to address it, and the potential costs and benefits of reform.

- Evaluate the positive and negative aspects of each reform option (including restructuring versus other alternatives) and create a sequence of decisions based on the current state of affairs. With a clear understanding of the status quo, state leadership can begin to assess the relative merits of various approaches, from changes in governance structures to less dramatic reform options. Good decisions about consolidating economic and workforce development agencies versus alternative methods for eliciting the needed collaboration—such as jobs cabinets and other forms of structured coordination—are made with careful consideration of the political and economic contexts, history of relationships among relevant agencies, and other such variables.

- Strengthen the quality of the economic and workforce information available to decision makers by revamping the data collection, analysis, and dissemination systems. Accurate assessments and effective plans both depend on access to quality, real-time data about practices and economic conditions. Many states have improved the quality of relevant data available to key decision makers by revamping the mechanisms for data definition, collection, analysis, packaging, and dissemination. Some states have required regional and local entities to incorporate the use of this data into plans and proposed initiatives in order to compete for discretionary funding.

- Organize economic and workforce development activities around regions and groupings of firms to improve labor-market performance. Increasingly, states are using various levers at their disposal to encourage regional and local entities to segment the marketplace into groups of employers that have a more meaningful economic context. This includes customizing targeted economic and workforce development activities to the needs of specific industries or economic sectors, clusters, start-up companies—whatever groupings make sense—to improve labor market performance.

- Use financial incentives and administrative actions to resolve the administrative and jurisdictional differences between economic and workforce development. The state can help regional and local entities sort out the confusing array of administrative and jurisdictional differences (e.g., different agencies, counties, cities, regional authorities, etc.) when studying trends or organizing responses. State leaders can use discretionary funds, reporting guidance or administrative measures such as jobs cabinets to promote the creation of aligned economic and workforce development jurisdictions and joint planning within them.

- Set broad performance measures across multiple workforce programs so they align with state economic goals. Because “you get what you measure,” many states are establishing broad performance metrics that encourage collaboration and alignment across programs and funding streams. Innovative performance strategies such as an integrated performance information systems, system wide performance measures, and cross-system performance scorecards can advance these efforts.

Answers for the Record Submitted by Ms. Vito

On behalf of the nation’s governors, thank you for the opportunity to testify before the U.S. House Education and Labor, Subcommittee on Higher Education, Lifelong Learning, and Competitiveness on February 26, 2009 regarding the reauthorization of the Workforce Investment Act (WIA). Included below are the National Governors Association’s responses to Chairman Hinojosa’s questions asked during the hearing, which supplement the testimony given by Sandi Vito on behalf of NGA.

What can be done to align workforce programs across federal agencies?

Governors and state leaders are transforming state workforce systems by merging and consolidating state agencies and bringing missions, goals and objectives into alignment with one another to better respond to job seekers’ needs, reduce fragmentation, promote accountability, and create shared responsibility. However, governors will be unable to achieve the kind of true alliances and collaborations that are necessary to streamline the state-led workforce system without integration and alignment of workforce programs at the federal level.

To address this need, governors recommend a joint federal initiative to align workforce programs and services across executive agencies. The joint initiative must work in consultation with state leaders who understand the effect of national policies and programs on the delivery of services to our citizens and can help shape federal support. The joint initiative should develop a shared purpose, possess high-level

technical and programmatic expertise, and be given sufficient authority to decide and enact necessary changes.

The components of a joint initiative should, at a minimum, address:

Federal regulations: The process of integrating and streamlining workforce education and training regulations will provide a needed opportunity for federal agencies to jointly examine and eliminate conflicting regulations and expose the potential for collaborative guidance that facilitates seamless service delivery mechanisms at the state and local levels.

Reporting requirements: Jointly aligned federal data reporting requirements will support state data systems, simplify data collection and data validation, and reduce costs and duplication. It will also produce federal data sets that are comparable to one another and thereby better able to inform planning and evaluation.

Performance measurements: As set forth in NGA's written testimony, NGA and the National Association of State Workforce Agencies propose common performance measurements applied across federally funded workforce education, training and employment related programs to replace all performance measures and other indicators. The proposal streamlines the current complex system and will provide comparable and meaningful outcome measures across workforce programs.

Oversight: Consistent and coordinated federal oversight that focuses on helping states improve their practices and effectiveness across all workforce programs will foster a stronger federal-state relationship and will result in better program performance and outcomes.

Service integration: Federal agencies must work together to make a paradigm shift that embodies and prioritizes integrated service delivery for citizens and supports mechanisms that maximize the concept of "one-stop shopping."

What new energy collaborations for green jobs have governors created?

Emerging and growing industries are dynamic and often distinct, evolving differently within states and regions. Governors are uniquely positioned to integrate and align economic development, education and workforce resources to respond to the needs of emerging industries like clean, renewable energy and also for growing industries like healthcare and education. Governors can set public policy agenda, influence agency leadership and bring the work of public institutions into alignment with the needs of emerging and growing industries to support job creation and drive regional economies. Governors are leading reforms to prepare individuals for today's emerging fields, as well as jobs of the future. Our nation's economic interests require a nimble, flexible, forward looking workforce system. While green jobs are an exciting, promising and growing field today, the needs of our nation will continue to shift.

To ensure our nation's ability to compete in an evolving global economy and respond to crucial energy and environmental challenges, governors across the nation are making significant investments in establishing new and broad clean and renewable energy collaborations and designing and implementing initiatives to train and prepare workers for green jobs.

It is important that Congress recognize that each state is unique and that practices in one state may not necessarily result in the same outcomes in another state. To that end, NGA provides the following as a small sample of the wide variety of Governors' green jobs innovations being implemented across the country. While governors are leading a broad array of green initiatives through changes in state tax laws, economic incentives, and infrastructure modernizations, the examples below highlight the use of "workforce" levers to achieve change.

California Governor Schwarzenegger enacted new law to expand career and technical education programs (CTE) in the state by connecting CTE to postsecondary and career options, thus making the CTE courses more meaningful for students. One program within the initiative will establish partnership academies in green technology in each of the state's nine economic regions. Partnership academies are schools within a high school that integrate academic and career technical education. Green technology partnership academies will train young people in emerging environmentally sound technologies.

In Connecticut, Governor Rell established guidelines to train and develop Connecticut's green collar workforce to meet the needs of the growing clean energy business sector. The Connecticut Employment and Training Commission will create a Green Collar Jobs Council that will bring together representatives from business and industry and the Departments of Education, Higher Education, Environmental Protection, Labor and Economic and Community Development, and the Energy Workforce Development Consortium. Additionally, the Labor Commissioner will establish a 21st Century Green Jobs Training Initiative which will provide training

to meet the needs of the energy industry and other green industry workforce needs as identified by the Energy Workforce Development Consortium.

As part of Governor Crist's commitment to reduce Florida's dependence on foreign oil, lower greenhouse emissions and develop renewable energy resources, he recently released a study "GreenForce Florida, An Alternative Energy Workforce Profile." Based on direction from the report, the Department of Education is working collaboratively with a group of stakeholders to fast-track the development of the career pathways, standards, benchmarks and frameworks for several solar industry occupations. By utilizing the existing Workforce Education Career Clusters Pathways as a platform, Florida will be able to rapidly create a green-collar workforce that will be prepared to serve Florida's growing alternative energy industries.

Governor Granholm expanded Michigan's No Worker Left Behind program to include a Green Jobs Initiative. The No Worker Left Behind program, which the Governor launched in August 2007, provides up to two years of free tuition at any Michigan community college, university or other approved training program. The Green Jobs Initiative expands the program to include a focus on creating training programs needed to help green companies succeed.

The Green Jobs Initiative invests in training for jobs in alternative energy industries, including wind, solar, biofuels and geothermal energy. The main goal of the initiative is to ensure that Michiganders are prepared to enter the new jobs that emerge as employers expand operations or add new components to their workforce in response to a changing energy market. A website will facilitate collaborative partnerships between businesses, educational institutions, and government to better link research and development in renewable energy with education and training.

Governor Paterson of New York created a Renewable Energy Task Force to identify a means of attracting clean energy industries and promoting renewable energy technologies. One of the 16 specific recommendations made by the Task Force was a green jobs pilot program to examine existing training programs in the state and identify the skill sets and specific job titles in the efficiency, solar and offshore wind sectors. Unemployment data collected by the Department of Labor and temporary disability assistance data collected from Department of Housing and Community Renewal is then used to match displaced workers, particularly those who are disadvantaged and living in low-income communities, with job training such as certified weatherization installation and solar energy technician.

In Oregon, Governor Kulongoski utilized federal Workforce Investment Act resources to develop a statewide Strategic Training Fund Grant program. One of the grants provided funding to build an Alternative Energy Career Pathway to support the skilled workforce needed to maintain and operate wind turbines, with transferable skills for hydro, solar, and biofuel occupations. The funds were used to expand lab curriculum and create an on-line and distance learning program for the Wind Turbine Technician Training program at Columbia Gorge Community College.

Vermont Governor Douglas supports four innovative statewide training initiatives in renewable energy and energy efficiency. One program through the Center for Sustainable Practices trains new and incumbent workers in six different modules of weatherization certificate training. Trainees are recruited through Workforce Investment Act programs. WIA eligible trainees and TANF recipients typically complete more than one module in the progressive series of skill training to secure green jobs. The project is a partnership of the Division of Economic Services, the Vermont Technical College, the Office of Economic Opportunity and the Vermont Department of Labor.

In Washington, Governor Gregoire created statewide goals to reduce Washington's global-warming pollution and increase the number of green jobs. One component of this initiative is the Green-Collar Job Training Fund that trains workers for high-wage occupations, or occupations that are part of career pathways in high-demand industries related to clean energy. Competitive grants are awarded to partnerships that draw on labor market analysis and work in collaboration with a range of stakeholders to leverage and align other public and private resources, link basic education with skills training, involve employers and unions in the development and validation of career pathways, and integrate support services. Targeted populations include low-income adults and youth, entry-level and incumbent workers, and dislocated workers in declining industries who can be re-trained for high-wage occupations in high-demand green industries.

Thank you for the opportunity to make additional comments on the reauthorization of WIA. If you have any additional questions, please do not hesitate to contact Linda Lawson, Legislative Director, Education, Early Childhood, and Workforce Committee at (202) 624-5369 or via email at LLawson@nga.org; or Joan Wodiska, Committee Director, Education, Early Childhood, and Workforce Committee at (202)624-5361 or via email at jwodiska@nga.org.

Common Measure Proposal Reauthorization of the Workforce Investment Act

A critical element of the Workforce Investment Act (WIA) reauthorization is the development and use of common measures to increase system-wide accountability, while significantly decreasing administrative costs and inefficiencies. The NGA-NASWA WIA Common Measure Proposal streamlines the complex system of nearly 100 varying and incomparable performance measures into four critical measures focused on customer outcomes, including short-term and long-term employment rates, earnings, and credential completion.

The intent of the NGA-NASWA proposed legislative language is to replace all performance measures and additional indicators across all programs directly or indirectly authorized under WIA, including WIA Dislocated Worker, Wagner-Peyser, WIA Adult, WIA Youth, Job Corp, Veterans' programs, and related programs authorized at the U.S. Department of Education, including Adult Education and Rehabilitative Services.

PROPOSED LANGUAGE

(b) STATE PERFORMANCE MEASURES.—

(1) IN GENERAL.—For each State, the State performance measures shall consist of

(A)(i) the core indicators of performance described in paragraph (2)(A); and (ii) additional measures of performance (if any) identified by the State under paragraph (2)(B); and

(B) a State adjusted level of performance for each measure described in subparagraph (A).

(2) INDICATORS OF PERFORMANCE

(A) CORE INDICATORS OF PERFORMANCE.—

(i) IN GENERAL.—The core indicators of performance for employment and training activities authorized under the Workforce Investment Act [insert section references, as applicable] (except for informational activities) shall consist of—

(I) the percentage of program participants who are employed during the second quarter after exit;

(II) the percentage of program participants who are employed during the fourth quarter after exit;

(III) the median earnings of program participants during the second quarter after exit;

(IV) the percentage of program participants who obtain an education or training credential during participation or within one year of exit;

(ii) CORE INDICATORS FOR ELIGIBLE YOUTH.—The core indicators of performance (for participants who are eligible youth age 14 through 18) for youth activities authorized under WIA Youth [insert section reference, as applicable], shall include—

(I) the percentage of program participants who are in education or training, or employed during the second quarter after exit;

(II) the percentage of program participants who are in education or training, or employed during the fourth quarter after exit;

(III) the median earnings of program participants during the second quarter after exit among participants not enrolled in education or training;

(IV) the percentage of program participants who obtain an education or training credential during participation or within one year of exit;

(B) ADDITIONAL INDICATORS.—Additional indicators of performance shall consist of

(i) A State may identify in the State plan additional performance measures for workforce investment activities authorized under this subtitle.

For more information, please contact Joan Wodiska with the National Governors Association (NGA) at jwodiska@nga.org or 624-5361 or Curt Harris with the National Association of State Workforce Agencies (NASWA) at charris@naswa.org or 434-8023. Last updated: May 2, 2007

ECW-1.—Governors’ Principles to Ensure Workforce Excellence

1.1 Preamble

The strength of America is our citizens—their innovation, creativity, and hard work. In the 21st century’s rapidly advancing global economy, the foundation and economic prosperity of this nation will depend on a responsive workforce that has specialized and advanced training, cutting-edge skill sets, and higher levels of education. It also will depend on a workforce system that can anticipate the business needs of the future and rapidly align the necessary resources to stay ahead of the emerging demands.

Competitive economies include aligned economic, educational and workforce development systems that address the needs of workers, regardless of the worker’s skill level, age or circumstance. Through a comprehensive, integrated, and flexible workforce system, the nation will be equipped to swiftly respond to the changing needs of its workers and businesses to keep them competitive.

Globalization demands a bold transformation of our nation’s federal-state-local workforce system. Since enactment of the Workforce Investment Act of 1998, the nation’s governors made significant progress and led innovative new strategies to restructure workforce development systems, forge new alliances with federal, state, and local governments and the private sector, and ultimately, upgrade the skills and knowledge of America’s workforce. To accelerate these transformations and help ensure that every job seeker remains competitive for work in a global economy, governors need new flexibilities to create a nimble, flexible, market-driven and supply-focused workforce system.

The time is ripe for the laws and policies of this country to catch up with the realities and possibilities of the 21st century. Governors call on Congress and the Administration to enact transformative legislation that will authorize governors to proactively implement innovations, build broad and inclusive partnerships, and activate structural reforms across education, workforce, and economic development systems.

1.2 Governors’ Priorities for a World-Class Workforce

Governors recommend the following key priorities for a world-class workforce.

Nimble state systems that can anticipate and respond to the current and emerging demands of workers and business require that governors have flexibility and discretion over funding and the authority to rapidly implement innovations.

Every worker must have access to training and lifelong learning opportunities that will improve their employability and earning potential through education, training, and career advancement.

Education and training must align to the current and future needs of business.

Emerging entrepreneurs and small business owners must be cultivated to accelerate the capacity for innovations that will lead to new knowledge, new technologies, and new jobs.

Workforce development strategies must produce broad and prosperous regional benefits for residents and businesses and result in high-quality job growth and business attraction and retention.

The business community should engage with the workforce development system in mutually beneficial joint ventures that will increase the education, training, and employment capacity for workers, strengthen business, and stimulate regional economies.

Responsibility for governance of the state workforce system should reside with the governor. The governor can deploy resources based on regional economies rather than geopolitical boundaries.

Meaningful collaborations between federal agencies should support and help to streamline workforce, education, and economic development programs at the state and local levels.

National investments in workforce must provide substantial, reliable, and flexible funding and support commensurate with their importance and contribution to the economic success of our nation.

System-wide accountability and transparency with decreased administrative costs can be achieved with common, customer-centric, state-driven performance measures.

Governors need additional flexibility in regard to workforce policy, funding and federal regulations to allow for workforce services integration across the workforce system at the state and local levels, to reduce administrative costs, and to streamline and integrate workforce policy and services for business, workers and job seekers.

1.3 Recommendations for Transforming the Workforce System

Governors urge Congress and the Administration to adopt the following recommendations to transform the workforce system.

1.3.1 Governor-Led, Business-Guided Workforce System. The new challenges confronting our nation and economic position in the world emphasize the need for a comprehensive and flexible state-based workforce system focused on the needs of local regions and communities that is led by governors and guided by business leaders. To be effective agents of systemic state change, Congress must recognize the authority of governors in state-led workforce systems and eliminate the rigid, one-size-fits-all laws and regulations, federally-mandated governance, and prescribed service delivery structures that get in the way of state and local innovations.

1.3.2 Globally Competitive State-Led Regional Economies. Economies are regional in scope. Integrating economic and workforce development initiatives through a governor-led state-regional framework offers the greatest potential for economic expansion and industry competitiveness, while providing job growth and stability for workers and opening career advancement opportunities. State-regional approaches and sector strategies often include and cross several jurisdictional boundaries including city, county and even state lines. National policy should be designed to support governor-led state-regional initiatives and sector strategies, particularly state efforts to build broad partnerships with business and industry. Federal policy also should support strong public/private partnerships and provide governors with the authority to cultivate these partnerships to attract and retain high-growth industries and high-wage occupations.

1.3.3 Focus On Emerging Industries. Globalization has increased the world demand for energy. To address a number of national concerns, clean and domestic energy has become one of the governors' top priorities. Governors are proactively involved in establishing new and broad energy collaborations and designing and implementing "green job" and "green economy" initiatives. Governors also have taken the lead in developing collaborations and initiatives to address critical skills shortages in the health care, technology, and industry sectors experiencing skill shortages. To further expand these and other regional efforts, governors need the discretion to identify targeted and emerging industries and the flexibility to expend workforce, education, and economic development assets and available resources accordingly.

1.3.4 Responsive Assistance for Businesses in Transition and Affected Workers. As the economy ebbs and flows, business and workers have to adapt. In times of business downsize or closure, employers turn to states to help laid-off workers find new employment. Often, this first means helping workers upgrade their skills or learn new skills. Federal initiatives and funding targeted at this population must be immediately available and flexible so that appropriate services are responsive to the unique circumstances within each state and are readily accessible to workers. In addition, workers affected by federal policy decisions should receive adequate Trade Adjustment Assistance, incorporated into the overall state workforce system, in a timely and efficient manner. All federal assistance should be provided through state-based networks and initiatives, and final authority to implement the provision of assistance should be determined by the governor.

1.3.5 Increased and Agile Funding. Federal funding has not kept pace with the growing training and education needs of workers to stay competitive and for states and localities to provide those services. Governors support an adequate and consistent federal investment for workforce development and should be given the authority to determine how federal funds are allocated within their states as demands dictate. Economic necessity already requires governors and local leaders to cobble together funds to provide enhanced training and education to workers and the existing barriers must be removed to make it more effective and cost efficient. Furthermore, Congress should acknowledge the role of governors by providing enhanced flexibility to coordinate and, when necessary at a state or local level, integrate workforce, education and economic development funding to meet the unique needs of their states and communities. Additionally, governors should be given the option to pool federal funds for various employment, economic development, education, and training programs at the state level to respond to the needs of workers and businesses.

1.3.6 Alignment of Federal Programs. Portions of the workforce system span across many agencies within the federal government, including the U.S. Departments of Labor, Education, Commerce, Health and Human Services, Justice, Veterans Affairs, and Defense. These myriad administrations, agencies, funding sources, regulations, and responsibilities needlessly complicate, and in some cases prohibit, the kind of true alliances and collaborations that are necessary to stream-

line the workforce development system and to provide seamless services at the state and local levels.

To that end, governors recommend that Congress and the Administration direct federal partner agencies to develop a joint initiative to align federal programs, oversight, and regulations, consolidating redundancy and conflicting regulations where possible, and to establish transparent levels of responsibility and accountability. The initiative also should be tasked to identify and eliminate obvious and hidden barriers to program alignment that are embedded in standard operating procedures within the federal government.

1.3.7 Accountability and Reporting. Accountability and workforce system performance outcomes should be addressed separately from reporting. A set of common performance measures applied across the workforce system will increase accountability and transparency, while significantly decreasing data collection inefficiencies. Governors urge Congress to adopt a performance measurement system applied across the system and developed by the states to streamline varying and incomparable performance measures into four critical areas focused on customer outcomes, including short-term and long-term employment rates, earnings and credential completion.

1.3.8 Incentivize Innovations. To foster invention and sustain a culture of innovation, states must be incentivized and rewarded for their efforts to build a world-class workforce system. Governors support incentivizing states with additional federal funds and flexibilities for initiatives including comprehensive system building, anticipating and addressing emerging education and training needs, and developing regional economies.

1.3.9 Maximize Advanced Technologies. Every aspect of the workforce system can be improved upon by technological advances to help streamline service delivery, modernize data collection and validation investments, and simplify reporting efforts. Initial investments will marginalize costs over time, and produce better outcomes for workers and businesses and for system accountability. Congress should provide transitional financial support that will give states and localities the ability to utilize technological advances to achieve greater system efficiencies.

1.3.10 Vital Role of Community and Technical Colleges. Community and technical colleges have an important and broad role in America's workforce system. Community and technical colleges are responsive to the demands of the labor market and provide customized career and technical training programs, adult basic education and English Language Training to meet the specific needs of industry sectors and individual employers, including training for incumbent workers. Governors acknowledge the vital role of community and technical colleges in workforce education and training and in state-led regional and sector initiatives, and support including these entities in funding and collaborative opportunities that align the necessary resources to meet the emerging needs of a highly-skilled workforce.

1.3.11 Preparing Youth for Work. The varying challenges facing youth in our country today require programs that are designed to help them acquire foundational skills and progress through the education continuum regardless of the point of entry and needed supports, and to prepare them for future employment and life-long learning. Governors must be given the flexibility to coordinate funding streams and to utilize funding where appropriate given the unique needs of youth and the available resources within each community. Governors are leading efforts to increase high school completion rates and keep more students in school. The workforce system needs to build upon this work and help empower youth to succeed.

Time limited (effective Winter Meeting 2009—Winter Meeting 2011). Adopted Winter Meeting 1993; reaffirmed Winter Meeting 1995; revised and reaffirmed Winter Meeting 1997; revised Winter Meeting 1998, Winter Meeting 2000, Winter Meeting 2002, Annual Meeting 2003, and Winter Meeting 2005; reaffirmed Winter Meeting 2007; revised Winter Meeting 2009 (formerly Policy HR-1).

[Other submissions of Ms. Vito may be accessed at the following Internet addresses:]

<http://www.sectorstrategies.org/system/files/AcceleratingSectorStrategies-Phase1Report.pdf>

<http://www.nga.org/Files/pdf/06STATESECREG.PDF>

[Question for the record submitted to Ms. Keenan follow:]

U.S. CONGRESS,
[VIA FACSIMILE],
Washington, DC, March 3, 2009.

Ms. CHERYL KEENAN, *Director*,
Division of Adult Education & Literacy, U.S. Department of Education, Washington, DC.

DEAR MS. KEENAN: Thank you for testifying at the February 26, 2009 hearing of the Committee on Education and Labor on “New Innovations and Best Practices Under the Workforce Investment Act.”

Representative Marcia L. Fudge (D-OH), member of the Higher Education, Lifelong Learning and Competitiveness Subcommittee and member of the Health, Employment, Labor, and Pensions Subcommittee, has asked that you respond in writing to the following question:

1. Are there any programs that you know of that focus on financial literacy within your division of adult education and literacy? I know many people are strapped for money due to the fact that the costs for many sectors, from health care to education, are increasing. How do we effectively educate adults about saving and being prepared for unexpected economic situations?

Please send an electronic version of your written response to the questions to the Committee staff by close of business on Tuesday, March 10, 2009—the date on which the hearing record will close. If you have any questions, please do not hesitate to contact us.

Sincerely,

GEORGE MILLER, *Chairman.*

Answer for the Record Submitted by Ms. Keenan

Question: Are there any programs that you know of that focus on financial literacy within your division of adult education and literacy? I know many people are strapped for money due to the fact that the costs for many sectors, from health care to education, are increasing. How do we effectively educate adults about saving and being prepared for unexpected economic situations?

The ability to comprehend and analyze information to make sound, informed financial decisions is an important skill and necessary to ensuring the financial well being of families. The Office of Vocational and Adult Education has identified the following financial literacy programs and resources that can help adults with low literacy manage their money:

- The Adult Literacy Media Alliance (ALMA) has enriched literacy and community outreach programs nationwide since 1998. Building on a shared interest in improving the financial literacy of some 70 million undereducated adults in America, ALMA and the Federal Deposit Insurance Corporation (FDIC) joined forces to develop multimedia financial literacy workshops targeted to adults who read between a 5th and 8th grade level. ALMA’s multimedia tools offer web-based, paper and video-based curriculum to help learners become smart about their money. The curriculum can be used by adult education instructors to provide simple math and reading instruction to help learners develop the skills they need to start budgeting, saving, control their debts, and investing. Additional information on ALMA can be found on TV 14’s website at <http://www.tv411.org>

- The Howard County Library system in Maryland is another good example of how adult education programs typically integrate or contextualize financial literacy within the content of a broader adult education program. Additional information can be found on the Howard County Library’s website at <http://hclibrary.org>

- The National Center for Family Literacy, through a partnership with the National Endowment for Financial Education, developed the complete Financial Opportunity: Family Progress curriculum. The adult student workbook is aimed at parents who read on a fourth grade reading level. Additional information can be found on the National Center for Family Literacy’s website.

- Lastly, the Massachusetts Community and Banking Council in June 2008 published *Expanding Financial Skills in Low-Income Communities*. This framework is presented as a guide for non-profit executive directors, trainers, financial institutions, and others to provide financial education training for adults.

[Whereupon, at 12:42 p.m., the subcommittee was adjourned.]

