

House Education and the Workforce Committee
Hearing on H.R. 4297, the Workforce Investment Improvement Act of 2012
Remarks of Laurie S. Moran
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Chair of the National Association of Workforce Boards (NAWB)
April 17, 2012

Chairman Kline, Ranking Member Miller, and the Members of the Committee. I am Laurie Moran, and I am here representing two organizations. I am President of the Danville Pittsylvania County Chamber of Commerce, which is located in Virginia on the North Carolina border, and I am also the Chair of the National Association of Workforce Boards.

Danville Pittsylvania County Chamber of Commerce

The Danville Pittsylvania County Chamber of Commerce is a local chamber of commerce with approximately 700 business members. 85% of our members are small businesses with 50 or fewer employees. Our chamber is located in a predominantly rural region that spans more than 1,000 square miles with a population of 106,561. The economy was built on tobacco and textiles, which created significant challenges when both sectors simultaneously fell into decline. From 2001 through 2011, our region's unemployment was one to two percentage points higher than the national average and four to five percentage points higher than the average for the Commonwealth of Virginia. In the past 12 months, our region's unemployment has been consistent with the national average; however, we are still averaging an unemployment rate that is two to three percentage points higher than the state's.

With a labor force of 51,000, we have approximately 6,000 unemployed and 5,700 underemployed. 25% of the adult population does not have a high school diploma or GED. Only 14% has a bachelor's degree or higher.

In 2001, our chamber of commerce was formed from the merger of two chambers. At that time, the chamber's board of directors identified workforce development as the top priority for our region. Through the focus of our board and through our involvement in our local workforce investment board, our chamber has been actively engaged in workforce development for the past 11 years. Our chamber advocated for improvements to our local workforce system at a time when our region's system was ineffective. Today our workforce investment board is employer-driven with training dollars allocated for in-demand occupations in our region. Decisions are based on labor market data. We have two comprehensive one stop centers in our workforce region, which house the WIA programs, the employment commission, vocational rehabilitation, and representatives from adult education and the community college system.

For the past two years, our chamber has subcontracted with our one stop operator to provide business outreach for Danville and Pittsylvania County. Our chamber has a full-time staff member who is dedicated to connecting employers to employees, saving our employers time and

reducing their costs. We have assisted employers with recruitment through job fairs, job registration, and pre-employment screening. We have placed WIA clients with private sector employers through job placement, work experiences, and on-the-job training opportunities. We have worked with employers who required customized and incumbent worker training. We have conducted wage and benefit surveys. We also have a proactive layoff aversion strategy to assist employers. In the past two years, we have met with over 200 employers and regularly share feedback to assist the workforce investment board in shaping policy and strategies that meet the needs of our employers.

National Association of Workforce Boards (NAWB)

The National Association of Workforce Boards (NAWB) represents business-led Workforce Investment Boards (WIBs) that coordinate and leverage workforce strategies with education and economic development stakeholders within their local communities to ensure that state and local workforce development and job training programs meet the needs of employers.

NAWB connects workforce development professionals, workforce investment board members, and policymakers with the knowledge, training, and tools to help make informed, smart decisions about how to invest in workforce strategies that advance the economic health of their communities through a skilled, competitive workforce. These investments in workforce development create a comprehensive system to provide America with a highly skilled workforce that competes in the global economy.

Nationally, there are over 550 local WIBs, with each state also having a state workforce investment board. These boards are required to be both business majority and have a business chair. Over 12,000 employers volunteer their time to serve on local and state WIBs.

Our surveys tell us that the vast majority of local WIB members are small employers with less than 250 employees that reflect the local/regional labor markets the WIBs oversee. While these volunteer business leaders represent all sectors of the economy, they have one common bond - putting Americans back to work and helping employers compete. As WIB members they direct the gathering and analysis of labor market needs and trends; communicate these findings to policy makers, employers, training providers, and job seekers; plan the investment strategies for federal and state dollars; and track outcomes to prepare their workforce for the skills needed in their local and regional economies.

Bridging the work of workforce boards and chambers of commerce

I was appointed to my local workforce investment board 11 years ago where I have served as chair and continue to serve on the executive committee. I do not believe that I am an anomaly in my profession. I believe that if you look at workforce boards across our country, you will find many local chambers of commerce represented on their boards and engaged in meaningful collaboration in the area of workforce development.

During my tenure as board chair of NAWB, we have actively reached out to local chambers of commerce to ensure that the voice of the business community is heard by the workforce system. Our outreach efforts have included over 100 local chambers from across the country, representing over 70,000 employers who employ nearly five million workers. These chambers have indicated to us that workforce development is a top concern of their business members.

It is because of the strong partnership that my chamber of commerce shares with our local workforce investment board that I became chair of the National Association of Workforce Boards.

The need for reauthorization

On behalf of both organizations I represent today, I want to applaud Members of the Committee from both sides of the aisle for introducing Workforce Investment Act (WIA) reauthorization bills this year. I have been asked to comment today on H.R. 4297, but strongly urge that WIA reauthorization is a bipartisan process moving forward as supplying the needs of short-term and long-term employment of our nation is the goal of all members of Congress.

We encourage the Committee to move forward in partnership in this effort. It has been fifteen years since WIA was enacted. The original legislation was designed in a very different economy and time when our nation had low unemployment and employers were starving for workers at all levels in our workforce.

Workforce legislation needs to be upgraded and the bill that is the subject of today's hearing makes major strides to ensure that employers have the opportunity to hire skilled workers and that jobseekers have a chance to regain employment in a difficult job market.

The dual challenges facing our workforce system today

Today the workforce system faces competing challenges. Employers are desperately seeking to fill 3.5 million skilled jobs that are currently vacant, while millions of Americans are unemployed or underemployed due to the recession's lingering effects and due to job seekers lacking employable skills.

Workforce boards from around the nation have been on the front lines of this effort to help both employers and job seekers. The most recent annual data from the Department of Labor (DOL) indicates that nearly 8.7 million job seekers nationally have utilized WIA services - an amazing 252% increase over the past three years despite dwindling federal investments to pay for these services. Along with the increase in utilization of WIA services, the success of WIA programs is measured through results. Over 55% of WIA program participants – over 4.7 million individuals - were placed in jobs this past program year despite the fact there are over four job seekers for every available job.

Most importantly, employers find value in the services from WIA as DOL's annual data indicates that nearly eight out of ten employers are satisfied with the services they have received from the workforce system.

The workforce system, however, is far from perfect. Clearly, we would like to have more resources available so that more job seekers could benefit from training services. In addition to direct tuition dollars, WIBs provide support services such as transportation vouchers, books, supplies, testing fees, placement, counseling, and services for health, housing, and childcare to ensure the individual not only completes training but enters and retains employment. Additionally, WIBs monitor their clients up to one year after job placement.

We believe that a reauthorized WIA bill this year will help both job seekers and employers. The Committee has a copy of NAWB's priorities for WIA reauthorization, so today I want to highlight a few of the guiding principles which we hope will be included in the any legislation that is enacted:

Business-led workforce investment boards

We believe that the workforce development system should be governed by effective business-led workforce investment boards that make data-driven decisions. Business-led boards are in the best position to understand the dynamics of local economies and labor markets. They possess the innate ability to determine where investment of monies committed to workforce development will support and contribute to the success of dynamic regional labor markets.

We believe that business-led boards with input from across a community's efforts in transportation, housing, education, and from its citizens are in the best position to ascertain and align investment decisions and hold providers accountable for outcomes.

We also support a reduction in the size of the workforce investment boards, which we believe will help to attract higher caliber private sector board members. For boards to have the greatest productivity and creativity with participation by all members, boards must be manageable in size. We appreciate H.R. 4297 strengthening the business engagement in state and local workforce decisions.

While there are many boards across the country that are doing great work despite their cumbersome size, it takes tremendous effort, focus, and vision for these boards to change a culture of agency-driven to employer-driven.

Flexibility over use of funding at the local level

The needs of locales and regions across the U.S. vary significantly. While the economy has improved in some areas, there are many areas where unemployment is still stubbornly high. One size does not fit all. Job seekers who lost jobs during the 'dot-com' crash did not have the same workforce needs as job seekers who lost jobs when textiles moved offshore.

Because of the role of local workforce investment boards, the local boards are best positioned to make informed decisions about the allocation of funds at the local level. We are in agreement with the provisions in H.R. 4297 that allow local boards to determine how much of their WIA funding is devoted to training based on their labor market needs. The focus should be on outcomes rather than on a mandated percentage of training. If the goal is to get people back to work, then the local boards should know if their labor pool requires minimal support through core and intensive (non-training) services, which include advanced assessment, basic skills remediation, and work readiness or whether they need enhanced skills and training to help job seekers enter/retool to reenter the workforce.

We also believe this will encourage the continuation and expansion of funds leveraged from other sources, including federal resources such as Pell grants, TANF employment and training, or non-federal resources such as philanthropy or private sector investments. We would encourage WIA reporting to reflect non-WIA funds that local WIBs leverage or receive and the workforce training and/or services that are delivered as a result of non-WIA funds. In a time of limited resources, we believe that there should be a process to reward those boards that are collaborative and innovative in working beyond WIA funding to leverage additional resources for job training and/or placement.

There are numerous examples of WIBs leveraging private and foundation funding to increase their ability to serve employers and job seekers.

The WorkPlace, a WIB in southwest Connecticut, was featured on *60 Minutes* in February for an innovative initiative that addressed individuals with 99 weeks of unemployment. The Workplace raised over \$500,000 from private investors to implement Platform to Employment (P2E), an eight-week work experience program. After five weeks of classroom training that includes a self-assessment, change management, effective communication, and successful job search strategies, individuals are placed on The WorkPlace's payroll, eliminating the expenses and risks businesses associate with hiring a new employee and allowing businesses to evaluate and consider job candidates. Within weeks after completion of the program, over 70% of P2E participants were placed in employment. This is significant when you consider that individuals with 99 weeks of unemployment have less than a 10% chance of finding employment within a month.

In our region over the past three years we have secured over \$2 million in non-WIA funds to support workforce development initiatives. Our WIB is working collaboratively to leverage funding and/or training through local foundations, our community colleges, the Virginia Tobacco Commission, and our employers. Funds have been targeted for sector strategies in healthcare, advanced manufacturing, energy, and information technology. Initial training efforts have focused on energy auditors and manufacturing technicians. In addition to providing industry-recognized credentials to participants that assisted in job placement and advancement, we've also had three businesses start up as a direct result of the training.

The importance of local decision-making

Whether it's the efforts to return the long-term unemployed back to work or training that leads to the start-up of businesses, the successes that we celebrate across this great nation are all important, and many are specific to their local communities. Employer-led boards that have local decision-making authority and funding flexibility to invest resources in the most relevant areas will be those boards that represent regions that thrive. Previous WIA legislation was crafted to maintain the delicate balance between states and local areas. As the Committee moves forward, we believe that it is imperative that there be a collaborative process between the states and local areas for both automatic designation of WIB's and single state designation.

I don't have to look at other states to see the diversity of challenges and opportunities that face our workforce system. I can simply look at my own state, the Commonwealth of Virginia. While Northern Virginia struggles with gridlock, my neighbors complain when the one stoplight in our town is red. But for job seekers in my town who are unemployed and have no car, the lack of gridlock also signals the lack of public transit to get to a job interview or to get to work. When Northern Virginia deals with its unemployed, statistically their job seeker is college-educated as 55% of the population has a college degree. When my region discusses the education levels of our unemployed, more than 50% of our job seekers have a high school education or less. I'm not sharing our differences to insinuate that one situation is better than the other. We're simply different which is why workforce decisions need to be made at the local level to address the needs of employers and job seekers who are local.

Our regions require innovative solutions that utilize the insight and investment acumen of business leaders in collaboration with elected officials, economic development professionals, educators, and other workforce partners.

This past weekend, Danville hosted 700 MBA students who were competing in the Duke MBA World Rugby Tournament. 30 teams representing six nations were in Danville for three days. To many people, it was a sporting event. For our local workforce investment board, the chamber of commerce, economic development office, a foundation, employers, and other workforce partners, it was a recruitment event. We set up an information booth, utilized young professionals who work in our region to help us market our region, and gathered information to determine which students might have an interest in returning to Danville for an internship, a job, or a site location for their future business. Where else would this type of innovative thinking occur but around a local table with business and economic development leaders discussing talent recruitment?

Thank you

Thank you for the opportunity to testify before the Committee. I've told just a little of the story. There are hundreds of stories about local solutions at www.WorkforceInvestmentWorks.com.

On behalf of NAWB and on behalf of the Danville Pittsylvania County Chamber of Commerce, we look forward to working with all of the Members of the Committee to support a bill that incorporates these core principles. For 40 years, programs and funding for workforce initiatives and skills development have received bi-partisan support. The future of our workforce is not a political party's issue. It's America's issue. We strongly encourage bi-partisan support for WIA reauthorization.

Thank you again for allowing me this time today.