

**STATEMENT OF
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U. S. DEPARTMENT OF LABOR
BEFORE THE
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES
UNITED STATES HOUSE OF REPRESENTATIVES**

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Chairman Obey, Ranking Member Tiahrt, and Members of the Subcommittee, I am pleased to have the opportunity to testify on the Fiscal Year (FY) 2011 Budget request for Department of Labor programs administered by the Employment and Training Administration (ETA). We are still in challenging economic times. Job creation is critical to economic recovery, as is having a skilled workforce to support and sustain economic growth. ETA is working diligently to ensure that America's workers have the skills and resources necessary to obtain new jobs in high growth or emerging industries.

The overall FY 2011 budget request for ETA is \$12.8 billion, of which \$10.9 billion supports discretionary programs and \$1.9 billion is for mandatory programs. The FY 2011 budget request is guided by Secretary of Labor Solis' vision of *Good Jobs for Everyone*. ETA's workforce programs have a critical role to play in realizing the Secretary's vision by preparing workers for good jobs that enable them to enter or remain in the middle class.

To make this vision a reality, individuals—both workers and students, including those who are unemployed, low-wage, returning veterans or disabled, among others— must have the skills and education necessary to compete for the good jobs of the future and employers must have ready access to a pool of skilled workers to increase productivity and better compete in the world economy. Therefore, the request and its proposed initiatives will:

- Support transformational efforts to improve the effectiveness of the public workforce system.
- Build upon both the \$4.7 billion dollar investment in ETA programs included as part of the American Recovery and Reinvestment Act of 2009 (Recovery Act), and the appropriations provided to ETA by this Subcommittee in FY 2010.
- Enable the public workforce system to provide tools and resources needed to help job seekers gain portable, industry-recognized credentials and degrees that help them advance in their careers, upgrade their contributions to the workplace, and position them in promising career pathways.

- Prepare workers and students for careers in the critical high growth and emerging industries vital to our country's economy, such as clean energy and health care, and help employers meet their critical workforce needs.
- Leverage and build upon partnerships to align education and training programs at the Federal, state and local levels.

Promoting Robust Partnerships with Impact

The Department of Labor is working collaboratively with other Federal agencies, such as the Departments of Education and Health and Human Services, and its stakeholders to break down the silos of "business as usual," to transform and improve the public workforce system and enable programs to work harmoniously and effectively at all levels.

For example, through the Tools for America's Job Seekers Challenge, government agencies, private companies, nonprofit organizations and others, worked together to identify and provide the best tools for job seekers to help them connect to good jobs. "The Challenge", a unique initiative by the White House and the Department of Labor, allowed entrepreneurs and organizations to present their online job search and career advancement tools to the public for review, discussion, and recommendation. During a two-week period in January, more than 16,000 members of the public registered to vote for tools and provide comments. The top-rated tools, as chosen by members of the public, are now available at www.careeronestop.org/jobseekertools so that job seekers can continue to access job openings and career information. The Labor Department's national network of nearly 3,000 One-Stop Career Centers (One-Stops) played a critical role in connecting job seekers with the Challenge and will continue to refer clients to this site.

As examples of Federal partnerships, ETA is currently working closely with the U.S. Department of Agriculture's (USDA) Food and Nutrition Service to increase access to the USDA's Supplemental Nutrition Assistance Program (SNAP). Individuals accessing One-Stop Career Center services may be eligible for SNAP, but are unaware that the services are available and can be accessed. One-Stops are well positioned to help customers quickly identify their eligibility and access services. ETA will soon issue a Training and Employment Notice to the workforce investment system to share information about SNAP eligibility and benefits.

ETA is also partnering with the U.S. Department of Health and Human Services Administration for Children and Families to encourage workforce and human services agencies to work together to explore and leverage all funds available for the creation and expansion of subsidized summer employment opportunities for low-income youth. We are also working with the Health Resources and Services Administration on the Health Care Training Initiative discussed later in the testimony to accomplish our shared goal of preparing workers for careers in the health care sector.

Significantly, ETA has been working closely with the Department of Education on issues impacting systems change. For example, we are working across Federal agencies to support efforts to reauthorize the Workforce Investment Act of 1998 (WIA). Also, in anticipation of enactment of the American Graduation Initiative, and in support of President Barack Obama's vision for adding five million new degrees and certificates by 2020, the Departments of Labor and Education have come together to plan how we would implement this important investment. The American Graduation Initiative would provide significant resources for competitive grants to community colleges that could support career pathways and other innovative training and education and would build on the Department's initiative to provide workers access to community college training through the Career Pathways program. The Department of Education is also working closely with ETA Regional Offices to make the Free Application for Federal Student Aid, or FAFSA, more accessible at One-Stops, helping demystify the needlessly long and complex application process and supporting student eligibility for critical federal student aid resources.

Recovery Act Investments

The FY 2011 request will help ETA programs follow through with Recovery Act investments and training needs. Last month marked the one year anniversary of the passage of the Recovery Act—a catalytic investment in building our nation's workforce capacity and laying the necessary infrastructure to continue to provide high-quality training well beyond the availability of the stimulus funds. The additional Recovery Act resources given to the Department of Labor to assist workers and their families during these challenging economic times has reenergized the work of the public workforce system by providing record numbers of individuals with career counseling, work-related services, and training.

Marking the first time in a decade that the Federal government has made a commitment to providing summer work experiences for youth, and with the support of Recovery Act funding, the Department of Labor invested an additional \$1.2 billion youth formula funds to provide subsidized work opportunities to over 317,900 low-income youth during the summer of 2009, far surpassing the actual participation anticipated at the outset. A recent ETA-funded study of the Summer Youth Employment Initiative showed that nearly 75 percent of participating youth achieved a measurable increase in their work readiness skills. In addition, youth gained exposure to high-growth employment areas of healthcare and green jobs. The vast majority of employers reported a desire to continue participating in the initiative, if given the opportunity. To that end, we support Congressional action that allows us to again offer summer youth employment opportunities in 2010.

Within the \$400 million provided for Wagner-Peyser Employment Services, the Recovery Act also provided \$250 million in new Reemployment Service grants to states, which are used to reconnect Unemployment Insurance (UI) recipients to workforce and training opportunities. Leveraging these funds, the Department was able to serve more than 2.9 million additional individuals. Thirty-two states have also taken advantage of

\$2.8 billion in UI Modernization incentive funds to expand UI coverage to more Americans and introduce family-friendly provisions to their state UI laws, such as providing unemployment benefit coverage to part-time workers.

Since February 2009, the Department of Labor has awarded 49 Recovery Act-funded National Emergency Grants, making more than \$110 million available for states and communities impacted by the economic downturn and layoffs to provide employment and training opportunities for more than 30,600 dislocated workers. National Emergency Grants are enabling dislocated workers to obtain the necessary skills to help families remain in the middle class.

As you know, the Department has invested \$720 million in Recovery Act-funded competitive grants geared towards supporting training, recruitment, retention and career pathways in clean energy jobs, health care and other emerging industries. Of note was the record number of grant applications we received for these competitive training grants. For example, the Pathways out of Poverty, Energy Training Partnership, and Health Care and Other High Growth and Emerging Industry Sectors competitions brought in over 1,400 applications of which we were only able to fund 48 grants. These grants will play an important role in joining other federal agencies' green and health care training and job creation programs with the workforce investment system to forge a government-wide approach to the development and expansion of critical industries and building a pipeline for the jobs of the future.

This budget request will build upon these investments and the lessons learned over the past year.

Workforce System Innovation and Transformation

The President's 2011 Budget increases funding for displaced workers, adults, and youth—the three major funding streams under Title I of WIA. To foster innovation and transformation within the workforce system, the FY 2011 budget invests \$261.4 million in the Partnership for Workforce Innovation, a coordinated effort between the Departments of Labor and Education, and in cooperation with other federal agencies, to provide financial incentives for states and local areas to break down barriers among programs, and test new ways of delivery services to meet the needs of, and improve outcomes for, both workers and employers. State, local, and federal workforce partnerships created under WIA have demonstrated enormous potential for exploring and testing alternative service strategies. These funds will support building a knowledge base about what works by rigorously testing and evaluating the most promising practices and service strategies and then, broadly disseminating for replication those that prove valuable throughout the workforce and education communities.

From Title I of the WIA, the Department proposes to reserve five percent contributions each from the Adult formula and the Dislocated Worker formula programs, totaling \$107.65 million, for a Workforce Innovation Fund, and a larger share of 15 percent (\$153.75 million) will be reserved from the Youth formula program for a Youth Innovation Fund. Thirty percent of the Youth Innovation Fund will be dedicated to

promoting summer employment opportunities, while the remainder will support comprehensive programs combining work experience with academics. Through competitive grants, the Department's Innovation Funds will develop and evaluate innovative ways of providing improved job training and employment services to a larger population using resources more effectively, such as supporting "learn and earn" strategies, like apprenticeships and on-the-job training, distance learning technologies, regional and sectoral approaches, and integrated employment and education.

The FY 2011 Budget request also aligns with the Administration's objectives for Workforce Investment Act reauthorization. WIA was enacted over a decade ago. The Administration regards WIA reauthorization as an opportunity to promote innovation in the public workforce system, building on its strengths and addressing its weaknesses. We believe the time has come to take a fresh look at the broad range of federal investments in job training and develop improved models for delivering quality services, through innovation, streamlined service delivery, high-quality One-Stop Career Centers, engaging employers on a regional and sectoral level, improving accountability and identifying and replicating best practices.

Training Workers for the Jobs of the Future

Secretary Solis and I view green jobs as a key driver of America's economic revitalization and sustained economic stability. We believe that the level of interest expressed in the Recovery Act-funded green jobs training grants represents the need for resources that focus on training, particularly on green jobs, which complements job creation efforts. The budget requests \$85 million for FY 2011 to continue investments in the Green Jobs Innovation Fund; ensuring workers have the skills and knowledge to secure employment in green industries, such as energy efficiency and renewable energy and other green industries that impact our environment such as transportation, green construction, recycling and waste reduction, and sustainable agriculture. The Green Jobs Innovation Fund would build on the lessons learned from the Recovery Act's \$500 million investment in green jobs, and the \$40 million Congress provided to support this initiative in FY 2010. Complementary to our efforts, the U.S. Bureau of Labor Statistics has also been working to develop and implement the collection of new data on green jobs, critical to assisting policymakers in planning policy initiatives and understanding their impact on the labor market. In addition, other Federal agencies will be investing in complementary green industry activities and the leveraging of these resources will be critical to developing the green workforce as jobs are emerging in state and regional economies.

ETA is also proposing the Health Care Training Initiative to fund grants to state and local organizations that prepare workers for careers in the health care sector. The health care industry remains a critical driver for job growth across the nation. The Bureau of Labor Statistics reported last year that the health care sector continued to grow, despite steep job losses in nearly all major industries, and more recent data projects that health care employers will generate 3.2 million new wage and salary jobs between 2008 and 2018, largely in response to rapid growth in the elderly population. In addition, the new health

care reforms are expected to extend coverage to millions of individuals, which could result in a greater need for professionals to provide care for underserved populations nationwide. We anticipate that approximately \$100 million would be available for this initiative.

Because the economic downturn has made it unusually difficult to connect youth to the labor market, this budget requests funding to increase services to disadvantaged, disconnected and at-risk youth by helping them access career pathways to jobs. In addition to the Youth Innovation Fund, the Department is requesting \$120 million for the YouthBuild program to support more than 7,400 out-of-school youth in gaining high school credentials and skill training that leads to employment. These funds build on a substantial Recovery Act investment in YouthBuild to continue promoting training in green construction with an emphasis on industry-recognized credentials and to encourage connections with other Federal agencies involved in creating green jobs, such as the Departments of Housing and Urban Development and Energy. As part of our commitment to rigorous evaluation of program outcomes, a random assignment net impact evaluation of the program is planned.

The Job Corps is the nation's largest career and technical education system and serves severely disadvantaged youth through residential and non-residential centers nationwide. Infusion of Recovery Act funding allowed the Department to fund shovel-ready construction projects at Job Corps centers throughout the country and the FY 2011 Budget request of \$1.7 billion will build on these efforts. In accordance with FY 2010 Appropriations language, the Department is transitioning the administration of the Job Corps back to ETA from the Office of the Secretary. A Transition Project Director has been appointed to oversee a smooth and successful transition and to outreach to stakeholders, particularly in areas related to procurement such as with the Department of Agriculture which manages 28 Job Corps Centers. The Administration is also launching an initiative to review and reform the Job Corps program. As part of this, we are committed to setting high standards and taking decisive action to address areas where there are problems. The FY 2011 Budget request will help the Department activate the new Iowa Center which will be ready for occupancy by mid-program year 2011; provide a 3.8 percent compensation increase to retain highly qualified instructors and professional staff; expand the Job Corps Licensed Practical/Vocational Nurse program to increase opportunities for graduates to find a path to both postsecondary education and middle class jobs; and continue its reform initiative.

Promoting Opportunities for Traditionally Underserved Populations

An important component of the Secretary's vision is ensuring that we focus on helping every individual gain access to a good job, especially by making services available to underserved populations. The FY 2011 Budget requests funding for several initiatives that will provide targeted opportunities for these populations to further support them in acquiring the skills and knowledge needed to gain or retain middle class jobs.

ETA and the Office of Disability Employment Policy (ODEP) are each requesting \$12 million for a combined \$24 million to continue our partnership to jointly administer the Disability Employment Initiative that began with the FY 2010 budget. The intent of this initiative is to increase the employment opportunities for workers with disabilities through the public workforce system. The initiative builds upon the promising practices of ETA's Disability Program Navigator initiative and ODEP's customized employment initiative to improve the employment outcomes of individuals with disabilities served by the One-Stops. In particular, this initiative focuses on providing a one-to-one counseling component to service delivery in addition to improving accessibility in terms of physical, programmatic and assistive technologies.

American Indians and Alaska Natives make up the most impoverished group in the nation, with unacceptably high unemployment rates on or near rural or isolated reservations. The disparity between Native Americans and other groups requires a concentrated effort that targets Native Americans, by providing assistance that increases household income and creates pathways to the high growth career sectors, including green industries. The Department is requesting \$55 million for the Indian and Native American program, an increase of \$2.2 million over the FY 2010 enacted level. Funding will allow us to extend intensive training and support services needed to enhance worker preparation of Native American adults and disconnected youth.

The Department is also requesting increased funding for the Migrant and Seasonal Farmworker program, marking the first request for a funding increase over the prior year appropriation in over 20 years. The increase will restore funding to the levels originally envisioned by WIA while supporting services for 1,027 additional migrant and seasonal farmworkers. The program extends training and other workforce development services to eligible migrant and seasonal farmworkers and their families through the public workforce system's One-Stops, enabling them to gain access to education and career pathways, particularly jobs that provide stable, year-round employment both within and outside agriculture.

The FY 2011 Budget proposes \$600.5 million for the Senior Community Service Employment Program (SCSEP), which will support around 61,900 participant slots that offer part-time, community service employment opportunities to prepare low-income seniors to enter or re-enter the workforce. We will also build on our previous experience in both the regular SCSEP program and the additional \$120 million in Recovery Act investments to encourage and expand green job opportunities for this hard-to-serve population.

Reaching Out to Workers Impacted by Foreign Trade

On February 17, 2009, President Obama signed into law the Trade and Globalization Adjustment Assistance Act of 2009 (TGAAA), as part of the Recovery Act. The reauthorized Trade Adjustment Assistance (TAA) program expanded coverage to more workers and firms, including the service sector; made benefits more widely available to workers whose jobs have been off-shored to any country; and provided improved

opportunities for worker training and health insurance coverage. The reauthorized program also includes funding for employment services and case management and encourages the types of long-term training necessary for attaining jobs in the 21st century economy, especially critical for communities impacted by lay-offs in the manufacturing sectors. For FY 2011, ETA's request under current law is \$1.9 billion. Assuming that the TGAAA enhancements are continued through reauthorization, ETA's FY 2011 request is \$2.4 billion for the TAA program, reflecting the expansions to the program.

Accounting for the significant increase in program applications and certifications due to the recession, from May 2009 to July 2009, the Department experienced a 288% increase in petition filing over the same time the previous year. To date, we have conducted more than 2,500 TAA investigations resulting in determinations and are working vigorously to reduce the backlog. At this time, the Department is completing significantly more petitions than it receives monthly—with older petitions receiving the highest investigative priority. As TAA investigators continue to master the new program requirements and investigative procedures, and as additional staff continue to be hired and trained, we believe the delay in reaching petition determinations will significantly decline.

Protecting Workers' Safety-Net

The FY 2011 Budget request for Unemployment Insurance (UI) administration and national activities is \$3.5 billion. The budget request continues the Administration's efforts to ensure the financial integrity of the UI system and help in the quick return of unemployed workers back to work. We are proposing a set of legislative proposals that will give states new tools and additional resources to prevent, detect and collect improper UI benefit payments and delinquent employer tax contributions. Provisions in the proposed Unemployment Insurance Integrity Act are expected to reduce overpayments by \$2.6 billion and reduce employer tax evasion revenues by \$282 million over 10 years (net of the income tax offset). The Budget also includes a \$55 million request to support Reemployment and Eligibility Assessments, which may include in-person interviews at One-Stop Career Centers with UI beneficiaries to discuss their need for reemployment services and their continuing eligibility for benefits. In FY 2011, this investment, combined with the \$10 million request included in State administration, will help 710,000 UI beneficiaries find jobs faster and is expected to save \$2.3 billion over a 10-year period.

The request also includes a commitment to strengthen and coordinate federal and state efforts to enforce statutory prohibitions, identify, and deter employee misclassification as independent contractors. As part of ensuring fair work-life environments, the Department is requesting \$50 million for a new State Paid Leave Fund to assist states in establishing paid leave programs that typically offer up to six weeks of benefits to workers who must take time off to care for a seriously ill child, spouse, or parent, or care for a newborn or recently adopted child.

Protecting America's Workers Through Foreign Labor Certification

As part of the Department of Labor's overall responsibility for full enforcement of labor and employment laws, ETA works to ensure that employers seeking to hire foreign workers – temporarily or permanently – may only do so when there are not sufficient U.S. workers who are able, willing, qualified, and available to perform the job. A related responsibility of the Department of Labor in protecting America's workers is to ensure that the employment of foreign workers will not adversely affect the wages and working conditions of similarly employed U.S. workers.

The FY 2011 Budget proposes legislation to authorize user fees on new applications for the permanent labor certification program, the H-2A temporary agricultural worker program, and the H-2B temporary nonagricultural program. Of particular note is the proposal to leverage H-2B fee revenues to implement a new apprenticeship initiative that would expand apprenticeship opportunities across the country through a competitive grant program so that we can lessen our dependence on foreign labor for these occupations.

We are implementing an aggressive plan designed to reduce the permanent labor certification program's current case backlog of about 60,000 cases by creating several temporary dedicated teams to focus solely on the backlog and make efficient use of technology. We also will continue to maintain program integrity using audits to ensure compliance with program regulations and statutory requirements of the Immigration and Nationality Act through the use of Department of Labor-supervised recruitment of U.S. workers and other measures.

On February 12, 2010, the Department published in the Federal Register a Final Rule revising the H-2A regulations governing the certification of temporary nonimmigrant agricultural workers and enforcement of employers' statutory and contractual obligations to both domestic and foreign workers. This Rule reflects the Administration's commitment to providing fair wages and strong labor protections for this vulnerable group of workers.

Improving Quality and Accessibility of Performance Data

In FY 2010, ETA in partnership with the Department of Education launched the Workforce Data Quality Initiative. The initiative is providing grants to build state data systems that can link education and workforce data to facilitate performance management and research. These longitudinal data systems provide the information needed to guide educational and workforce institutions as they plan learning and skill-building services that lead to high returns in the labor market. Improving information available from training providers is crucial to helping consumers make informed decisions when choosing among training programs. Making this longitudinal information available also advances the practice of program evaluation, enabling stronger ties between program goals and performance outcomes.

The implementation of this initiative complements Education's State Longitudinal Data System Grants funded by the Recovery Act. The FY 2011 Budget requests \$13.75 million for this initiative, allowing up to 12 states or state consortia to implement workforce longitudinal administrative databases over a three-year grant period.

Conclusion

In conclusion, Mr. Chairman, we believe our budget request responsibly supports our shared goal of helping more Americans gain the skills to find good jobs in the 21st century economy. Thank you for the opportunity to testify on ETA's FY 2011 Budget request. I would be pleased to answer any questions you may have regarding the FY 2011 Budget request for our agency.